



**Resources Department
Town Hall, Upper Street, London, N1 2UD**

AGENDA FOR THE PENSIONS BOARD

Members of the Pensions Board are summoned to attend a meeting which will be held via Zoom on **30 June 2020 at 6.00pm.**

The link to the Zoom meeting is below:

<https://weareislington.zoom.us/j/95397411066>

If you prefer to join the meeting by phone please dial 0131 460 1196. The meeting ID is 953 9741 1066

Enquiries to : Mary Green
Telephone : (020) 7527 3005
E-mail : democracy@islington.gov.uk
Despatched : 22 June 2020

Membership

Employer representatives:

Maggie Elliott (Vice-Chair)
Councillor Paul Smith (Chair)
(vacancy)

Scheme member representatives:

Mike Calvert
Valerie Easmon-George(+ vacancy for substitute)
George Sharkey

Independent member

Alan Begg

Quorum is 3, including at least one employer representative and one member representative

A decorative graphic at the bottom of the page consisting of several overlapping, wavy bands of green in various shades, from light to dark.

A. Formal matters

- | | | |
|----|--------------------------|-------|
| 1. | Zoom guidance | 1 - 2 |
| 2. | Apologies for absence | |
| 3. | Declaration of interests | |

If you have a Disclosable Pecuniary Interest* in an item of business:

- if it is not yet on the council's register, you must declare both the existence and details of it at the start of the meeting or when it becomes apparent;
- you may choose to declare a Disclosable Pecuniary Interest that is already in the register in the interests of openness and transparency.

In both the above cases, you must leave the room without participating in discussion of the item.

If you have a personal interest in an item of business and you intend to speak or vote on the item you must declare both the existence and details of it at the start of the meeting or when it becomes apparent but you may participate in the discussion and vote on the item.

***(a)** Employment, etc - Any employment, office, trade, profession or vocation carried on for profit or gain.

(b) Sponsorship - Any payment or other financial benefit in respect of your expenses in carrying out duties as a member, or of your election; including from a trade union.

(c) Contracts - Any current contract for goods, services or works, between you or your partner (or a body in which one of you has a beneficial interest) and the council.

(d) Land - Any beneficial interest in land which is within the council's area.

(e) Licences- Any licence to occupy land in the council's area for a month or longer.

(f) Corporate tenancies - Any tenancy between the council and a body in which you or your partner have a beneficial interest.

(g) Securities - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

This applies to all members present at the meeting.

- | | | |
|----|---------------------------------|-------|
| 4. | Minutes of the previous meeting | 3 - 6 |
|----|---------------------------------|-------|

B. Non-exempt items

- | | | |
|----|---|---------|
| 1. | Pension administration performance | 7 - 10 |
| 2. | Pension Fund - Draft 2019/2020 Statement of Accounts and 2020/2021 Administration cashflow forecast | 11 - 46 |

C. Urgent non-exempt items

Any non-exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

D. Exclusion of press and public

To consider whether, in view of the nature of the remaining items on the agenda, any of them are likely to involve the disclosure of exempt or confidential information within the terms of Schedule 12A of the Local Government Act 1972 and, if so, whether to exclude the press and public during discussion thereof.

E. Confidential/exempt items

F. Urgent exempt items

Any exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

The next meeting of the Pensions Board will be on 15 September 2020

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Participating in an Islington Council virtual committee meeting using Zoom

Welcome to this guide to using Zoom to view, or participate in, a virtual committee meeting.

In this very difficult and challenging time, we are doing what we can to enable local democracy and decision making to continue and to remain accountable to our residents, but please remember that committee meetings are formal council meetings of elected representatives being held in public, rather than public meetings.

The Chair of the meeting retains their authority to manage who is able to speak and actively participate in the meeting, just as they would if this was a meeting held in person and we ask you to respect their instructions.

How to access Zoom:

1. Copy and paste the link in the meeting location in the committee meeting page on the council's website into your browser.
2. Use the automatic link in the agenda for the meeting.

The link will take you to the Zoom home page where you can follow the instructions to download Zoom. This is free and will allow you to access the meeting.

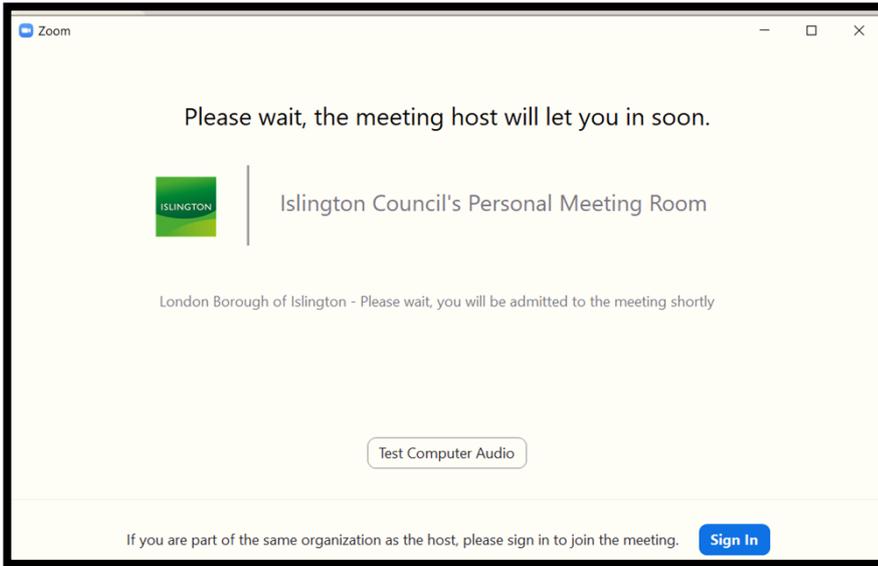
How to join the meeting:

Zoom may ask you for the meeting ID. If required, it is on the meeting page on the council's democracy website. This page will vary depending upon which meeting you are attending, but can be found under the committee heading on the list on this page:

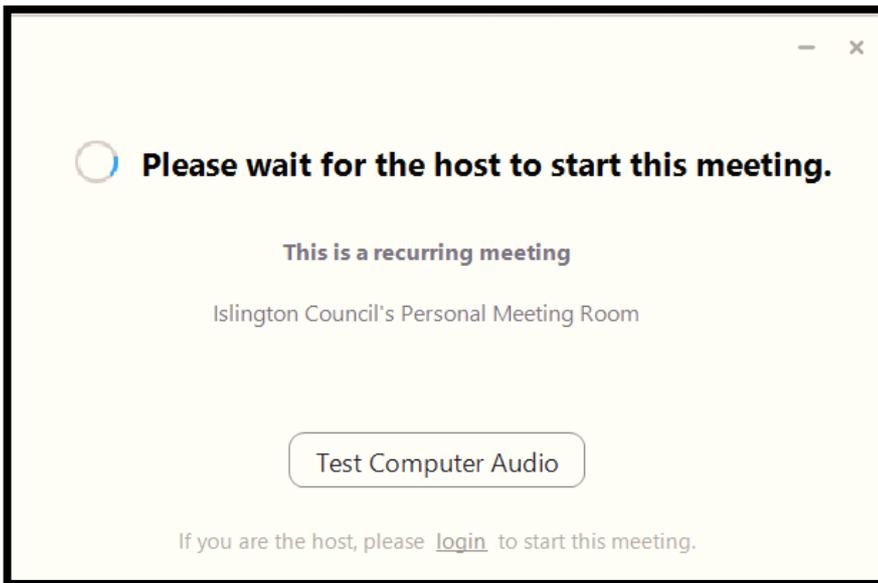
<https://democracy.islington.gov.uk/ieDocHome.aspx?bcr=1>

Zoom will ask you to test both your computer's audio and video as you connect to the meeting. Please do both of these, following the instructions, as you will need to join the meeting with both audio and video on, to be able to see and hear the meeting. If you are joining the meeting with an audio only device, you will still be able to hear and speak, if appropriate. You will also be given the opportunity to enter your name, which will be visible to the meeting participants.

Once you have joined the meeting, you will see the following screen. Please be patient and you will be connected through to the live meeting shortly:



If you have joined the meeting early you will see the following page. You will be connected through to the meeting once it starts:



Once you are able to view and hear the meeting, please follow any instructions from the Chair or the meeting clerk.

Meeting disruption:

Please note that the meeting will be managed and video / audio links will be disconnected if necessary to ensure that the meeting can proceed. Just as at a meeting in person, the Chair of the meeting has the authority to ask members of the public to cease inappropriate behaviour and to adjourn the meeting entirely if necessary.

London Borough of Islington

Pensions Board - 3 December 2019

Minutes of the meeting of the Pensions Board held at Islington Town Hall, Upper Street, N1 2UD on 3 December 2019 at 6.00 pm.

Present: Councillor Paul Smith (Chair). Alan Begg and Valerie Easmon-George

Councillor Paul Convery (observer)

Councillor Paul Smith in the Chair

80 **APOLOGIES FOR ABSENCE (Item A1)**

Received from Maggie Elliott and George Sharkey.

81 **DECLARATION OF INTERESTS (Item A2)**

None.

82 **MINUTES OF THE PREVIOUS MEETING (Item A3)**

RESOLVED:

That the minutes of the meeting held on 10 September 2019 be confirmed as a correct record and the Chair be authorised to sign them.

83 **PENSION ADMINISTRATION PERFORMANCE (Item B1)**

The Deputy Pensions Manager advised the Board that it had not been possible for the Council's Payroll and Analytics Teams to provide accurate figures on the numbers of part-time and full-time staff who were not enrolled in the LGPS, by salary band. He had therefore commissioned a consultant to carry out this piece of work and produce a report for the Board's consideration in March 2020.

