

London Borough of Islington Pension Fund Summary Annual Report 2017/18

Contents

Foreword: Message from the Chair	4
1: Investment report	6
1.1. Fund manager performance	
1.2. Long-term average returns	
2: Pooling	9
3. Exercising Shareholder Voting Rights	9
4. Business plan	10
5: The local government pension scheme	12
5.1. Membership	
5.2. Pension contributions	
5.3 Pension benefits	
5.4 Retirement age	
5.5 Keeping council staff up to date	
5.6 Employee non-members of LGPS	
5.7. Administration performance	
5.8 GDPR	
5.9 Contacting the pension benefits office	
6: Democratic arrangements	17
6.1 Pensions Sub-Committee	
6.2 Islington Council Local Pension Board	
6.3 Activities of the Board	
7: Funding of the pension scheme	19
7.1 Actuarial report	

8: Summary of financial report	22
8.1 Income and expenditure	
8.2 Organisations admitted into the fund	
9. Statement of responsibilities	25
10. More information	26

Foreword

Dear Pension Scheme Member

Welcome to the Islington Council pension fund annual report for the 2017/18 financial year.

In this report we set out the Fund 's recent performance and the activities undertaken to maximise the growth of the pension fund's investments and stabilise contributions to the fund.

The improving global economy, robust corporate profits and fluctuating commodity prices dictated investment sentiment. Most asset classes in the LGPS environment delivered positive returns with property delivering the best returns. Politics and Brexit were key themes with a UK snap election resulting in the government losing its majority. The effects of a weak pound, higher inflation and persistence growth led the Bank of England to increase base rate to 0.5% in November and signalled further rate rises. The fund returned 4.1% and increased its market value to £1.3billion mainly driven by our equities allocation. This led Members to implement an equity protection strategy in February 2018. This strategy should protect some of the gains from growth in equity investments since actuarial valuation in March 2017 and hence reduce the funding deficit and contributions for the next valuation in March 2020.

The London CIV, our asset pooling organisation completed a governance and investment review and consultation process in March 2018 and commenced the new governance structure implementation in July at the Annual General Meeting. Assets under management on Authorised Contractual Scheme (ACS) platform totalled £6.9bn and £9.3bn passive equities assets managed externally by Blackrock and Legal and General. The asset classes available are equities and multi asset, multi asset credit and more credit portfolios are due to be launched in 2018.

The Pensions-Sub Committee and the Pension Board continue to monitor and review Environment, Social and Governance(ESG) factors as an integral part of the Fund's strategy and its approach to being a long term investor. The Committee expects its investment managers to include information on how carbon risk is being managed within their respective portfolios as part of regular reporting for the Fund.

The Fund has reduced its exposure to carbon intensive companies and assets and has switched its passive benchmarks to low carbon variants of the standard index. The Fund's internally managed passive equities are now tracking the FTSE UK Low Carbon Index and the externally-managed passive equities are now benchmarked against the MSCI World Low Carbon Index. As a result of these changes in July and August 2017 the Fund has reduced its carbon footprint than a 'normal' equity portfolio, a reduction of 45%. The Committee is reviewing opportunities in other asset classes, to reduce the Fund's carbon footprint further.

We are actively involved in the Local Authorities Pension Fund Forum (LAPFF) which engages with individual companies and the Institutional Investors Group on Climate Change (IIGCC).

We would like to thank our in-house pension administration staff, advisors and service providers for their support during the year.

Highlights of the Fund

- The Fund returned 4.1% absolute performance against its benchmark of 2.8% and outperformed over 3 and 5 years per annum
- The market value increased by 4% to £1.3 billion
- The Fund implemented an equity protection strategy to safeguard the value of its equities to March 2020.
- The Fund has reduced its exposure to carbon intensive companies and assets by switching to low carbon variants benchmarks in passive equities.
- The Fund voted in the last quarter of the year alone at 565 annual company meetings
- We completed MIFID application and elected for professional clients' status allowing access to all investment products

