

Pension Fund Accounts

Fund Account

2022/23 £000	Pension Fund Account	2023/24 £000	Note
	Contributions receivable		
33,032	Employer contributions	47,428	7a
20,591	Deficit recovery contributions	14,861	7a
15,618	Members contributions	16,574	7b
7,866	Transfers in from other pension funds	11,152	8
2,382	Other Income	2,413	9
79,489	Total Income	92,428	
	Benefits payable		
(54,275)	Pensions	(60,443)	10
(10,860)	Lump sum benefits	(13,975)	10
(2,218)	Payment to and on account of leavers	(6,188)	11
(67,353)	Total Expenditure	(80,606)	
12,136	Net additions / (withdrawals) from dealing with members	11,822	
(12,219)	Management Expenses	(10,929)	12
(83)	Net additions / (withdrawals) including fund management expenses	893	
	Net Returns on Investments		
26,154	Investment income	35,985	13
(74,094)	Change in market value (realised and unrealised)	175,772	
(47,940)	Total Returns on Investments	211,757	
(48,023)	Net increase / (decrease) in fund in year	212,650	
1,787,360	Opening net assets of the scheme	1,739,337	
1,739,337	Closing net assets of the scheme	1,951,987	

Net Assets Statement

31 March 2023 £000	Net Assets Statement	31 March 2024 £000	Note
	Investments		
1,703,621	Investment assets	1,911,015	14
33,004	Other Investments and Cash	23,867	14
1,736,625	Total Investments	1,934,881	
	Current Assets and Liabilities		
5,421	Current assets	19,894	16
(2,709)	Current liabilities	(2,788)	17
1,739,337	Net assets of the scheme available to fund benefits at 31 March	1,951,987	

Notes to the Pensions Account

The accounts summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year.

The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

Note 1 Description of the Fund

The principal purpose of the Islington Council Pension Fund is to provide pensions for its employees (other than teachers who have their own national fund) under the Local Government Pension Scheme.

The Pension Fund is a defined benefit scheme administered by Islington Council, built up from contributions paid by both employees and the council, together with interest and dividends received from the Fund's investments, out of which pensions and other benefits are paid. Government Regulations fix employees' contributions to the Fund and the extent of benefits paid out. An independent actuary assesses the council's contribution rate every three years.

Note 1 Description of the Fund continued

a) General

The Fund is governed by the Public Service Pensions Act 2013 and administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended);
- the LGPS (transitional Provisions, Savings and Amendment) Regulations 2014 (as amended); and
- the LGPS (Management and Investment of Funds) Regulations 2016.

The council has delegated the investment arrangements of the scheme to the Pensions Sub-Committee who decide on the investment policy most suitable to meet the liabilities of the Scheme and the ultimate responsibility for the investment policy lies with it. The Committee is made up of four elected members of the council who each have voting rights, and four observers, representing members of the fund, who do not have voting rights. The Committee reports to the Audit & Risk Committee and has fully delegated authority to make investment decisions.

The Committee obtains and considers advice from the Corporate Director of Resources, as necessary from the

Pension Fund's appointed actuary (including specific investment advice), investment managers and investment advisers.

Investment managers manage the investment portfolio. The fund has two private equity fund managers, Pantheon Ventures (total commitments £36.99m), Standard Life (total commitments £49.93m).

The fund has one fund of funds private global property manager, Franklin Templeton Fund I, II and III (total commitment £99.0m).

The fund has two Infrastructure managers, Quinbrook Infrastructure (total commitment £51.02m), Quinbrook Net Zero Power (total commitment £80.89m); Pantheon Access (total commitment £76.16m) and Pantheon GIF IV Feeder (total commitments £78.44m).

The fund also has three Private Debt managers Churchill Middle Market (total commitment £72.3m), Permira Credit Solutions (total commitment £50m) and Crescent Credit Solutions (total commitment £70.36m).

The fund managers have discretion to buy and sell investments within the constraints set by the Pensions

Sub-Committee. Islington has funds that are managed by the London CIV, (see Note 27). Islington Council is one of the 33 London Boroughs that oversees the operation of London LGPS CIV Ltd. The CIV has been established to facilitate the mandatory pooling of all London pension fund investments, which includes the Islington Pension Fund. A Joint Committee of London Councils representing the shareholders will recommend the appointment of directors to the company and receive reports from the company.

The Investment Strategy Statement, Funding Strategy Statement and Governance Policy Statement for the Fund are available on the council's website.

Power is given in The Local Government Pension Scheme Regulations 2016 (as amended) ("the 2016 Regulations" and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 to admit employees of other organisations to the London Borough of Islington Pension Fund. Details of admitted and scheduled bodies to the fund are detailed on the next page.

Note 1 Description of the Fund continued

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Islington Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the fund.
- Admitted bodies, which participate in the fund under the terms of an admission agreement between the Fund and the employer.

Admitted bodies include voluntary, charitable, and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Scheduled Body	Admitted Body
St Mary Magdalene Academy	Camden & Islington NHS Foundation Trust
City of London Academy Islington	Braithwaite
The New North Academy	Pleydell
William Tyndale Primary School	NCP Services (Islington South)
St Mary Magdalene Academy: the Courtyard	SSE Contraction Ltd (Islington Lighting)
Elliot Foundation	Brunswick
The Pears Family School	Caterlink
The Bridge School	Caterlink - Pooles
City of London Academy, Highbury Grove	Equans Services Ltd
City of London Academy, Highgate Hill	Greenwich Leisure Ltd
The Bridge Satellite Provision	Isledon Arts CIC
The Bridge Integrated Learning Space	Equans E&S Solutions Ltd (Formerly Bouyges)
City of London Primary Academy, Islington	Accent Catering
Hungerford School	CH & CO Group
London Screen Academy	

Note 1 Description of the Fund continued

c) Fund Membership

Membership of the Fund	Administering Body		Admitted Bodies		Scheduled Bodies		Total	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	No's	No's	No's	No's	No's	No's	No's	No's
Employees Contributing into the Fund	5,916	5,988	95	137	565	462	6,576	6,587
Pensioners	6,012	6,103	524	541	54	72	6,590	6,716
Widows / Children's Pensions	925	900	68	62	7	5	1,000	967
Deferred Benefits	7,482	7,833	630	616	340	405	8,452	8,854
Total	20,335	20,824	1,317	1,356	966	944	22,618	23,124

d) Funding

Contributions are credited to the Pension Fund consisting mainly of:

i. Employees' contributions ranging between 5.5% and 12.5% according to the annual earnings band an employee falls in.

ii. Employers' contributions determined by the triennial actuarial review. The last review as at 31 March 2022, effective from 1 April 2023 fixed at 18.3% of pensionable payroll costs phased over 3 years (18.3% in 2022/23).