The Board were keen to make the Scheme more attractive to staff and suggested to the Deputy Pensions Manager that, as a starting point, it would be useful to seek the views of staff who had opted out of the Scheme and to ascertain their reasons for doing so.

The Deputy Pensions Manager reported that, although discussions with the Council's Communications staff regarding a redesign of the Pensions web pages to make them more accessible and user-friendly had not been as positive as hoped, he would explore this matter further. Board members expressed their concern at the lack of progress on the redesign of the Pensions web pages and expressed a wish to see the redesign take place as swiftly as possible.

RESOLVED:

- (a) That the performance of the Pensions Administration Team against key indicators, for the period from 1 August to 31 October 2019, including information on complaints and internal disputes, as detailed in the report of the Corporate Director of Resources, be noted.
- (b) That the deferment of the report detailing the numbers, department and salary profile of Islington employees who are not members of the LGPS, until March 2020, be noted.
- (c) That the number of members auto-enrolled into the Local Government Pension Scheme from August to October 2019, as detailed in paragraph 3.5 of the report, be noted.
- (d) That the Sub-Committee's concern at the lack of progress on implementing changes to the Pensions web pages to make them more accessible and user-friendly to staff and the Deputy Pensions Manager's undertaking to pursue the matter further with the Communications Team be noted.
- (e) That Pensions Sub-Committee be recommended to agree an amendment to regulation 40, 43 and 46 of the LGPS to authorise the Chief Executive, the Head of Treasury Management and Pension Fund, the Chief Accountant and the Service Director Finance, to sign death grant payments, on those occasions when the Director of Finance and Property was not available.

84 2019 ACTUARIAL VALUATION - DRAFT FUNDING STRATEGY STATEMENT (Item B2)

In response to a question by a Board member about the number of employers and employees admitted into the Scheme, the Head of the Pension Fund and Treasury Management undertook to provide a response.

RESOLVED:

- (a) That the summary of the main updates in the draft Funding Strategy Statement, detailed in the report of the Corporate Director of Resources, and the fact that employers are to be consulted on its contents between December 2019 and January 2020, be noted.
- (b) That officers update the Funding Strategy Statement, in consultation with the Fund Actuary, for consultation with employers admitted into the Islington Fund.

85 FORWARD PLAN (Item B3)

RESOLVED:

- (a) That it be noted that, in addition to the items scheduled for the Board meeting in March 2020, the revised Funding Strategy Statement and a report on the Actuarial Valuation would also be submitted.
- (b) That it also be noted that a report on AVCs would be submitted to the March meeting of the Board.

Pensions Board - 3 December 2019

(c) That the contents of Appendix A to the report of the Interim Corporate Director of Resources, detailing proposed agenda items for future meetings, be approved, in addition to the additional items in resolutions (a) and (b) above.

The meeting ended at 6.45 pm

CHAIR

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Report of: Corporate Director Resources

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	30 June 2020		

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SUBJECT: PENSION ADMINISTRATION PERFORMANCE

1. Synopsis

- 1.1 This report provides the Board with information on the administration activities of the Pension Administration. The information is in respect of the period from 1 February 2020 to 30 April 2020 and includes the number of LGPS members auto-enrolled into the scheme for this period.
- 1.2 The report also provides information regarding the Internal Dispute Resolution Procedure, compliments and complaints.

2. Recommendations

- 2.1 To note the number of members' auto-enrolled into the Local Government Pension Scheme during the relevant period.
- 2.2 To note the information in respect of the Internal Dispute Resolution Procedure, compliments and complaints.
- 2.3 To note that there may be a possible delay of one month in issuing the active benefit statements.

3. Background – Statistics and key performance indicators

3.1 The membership profile at 31 January 2020 and 30 April 2020 is shown in the following table.

Category	Jan - 20	Apr - 20
Number of current active members	6,481	6,569
Number of preserved benefits	8,215	8,243
Number of Pensions in payment	5,864	5,906
Number of Spouses/dependants pensions in payment	966	968
Total	21,526	21,686

3.2. Key performance indicators from 1 February 2020 to 30 April 2020:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	22	95%	91.00%	6.10
Retirement benefits	5	58	95%	88.25%	7.50
Pension estimates	10	49	95%	75.30%	15.20
Preserved benefit calculations	15	34	95%	82.40%	18.00
Transfer-in quotation	10	21	95%	100.00%	9.80
Transfer-in actual	10	10	95%	100.00%	9.20
Transfer out actual	12.5	34	95%	90.00%	14.50
Transfer out quotation	15	34	95%	85.00%	18.55
Legacy Cases - Valuation	-		-	-	-
All processes	=	374		81.00%	

3.3 There has been a drop of 6.5% overall performance from the 87.5% achieved in the last quarter in completed processes within the target days. It should also be noted that there was an overall increase of 16% of cases processed over this period, a number of which were covid-19 related. The Pensions Office following guidance from the Pensions Regulator is focusing resources on the most critical areas of work (i.e. ensuring pensioners and death cases are paid correctly and on time).

3.4 Number of members auto-enrolled into the LGPS from February to April 2020:

Month	Starters No.	Opt Outs	Opt Outs %
February	45	5	11.11
March	39	1	2.56
April	36	1	2.78
Total	120	7	5.83

3.5 Since the March 2020 report to the board -9- communications have been received thanking Pension Administration staff for their service and -2- complaints.

3.6 There are no Internal Disputes to report.

- 3.7 Details of the revamped pension webpages and the departmental and salary profile of Islington employees who were not in the LGPS was included in March's report to the Board.

4. Annual Pension Statements

- 4.1 The deferred annual benefit statements (ABS) will be sent to former members of the pension scheme in July 2020. The ABS for active members is being worked on however it is unlikely that the statements will be sent out by the statutory deadline of 31st August 2020. Agreement has been reached with our external printer to aim to produce the statements by 30 September 2020. The Pensions Regulator has announced in light of the covid-19 situation, they are not requiring organisations to notify them of a breach of regulations providing statements are sent out by 30 November 2020.

5. Implications

5.1 Financial Implications

- 5.1.1 The cost of administering the LGPS is chargeable to the Pension Fund.

5.2 Legal Implications

- 5.2.1 There are no specific legal implications in this report.

5.3 Resident impact assessment

- 5.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

- 5.3.2 In respect of this report, a Resident Impact Assessment is not being made because the contents of the report relate to processes that are strictly in accordance with the statutory Local Government Pension Scheme Regulations. The LGPS Regulations are made under the Superannuation Act 1972, and the Council has a statutory duty to comply with the LGPS Regulations.

5.4 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

None applicable to this report. Environmental implications will be included in each report to the Pension Board Committee as necessary. The current agreed investment strategy statement for pensions outlines the policies and targets set to April 2022 to reduce the current and future carbon exposure by 50% and 75% respectively compared to when it was measured in 2016 and also invest 15% of the fund in green opportunities. The link to the full document is https://www.islington.gov.uk/~/_media/sharepoint-lists/public-records/finance/financialmanagement/adviceandinformation/20192020/20190910londonboroughofislingtonpensionfundinvestmentstrategystatement.pdf

6 Conclusion and reasons for recommendations

6.1 The report will be made to each meeting of the Pension Board and is provided in order to assess administration performance and dispute resolution.

Background papers:

None.

Final report clearance:

Signed by:

Corporate Director of Resources

Date

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Report of: Corporate Director of Resources

Meeting of:	Date	Agenda item	Ward(s)
Pension Board	30 June 2020		n/a

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SUBJECT: PENSION FUND- DRAFT 19/20 STATEMENT OF ACCOUNTS AND 20/21 ADMINISTRATION CASHFLOW FORECAST

1. Synopsis

- 1.1 This report is for the local pension board to review the Funds 19/20 draft statement of accounts and annual cash flow updated to May 2020, as part of its work programme objective to make recommendations on statutory and non-statutory policies and strategies.

2. Recommendations

- 2.1 To review the 2020/21 annual cash flow forecast pension fund administration cost attached as Appendix 1
- 2.2 To review the 19/20 draft pension fund accounts attached as Appendix 2 before it is audited by Grant Thornton our external auditors.

3. Background

- 3.1 The Public Services Pensions Act 2013 requires the establishment of local pension boards for each Local Government Pension Fund. Each administering authority must establish a pensions board no later than 1 April 2015.
- 3.2 Local Government Pension Scheme (Amendment) Governance Regulations 2014 (the Governance Regulations) provide that Pensions Board will have responsibility for assisting the 'scheme manager' (the Pensions Sub Committee in Islington's case) in relation to the following matters:

To ensure compliance with:

- the Local Government Pension Scheme Regulation (LGPS),
- other legislation relating to the governance and administration of the LGPS, and
- the requirements imposed by the Pensions Regulator in relation to the LGPS to ensure the effective and efficient governance and administration of the scheme.

3.3 The Pensions Sub -committee is the decision making body of the Fund and the Pension board can only advise or make recommendations to the Pensions -Sub Committee

The Pension Board should therefore be mindful;

- Its work plan should take account of the Fund's own work programme and seek to add value
- Servicing the Pension board will consume Fund management resources and time
- Senior Fund officers servicing the pension Board may on some fund performance issues be personally compromised and conflicted
- Some work items required may need the use of specialist external consultancy resources rather than using the officers servicing the Fund.

Annual Cashflow Update

3.4 As reported in the March meeting agenda, the Council did pay upfront the 3-year deficit lump sum in April 2020 of £29.6m. This was estimated to cover any shortfall in income during the year and the fund would not have to dip into investment income.

