

# **London Borough of Islington Pension Fund Summary Annual Report 2015/16**



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# Foreword

Dear Pension Scheme Member

Welcome to the Islington Council pension fund annual report for the 2015/16 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.

In the 2015/16 financial year all equity markets with the exception of North America produced negative returns while bonds were subdued with an aggregate return in single figures. Alternative investments enjoyed a better year with property and private equity returning double digit returns. The Fund's market value decreased by £4million to £1,083million on 31 March 2016 largely as a result of its heavy weighting to equities. Implementation of the strategy review continued during the year and Members agreed in November to amend its passive approach to emerging markets. A tender process to procure an active emerging /frontier equity manager will be concluded in Autumn 2016. The performance of our fund managers continues to be solid with absolute performance over 3 and 5 years at 6.1% and 7% respectively. We keep our strategy under review and challenge managers to outperform their targets.

The pension industry landscape continues to change. The Department of Communities and Local Government required local authorities to respond by 19th February 2016 demonstrating a commitment to asset pooling following up with a request for a description of the progress towards formalising pooling arrangements with other authorities by 15 July 2016. The Fund is a shareholder in the London Common Investment Vehicle (CIV) set up for London local authorities to collaborate on their investments with all 33 London Boroughs now signed up. It received its FCA approval and became operational in December 2015. Islington was one of three boroughs who transferred assets in phase 1 to the CIV Allianz Global Equity Fund. The Fund and the London CIV are ahead of the game regarding asset pooling.

The results of the referendum on 24 June to leave the EU initially provided volatility in the market and a drop in the value of the pound. Markets are now more settled but the full impact on pension investments will only become clear once the two year leave negotiations are completed and the UK is no longer part of the EU.

The Pensions Sub-Committee takes its responsibilities as a company shareholder seriously and exercises its votes at company AGMs/EGMs wherever practically possible. The Fund's corporate governance service provider is Pension Investments Research Consultants (PIRC). Votes cast at UK, European and North American company AGMs follow PIRC recommendations and is aimed to challenge companies whose performance we believe needs to improve, for example on the living wage or climate change risks. This year we have attended some UK company AGM's for example Royal Dutch Shell and Rio Tinto and co-filed a resolution at Sports Direct's AGM. 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.

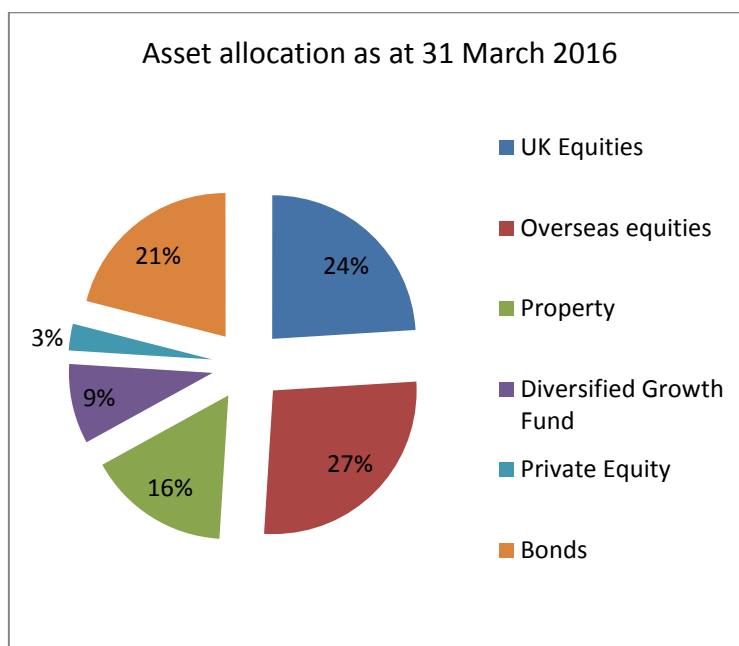
Vaughan West  
Chair of Islington Pension Board

Cllr Richard Greening  
Chair of Pensions Sub-Committee

# 1: Investment report

The 2015/16 year saw small positive total returns for the average local authority fund. Equity markets with the exception of North America produced negative returns. The weakness of sterling protected UK investors against much lower base currency returns. Bond performance was in low single figures but property continued its strong performance.