In common with many other local authorities, the Pension Fund has a deficit.

It was agreed with the actuary that the deficit on past service should be met by separate additional lump sum payments and recovered over nineteen years.

The council made a deficit lump sum payment of £14.285m in 2023/24 to the Pension Fund in advance to fund the deficit following the triennial valuation.

iii. Upgraded Pensions relate to compensation payments (added years) made on redundancy or efficiency grounds, the index-linked increases thereon, and certain non-contributing service, which the council has treated as counting at full length in the payment of benefits. Income is transferred to the Pension Fund from the General Fund to offset these payments.

iv. Contributions are invested and used for the benefit of the Pension Fund. The investment income in the form of dividends, interest and capital realisation is paid into the Fund.

v. Transfers to and from the Fund and other organisations are permitted. Transfers within the local

government scheme are on a year for year, day for day basis but in all other transfers the money received from the organisation is used to purchase an amount of reckonable service in the local government scheme.

Note 1 Description of the Fund continued

e) Benefits

i. Benefits provided by the scheme include:

Retirement pensions at normal retirement age.

Other Types of Retirement Pension:

- Redundancy and or Efficiency subject to minimum age condition of 55
- Flexible Retirement subject to minimum age condition of 55
- Ill-Health Retirement subject to approval by the council's medical adviser

ii. Voluntary Scheme Pay, Mandatory Scheme Pay and Lifetime Allowance

Members are entitled to request the Pension Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

iii. Lump sum payments on retirement or death in service, as set out in the table below.

iv. A contributor who voluntarily leaves with less than two year's membership in the scheme will receive a refund of their pension contributions unless they choose to transfer their pension out to another pension scheme.

However, if the contributor was in the scheme before 1 April 2014, and leaves after then and has been in the scheme for three or more months but less than two years, they will have the choice of taking a refund of contributions, having a deferred pension, or transferring their pension out to another pension scheme

v. Regulations permit the council to charge administration costs and the investment managers' fees to the Fund. Administration costs represent officers' salaries and other expenses for work on scheme administration and investment-related matters and central establishment and computer recharges. The fees paid to the investment managers are their charges for managing the investments of the Fund.

	Service Pre 1 April 2008	Services Post 31 March 2008	Service Post 31 March 2014
Pension	Each year worked is worth 1/80 x pensionable salary	Each year worked is worth 1/60 x pensionable salary	Each year worked is worth 1/49 x pensionable salary
Lump sum	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Note 2 Basis of Preparation

The statement of accounts summarises the fund's transactions for the 2023/24 financial year and its positions as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (Updated in 2022/23), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. There are no Code changes affecting pension funds for 2023/24, nor new CIPFA Guidance in 2023/24.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of future liabilities to pay pensions and other benefits, which fall due after the end of the financial year.

The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 26 basis, is disclosed in Note 19 of these accounts.

The Pension Fund Accounts have been prepared on a going concern basis.

Going concern

Going concern is assessed by management using four key factors as follows:

- Investment returns, diversification, and Net Asset Values
- Cashflow forecasts and liquidity
- Membership trends
- Funding levels and delivery of agreed recovery plans

The period from April 2023 to March 2024 has seen market volatility caused by the impact of the conflict in Ukraine, consequent high energy prices, high interest rates and inflation.

The Fund performance was marginally below customised benchmark over one year period but increased in valuation by £198m.

The Fund is diversified with inflation matching assets and income generation in the short to medium term.

Cashflow forecasts confirm that for the 2023/24 financial year the Fund will not have to sell assets to meet benefit payments.

The Fund is an open fund with active membership and a sturdy level of membership from 2022/23 to 2023/24.

The 2022 valuation results showed a better funding position of 96% compared to 85% in 2019, giving assurance of being able to achieve the funding target of 100% over a 16-year recovery period.

For the reasons set out above, the administering authority is satisfied the Fund is a going concern and the financial

statements for 2023/24 have been prepared on this basis accordingly.

Note 3 Summary of Significant Accounting Policies

Fund Account – revenue recognition

A) Contributions

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employer's contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in year but unpaid will be classed as a current financial asset. Any amount not due until future years are classed as long-term financial assets.

B) Transfers

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (Note 8). Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

C) Investment Income

- **Interest income** is recognised in the Fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
- **Dividend Income** - Dividends have been accounted for on an accruals basis. Investment income on overseas investments has been converted into sterling at the rate of exchange on settlement date. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current asset.
- **Distributions from pooled funds** are recognised at the date of issue. Any amount not received by the end of the reporting period is recognised as a current financial asset in the Net Asset Statement.
- **Movement in the net market value of investments** – Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.
- **Foreign Currencies** - Foreign income has been translated into sterling at the date of the transaction. Foreign income due at the year-end has been translated into sterling at the rate ruling as at 31 March 2024.

Fund Account – expense items

D) Benefits Payable

Benefits payable and refund of contributions are brought into the accounts on the basis of valid claims approved during the year. Under the rules of the Fund, retirees receive a lump sum retirement grant in respect of any membership up to 31 March 2009, in addition to their annual pension.

Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose regarding the type or amount of benefit, then these lump sums are accounted for on an accruals basis from the date that the option is exercised. Other benefits are accounted for on the date the member leaves the Fund or on death.

E) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments incurs withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

F) VAT

Input VAT is generally recoverable on all Fund activities.

G) Mandatory Scheme Pays (MSP), Voluntary Scheme Pays (VSP) and lifetime allowance

Members are entitled to request the Pension Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

H) Expenses

Regulations permit the council to charge administration costs and the investment managers' fees to the Fund.

The Code does not require any breakdown of Pension Fund administrative expenses. However, in the interests of greater transparency, the council discloses its Pension Fund management expenses in accordance with the CIPFA guidance on accounting for Local Government Pension Scheme Management Costs.

- **Administrative expenses** - All administrative expenses are accounted for on an accrual basis. All staff costs of the pensions administration team are charged direct to the Fund. Associated management, central establishment, computer recharges, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
- **Oversight and governance costs** - All oversight and governance expenses are accounted for on an accrual basis. All staff costs associated with governance and oversight is charged direct to the Fund. Associated management advisory services, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
- **Investment management expenses** - Investment fees are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments.

