



Report of: Corporate Director of Resources

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Meeting of: Pensions Board

Date: 31st July 2024

Ward(s): n/a

Pension Fund- Draft 2023/24 Year End Accounts

1. Synopsis

- 1.1 This report is for the local pension board to review the Funds 2023/24 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 2023/24 draft pension fund accounts attached as Appendix 1.

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 committee is the decision-making body of the Fund and the Pension board can only advise or make recommendations to the Pensions 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

2023/24 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 next month. The audit will commence and conclude before it is approved by Audit Committee. The main highlights include:

- An increase in net assets of £212million (12.1%) to £1,951million due mainly to better performance in equities.
- Employees' contributions totalled £16.5million compared to £15.6million in 2022/23. This is in part due to the pay increases for staff in 2022/23.
- Employers' contributions including deficit contributions amounted to £62.2million compared to the £53.6 in the previous year this was mainly because the Council following its 2022 Actuarial review paid its 3year deficit lump sum upfront in year one of 2023/24, but also in part to higher salary costs.
- Pensions paid totalled £60.4million compared to £54.3million in 22/23. The increase was mainly due to the annual pension increase of 10.1%.
- Investment management fees including charges on pooled funds where fees are deducted at source, on both private and public portfolio are shown in the accounts as £10.9million to give transparency on cost compared to 12.2million in 22/23. The differences were driven by performance related fee credits and fee discounts on equities.

As at 31 March 2024, £92.4million income (excluding investment income) was received against an expenditure of £91.5 million. The other drivers apart from pension payments were retirement lump sums and transfers in. This means that the fund met all its commitments from contributions during the year.

- 3.5.1 The draft 2023/24 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 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 fund in green opportunities. The link to the full document is <https://www.islington.gov.uk/~media/sharepoint-lists/public-records/finance/financialmanagement/adviceandinformation/20192020/20190910londonboroughlondonpensionfundinvestmentstatement.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 2023/24 pension fund draft statement of accounts before external audit commences next month.

Appendix- Draft Pension Fund Statement of Accounts 23/24

Background papers:

Islington pension board's terms of reference

Final report clearance:

Signed by:

Corporate Director of Resources

Date

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