During the year to 31 March 2016 the fund's asset allocation was as follows



The Fund's target strategic asset allocation is 60% equities, 25% bonds and 15% property. The annual performance of these assets over the last 3 years is shown in the table below.

Asset type	2016 market performance	2015 market performance	2014 market performance
Equities	-2.1%	13.7%	8.4%
Bonds	1.2%	13.0%	1.6%
Property	10.5%	15.8%	11.0%

## 1.1. Fund manager performance (WM Performance Services)

The table below shows our portfolio fund managers' value of assets under management and their 12 month performance to 31 March 2016

Manager	Mandate	Market value £'000	12-month return %
Islington Council Treasury team	UK equities	257,500	-3.0
London LGPS CIV Allianz sub fund (RCM)	Global equities	75,600	-0.3

Manager	Mandate	Market value £'000	12-month return %
Newton	Global equities	152,700	2.9
Legal and General	Emerging equities	69,800	-7.9
Standard Life	Corporate bonds	220,800	0.2
Aviva	Property	55,800	6.9
Columbia Threadneedle	Property	74,200	11.9
Franklin Templeton	Property	19,700	25.3
Standard Life	Private equity	20,900	0.6
Pantheon	Private equity	16,400	6.0
BNY Mellon(1)	Cash deposits	(2,900)	n/a
Hearthstone	Property	25,800	12.8
Schroders (2)	Multi Asset	97,000	n/a
Total Market Value		1,083,300	

(1) BNY Mellon hedge overseas equities holdings

(2) Schroders were appointed in July 2015

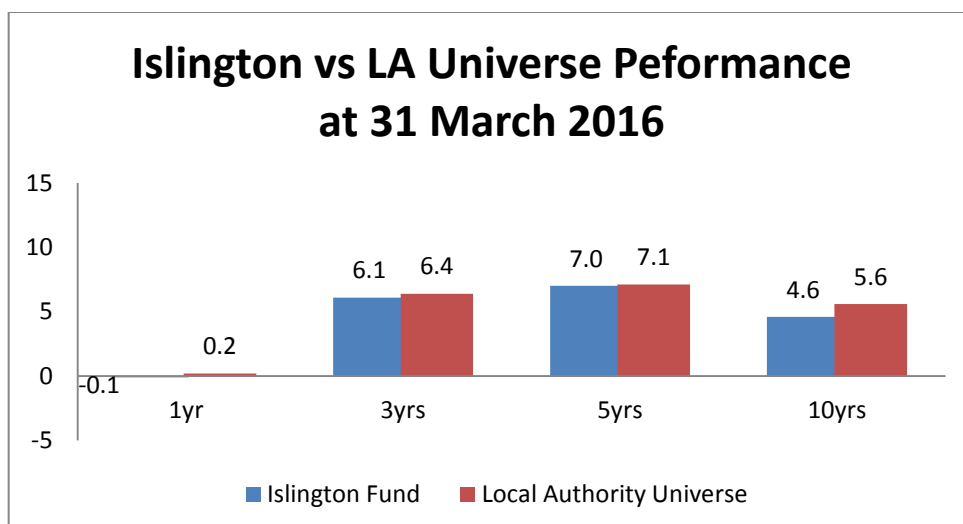
## 1.2. Long-term average returns

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, five, ten and twenty years compared to its customised benchmark.

Period	1 year	3 year	5 year	10 year	20 year
Fund return per annum %	0.1	6.1	7.0	4.6	6.5
Benchmark%	-0.4	6.1	7.2	5.6	6.6

Over the 20 year period the fund has returned 6.5% per annum in absolute terms.

The Islington Council pension fund also compares itself against its peers through the WM local authority universe. 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 has performed in line with the sector average over the longer term and returning 3.5% per annum ahead of inflation over 20 years.



