

London Borough of Islington

**Pensions Board - 6 December 2023**

Minutes of the meeting of the Pensions Board held in Committee Room 3 at Islington Town Hall, Upper Street, London N1 2UD on 6 December 2023 at 4.00 pm.

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

Councillor Paul Convery (observer from Pensions Committee)

**Councillor Dave Poyser in the Chair**

**96 POSITION OF CHAIR OF THE PENSIONS BOARD**

Councillor Poyser, the current Chair of the Board, informed the meeting of his intention to stand down as a councillor in the forthcoming year and consequently, as Chair of the Board. In accordance with the recent governance review of the terms of reference for the Board, the position of Chair of the Board should be considered in rotation and the next Chair of the Board should consequently be from the Scheme member category of membership.

Seconded by Mike Calvert, George Sharkey was nominated as Chair from May 2024.

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

Received from Valerie Easmon-George.

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

None.

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

Subject to an amendment as follows:

Minute 88 – paragraph 1 – that the following words be added after “For the avoidance of doubt, Board members shall not receive an annual allowance of any kind”- “with the exception of the Independent Member”.

**RESOLVED:**

That, subject to the above amendment, the minutes of the meeting held on 5 October 2023 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

100 **TRAINING/CONFERENCES - AN OPPORTUNITY FOR MEMBERS OF THE BOARD TO FEEDBACK ON ATTENDANCE AT ANY PENSIONS' CONFERENCES AND TRAINING OPPORTUNITIES. THIS MEETING TO ALSO INCLUDE FEEDBACK FROM THE AGM HELD ON 27 NOVEMBER 2023 (Item A4)**

The Board noted recent training organised by Westminster City Council on a range of issues, including Engagement versus Divestment, an update on the Pooling consultation, an overview of the current state of the economy and insights into Artificial Intelligence, which some attendees had found useful.

Alan Begg reported on training sessions he had attended on investment issues for pension funds, the Pension Regulator toolkit and CIPFA training on pension matters.

Annual General Meeting held on 27 November 2023

The Chair thanked the Head of the Pension Fund and Treasury Management and Pensions Team staff for organising the AGM. He also thanked Karen Shackleton, adviser from Apex, for her presentation to the AGM on the Fund's activities during the year.

He expressed a hope that the Fund's accounts for next year could be audited in time to be included in next year's Annual Report and that the AGM could be held earlier in the year, perhaps to encourage better attendance. It was noted that the Council's new auditors, KPMG, had been positive about meeting a deadline for completion of the audit of the Fund's accounts, perhaps by the end of July 2024.

101 **DECISIONS OF PENSIONS COMMITTEE HELD ON 21 NOVEMBER 2023 (INCLUDING PENSIONS' PERFORMANCE REPORT CONSIDERED BY THE COMMITTEE ON 21 NOVEMBER 2023) (Item A5)**

The decisions of the Pensions Committee from their meeting held on 21 November 2023 were noted.

Councillor Convery, Chair of the Pensions Committee, noted that there were investment gaps across all asset classes and highlighted the importance of intelligence from horizon scanning for new investment opportunities.

The Board noted that the FCA had agreed that the Hearthstone (property) Fund be terminated and liquidated, with effect from 1 December 2023. The initial cash held of £5m would be distributed on a pro rata basis, with Islington receiving a 40% share. Hearthstone was in the process of selling properties and it was likely to take some time before the cash from sales could be realised.

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**PENSION ADMINISTRATION PERFORMANCE - 1 AUGUST TO 31 OCTOBER 2023 (Item B1)**

The Pensions Manager described the work being undertaken by the Pensions Team to check information on the couple of thousand seven hundred plus suspended pensions and the importance of establishing this in order for the Fund actuary to make accurate assumptions for valuation purposes.

The Pensions Manager also stated that he intended to circulate information to pensioners during the first quarter of January 2024 on the McCloud remedy for public service pension schemes.

He expressed disappointment that, although approximately five and a half thousand invitations had been sent out for this year's AGM, the attendance on the day was less than two hundred persons. He suggested that, for the future, it might be helpful for members to access the AGM remotely, by way of a webcast or recording of the proceedings, which could be accessed on-line. He thought it might also aid attendance if invitations were sent out via email, in addition to post.

He anticipated that performance indicators could improve from next year onwards, given that there would be a self-service portal in operation for pension estimates implemented later in the year. The Pensions Team had recently been restructured and there were currently two vacancies to be filled. The Deputy Director of Finance added that the new restructure, which included additional resources, should lead to improved performance. On indicative target dates for processes, he suggested that it would be helpful to benchmark these with other pension funds and would bring the results of this to a future meeting.

In response to a question about training for Pensions' staff, confirmation was given that all staff undertook mandatory training on security of records.

**RESOLVED:**

(a) To note the number of members auto-enrolled into the LGPS during the period from 1 August to 31 October 2023, that there were no complaints under consideration under the Internal Dispute Resolution Procedure, the numbers of compliments and complaints to the Pensions Team and that there were no current Internal Audit investigations, all as detailed in the report of the Corporate Director of Resources.

(b) That the performance data for the administration activities of the Council's Pensions Office, again as detailed in the report, be noted.

(c) To note the completion of the initial data analysis undertaken by Heywoods in respect of the Pension Fund data as it related to the 'McCloud Remedy' and the publication of HMRC guidance for members, again as detailed in the report.

(d) To note the update on the reported breach of the law to the Pensions Regulator regarding the production of the Annual Benefit Statements for Active members, as detailed in paragraphs 3.7 and 3.8 of the report.

**103 RISK REGISTER REVIEW (Item B2)**

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An observation was made that risk no 6 "The late provision of payroll reports (Corporate Payroll)", which had been given a rating score of 15, had been given a risk rating of 10 following mitigation and that text needed to be included to explain why the rating of 10 following mitigation had been awarded.

The same ratings of 15 and 10 had been applied for risk no 7 "Failure to apply correct Pensions Increase (Corporate Payroll)". The Pensions Manager suggested that additional text could have been included in the mitigations column to the effect that "Further work had been carried out on running the reports"

An error was noted in the "Inherent Risk Score" column for risk no 2: "Conflicts of Interest", which had been allocated a risk of 5, whereas it should have been allocated a risk of 4, as per the "Mitigated Risk Score" column, to total 8.

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**RESOLVED:**

- (a) To note the contents of the report of the Corporate Director of Resources and revisions made to the Pensions Risk Register, since the Board's last meeting.
- (b) To note the risk associated with the failure to apply the correct Pensions Increase for all pensioner dataset, due to software calculation issues.
- (c) To note the risk associated with the late provision of year-end payroll reports
- (d) To note the risk associated with loss of investment returns or bond yields fall.

**104 FORWARD PLAN OF BUSINESS FOR PENSIONS BOARD (Item B3)**

**RESOLVED:**

To note Appendix 1 attached to the report of the Corporate Director of Resources, comprising the forward programme of business for the Board.

The meeting ended at 5.25 pm

**CHAIR**