Report for: Pensions Committee 11th July 2016

Item number: **8**

Title: 2015/16 Draft Annual Pension Fund Accounts

**Report
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

1.1. This report presents the draft Pension Fund Annual Accounts for
2015/16. The audited accounts will be presented to Committee/ Board
in September once the auditors have completed their work.

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

3.1. That the Committee note the content of the draft annual accounts.

4. Reason for Decision

4.1. None.

5. Other options considered

5.1. None.

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6. Background information

6.1. The Local Government Pension Scheme Administration Regulations 2008 require local government pension funds to produce an annual report every year to be published by 1st December following the year end. One of the key components of the annual report is the audited pension fund accounts for the year. The pension fund accounts are also still required to be part of the Council's main accounts, even though they are audited separately. The deadline for the publication of the Council's audited accounts is 30th September each year.

6.2. At the Pensions Committee meeting on 11th April, BDO Hayward, the Council's new auditors, presented their plan detailing how they would undertake the audit of the 2015/16 accounts.

7. Contribution to Strategic Outcomes

7.1. None.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1. The comments of the Assistant Director of Finance have been incorporated in the main text of the report.

Legal

8.2. As the report confirms the Authority is required to publish a pension fund annual report in a specific format annually on or before 1 December of the year following the year end to which the annual report relates. Regulation 57 of the Local Government Pension Scheme Regulations 2013 sets out this requirement.

Equalities

8.3. There are no equalities issues arising from this report.

9. Use of Appendices

9.1. 2015/16 Draft Annual Pension Fund Accounts.

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

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11. Summary of Accounts

11.1. The below table summarises the headline financials from the draft accounts. Analysis shows that a modest rise in total contributions was offset by larger rises in benefits paid and investment management expenses. Overall, the Fund had a net expenditure of £2.98m in 2015/16 compared to £0.806m in 2014/15 resulting in a year on year increase in expenditure of £2.18m.

Income & Expenditure Analysis

	Prior Year	Reporting Period	Change in expenditure
	2014-15	2015-16	
	£'000	£'000	£'000
Contributions & Benefit related expenditure			
Income			
Employee Contributions	8,938	9,122	184
Employer Contributions	33,580	34,729	1,149
Transfer Values in	3,058	1,741	-1,317
Total Income	45,576	45,592	16
Expenditure			
Pensions & Benefits	-43,060	-44,321	-1,261
Transfer Values Paid	-3,722	-3,790	-68
Administrative Expenses	-686	-722	-36
Total Expenditure	-47,468	-48,833	-1,365
Net of Contributions & Benefits	-1,892	-3,241	-1,349
Returns on investment			
Net Investment Income	4,322	4,675	353
Investment Management Expenses	-3,236	-4415	-1,179
Net Return on Investment	1,086	260	-826
Total	**-806**	**-2,981**	**-2,175**

11.2. The increase in pension benefit paid is as a result of a rise in the number of retired members in the Fund. The number of retired members in the Fund increased by 206 from 5,998 to 6,204.

11.3. The main reason for the rise in investment management fees is due to the increase in assets managed by Pantheon Private Equity. The management fee charged by Pantheon has risen by approximately £1m between March 2015 and March 2106 due to full year effect of new draw-downs.