Where fees are netted off returns by investment managers, these expenses are adjusted in the change of market value of investments.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at

the end of the year is used for inclusion in the Fund Account.

The costs of the council's in-house fund management team are also charged to the Fund as well as a proportion of the time spent by officers on investment management activity.

Net Assets Statement

I) Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete as at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the Fund Account.

The values of investments as shown in the Net Asset Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13. For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

- **Changes in the net market value of investments** (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.
- **Pooled Investment Vehicles** are stated at bid price for funds with bid/offer spreads or single price

where there are no bid/offer spreads as provided by the investment manager.

- **Managed funds** and Unit trusts are valued at the price quoted by their respective managers on the last trading day of the year, which is determined by the market value of the underlying investments.
- **Private Equity** is valued using the latest audited valuation and is carried at fair value. This is adjusted for any capital calls/distributions that have taken place since the date of the statement. Unquoted investments for Private Placements and Infrastructure are priced using discounted cash flow methodology.

J) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

K) Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Derivative contracts' changes in fair value are included in change in market value. The Fund holds forward exchange contract consisting of an asset and liability.

L) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

M) Loans and receivables

Financial assets classed as amortised cost are carried in the Net Asset Statement at amortised cost, i.e. the outstanding principal receivable as at the year-end date plus accrued interest.

N) Financial liabilities

A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the

reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the Fund Account as part of the Change in Value of Investments.

Other financial liabilities classed as amortised cost are carried at amortised cost i.e. the amount carried in the Net Asset Statement is the outstanding principal repayable plus accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

O) Stock Lending

The Fund does not participate in stock lending.

P) Additional Voluntary Contributions

Additional Voluntary Contributions (AVCs) paid by scheme members are not included within the accounts as these are managed

independently of the Fund by specialist AVC fund providers. This is in accordance with regulation 4 (2) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016 but are disclosed for information in Note 20.

Q) Actuarial Position

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits that fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

Note 4 Critical Judgements in Applying Accounting Policies

There were no critical judgements made during 2023/24.

Note 5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations, however, actual outcomes could be different from the assumptions and estimates made. The items in the Net Asset Statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions		
Actuarial present value of promised retirement benefits.	<p>Estimation of the net liability to pay pensions and the judgements used in these estimations are carried out by the actuary, Mercer.</p> <p>The significant judgements are in regard to the discount rate used, salary increase projections, and retirement age.</p>	Change in assumptions – year ended 31 March 2024	Approx % change in liabilities	Approx monetary value £m
		0.5% p.a. decrease in discount rate	8% increase	£160m increase
		0.5% p.a. increase in salary increase rate	<1% increase	£19m increase
		0.5% p.a. increase in inflation / pension increase rate	8% increase	£157m increase
		1 year increase in member life expectancy	2% increase	£45m increase
Private equity Private debt and Infrastructure investments	<p>The Partnership's investments in Portfolio Partnerships are carried at fair value as determined in good faith by the General Partner in accordance with US GAAP.</p> <p>Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.</p>	<p>Private equity, private debt and infrastructure investments are valued at £335.2m in the financial statements. These investments were valued as at the 31 March 2024.</p> <p>These assets have been predicted a sensitivity range of 7.3% –14.2% by the performance analytics. (See Note 25b).</p>		

Note 5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty continued

Item	Uncertainties	Effect if actual results differ from assumptions
Property and Pooled Property funds	<p>Valuation techniques are used to determine the carrying amount of pooled property funds.</p> <p>Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.</p>	<p>The total Property Funds are £349.3m (including pooled property). These assets were valued as at 31 March 2024.</p> <p>Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by 4.8% (See Note 25b)</p>

Note 6 Events After the Balance Sheet Date

There have been no events after the reporting date that would have a material impact on these financial statements.

Note 7 Contributions Receivable

a) Employers' Contributions

The following table sets out an analysis of the contributions made by the council and its admitted and scheduled bodies.

Contributions receivable - Employers' contributions	Normal Contributions		Special Contributions		Strain Recovery	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
Administering Authority						
Islington Council *	49,860	54,889	-		692	3,532
Scheduled Bodies						
St Mary Magdalene Academy	290	453	-		-	
City of London Academy	164	182	-		-	
The New North Academy	110	115	-		-	
William Tyndale School	153	203	-		-	
The Courtyard School	57	76	-		-	
Elliot Foundation	186	333	-		-	
The Bridge School	656	834	-		-	
The Bridge School Academy	79	102	-		-	
Pears Family School Academy	24	36	-		-	
City of London Academy Highbury Grove	368	455	-		-	
City of London Academy, Highgate Hill	101	134	-		-	
The Bridge Satellite Provision	48	51	-		-	
City of London Primary Academy, Islington	42	47	-		-	
Hungerford School	125	142	-		-	
London Screen Academy	122	202	-		-	
Sub-Total Scheduled Bodies	2,525	3,365	-	-	-	-
Admitted bodies						
Volunteering Matters(CSV)	100	-	-		13	
Camden & Islington NHS Foundation Trust	55	53	-		-	
Braithwaite	7	7	-		-	
Pleydell	33	30	-		-	
NCP Services (Islington South)	-	13	-		-	
Brunswick	30	32	-		-	
Caterlink	151	156	-		-	
Caterlink - Pooles Park	8	3	-		-	
Equans Services Ltd	92	96	-		-	
Greenwich Leisure Ltd	31	44	-		-	
Isledon Arts CIC	19	28	-		-	
Equans E&S Solutions Ltd (Formerly Bouygues)	7	4	-		-	
Accent Catering		11	-		-	
CH & CO group (Principal Catering)	-	26				
Sub-total Admitted Bodies	533	503	-	-	13	-
Total	52,918	58,757	-	-	705	3,532

*LBI deficit lumpsum contribution of £14.285m is included in Islington Council's 2023-24 normal contributions.

Note 7 Contributions Receivable continued

b) Members' Contributions

The following table sets out an analysis of the contributions made by employees of the council and its admitted and scheduled bodies.