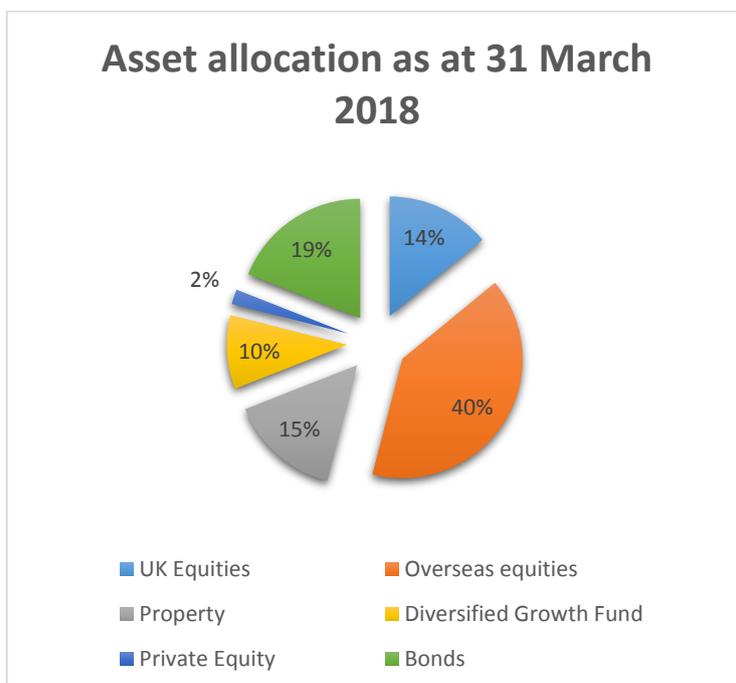
Cllr Dave Poyser

Chair of Pensions Sub-Committee

1: Investment report

The 2017/18 year saw the whole Fund deliver an absolute positive return of 4.1% and an increase in market value to £1.3bn.

During the year to 31 March 2018 the fund's asset allocation was as follows



The agreed strategic asset allocation is as follows;

Equities	Property	Diversified growth fund	Corporate bond	Infrastructure
50%	20%	10%	10%	10%

1.1. Fund manager performance (BNY Mellon Performance Services)

The table below shows our portfolio fund managers' value of assets under management and their 12- month performance to 31 March 2018

Manager	Mandate	Market value £'000	12-month return %
Islington Council Treasury team	UK equities	175,400	1.1
London LGPS CIV Allianz sub fund	Global equities	107,100	9.0

Manager	Mandate	Market value £'000	12-month return %
London LGPS CIV Newton sub fund	Global equities	191,900	1.6
Legal and General	Global equities	147,200	2.1
BMO(1)	Emerging/ Frontier equities	74,800	n/a
Standard Life	Corporate bonds	248,500	1.6
Aviva	Property	64,300	8.1
Columbia Threadneedle	Property	84,800	10.3
Franklin Templeton	Property	18,800	0.7
Standard Life	Private equity	19,800	5.3
Pantheon	Private equity	6,500	21.9
Hearthstone	Property	27,700	4.2
Schroders	Multi Asset	128,500	5.2
BNY Mellon(2)	Cash deposits	6,900	n/a
LGIM	Investment Fund	31,800	n/a
Total Market Value		1,334,000	

(1) BMO portfolio commencement May 2017

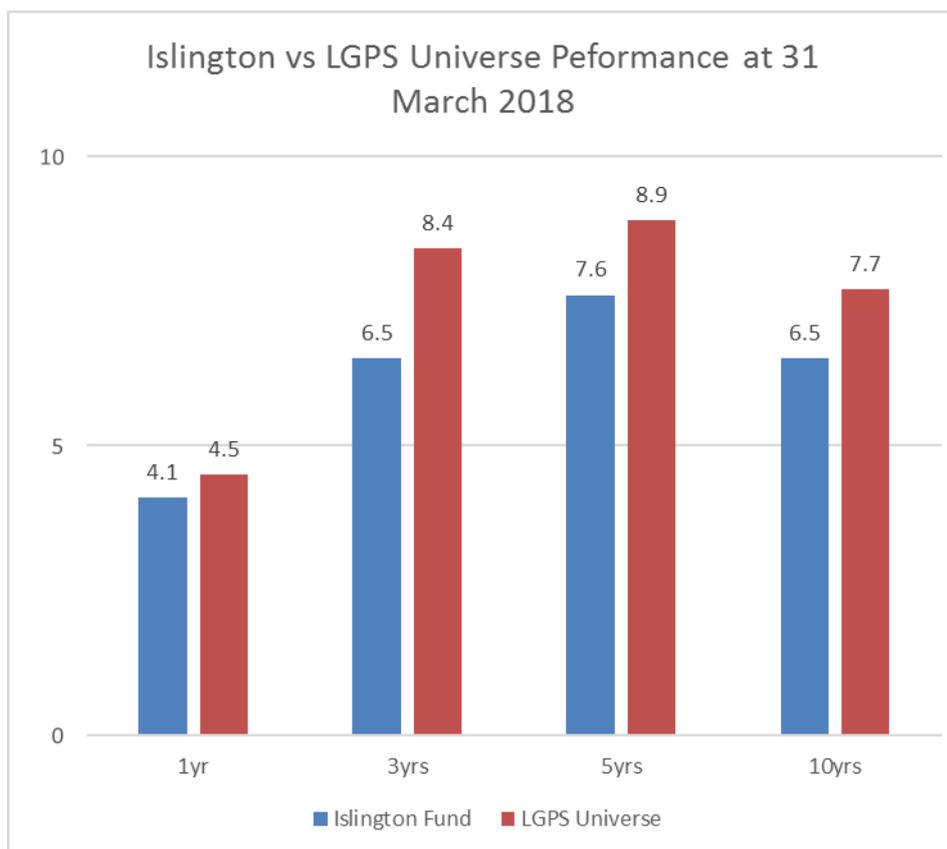
(2) BNY Mellon hedge overseas equities holdings/LGIM equity investment fund