3.4.1 The 2021 cashflow plots the monthly income and expenditure expected and best use of surplus cash to minimize cost and investment capital. This is a monitoring tool to avoid disinvestment and for future investment strategies to generate enough investment income to meet future cashflow requirements. The updated cashflow shows receipts and projected expenditure. The lump sum and extra short term cash has been invested with the In-house passive fund until the cash is required in September.

3.4.2 Members are asked to review and note the updated cashflow forecast attached as Appendix 1.

19/20 Draft Statement of Accounts

3.5 The draft pension fund accounts are being finalised and working papers compiled to be handed to the auditors in June for the auditing to be completed and Audit Committee approval by September before the statutory deadline now extended to November because of COVID-19 disruption. The main highlights include:

- A decrease in net assets of 1.3% to £1,359million
- Employees' contributions totalled £12.9million compared to 12.1million in 2018/19
- Employers' contributions amounted to £37.8 million compared to the £34.8 million in the previous year this was mainly due to the Council's 0.7% increase in primary rate.
- Pensions paid totalled £50.2 million compared to £47.3million in 2018/19, a rise of 2.9%. The increase was driven by annual pension increase of 2.4%

As at 31 March 2020 the total income into the fund was £76.8million against an expenditure of £70.2 million. The other drivers apart from pension payments were retirement lump sums and transfer in. This means that the fund was able to meet all its commitments from contributions and investment income.

3.5.1 Members are asked to review the draft 19/20 statement of accounts (attached as Appendix 2) and for officers to make amendments if required as part of the auditing process before sign off at Audit Committee by September.

4. Implications

4.1 Financial implications

Any cost associated with the governance of the fund will be treated as administration cost and charged to the Fund.

4.2 Legal Implications

The Public Services Pensions Act 2013 requires the council to establish a local pension boards by 1 April 2015. The board must comply with the requirements of the relevant Legislation.

4.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

Environmental implications will be included in each report to the Pensions-sub committee as necessary. The current agreed investment strategy statement for pensions outlines the policies and targets set to April 2022 to reduce the current and future carbon exposure by 50% and 75% respectively compared to when it was measured in 2016 and also invest 15% of the fund in green opportunities. The link to the full document is <https://www.islington.gov.uk/~media/sharepoint-lists/public-records/finance/financialmanagement/adviceandinformation/20192020/20190910londonboroughofislingtonpensionfundinvestmentstrategystatement.pdf>

4.4 Resident Impact Assessment

None applicable to this report. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding

5. Conclusion and reasons for recommendation

- 5.1 Members are asked to review and note as per their agreed work plan, the updated 20/21 annual cashflow for pension administration cost Appendix 1 and the draft 19/20 statement of accounts – Appendix 2 that will be audited over the summer for approval by Audit Committee by September/

Background papers:

Islington pension board's terms of reference

Final report clearance:

Signed by:

Corporate Director of Resources

Date

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2020 TO 2021 PENSION FUND ADMIN CASHFLOW UPDATE													
	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
Inflow	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-00	Feb-21	Mar-21	
Contributions	26,661,536	1,295,339	2,380,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	41,856,875
Transfer in	754,652	369,383	358,000	358,000	358,000	358,000	358,000	358,000	358,000	358,000	358,000	358,000	4,704,035
Lumpsum	27,006,891	63,111	150,000	150,000	150,000							600,000	28,120,002
Recharges	242,486	6,628	500,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	2,819,113
Investment income													0
Total inflow	54,665,565	1,734,461	3,388,000	2,018,000	2,018,000	1,868,000	1,868,000	1,868,000	1,868,000	1,868,000	1,868,000	2,468,000	77,500,025
Outflow	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-00	Feb-21	Mar-21	Jan-00
Image Cheques	5,883	4,781	7,500	7,500	7,500	7,500	7,500	7,500	8,000	8,000	8,000	8,000	87,664
Monthly payroll	4,064,290	4,076,502	4,070,000	4,070,000	4,070,000	4,070,000	4,070,000	4,070,000	4,070,000	4,070,000	4,070,000	4,070,000	48,840,792
Benefits paid	571,836	163,756	1,800,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	4,785,592
Transfer out	100,680	90,074	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	3,490,754
AVC	0	0	0	0	0	0	0	0	0	0	0	0	0
Islington Council	0	0	1,300,000										1,300,000
HMRC	502,530	523,548	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	6,026,079
Investment		26,960,000	8,000,000										
Bank charges/fees	110,188	282,771	150,000	150,000	150,000	200,000	150,000	150,000	150,000	150,000	150,000	200,000	1,992,959
Total outflow	5,355,407	32,101,432	16,157,500	5,307,500	5,307,500	5,357,500	5,307,500	5,307,500	5,308,000	5,308,000	5,308,000	5,358,000	66,523,839
Movement Summary	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-00	Feb-21	Mar-21	Total
Net in/outflow	49,310,158	-30,366,971	-12,769,500	-3,289,500	-3,289,500	-3,489,500	-3,439,500	-3,439,500	-3,440,000	-3,440,000	-3,440,000	-2,890,000	
Opening balance	4,237,165	53,547,323	23,180,351	10,410,851	7,121,351	3,831,851	342,351	-3,097,149	-6,536,649	-9,976,649	-13,416,649	-16,856,649	-19,746,649
Closing balance	53,547,323	23,180,351	10,410,851	7,121,351	3,831,851	342,351	-3,097,149	-6,536,649	-9,976,649	-13,416,649	-16,856,649	-19,746,649	-19,746,649

Note:
This cashflow is updated on a monthly basis, however the bank accounts are monitored daily.

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Islington Pension Fund

Fund Account

2018/19	Pension Fund Account (dealing with members, employers and others directly involved in the scheme)		2019/20	
£'000			£'000	Note
Contributions receivable				
24,721	Employer contributions		27,697	7a
10,128	Deficit recovery contributions		10,058	7a
12,127	Members contributions		12,970	7b
3,631	Transfers in from other pension funds		5,452	8
2,572	Other Income		2,647	9
53,180	Total Income		58,824	
Benefits payable				
(47,273)	Pensions		(50,220)	10
(8,967)	Lump sum benefits		(10,217)	10
(7,466)	Payment to and on account of leavers		(6,450)	11
(63,707)	Total Expenditure		(66,887)	
(10,527)	Net additions/ (withdrawals) from dealing with members		(8,063)	
(2,937)	Management Expenses		(3,275)	12
(13,464)	Net additions/ (withdrawals) including fund management expenses		(11,338)	
Returns on investments				
16,393	Investment income		17,948	13
66,385	Change in market value (realised & unrealised)		(24,534)	
82,779	Total Returns on investments		(6,586)	
Net return on investments				
69,315	Net increase/decrease in fund in year		(17,924)	
1,307,421	Opening net assets of the scheme		1,376,736	
1,376,736	Closing net assets of the scheme		1,358,812	

Net Assets Statement

2018/19 £'000	Net Assets Statement for the year ended 31 March 2020	2019/20 £'000	Note
Investments			
1,364,616	Investment assets	1,342,734	14
22,263	Other Investment and Cash	13,457	14
1,386,878	Total Investments	1,356,191	
Current Assets and Liabilities			
3,545	Current assets	6,009	16
(13,688)	Current liabilities	(3,388)	17
1,376,736	Net assets of the scheme at 31 March	1,358,812	

The accounts summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

Notes to the Pensions Account

1. Description of Fund

The principal purpose of the Islington Council Pension Fund is to provide pensions for its employees (other than teachers who have their own national fund) under the Local Government Pension Scheme.

The Pension Fund is a defined benefit scheme administered by Islington Council, built up from contributions paid by both employees and the council, together with interest and dividends received from the Fund's investments; out of which pensions and other benefits are paid. Government Regulations fix employees' contributions to the Fund and the extent of benefits paid out. An independent actuary assesses the council's contribution rate every three years.

a) General

The Fund is governed by the Public Service Pensions Act 2013 and administered in accordance with the following secondary legislation:

- The LGPS Regulations 2013 (as amended)
- The LGPS (transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The LGPS (Management and Investment of Funds) Regulations 2016.

The Council has delegated the investment arrangements of the scheme to the Pensions Sub-Committee who decide on the investment policy most suitable to meet the liabilities of the Scheme and the ultimate responsibility for the investment policy lies with it. The Committee is made up of four elected members of the council who each have voting rights, and four observers, representing members of the fund, who do not have voting rights. The Committee reports to the Audit Committee and has fully delegated authority to make investment decisions. The Committee obtains and considers advice from the Corporate Director of Resources, as necessary from the Pension Fund's appointed actuary (including specific investment advice), investment managers and investment advisers.

Investment managers manage the investment portfolio. The fund has two private equity fund managers Pantheon Ventures (total commitment £39.2million) and Standard Life (total commitment £51 million). The fund has one fund of funds private global property manager, Franklin Templeton Fund 1 and Fund II (total commitment £64.5 million). The fund also has two Infrastructure managers, Quinbrook Infrastructure Partners (total commitment £54 million) and Pantheon Access - £80.6 million. The fund managers have discretion to buy and sell investments within the constraints set by the Pensions Sub-Committee. Islington has funds that are managed by the London CIV, (see note 29). Islington Council is one of the 33 London Boroughs that oversees the operation of London LGPS CIV Ltd. The CIV has been established to facilitate the mandatory pooling of all London pension fund investments, which includes the Islington Pension Fund. A Joint Committee of London Councils who representing the shareholders will recommend the appointment directors to the company and receive reports from the company oversees it.

