



Report of: Corporate Director of Resources

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Meeting of: Pensions Board

Date: 28th June 2022

Ward(s): n/a

Pension Fund- Draft 2021/22 Income and Expenditure Accounts

1. Synopsis

- 1.1 This report is for the local pension board to review the Funds 21/22 draft income and expenditure accounts, as part of its work programme objective to make recommendations on statutory and non-statutory policies and strategies.

2. Recommendation

- 2.1 To review the initial income and expenditure of 21/22 draft pension fund accounts attached as Appendix 1, as the tables and notes the account is yet to be completed.
- 2.2 To agree to receive the draft statement of accounts in July before external audit commences via email for any comments.

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

21/22 Draft Income and Expenditure Account Statement

3.4 The draft pension fund accounts are being finalised and working papers compiled to be handed to the auditors later in July for the auditing to be completed and Audit Committee approval by November. The main highlights include:

- An increase in net assets of £121million (7.3%) to £1,784million due to an increase in market value of assets after recovery from COVID-19 but a dip in market outlook from conflict in Ukraine, inflation and other issues.
- Employees' contributions totalled £14.4million compared to £13.5million in 20/21
- Employers' contributions amounted to £32.7million compared to the £57.1 million in the previous year this was mainly because the Council paid its 3-year past year's deficit contribution upfront in April 2020 instead of spreading it over 3 years to 22/23.
- Pensions paid totalled £51.7 million compared to £50.4million in 20/21. The increase was mainly due to the annual pension increase of 2.5%.

As at 31 March 2022, £52.4million income (excluding investment income) was received against an expenditure of £70.1 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 and a dip of around £10m into investment income during the year.

3.5.1 The draft 21/22 income and expenditure statement of accounts without notes is attached as Appendix 1. Members are asked to review the draft income and expenditure statement and agree to officers circulating the full draft accounts in July for comments before external audit commences.

4. Implications

4.1 Financial implications

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

4.2 Legal Implications

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

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

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

4.4 **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 21/22 income and expenditure statement—Appendix 1 and receive the full draft accounts via email circulation in July that will be audited over the summer and signed off by Audit Committee.

Appendix- Draft pension income and expenditure statement 21/22

Background papers:

Islington pension board's terms of reference

Final report clearance:

Signed by:

Corporate Director of Resources

Date

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Legal implications author: n/a