1.2 It is important to look at average performance over the longer term. The following table shows the average annual return achieved by the fund over one, three, and five, years compared to its customised benchmark.

Period	1 year	3 year	5 year
Fund return per annum %	4.1	6.5	7.6
Benchmark%	2.8	5.9	7.3

Over the 20- year period the fund has returned 5.6% per annum in absolute terms.

1.2.1 The 2017/18 year saw the average local authority fund return just over 4.5%. Asset returns were tightly grouped with bonds, equities and alternatives returning 1%, 4%, and 6% respectively for the year. Property was the best performing asset class returning 10% for the year. Sterling appreciated during the year and hence funds that hedged overseas currencies added value. The Islington Council pension fund also compares itself against its peers through the league table compiled by the Local Authority Pension Performance Analytics. The graph below shows the pension fund compared to the average performance of the universe over the 1, 3, 5 and 10 year periods.



The Fund's performance has been disappointing compared to its peers mainly because of poor performance of our equity managers in 2017 however over the long term it has been less volatile and more importantly outperformed inflation and the actuarial assumption on asset growth.

The 10 Top Holdings in our segregated equity accounts are listed in the table below as at 30 June 2018.

INSTITUTION	MARKET VALUE (£'000s)
ROYAL DUTCH SHELL PLC	14,676
HSBC HOLDINGS PLC	9,735
GLAXOSMITH	7,635
BP	5,095
BRITISH AMER ICA	4,914
DIAGEO PLC	4,718
ASTRAZENECA PLC	4,559
MICROSOFT COM	3,980
RIO TINTO	3,825
GLENCORE	3,539

It is worth noting that due to the Fund's low carbon strategy and restructuring our holdings in Royal Dutch Shell and BP has reduced from 2017 levels (£20.7m and £10.2m respectively).

2: Pooling

Islington is one of 33 London local authorities who have become active participants in the London CIV programme. The CIV has been constructed as a FCA regulated UK Authorised Contractual Scheme (ACS). The ACS is composed of two parts: the Operator and the Fund. A limited liability company (London LGPS CIV Ltd) has been established, with each participating borough holding a nominal £1 share. The London CIV received its ACS authorisation in November 2015.

Since then it has secured regulatory approval, established a team of 16 staff and by the end of this year will have brought £14bn of LLAs assets under LCIVs oversight. In the current year, there will be an annualised £6m of savings to the LLAs in management fees as a result of the work of the CIV. This puts the CIV some way ahead of the other pooled funds that are currently being established.

Islington has three funds managed on the LCIV platform; global active equities valued at £299m and global passive equities of £147.2m. As more funds and asset classes become available and meet our needs we will look to transfer more assets.

3. Exercise of shareholder rights -voting

3.1 The Pensions Sub-Committee takes its responsibilities as a company shareholder seriously and exercises its votes at company AGMs/EGMs wherever practically possible. The Sub-Committee uses the Corporate Governance Service provided by Pension Investments Research Consultants (PIRC), and casts votes at all UK, European and North American company AGMs in line with PIRC recommendations unless the Council decides otherwise

3.2 The table below lists the voting record by region at company annual meetings for the quarter ending 31 March 2018

	UK & British Overseas	Europe & Global EU	Rest of the World	Total
For	377	65	4	446
Abstain	19	1	0	20
Oppose	90	7	0	97
Non-Voting	0	1	0	1
Withdrawn	1	0	0	1
Total	487	74	4	565

4: Business plan

The Myners principles and compliance forms part of Islington Pension Fund's published Statement of Investment Principles. The Pensions Sub Committee agreed a four-year business plan to March 2019 in compliance with Myners Principle 1, 'Effective decision-making through a forward looking business plan'.