## 2: 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'.

2.1 The key objectives of the four year business plan, last reviewed in June 2016 are:

- ◆ 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
- ◆ To continually improve our administration in order to deliver an excellent and cost effective service to all Fund Members.
- ◆ To engage with companies as an active and responsible investor with a focus on good corporate governance and environmental sustainability.
- ◆ To actively monitor and challenge poor performance in managers and to pursue new investment opportunities
- ◆ To develop collaboration opportunities with other funds for sharing of services

2.2 Actions taken over the year include:

- ◆ 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
  - Training sessions have been arranged in September to review assumptions and implications for 2016 Actuarial review
  - Members agreed to allocate 10% to bonds and 15% to infrastructure and social housing in November 2015
  - A proposal for an Emerging and Frontier market manager is being sought through an open tender process with a deadline of 20 June 2016.
  - Currency hedging of overseas equities was reviewed in September 2015
  - Fee reductions were negotiated with our UK commercial property manager and our Global property manager
- ◆ To continually improve our administration in order to deliver an excellent and cost effective service to all Fund Members
  - Islington Pension Board I now scrutinises admin performance and receives a semi-annual monitoring report
  - Communication on changes to LGPS are highlighted in staff bulletins and the intranet.
  - Annual benefits statements were sent out by the end of 2015

- ◆ To engage with companies as an active and responsible investor with a focus on good corporate governance and environmental sustainability.
  - Continue to work with LAPFF and IIGCC
  - Members have attended a number of AGMs of companies as shareholder to exercise our voting rights and speak to company directors
  - Members agreed to disinvest from SOCO International on the basis of its future returns, current human rights and environmental issues.
- ◆ To actively monitor and challenge poor performance in managers and to pursue new investment opportunities
  - Joint training sessions are now scheduled with the Local Islington Pension Board to keep both members abreast with investment issues
- ◆ To develop collaboration opportunities with other funds for sharing of services
  - The London CIV received its FCA approval in September 2015 and Islington moved its Allianz portfolio to the CIV platform on 2 December 2015
  - The government has now agreed that all England and Wales LGPS will now pool their assets into six funds. A pathway response on pooling timetable and cost is due in July 2016.

## 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

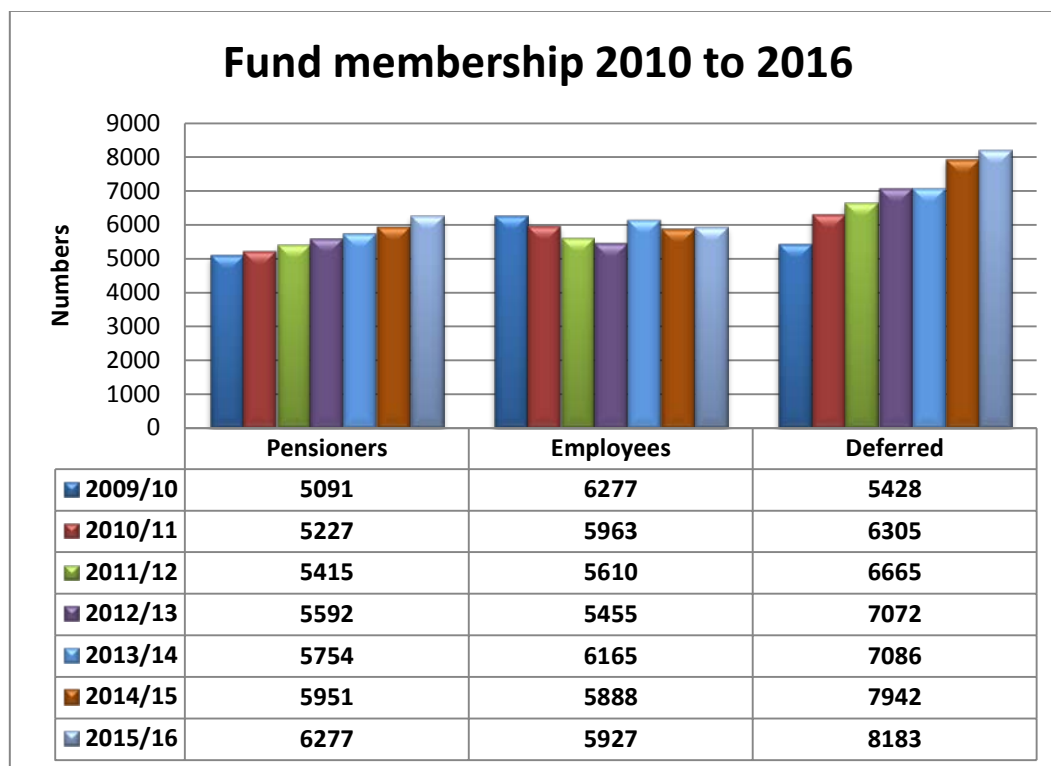
3.2 The table below lists the voting record by region at company annual meetings for the quarter ending 31 March 2016

