



ISLINGTON SCHOOLS FORUM

Chair: Abi Misselbrook-Lovejoy
c/o Governor Services
222 Upper Street
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SCHOOLS FOUUM

MEETING DATE	26 November 2020
AGENDA ITEM: 9	Schools Pension Fund Costs 2021/22
RECOMMENDATIONS	That Schools Forum note the increase in the employer rate for non-teaching staff in the Islington Council Pension Fund to 22.1% in 2021/22 following the most recent valuation by an independent actuary.

1 Background

- 1.1 Pensions for non-teaching staff in schools are provided through the Islington Council Pension Fund. The Council's pension fund undergoes a statutory revaluation by an independent actuary every three years (triennial valuation) in line with the Local Government Pension Scheme Regulations. The triennial valuation sets the employer contribution rates and lump sum contributions for the following three years. The last revaluation of the Council's pension fund took place in 2019/20 and set the contribution rates for 2020/21 to 2022/23 financial years.
- 1.2 At the last valuation the Council's pension fund had a deficit of £249m representing 15% of the value of the scheme liabilities. This shortfall is not untypical when compared to other local government pension schemes across the country. The funding shortfall is determined by the actuary with reference to the life expectancy and earning potential of scheme members at postcode level and expected growth in the fund through employee and employer contributions and the investment of the fund's assets. In accordance with the Local Government Pension Scheme Regulations, the Council has a strategy in place to make good the shortfall over a specified period and this has been certified by the actuary.

2 Pension Fund Costs

- 2.1 The employer rate for schools is currently 18.9% for non-teaching staff in the Council's pension fund. At the last revaluation the primary employer contribution rate increased to 22.1% from 1 April 2020. The revaluation came through too late to be applied to maintained schools in the current financial year – instead this is being met from a historic balance of pension fund contributions (this balance arose when the lump sum in relation to schools was phased out and replaced with a single employer contribution rate between 2015/16 and 2017/18. Schools Forum agreed that this balance should be held to phase in any future increases in the contribution rate). The new employer rate of 22.1% will therefore apply to non-teaching staff in schools in the Council's pension fund from 1 April 2021. The next pension fund revaluation is due in 2022/23 with effect from 1 April 2023.

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