4.1 The key objectives of the four- year business plan, last reviewed in June 2017 are listed below along with actions taken to June 2018:

- ◆ To achieve best practice in managing our investments in order to ensure good long-term performance, sustainability of the Fund value for money and a reduction in managers' fees wherever possible and pursue new investment opportunities
Actions:
 - Actuary presented an update on Equity gains and its impact on funding level
 - Members agreed to reallocate £50m from its bond portfolio to the HLV property
 - An equity protection strategy was implemented in February 2018 to March 2020 with the payment of a one off premium
 - The independent adviser service was retendered and an initial 5year contract awarded to Allenbridge MJ Hudson
 - Members agreed to be elected for professional client status and completed the necessary application for MIFID II effective from 3 Jan 2018.
 - A speaker from Carbon Trust presented at Annual meeting in Oct'17

- ◆ To continually improve our administration in order to deliver an excellent and cost effective service to all Fund Members
Actions:
 - Annual benefit statements are due out before 29 August.
 - Pension Board discussed bulk transfer commutation and requested further analyses on the data.
 - Pension Board gave their communication comments on a frequent asked question (FAQ) page in the 2017 Annual report and received and noted the pension fund year- end accounts

- ◆ To engage with companies as an active and responsible investor with a focus on good corporate governance and environmental sustainability, whilst achieving a financial return for the fund and addressing societal impact
Actions:
 - Work with LAPFF and IIGCC,,and the LCIV continues
 - Members received a presentation from Mercer on ESG rating and climate risk assessment of our existing fund managers, this becoming a basis for monitoring and reporting.
 - Received a presentation from PIRC on LAPFF engagement and governance
 - Low carbon property workplace fund manager presented to Members in June 2017

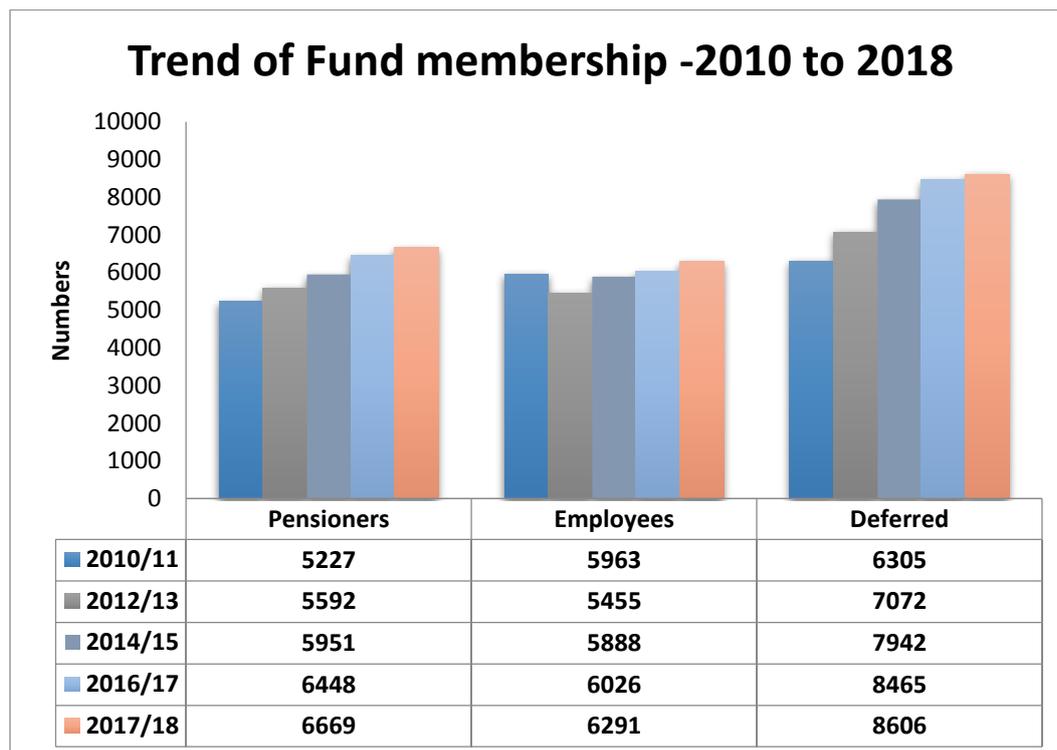
- ◆ To actively monitor and challenge poor performance in managers and to pursue new investment opportunities
Actions:

- Alternative residential investment provider presented to Members in June 2017
 - Members expressed interest in 3rd party fund of fund managers on infrastructure implementation and received a manager presentation as training
 - Training sessions before and during and committee meetings continue.
- ◆ To develop collaboration opportunities with other funds for sharing of services and pooling
- Officers are collaborating with 2 other interested local authorities in a joint tender for infrastructure
 - The LCIV gave a presentation to Members on progress and outlined priorities for 2018.
 - Members gave their comments on the consultation of the LCIV governance review and new structure was agreed at their July AGM.