Contributions receivable - Members' contributions	Normal Contributions (including Added Years)	
	2022/23 £000	2023/24 £000
Administering Authority		
Islington Council	14,529	15,363
Scheduled Bodies		
St Mary Magdalene	122	152
City of London Academy	72	58
The New North Academy	29	28
William Tyndale School	41	47
The Courtyard School	29	32
Elliot Foundation	151	163
The Bridge School	176	211
The Bridge School Academy	37	36
Pears Family School Academy	10	13
City of London Academy Highbury Grove	87	101
City of London Academy, Highgate Hill	50	51
The Bridge Satellite Provision	18	21
City of London Primary Academy, Islington	16	20
Hungerford School	24	26
London Screen Academy	71	95
Sub-Total Scheduled Bodies	933	1,054
Admitted bodies		
Camden & Islington NHS Foundation Trust	8	7
Braithwaite	2	2
Pleydell	9	9
NCP Services (Islington South)	7	7
SSE Contracting Ltd (Islington Lighting)	5	5
Brunswick	7	9
Caterlink	46	42
Caterlink -Pooles Park	2	1
Eqans Ltd (Balfour Beatty)	40	36
Greenwich Leisure Ltd	20	20
Isledon ArtsCIC	9	11
Equans E&S Solutions Ltd (Formerly Bouygues)	1	1
Accent Catering	-	2
CH & CO group (Principal Catering)	-	5
Sub-total Admitted Bodies	156	157
Total	15,618	16,574

Note 8 Transfers In

2022/23 £000	Transfers in	2023/24 £000
-	Group transfers in from other schemes	-
7,866	Individual transfers in from other schemes	11,152
7,866	Total transfers in	11,152

Note 9 Other Income

Other income of £2.413m consists of pension recharges and miscellaneous fees (£2.382m in 2022/23).

Note 10 Benefits

The following table sets out an analysis of the benefits paid to former employees of this council and the scheduled bodies.

Benefits Payable	Pensions		Lump sum benefits		Lump sum death	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
Administering Authority						
Islington Council	50,347	56,162	8,758	11,733	1,381	1,742
Scheduled Bodies						
St Mary Magdalene Academy	44	43	5	-	-	-
City of London Academy	76	86	8	-	-	-
The New North Academy	28	31	-	-	-	-
William Tyndale School	25	17	-	-	97	-
The Courtyard	5	6	-	-	-	-
Tech City (Stem 6th form Academy)	1	1	-	-	-	-
Elliott Foundation Academies	5	10	-	-	-	-
The Bridge School	9	10	-	7	-	23
The Bridge Academy		2		10		
The Bridge Satellite				17		
Pears Family School Academy	1	1	-	-	-	-
City of London Academy Highbury Grove	32	36	-	-	-	-
City of London Highgate Hill	11	12	-	-	-	-
Clerkenwell	14	30	-	38	-	-
City of London Primary Academy, Islington	-		-	-	-	-
Hungerford School	7	8	-	-	-	-
Sub-Total Scheduled Bodies	258	293	13	72	97	23

Note 10 Benefits continued

The following table sets out an analysis of the benefits paid to former employees of the admitted bodies.

Benefits Payable	Pensions		Lump sum benefits		Lump sum death	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
Admitted Bodies						
Volunteering Matters (CSV)	1,306	1,419	-	-	-	-
Aquaterra	229	249	-	-	-	-
CEA	889	950	-	-	-	-
FSST	4	4	-	-	-	-
Kier Islington Ltd (Caxton)	608	630	9	-	-	-
St Lukes	2	2	-	-	-	-
Redbrick	2	3	-	-	-	-
Circle Anglia	78	83	-	-	-	-
ALA	23	31	-	16	-	-
Notting Hill Trust	16	17	-	-	-	-
Camden & Islington NHS Foundation Trust	104	132	38	93	-	-
Pleydell	14	15	-	-	-	-
SSE Contracting Ltd (Islington Lighting)	58	52	-	-	-	-
Brunswick	10	11	-	-	-	-
Southern Housing Group	10	11	-	-	-	-
Cushman & Wakefield LLP (Dunlop Haywards)	8	9	-	-	-	-
Mouchel Parkman	34	37	-	-	-	-
Caterlink	49	74	11	103	48	56
Equans Ltd (Balfour Beatty)	37	57	78	84	84	-
Kier Support Services	21	23	-	-	-	-
Breyers	8	8	-	-	-	-
Mears	93	88	315	-	-	-
Greenwich Leisure Ltd	62	78	28	53	-	-
Alliance In Partnership	5	5	-	-	-	-
Sub-total Admitted Bodies	3,670	3,988	479	349	132	56
Totals	54,275	60,443	9,250	12,154	1,610	1,821

Note 11 Payments to and on Account of Leavers

2022/23 £000	Payment to and on Account of Leavers	2023/24 £000
130	Refunds of Contributions	169
2,088	Individual Transfer	6,019
2,218	Total payments to and on account of leavers	6,188

Note 12 Management Expenses

Management Expenses		2022/23 £000	2023/24 £000
Administrative Costs	Employee Cost	1,438	1,520
	Support services	71	338
	Total Administrative Costs	1,509	1,858
Investment Management Expenses	Management Fees	10,200	8,647
	Custody Fees	38	45
	Total Investment Management Expenses	10,238	8,692
Oversight and Governance Costs	Performance Management Services	30	8
	Advisory Services Fees	268	141
	Operation and Support	30	36
	Actuarial Fees	99	109
	Audit Fees	45	85
	Total Oversight and Governance Costs	472	294
Total Management Expenses		12,219	10,929

Note 13 Income from Investments

2022/23 £000	Investment return gain / (loss)	2023/24 £000
3,764	UK Equities	(328)
7	Bonds	-
6,406	Global and emerging equities	7,412
-	Private equity	(4)
4,901	Private debt	10,055
5,266	Property	8,622
1,446	Infrastructure	3,008
4,060	Derivatives	6,630
14	Other investments and dividends	(63)
290	Cash	653
26,154	Net returns on investment	35,985

Note 14 Reconciliation Of Movements in Investments and Derivatives

Investments	Value as at 31 March 2023 £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Change in market value £000	Value as at 31 March 2024 £000
UK Equities	166	-	-	(166)	(0)
Global active equities	557,482	6,407	(92,060)	88,516	560,345
Multi Asset	45,760	-	(25,000)	1,239	21,999
Global Passive Equities	397,442	-	(171)	87,047	484,318
Fixed interest	77,645	81,676	(82,030)	9,453	86,744
Bonds	68,167	43	(250)	5,058	73,018
Property	248,057	174,908	(94,347)	(6,500)	322,118
Property - Private equities	25,060	5,451	(1,039)	(2,246)	27,227
Private equities	10,501	449	(3,615)	(365)	6,970
Private debt	104,927	27,794	(11,492)	(12)	121,217
Infrastructure - PIV	168,414	87,450	(48,338)	(467)	207,059
Sub-total	1,703,621	384,177	(358,340)	181,556	1,911,015
Derivatives - Forward FX (including spot FX)	6,709	-	-	(5,784)	925
Sub-total	1,710,330	384,177	(358,340)	175,772	1,911,939
Other Investments & Cash	26,295	-	-	-	22,941
Total Investments	1,736,625	384,177	(358,340)	175,772	1,934,881

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year including profits and losses realised on sales of investments during the year. Investments are now valued at bid price.