<b>Region</b>	<b>For</b>	<b>Abstain</b>	<b>Oppose</b>	<b>Total</b>
UK & British Overseas	366	30	70	<b>466</b>
Europe & Global EU	97	8	8	<b>113</b>
USA & Canada	51	2	35	<b>88</b>
Asia	2	0	3	<b>5</b>
Japan	8	0	2	<b>10</b>
Australia & New Zealand	3	1	7	<b>11</b>
<b>Total</b>	<b>527</b>	<b>41</b>	<b>125</b>	<b>693</b>

# 4: The local government pension scheme

## 4.1. 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 2016 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

## 4.2 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).

#### **4.2.1 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.

<b>Annual pay range</b>	<b>Employee contribution rate (%)</b>
Up to £13,600	5.5
£13,601 to £21,200	5.8
£21,201 to £34,400	6.5
£34,401 to £43,500	6.8
£43,501 to £60,700	8.5
£60,701 to £86,000	9.9
£86,001 to £101,200	10.5
£100,201 to £151,800	11.4
More than £151,800	12.5

### 4.2.2 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](http://www.gov.uk/calculate-state-pension)

## 4.3 Keeping up to date

Information regarding the LGPS provisions is provided on the Council's internal 'Izzi' site, and also on the external website [www.islington.gov.uk/pensions](http://www.islington.gov.uk/pensions) for those who do not have access to the intranet site.

There are full details on the website regarding the LGPS.

### 4.3.1 Employees who are not members of the LGPS

There are many advantages in being a member of the LGPS and any person who has opted out of the scheme in the 3 year period from 1<sup>st</sup> April 2013 was re-enrolled' into the scheme on 1<sup>st</sup> April 2016'.

## 4.4 Pension administration performance

The table below gives the data for the average performance for the year to 31 March 2016, in respect of the main procedures.

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	72	95%	90.28%	3.95
Retirement benefits	5	217	95%	83.87%	4.75
Pension estimates	10	529	95%	89.79%	7.42
Preserved benefit calculations	15	142	95%	85.92%	10.30
Transfer-in quotation	10	19	95%	78.95%	9.33
Transfer-in actual	10	54	95%	81.48%	5.13
Transfer out quotation	15	36	95%	80.56%	10.98
Transfer out actual	12.5	20	95%	85.00%	6.39

Over the period, 88.35% of the 1,858 processes undertaken by the Pensions Administration team were completed within the target days.

## 4.5 Contacts

### 4.5.1 Retired Members' Representative

Thelma Harvey and Marion Oliver have taken on the role, on a shared basis, as your Representative.

The representatives will not be able to settle any difficulty you may experience regarding matters such as benefits claims or income tax problems, but they may be able to give some guidance or suggest sources of help. Contact can be made with Thelma or Marion, between the hours of **10.00 a.m. to 4.00 p.m. Monday to Friday** as follows:

Thelma Harvey -. (Email contact [thelma8a@gmail.com](mailto:thelma8a@gmail.com))

Marion Oliver –. (Email contact [marionoliverislington@outlook.com](mailto:marionoliverislington@outlook.com))

### 4.5.2 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, Second 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:

<b><u>Surname range</u></b>	<b><u>Telephone enquiries</u></b>	<b><u>Email enquiries</u></b>
A – CARS	020 7527 2993	<a href="mailto:sarah.watts@islington.gov.uk">sarah.watts@islington.gov.uk</a>
CART – GOP	020 7527 2409	<a href="mailto:algie.theodoric@islington.gov.uk">algie.theodoric@islington.gov.uk</a>
GOR – MACH	020 7527 4492	<a href="mailto:deborah.patten@islington.gov.uk">deborah.patten@islington.gov.uk</a>
MACK – Q	020 7527 2165	<a href="mailto:partricia.assam@islington.gov.uk">partricia.assam@islington.gov.uk</a>
R – SO	020 7257 2167	<a href="mailto:kelly.thompson@islington.gov.uk">kelly.thompson@islington.gov.uk</a>
SP – Z	020 7527 2800	<a href="mailto:daljit.bhangal@islington.gov.uk">daljit.bhangal@islington.gov.uk</a>

# 5: Democratic arrangements

## 5.1 Pension Sub-Committee

For 2015/16 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 are:

### Membership

Cllr Richard Greening (Chair)  
Cllr Andy Hull (Vice Chair)  
Cllr Paul Smith  
Cllr Michael O'Sullivan

### Substitutes

Cllr Satnam Gill OBE  
Cllr Mouna Hamitouche MBE  
Cllr Angela Picknell

### Other Representatives:

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

### Fund Investment Advisors:

Mercer  
Allenbridge Investment Advisers

### Fund Actuary:

Mercer

### Fund Custodian:

BNY Mellon

### Performance Monitoring:

WM Performance Services to 31 March 2016

### Corporate Governance Research and Voting Advice Service:

Pension Investments Research Consultants

## 5.2. 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 Pension 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

### 5.2.1 The membership of the board is as follows:

Vaughan West, GMB	Member representative -Chair
Councillor David Poyser	Employer representative- Vice - Chair
Mike Calvert, Unison	Member representative
Maggie Elliot - Chair of Governors at Montem Primary School	Employer representative
Marion Oliver(substitute is Thelma Harvey)	Retired members representative
David Bennett-	Independent member

5.2.2 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 2015/16, the Board met on 14 September 2015 and 11 April 2016 and an additional training day on 9 November 2015. Members receive copies of agenda and reports of the pension sub-committee and vice versa.

### **5.3 Activities of the Board**

(i) The Board have agreed and adopted a knowledge and training policy and training register as well as a breaches procedure policy and guidance

(ii) The Board received training on the code of conduct/members declaration and conflict of interest on 9 November 2015

(iii) The Board agreed a work plan for 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

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

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

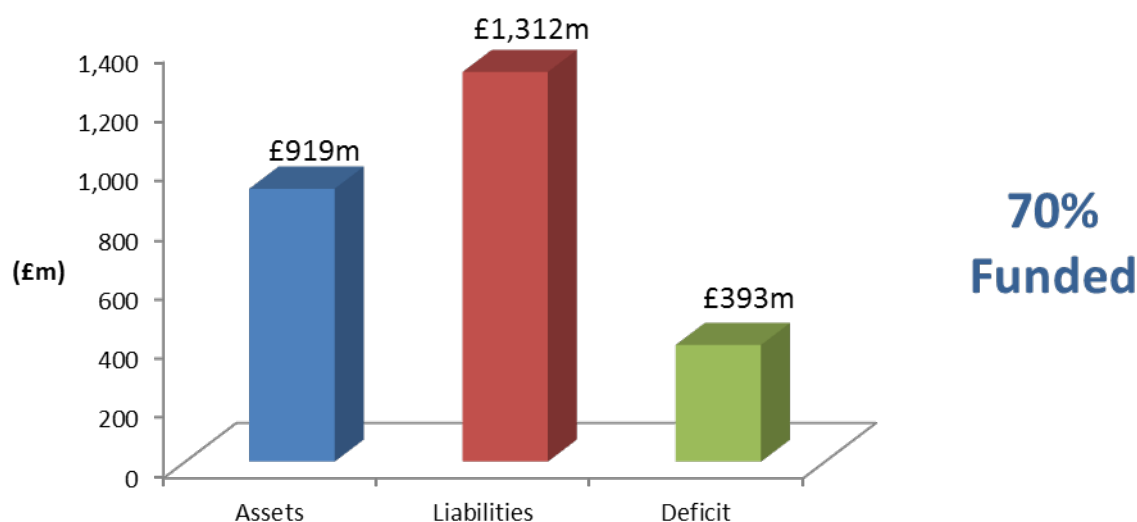
## 6. Funding of the pension scheme

### 6.1 Accounts for the year ended 31 March 2016 - 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 (Administration) Regulations 2013.

An actuarial valuation of the Islington Council Pension Fund was carried out as at 31 March 2013 to determine the contribution rates for the period 1 April 2014 to 31 March 2017.

On the basis of the assumptions adopted, the Fund's assets of £919 million represented 70% of the Fund's past service liabilities of £1,312 million (the "Funding Target") at the valuation date. The deficit at the valuation date was therefore £393 million.



The valuation also showed that a common rate of contribution of 12.8% of pensionable pay per annum was required from employers. The common rate is calculated as being sufficient in the long term, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date. It allowed for the new LGPS benefit structure which became effective from 1 April 2014.