5: The local government pension scheme

5.1. Membership

The scheme membership continues to grow year on year. Deferred members and pensioners are increasing at the expense of active employees. The profile from 2010 to 2018 is shown below.



The total membership over the same period is as follows:

March 2010	16,796
March 2011	17,495
March 2012	17,690
March 2013	18,119
March 2014	19,005
March 2015	19,781
March 2016	20,387
March 2017	20,939
March 2018	21,566

5.2 Benefits

The LGPS is referred to as a 'defined benefit' scheme.

The Pension earned for any period before 1 April 2014 is calculated on the pensionable pay over the final 12 months (termed 'final pay') to the leaving/retiring date. For membership to 31 March 2008 the Pension calculation is final pay x years and days of service x 1/80, and for membership from 1 April 2008 to 31 March 2014 the Pension is final pay x years and days of service x 1/60.

For membership in respect of service from 1 April 2014 the Pension calculation is the pensionable pay for each year thereafter x 1/49, with the Pension earned revalued annually to account for inflation. In respect of membership from April 2014 the LGPS is now termed a Career Average Revalued Earnings ('CARE') pension scheme.

The Pension calculation for a scheme member who joined the LGPS before 1 April 2008 will be the total for the three periods mentioned in the preceding paragraphs.

Since April 2014 there has been an option, for a limited period, of a half rate contribution and pension arrangement, but after the limited period re-enrolment in the full scheme applies.

The LGPS is a 'funded', which means that the Council is required to maintain a separate pension fund comprising investments, from which benefits are paid. These investments provide the growth and income with which to pay the benefits.

The "defined benefits" are guaranteed and do not vary depending on investment performance, which means they are stable and more predictable for scheme members, who can plan their retirement around this security.

The core benefits of the scheme are:

- a guaranteed pension as explained above
- a tax free lump sum of three times the annual pension earned in respect of scheme membership to 31 March 2008
- life assurance cover of three times a member's' yearly pay from the first day of joining the scheme
- a pension for spouses, Civil Partners, co-habiting partners and children
- pension entitlement paid early if a member has to stop work due to permanent ill health
- pensions increases in line with inflation (measured by the Consumer Prices Index).

5.3 Pension contributions

The employee pension contribution percentage is according to the pay band applicable. For example, a pension contribution of 6.5% of pay applies where annual salary is in the range £21,201.00 to £34,400.00 a year. A person on £30,000.00 a year (£2,500.00 a month) pays £162.50 a month in pension contributions, but income tax relief is given by deducting the contribution from taxable pay so £162.50 a month costs £130.00 net if the tax rate is 20%.

A part-time worker falls into the band relating to annual part-time pay.

The contribution rates that currently apply, depending on the annual salary band, is shown below.

Annual pay range	Employee contribution rate (%)
Up to £14,100	5.5
£14,101 to £22,000	5.8
£22,001 to £35,700	6.5
£35,701 to £45,200	6.8
£45,201 to £63,100	8.5
£63,101 to £89,400	9.9
£89,401 to £105,200	10.5
£105,201 to £157,800	11.4
More than £157,800	12.5

5.4 Retirement age

Since April 2014 there has no longer been a standard scheme retirement age in the LGPS; instead each person has an individual normal pension age which is the date of entitlement to State Pension. The State Pension age is being changed for women so that before the end of the decade there will be a common age of 65 for both men and women, and rising thereafter to age 66 and beyond. To find out your own state pension age please see the following link: www.gov.uk/calculate-state-pension

5.5 Keeping up to date

Information regarding the LGPS provisions is provided on the Council's internal 'Izzi' site, and also on the external website for those who do not have access to the intranet site.

There are full details on the website regarding the LGPS.:

<https://www.islington.gov.uk/about-the-council/apply-for-a-job/council-pension-scheme>

5.6 Employees who are not members of the LGPS

There are many advantages in being a member of the LGPS. 'Auto-enrolment' rules mean that employees who opt-out of the scheme are 're-enrolled' every three years. The next re-enrolment date for those who have opted-out is 1st April 2019.

5.7 Pension administration performance

The table below gives the data for the average performance for the year to 31 March 2018, in respect of the main procedures.