Note 14(a) Investment Detail

Investment Assets by Type	31 March 2023 £000	31 March 2024 £000
Fixed interest securities (valued at Bid Price)		
Fixed interest securities (valued at Bid Price)	62	61
Total Fixed interest securities	62	61
Index-linked		
UK public sector quoted	-	-
Total Index-linked	0	0
Equities (valued at Bid Price)		
UK quoted	166	-
Overseas quoted	-	-
Total Equities	166	0
Pooled investment vehicles (valued at Bid Price)		
UK Managed Funds		
Property	248,057	322,118
Pooled Multi Asset	45,760	21,999
Bond	68,105	73,018
Fixed interest	77,646	86,683
Overseas Managed Funds		
Global active equities	557,482	560,345
Global Passive equities	397,442	484,318
Private equities	10,501	6,970
Private equities -Property	25,060	27,227
Private Debt	104,926	121,217
Infrastructure Investment	168,415	207,059
Total Pooled investment vehicles	1,703,394	1,910,953
Other investment balances (valued at Amortised cost)		
Outstanding dividends & RWT	265	202
Derivatives - Forward FX	6,709	925
Cash deposits : Sterling	647	8,681
Cash deposits : Other	25,383	14,059
Total Other investment balances	33,004	23,867
Total Investment Assets	1,736,626	1,934,881

All fund managers operating the pooled investment vehicles are registered in the United Kingdom.

Note 14(b) Analysis of derivatives

Derivatives are used to hedge liabilities or hedge exposures to reduce risk to the fund. They are also used to gain exposure to an asset more efficiently than holding the underlying asset.

Settlement	Currency Code Purchased	Asset Value £000	Liability Value £000
3 Months	Euros	71	-
	Japanese Yen	212	-
	Pound Sterling		(1)
	US Dollars	745	(103)
	Total	1,029	(104)

Net Forward FX at 31 March 2024 925

Net Forward FX at 31 March 2023 6,709

Note 15 Investments exceeding 5% of net assets

The table below shows the Fund's investments which exceed 5% of net assets. These are all pooled investment vehicles, which are made up of underlying investments each of which represent less than 5%.

Security	Market value 31 March 2023 £000	% of total fund	Market value 31 March 2024 £000	% of total fund
London CIV Pooled - Newton MSCI All Country World	322,581	18.5%	298,162	15%
Aviva Lime Property UK Unit Trust	129,779	7.5%	178,436	9%
Threadneedle Pooled Investment Property AREF IPD All Balanced	90,327	5.2%	121,205	6%
Legal & General Pooled Investment Vehicle	233,378	13.4%	282,234	14%
Pantheon Infrastructure			111,211	6%
Quinbrook Infrastructure	98,656	5.7%	95,848	5%
London CIV RBC EQ RBC Bmk	166,436	9.6%	192,778	10%
L&G Paris Align Global Passive Equities	164,064	9.4%	202,084	10%

Note 16 Current Assets

31 March 2023 £000	Current Assets	31 March 2024 £000
3,266	Contributions due from Employers and Employees	7,262
27	Sundry Debtors	24
2,128	Cash Balances	12,608
5,421	Total Current Assets	19,894

Note 17 Current Liabilities

31 March 2023 £000	Current Liabilities	31 March 2024 £000
(169)	Accrued Benefits	(42)
(865)	Sundry Creditors	(831)
(1,675)	Accrued Expenses	(1,916)
(2,709)	Total Current liabilities	(2,788)

Note 18 Actuarial Position



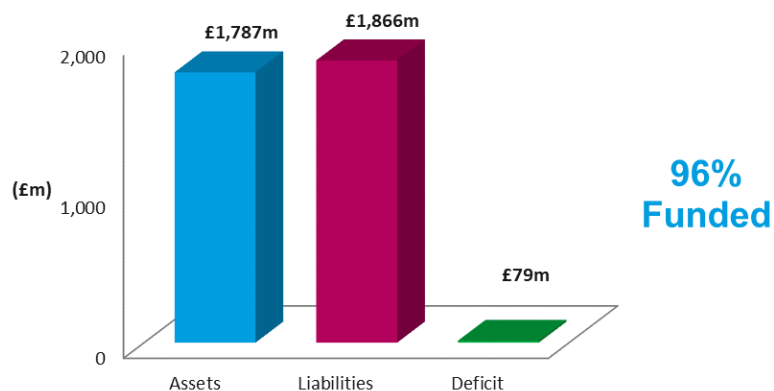
Islington Council Pension Fund

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024 - STATEMENT BY THE CONSULTING ACTUARY

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Islington Council Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £1,787 million represented 96% of the Fund's past service liabilities of £1,866 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £79 million.



The valuation also showed that a Primary contribution rate of 18.4% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus, it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the 2022 actuarial valuation the average recovery period adopted was 16 years. The total recovery payment (the "Secondary rate" for 2023/26) was, on average, an addition of approximately £5.1m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer's position is assessed separately, and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	4.65% per annum	5.10% per annum
Rate of pay increases (long-term)	4.60% per annum	4.60% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

Note 19 Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2024 (the 31 March 2023 assumptions are included for comparison):

	31 March 2023	31 March 2024
Rate of return on investments (discount rate)	4.8% per annum	4.9% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.7% per annum	2.7% per annum
Rate of pay increases	4.2% per annum	4.2% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.8% per annum	2.8% per annum

The demographic assumptions are the same as those used for funding purpose for the 2022 actuarial valuation, but with a long-term rate of life expectancy improvement of 1.5% p.a.

For the year end assumptions, we have also updated to the latest CMI tables available (CMI 2022) and applied a suitable reweighting.