After the valuation date, there were significant changes in financial markets. In particular there was an increase in gilt yields, which underpin the liability assessment. This improved the funding position materially to 75% with a resulting deficit of £309 million. This improvement was taken into account when setting the deficit contribution requirements for employers where required to stabilise contribution rates. On average across the Fund, the updated deficit would be eliminated by a contribution addition of £18.4m per annum increasing at 2.6% per annum (equivalent to approximately 12.3% of projected Pensionable Pay at the valuation date) for 22 years if all assumptions are borne out in practice.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2014.

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 common contribution rate were as follows:

	For past service liabilities (Funding Target)	For future service liabilities (Common Contribution Rate)
Rate of return on investments (discount rate)	4.6% per annum	5.6% per annum
Rate of pay increases	4.35% per annum*	4.35% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.6% per annum	2.6% per annum

\* allowance was also made for short-term public sector pay restraint over a 6 year period.

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2016. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2017.

### 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 2016 (the 31 March 2015 assumptions are included for comparison):

	31 March 2015	31 March 2016
Rate of return on investments (discount rate)	3.3% per annum	3.6% per annum
Rate of pay increases	3.75% per annum*	3.75% per annum*
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.0% per annum	2.0% per annum

\* includes a corresponding allowance to that made in the 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 2014.

During the year, corporate bond yields rose, resulting in a higher discount rate being used for IAS26 purposes at the year-end than at the beginning of the year (3.6% p.a. versus 3.3% p.a.). There was no change in the expected long-term rate of CPI inflation during the year, resulting in the same assumption for pension increases at the year-end than at the beginning of the year (2.0% p.a.).

The value of the Fund's promised retirement benefits for the purposes of IAS26 as at 31 March 2015 was estimated as £1,638 million.

The effect of the changes in actuarial assumptions between 31 March 2015 and 31 March 2016 as described above is to decrease the liabilities by c£80 million. Adding interest over the year increases the liabilities by c£54 million. Benefits accrued/paid over the period (including any increase in liabilities arising as a result of early retirements/augmentations) were broadly equal and so had no material net impact on the liabilities.

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2016 is therefore £1,612 million.

Ian Kirk  
Fellow of the Institute and Faculty of Actuaries  
Mercer Limited

**August 2016**



# 7: Summary of financial report

## 7.1 Admitted bodies

The accounts show that as at 31 March 2016 the fund had 40 admitted bodies, thirteen of which have frozen benefits and 20,387 members.

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

Organisation	Employer
Islington Council	Administering Authority
St Mary Magdalene	Scheduled Body
City of London Academy	Scheduled Body
William Tyndale School	Scheduled Body
New North Community School	Scheduled Body
The Courtyard School	Scheduled Body
Stem 6 <sup>th</sup> Form Academy	Scheduled Body
Elliot Foundation Academy	Scheduled Body
The Bridge ILS School	Scheduled Body
Whitehall Park School	Scheduled Body
Family School Academy	Scheduled Body
Volunteering Matters(CSV)	Admitted Body
Circle Anglia	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
Kier Support Services	Admitted Body
Cofely Workplace Ltd (Balfour Beatty)	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

There are also thirteen 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

## **7.2 Income and expenditure**

The net assets of the scheme were worth £1,083 million. This is a decrease of under 1% compared to last year.

Employees' contributions totalled £11.1 million, increase of £0.2 million over 2014/15

Employers' contributions amounted to 34.9 million compared to the £33.9 million in the previous year. The 2.9% increase was mainly attributable to pension increase order and pay awards. Pensions paid totalled £40.5 million compared to £38.7million in 2014/15, a rise of 4.6%. Pensions paid were subject to an annual inflation rise of 2.5% in April 2015.

As at 31 March 2016 the total income into the fund was £63.2.million against an expenditure of £57.1 million. This means that the fund was able to meet all its commitments from contributions.

The detailed reporting of the pension fund accounts for 2015/16 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](http://www.islington.gov.uk/accounts).

## 8: 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 22-45 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 2015 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.



Mike Curtis  
Corporate Director of Finance

## 9: 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](mailto:pensions@islington.gov.uk)

**Telephone:** 020 7527 2382

**By post:** Head of treasury and pension fund management  
Finance Department  
Islington Council  
7 Newington Barrow Way  
London  
N7 7EP

The complete 2015/16 pension annual report is available online at  
[www.islington.gov.uk/pensions](http://www.islington.gov.uk/pensions)