



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

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**AGENDA FOR THE PENSIONS BOARD**

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Members of the Pensions Board are summoned to attend a meeting which will be held in the Council Chamber, Town Hall, Upper Street, N1 2UD on **12 July 2023 at 4.00pm.**

Enquiries to : Mary Green  
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Despatched : 4 July 2023

Membership

Employer representatives:

Maggie Elliott (Vice-Chair)  
Councillor Dave Poyser (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. Formal matters**

1. Apologies for absence
2. 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.

3. Minutes of the previous meeting 1 - 6

## **B. Non-exempt items**

1. Pension administration performance 7 - 12
2. The Knowledge and Training Policy and Programme 13 - 30
3. Pension Fund- Draft 2022/23 Year End Accounts 31 - 68
4. LGPS - Pensions Risk Register 69 - 74

5. Forward Plan of business for Pensions Board

75 - 96

**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 5 October 2023

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London Borough of Islington

## **Pensions Board - 19 April 2023**

Minutes of the meeting of the Pensions Board held in Committee Room 1, Islington Town Hall, Upper Street, N1 2UD on 19 April 2023 at 3.45 pm.

**Present:**      **Councillors:**      Alan Begg, Mike Calvert, Maggie Elliott (Vice-Chair), Dave Poyser (Chair) and George Sharkey

### **Councillor Dave Poyser in the Chair**

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

Received from Valerie Easmon-George.

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

None.

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

**RESOLVED:**

That the minutes of the meeting held on 6 March 2023 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

**72**      **GOVERNANCE TRAINING (Item B1)**

The Board received a presentation from Marie Rosenthal, Interim Director of Law and Governance, and Matthew Hopson, Deputy Director of Finance, on governance training for the Local Pension Scheme. The training was being provided in the context of a review of the Council's Constitution, which the Interim Director of Law and Governance was conducting for consideration and approval at a Council meeting in July 2023.

The presentation included a background description of the LGPS Pension Board, which had been brought in to improve governance arrangements of all pension funds. The presentation also included an overview of responsibilities and the knowledge and skills set which every member of a Pensions Board must have, governance in practice, membership and proposed new Terms of Reference for the Board.

The Interim Director of Law and Governance highlighted a number of governance issues under the current arrangements, which needed to be addressed. The current practice whereby members of the Board and its Chair were appointed by the Audit Committee was considered unusual in that the Pensions Board should be responsible for electing its own Chair and that it was normal practice for the chairship to rotate annually from employer to member representatives.

Under the LGPS Regulations 2013, members of the Board were required to have "capacity" to represent members and employers of the Scheme. Statutory guidance interpreted this as a requirement to ensure that the "knowledge and skills of the membership are appropriate" to effectively scrutinise the decisions of the Pensions Sub-Committee. This was a legal requirement. Members of a Pensions Board should also undertake a personal training needs analysis, together with a personalised training plan.

It was suggested that the current Terms of Reference for the Board were too brief and did not capture all of the elements sufficiently from the statutory guidance. Current arrangements saw the Board scheduled to meet at 6.00pm, directly before the Pensions Sub-Committee which started at 7.00pm. This was regarded as insufficient time to allow the Board to scrutinise all elements of Pension Fund administration and investment activity. The Board currently received only governance and administration reports at its meetings for review, but nothing on investments. Although not specified in its Terms of Reference, the Board also approved the Annual Report under current arrangements and it was suggested that this was usually reserved for the relevant Pension Fund Committee to consider and approve at similar administering authorities.

In addition, it was considered unusual for the Pension Fund Committee to have responsibility for investments and policies only and not administration and governance, which were reserved for the Pension Board in Islington. This meant that the Board was not scrutinising all of the work of the Sub-Committee, contrary to statutory guidance.

The Monitoring Officer had made a number of suggested recommendations viz

1. Pensions Board should elect its own Chair and this should rotate between members and employers, subject to capability
2. Pensions Board members should attend mandatory training sessions, which should be listed in the Terms of Reference
3. The Pensions Board Terms of Reference should be revised to reflect the full requirements of the statutory guidance and make it clear that the Board had a scrutiny function, supporting the Pensions Sub-Committee in its decision-making processes, but not making decisions in its own right.
4. Pensions Board should meet after the Pension Fund Committee to scrutinise decisions taken and should allow a minimum of two hours to properly scrutinise matters.
5. Pensions Board should formally receive reports on all aspects of the Pension Fund, including investments.

The following points were made during discussion:

- It would be useful to include a standing item on Board agendas on pensions' conferences, including attendance and forthcoming opportunities

## Pensions Board - 19 April 2023

- It would also be useful to include an agenda item on the availability of training opportunities for members
- Three employer members + three member representatives + one independent member was considered an optimum size for the Board
- The recommendations for changes to the Board were endorsed, including that the Board should vote on the appointment of its Chair and whether the Chair was to rotate on an annual basis
- For the avoidance of ambiguity, if the administration of the scheme was to now be considered by the Pensions Sub-Committee, the element of risk needed also be considered on the agenda
- It was agreed that the Board needed to match its number of meetings with the Sub-Committee ie four times per year and, subject to consultation with members who were not present, the time of meetings should be from 4.00pm to 6.00pm
- The possibility of co-opting already trained experts in pensions to join the Board could be investigated. However, a reservation was expressed about this, and an alternative suggestion made that more use could be made of the existing advisers to the Sub-Committee, such as Mercer
- All decisions made by the Sub-Committee should be made at a formal meeting, rather than online
- Referring to the Pensions Sub-Committee specifically, a view was expressed that it would probably be difficult to identify the recommended seven members and that five would be a more achievable number

### **RESOLVED:**

That the recommendations of the Monitoring Officer, detailed in the presentation, be approved as follows:

- (a) Pensions Board to elect its own Chair and this should rotate between members and employers, subject to capability
- (b) Pensions Board members should attend "appropriate" (rather than "mandatory" as specified in the presentation) training sessions which should be listed in the Terms of Reference
- (c) Pensions Board Terms of Reference to be revised to reflect the full requirements of the Statutory Guidance and to make it clear that the Board had a scrutiny function, supporting the Sub-Committee/Administering Authority in its decision-making processes, but not making decisions in its own right.
- (d) That the revised Terms of Reference referred to in resolution (c) above be circulated to members of the Board in advance of being considered by Islington Council.
- (e) Pensions Board should meet after the Pensions Sub-Committee to scrutinise decisions taken. Pensions Board should allow for a minimum of two hours to properly scrutinise matters
- (f) That the Pensions Board meet approximately within ten working days after the Sub-Committee.

(g) That a summary of decisions be produced after the Sub-Committee, for consideration by the subsequent Board, which had been cleared and approved by the Chair of the Sub-Committee.

(h) That Pensions Board should formally receive reports on all aspects of the Pension Fund, including investments.

(i) That meetings of the Board be scheduled for the following dates, from 4.00pm to 6.00pm:

12 July 2023

5 October 2023

6 December 2023

20 March 2024

Pensions Sub-Committee

(j) Noted the recommendations proposed for changes to the Pensions Sub-Committee.

**73 LGPS - PENSIONS' RISK REGISTER (UPDATED SINCE LAST BOARD MEETING) (Item B2)**

On behalf of the Board, the Chair thanked Alan Begg for his work in reviewing the format of the Risk Register.

Mr Begg outlined the suggested changes he had made to the draft Register produced by the Pensions Team:

Each risk was now numbered in the left hand column

There were 24 strategic ie not operational risks

Additional wording had been added to each risk

An additional column on "Trend" had been included, which should indicate immediately whether there had been any change since the Register was previously reviewed

The columns headed "Current Risk Score" referred to inherent risks which were to be mitigated by "Current controls in place to manage risk"

Colour coding should be included to provide visual impact

The following points were made during discussion:

- The column headed "Trend" should be moved to the far right of the table
- Noted that the Director of Finance would take up with HR Payroll Team the issue of the need for timely provision of payroll data to the Pensions Team to avoid risks associated with that
- Although this year's performance had been mitigated with much effort by the Pensions Manager and his Team, it would be necessary to ensure that there were no similar repercussions next year caused by delays in data from HR Payroll Team to the Pensions Team. An update would be welcomed to the Board in October 2023 on progress



**RESOLVED:**

That Alan Begg be thanked for his work on the Pensions Risk Register and that the points made above be taken on board as appropriate.

**74** **PENSION FUND ADMINISTRATION COST 3-YEAR FORECAST AND ANNUAL CASHFLOW (POSTPONED FROM LAST MEETING) (Item B3)**

In response to a question, the Head of Pension Fund and Treasury Management confirmed that the Fund was forecasted to remain in a net negative cashflow position and would need to draw down on investment income to meet expenditure in the sum of approximately £16m per year. This had been the case for a number of years.

A suggestion was made that a session on pensions should be included in the Council's Corporation Induction programme, to ensure that employees were made aware of the rules around auto-enrolment and death grants, amongst other aspects of the Pension Scheme.

The Board thanked the Council's Communications Team for its campaign to advise and engage staff on AVCs.

**RESOLVED:**

To note the contents of the report of the Corporate Director of Resources.

**75** **DATES AND TIMES OF FUTURE MEETINGS (Item B4)**

Detailed in minute 72 above.

The meeting ended at 5.55 pm

**CHAIR**

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Resources Department  
7 Newington Barrow Way  
London, N7 7EP

Report of: Corporate Director of Resources

Meeting of: Pensions Board

Date: 12<sup>th</sup> July 2023

## Subject: PENSION ADMINISTRATION PERFORMANCE

### 1. **Synopsis**

- 1.1. This report provides the Board with information on the administration activities and performance of the Pension Administration. The information is in respect of the period from 1 February 2023 to 30 April 2023 and includes the number of Local Government Pension Scheme (LGPS) members auto-enrolled into the scheme for this period.
- 1.2. The report also provides information regarding the Internal Dispute Resolution Procedure (IDRP), compliments and complaints.

### 2. **Recommendations**

- 2.1. To note the number of members auto-enrolled into the LGPS during the relevant period.
- 2.2. To note the information in respect of the IDRP, compliments and complaints.
- 2.3. To review the performance data for the administration activities of the Council's Pensions Office.
- 2.4. To note any new Internal Audit Investigations in Pensions Administration
- 2.5. To note DLUHC new consultation on the 'McCloud Remedy'
- 2.6. To note Sharia compliance report commissioned by Scheme Advisory Board

### 3. Background

3.1. The membership profile in January 2023 and April 2023 is shown in the following table.

<b>Category</b>	Jan-23	Apr-23
Number of current active members	6,710	6,744
Number of preserved benefits	8,532	8,502
Number of Pensions in payment	6,512	6598
Number of Teachers Compensation Pensions in payment	108	106
Number of Spouses/dependants pensions in payment	998	1007
Number of Teachers Compensation Spouses Pensions in payment	11	12
<b>Total</b>	<b>22,871</b>	<b>22,969</b>

Active membership has seen a marginal increase of just over 0.5%. The Fund's preserved beneficiaries show a marginal reduction of 0.4% and the pensioners continue to grow with a 0.5% increase during this period.

3.2. The table below shows performance against case type for the period from 1 February to 30 April 2023:

<b>Process</b>	<b>Total Cases Processed</b>	<b>Target Days</b>	<b>% Achieved within target days</b>	<b>Actual average days</b>
Deaths	47	10	90%	11.0
Retirement benefits	73	7	85%	12.0
Pension estimates	68	10	72%	18.0
Preserved benefits	12	30	100%	22.0
Pension Payroll Adj.	164	10	100%	9.0
Transfer-in quotation	53	10	88%	14.0
Transfer-in actual	34	10	91%	15.0
Transfer out quotation	26	15	100%	14.0
Transfer out actual	15	12.5	82%	16.0
Transfer out (Non-Public Sector) actual	0	-		-
Refunds	5	10	100%	10.0
Starters	152	30	70.0%	33.0
All key processes	649		78.0%	

Key processes have increased by 18% during this quarter. Overall performance has dropped by 4% from the 82% achieved in the last quarter in completed processes within the target days. This drop in performance is largely due to the 52% increase in retirements from the last quarter and the calculation errors generated in relation to the annual pensions increase program.

- 3.3. The table below shows the number of members auto-enrolled into the LGPS from February 2023 to April 2023:

<b>Month</b>	<b>Starters No.</b>	<b>Opt Outs</b>	<b>Opt Outs %</b>
February	47	1	2
March	46	3	6.5
April	59	0	0
<b>Total</b>	<b>152</b>	<b>4</b>	<b>2.6</b>

- 3.4. The Pension Office received -5- communications thanking Pension Administration staff for their service and -3- complaints. One complaint as escalated to the Pension Fund’s Internal Dispute Resolution Procedure (IDRP).

### **Audit Investigations**

- 3.5. No new cases of potential fraud have been identified by the Pensions Office and reported to Internal Audit for investigation during this period.

### **McCloud Remedy – Update**

- 3.6. In July 2020 the Government published their consultation on removing age discrimination within the LGPS in response to the McCloud/Sargeant judgement. On 30 May 2023 the Department for Levelling Up, Housing and Communities (DLUHC) published a consultation and draft regulations concerning the McCloud remedy and the tax treatment applied.
- 3.7. The Local Government Association (LGA) will be responding to the consultation on behalf of Local Government.
- 3.8. Islington Pension Fund will continue in concert with our pension software supplier pulling together payroll data from our payroll services to measure the number of leavers, transfers, actives, deferreds, pension and death benefits that will be the subject of this retrospective review.

## **Sharia Compliance in Pension Investments**

- 3.9. In May 2023 the Scheme Advisory Board (SAB) commissioned a report from an Islamic finance and legal scholar to review the scheme according to Sharia principles, looking also at governance and administering authorities investment principals. This is in response to Local Government employer concerns whether the LGPS is consistent with anti-discrimination and equality obligations and we await the completed report.
- 3.10. A small number of Council staff have contacted the Pensions Office opting out of the LGPS on the basis of their religious beliefs and concerns that LGPS funds and their investments are not sharia-compliant. These concerns are based on the way the LGPS is funded and the role of interest on its investments.