Full details of the demographic assumptions are set out in the formal report on the actuarial valuations dated March 2023.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

Start of period liabilities	£1,917m
Interest on liabilities	£91m
Net benefits accrued/paid over the period*	(£12m)
Actuarial (gains)/losses (see below)	(£41m)
End of period liabilities	£1,955m

* this includes any increase in liabilities arising as a result of early retirements.

Key factors leading to the actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased slightly over the year, with a corresponding increase in discount rate from 4.8% p.a. to 4.9% p.a. The long-term assumed CPI is the same at the end of year as it was at the start of year. In combination, these factors lead to a small reduction in liabilities.
- **Change in demographic assumptions:** As noted above, the assumptions have been updated to reflect the new CMI model available. This acts to reduce the liabilities.

- **Pension increases / recent high short-term inflation:** The figures allow for the impact of the April 2024 pension increase of 6.7%, to the extent it wasn't allowed for in the 2023 statement, along with known CPI since September 2023 (which will feed into the 2025 pension increase). As inflation over the year was higher than the long-term assumption, this increases the liabilities.

Appendix - additional considerations

- **The “McCloud judgment”:** The figures above allow for the impact of the judgment based on the proposed remedy.
- **GMP indexation:** The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.
- **Covid 19 / Ukraine/Gaza conflict:** The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.
- **High inflation over last two years:** The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.

Mark Wilson

Fellow of the Institute and Faculty of Actuaries

Michelle Doman

Fellow of the Institute and Faculty of Actuaries

Mercer Limited

May 2024

Note 20 Additional Voluntary Contributions

These amounts are not included in the pension fund accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016. Total contribution paid by members during 2023/24 is £1,196,994.16 and the value of the fund as at 31 March 2024 is £3.112m.

2022/23 <i>Market Value</i> £000	Additional Voluntary Contribution	2023/24 <i>Market Value</i> £000
1,685	Prudential	2'861
168	Utmost (formerly Equitable life)	157
73	Phoenix Life (formerly NPI)	56
1,926	Total Additional Voluntary Contributions	3,074

Note 21 Contingent Assets and Liabilities

There were no contingent assets or liabilities as at 31 March 2024 (no contingent assets or liabilities as at 31 March 2023).

Note 22 Contractual Commitments

The Fund has outstanding commitments totalling £186.1 as at 31 December 2023 (£186.3m as at 31 March 2023).

Three private equity fund managers Pantheon Ventures £4.4m, Standard Life £3.6m and Pantheon GIF IV Feeder £34.3m

One fund of funds private global property manager, Franklin Templeton Fund I, II and III £25.9m.

The two Infrastructure managers, Quinbrook Infrastructure Partners and Pantheon Access, £42.8m and £7.0m respectively.

Three Private debt managers Churchill Middle Market £5.8m, Permira Credit Solutions £29.5m and Crescent Credit Solutions £32.6m.

Note 23 Related Parties

Islington Pension Fund is administered by Islington Council. As at 31 March 2024, the Pension Fund is due £0.377m from Islington Council (£0.862m as at 31 March 2023). Full contributions from the council for the year are disclosed in Note 7.

One member of the Pensions Board is in receipt of pensions benefits from Islington Council (Valerie Easmon George) and two members of the Board are active members of the Fund (Mike Calvert and George Shakey). Each member of the Pensions Board and the Pension Fund Sub-Committee is required to declare their interest at each meeting. No other declarations were made during the year.

Note 24 Key Management Personnel

The key management personnel of the Fund are the members of the Pension Fund Sub-Committee, the Corporate Director of Resources, Director of Finance, and the Head of Pensions.

2022/23 £000	Key Management Personnel costs	2023/24 £000
(168)	Short-term benefits	(136)
(24)	Post-employment benefits *	(25)
-	Termination benefits	-
(192)	Total	(161)

*Post-employment benefits are at the state retirement age

Note 25 Risk and Risk Management

The Fund's primary risk is that assets fall short of liabilities in the long-term and as a result not able to honour promised benefits to members. The Fund has identified the investment risk inherent in the predominantly equity-based strategy as its biggest risk.

The Investment Strategy adopted by the Pensions Sub-Committee to mitigate this risk includes a diversified asset allocation to include property, private equity and bonds. The equity portfolio is diversified by region and company holdings. The committee monitors managers regularly by performance benchmark and reviews strategies as markets evolve.

25a. Market Risks

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sector and individual securities. To mitigate market risk, the council and the Fund's investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

25b. Price and Currency Risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices other than those arising from interest rate risk or foreign exchange risk, whether those changes are caused by factors specific to the individual instrument or its issuer or by factors affecting all similar instruments in the market.

The Fund is exposed to share and derivative price risk. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

Note 25 Risk and Risk Management continued

Price risk

In consultation with its investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for 2023/24, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset	Final Market Value as at 31 March 2024 £000	% Change	Value on Increase £000	Value on Decrease £000
UK Equities	64,038,353	6.9%	68,444,986	59,631,720
Overseas Equities	980,931,448	11.3%	1,091,706,205	870,156,691
Total Bonds	159,701,228	10.1%	175,868,341	143,534,115
Pooled Multi Asset	21,999,032	6.7%	23,468,501	20,529,562
Cash	23,620,614	0.8%	23,821,091	23,420,136
Property	349,345,082	4.8%	366,167,362	332,522,803
Infrastructure	207,058,841	14.2%	236,409,807	177,707,875
Private Debt	121,216,603	11.4%	134,992,538	107,440,667
Private Equity	6,969,745	7.3%	7,479,948	6,459,541
Total Assets	1,934,880,946	6.8%	2,067,190,936	1,802,570,954

The % change for Total Assets includes the impact of correlation across asset classes

Asset	Final Market Value as at 31 March 2023 £000	% Change	Value on Increase £000	Value on Decrease £000
UK Equities	49,120	13.26%	55,631	42,609
Overseas Equities	905,078	10.74%	1,002,312	807,843
Total Bonds	145,750	5.71%	154,076	137,424
Pooled Multi Asset	45,760	7.43%	49,160	42,361
Cash	33,959	1.32%	34,406	33,511
Property	273,118	4.83%	286,300	259,935
Infrastructure	168,413	10.45%	186,007	150,820
Private Debt	104,927	11.92%	117,433	92,421
Private Equity	10,501	9.32%	11,479	9,522
Total Assets	1,736,626	7.81%	1,872,256	1,600,996

Note 25 Risk and Risk Management continued

Currency risk

The overseas equities are currently 50-75% hedged hence mitigating any volatility in the major currencies of the dollar, yen and euro. 75% of the overseas equities are in the basket of the passive currency overlay hedge and as such, the table below shows the aggregate currency exposure to overseas equities. A single outcome exchange rate volatility impact reflects the changes in value.