"The Investment Strategy Statement, Funding Strategy Statement and Governance Policy Statement, for the Fund are available on the council's website:

<https://www.islington.gov.uk/jobs-and-careers/council-pension-scheme>

Power is given in The Local Government Pension Scheme Regulations 2016 (as amended) ("the 2016 Regulations" and the Local Government Pension Scheme (Transitional Provisions, Savings and

Amendment) Regulations 2014 to admit employees of other organisations to the London Borough of Islington Pension Fund.

Lists of the scheduled and admitted bodies to the fund are detailed below:

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Islington Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the fund.
- Admitted bodies, which participate in the fund under the terms of an admission agreement between the fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Lists of the scheduled and admitted bodies to the fund are detailed below:

Administering Authority: Islington Council	
Scheduled Body	Admitted Body
• St Mary Magdalene Academy	• Volunteering Matters (formerly CSV)
• City of London Academy, Islington	• Camden & Islington NHS Foundation Trust
• The New North Academy	• Braithwaite
• William Tyndale Community School	• Pleydell
• St Mary Magdalene Academy: the Courtyard	• NCP Services (Islington South)
• Tech City College (formerly Stem 6th)	• SSE Contracting Ltd (Islington Lighting)
• Elliot Foundation	• Brunswick
• The Pears Family School	• Southern Housing Group
• The Bridge School	• Caterlink
• City of London Academy, Highbury Grove	• Engie Services Ltd(Cofely Workplace Ltd)
• City of London Academy, Highgate Hill	• RM Education
• The Bridge Satellite Provision	• Breyer Group
• The Bridge Integrated Learning Space	• Mears Ltd
• City of London Primary Academy, Islington	• Greenwich Leisure Ltd
• Clerkenwell Parochial CofE Primary School	• W J Catering
• Hungerford Primary School	• Isledon Arts CIC
• London Screen Academy	• Pabulum
	• Alliance in Partnership
	• Bouyges ES FM UK Ltd.

c) Fund Membership

Membership of the Fund	Administering Body		Admitted Bodies		Scheduled Bodies		Totals	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	No's	No's	No's	No's	No's	No's	No's	No's
Employees Contributing into the Fund	5,684	5,956	128	136	472	460	6,284	6,552
Pensioners	5,455	5,409	428	458	25	39	5,908	5,906
Widows/ Children's Pensions	1,026	913	51	50	5	5	1,082	968
Deferred Benefits	7,465	7,299	722	692	229	250	8,416	8,241
Totals	19,630	19,577	1,329	1,336	731	754	21,690	21,667

d) Funding

Contributions are credited to the Pension Fund consisting mainly of:

- i. Employees' contributions ranging between 5.5% and 12.5% according to the annual earnings band an employee falls in.
- ii. Employers' contributions determined by the triennial actuarial review. The last review as at 31 March 2016, effective from 1 April 2017 fixed at 14.6% of pensionable payroll costs phased over 3 years (14.6% in 19/20). In common with many other local authorities, the Pension Fund has a deficit. It was agreed with the actuary that the deficit on past service should be met by separate additional lump sum payments and recovered over twenty-two years. A lump sum contribution of £10.06m was made in 2019/20 (£10.13m in 2018/19) (a discounted amount due to payment in advance in April 2017).
- iii. Upgraded Pensions relate to compensation payments (added years) made on redundancy or efficiency grounds, the index-linked increases thereon, and certain non-contributing service, which the council has treated as counting at full length in the payment of benefits. Income is transferred to the Pension Fund from the General Fund to offset these payments.
- iv. Contributions are invested and used for the benefit of the Pension Fund. The investment income in the form of dividends, interest and capital realisation is paid into the Fund.
- v. Transfers to and from the Fund and other organisations are permitted. Transfers within the local government scheme are on a year for year, day for day basis but in all other transfers the money received from the organisation is used to purchase an amount of reckonable service in the local government scheme.

e) Benefits

i. Benefits provided by the scheme include:
Retirement pensions at normal retirement age.

Other Types of Retirement Pension:

- Redundancy and or Efficiency subject to minimum age condition of 55
- Flexible Retirement subject to minimum age condition of 55
- Ill- Health Retirement subject to approval by council's medical adviser

ii. Lump sum payments on retirement or death in service.

	Service Pre 1 April 2008	Services Post 31 March 2008	Service Post 31 March 2014
Pension	Each year worked is worth 1/80 x pensionable salary	Each year worked is worth 1/60 x pensionable salary	Each year worked is worth 1/49 x pensionable salary
Lump sum	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one -off tax -free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one -off tax -free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

- iii. A contributor who voluntarily leaves with less than two year's membership in the Scheme will receive a refund of their pension contributions unless they choose to transfer their pension out to another pension scheme. However, if the contributor was in the scheme before 1 April 2014, and leaves after then and have been in the scheme for three or more months but less than two years, they will have the choice of taking a refund of contributions, having a deferred pension or transferring their pension out to another pension scheme
- iv. Payment of a Contribution Equivalent Premium (CEP) restores the Employee's rights in the state pension scheme as if he/she had not been contracted out, and extinguishes his/her accrued rights to a guaranteed minimum pension (GMP) in the local government pension scheme.
- v. Regulations permit the council to charge administration costs and the investment managers' fees to the Fund. Administration costs represent officers' salaries and other expenses for work on scheme administration and investment-related matters and central establishment and computer recharges. The fees paid to the investment managers are their charges for managing the investments of the Fund.

2. Basis of Preparation

The statement of accounts summarises the fund's transactions for the 2019/20 financial year and its positions as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of future liabilities to pay pensions and other benefits, which fall due after the end of financial year.

The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 26 basis, is disclosed in Note 18 of these accounts.

The Pension Fund Accounts have been prepared on a going concern basis.

3. Summary of Significant Accounting Policies

Fund Account – revenue recognition

a) Contributions

Normal contributions, both from employees and employers, are accounted for in the payroll month to which they relate at values specified in the rates and adjustments certificate. Additional contributions from employers are accounted for when received.

b) Transfers

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment Income

- **Investment income** is recognised in the fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
- **Dividend Income** - Dividends have been accounted for on an accruals basis. Investment income on overseas investments has been converted into sterling at the rate of exchange on settlement date. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current asset.
- **Distributions from pooled funds** are recognised at the date of issue. Any amount not received by the end of the reporting period is recognised as a current financial asset in the net asset statement.
- **Movement in the net market value of investments** – Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

- **Foreign Currencies** - Foreign income has been translated into sterling at the date of the transaction. Foreign income due at the year-end has been translated into sterling at the rate ruling as at 31 March 2020.

Fund Account – expense items

d) Benefits Payable

Benefits payable and refund of contributions are brought into the accounts on the basis of valid claims approved during the year. Under the rules of the Fund, retirees receive a lump sum retirement grant in respect of any membership up to 31 March 2009, in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose regarding the type or amount of benefit, then these lump sums are accounted for on an accruals basis from the date that the option is exercised. Other benefits are accounted for on the date the member leaves the Fund or on death.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments incurs withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Input VAT is generally recoverable on all Fund activities.

f) Expenses

Regulations permit the council to charge administration costs and the investment managers' fees to the Fund.

The code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the council discloses its pension fund management expenses in accordance with the CIPFA guidance accounting for Local Government Pension Scheme Management Costs.

Administrative expenses

All administrative expenses are accounted for on an accrual basis. All staff costs of the pension's administration team are charged direct to the fund. Associated management, central establishment, computer recharges, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

Oversight and governance costs

All oversight and governance expenses are accounted for on an accrual basis. All staff costs associated with governance and oversight is charged direct to the fund. Associated management advisory services, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

Investment management expenses

All investment management expenses are accounted for an accrual basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

All expenses are recognised on an accrual basis net of any recoverable VAT.

Net assets statement

Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the value of the asset are recognised in the Fund account.

The values of investments as shown in the net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13. For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Pooled Investment Vehicles are stated at bid price for funds with bid/offer spreads or single price where there are no bid/offer spreads as provided by the investment manager.

Managed funds and Unit trusts are valued at the price quoted by their respective managers on the last trading day of the year, which is determined by the market value of the underlying investments.

Private Equity is valued using the latest audited valuation and is carried at fair value. This is adjusted for any capital calls/distributions that have taken place since the date of the statement. Unquoted investments for Private Placements and Infrastructure are priced using discounted cash flow methodology.

Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

Derivatives

The fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The fund does not hold derivatives for speculative purposes.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at amortised cost, i.e. the outstanding principal receivable as at the year-end date plus accrued interest.

Financial liabilities

A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. The fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the Change in Value of Investments.

Other financial liabilities classed as amortised cost are carried at amortised cost i.e. the amount carried in the net asset statement is the outstanding principal repayable plus accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

Stock Lending

The fund does not participate in stock lending.

Additional Voluntary Contributions

Additional Voluntary Contributions (AVCs) paid by scheme members are not included within the accounts as these are managed independently of the fund by specialist AVC fund providers. This is in accordance with regulation 4 (2) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016. Total contribution paid by members during 2019/20 amounted to £267k and pending the year statement from the AVC providers, the estimated value of the fund as at 31 March 2020 was £1.58m.

Actuarial Position

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits that fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The net pension fund liability is re-calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and is in accordance with IAS 19. This estimate is subject to significant variances based on changes to the underlying assumptions that have agreed with the actuary and have been summarised in Note 18.

COVID-19 IMPACT

The COVID-19 pandemic has negatively affected the value of the fund see note 18. We have a robust cash flow monitoring system, in line with revisiting the employers' contribution rates set by the actuary. A delay in the AVC fund statements has led to an estimated value; hence, these amounts are subject to change.