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	79	95%	92.41%	4.38

Retirement benefits	5	189	95%	89.95%	4.11
Pension estimates	10	366	95%	92.90%	7.41
Preserved benefit calculations	15	260	95%	83.85%	12.00
Transfer-in quotation	10	35	95%	85.71%	9.11
Transfer-in actual	10	21	95%	85.71%	10.00
Transfer out quotation	15	69	95%	91.30%	13.00
Transfer out actual	12.5	13	95%	100.00%	1.23

Over the period, 89.34% of the 1,633 processes undertaken by the Pensions Administration team were completed within the target days.

5.8 GDPR

The General Data Protection Regulation (GDPR) is a new set of European Union (EU) regulations which was implemented in the UK on 25 May 2018. The GDPR replaces the Data Protection Act 1998. These regulations extend rights for individuals in relation to the personal data an organisation holds about them and the use of that personal data. GDPR also sets an obligation on organisation for stronger data management. Islington Council Pension Fund in compliance with GDPR has issued on its website a Privacy Notice to its members. This explains how personal information is obtained and going to be used, what it is used for, who it might be shared with and why, and for how long it is kept. More information on our Privacy Notice is available at:

<https://www.islington.gov.uk/jobs-and-careers/privacy-notice-islington-council-pension-fund>

5.9 Contacts - Pension benefits office

If you have any enquiries or wish to know more about your own pension benefits position, please contact the Pensions benefits staff at:

Pensions section, Third floor, 7 Newington Barrow Way, London N7 7EP

Queries can be made to the Pensions Officer who deals with the alphabetical range that includes your surname:

Surname range

A – CARS
 CART – GOP
 GOR – MACH

Telephone enquiries

020 7527 2993
 020 7527 2409
 020 7527 6733

Email enquiries

sarah.watts@islington.gov.uk
 algie.theodoric@islington.gov.uk
 romel.senior-walcott@islington.gov.uk

MACK – Q
R – SO
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020 7527 2165
020 7257 2320
020 7527 2167

partricia.assam@islington.gov.uk
yonatan.worku@islington.gov.uk
kelly.thompson@islington.gov.uk

6: Democratic arrangements

6.1 Pensions Sub-Committee

For 2017/18 the Pensions Sub-Committee were responsible for all decision making on pensions matters and stewardship of the pension fund. The Chair and Members of the sub-committee after Elections in May 2018 are:

Membership

Cllr Dave Poyser (Chair)
Cllr Andy Hull (Vice Chair)
Cllr Sue Lukes
Cllr Michael O'Sullivan

Substitutes

Cllr Mouna Hamitouche MBE
Cllr Angela Picknell
Cllr Flora Williamson
Cllr Jenny Kay

Other Representatives:

Four trade union observers
Pensioner representative Marion Oliver / vacant
Observer from Volunteering Matters (An 'admitted body')

Fund Investment Advisors:

Mercer
MJ Hudson Allenbridge

Fund Actuary:

Mercer

Fund Custodian:

BNY Mellon

Performance Monitoring:

BNY Mellon

Corporate Governance Research and Voting Advice Service:

Pension Investments Research Consultants

6.2. Islington Council Local Pension Board

In accordance with the Public Service Pensions Act 2013 the Islington Council Local Board (ICLPB) was established on 1 April 2015 for the purposes of assisting the Pensions Sub-Committee:

- to secure compliance with the LGPS Regulations and other legislation relating to the governance and administration of the LGPS, and the requirements imposed by the Pension Regulator in relation to the LGPS; and
- to ensure the effective and efficient governance and administration of the LGPS

The membership of the board is as follows:

Councillor Paul Smith	Employer representative- Chair
Maggie Elliot – Governor at COLAHG, Hargrave Park and Montem-Drayton Primary School	Employer representative-Vice Chair
George Sharkey, GMB	Member representative
Mike Calvert, Unison	Member representative
Marion Oliver/ co- rep vacant	Retired members representative
-	Employer representative
David Bennett- (resigned in September 2018)	Independent member

The Board's terms of reference specify that the Board shall meet bi-annually and normally on the same date as the Pensions Sub-Committee, in order that its deliberations may be taken into account in relation to relevant items on the agenda of the Pensions Sub-Committee.

For the municipal year 2017/18, the Board met on 5 September 2017 and 5 March 2018. Members receive copies of agenda and reports of the pension sub-committee and vice versa.