## **4. Implications**

### **4.1. Financial Implications**

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

### **4.2. Legal Implications**

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

### **4.3. Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

- 4.3.1. 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/20192020/20190910/ondonboroughofislingtonpensionfundinvestmentstrategystatement.pdf>

### **4.4. Equalities Impact Assessment**

- 4.4.1. 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.

4.4.2. An Equalities Impact Assessment is not required in relation to this report, because there are no adverse impacts in terms of equalities arising from the contents of this report. The LGPS is a statutory public service pension scheme open to all Council employees.

## 5. **Conclusion and reasons for recommendations**

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

**Appendices:** n/a

**Background papers:**

**Final report clearance:**

Signed by:

**Corporate Director of Resources**

Date: 3 July 2023

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**Finance Department  
7 Newington Barrow Way  
London N7 7EP**

**Report of: Corporate Director of Resources**

**Meeting of: Pension Board Committee**

**Date: 12<sup>th</sup> July 2023**

**Ward(s): n/a**

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## **The Knowledge and Training Policy and Programme**

### **1. Synopsis**

- 1.1 The is a report to review the regulatory framework in relation to knowledge and understanding of pension board members and consider some options of training.

### **2. Recommendation**

- 2.1 To review and agree the Knowledge and Training policy attached as Appendix 1
- 2.2 To complete “the Local pension boards –a technical knowledge and skills framework a self-assessment matrix as recommended by CIPFA- Appendix 2
- 2.3 To agree to enable officers to use the matrix to propose training where required.
- 2.4 To keep a record of training and review self- assessment matrix at least annually.

### **3. Background**

3.1 The Public Services Pensions Act 2013 required the establishment of local pension boards for each Local Government Pension Fund.

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 All employer and member representatives on the Board are required to have capacity (i.e time to commit to the preparing for and attending the Board and training) to represent scheme employers or scheme members (as appropriate).

The Pension regulator requires that all members of the Pension Board must be conversant with:

- The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
- Any document recording policy about the administration of the LGPS which is for the time being adopted by the Islington Pension Fund.

3.4 The Islington pension board terms of reference outlines the knowledge and understanding required by board members.

3.5 Pension board members should have a breadth of knowledge and understanding that is sufficient to allow them to understand fully any professional advice they are given. This knowledge and understanding requirements apply to each individual member, rather than as a collective group. Members should be able to challenge any information or advice they are given and understand how that information or advice impacts on any decision relating to their duty to assist the Administering authority.

3.6 The pension board needs to produce and review their knowledge and understanding framework to acquire and retain this level of understanding for its members. This framework will need to be a continuous cycle of identifying training requirements, leading into training design and training delivery and then the evaluation of this training to identify further requirements.

3.7 The administering authority has developed a training policy that details a training strategy for pension board members. The policy outlines the frameworks which the fund will comply with, in order to implement and maintain knowledge and understanding, namely:

- CIPFA knowledge and skills framework for pension board members
- Knowledge and skills requirements of the Public Service Pensions Act 2013; and
- The Pensions Regulator's (TPR) Code of Practice for Public Service Schemes

3.8 Members are asked to review and agree the Training Policy and complete the self - assessment to enable officers to consider training programme.

## 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

S248A of the Pensions Act 2004 requires every member of the pension board to be conversant with the rules of the LGPS and Islington's policy fund and to have knowledge and understanding of the law relating to pensions. The degree of knowledge and understanding required is that which will enable each individual member to properly exercise the functions of the pension board.

The proposed Knowledge and Training Policy and Programme will meet the legal requirements of s248A.

### 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/20192020/20190910londonboroughislingtonpensionfundinvestmentstrategystatement.pdf>.

### 4.4 Equalities 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 Member are asked to review the Training Policy and complete a skills and knowledge assessment to enable officers to arrange the appropriate training. Training will be reviewed regularly at least annually.

**Appendices:** Appendix 1- Training Policy  
Appendix 2- Cipfa knowledge and skills matrix

**Background papers:**

None:

Final report clearance:

**Signed by:**

Corporate Director of Resources

**Date of final approval** 3 July 2023

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## **Appendix1**

### **Islington Council Pension Board – Knowledge and Training Policy**

#### **1. Introduction**

1.1 This is a knowledge and training framework established to enable pension board members to perform and develop personally in their individual roles, to ensure that the Fund is managed and governed by individuals who have the appropriate levels of knowledge and skills.

#### **2. Legal requirement**

2.1 All employer and member representatives on the Board are required to have capacity (i.e time to commit to the preparing for and attending the Board and training) to represent scheme employers or scheme members (as appropriate).

2.2 All members of the Pension Board must be conversant with –

- The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
- Any document recording policy about the administration of the LGPS which is for the time being adopted by the Islington Pension Fund.

2.3 A member of the Pension Board must have knowledge and understanding of :

- The law relating to pensions, and
- Any other matters which are prescribed in regulations.

#### **3. Training**

3.1 It is for individual Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Board.

3.2. Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

3.3 Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Board members should draw to the attention of the Corporate Director of Finance and Resources any areas in which they consider they need training or information.

- 3.4 Board members will comply with the Scheme Manager's training policy and are required to promptly complete any training designated by the Board as mandatory.
- 3.5 The Board should prepare and keep updated a list of the core documents recording policy about the administration of the Fund and make sure that the list and documents (as well as the rules of the LGPS) are accessible to its members.

#### **4. Areas of Knowledge and understanding**

- 4.1 The Pension Regulator's TPR's Code of Practice 14 *Governance and administration of public service pension schemes* effective from April 2015, expands on the requirement of board members.
- 4.2 In terms of documented administration policies, the following are examples of administration policies which the regulator considers to be particularly pertinent and would expect to be documented where relevant to a pension scheme, and with which pension board members must therefore be conversant where applicable. This list is not exhaustive and other documented policies may fall into this category: any scheme-approved policies relating to:
- conflicts of interest and the register of interests
  - record-keeping
  - internal dispute resolution
  - reporting breaches
  - maintaining contributions to the scheme
  - conflicts of interest and the register of interests
  - record-keeping
  - internal dispute resolution
  - reporting breaches
  - maintaining contributions to the scheme
  - the appointment of pension board members
  - risk assessments / management and risk register policies for the scheme
  - scheme booklets, announcements and other key member and employer communications, which describe scheme policies and procedures
  - the roles, responsibilities and duties of the scheme manager, pension board and individual pension board members
  - terms of reference, structure and operational policies of the pension board and /or any sub-committee
  - statements of policy about the exercise of discretionary functions
  - statements of policy about communications with members and scheme employers
  - the pension administration strategy, or equivalent, and

- any admission body (or equivalent) policies.
- Policies relating to funding and investment matters. For example, they must be conversant with the statement of investment principles and the funding strategy statement.

4.3 Pension board members must also be conversant with any other documented policies relating to the administration of the scheme. For example, where applicable, they must be conversant with policies relating to:

- the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme
- statements of assurance (for example, assurance reports from administrators)
- third party contracts and service level agreements
- stewardship reports from outsourced service providers (for example, those performing outsourced activities such as scheme administration), including about compliance issues
- scheme annual reports and accounts
- accounting requirements relevant to the scheme
- audit reports, including from outsourced service providers, and
- other scheme-specific governance documents.

## 5 Sources of training

5.1 The regulator provides an e-learning programme to help meet the needs of pension board members, it is a requirement of Pension Board members to utilise this tool and document progress made on the learning modules. Definite and reasonable timescales must be set for members to complete the learning modules on the regulator's website. You will be required to register as part of accessing the modules. The link is provided below:

<https://education.thepensionsregulator.gov.uk/login/index.php>

5.2 The Islington pension fund has a dedicated area on the council main website where more information on the LGPS and other related sites, as well as policy documents and pension annual report are located. The link is provided below:

[Council pension scheme | Islington Council](#)

5.3 The policy documents currently listed can be found at the link below:

- The Funding Strategy Statement
- The Statement of Investment Principle
- The Communication Policy
- The Governance Compliance policy
- The 2019 Valuation Report

[About the Fund | Islington Council](#)

5.4 Training will be delivered through a variety of methods including:

- in-house training days provided by officers and/or external providers;
- shared training with other LGPS Funds or framework arrangements
- training at meetings (e.g. Pension Fund Committee or Local Pension Board) provided by officers and/or external advisers;
- external training events, such as those organised by the Employers' Organisation for Local Government, CIPFA, NAPF
- attendance at seminars and conferences offered by industry-wide bodies, such as those organised by the LGC, NAPF and CIPFA;
- circulation of reading material, including Pension Fund Committee reports and minutes from attendance at seminars and conferences;
- attendance at meetings and events with the Pension Fund's investment managers and advisors
- links to on-line training such as that provided by the TPR;

## **6. Assessment of training needs**

6.1 A CIPFA competency self- assessment matrix has been adopted to help assess training needs and level of competency. The following topics are covered

- pensions legislation and governance
- pension administration
- pension accounting and auditing standards;
- pension services procurement and relationship management
- investment performance and risk management;
- financial markets and products knowledge; and
- actuarial methods, standards and practice.

Members will be required to complete this matrix so that individual training needs can be planned for within reasonable timescales.- Appendix 2

## **7. Key Risk**

7.1 The key risk to this training policy is changes to pension board members, non-attendance to meetings and training sessions, disengagement of members, poor standards of training and lack of resources.

To mitigate these risks members will be expected to assess their training needs and engage with officers in methods that best suit them. All reasonable training cost will be charged to the pension fund

## **8. Reporting and Monitoring**

8.1 The administering authority will keep a log of all training and members will be expected to evaluate their training to ensure the knowledge and understanding



required is being achieved. Training undertaken and evaluations will be reported annually.

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## Appendix 2 to Islington Knowledge and Training Policy

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### Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

#### Learning needs analysis

#### Training requirements and plan

Do I possess...?

Rate my skills

Training requirements

Training plan  
(sources and timing)

1 – no knowledge

5 – highly skilled

#### 1 – Pensions legislation

A general understanding of the pensions legislative framework in the UK. 1 2 3 4 5

An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment. 1 2 3 4 5

An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers. 1 2 3 4 5

A regularly updated appreciation of the latest changes to the scheme rules. 1 2 3 4 5

#### 2 – Pensions governance

Knowledge of the role of the administering authority in relation to the LGPS. 1 2 3 4 5

An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme. 1 2 3 4 5

## Appendix 2 to Islington Knowledge and Training Policy

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<b>Learning needs analysis</b>		<b>Training requirements and plan</b>	
<b>Do I possess...?</b>	<b>Rate my skills</b>	<b>Training requirements</b>	<b>Training plan (sources and timing)</b>
	1 – no knowledge 5 – highly skilled		
Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.		1 2 3 4 5	
A broad understanding of the role of pension fund committees in relation to the fund, the administering authority, employing authorities, scheme members and taxpayers.		1 2 3 4 5	
An awareness of the role and statutory responsibilities of the treasurer and monitoring officer.		1 2 3 4 5	
Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.		1 2 3 4 5	
A detailed knowledge of the duties and responsibilities of pension board members.		1 2 3 4 5	
Knowledge of the stakeholders of the pension fund and the nature of their interests.		1 2 3 4 5	
Knowledge of consultation, communication and involvement options relevant to the stakeholders.		1 2 3 4 5	
Knowledge of how pension fund management risk is monitored and managed.		1 2 3 4 5	
An understanding of how conflicts of interest are identified and managed.		1 2 3 4 5	
An understanding of how breaches in law are reported.		1 2 3 4 5	

## Appendix 2 to Islington Knowledge and Training Policy

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<b>Learning needs analysis</b>		<b>Training requirements and plan</b>	
<b>Do I possess...?</b>	<b>Rate my skills</b>	<b>Training requirements</b>	<b>Training plan (sources and timing)</b>
	1 – no knowledge 5 – highly skilled		
<b>3 – Pensions administration</b>			
An understanding of best practice in pensions administration eg performance and cost measures.		1 2 3 4 5	
Understanding of the required and adopted scheme policies and procedures relating to: member data maintenance and record-keeping processes internal dispute resolution contributions collection scheme communication and materials.		1 2 3 4 5	
Knowledge of how discretionary powers operate.		1 2 3 4 5	
Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).		1 2 3 4 5	
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.		1 2 3 4 5	

## Appendix 2 to Islington Knowledge and Training Policy

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<b>Learning needs analysis</b>		<b>Training requirements and plan</b>	
<b>Do I possess...?</b>	<b>Rate my skills</b>	<b>Training requirements</b>	<b>Training plan (sources and timing)</b>
	1 – no knowledge 5 – highly skilled		
An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider’s investment and fund performance report and the payment schedule for such arrangements.		1 2 3 4 5	
<b>4 – Pensions accounting and auditing standards</b>			
An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.		1 2 3 4 5	
An understanding of the role of both internal and external audit in the governance and assurance process.		1 2 3 4 5	
An understanding of the role played by third party assurance providers.		1 2 3 4 5	
<b>5 – Pensions services procurement and relationship management</b>			
An understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision-makers and organisations.		1 2 3 4 5	

## Appendix 2 to Islington Knowledge and Training Policy

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Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
A general understanding of the main public procurement requirements of UK and EU legislation.		1 2 3 4 5	
An understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.		1 2 3 4 5	
An understanding of how the pension fund monitors and manages the performance of their outsourced providers.		1 2 3 4 5	
<b>6 – Investment performance and risk management</b>			
An understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.		1 2 3 4 5	
An awareness of the Myners principles of performance management and the approach adopted by the administering authority.		1 2 3 4 5	
Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.		1 2 3 4 5	

## Appendix 2 to Islington Knowledge and Training Policy

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<b>Learning needs analysis</b>		<b>Training requirements and plan</b>	
<b>Do I possess...?</b>	<b>Rate my skills</b>	<b>Training requirements</b>	<b>Training plan (sources and timing)</b>
	1 – no knowledge 5 – highly skilled		
<b>7 – Financial markets and products knowledge</b>			
An understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc).		1 2 3 4 5	
An understanding of the role of these asset classes in long-term pension fund investing.		1 2 3 4 5	
An understanding of the primary importance of the fund’s statement of investment principles and the investment strategy decision.		1 2 3 4 5	
A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.		1 2 3 4 5	
An understanding of the limits placed by regulation on the investment activities of local government pension funds.		1 2 3 4 5	
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.		1 2 3 4 5	



## Appendix 2 to Islington Knowledge and Training Policy

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<b>Learning needs analysis</b>		<b>Training requirements and plan</b>	
<b>Do I possess...?</b>	<b>Rate my skills</b>	<b>Training requirements</b>	<b>Training plan (sources and timing)</b>
	1 – no knowledge 5 – highly skilled		
<b>8 – Actuarial methods, standards and practices</b>			
A general understanding of the role of the fund actuary.		1 2 3 4 5	
Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.		1 2 3 4 5	
An awareness of the importance of monitoring early and ill health retirement strain costs.		1 2 3 4 5	
A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.		1 2 3 4 5	
A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.		1 2 3 4 5	
A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.		1 2 3 4 5	

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Finance Department  
7 Newington Barrow Way  
London N7 7EP

## Report of: Corporate Director of Resources

Report of: Corporate Director of Resources

Meeting of: Pensions Board

Date: 12<sup>th</sup> July 2023

Ward(s): n/a

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# Pension Fund- Draft 2022/23 Year End Accounts

## 1. Synopsis

- 1.1 This report is for the local pension board to review the Funds 2022/23 draft year end accounts, as part of its work programme objective to make recommendations on statutory and non-statutory policies and strategies.