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations; however, actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits.	Estimation of the net liability to pay pensions and the judgements used in these estimations are carried out by the actuary, Mercer. The significant judgements are in regard to the discount rate used, salary increase projections, and retirement age.	The effect of variations is analysed and necessary adjustment made when estimations are reviewed over the long term.
Private equity investments	Private equity investments are valued at fair value in accordance with international Private Equity and Venture Capital Valuation Guidelines (2012). Investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	Net asset valuations are always estimates until assets are sold

6. EVENTS AFTER THE REPORTING DATE

There have been no events after the reporting date that would have a material impact on these financial statements.

7. Contributions Receivable

a) Employers' Contributions

The following table sets out an analysis of the contributions made by the council and its admitted bodies.

Contributions receivable - Employers' contributions	Normal Contributions		Special Contributions		Strain Recovery*	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Administering Authority						
Islington Council	31,877	34,347	-	-	702	768
Scheduled Bodies						
St Mary Magdalene Academy	199	218	-	-	-	-
City of London Academy	154	150	-	-	-	-
The New North Academy	97	95	-	-	-	-
William Tyndale School	104	111	-	-	-	-
The Courtyard School	19	18	-	-	-	-
Tech City (Stem 6th form Academy)	14	7	-	-	-	-
Elliot Foundation	105	147	-	-	-	-
The Bridge Integrated Learning Space	39	447	-	-	-	-
Pears Family School	16	53	-	-	-	-
The Bridge School	454	14	-	-	-	11
City of London Academy Highbury Grove	283	285	-	-	-	-
City of London Academy, Highgate Hill	61	101	-	-	-	-
The Bridge Satellite Provision	15	24	-	-	-	-
City of London Primary Academy, Islington	9	15	-	-	-	-
Clerkenwell Parochial Academy	77	96	-	-	-	-
Hungerford School	108	76	-	-	-	15
London Screen Academy	-	16	-	-	-	-
Admitted bodies						
Volunteering Matters(CSV)	154	160	-	-	-	-
Camden & Islington NHS Foundation Trust	81	70	-	-	-	-
Braithwaite	5	5	-	-	-	-
Pleydell	15	16	-	-	-	-
NCP Services (Islington South)	-	-	-	-	-	-
SSE Contracting Ltd (Islington Lighting)	12	13	-	-	-	-
Brunswick	17	28	-	-	-	-
Southern Housing Group	8	5	-	-	-	-
Caterlink	157	184	-	-	-	-
Engie Services Ltd(Cofely Workplace Ltd)	108	110	-	-	-	-
R M Education	(205)	-	-	-	-	-
Breyer Group	5	4	-	-	-	-
Mears Ltd	31	32	-	-	-	-
Greenwich Leisure Ltd	77	69	-	-	-	-
WJ Catering	2	3	-	-	-	-
Isledon Arts CIC	8	8	-	-	6	-
Pabulum	3	3	-	-	-	-
Alliance In Partnership	21	22	-	-	-	-
Bouyges ES FM UK Ltd.	14	9	-	-	-	-
Totals	34,142	36,961	0	0	707	794

b) Members' Contributions

The following table sets out an analysis of the contributions made by employees of the council and its admitted bodies.

Contributions receivable - Members contributions	Normal Contributions (inc Added Years Contributions)	
	2018/19	2019/20
	£'000	£'000
Administering Authority		
Islington Council	11,245	12,048
Scheduled Bodies		
St Mary Magdalene	99	105
City of London Academy	71	67
The New North Academy	35	31
William Tyndale School	30	31
The Courtyard School	13	12
Tech City (Stem 6th form Academy)	10	4
Elliot Foundation	106	135
The Bridge School	146	140
The Bridge Integrated Learning Space	23	31
Pears Family School	7	7
City of London Academy Highbury Grove	70	76
City of London Academy, Highgate Hill	30	38
The Bridge Satellite Provision	7	11
City of London Primary Academy, Islington	9	8
Clerkenwell Parochial academy	15	13
Hungerford School	27	25
London Screen Academy	-	5
Admitted bodies		
Volunteering Matters (CSV)	0	-
Camden & Islington NHS Foundation Trust	11	7
Braithwaite	2	2
Pleydell	6	6
NCP Services (Islington South)	8	6
SSE Contracting Ltd (Islington Lighting)	4	5
Brunswick	5	8
Southern Housing Group	2	1
Caterlink	50	54
Engie Ltd (Cofely Workplace Ltd)	36	36
R M Education	1	-
Breyer Group	2	4
Mears Ltd	9	9
Greenwich Leisure Ltd	30	28
WJ Catering	1	1
Isledon ArtsCIC	3	3
Pabulum	1	1
Alliance In Partnership	9	9
Bouyges ES FM UK Ltd.	4	3
Totals	12,127	12,970

8. Transfers in

2018/19	Transfers in	2019/20
£'000		£'000
-	Group transfers in from other schemes	-
3,631	Individual transfers in from other schemes	5,452
3,631	Total transfers in	5,452

9. Other Income

2018/19	Other Income	2019/20
£'000		£'000
-	Income from Other Investments	-
-	Interest	-
2,572	Other	2,647
2,572	Total other income	2,647

Other income are amounts other than contributions and investment income.

10. Benefits

The following table sets out an analysis of the benefits paid to former employees of this council and the admitted bodies.

Benefits Payable	Pensions		Lump sum benefits		Lump sum death	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Administering Authority						
Islington Council	43,903	46,653	6,879	8,550	1,487	958
Scheduled Bodies						
St Mary Magdalene Academy	25	25	-	-	-	-
City of London Academy	40	61	27	107	93	-
The New North Academy	9	12	-	66	-	-
William Tyndale School	20	24	-	25	-	-
The Courtyard	5	5	-	-	-	-
Tech City (Stem 6th form Academy)	1	2	8	7	-	-
Elliot Foundation	0.21	-	-	-	-	-
The Bridge School	-	2	-	12	-	-
City of London Academy Highbury Grove	-	4	-	-	-	-
City of London Primary Academy, Islington	-	-	-	-	-	-
Hungerford School	-	8	-	54	-	-
Other Bodies						
Volunteering Matters (CSV)	1,238	1,287	251	153	24	13
Aquaterra	240	227	65	-	-	-
CEA	831	851	-	-	-	-
FSST	3	4	-	-	-	-
Kier Islington Ltd (Caxton)	578	588	-	-	-	-
St Lukes	2	2	-	-	-	-
Redbrick	2	2	-	-	-	-
Circle Anglia	70	72	-	-	-	-
ALA	20	21	-	-	-	-
Notting Hill Trust	8	22	-	19	-	-
Camden & Islington NHS Foundation Trust	59	89	36	78	-	-
Pleydell	-	6	-	89	-	-
SSE Contracting Ltd (Islington Lighting)	54	55	-	-	-	-
Brunswick	9	10	-	-	-	-
Southern Housing Group	-	3	-	8	-	-
Cushman & Wakefield LLP	8	8	-	-	-	-
Mouchel Parkman	32	33	-	-	-	-
London Property Maintenance	0	-	-	-	-	-
Caterlink	18	20	5	14	-	-
Engie Ltd (Balfour Beatty)	24	28	32	17	-	-
Kier Support Services	20	20	-	-	-	-
Breyers	-	12	-	47	-	-
Mears	16	16	-	-	-	-
Greenwich Leisure Ltd	22	22	-	-	-	-
WJ Catering	12	23	57	-	-	-
Isledon Arts CIC	1	-	2	-	-	-
Alliance In Partnership	2	3	-	-	-	-
Totals	47,274	50,220	7,364	9,246	1,603	971

11. Payments to and on Account of Leavers

2018/19 £'000	Payment to and on Account of Leavers	2019/20 £'000
193	Refunds of Contributions	171
7,273	Individual Transfer	6,279
7,466	Total payments to and on account of leavers	6,450

12. Management Expenses

2018/19 £'000	Management Expenses	2019/20 £'000
1,324	Administrative Cost (7a)	1,286
1214	Investment Management Expenses (7b)	1,317
400	Oversight and Governance Cost (7c)	672
2,937	Total Management Expenses	3,275

12(a) Administrative Expenses

2018/19 £'000	Administrative expenses	2019/20 £'000
898	Employee Cost	967
426	Support services	319
	Other expenses	
1,324	Total administrative expenses	1,286

All other costs of administration are borne by Islington Council.

12(b) Investment Expenses

2018/19 £'000	Investment Expenses	2019/20 £'000
1,181	Management Fees	1,278
33	Custody Fees	39
1,214	Total investment management expenses	1,317

12(c) Oversight and Governance Cost

2018/19 £'000	Oversight & Governance Cost	2019/20 £'000
25	Performance Management Services	35
313	Advisory Services Fees	384
21	Operation and Support	133
25	Actuarial Fees	90
16	Audit Fees	25
-	Legal Fees	5
400	Total Oversight & Governance Cost	672

13. Income from Investments

2018/19 £'000	Investment Income	2019/20 £'000
7,229	Dividends from equities	7,073
5,791	Income from other investments vehicles	6,349
3,356	Net rents from pooled investment properties	4,488
17	Interest on cash deposits	38
16,393	Total Investment income	17,948
-	Irrecoverable withholding tax	
16,393	Total Investment income	17,948

14. Investments

Investments	Market value 01 Apr 19 £'000	Purchases at cost and derivative payments £'000	Sale proceeds and derivative receipts £'000	Change in market value £'000	Value as at 31 Mar 20 £'000
Fixed interest securities	78	-	-	(3)	75
Indexed linked securities	125	-	-	(10)	115
Equities	162,915	-	(4,412)	(35,517)	122,986
Pooled investment vehicles (P.I.V)	874,177	136,341	(137,425)	2,945	876,038
Other Investment - P.I.V	-	-	-	-	-
Properties - P.I.V	260,677	4,560	(10,190)	1,596	256,643
Private Equity - P.I.V	27,433	-	(6,784)	2,693	23,342
Infrastructure - PIV	39,211	21,023	(461)	3,762	63,535
Total	1,364,616	161,924	(159,272)	(24,534)	1,342,734
Other Investment & Cash	22,263				13,457
Total Investments	1,386,879				1,356,191

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year including profits and losses realised on sales of investments during the year. Investments are now valued at bid price.