Asset Class	Final Market Value as at 31 March 2024 £000	% Change	Value on Increase £000	Value on Decrease £000
Overseas Equities	980,931,448	6.8%	1,047,839,758	914,023,138
Overseas Private Equity	6,969,745	6.8%	7,445,144	6,494,346
Overseas Infrastructure	207,058,841	6.8%	221,182,108	192,935,574
Overseas Private Debt	97,455,629	6.8%	104,102,976	90,808,282
Overseas property	27,226,637	6.8%	29,083,737	25,369,537
Total Assets	1,319,642,300	6.8%	1,409,653,723	1,229,630,877

Asset Class	Final Market Value as at 31 March 2023 £000	% Change	Value on Increase £000	Value on Decrease £000
Overseas Equities	905,078	7.30%	971,106	839,049
Overseas Private Equity	10,501	7.30%	11,267	9,735
Overseas Infrastructure	168,413	7.30%	180,700	156,127
Overseas Private Debt	104,927	7.30%	112,582	97,272
Overseas property	25,060	7.30%	26,889	23,232
Total Assets	1,213,979	7.30%	1,302,544	1,125,415

Note 25 Risk and Risk Management continued

25c. Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments. The Fund's corporate bond securities and cash are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Pensions Sub-Committee and its investment advisors regularly monitor the Fund's interest rate risk exposure during the year via its fund managers and asset allocation.

Interest rate – risk sensitivity analysis

The fund recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. Fixed interest securities, cash and cash equivalents are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

Assets Exposed to interest rate risk	Value as at 31 March 2024 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalent	36,474	36,109	36,839
Fixed interest securities	61	60	62
Total	36,535	36,169	36,901

Assets Exposed to interest rate risk	Value as at 31 March 2023 £000	Impact of 1% decrease £000	Impact of 1% increase £000
Cash and cash equivalent	35,132	34,781	35,483
Fixed interest securities	62	61	63
Total	35,194	34,842	35,546

Note 25 Risk and Risk Management continued

25d. Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The selection of high-quality fund managers, counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. There is a risk that some admitted bodies may not honour their pension obligations with the result that any ensuing deficit might fall upon the Fund. To mitigate this risk, the Fund regularly monitors receipt of contributions and the state of its admitted bodies.

25e. Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pensions Sub-Committee monitors cash flows and takes steps to ensure that there are adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings. The Fund defines liquid assets as assets that can be converted to cash within three months, subject to normal market conditions.

As at 31 March 2024, liquid assets were £1,571m representing 81% of total fund assets (£1,420m at 31 March 2023 representing 82% of the Fund at that date).

The majority of these investments can in fact be liquidated within a matter of days at a cost.

Note 26 Financial Instruments

The following table provides an analysis of the financial assets and liabilities of Pension Fund grouped into Level 1 to 3, based on the level at which the fair value is observable.

Categories of financial instrument as at 31 March 2024	Quoted Market Price	Using Observable Inputs	With Significant Unobservable inputs	Total
	Level 1 £000	Level 2 £000	Level 3 £000	
Financial Assets				
Financial assets at fair value through profit and loss				
Equities	-	-	-	-
Global Active equities	560,345	-	-	560,345
Multi Asset	21,999	-	-	21,999
Global Passive Equities	-	484,318	-	484,318
Fixed interest	86,745			86,745
Bonds		73,018		73,018
Property		322,118		322,118
Property - Private equities			27,227	27,227
Infrastructure			207,059	207,059
Private equities			6,970	6,970
Private Debt			121,217	121,217
Derivatives			925	925
Cash	22,708			22,708
Other investments / Dividends	233			233
Loans and Receivables	12,608			12,608
Total Financial Assets	704,638	879,454	363,398	1,947,490
Financial Liabilities				
Financial liabilities at fair value through profit and loss				
Financial liabilities at amortised cost	-	(42)	-	(42)
Total Financial Liabilities	-	(42)	-	(42)
Net Financial Assets	704,638	879,412	363,398	1,947,448

Note 26 Financial Instruments continued

Categories of financial instrument as at 31 March 2023	Quoted Market Price	Using Observable Inputs	With Significant Unobservable inputs	Total
	Level 1 £000	Level 2 £000	Level 3 £000	
Financial Assets				
Financial assets at fair value through profit and loss				
Equities	166	-	-	166
Global Active equities	557,482	-	-	557,482
Multi Asset	45,760	-	-	45,760
Global Passive Equities	-	397,443	-	397,443
Fixed interest	77,646	-	-	77,646
Bonds	-	68,167	-	68,167
Property	-	248,056	-	248,056
Property - Private equities	-	-	25,060	25,060
Infrastructure	-	-	168,413	168,413
Private equities	-	-	10,501	10,501
Private debt	-	-	104,927	104,927
Derivatives	-	-	6,709	6,709
Cash	26,030	-	-	26,030
Other investments / Dividends	265	-	-	265
Loans and Receivables	2,128	-	-	2,128
Total Financial Assets	709,477	713,666	315,610	1,738,753
Financial Liabilities				
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	-	(168)	-	(168)
Total Financial Liabilities	-	(168)	-	(168)
Net Financial Assets	709,477	713,498	315,610	1,738,585

Note 26 Financial Instruments continued

Valuation of financial instruments carried a fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities and quoted index linked securities.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange. Pooled funds are pooled funds with other institutions and hold individual securities, buildings or bonds and can be priced daily; as such they are classified as Level 1.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available, for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Islington Council Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuation to 31 March as appropriate.

Note 26 Financial Instruments continued

The valuation basis for each category of investment is set out below.