## 2. Recommendation

- 2.1 To note and comment on the 2022/23 draft pension fund accounts attached as Appendix 1 before external audit commences later in the year.

## 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

## **22/23 Draft Statement of Accounts**

- 3.4 The draft pension fund accounts were finalised and published on 31<sup>st</sup> May, with working papers now being compiled to be handed to the auditors later in the year. The audit will commence and conclude before it is approved by Audit Committee. The main highlights include:

- A minor decrease in net assets of £48million (2.3%) to £1,739million due to volatility in the market, primarily due to high inflation and interest rates and Ukraine war impact.
- Employees' contributions totalled £15.6million compared to £14.4million in 2021/22
- Employers' contributions including deficit contributions amounted to £53.6million compared to the £32.7million in the previous year this was mainly because the Council made a one -off lump sum £20m contribution to pay off the accrued deficit to March 2019, funded from Housing Revenue Account.
- Pensions paid totalled £54.3 million compared to £51.7million in 21/22. The increase was mainly due to the annual pension increase of 3.1%.
- Investment management fees in previous years have not included charges on pooled funds where fees are deducted at source, however for 2022/23 the full fees on both private and public portfolio are shown in the accounts as £12m to give transparency on cost.

As at 31 March 2023, £79.8million income (excluding investment income) was received against an expenditure of £79.5 million. The other drivers apart from pension payments were retirement lump sums and transfer in. This means that the fund met all its commitments from contributions during the year.

- 3.5.1 The draft 2022/23 annual statement of accounts with notes is attached as Appendix 1. Members are asked to review the draft statement and give their comments.

## **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 Council must keep adequate accounting records and prepare an annual statement of accounts (including the pension fund) as required by s3(3) Local Audit and Accountability Act 2014. The Accounts and Audit Regulations 2015 (SI 2015/234) set out detailed requirements for the preparation, approval and publication of the statement of accounts.

### 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 **Equalities 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. An Equalities Impact Assessment is not required in relation to this report, because this is an information report on accounts.

## 5. **Conclusion and reasons for recommendation**

5.1 Members are asked to review and note as per their agreed work plan, the draft 2023 pension fund draft statement of accounts before external audit commences later on in the year.

### **Appendix-** Draft Pension Fund Statement of Accounts 22/23

#### **Background papers:**

Islington pension board's terms of reference

Final report clearance:

#### **Signed by:**

Corporate Director of Resources

Date

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# Islington Pension Fund

## Fund Account

2021/22 £'000	Pension Fund Account (dealing with members, employers and others directly involved in the scheme)	2022/23 £'000	Note
<b>Contributions receivable</b>			
31,449	Employer contributions	33,032	7a
1,252	Deficit recovery contributions	20,591	7a
14,457	Members contributions	15,618	7b
2,667	Transfers in from other pension funds	7,866	8
2,321	Other Income	2,679	9
<b>52,146</b>	<b>Total Income</b>	<b>79,786</b>	
<b>Benefits payable</b>			
(51,746)	Pensions	(54,275)	10
(10,707)	Lump sum benefits	(10,860)	10
(4,518)	Payment to and on account of leavers	(2,218)	11
<b>(66,971)</b>	<b>Total Expenditure</b>	<b>(67,353)</b>	
<b>(14,825)</b>	<b>Net additions/ (withdrawals) from dealing with members</b>	<b>12,433</b>	
<b>(3,114)</b>	<b>Management Expenses</b>	<b>(12,237)</b>	12
<b>(17,939)</b>	<b>Net additions/ (withdrawals) including fund management expenses</b>	<b>196</b>	
<b>Net Returns on investments</b>			
13,081	Investment income	25,857	13
128,410	Change in market value (realised & unrealised)	(74,094)	
<b>141,491</b>	<b>Total Returns on investments</b>	<b>(48,237)</b>	
123,552	Net increase/(decrease) in fund in year	(48,041)	
<b>1,663,855</b>	<b>Opening net assets of the scheme</b>	<b>1,787,407</b>	
<b>1,787,407</b>	<b>Closing net assets of the scheme</b>	<b>1,739,366</b>	

## Net Assets Statement

2021/22 £'000	Net Assets Statement for the year ended 31 March 2023	2022/23 £'000	Note
<b>Investments</b>			
1,767,578	Investment assets	1,703,621	14
16,845	Other Investment and Cash	33,004	14
<b>1,784,423</b>	<b>Total Investments</b>	<b>1,736,625</b>	
<b>Current Assets and Liabilities</b>			
5,727	Current assets	5,421	16
(2,743)	Current liabilities	(2,680)	17
<b>1,787,407</b>	<b>Net assets of the scheme available to fund benefits at 31 March</b>	<b>1,739,366</b>	

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 commitments £36.99m) and Standard Life (total commitments £49.93m).

The fund has one fund of funds private global property manager, Franklin Templeton Fund 1, II and III (total commitment £99.0m).

The fund has two Infrastructure managers, Quinbrook Infrastructure Partners (total commitment £51.0m) and Pantheon Access £76.1m.

The fund also has three Private Debt managers Churchill Middle Market (total commitment £72.3m), Permira Credit Solutions (total commitment £50m) and Crescent Credit Solutions (total commitment £70.36m).

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 28). 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:



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.

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

<b>Administering Authority</b>	<b>Islington Council</b>
<b>Schedule Body</b>	<b>Admitted Body</b>
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 Primary School	Pleydell
St Mary Magdalene Academy: The Courtyard	NCP Services (Islington South)
Elliot Foundation	SSE Contraction Ltd (Islington Lighting)
Pears Family School Academy	Brunswick
The Bridge School	Caterlink
City of London Academy, Highbury Grove	Caterlink – Pooles Park
City of London Academy, Highgate Hill	Engie Services Ltd(Cofely Workplace Ltd)
The Bridge Satellite Provision	Greenwich Leisure Ltd
The Bridge Integrated Learning Space	Isledon Arts CIC
City of London Primary Academy, Islington	Bouyges ES FM UK Ltd.
Hungerford School	
London Screen Academy	

### c) Fund Membership

Membership of the Fund	Administering Body		Admitted Bodies		Scheduled Bodies		Totals	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	No's	No's	No's	No's	No's	No's	No's	No's
Employees Contributing into the Fund	6,087	5,916	106	95	519	565	6,712	6,576
Pensioners	5,778	6,012	501	524	50	54	6,329	6,590
Widows/ Children's Pensions	914	925	55	68	6	7	975	1,000
Deferred Benefits	7,333	7,482	660	630	333	340	8,326	8,452
<b>Totals</b>	<b>20,112</b>	<b>20,335</b>	<b>1,322</b>	<b>1,317</b>	<b>908</b>	<b>966</b>	<b>22,342</b>	<b>22,618</b>

### 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 2019, effective from 1 April 2020 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 nineteen years.  
The Council made a HRA deficit lump sum payment of £20m in 2022-23 to the Pension fund in advance to fund the deficit following the triennial valuation.
- 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
- III- Health Retirement subject to approval by council’s medical adviser

- ii. Voluntary Scheme Pay, Mandatory Scheme Pay and Lifetime Allowance  
Members are entitled to request the Pension Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

- iii. Lump sum payments on retirement or death in service.

	Service Pre 1 April 2008	Services Post 31 March 2008	Service Post 31 March 2014
<b>Pension</b>	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
<b>Lump sum</b>	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.

- iv. 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
- 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 2022/23 financial year and its positions as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (Updated in 2021/22), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. There are no Code changes affecting pension funds for 2022/23, nor new CIPFA Guidance in 2022/23

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.

### **Going concern**

Going concern is assessed by management using four key factors as follows:

- Investment returns, diversification, and Net Asset Values
- Cashflow forecasts and liquidity
- Membership trends
- Funding levels and delivery of agreed recovery plans

The period from April 2022 to March 2023 has seen market volatility caused by impact of Ukraine invasion, consequent high energy prices, cost of living and high inflation.

The fund performance was marginally below benchmark and valuation fall of £44m.

However, the fund is diversified with inflation matching assets and income generation in the short to medium term.

Cashflow forecast confirm that for the 23/24 financial year the fund will not have to sell assets to meet benefit payments.

The fund is an open fund with active membership and a sturdy level of membership from 21/22 to 22/23.

The 2022 valuation results showed a better funding position of 96% compared to 85% in 2019, giving assurance of being able to achieve the funding target of 100% over 16year recovery period.

For the reason set out above, the administering authority is satisfied the fund is a going concern and the financial statements for 2022/23 have been prepared on this basis accordingly.

### 3. Summary of Significant Accounting Policies

#### Fund Account – revenue recognition

##### A) Contributions

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employer's contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in year but unpaid will be classed as a current financial asset. Any amount not due until future years are classed as long-term financial assets

##### 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. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (Note 8). Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

##### C) Investment Income

- **Interest 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 2023.

## **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.

### **F) VAT**

Input VAT is generally recoverable on all Fund activities.

### **G) Mandatory Scheme Pays (MSP), Voluntary Scheme Pays (VSP) and lifetime allowance**

Members are entitled to request the Pension Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

### **H) 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 -

Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments.

Where fees are netted off returns by investment managers, these expenses are adjusted in the change of market value of investments.

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.

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2022/23, £1.7m of fees is based on such estimates for property funds

The costs of the council's in-house fund management team are also charged to the fund as well as a proportion of the time spent by officers on investment management activity.

## **Net assets statement**

### **I) Financial assets**

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete as at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14. Any gains or losses on investment sales arising from changes in the fair 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.

### **J) 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.

### **K) Derivatives**

The fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Derivative contracts' changes in fair value are included in change in market value. The fund holds forward exchange contract consists of an asset and liability.

### **L) 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.

### **M) 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.

### **N) 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.

### **O) Stock Lending**

The fund does not participate in stock lending.

### **P) 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 but are disclosed for information in Note 20.

### **Q) 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**

There were no critical judgements made during 2022/23.



## 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		
<b>Actuarial present value of promised retirement benefits.</b>	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.	<b>Change in assumptions – year ended 31<sup>st</sup> March 2023</b>	<b>Approx% change in liabilities</b>	<b>Approx monetary value £m</b>
		0.5% p.a. decrease in discount rate	8% increase	£161m increase
		0.5% p.a. increase in salary increase rate	<1% increase	£17m increase
		0.5% p.a. increase in inflation/ pension increase rate	8% increase	£160m increase
		1 year increase in member life expectancy	2% increase	£39m increase
<b>Private equity Private debt and Infrastructure investments</b>	The Partnership's investments in Portfolio Partnerships are carried at fair value as determined in good faith by the General Partner in accordance with US GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.	Private equity, private debt and infrastructure investments are valued at £283.8m in the financial statements. These investments were valued as at the 31st March 2023. These assets have been predicted a sensitivity range of 9.3% –11.9% by the performance analytics. (See note 26a).		
<b>Property and Pooled Property funds</b>	Valuation techniques are used to determine the carrying amount of pooled property funds. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.	The total Property Funds are £273M (including pooled property). These assets were valued as at 31st March 2023 Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by 4.8% (See note 26a).		

## 6. EVENTS AFTER THE REPORTING DATE

We have received the 2022 triennial valuation result on 31 March 2023, the employer contribution rate for the next three years has been set at 18.3%. The funding level is 96% and has a deficit of £79m to be recovered over a 16year period.