6.3 Activities of the Board

- (i) The Board agreed a work plan in 2016/17 to focus on
- Its own training, knowledge and understanding
 - Reviewing fund risks and internal systems and controls
 - Employer and member communications
 - Reporting regulatory breaches
 - Key performance indicators for administration of the Fund
- (ii) They received a presentation from the Fund actuary on trivial commutation and agreed that officers undertake further analyses and only proceed if savings would outweigh the extra administration cost
- (iii) They were notified of a breach; the late availability of annual benefit statement. Action taken to notify the regulator, notify members and steps put in place to mitigate another occurrence was agreed at their September meeting.
- (iv) They also considered the London CIV consultation on their proposed governance structure and relayed their views to the pensions sub-committee.

Copies of minutes and agenda items can be found on the council external website

<http://democracy.islington.gov.uk>

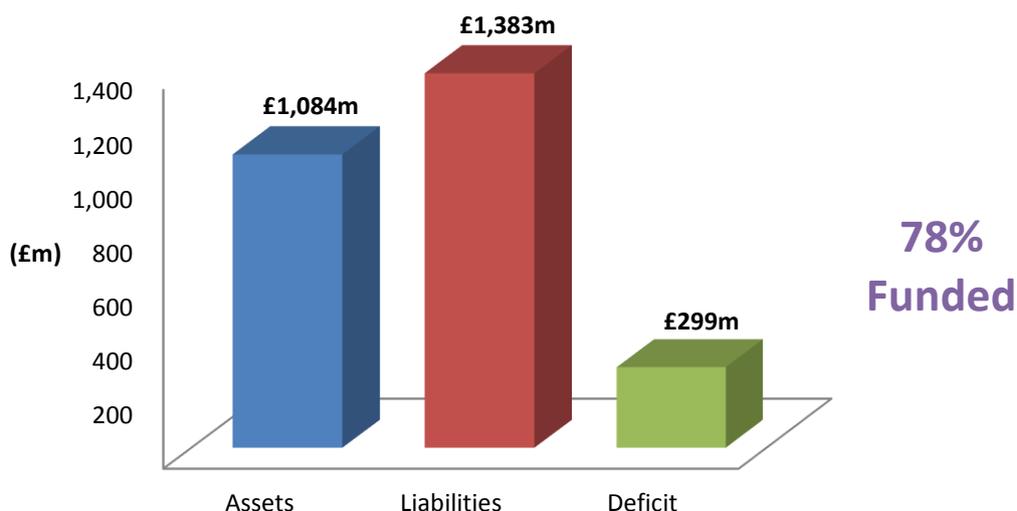
7. Funding of the pension scheme

7.1 Accounts for the year ended 31 March 2018 - 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 2016 to determine the contribution rates with effect from 1 April 2017 to 31 March 2020.

On the basis of the assumptions adopted, the Fund's assets of £1,084 million represented 78% of the Fund's past service liabilities of £1,383 million (the "Funding Target") at the valuation date. The deficit at the valuation was therefore £299 million.



The valuation also showed that a Primary contribution rate of 14.7% 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 Funding Strategy Statement (FSS) is to achieve and then 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 (or contribution reductions to refund any surplus). The Secondary rate of the employer's contribution is an adjustment to the Primary rate to arrive at the overall rate the employers are required to pay.

The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average deficit recovery period is 22 years, and the total initial recovery payment (the “Secondary rate”) for 2018/19 is approximately £8.7 million (which also includes allowance for some employers to phase in any increases).

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2017.

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 for certain employers) 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 Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	4.4%/4.5% per annum**	4.95% per annum
Rate of pay increases (long term)*	3.7% per annum	3.7% per annum
Rate of increases in pensions in payment (in excess of GMP)	2.2% per annum	2.2% per annum

* allowance was also made for short-term public sector pay restraint over a 4 year period.

**depending on covenant strength, as agreed with the Administering Authority

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2019. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2020.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

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 2018 (the 31 March 2017 assumptions are included for comparison):

	31 March 2017	31 March 2018
Rate of return on investments (discount rate)	2.5% per annum	2.6% per annum
Rate of CPI Inflation / Care Revaluation	2.3% per annum	2.1% per annum
Rate of pay increases*	3.8% per annum	3.6% per annum
Rate of increases in pensions in payment (in excess of GMP) / deferment	2.3% per annum	2.2% per annum

* includes a corresponding allowance to that made in the latest formal actuarial valuation for short-term public sector pay restraint.

The demographic assumptions are the same as those used for funding purposes. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2017.