Investments	Market value 01 Apr 18 £'000	Purchases at cost and derivative payments £'000	Sale proceeds and derivative receipts £'000	Change in market value £'000	Value as at 31 Mar 19 £'000
Fixed interest securities	80	-	-	(2)	78
Indexed linked securities	125	-	-	-	125
Equities	163,729	-	(4,879)	9,242	162,915
Pooled investment vehicles (P.I.V)	934,079	5,798	(111,190)	40,313	874,177
Other Investment - P.I.V	-	-	-	-	-
Properties - P.I.V	195,601	65,433	(11,590)	11,233	260,677
Private Equity - P.I.V	26,287	619	(7,360)	7,887	27,433
Infrastructure - PIV	-	61,397	(19,899)	(2,287)	39,211
Total	1,319,901	714,372	(662,838)	45,753	1,364,616
Other Investment & Cash	14,084				22,263
Total Investments	133,985				1,386,879

14(a)

Investment Assets by Type		2018/19	2019/20
		£'000	£'000
Fixed interest securities (valued at Bid Price)			
Fixed interest securities (valued at Bid Price)		78	75
Total Fixed interest securities		78	75
Index -linked			
UK public sector quoted		125	115
Total Index -linked		125	115
Equities (valued at Bid Price)			
UK quoted		125,805	97,759
Overseas quoted		37,111	25,227
Total Equities		162,916	122,986
Pooled investment vehicles (valued at Bid Price)			
UK Managed Funds	Property	117,187	111,742
	Other : Bond	157,775	155,012
Overseas Managed Funds	Other : Equity	162,254	150,026
	Property	25,781	20,119
	Other : Private Equity	27,433	23,342
UK Unit trusts (valued at Bid Price)	Property	117,709	124,782
	Other	554,147	571,000
Infrastructure Investment		39,211	63,535
Total Pooled investment vehicles		1,201,497	1,219,558
Insurance policies			
Insurance policies			
Other investment balances (valued at Amortised cost)			
Outstanding trades		-	
Outstanding dividends & RWT		2,058	1,292
Cash deposits : Sterling		9,913	11,557
Cash deposits : Other		10,293	608
Total Other investment balances		22,263	13,457
Total Investment Assets		1,386,879	1,356,191
Type of future			
Expiration		Market Value	
UK FTSE exchange traded		Less than 1 year	-
UK gilt exchange traded		Less than 1 year	-
Total		0	0

All fund managers operating the pooled investment vehicles are registered in the United Kingdom.

15. Investments exceeding 5% of net assets

The table below shows the Fund's investments, which exceed 5% of net assets. These are all pooled investment vehicles, which are made up of underlying investments, each of which represent less than 5%.

Security	Market value	% of total fund	Market value	% of total fund
	31 March 2020		31 March 2019	
	£'000		£'000	
LBI Self-Managed UK quoted	97,760	7.2%	125,805	9.1%
London CIV Pooled - Newton MSCI All Country World	211,891	15.6%	218,049	15.8%
London CIV Pooled Allianz MSCI World	0	0.0%	118,596	8.6%
Standard Life Bonds Pooled Investment Vehicle iBoxx Sterling Non Gilt	155,012	11.4%	157,775	11.5%
Aviva Lime Property UK Unit Trust	124,782	9.2%	117,709	8.5%
Threadneedle Pooled Investment Property AREF IPD All Balanced	82,680	6.1%	88,673	6.4%
Legal & General Pooled Investment Vehicle	150,026	11.0%	162,254	11.8%
Schroders Pooled Investment Multi Asset	106,480	7.8%	113,648	8.3%
BMO Pooled Investment MSCI Emerging Market	59,902	4.4%	76,207	5.5%
London CIV RBC EQ RBC Bmk	112,364	8.3%	0	0.0%

16. Current Assets

2018/19	Current Assets	2019/20
£'000		£'000
706	Contributions due from Employers & Employee	1,884
46	Sundry Debtors	87
2793	Cash Balances	4,038
3,545	Total	6,009

17. Current Liabilities

2018/19	Current Liabilities	2019/20
£'000		£'000
(930)	Accrued Benefits	(1,049)
(480)	**Sundry Creditors	(638)
(8,863)	*Receipt in Advance	-
(3,415)	Accrued Expenses	(1,692)
(13,688)	Total Current liabilities	(3,379)

18. Actuarial Position

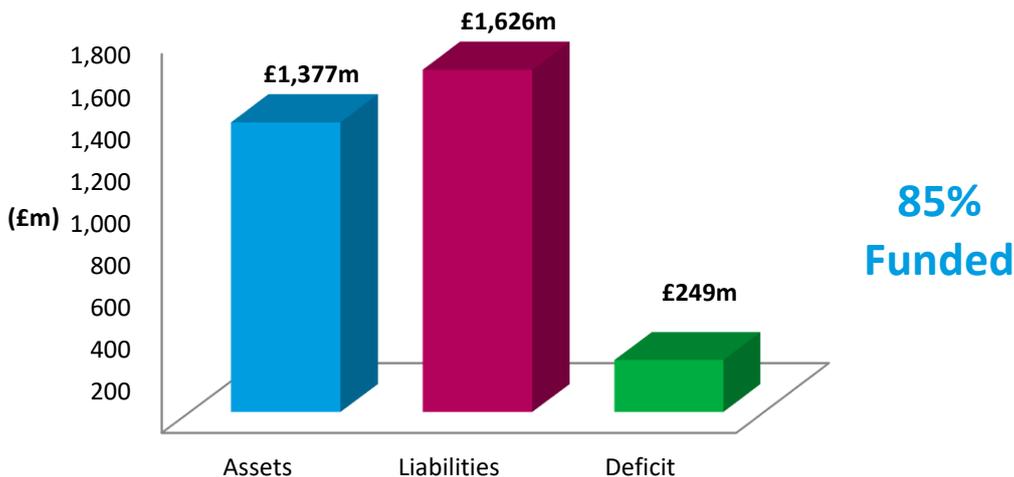
ISLINGTON COUNCIL PENSION FUND

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020 - STATEMENT BY THE CONSULTING ACTUARY

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Islington Council Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023.

On the basis of the assumptions adopted, the Fund's assets of £1,377 million represented 85% of the Fund's past service liabilities of £1,626 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £249 million.



The valuation also showed that a Primary contribution rate of 16.9% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average recovery period adopted is 19 years, and the total initial recovery payment (the "Secondary rate" for 2020-2023) is an addition of approximately £5.5m per annum on average in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this is predominantly paid in year one with surplus off-sets applying in the subsequent two years.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2020.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	4.2% per annum	4.65% per annum
Rate of pay increases (long term)*	3.9% per annum	3.9% per annum
Rate of increases in pensions in payment (in excess of GMP)	2.4% per annum	2.4% per annum

* allowance was also made for short-term public sector pay restraint over a 4 year period.

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2022. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2023.

The McCloud Judgment

The “McCloud judgment” refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. The Government announced in 2019 that this needs to be remedied for all public sector schemes including the LGPS. This is likely to result in increased costs for some employers. This remedy is not yet agreed but guidance issued requires that each Fund sets out its policy on addressing the implications.

In line with guidance issued by the LGPS Scheme Advisory Board, the above funding level and Primary contribution rate do not include an allowance for the estimated cost of the McCloud judgment. However, at the overall Fund level we estimate that the cost of the judgment could be an increase in past service liabilities of broadly £6 million and an increase in the Primary Contribution rate of 0.6% of Pensionable Pay per annum. Where the employer has elected to include a provision for the cost of the judgment, this is included within the secondary rate for that employer (and also within the whole Fund average secondary rate of £5.5 million per annum shown above).

Impact of Covid 19

The valuation results and employer contributions above were assessed as at 31 March 2019. In 2020 we have so far seen significant volatility and uncertainty in markets around the world in relation to the COVID-19 pandemic. This potentially has far-reaching consequences in terms of funding and risk, which will need to be kept under review. We believe that it is important to take stock of the situation as opposed to make immediate decisions in what is an unprecedented set of events. Our view is that employer contributions should not be revisited but the position should be kept under review by the Administering Authority who will monitor the development of the situation and keep all stakeholders informed of any potential implications so that the outcome can be managed effectively.

19. Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2020 (the 31 March 2019 assumptions are included for comparison):

	31 March 2019	31 March 2020
Rate of return on investments (discount rate)	2.4% per annum	2.4% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.2% per annum	2.1% per annum
Rate of pay increases*	3.7% per annum	3.6% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.3% per annum	2.2% per annum

* This is the long-term assumption. An allowance corresponding to that made at the latest formal actuarial valuation for short-term public sector pay restraint was also included.

The demographic assumptions are the same as those used for funding purposes, with the 31 March 2020 assumptions being updated to reflect the assumptions adopted for the 2019 actuarial valuation. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2020.

Corporate bond yields were similar at the start and end of year resulting in the same discount rate of 2.4% p.a. being used for IAS 26 purposes at the year-end as for last year. The expected long-term rate of CPI inflation decreased during the year, from 2.2% p.a. to 2.1%, which served to decrease the liabilities slightly over the year.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2019 was estimated as £2,295 million including the potential impact of the McCloud Judgment.