## 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	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
<b>Administering Authority</b>						
Islington Council *	28,189	49,860	-		1,543	692
<b>Scheduled Bodies</b>						
St Mary Magdalene Academy	246	290	-		24	
City of London Academy	163	164	-		-	
The New North Academy	104	110	-		-	
William Tyndale School	141	153	-		-	
The Courtyard School	44	57	-		-	
Elliot Foundation	187	186	-		-	
The Bridge School	586	656	-		-	
The Bridge School Academy	78	79	-		-	
Pears Family School Academy	28	24	-		-	
City of London Academy Highbury Grove	341	368	-		-	
City of London Academy, Highgate Hill	90	101	-		-	
The Bridge Satellite Provision	46	48	-		-	
City of London Primary Academy, Islington	26	42	-		-	
Clerkenwell Parochial Academy	35		-		10	
Hungerford School	166	125	-		-	
London Screen Academy	109	122	-		-	
<b>Sub-Total Scheduled Bodies</b>	<b>2,390</b>	<b>2,525</b>	<b>-</b>		<b>34</b>	<b>-</b>
<b>Admitted bodies</b>						
Volunteering Matters(CSV)	100	100	-		-	13
Camden & Islington NHS Foundation Trust	53	55	-		-	
Braithwaite	7	7	-		-	
Pleydell	30	33	-		-	
NCP Services (Islington South)	-		-		-	
SSE Contracting Ltd (Islington Lighting)	-		-		-	
Brunswick	30	30	-		-	
Caterlink	168	151	-		-	
Caterlink - Pooles Park		8	-		-	
Engie Services Ltd(Balfour Beatty)	92	92	-		-	
Greenwich Leisure Ltd	51	31	-		-	
Isledon Arts CIC	7	19	-		-	
Alliance In Partnership	4		-		-	
Bouyges ES FM UK Ltd.	3	7	-		-	
<b>Sub-total Admitted Bodies</b>	<b>545</b>	<b>533</b>	<b>-</b>		<b>-</b>	<b>13</b>
<b>Totals</b>	<b>31,124</b>	<b>52,918</b>	<b>0</b>	<b>0</b>	<b>1,577</b>	<b>705</b>

\*HRA deficit lumpsum contribution of £20.0m is included in Islington Council's 2022-23 normal contributions.

## 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)	
	2021/22	2022/23
	£'000	£'000
<b>Administering Authority</b>		
Islington Council	13,452	14,529
<b>Scheduled Bodies</b>		
St Mary Magdalene	102	122
City of London Academy	77	72
The New North Academy	27	29
William Tyndale School	36	41
The Courtyard School	24	29
Elliot Foundation	152	151
The Bridge School	153	176
The Bridge School Academy	37	37
Pears Family School Academy	11	10
City of London Academy Highbury Grove	78	87
City of London Academy, Highgate Hill	45	50
The Bridge Satellite Provision	18	18
City of London Primary Academy, Islington	10	16
Clerkenwell Parochial academy	1	-
Hungerford School	21	24
London Screen Academy	62	71
<b>Sub-Total Scheduled Bodies</b>	<b>854</b>	<b>933</b>
<b>Admitted bodies</b>		
Volunteering Matters (CSV)	-	-
Camden & Islington NHS Foundation Trust	7	8
Braithwaite	2	2
Pleydell	8	9
NCP Services (Islington South)	6	7
SSE Contracting Ltd (Islington Lighting)	5	5
Brunswick	7	7
Caterlink	50	46
Caterlink -Pooles Park	-	2
Engie Ltd (Balfour Beatty)	38	40
Greenwich Leisure Ltd	24	20
Isledon ArtsCIC	3	9
Bouyges ES FM UK Ltd.	1	1
<b>Sub-total Admitted Bodies</b>	<b>151</b>	<b>156</b>
<b>Totals</b>	<b>14,457</b>	<b>15,618</b>

## 8. Transfers in

2021/22 £'000	Transfers in	2022/23 £'000
-	Group transfers in from other schemes	-
2,667	Individual transfers in from other schemes	7,866
<b>2,667</b>	<b>Total transfers in</b>	<b>7,866</b>

## 9. Other Income

2021/22 £'000	Other Income	2022/23 £'000
2,321	Other	2,679
<b>2,321</b>	<b>Total other income</b>	<b>2,679</b>

*Other income are pension recharges and miscellaneous fees.*

## 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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Administering Authority</b>						
Islington Council	48,013	50,347	8,108	8,758	2,101	1,381
<b>Scheduled Bodies</b>						
St Mary Magdalene Academy	33	44	30	5	-	-
City of London Academy	63	76	7	8	-	-
The New North Academy	28	28	9	-	-	-
William Tyndale School	27	25	-	-	-	97
The Courtyard	5	5	-	-	-	-
Tech City (Stem 6th form Academy)	2	1	-	-	-	-
Elliott Foundation Academies	-	5	-	-	-	-
The Bridge Integrated Learning Space	10	9	-	-	-	-
Pears Family School Academy	1	1	-	-	-	-
City of London Academy Highbury Grove	21	32	-	-	-	-
City of London Highgate Hill	8	11	50	-	-	-
Clerkenwell	24	14	9	-	-	-
City of London Primary Academy, Islington	-	-	-	-	-	-
Hungerford School	7	7	-	-	-	-
<b>Sub-Total Scheduled Bodies</b>	<b>229</b>	<b>258</b>	<b>105</b>	<b>13</b>	<b>-</b>	<b>97</b>
<b>Admitted Bodies</b>						
Volunteering Matters (CSV)	1,297	1,306	55	-	133	-
Aquaterra	222	229	-	-	-	-
CEA	866	889	35	-	-	-
FSST	4	4	-	-	-	-
Kier Islington Ltd (Caxton)	599	608	-	9	-	-
St Lukes	2	2	-	-	-	-
Redbrick	2	2	-	-	-	-
Circle Anglia	73	78	-	-	-	-
ALA	21	23	-	-	-	-
Notting Hill Trust	15	16	-	-	-	-
Camden & Islington NHS Foundation Trust	88	104	-	38	-	-
Pleydell	13	14	-	-	-	-
SSE Contracting Ltd (Islington Lighting)	57	58	-	-	-	-
Brunswick	10	10	-	-	-	-
Southern Housing Group	9	10	-	-	-	-
Cushman & Wakefield LLP (Dunlop Haywards)	8	8	-	-	-	-
Mouchel Parkman	33	34	-	-	-	-
Caterlink	44	49	-	11	74	48
Engie Ltd (Balfour Beatty)	29	37	-	78	-	84
Kier Support Services	21	21	-	-	-	-
Breyers	7	8	-	-	-	-
Mears	18	93	96	315	-	-
Greenwich Leisure Ltd	52	62	-	28	-	-
WJ Catering	10	-	-	-	-	-
Alliance In Partnership	4	5	-	-	-	-
<b>Sub-total Admitted Bodies</b>	<b>3,504</b>	<b>3,670</b>	<b>186</b>	<b>479</b>	<b>207</b>	<b>132</b>
<b>Totals</b>	<b>50,422</b>	<b>54,275</b>	<b>8,399</b>	<b>9,250</b>	<b>2,308</b>	<b>1,610</b>

## 11. Payments to and on Account of Leavers

2021/22 £'000	Payment to and on Account of Leavers	2022/23 £'000
62	Refunds of Contributions	130
4,456	Individual Transfer	2,088
<b>4,518</b>	<b>Total payments to and on account of leavers</b>	<b>2,218</b>

## 12. Management Expenses

2021/22 £'000	Management Expenses	2022/23 £'000
1,464	Administrative Cost (12a)	1,509
1,173	Investment Management Expenses (12b)	10,238
477	Oversight and Governance Cost (12c)	490
<b>3,114</b>	<b>Total Management Expenses</b>	<b>12,237</b>

### 12(a) Administrative Expenses

2021/22 £'000	Administrative expenses	2022/23 £'000
1,354	Employee Cost	1,438
110	Support services	71
<b>1,464</b>	<b>Total administrative expenses</b>	<b>1,509</b>

All other costs of administration are borne by Islington Council.

### 12(b) Investment Expenses

2021/22 £'000	Investment Expenses	2022/23 £'000
1,134	Management Fees	10,200
39	Custody Fees	38
<b>1,173</b>	<b>Total investment management expenses</b>	<b>10,238</b>

### 12(c) Oversight and Governance Cost

2021/22 £'000	Oversight & Governance Cost	2022/23 £'000
14	Performance Management Services	30
284	Advisory Services Fees	268
99	Operation and Support	30
60	Actuarial Fees	99
20	Audit Fees	63
<b>477</b>	<b>Total Oversight &amp; Governance Cost</b>	<b>490</b>

### 13. Income from Investments

2021/22 £'000	Investment return gain/(loss)	2022/23 £'000
6,256	UK Equities	3,764
-	Bonds	7
5,208	Global active equities	6,406
(4)	Private equity	-
(139)	Private Debt	4,901
5,249	Property	5,266
-	Infrastructure	1,446
(3,932)	Derivatives	4,060
253	Other investments & Dividends	14
190	Cash	290
<b>13,081</b>	<b>Net returns on investment</b>	<b>26,154</b>

### 14. Reconciliation Of Movements in Investments and Derivatives

Investments	Value as at 31 Mar 22 £'000	Purchases at cost and derivative payments £'000	Sale proceeds and derivative receipts £'000	Change in market value £'000	Value as at 31 Mar 23 £'000
UK Equities	169,440	3,114	(166,967)	(5,421)	166
Global active equities	573,340	6,353	(1,250)	(20,961)	557,482
Multi Asset	114,440	-	(60,000)	(8,680)	45,760
Global Passive Equities	236,108	333,808	(168,711)	(3,764)	397,442
Bonds	209,679	83	(50,747)	(13,203)	145,812
Property	282,459	4,582	(2,700)	(36,285)	248,057
Property - Private equities	18,037	9,809	(6,347)	3,562	25,060
Private equities	11,687	525	(3,042)	1,331	10,501
Private Debt	27,803	84,438	(9,324)	2,009	104,927
Infrastructure - PIV	124,585	63,590	(42,593)	22,832	168,414
	<b>1,767,578</b>	<b>506,303</b>	<b>(511,682)</b>	<b>(58,579)</b>	<b>1,703,621</b>
Derivatives - Forward FX (including spot FX)	(5,728)	39,978	(12,026)	(15,515)	6,709
	<b>1,761,850</b>	<b>546,281</b>	<b>(523,708)</b>	<b>(74,094)</b>	<b>1,710,330</b>
Other Investment & Cash	22,573	-	-	-	26,295
<b>Total Investments</b>	<b>1,784,423</b>	<b>546,281</b>	<b>(523,708)</b>	<b>(74,094)</b>	<b>1,736,625</b>

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.

## 14 (a) Investment Detail

Investment Assets by Type		2021/22	2022/23
		£'000	£'000
<b>Fixed interest securities (valued at Bid Price)</b>			
Fixed interest securities (valued at Bid Price)		67	62
<b>Total Fixed interest securities</b>		<b>67</b>	<b>62</b>
<b>Index -linked</b>			
UK public sector quoted		121	-
<b>Total Index -linked</b>		<b>121</b>	<b>0</b>
<b>Equities (valued at Bid Price)</b>			
UK quoted		142,307	166
Overseas quoted		27,133	-
<b>Total Equities</b>		<b>169,440</b>	<b>166</b>
<b>Pooled investment vehicles (valued at Bid Price)</b>			
UK Managed Funds	Property	282,459	248,057
	Multi Asset	114,440	45,760
	Bond	209,612	145,750
Overseas Managed Funds	Global active equities	573,340	557,482
	Global Passive equities	236,108	397,442
	Private equities	11,687	10,501
	Private equities -Property	18,037	25,060
	Private Debt	27,803	104,926
Infrastructure Investment		124,585	168,414
<b>Total Pooled investment vehicles</b>		<b>1,597,950</b>	<b>1,703,393</b>
<b>Other investment balances (valued at Amortised cost)</b>			
Outstanding dividends & RWT		1,542	265
Derivatives - Forward FX		(5,728)	6,709
Cash deposits : Sterling		20,402	647
Cash deposits : Other		629	25,383
<b>Total Other investment balances</b>		<b>16,845</b>	<b>33,004</b>
<b>Total Investment Assets</b>		<b>1,784,423</b>	<b>1,736,625</b>

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

## 14 (b) Analysis of derivatives

Derivatives are used to hedge liabilities or hedge exposures to reduce risk to the fund. They are also used to gain exposure to an asset more efficiently than holding the underlying asset.

Settlement	Currency Code Purchased	Asset Value	Liability Value
		£'000	£'000
3 Months	Euros		(47,717)
	Japanese Yen		(12,846)
	Pound Sterling	268,480	
	US Dollars		(201,209)
		<b>268,480</b>	<b>(261,772)</b>

Net Forward FX at 31 March 2023 6,709

Net Forward FX at 31 March 2022 (5,728)



## 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	Market value	% of total
	31 March 2022	fund	31 March 2023	fund
	£'000		£'000	
LBI Self-Managed UK quoted	136,306	7.6%	-	-
London CIV Pooled - Newton MSCI All Country World	321,802	18.0%	322,581	18.5%
Standard Life Bonds Pooled Investment Vehicle iBoxx Sterling Non Gilt	133,687	7.5%	-	-
Aviva Lime Property UK Unit Trust	149,466	8.4%	129,779	7.5%
Threadneedle Pooled Investment Property AREF IPD All Balanced	104,274	5.8%	90,327	5.2%
Legal & General Pooled Investment Vehicle	236,108	13.2%	233,378	13.4%
Schroders Pooled Investment Multi Asset	114,440	6.4%	-	-
Quinbrook Infrastructure	-	-	98,656	5.7%
London CIV RBC EQ RBC Bmk	180,227	10.1%	166,436	9.6%
L&G Paris Align Global Passive Equities	-	-	164,064	9.4%

## 16. Current Assets

2021/22 £'000	Current Assets	2022/23 £'000
2,478	Contributions due from Employers & Employee	3,266
50	Sundry Debtors	27
3199	Cash Balances	2,128
<b>5,727</b>	<b>Total Current Assets</b>	<b>5,421</b>

## 17. Current Liabilities

2021/22 £'000	Current Liabilities	2022/23 £'000
(243)	Accrued Benefits	(169)
(839)	Sundry Creditors	(865)
(1,661)	Accrued Expenses	(1,646)
<b>(2,743)</b>	<b>Total Current liabilities</b>	<b>(2,680)</b>

## 18. Actuarial Position

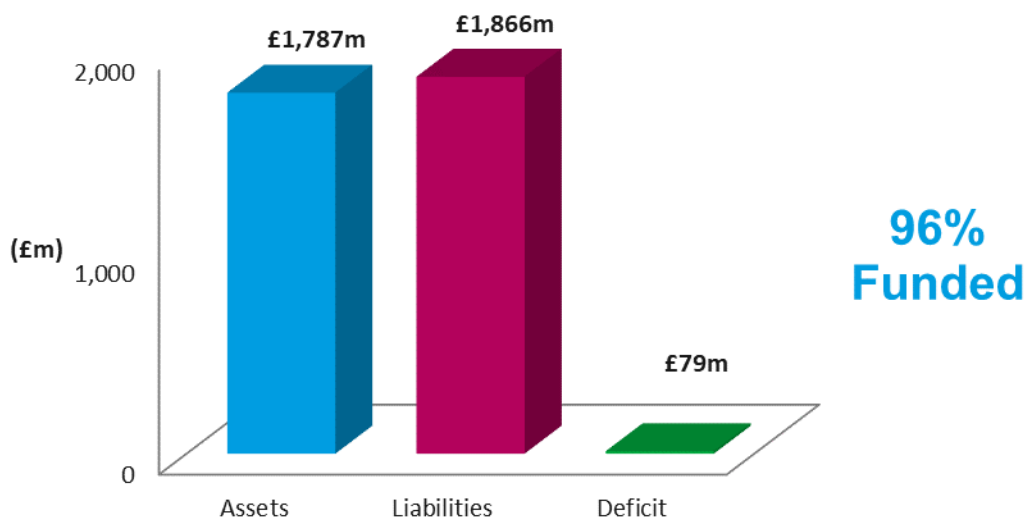
# ISLINGTON COUNCIL PENSION FUND

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 - 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 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £1,787 million represented 96% of the Fund's past service liabilities of £1,866 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £79 million.



