



Report of: **Corporate Director of Resources**

Meeting of:	Date	Agenda item	Ward(s)
Pension Board	5 September 2017		n/a

Delete as appropriate		Non-exempt
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**SUBJECT: Draft 2016/17 Pension Fund Accounts**

## 1. Synopsis

1.1 This report is for the local pension board to review the Funds annual accounts as part of its work plan.

## 2. Recommendation

2.1 To review and note the draft pension funds accounts net asset position for 2016/17 attached as Appendix 1.

2.2 To give any comments it has to the pensions sub- committee

## 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.

#### **The 2016/17 Draft Pension Fund Accounts**

- 3.4 The draft accounts are still being audited by our external auditors KPMG, and as such their final observations report is not available. A draft net assets position is attached as Appendix 1 for your review and information.

- 3.5 The main highlights include:

- an increase in total income from £50.5m in 15/16 to £52.6m in 16/17 driven by increase in employer contributions from strain cost and transfers in to the fund
- an increase in expenditure of benefits payable driven by pensions payable by £1.5m
- a comparatively lower investment income of £8.1m in 16/17 compared to £12.7m in 15/16 mainly due to the fall in Sterling due to Brexit and calls on our passive hedge.
- A net increase in the fund value of £168m in 16/17 due to market run in equities and equivalent appreciation of dollar and euro.

- 3.6 Members are asked to review the 2016/17 draft accounts net asset position and give their comments to the Pensions-Sub Committee if any.

## **4. Implications**

### **4.1 Financial implications**

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

### **4.2 Legal Implications**

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

### **4.3 Environmental Implications**

None applicable to this report. Environmental implications will be included in each report to the board as necessary.

### **4.4 Resident Impact Assessment**

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

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

- 5.1 Members are asked to note and review the draft 2016/17 pension fund account as per their agreed work plan

**Background papers:**

Islington pension board's terms of reference

Final report clearance:

**Signed by:**

**Received by:** Corporate Director of Resources Date

Head of Democratic Services Date

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