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 1			
Equities	The published bid market price on the final day of the accounting period.	Not required	Not required
Multi Asset	Quoted market value based on current yields.	Not required	Not required
Global active equities	Quoted market value based on current yields.	Not required	Not required
Bonds	Published exchange price at year end.	Not required	Not required
Cash Deposits	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required	Not required

Note 26 Financial Instruments continued

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 2			
Global passive equities	Closing bid price where bid and offer prices are published	Evaluated price feeds	Not required
Property	The NAV for each share class is calculated based on the market value of the underlying equity assets.	Evaluated price feeds	Not required
Bonds	Fixed income securities are priced based on evaluated prices provided by independent pricing services.	Evaluated price feeds	Not required

Note 26 Financial Instruments continued

Description of asset	Basis of valuation	Unobservable inputs	Key sensitivities affecting the valuations provided
Level 3			
Private equities (Infrastructure and Capital market)	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required.	Manager valuation statements are prepared in accordance with ECVA guidelines	Upward valuations are only considered when there is validation of the investment objectives and such progress can be demonstrated
Private equities: (Property)	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus / minus other net assets.	Properties valued on an open market basis. Valuations carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund	Upward valuations are only considered where there is validation of the investment objectives and such progress can be demonstrated. Downward valuations are enacted where the manager considers there is an impairment to the underlying investment.
Private Debt	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required.	Credit ratings and default history within the pool	Valuations could be affected by changes to expected cashflows or default in the underlying loans
Derivatives	Market forward exchange rates at the year-end	Exchange rate risk	Changes to the value of the financial instrument being hedged against

Note 26 Financial Instruments continued

Sensitivity of assets valued at Level 3

Having consulted with independent investment advisors, the Fund has determined that the valuation methods described above for Level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

	Potential Variation in fair value	Value at 31 March 2023 £000s	Potential Value on Increase £000s	Potential Value on Decrease £000s
Private Equity - overseas	7.3%	34,196	36,692	31,700
Infrastructure - PIV	14.2%	207,059	236,461	177,656
Private Debt	11.4%	121,217	135,035	107,398
Total		362,472	408,189	316,754

	Potential Variation in fair value	Value at 31 March 2022 £000s	Potential Value on Increase £000s	Potential Value on Decrease £000s
Private Equity - overseas	9.3%	35,560	38,873	32,247
Infrastructure - PIV	10.4%	168,413	186,006	150,819
Private Debt	5.7%	104,927	110,921	98,933
Total		308,900	335,800	282,000

A sensitivity analysis on the whole portfolio or class will be inappropriate. Islington does not have a large portfolio of alternatives classed under level 3 and a change in valuation of the level 3 underlying investments will not have a significant impact on the whole portfolio.

Reconciliation of Fair Value Measurements within Level 3

Reconciliation of assets within Level 3	Value at 31 March 2023 £000	Purchases during the year £000	Sales during the year £000	Change in market value during the year £000	Value as at 31 March 2024 £000
Private Equity	35,561	5,899	(4,530)	(2,734)	34,196
Infrastructure - PIV	168,413	87,450	(47,014)	(1,791)	207,059

Private Debt	104,927	27,794	(9,488)	(2,016)	121,217
Derivatives	6,709	-	-	(5,784)	925
Total Level 3 Assets	315,608	121,143	(61,032)	(12,325)	363,397

Reconciliation of assets within Level 3	Value at 31 March 2022 £000	Purchases during the year £000	Sales during the year £000	Change in market value during the year £000	Value as at 31 March 2023 £000
Private Equity	29,724	10,333	(9,390)	4,893	35,560
Infrastructure - PIV	124,584	63,590	(42,593)	22,832	168,413
Private Debt	27,803	94,438	(9,324)	2,009	104,927
Derivatives	(5,728)	39,978	(12,026)	(15,515)	6,709
Total Level 3 Assets	176,383	198,339	(73,332)	14,219	315,608

In measuring the Level 3 investments it is possible that one or more of the inputs could change, by the valuing manager, to acceptable alternative assumptions and is disclosed in Note 5. Different earnings multiple could be used for a comparable company or industry sector for example. Whilst these changes could have a significant change in valuation, that individual change will not necessarily apply to other investments.

Note 27 Investment Assets by Fund Manager

Investment Assets by Fund Manager		31 March 2023 £000	31 March 2024 £000
London Borough of Islington In-House Fund	Equities - UK quoted - LBI self-managed	166	-
	Equities - Overseas quoted - LBI self-managed	-	-
	Cash Deposits - Sterling	610	2,579
	Cash Deposits - Other	26,109	13,781
	Other Investment Balances - Outstanding Dividends/Tax	265	202
	Bond (Fixed Interest) - UK	62	61
	Index-Linked - UK	-	-
	Pooled Funds - UK	-	-
	Total London Borough of Islington In-House Fund	27,212	16,623
Newton - London CIV	Pooled Funds - Global Active equities	322,581	298,162
	Cash Deposits - Sterling	-	-
	Cash Deposits - Other	279	276
	Other Investment Balances - Outstanding Dividends	-	-
	Total Newton	322,860	298,438
BNY Mellon	Cash Deposits - Sterling	37	6,072
	Outstanding Foreign Exchange Trades	6,709	925
	Total BNY Mellon	6,746	6,997
POLEN (prev BMO)	Global Active equities	68,466	69,406
	Cash – Other	(1,005)	-
	Total BMO	67,461	69,406
Legal & General	Pooled Investment Vehicles - Global Passive Equities	233,378	282,234
	Cash Deposits – Sterling	-	18
	Total Legal & General	233,378	282,252
L&G Paris Align	Global Passive Equities	164,064	202,084
	Cash Deposits – Sterling	-	13
	Total L&G Paris Align	164,064	202,097
Standard Life Bonds	Pooled Investment Vehicles – Bonds	68,167	73,018
Pantheon	Pooled Investment Vehicles - Private equity	1,975	1,734
Standard Life	Pooled Investment Vehicles - Private equity	8,526	5,236
Aviva Lime Property	UK Unit Trusts - Pooled Investment: Property	129,779	178,436
Threadneedle Pensions	Pooled Investment: Property	90,327	121,205
Thesis	Pooled Investment: Property	27,951	22,477
Franklin Templeton	Private equity - Pooled Investment Global Property	25,060	27,227
Schroders	Pooled Investment Multi Asset	45,760	21,999
Pantheon Infrastructure	Infrastructure	69,757	111,211
Quinbrook Infrastructure	Infrastructure	98,656	95,848
RBC/ LONDON CIV	Global Active equities	166,436	192,778
M&G AOF	Pooled Investment Managed Funds - Bonds	77,583	86,683
CHURCHILL	Private debt	54,805	59,401
Permira CS	Private debt	15,481	23,761
Crescent	Private debt	34,641	38,054
	Total Other	914,904	1,059,068
Total Investment Assets		1,736,625	1,934,881