During the year, corporate bond yields rose slightly, resulting in a higher discount rate being used for IAS 26 purposes at the year-end than at the beginning of the year (2.6% p.a. versus 2.5% p.a.). The expected rate of long-term rate of CPI inflation decreased during the year, from 2.3% p.a. to 2.1%. Both of these factors served to decrease the liabilities over the year.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2017 was estimated as £2,101 million. Interest over the year increased the liabilities by c£53 million, and allowing for net benefits accrued/paid over the period also increased the liabilities by c£19 million (after allowing for any increase in liabilities arising as a result of early retirements/augmentations). There was then a decrease in liabilities of £82 million due to "actuarial gains" (i.e. the effects of the changes in the actuarial assumptions used, referred to above).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2018 is therefore £2,091 million.

Ian Kirk

Fellow of the Institute and Faculty of Actuaries

Clive Lewis

Fellow of the Institute and Faculty of Actuaries

Mercer Limited

June 2018

8: Summary of financial report

8.1 Income and expenditure for 2017/18

The net assets of the scheme were worth £1,307 million. This is an increase of 4% compared to last year.

Employees' contributions totalled £11.9million compared to 11.6million in 2016/17

Employers' contributions amounted to £33.3 million compared to the £35.9 million in the previous year. The £2.6million decrease was mainly attributable to a much reduced early retirement capital cost.

Pensions paid totalled £44.6 million compared to £42.3million in 2016/17, a rise of 5.4%.

As at 31 March 2018 the total income into the fund was £66.3million against an expenditure of £59.6 million. This means that the fund was able to meet all its commitments from contributions and investment income.

The detailed reporting of the pension fund accounts for 2017/18 forms part of the council's annual statement of accounts which include the statement of responsibilities and covers all the council services. This can be found at www.islington.gov.uk/accounts.

8.2 Lists of the scheduled and admitted bodies to the fund

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. Lists of the scheduled and admitted bodies to the fund are detailed below:

Organisation	Employer
Islington Council	Administering Authority
St Mary Magdalene Academy	Scheduled Body
City of London Academy Islington	Scheduled Body
William Tyndale Primary School	Scheduled Body
The New North Academy	Scheduled Body
St Mary Magdalene Academy: the Courtyard	Scheduled Body
Tech City College (formerly Stem 6th)	Scheduled Body
Elliot Foundation	Scheduled Body

The Family School	Scheduled Body
The Bridge Integrated Learning Space	Scheduled Body
The Bridge School	Scheduled Body
The Bridge Satellite Provision	Scheduled Body
City of London Academy Highbury Grove	Scheduled Body
City of London Primary Academy, Islington	Scheduled Body
Clerkenwell Parochial CofE Primary School	Scheduled Body
City of London Academy, Highgate Hill	Scheduled Body

Volunteering Matters (formerly CSV)	Admitted Body
Camden & Islington NHS Foundation Trust	Admitted Body
SSE Contraction Ltd (Islington Lighting)	Admitted Body
Southern Housing Group	Admitted Body
Braithwaite	Admitted Body
Pleydell	Admitted Body
Engie Services Ltd(Cofely Workplace Ltd)	Admitted Body
Caterlink	Admitted Body
NCP Services (Islington South)	Admitted Body
RM Education	Admitted Body
Breyer Group	Admitted Body
Mears Ltd	Admitted Body
Greenwich Leisure Ltd	Admitted Body
W J Catering	Admitted Body
Isledon Arts CIC	Admitted Body
Pabulum	Admitted Body

There are also fifteen other admitted bodies that do not currently have any active members. These are:

London Property Maintenance

FSST

St Lukes

Association of London Authorities (ALA)

Family Services Unit (FSU)

Redbrick

Brunswick

Cushman & Wakefield

Kier Islington

Mouchel Parkman

Cambridge Education Associates (CEA)

Notting Hill Housing Trust

Aquaterra

Kier Support Services

Circle Anglia

9: Statement of responsibilities

The London Borough of Islington as Administering Authority of the London Borough of Islington Pension Fund is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Corporate Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

Responsibilities of the Corporate Director of Finance

The Corporate Director of Finance is responsible for the preparation of the Pension Fund Statement of Accounts in accordance with proper practices as set out in CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing this Statement of Accounts, the Corporate Director of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice, except where otherwise stated.

The Corporate Director of Finance

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Responsible Financial Officer's Certificate:

I certify that the Accounts set out on pages 25-60 have been prepared in accordance with proper practices and present fairly the transactions of the London Borough of Islington Pension Fund during the year ended 31 March 2018 and financial position of the Fund at that date of its assets and liabilities, other than liabilities to pay pensions and benefits accruing after the year end.



Alan Layton

Service Director Financial and Asset Management (Section 151 Officer)

10: More information and comments

More information about the pension fund is on izzi at My Employment> Pay and conditions> Pensions

If you have any questions or comments, please contact the pensions fund team

Email: pensions@islington.gov.uk

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