The valuation also showed that a Primary contribution rate of 18.4% 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. Equally, where there is a surplus, it is may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the 2022 actuarial valuation the average recovery period adopted was 16 years. The total recovery payment (the "Secondary rate" for 2023/26) was, on average, an addition of approximately £5.1m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

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:

	<b>For past service liabilities (Solvency Funding Target)</b>	<b>For future service liabilities (Primary rate of contribution)</b>
Rate of return on investments (discount rate)	4.65% per annum	5.10% per annum
Rate of pay increases (long term)	4.60% per annum	4.60% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

## 19. Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS26

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 2023 (the 31 March 2022 assumptions are included for comparison):

	31 March 2021	31 March 2022
Rate of return on investments (discount rate)	2.8% per annum	4.8% per annum
Rate of CPI Inflation / CARE benefit revaluation	3.4% per annum	2.7% per annum
Rate of pay increases*	4.9% per annum	4.2% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	3.5% per annum	2.8% per annum

\*This is the long-term assumption. An allowance corresponding to that made at the 2019 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:

- the start of period assumptions are based on the 2019 actuarial valuation assumptions (but updated to the 2021 CMI future improvement tables)
- the end of period assumptions are based on the updated assumption adopted for the 2022 actuarial valuation, with a long-term rate of life expectancy improvement of 1.5% p.a.

Full details of the demographic assumptions are set out in the formal reports to the respective valuations.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

<b>Start of period liabilities</b>	<b>£2,692m</b>
<b>Interest on liabilities</b>	£75m
<b>Net benefits accrued/paid over the period*</b>	£45m
<b>Actuarial (gains)/losses (see below)</b>	(£895m)
<b>End of period liabilities</b>	<b>£1,917m</b>

\*this includes any increase in liabilities arising as a result of early retirements

Key factors leading to the actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased significantly over the year, with a corresponding increase in discount rate to 4.8% p.a. from 2.8% p.a.. In addition, there has been a reduction in long-term assumed CPI to 2.7% p.a. from 3.4% p.a.. In combination, these factors lead to a significant reduction in liabilities
- **Change in demographic assumptions:** As noted above, the assumptions have been updated to reflect the 2022 actuarial valuation assumptions. This acts to reduce the liabilities
- **Pension increases / high short-term inflation:** The figures allow for the impact of the April 2023 pension increase of 10.1%, along with the high levels of CPI since September 2022 (which will feed into the 2024 pension increase). As current inflation is higher than the long term assumption, this increases the liabilities
- **2022 actuarial valuation:** The year-end liabilities allow for the final 2022 valuation results, and so will allow for the difference between the assumptions and actual member experience over 2019/22. This will include factors such as the impact of actual pay increases awarded, actual rates of ill-health retirement, etc.

**The “McCloud judgment”:** The figures above allow for the impact of the judgment based on the proposed remedy.

**GMP indexation:** The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

**Covid 19 / Ukraine:** The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The impact of COVID deaths over the period 2019/22 will be included in the actuarial gains / losses item above. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.

**Current high inflation:** The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.

**Paul Middleman**  
Fellow of the Institute and  
Faculty of Actuaries

**Michelle Doman**  
Fellow of the Institute and  
Faculty of Actuaries

**Mercer Limited**  
May 2023

## 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. Total contribution paid by members during 2022/23 is £175,168.85 and the value of the fund as at 31 March 2023 is £1.926m.

2021/22 Market Value £'000	Additional Voluntary Contribution	2022/23 Market Value £'000
1,767	Prudential	1,685
170	Utmost (formerly Equitable life)	168
73	Phoenix Life (formerly NPI)	73
<b>2,010</b>	<b>Total Additional Voluntary Contributions</b>	<b>1,926</b>

## 21. Contingent Assets and Liabilities

There were no contingent assets or liabilities in 2022/23.

## 22. Contractual Commitments

The fund has outstanding commitments totalling £186.3 as at 31 March 2023 (£167.7m ~31 March 2022). Two private equity fund managers Pantheon Ventures £4.5m and Standard Life £4.0m. One fund of funds private global property manager, Franklin Templeton Fund 1, II and III £37.5m. The two Infrastructure managers, Quinbrook Infrastructure Partners and Pantheon Access, £38.8m and £8.4m respectively. Three Private debt managers Churchill Middle Market £20.7m, Permira Credit Solutions £35m and Crescent Credit Solutions £37.4m.

## 23. Related Parties

Islington Pension Fund is administered by Islington Council. As at 31 March 2023, the Pension Fund is due from the Islington Council £0.862m (£0.372m~31 March 2022). Full contributions from the council for the year are disclosed in Note 7.

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 Corporate Director of Resources, Director of Finance, and the Head of Pensions.

2021/22 £'000		2022/23 £'000
(65)	Short-term benefits	(168)
(55)	Post-employment benefits	(24)
(20)	Termination benefits	-
<b>(141)</b>		<b>(192)</b>

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

## 25. 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.

## 26. 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.

### 26a. Price and Currency Risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices other than those arising from interest rate risk or foreign exchange risk, whether those changes are caused by factors specific to the individual instrument or its issuer or by factors affecting all similar instruments in the market.

The fund is exposed to share and derivative price risk. The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

#### Price risk

In consultation with its investment advisors, the fund has determined that the following movements in market price risk are reasonably possible for 2022/23, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Price Risk 22/23	Final Market Value as at 31/03/23 £'000	% Change	Value on Increase £'000	Value on Decrease £'000
UK Equities	49,120	13.26%	55,631	42,609
Overseas Equities	905,078	10.74%	1,002,312	807,843
Total Bonds	145,750	5.71%	154,076	137,424
Pooled Multi Asset	45,760	7.43%	49,160	42,361
Cash	33,959	1.32%	34,406	33,511
Property	273,118	4.83%	286,300	259,935
Infrastructure	168,413	10.45%	186,007	150,820
Private Debt	104,927	11.92%	117,433	92,421
Private Equity	10,501	9.32%	11,479	9,522
<b>Total Assets</b>	<b>1,736,626</b>	<b>7.81%</b>	<b>1,872,256</b>	<b>1,600,996</b>

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



Price Risk 21/22	Final Market Value as at 31/03/22 £'000	% Change	Value on Increase £'000	Value on Decrease £'000
UK Equities	196,902	15.82%	228,052	165,752
Overseas Equities	782,787	14.05%	892,769	672,806
Total Bonds	237,482	5.78%	251,208	223,755
Pooled Multi Asset	114,440	2.56%	123,183	105,697
Cash	16,043	1.12%	16,223	15,863
Property	300,497	7.64%	308,190	292,804
Infrastructure	124,585	9.08%	136,545	112,625
Private Equity	11,687	9.60%	12,748	10,626
<b>Total Assets</b>	<b>1,784,423</b>	<b>7.18%</b>	<b>1,912,544</b>	<b>1,656,301</b>

### 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) 22/23	Final Market Value as at 31/03/23 £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Overseas Equities	905,078	7.30%	971,106	839,049
Overseas Private Equity	10,501	7.30%	11,267	9,735
Overseas Infrastructure	168,413	7.30%	180,700	156,127
Overseas Private Debt	104,927	7.30%	112,582	97,272
Overseas property	25,060	7.30%	26,889	23,232
<b>Total Assets</b>	<b>1,213,979</b>	<b>7.30%</b>	<b>1,302,544</b>	<b>1,125,415</b>

Currency Risk (By Asset Class) 21/22	Final Market Value as at 31/03/22 £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Overseas Equities	782,787	6.60%	834,473	731,101
Overseas Private Equity	11,687	6.60%	12,458	10,915
Overseas Infrastructure	124,585	6.60%	132,811	116,359
Overseas Private Debt	27,803	6.60%	29,639	25,967
Overseas property	18,037	6.60%	19,228	16,846
<b>Total Assets</b>	<b>964,899</b>	<b>6.60%</b>	<b>1,028,609</b>	<b>901,188</b>

## 26b. 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 2023 £'000	Impact of 1% decrease £'000	Impact of 1% increase £'000
Cash and cash equivalent	35,132	34,781	35,483
Fixed interest securities	62	61	63
<b>Total</b>	<b>35,194</b>	<b>34,842</b>	<b>35,546</b>

Assets Exposed to interest rate risk	Value at 31 March 2022 £'000	Impact of 1% decrease £'000	Impact of 1% increase £'000
Cash and cash equivalent	20,044	19,844	20,244
Fixed interest securities	67	66	68
<b>Total</b>	<b>20,111</b>	<b>19,910</b>	<b>20,312</b>

## 26c. 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.

## 26d. 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 2023, liquid assets were £1,420m representing 82% of total fund assets (£1,620m at 31 March 2022 representing 91% of the Fund at that date).

The majority of these investments can in fact be liquidated within a matter of days at a cost.

## 27. 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 2023	Quoted	Using	With Significant	Total
	Market Price	Observable	Unobservable	
	Level 1	Level 2	Level 3	
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
<b>Financial assets at fair value through profit and loss</b>				
Equities	166			166
Global Active equities	557,482			557,482
Multi Asset	45,760			45,760
Global Passive Equities		397,443		397,443
Bonds	77,646	68,167		145,813
Property		248,056		248,056
Property - Private equities			25,060	25,060
Infrastructure			168,413	168,413
Private equities			10,501	10,501
Private Debt			104,927	104,927
Derivatives		6,709		6,709
Cash	26,030			26,030
Other investments / Dividends	265			265
Loans and Receivables	2,128	-	-	2,128
<b>Total Financial Assets</b>	<b>709,477</b>	<b>720,375</b>	<b>308,901</b>	<b>1,738,753</b>
<b>Financial Liabilities</b>				
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	-	(168)	-	(168)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(168)</b>	<b>-</b>	<b>(168)</b>
<b>Net Financial Assets</b>	<b>709,477</b>	<b>720,207</b>	<b>308,901</b>	<b>1,738,585</b>

Values at 31 March 2022	Restated	Restated	With Significant	Total
	Quoted	Using	Unobservable	
	Market Price	Observable	inputs	
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
<b>Financial assets at fair value through profit and loss</b>				
Equities	169,440			169,440
Global Active equities	573,340			573,340
Multi Asset	114,440			114,440
Global Passive Equities		236,108		236,108
Bonds	75,992	133,687		209,679
Property		282,459		282,459
Property - Private equities			18,037	18,037
Private equities			11,687	11,687
Private Debt			27,802	27,802
Infrastructure			124,585	124,585
Derivatives		(5,728)		(5,728)
Cash	21,031			21,031
Other investments / Dividends	1,543			1,543
Loans and Receivables	3,199	-	-	3,199
<b>Total Financial Assets</b>	<b>958,985</b>	<b>646,526</b>	<b>182,111</b>	<b>1,787,622</b>
<b>Financial Liabilities</b>				
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	-	(249)	-	(249)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(249)</b>	<b>-</b>	<b>(249)</b>
<b>Net Financial Assets</b>	<b>958,985</b>	<b>646,277</b>	<b>182,111</b>	<b>1,787,373</b>

## **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 1.

### **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.

### **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, 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.

**The valuation basis for each category of investment is set out below.**

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
<b>Level 1</b>			
<b>Equities</b>	The published bid market price on the final day of the accounting period.	Not required	Not required
<b>Multi Asset</b>	Quoted market value based on current yields.	Not required	Not required
<b>Global active equities</b>	Quoted market value based on current yields.	Not required	Not required
<b>Bonds</b>	Published exchange price at year end.	Not required	Not required
<b>Cash Deposits</b>	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required	Not required

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
<b>Level 2</b>			
<b>Global passive equities</b>	Closing bid price where bid and offer prices are published	Evaluated price feeds	Not required
<b>Property</b>	The NAV for each share class is calculated based on the market value of the underlying equity assets.	Evaluated price feeds	Not required
<b>Bonds</b>	Fixed income securities are priced based on evaluated prices provided by independent pricing services.	Evaluated price feeds	Not required
<b>Derivatives</b>	Market Forward exchange rates at the year end	Exchange rate risk	Not required

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
<b>Level 3</b>			
<b>Private equities &amp; Infrastructure</b>	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required.	NAV-based pricing set on a forward pricing basis	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
<b>Private equities: (Property)</b>	Closing bid price where bid and offer prices are published Closing single price where single price published.	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
<b>Private Debt</b>	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required.	NAV-based pricing set on a forward pricing basis	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts

## 27a. Reconciliation of Fair Value Measurements within Level 3

Reconciliation of assets within level 3	Value at 31 March 2022	Purchases during the year	Sales during the year	Change in market value during the year	Value at 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Private Equity	29,724	10,333	(9,390)	4,893	35,561
Infrastructure - PIV	124,584	63,590	(42,593)	22,832	168,413
Private Debt	27,803	84,438	(9,324)	2,009	104,927
<b>Total Level 3 Assets</b>	<b>182,111</b>	<b>158,361</b>	<b>(61,306)</b>	<b>29,735</b>	<b>308,901</b>

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 and is disclosed in note 5. 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 the level 3 underlying investments will not have a significant impact on the whole portfolio.