Interest over the year increased the liabilities by c£55 million, and allowing for net benefits accrued/paid over the period also increased the liabilities by c£24 million (this includes any increase in liabilities arising as a result of early retirements and and GMP indexation – see comments elsewhere in this statement).

There was also a decrease in liabilities of £133 million due to "actuarial gains" (i.e the effects of the *changes in the actuarial assumptions used, referred to above, and the incorporation of the 31 March 2019 actuarial valuation results into the IAS26 figures*).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2020 is therefore £2,241 million.

GMP Indexation

At present, the public service schemes are required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government may well extend this at some point in the future to include members reaching State Pension Age from 6 April 2021 onwards, which would give rise to a further cost to the LGPS and its employers. If the Fund were required to index-link GMP benefits in respect of those members who reach their State Pension Age after April 2021, then this would increase the Fund liabilities by about £10 million on IAS26 assumptions, and we have included this amount within the final IAS26 liability figure above.

Paul Middleman
Fellow of the Institute and
Faculty of Actuaries
Mercer Limited
May 2020

Michelle Doman
Fellow of the Institute and
Faculty of Actuaries
Mercer Limited
May 2020

20. Additional Voluntary Contributions

These amounts are not included in the pension fund accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016.

2018/19 Market Value £'000	Additional Voluntary Contribution	2019/20 Market Value £'000
1,237	Prudential	1,283
215	Equitable life	213
87	Phoenix Life (formerly NPI)	81
1,539	Total Additional Voluntary Contributions	1,577

21. Contingent Assets and Liabilities

There were no contingent assets or liabilities in 2019/20.

22. Contractual Commitments

The fund has outstanding commitments totalling £93.92m as at 31 December 2019. Two private equity fund managers Pantheon Ventures £4.54m and Standard Life £4.79m. One fund of funds private global property manager, Franklin Templeton Fund 1 and Fund II £12.20m. The two Infrastructure managers, Quinbrook Infrastructure Partners and Pantheon Access, £13.64m and £58.73m respectively.

23. Related Parties

Islington Pension Fund is administered by Islington Council. As at 31 March 2020, the Pension Fund is due from the Islington Council £0.320m (£11.7m~31 March 2019). Full contributions from the council for the year are disclosed in Note 2.

One member of the pension board is in receipt of pensions benefits from Islington Council (Valerie Easmon George) and two who are active members of the fund Mike Calvert and George Shakey. Each member of the pension board and the pension fund committee is required to declare their interest at each meeting. No other declarations were made during the year.

24. Key Management Personnel

The key management personnel of the fund are the members of the Pension Fund Committee, the Director of Finance, the Head of Pensions and Treasury Management and the Director of Human Resources.

2018/19 £'000		2019/20 £'000
(50)	Short-term benefits	(51)
(10)	*Post-employment benefits	(9)
(60)		(60)

*Post-employment benefits are at the state retirement age.

25. Post Balance Sheet Events

None.

26. Risk and Risk Management

The Fund's primary risk is that assets fall short of liabilities in the long term and as a result not able to honour promised benefits to members. The Fund has identified the investment risk inherent in the predominantly equity based strategy, as its biggest risk. Investment Strategy adopted by the pension sub-committee to mitigate this risk includes a diversified asset allocation to include property, private equity and bonds. The equity portfolio is diversified by region and company holdings. The committee monitors managers regularly by performance benchmark and reviews strategies as markets evolve.

Market Risks

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sector and individual securities. To mitigate market risk, the Council and the Fund's investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

27(a) Price and Currency Risk

Price and currency risk can be quantified by observing the potential market movement on the riskier assets and possible change in valuation.

Price risk

Price Risk	Final Market Value as at 31/03/20 £'000	% Change	Value on Increase £'000	Value on Decrease £'000
UK Equities	141,568	14.20%	161,609	121,528
Overseas Equities	521,700	11.70%	582,732	460,667
Total Bonds	155,012	5.70%	163,876	146,148
Pooled Multi Asset	106,480	6.70%	113,616	99,343
Cash	87,912	1.00%	88,756	87,068
Property	256,643	1.90%	261,621	251,665
Infrastructure	63,535	6.00%	67,333	59,736
Private Equity	23,341	11.70%	26,066	20,617
Total Assets	1,356,191	6.00%	1,437,628	1,274,755

The % change for Total Assets includes the impact of correlation across asset classes

Price Risk	Final Market Value as at 31/03/19 £'000	% Change	Value on Increase £'000	Value on Decrease £'000
UK Equities	162,708	8.50%	176,615	148,801
Overseas Equities	583,630	10.00%	642,213	525,046
Total Bonds	157,775	5.40%	166,273	149,276
Pooled Multi Asset	113,648	4.60%	118,861	108,436
Cash	19,327	0.50%	19,424	19,231
Property	260,677	3.20%	269,041	252,313
Infrastructure	39,211	5.50%	41,356	37,066
Private Equity	27,433	13.20%	31,060	23,805
Total Assets	1,364,409	5.30%	1,436,358	1,292,458

Currency risk

The overseas equities are currently 50-75% hedged hence mitigating any volatility in the major currencies of the dollar, yen and euro. 75% of the overseas equities are in the basket of the passive currency overlay hedge and as such the table below shows the aggregate currency exposure to overseas equities. A single outcome exchange rate volatility impact reflects the changes in value.

Currency Risk(by asset class)	Final Market Value as at 31/03/20 £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Overseas Equities	521,700	7.40%	560,057	483,342
Overseas Private Equity	23,342	7.40%	25,058	21,625
Overseas Infrastructure	63,535	7.40%	68,206	58,864
Overseas property	20,119	7.40%	21,598	18,640
Total Assets	628,695		674,920	582,471

Currency Risk(by asset class)	Final Market Value as at 31/03/19 £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Overseas Equities	583,630	5.60%	616,542	550,717
Overseas Private Equity	27,433	5.60%	28,980	25,886
Overseas Infrastructure	39,211	5.60%	41,422	37,000
Overseas property	25,780	5.60%	27,234	24,327
Total Assets	676,054	5.60%	714,178	637,930

27(b) Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments. The fund's corporate bond securities and cash are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Committee and its investment advisors regularly monitor the Fund's interest rate risk exposure during the year via its fund managers and asset allocation.

Interest rate – risk sensitivity analysis

The fund recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. Fixed interest securities, cash and cash equivalents are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

Assets Exposed to interest rate risk	Value at 31 March 2020 £'000	Impact of 1% decrease £'000	Impact of 1% increase £'000
Cash and cash equivalent	93,469	92,534	94,404
Fixed interest securities	75	74	76
Total	93,544	92,608	94,480

Assets Exposed to interest rate risk	Value at 31 March 2019 £'000	Impact of 1% decrease £'000	Impact of 1% increase £'000
Cash and cash equivalent	25,056	24,805	25,307
Fixed interest securities	78	77	79
Total	25,134	24,882	25,385

27(c) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high quality fund managers, counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. There is a risk that some admitted bodies may not honour their pension obligations with the result that any ensuing deficit might fall upon the Fund. To mitigate this risk, the Fund regularly monitors receipt of contributions and the state of its admitted bodies.

27(d) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Committee monitors cash flows and takes steps to ensure that there are adequate cash resources to meet its commitments. The Fund has immediate access to its cash holdings. The Fund defines liquid assets as assets that can be converted to cash within three months, subject to normal market conditions. As at 31 March 2019, liquid assets were £1,269m representing 94% of total fund assets (£1,320m at 31 March 2019 representing 95% of the Fund at that date). The majority of these investments can in fact be liquidated within a matter of days at a cost. The fund also manages a Passive UK Equities in house, which gives access to cash dividend income on a regular basis.

28. Financial Instruments

The following table provides an analysis of the financial assets and liabilities of Pension Fund grouped into Level 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2020	Quoted Market Price	Using Observable Inputs	With Significant Unobservable inputs	Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial Assets				
Financial assets at fair value through profit and loss	1,269,314	-	86,877	1,356,191
Loans and Receivables	4,038	1,971	-	6,009
Total Financial Assets	1,273,352	1,971	86,877	1,362,200
Financial Liabilities				
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	-	(3,379)	-	(3,379)
Total Financial Liabilities	-	(3,379)	-	(3,379)
Net Financial Assets	1,273,352	(1,408)	86,877	1,358,821

Values at 31 March 2019	Quoted Market Price	Using Observable Inputs	With Significant Unobservable inputs	Total
	Level 1	Level 2	Level 3	
Financial Assets				
Financial assets at fair value through profit and loss	1,319,901	-	66,644	1,386,879
Loans and Receivables	2,793	752	-	3,545
Total Financial Assets	1,323,029	752	66,644	1,390,424
Financial Liabilities				
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	-	(13,688)	-	(13,688)
Total Financial Liabilities	-	(13,688)	-	(13,688)
Net Financial Assets	1,323,029	(12,936)	66,644	1,376,736

Valuation of financial instruments carried a fair value

The valuation of financial instruments had been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities and quoted index linked securities.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange. Pooled funds are pooled fund with other institutions and hold individual securities, buildings or bonds and can be priced daily as such they are classified as level I.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. These instruments include our private equity managers and cash held in the fund.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which The Islington Council Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December Cash flow adjustments are used to roll forward the valuation to 31 March as appropriate.

