



Report of: Corporate Director of Resources

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Meeting of: Pensions Board

Date: 12th July 2023

Ward(s): n/a

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 31st 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/20192020/20190910londonboroughofngtonpensionfundinvestmentstrategystatement.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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