## 28. Investment Assets by Fund Manager

Investment Assets by Fund Manager	2021/22 £'000	2022/23 £'000
<b>LBI In House Fund</b>		
<b>EQUITIES</b>		
UK quoted - LBI self-managed	136,306	166
Overseas quoted - LBI self-managed	27,133	0
<b>CASH DEPOSITS</b>		
Sterling	15,349	610
Other	1,371	26,109
<b>OTHER INVESTMENT BALANCES</b>		
Outstanding Dividends/Tax	1,515	265
<b>FIXED INTEREST</b>		
UK	67	62
INDEX-LINKED		
UK	121	0
<b>POOLED FUNDS</b>		
UK	6,000	0
<b>Total LBI In House Fund</b>	<b>187,862</b>	<b>27,212</b>
<b>Newton - London CIV</b>		
<b>POOLED FUNDS</b>		
Private equities	321,802	322,581
<b>CASH DEPOSITS</b>		
Sterling	1	0
Other	264	279
<b>OTHER INVESTMENT BALANCES</b>		
Outstanding Dividends	27	0
<b>Total Newton</b>	<b>322,094</b>	<b>322,860</b>
<b>Standard Life Bonds</b>		
<b>POOLED INVESTMENT VEHICLES</b>		
Bonds	133,687	68,167
<b>Pantheon</b>		
<b>POOLED INVESTMENT VEHICLES</b>		
Private equity	2,503	1,975
<b>Standard Life</b>		
<b>POOLED INVESTMENT VEHICLES</b>		
Private equity	9,184	8,526
<b>Aviva Lime Property</b>		
<b>UK UNIT TRUSTS</b>		
Property	149,466	129,779
<b>Threadneedle Pensions</b>		
POOLED INVESTMENT: Property	104,274	90,327
<b>Thesis</b>		
POOLED INVESTMENT: Property	28,719	27,951
<b>BNY Mellon</b>		
CASH DEPOSITS : Sterling	5,052	37
outstanding fx trades	-5,728	6,709
<b>Total BNY Mellon</b>	<b>(676)</b>	<b>6,746</b>
<b>Legal &amp; General</b>		
<b>POOLED INVESTMENT VEHICLES</b>		
Private Equities (Global & Emerging)	236,108	233,378
<b>Franklin Templeton</b>		
Private equity - Pooled Investment Global Property	18,037	25,060
<b>Schroders</b>		
Pooled Investment Multi Asset	114,440	45,760
<b>BMO</b>		
Pooled Investment Managed Funds - Equities	71,312	68,466
Cash - other	-1,005	-1,005
	<b>70,307</b>	<b>67,461</b>
<b>Pantheon Infrastructure</b>		
Infrastructure	53,779	69,757
<b>Quinbrook Infrastructure</b>		
Infrastructure	70,805	98,656
<b>RBC/ LONDON CIV</b>		
POOLED FUNDS - Private Equities	180,227	166,436
<b>M&amp;G AOF</b>		
Pooled Investment Managed Funds - Bonds	75,804	77,583
<b>CHURCHILL</b>		
Private debt	27,803	54,805
<b>Permira CS</b>		
Private debt	0	15,481
<b>L&amp;G Paris Align</b>		
Private Equities - Global	0	164,064
<b>Crescent</b>		
Private debt	0	34,641
<b>Total Investment Assets</b>	<b>1,784,423</b>	<b>1,736,625</b>

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Resources Department  
7 Newington Barrow Way  
London, N7 7EP

Report of: Corporate Director of Resources

Meeting of: Pensions Board/ Pensions Sub-committee

Date: 12<sup>th</sup> July 2023

## Subject: LGPS – Pensions Risk Register

### 1. **Synopsis**

- 1.1. The Pensions Risk Register (PRR) outlines the key objectives of Islington Pension Fund and its administration; establishes the methodology for implementing proactive risk management to ensure that Islington Pension Fund has sufficient assets to meet its pension liabilities in accordance with the Pensions Regulator code of practice.
- 1.2. This report summarises the risks that have been reviewed during the period from March 2023 to May 2023. The PRR (Appendix 1) is prefaced by an explanatory table (risk matrix) that sets out how the impact and likelihood ratings of 'low', 'medium' and 'high' rating can be interpreted.
- 1.3 In reviewing and making revisions to the PRR in accordance with the Pensions Regulator code of practice issued under section 90(2)(k) of the Pensions Act 2004, the Pension Fund must have regard to the extent to which the exercise of identifying and evaluating risks and the mitigation satisfy the legal requirements to have appropriate internal controls.
- 1.4 **Appendix 1** sets out the current risks identified by the Pension Fund in collaboration with the Council's Pensions Board. Further reviews and updates to the PRR will be presented to the Pension Board periodically throughout the year.

### 2 **Recommendations**

- 2.3 To note the contents of the report and revisions made to the PRR.

- 2.4 To note the risk associated with the loss of data by Pensions Administrators and Cyber risk.
- 2.5 To note the risk associated with the failure to apply the correct Pensions Increase for all pensioner dataset due to a software calculation issues.
- 2.6 To note the risk associated with the late provision of payroll reports as moved from a mitigated score rating of 12 to 10, as a consequence of the progress made in creating the year-end reports by the HR Payroll Consultant for the Pensions Team.

### 3 **Strategy & Finance, People**

#### **Risk – Loss of data by administrator & Cyber risk**

- 3.3 The adoption of remote working within Pensions Administration in accordance with Council policy present security challenges in relation to loss of data by a Pensions Officer and members of their household having access to confidential and privilege data. This is mitigated however, by Islington Council's Cyber security policy and enforcement with all Council laptops protected by complex passwords, anti-malware, firewalls and multi-factor authentication to access secure council databases. Staff are regularly trained on cyber security and acceptable usage policy incorporating GDPR. Backups are regularly taken each night so the potential loss of data is extremely limited.
- 3.4 Islington Pension Fund is compliant with the Pensions Regulator 'Cyber security principles for pension schemes' and this is regularly reviewed. Cyber risk is complex and evolving and as a consequence, there is regular engagement between Pensions and our Digital Services colleagues who protect and maintain Islington Council's digital security infrastructure.
- 3.5 Islington Council is in the process of tendering for its Pensions Administration Software and one of the key requirements will be to move our systems and assets to the cloud to better enhance the safe custody and security of Council property and work product. Considering the above the previous mitigated risk score of 6 as now been evaluated as 4.

#### **Risk – Failure to apply correct Pensions Increase**

- 3.6 The annual Pensions Increase (PI) program needs to be thoroughly reviewed by the software suppliers Zellis to ensure it captures all qualifying pension datasets and applies the correct pension increases values. The calculation program overstates the values for some datasets and ignore the increases on others. The checking process involves extensive manual intervention to correct. This issue has been a problem for a number of years and priority must be given to testing the

(PI) program by Corporate Payroll in October working with Zellis on a solution. In view of the actions taken to date the mitigated score rating remains at 12.

### **Risk – The late provision of payroll reports**

- 3.7 The Pensions Team have engaged in productive meetings with the HR Payroll Consultant working on creating new pension reports. This work needs to continue until all the Pension Reports are completed and tested. The HR Payroll Consultant understands the Pensions Team timeline and is working to meet them. The current mitigated risk score as now been re-assessed and moved from an initial 12 to 8.

## **3.6 Implications**

### **3.7 Financial Implications**

- 3.7.1 The cost of administering the LGPS is chargeable to the Pension Fund. There are no financial implications arising directly from the report.

### **3.8 Legal Implications**

- 3.8.1 There are no specific legal implications in this report. The Pensions Regulator code of practice requires the Pension Fund to prepare, review and publish a Pensions Risk Register. This Register must thereafter be kept under review.

### **3.9 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

- 3.9.1 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/20192020/20190910/ondonboroughofislingtonpensionfundinvestmentstrategystatement.pdf>

### **3.10 Equalities Impact Assessment**

- 3.10.1 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.

3.10.2 An Equalities Impact Assessment is not required in relation to this report, because there are no adverse impacts in terms of equalities arising from the contents of this report. The LGPS is a statutory public service pension scheme open to all Council employees.

## 4 **Conclusion and reasons for recommendations**

4.3 There is a legal requirement for the Pension Fund to regularly review its Risk Register. In identifying and reviewing the Register the Pension Fund must have regard to ensuring effective internal controls that will not lead to a serious loss of confidence in the public service. Members are asked to note the updates to the PRR attached as Appendix 1.

**Appendices:** Appendix 1

**Background papers:** None

**Final report clearance:**

Signed by:

**Corporate Director of Resources**

Date: 3 July 2023

Report Author: Patrick Fullerton, Pensions Manager  
Tel: 020 7527 2588  
Email: [patrick.fullerton@islington.gov.uk](mailto:patrick.fullerton@islington.gov.uk)

No	Objective/strategic risk	Risk Description	Cause of risk	Consequence	Inherent Risk Score	Rating Score	Current controls in place to manage risk	Further actions to mitigate risks	Residual Risk Score	Risk rating following mitigation	Trend	Target Date	Risk Owner		
1	<b>Strategy &amp; Finance, People</b> To grow membership and a robust pension scheme administration.	Loss of data by administrator.Cyber risk.	Fire; increased risk of fraud and data loss specially from laptops if home working. Cyber attack.	Loss of sensitive data. Timely pension payments not made to members and third parties.	4	2	8	Business continuity plan. Daily & weekly backups kept onsite. Scheme manager to keep up to date with information and guidance on threats.	Disaster Recovery Plan. Moving servers to the Cloud. Any supplier to be checked for having a business continuity plan in place.	4	1	4	↓	Oct-23	Pensions Manager/Deputy Manager/IT Manager
2		Conflicts of Interest.	Incomplete/inaccurate data provided by payroll or third party agents incl. details as required re McCloud	Errors in producing pension statements/benefits to members. Complaints may lead to fines.	2	5	10	Pro-active engagement with internal and external employers, school Business Managers and payroll providers.	Regular data Quality Auditing.	2	4	8	↔	Aug-23	Pensions Manager/Deputy Manager
3		Poor administration of pension fund leads to complaints.	Resourcing/inadequate training of staff and poor service efficiency	Strong dependency on key staff and failure to recruit to improve service.	2	4	8	Invest in staff, their development, workloads and review compensation.	Review complaints register and establish corrective actions	2	3	6	↔	Ongoing	Head of Treasury & Pension Fund
4		Internal Fraud.	Inadequate internal fraud controls	Fraudulent activity resulting in loss of benefits to fund members. Adverse impact on the Pension Fund.	4	1	4	Cross checking of work and the segregation of duties.	Internal & External Audits. National Fraud Initiative Exercise, NI Database check. Life certificates.	3	1	3	↔	Ongoing	Head of Treasury & Pension Fund
5		Failure to deduct accurate employee/employer contributions (Corporate Payroll).	Payroll calculation failure and service impairment; financial failure of third party.	Additional work to request and correct data. Financial Loss. Reputational damage.	4	1	4	Monthly reconciliations.	Regular Data Contributions Audit.	3	1	3	↔	Oct-23	Head of Treasury & Pension Fund
6		The late provision of payroll reports (Corporate Payroll).	Lack of resources/time	Late issue of pension statements & govt. statutory returns. Possible complaints.	4	3	12	Pro-active engagement with Payroll Manager and other relevant stakeholders. Use of External Consultant.	Establish self-service running reports.	4	2	8	↓	Sep-23	Pensions Manager/Deputy Manager
7		Failure to apply correct Pensions Increase (Corporate Payroll).	Software design fault/training required	Inaccurate pension benefit calculations and reputational damage.	4	4	16	Pro-active engagement with Payroll Manager and other relevant stakeholders.	Early engagement with software suppliers to find a solution & test.	4	3	12	↑	Nov-23	Pensions Manager/Deputy Manager
8		Failure to deduct accurate employee/employer contributions (External Payroll Providers).	Payroll calculation failure	Additional work to request and correct data. Reputational damage and loss of confidence.	4	3	12	Monthly reconciliations.	Data Contributions Audit.	4	2	8	↔	Oct-23	Head of Treasury & Pension Fund
9		The late provision of payroll reports (External Payroll Providers).	Ineffective planning	Late issue of pension statements & govt. statutory returns.	4	3	12	Pro-active engagement with external payroll provider and other relevant stakeholders.	Early engagement with external payroll providers	3	3	9	↔	Oct-23	Pensions Manager/Deputy Manager
10		Low take-up of pension scheme membership.	Cost/Retirement Age/Personal Pension	Increased employer costs.	4	2	8	Comms. & website on the benefits of scheme membership. Pension surgeries.	Further promotion of the pension scheme. Auto-enrolment.	4	1	4	↔	Ongoing	Pensions Manager/Deputy Manager
11		Remedies in relation to the Mccloud judgement	Unlawful age discrimination.	Increased employer costs.	4	3	12	To ensure the accurate re-calculation of pension benefits.	Report the final outcome to Actuary.	3	3	9	↔	Oct-23	Pensions Manager/Deputy Manager
12		Lack of understanding among scheme members of scheme issues/options.	Limited awareness/Comms Deficit	Complaints/Opt-outs.	2	3	6	Comms & website on the benefits of scheme membership 50/50 & AVCs. Pension surgeries on AA & LTA.	Work with HR to run surgeries on Wellbeing & pension planning. The annual pension statements will direct members to LBI's pension website for guidance notes and other information in relation to pension planning.	2	2	4	↓	Sep-23	Pensions Manager/Deputy Manager
13	<b>Contract Management</b> To establish robust data security and to avoid system failure	Pension database may not be secure and appropriately maintained; pensioners living longer.	Poor management/inadequate training	Service impairment and financial lost to the Pension Fund. Life expectancy increases would increase liabilities.	5	2	10	Electronic access control systems are deployed on Islington's network that rely on user credentials and authentication. Passwords are regularly changed and there are robust user administration procedures to access the pension's database. The system is regularly updated to ensure regulatory compliance with the LGPS and is protected against viruses and other types of malware.	Moving servers to the Cloud.	4	2	8	↔	Nov-23	Pensions Manager/Digital Services
14	<b>Finance</b> Strong Financial and contract Management	Loss of Investment returns; bond yields fall.	Market turbulence/Inflation; bond prices falling often due to falling interest rates and market caution.	Reduction in asset market values; increase value of liabilities. Discount rate falls will increase liability valuations.	5	3	15	Clear investment strategy,quarterly monitoring of managers' performance and a diversified portfolio	Managers are set 3 year + targets as long term investors. On appointment a terms of reference is agreed as a tool to monitor and identify scrutiny level.	5	2	10	↑	Ongoing	Director of Finance/Pension Sub-Ctee
15		Failure of non-public sector employers.	Poor Management/Market Adjustments	Additional cost to the Pension Fund.	4	3	12	Use of bonds and guarantees. Governance monitoring.	Triennial valuation process of determining contributions consults with employers to agree affordability and sustainability of the Fund	4	2	8	↔	Ongoing	Head of Legal/Head of Treasury & Pension Fund
16		AVC Providers failure to produce year-end SOA.	Resourcing issues with AVC Providers	Late reporting of AVC funds, delay in year end fund closure.	4	3	12	Early engagement with AVC Providers.	Reporting any breach to the Pensions Regulator.	5	2	10	↓	Jul-23	Pensions Manager/Deputy Manager
17		Failure to sign off annual accounts and reports on time.	Late information from 3rd parties	Qualified audit opinion.	3	1	3	Early dialogue with external auditor.	Ensure external audit work is complete.	1	1	1	↓	Ongoing	Director of Finance/Head of Treasury & Pensions
18		Employer failure to pay monthly contributions into scheme.	Poor staff oversight by external body	Late receipt of contributions.	2	3	6	Monthly monitoring of contribution payments by Treasury & Pension Admin Staff.	Regular quarterly Audits reviews.	2	2	4	↓	Ongoing	Pensions Manager/Deputy Manager