28(a) Reconciliation of Fair Value Measurements within Level 3

Reconciliation of assets within level 3	Value at 31 March 2019	Purchases during the year	Sales during the year	Change in market value during the year	Value at 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Private Equity - P.I.V	27,433	-	(6,784)	2,693	23,342
Infrastructure - PIV	39,211	21,023	(461)	3,762	63,535
Total Level 3 Assets	66,644	21,023	(7,245)	6,455	86,877

In measuring the level 3 investments it is possible that one or more of the inputs could change, by the valuing manager, to acceptable alternative assumptions. Different earnings multiple could be used for a comparable company or industry sector for example. Whilst these changes could have a significant change in valuation, that individual change will not necessarily apply to other investments. A sensitivity analysis on the whole portfolio or class will be inappropriate. Islington does not have a large portfolio of alternatives classed under level 3 and a change in valuation of one underlying investment will not have a significant impact on the whole portfolio.

29. Investment Assets by Fund Manager

Investment Assets by Fund Manager	2018/19 £'000	2019/20 £'000
LBI In House Fund		
EQUITIES		
UK quoted - LBI self-managed	125,805	97,760
Overseas quoted - LBI self-managed	37,111	25,227
CASH DEPOSITS		
Sterling	2,625	4,182
Other	9,808	600
OTHER INVESTMENT BALANCES		
Outstanding Dividends/Tax	1,571	1,021
FIXED INTEREST		
UK	78	75
INDEX-LINKED		
UK	125	115
POOLED FUNDS		
UK	5,177	4,524
Total LBI In House Fund	182,300	133,504
Newton - London CIV		
POOLED FUNDS		
UK quoted	218,049	211,891
CASH DEPOSITS		
Sterling	109	92
Other	477	0
OTHER INVESTMENT BALANCES		
Outstanding Dividends	390	271
Total Newton	219,025	212,254
Allianz/ LONDON CIV		
POOLED FUNDS		
Other	118,596	0
CASH DEPOSITS		
Sterling	284	376
Other	8	9
OTHER INVESTMENT BALANCES		
Outstanding Dividends	97	
Total RCM	118,985	385
Standard Life Bonds		

POOLED INVESTMENT VEHICLES		
Managed funds	157,775	155,012
Pantheon		
POOLED INVESTMENT VEHICLES		
Private equity - overseas	9,174	7,001
Standard Life		
POOLED INVESTMENT VEHICLES		
Private equity - overseas	18,258	16,340
Aviva Lime Property		
UK UNIT TRUSTS		
Property	117,709	124,782
Threadneedle Pensions		
POOLED INVESTMENT: Property	88,673	82,680
Thesis		
POOLED INVESTMENT: Property	28,514	29,062
BNY Mellon		
CASH DEPOSITS : Sterling	6,894	6,906
outstanding fx trades		
Total BNY Mellon	6,894	6,906
Legal & General		
POOLED INVESTMENT VEHICLES		
Managed funds	162,254	150,026
Franklin Templeton		
Pooled Investment Global Property	25,781	20,119
Schroders		
Pooled Investment Multi Asset	113,648	106,480
BMO		
Pooled Investment Managed Funds	76,207	59,902
LGIM		
Pooled Investment Managed Funds	22,471	75,839
Pantheon Infrastructure		
Infrastructure	16,500	21,741
Quinbrook Infrastructure		
Infrastructure	22,711	41,794
RBC/ LONDON CIV		
POOLED FUNDS		
	0	112,364
Total Investment Assets	1,386,789	1,356,191

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Report of: Corporate Director of Resources

Meeting of:	Date	Agenda item	Ward(s)
Pensions Board	30 June 2020		n/a

Delete as appropriate		Non-Exempt
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SUBJECT: PENSIONS BOARD 2020/21– FORWARD WORK PLAN

1. Synopsis

- 1.1 The Appendix A to this report provides information for Members of the Board on agenda items for forthcoming meetings and training topics where required as per its work programme objectives.

2. Recommendations

- 2.1 To consider and note Appendix A attached
- 2.2 To amend the forward plan where there is change in priorities
- 2.3 To consider the relevant issues highlighted and discuss any action plans that may be required.

3. Background

- 3.1 The Public Services Pensions Act 2013 requires the establishment of local pension boards for each Local Government Pension Fund. Each administering authority must establish a pensions board no later than 1 April 2015.
- 3.2 Local Government Pension Scheme (Amendment) Governance Regulations 2014 (the Governance Regulations) provide that Pensions Board will have responsibility for assisting the

'scheme manager' (the Pensions Sub Committee in Islington's case) in relation to the following matters:

To ensure compliance with:

- the Local Government Pension Scheme Regulation (LGPS),
- other legislation relating to the governance and administration of the LGPS, and
- the requirements imposed by the Pensions Regulator in relation to the LGPS to ensure the effective and efficient governance and administration of the scheme.

3.3 The Pensions Sub- committee is the decision making body of the Fund and the Pension board can only advise or make recommendations to the Pensions -Sub Committee
The Pension Board should therefore be mindful;

- Its work plan should take account of the Fund's own work programme and seek to add value
- Servicing the Pension board will consume Fund management resources and time
- Senior Fund officers servicing the pension Board may on some fund performance issues be personally compromised and conflicted
- Some work items required may need the use of specialist external consultancy resources rather than using the officers servicing the Fund.

3.4 Based on the LGPS and The Pension Regulator's guidance on the role of the pension boards, the focus should include the following:

- A)Its own training, knowledge and understanding
- b) Avoiding any conflicts of interest
- c) Ensuring its own statutory compliance
- d) Checking fund governance
- e) Reviewing fund risks and internal systems and controls
- f) Checking fund external advisors/service providers and their internal controls
- g) Reviewing fund member record keeping
- h) Checking fund contributions
- i) Reviewing fund administration
- j) Benchmarking fund performance and Value for Money (VFM)
- k) Fraud prevention
- l) Employer and member communications
- m) Complaints and dispute resolution
- n) Reporting regulatory breaches

3.5 The Pension Board must also consider its Annual Report and the review of Pension Fund's draft Annual Report and audited accounts and triennial actuarial review.

3.6 Members agreed a work programme at the March meeting and this will be reviewed annually for progress and amendment if required. The objectives are as follows:

- To ensure accurate record keeping, data quality and improvements
- To ensure Governance Compliance Statement sets out delegation, function and structure
- To ensure Fund has the appropriate policies in place to safeguard the Fund's assets through appropriate methods of risk management
- To ensure members have the necessary skills knowledge and understanding
- The General Data Protection Regulation (GDRP is upheld

- To ensure the effective and efficient governance and administration of the Scheme
- That the Pension board are able to make recommendations on Statutory and non-statutory policies and strategies
- Self-Assessment review of the effectiveness of the Board

3.7 Members need to consider their priorities for the next 12 months and use that to formulate their agenda for forthcoming meetings. The draft plan attached as Appendix A is a guide for members to discuss and amend. It will be updated as necessary at each meeting, to reflect any changes in administration policy, new regulation and pension fund priorities after discussions with Members.

3.7.1 The COVID -19 virus has already had impact on people, lifestyles, business and financial matters. The impact on Funds will vary, and to different extents. A checklist was attached on the March report as Appendix B (private and confidential) prepared by Mercer (Fund actuary) to enable members to consider issues and begin to plan mitigating actions if required. The checklist will be a life document so it can continually be considered as situations evolve.

3.7.2 As a life document some of the issues highlighted included:

- Risk tolerance- employer covenants, funding update and investment downside and impact on contributions.
- Business Continuity- disruption impact on pension administration, investment and critical projects
- Market Opportunities- asset allocation, liquidity and planned strategic changes
- Governance- unavailability of committee members, key individuals and ability to respond quickly
- External Third parties cannot fulfil their obligations- examples include networks SAB, MHCLG
- Member communications-market volatility on investment valuations especially AVC

3.7.3 Members are welcomed to discuss some of the issues and actions that should be taken to mitigate possible impacts and continue to review COVID-19 as part of its risk register.

4. Implications

Financial implications

4.1 Any cost associated with the governance of the fund will be treated as administration cost and charged to the Fund.

4.2 Legal Implications

The Public Services Pensions Act 2013 requires the council to establish a local pension boards by 1 April 2015. The board must comply with the requirements of the relevant Legislation.

4.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

None applicable to this report. Environmental implications will be included in each report to the Pension Board Committee as necessary. The current agreed investment strategy statement for pensions outlines the policies and targets set to April 2022 to reduce the current and future carbon exposure by 50% and 75% respectively compared to when it was

measured in 2016 and also invest 15% of the fund in green opportunities. The link to the full document is <https://www.islington.gov.uk/~media/sharepoint-lists/public-records/finance/financialmanagement/adviceandinformation/20192020/20190910londonboroughofislingtonpensionfundinvestmentstrategystatement.pdf> .

4.4 **Resident Impact Assessment**

None applicable to this report. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

- 4.4.1 An equalities impact assessment has not been conducted because this report is seeking opinions on a policy document and therefore no specific equality implications arising from this report.

5 Conclusion and reasons for recommendation

- 5.1 To advise Members of forthcoming items of business to the Pension Board and training topics and to consider the COVID- 19 virus checklist issues highlighted to plan mitigating actions if required.

Background papers:

None:

Final report clearance:

Signed by:

Date

Corporate Director of Resources

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APPENDIX A**Pensions Board Forward Plan for March 2020 to March 2021**

Date of meeting	Work programme objective	Reports
	To ensure the effective and efficient governance and administration of the Scheme	<p><u>Please note:</u> there will be a standing item to each meeting on:</p> <ul style="list-style-type: none">• Admin Performance report• Forward work plan
30 June 2020		Draft 19/20 Statement of Accounts Cashflow monitoring
15 September 2020		Draft Pension Annual Statement. Risk register Governance Review
12 October 2020	AGM	
8 th December 2020		
24 March 2021		

Planned and Proposed Training on committee meeting dates

November 2018- pension sub cttee meeting	Training Actuarial Review update
September 2019 joint pension sub and board training	Funding strategy and actuarial valuation

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