No	Objective/strategic risk	Risk Description	Cause of risk	Consequence	Inherent Risk Score		Rating Score	Current controls in place to manage risk	Further actions to mitigate risks	Residual Risk Score		Risk rating following mitigation	Trend	Target Date	Risk Owner
20	<b>Governance &amp; Compliance</b> Compliance with statutory regulations and guidance issued by TPR and LGA	Failure to interpret rules or legislation correctly.	Poor management/inadequate training.	Financial and reputational damage.	4	2	8	Networking with key partners, Actuaries, Govt. LGA and TPR. Guidance taken from all statutory and regulatory literatures and websites.	The Fund's Investment Advisors and Actuary provide briefings on new legislation and guidance on implementation. Auditors also test our process to ensure best practice. Staff training courses taken at the LGA.	2	2	4	↓	Ongoing	Pensions Manager/Deputy Manager
		Conflicts of Interest.	None disclosure/lack of transparency	Inability for Board member to participate.	2	2	4	All pension board members have completed educational material and training is ongoing.	Conflicts of interest declaration is signed by all pension board members, recorded in conflicts register. Reminder, and any changes or additional conflicts, will be minuted at each pension board meeting.	2	1	2	↓	Ongoing	Pension Board Chair/Democratic Services
		Insufficient knowledge and understanding by Pensions Board Members.	Lack of knowledge and understanding by Pension Board Members.	Poorly informed for decision making.	3	2	6	Members to adopt a training plan, including Regulator's and CIPFA's 2021 Code of Practice on Knowledge and Skills;officers and investment advice when needed.	Re-appraisal of members skill set.	2	2	4	↓	Jul-23	Pension Board Chair/Head of Treasury & Pension Fund
		Non-compliance with GDPR/data protection requirements.	Poor data protection processes/inadequate staff training	Data protection breach and reputational damage.	3	3	9	Review letters/internal processes and procedures, Privacy statements, data share agreements, contracts with 3rd parties. Use of secure portals to share information with key stakeholders, mandatory data protection training for staff.	Regular review of data protection polices.	2	3	6	↔	Ongoing	Pensions Manager/Deputy Manager
23	<b>Strategy &amp; Finance</b> Sustainable investment and climate actions	Non-compliance with Investment Strategy Statement; London CIV fail to achieve performance targets over the longer term.	Investment managers fail to take adequate note of ESG risks	Investment in stranded assets.Increases in ER contributions. Pressure on liabilities and funding level perhaps impacting on ER contributions.	4	2	8	Regular monitoring of Investment managers performance.	The fund will monitor ESG risks annually and set targets to mitigate these risks.	3	2	6	↔	Ongoing	Pension Sub-Ctte.
24	<b>Customer Outcomes &amp; Quality</b> Incorrect information in public domain including pension fund website	Non accurate information on information platforms.	Failure to update information platforms.	Adverse media coverage. Complaints which take up time to resolve. Compensation payments.	4	2	8	Prompt action to ensure data quality.	Quarterly review of data on information platforms.	3	2	6	↔	Aug-23	Pensions Manager/Deputy Manager



**Report of: Corporate Director of Resources**

**Meeting of: Pension Board Committee**

**Date: 12<sup>th</sup> July 2023**

**Ward(s): n/a**

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## **Pension Board 2023/24 Forward Work Programme**

### **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 and amend the forward programme where there is change in priorities.
- 2.2 Note attached Appendix 2 the Mercer LGPS News Issue May23 for information

### **3. Background**

- 3.1 The Public Services Pensions Act 2013 required the establishment of local pension boards for each Local Government Pension Fund.
- 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 need to consider their priorities for the next 12 months and use that to formulate their agenda for forthcoming meetings. The draft programme and timetable 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

## **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.

## **Legal Implications**

The Public Services Pensions Act 2013 required the council to establish a local pension board by 1 April 2015. The board must comply with the requirements of the relevant legislation and regulations.

## **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 Equalities 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 and note some current news from the SAB website.

**Appendices:** Appendix A- Work programme for 2023/24  
Appendix 2- Mercer LGPS Issues May 23

### **Background papers:**

None:

Final report clearance:

**Signed by:**

Corporate Director of Resources

**Date of final approval**

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Finance implication author: Joana Marfoh

Legal implications author: Marina Lipscomb, Interim Assistant Director Law  
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**APPENDIX A****Pensions Board Forward Plan for March 2023 to June 2024**

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"> <li>• Admin Performance report</li> <li>• Forward work programme</li> </ul>
6 <sup>th</sup> March 2023		Final FSS with consultation results Risk register review 3 yr Budget and Annual Cash Flow
12 July 2023		Draft Financial Statements Training Programme
18 <sup>th</sup> Sept 2023		Risk register review
21 <sup>st</sup> Nov 2023		Draft Annual Report
		Annual Pension Meeting
11 <sup>th</sup> March 2024		3 yr Budget and Annual Cash Flow Risk Register Review
25 <sup>th</sup> June 2024		Draft financial statement

## Planned and Previous 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
February 2021- joint pension sub and board training	Net zero carbon transition training
September 2022- joint pension sub and board training	Actuarial Valuation training
On going self training	The Pension Regulator Toolkit

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# LGPS CURRENT ISSUES

May 2023



welcome to brighter

# In this edition

The last few months have seen significant changes to the way pensions are taxed, the conclusion of the 2022 actuarial valuations in England and Wales, and the commencement of the valuation process in Scotland, not to mention the coronation of a new King! Given a number of regulatory announcements are still expected, it remains a busy period for LGPS Funds.

In this edition, with the first ever men's FA Cup Final to be played in June on the horizon (following on from a record crowd at the women's event on 14 May) we have provided a few Cup Final facts for you alongside updates on recent developments in the LGPS and commentary on what to expect over the coming months.



**Click on the headings below to go straight to that section.**

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- [LGPS Pooling – Spring Budget](#)
- [TCFD Reporting](#)
- [Updated LDI Guidance](#)
- [Sharia Law](#)
- [Freedom of Information requests](#)
- [Mercer LGPS Sustainable Investment Conference 2023](#)

## **Funding Matters** **6-8**

- [2022 Actuarial Valuations – next steps](#)
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## **Regulatory round up – where are we now?** **9-11**

- [CARE Revaluation Consultation](#)
- [SAB Cost Management Process Consultation](#)
- [McCloud Remedy \(Various\)](#)
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## **And in other news...** **12-13**

- [Spring Budget \(Annual and Lifetime Allowance Changes\)](#)
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- [Gender Pay Gap Report](#)
- [Pensions Dashboards Update](#)

## **Meet the team & contact details** **14-15**

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# Investment Update

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## LGPS Pooling - Spring Budget

Within the Spring Budget announced on 15 March, there was direct reference to LGPS pooling. It stated:

*“The government is challenging the Local Government Pension Scheme in England and Wales to move further and faster on consolidating assets. This may include moving towards a smaller number of pools in excess of £50bn to optimize benefits of scale. The Government will also consult on requiring LGPS funds to consider investment opportunities in illiquid assets such as venture and growth capital, thereby seeking to unlock some of the £364 billion of LGPS assets into long-term productive assets.”*



The reference to LGPS pooling in the budget signals the clear intention of the Government in relation to unlocking capital from LGPS assets. This is likely to be a precursor to more detailed debate when we have the new pooling guidance once the consultation has taken place, which is anticipated to be in the coming months. There are many different implications here which will need to be carefully thought through to ensure there are no unintended consequences.

The references in the budget are perhaps unsurprising given the previous statements about levelling up and unlocking capital for the UK but the devil will be in the detail. Key barriers will be: **Finding the right opportunities, How to invest? Who with?** and so on.

We will comment further once we have more information and we expect it will also form part of the consultation on the pooling guidance expected this year. It is now expected this consultation will be issued alongside that for Levelling Up.



The FA Cup is the World's oldest football tournament, first established in 1871 with Wanderers winning the first final in 1872. The first women's competition was held in 1970/1971.

## TCFD Reporting

On 23 March 2023, TPR published a [review](#) of climate-related disclosures by occupational pension schemes. Whilst not directly relevant to the LGPS, the observations set out from reporting in the private sector may be useful for LGPS Funds ahead of TCFD reporting becoming mandatory. A response to DLUHC's 2022 consultation is still awaited, however the latest rumours are that mandatory climate reporting might be delayed by up to a year, **meaning a potential deadline of 1 December 2025 for Funds to produce their first “climate risk report”**.

In the meantime, notwithstanding the resource challenges that we know Funds are facing, we would encourage Funds to consider undertaking the analysis required for climate risk reports ahead of any regulatory deadlines. Climate change is a key systematic risk impacting pension funds right across the funding, investment and covenant spectrum. We have seen a number of LGPS Funds already report on a TCFD basis and set a Net Zero target. This process has proven very helpful for Funds to understanding climate risk and therefore understand the actions that are needed to strengthen risk management and harness potential opportunities, providing a more robust risk management framework.

Experience has shown that preparation of the first TCFD report is a large undertaking. To help manage this, one option is to undertake the Climate Scenario and Carbon Footprinting analysis first, but without making it publicly available, giving Officers and Committees additional time to understand the data and analysis and identify any gaps. This will significantly ease the process when the first public report is required.

### Updated LDI Guidance

On 24 April 2023, following on from the guidance issued in November 2022, the TPR issued new [guidance](#) to ensure pension schemes minimise the risks associated with liability driven investments (LDI).

The guidance sets minimum thresholds for collateral headroom, ensuring that LDI portfolios can withstand sufficient rises in yields.

Whilst the guidance is primarily aimed at LDI portfolios for occupational pension schemes, it is important for LGPS Funds with LDI portfolios and also Risk Management Frameworks where derivatives are employed (e.g. equity protection or synthetic exposures).

**For LGPS Funds with leveraged LDI portfolios or Risk Management Funds, please contact your usual Mercer consultant if you want to discuss changes you want to consider in relation to the above.**



The player to score the most goals in FA Cup Finals is Ian Rush with 5 (2 in 1986, 1989 and 1 in 1992). Didier Drogba holds the record for most finals scored in, 4.

### Sharia Law

On 6 April 2023, the Scheme Advisory Board issued a tender for an expert in Islamic finance to examine the legal structure of the LGPS from a Sharia perspective. This is in line with the [legal advice](#) received by the Board in February 2022.

### Freedom of Information requests

On 30 March 2023, in response to an increasing number of Freedom of Information (FOI) requests being received by LGPS Funds in relation to responsible investment policies, the



Scheme Advisory Board issued a statement (found on its [website](#)) advising Funds of their duty to be open and honest about their policies but recognising there may be occasions where cost, commercial sensitivity, or other considerations may outweigh the public interest in releasing the requested information. Funds should refer to guidance from the Information Commissioners Officer, and their own legal / FOI advisors where appropriate.

Mercer has supported a large number of Funds in responding to these FOI requests.

**For LGPS Funds who have been contacted about these FOI requests, please contact your usual Mercer consultant who will be able to assist with responding to such requests.**

### Mercer's LGPS Sustainable Investment Conference (8 March)

We held our inaugural LGPS Sustainable Investment Conference in March 2023 to help those responsible for LGPS Funds and Pools with the challenges they face. Key topics discussed were TCFD, Levelling Up and Biodiversity and our Responsible Investment Total Evaluation (RITE) Tool.

If you were unable to join us at the conference, our speakers give their insights and perspectives on the topics discussed [here](#).



Arsenal are the most successful team in the history of the FA Cup, winning the trophy 14 times (Arsenal hold the same record in the women's competition, again with 14 wins). Arsene Wenger holds the managerial record with 7 wins.

# Funding Matters

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## 2022 Actuarial Valuations

Across England and Wales, the 2022 actuarial valuations were signed off by 31 March 2023. Whilst this wasn't at the onset of a national lockdown, as was the case for the 2019 valuations, nonetheless it was (and remains) a time of considerable economic uncertainty, particularly in relation to the prevailing cost of living crisis.

The completion of the valuations is a clear milestone – and an opportunity to draw breath... however, this doesn't mean Funds can put their feet up for the next three years on funding matters. We will be working closely with Funds going forwards in the key areas outlined below:

- **Monitoring** – in addition to the ongoing monitoring of the whole Fund position over time, Funds will need to consider which employers will also need to be monitored and the frequency of doing so. This will typically relate to those employers planning for exit (who may have already requested monitoring information), employers with a weak covenant, perhaps where special funding arrangements are in place, or where a deferred debt agreement has been put in place, for example.
- **Exits** – given the current economic (high gilt yield) environment, we are still seeing a number of requests from employers to exit Funds. Funds need to consider these requests on their merits and balance the interests of all employers in the Fund, noting that there may be a range of potential avenues for taking forwards an exit – covenant input will be key to these considerations. Funds may wish to also consider proactive discussion with closed employers about planning for exit, where active membership is rapidly maturing.



Louis Saha holds the record of the fastest ever goal in a final, scoring after 25 seconds in the 2009 final for Everton against Chelsea.

- **Climate Change** - having undertaken scenario analysis as part of the 2022 valuation, Funds can utilise the output of this in their investment strategy considerations. In particular, a simple extension of the analysis can be used to demonstrate how varying the investment strategy might change the outcomes under the scenarios, which will be useful for supporting objective decision making. Scenario analysis in this space is continuously evolving – to both reflect changing prevailing circumstances and also increasing sophistication of techniques. Our [webinar](#) (being held on 16 May) will cover our unique approach to modelling the potential impact on life expectancy of climate change.



- **Data Quality** – with McCloud Regulations expected in a few months (see comment in next section), Funds should be continuing to collate and analyse data from employers in readiness for implementing the remedy.
- **SAB Valuation Report and Section 13** - Funds and Actuaries are currently collating information to provide to the Scheme Advisory Board (SAB) for preparing the Board's 2022 Scheme Valuation Report and also to GAD for the purpose of the Section 13 assessment that they will undertake.

### 2023 Actuarial Valuations

In Scotland, preparatory work will have already begun in relation to the 31 March 2023 actuarial valuations. The Funds will be in the process of finalising year ends with a view to providing data to their actuary over the coming months. Given the McCloud regulations won't be implemented prior to calculations being completed the SPPA have provided guidance to Funds and actuaries on how to allow for this in the valuations. The [Section 13 Report of the 2020 valuations](#) was published in March and this had important recommendations around the content of future dashboards and the desirability for consistent approaches to the assessment of emerging risks i.e. Climate Change. **We will provide further comment on the key themes/outcomes emerging in due course.**



The last English manager to win the FA Cup was Harry Redknapp, with Portsmouth in 2008.

### SCAPE Discount Rate

On 30 March 2023, the Chief Secretary to the Treasury issued a [written ministerial statement](#) that announced that the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate had been reduced to a real rate of 1.7% per annum above CPI, from the previous real rate of 2.4% per annum.

Although this change does not impact contribution rates for the LGPS set as part of a triennial actuarial valuation exercise (in the same way it impacts employer contribution rates in the other, unfunded, public sector schemes) there will be an impact on the LGPS given the SCAPE rate is used by GAD to set actuarial factors, which will impact early retirements / transfer values etc. Member calculations are currently suspended whilst factors are reviewed by GAD, which will of course have administrative implications for LGPS Funds.



**We will be undertaking a review of early retirement strain cost factors, for those Funds where we are the actuary, once details of the new early retirement factors to be applied going forwards are known.**

At the same time a [response](#) to the June 2021 consultation on the methodology for deriving the SCAPE discount rate was also published. This confirmed that the rate will continue to be based on long term gross domestic product (GDP) growth figures with an aim to review the rate every four not five years going forwards in line with the scheme valuation cycle.



In the 1956 final, Manchester City goalkeeper Bert Trautmann (a former German prisoner of war) broke his neck but still played the full match (and won).

# Regulatory round up

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## CARE Revaluation Date

On 9 March 2023, DLUHC published its [response](#) to the consultation issued in February 2023 setting out proposals to change the annual revaluation date for the LGPS from 1 April to 6 April. The response confirmed that the change would take place and on the same day the [LGPS \(Amendment\) Regulations 2023](#) were laid (coming into effect on 31 March 2023).



Whilst the changes made will have reduced the number of members impacted by the 2022/23 annual allowance charge (and thereby reduced the burden on Funds to prepare statements/respond to queries etc.), in the short-term the timing of the change has had an impact on Funds and software suppliers with central guidance provided to Funds to assist with managing the change until such time systems would be updated.

## SAB Cost Management Process Consultation

On 18 March 2023, we issued our response to the DLUHC [consultation](#) relating to proposed updates to the SAB cost management process for the LGPS. In general, we agreed with the changes and the additional flexibility proposed subject to a few minor clarifications/updates to the proposed changes.

A response to the consultation is now awaited.



In 1946 and 1947 the ball burst in both finals, something which hasn't happened since.

## McCloud Remedy (Various)

**Consultation:** On 6 April 2023. DLUHC published their [response](#) to the 2020 consultation on amendments to the underpin. Given developments since 2020, whereby issues have arisen that haven't been consulted upon, a further consultation will be issued by DLUHC in the near future, seeking views on these issues (e.g. compensation interest, excess teacher service etc.), alongside issues from the original consultation where a final decision has yet to be taken (e.g. aggregation, flexible retirement) and also on the draft regulations themselves, which will come into force on 1 October 2023 (backdated to 1 April 2014).

Alongside the response in collaboration with the Scheme Advisory Board, DLUHC published a member [factsheet](#) summarising the remedy.

**Tax:** With effect from 6 April 2023 the Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023 became effective, although only have practical effect once the LGPS Regulations setting out the remedy come into force. To assist administering authorities in determining what action they need to take in relation to these Regulations the LGA issued a [guide](#) in March 2023 setting out the commentary and further guidance.

**Data:** On 3 March 2023 the Scheme Advisory Board issued [guidance](#) to administering authorities setting out what options administering authorities should consider if they are unable to collect the data required to implement the McCloud remedy, or where the data available is deemed to not be accurate.



**If you would like to discuss how Mercer can help you validate/test the data you have collated in relation to the remedy, then please contact your usual Mercer consultant.**

**Judicial Review:** On 10 March 2023 the applications for the Judicial Review (referred to below) in relation to the cost cap Mechanism were dismissed by the High Court in both claims after the judge ruled that the Government’s decision to include the McCloud remedy in the cost to be compared against the target cost, was not unlawful. Whilst the judge refused permission to appeal, it’s expected that both unions will apply for permission to appeal directly to the Court of Appeal. The full judgment can be found [here](#).

The Scheme Advisory Board has requested its legal advisor, Eversheds, to provide summary comment on the judgment.



Tradition holds in English football that triangular corner flags can be used by clubs who have won the FA Cup, rather than regular square ones.

## Cyber Security

At the end of April, the Pensions Regulator wrote a letter to hundreds of pension funds potentially impacted by a recently publicised cyber-attack involving a provider of administration (and other) services to the pensions industry. The recent attack, and regulatory intervention, highlights the importance for Funds to ensure they have sufficient knowledge, and the relevant policies and procedures in place relating to cyber security.

**As referenced in our previous edition, alongside our sister company Marsh, we can support LGPS Funds in this area, ranging from stakeholder training and communication, policy preparation/review, and testing incident response plans. Please contact your Mercer consultant for further details on how we can help.**

## Other regulatory news in brief

**TPR's New General Code** – The new Code (formerly referred to as the Single Code of Practice) is still expected to be published in its final form in the next few months. It will consolidate and re-write a number of existing codes, formalise the requirement for an Effective System of Governance, and (for pension schemes with 100 or more members) introduce the new Own Risk Assessment. New actuarial, internal audit and risk functions will also be required, and cyber risk, stewardship and climate change will be included in a code of practice for the first time.



There have been 6 players to have been sent off in FA Cup Finals, the first being Kevin Moran for Manchester United in 1985 against Everton.

# And in other news...

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## Spring Budget – Annual and Lifetime Allowance Changes

The [Spring Budget](#) on 15 March 2023 announced a number of major changes to the taxation of pension benefits. These changes came into effect from 6 April 2023. A summary of the key changes is set out below:

- Increasing the annual allowance (£40,000 to £60,000) and money purchase annual allowance (£4,000 to £10,000).
- Increasing the adjusted income level for the tapered annual allowance (from £240,000 to £260,000) and the minimum tapered annual allowance (from £4,000 to £10,000).
- Abolishing lifetime allowance charges for benefit crystallisation events occurring on or after 6 April 2023.
- Changing the taxation of any lifetime allowance excess lump sum to be at marginal rate not 55%, with similar changes to serious ill-health / death benefit lump sum payments.
- Allowing members to accrue new benefits/join new schemes/transfer without losing enhanced/fixed protection (where applied for prior to the budget).

Alongside the above changes it was confirmed that the maximum tax-free lump sum available to member would remain the same. Given that the Lifetime Allowance itself won't be abolished until 2024/25 (through a further Finance Bill), administering authorities will still need to undertake checks in the 2023/24 year albeit charges will be different/not applicable and don't need to be reported.

Whilst positive changes for members (albeit a relatively small proportion of the overall LGPS membership given the benefit profile), the changes have meant a number of amendments to administering authority process and communications, and may result in additional queries from members in the short-term.

**For any employers/members wishing to discuss further how the changes may impact them (in relation to workforce/retirement planning) then our team of LGPS pension taxation specialists would be happy to help.**



The player with the most FA Cup final winners medals is Ashley Cole, with 7 (3 Arsenal and 4 Chelsea).

## State Pension Age Review

On 30 March 2023, DWP published its 2023 [review](#) of the State Pension Age. The review confirms that the rise to age 67 between 2026 and 2028 is still appropriate, however, the Government does not intend to change existing legislation that increases the State Pension Age to age 68 (over the period 2037 to 2039).



Instead the Government plans to have a further review within two years of the next Parliament where the timing of a rise to age 68 will be considered further. This



report must be published no later than 29 March 2029.

### Gender Pay Gap Report

On 29 March 2023, the Scheme Advisory Board published the outcomes of a [report](#) undertaken by GAD in relation to the gender pensions gap in the LGPS alongside supporting comment.

The report has shown that pensions for men are c35% higher than those for women in relation to CARE benefits, and c46% higher in relation to Final Salary Benefits. Whilst there were limitations in some aspects of the analysis undertaken (e.g. availability of data), the Board will be considering the analysis further to investigate causes and agree next steps.



### Pensions Dashboards Update

There have been a number of updates recently in the Pension Dashboards programme. Further information can be found on [the PDP website](#).

The main development saw the Pensions Minister, Laura Trott make a [statement](#) on 2 March 2023 announcing the Government's intention to legislate "at the earliest opportunity" to amend schemes' connection deadlines, to allow more time to deliver the complex dashboards infrastructure. It's not clear yet which schemes (including the LGPS) will be given an extension and how long this may be. Further details are expected prior to the summer recess, for the time being, Funds should continue to prepare as though there will be no extension.

TPR has confirmed it will write to those schemes affected by the announcement to confirm new deadlines. It has also published updated [guidance and a checklist](#) to help schemes focus on what work they should be undertaking now. They will also produce a "content toolkit" with key messages for administering authorities to use in communications.

In addition to the above:

- GAD published a [blog](#) to help administrators set the right questions when considering what matching data to use.
- PASA updated its [Data Matching Guidance](#) and issued new guidance on [communicating with savers](#).
- TPR held a [webinar](#) focussing on data preparation duties.

As referred to previously, the LGA is looking to pull together a guide to assist LGPS administering authorities with the actions they need to take to ensure compliance.



In 1914 George V became the first monarch to watch the FA Cup Final. The Queen attended her first football match in 1953.

# Meet the team

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Name: Mark Aldred  
Role: LGPS Actuarial Analyst  
Joined Mercer: September 2021  
Place of Birth: Blackpool  
Favourite football/sports film: Coach Carter  
What is your first/best FA Cup Final memory (if you have one):  
Liverpool Vs West Ham 2006 final and Steven Gerrard's last minute equaliser to take it into extra time.

Name: Nikki Gemmell  
Role: LGPS Actuary  
Joined Mercer: June 2007  
Place of Birth: Bellshill, Scotland (you can tell by my accent 😊)  
Favourite football/sports film: Cool Runnings!  
What is your first/best FA Cup Final memory (if you have one): I barely know what the FA cup is but I'm enjoying Welcome to Wrexham at the moment which had an episode about the FA Trophy in 😊



Name: Tony English  
Role: Head of LGPS Investment  
Joined Mercer: 1999  
Place of Birth: Somerset  
Favourite football/sports film: About a Boy (The Deer Hunter is my favourite film)  
What is your first/best FA Cup Final memory (if you have one):  
Watching Arsenal win against Aston Villa in 2015, televised at the Emirates and followed by an authorised pitch invasion to celebrate!

# Contacts

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For further information on how Mercer can help LGPS Funds and their stakeholders, please visit our website at [www.uk.mercer.com/lgps](http://www.uk.mercer.com/lgps)

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