



<b>Report for:</b>	Corporate Committee	<b>Item number</b>	
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<b>Title:</b>	Pension Fund Annual Report and Accounts 2010/11 and ISA260 Audit report
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<b>Report authorised by :</b>	Director of Corporate Resources
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<b>Lead Officer:</b>	Nicola Webb, Head of Finance – Treasury & Pensions <a href="mailto:nicola.webb@haringey.gov.uk">nicola.webb@haringey.gov.uk</a> 020 8489 3726
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<b>Ward(s) affected:</b> N/A	<b>Report for Non Key Decision</b>
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## 1. Describe the issue under consideration

- 1.1 This report presents the audited Pension Fund Annual Report and Accounts for 2010/11 and the Annual Governance Report of the external auditors, Grant Thornton, which reports on their annual audit of the Pension Fund accounts.

## 2. Cabinet Member Introduction

- 2.1 Not applicable.

## 3. Recommendations

- 3.1 That the Committee consider the contents of this report and any further verbal updates given at the meeting from Grant Thornton.
- 3.2 That the Committee approves the Pension Fund Annual Report and Accounts for 2010-11.

## 4. Other options considered

- 4.1 None.



## **5. Background information**

- 5.1 The Local Government Pension Scheme Administration Regulations 2008 require local government pension funds to produce an annual report every year and they set out the contents of such a report. The report is required to be published by 1<sup>st</sup> December each year. 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 now audited separately. The deadline for the publication of the audited accounts is 30<sup>th</sup> September each year.
- 5.2 At the Pensions Committee meeting on 12<sup>th</sup> April 2011 Grant Thornton presented their plan detailing how they would undertake the audit of the 2010/11 accounts. The Audit Commission's statutory Code of Practice for Local Government bodies requires the external auditor to report to those charged with governance on matters arising from their audit before it is finalised.

## **6. Comments of the Chief Financial Officer and financial Implications**

- 6.1 The Pension Fund accounts have been prepared in accordance with the new International Financial Reporting Standards. The additional disclosures required concern risk and the value of liabilities. The value of liabilities figure included in the accounts is for the purpose of accounting under International Accounting Standard 19 only. It is the results of the formal funding valuation which are used to determine the funding strategy and employer contribution rates for the Pension Fund.

## **7. Head of Legal Services and Legal Implications**

- 7.1 The Head of Legal Services has been consulted on the content of this report and the annexed Annual Report and Accounts. 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 34 of the Local Government Pension Scheme (Administration) Regulations 2008 sets out this requirement and the format in which the report should be published. The annual report annexed to this report complies with the requirements of Regulation 34.

## **8. Equalities and Community Cohesion Comments**

- 8.1 There are no equalities issues arising from this report.



## **9. Head of Procurement Comments**

9.1 Not applicable

## **10. Policy Implications**

10.1 None.

## **11. Use of Appendices**

11.1 Appendix 1: Pension Fund Annual Report and Accounts 2010-11  
Appendix 2: ISA260 - Annual Governance Report, Grant Thornton  
Appendix 3: Letter of Representation

## **12. Local Government (Access to Information) Act 1985**

12.1 Not applicable.

## **13. Annual Report and Accounts 2010/11**

13.1 The annual report has been prepared in accordance with the Local Government Pension Scheme Administration Regulations 2008 and includes all the items required.

13.2 The first section of the report sets out what the management arrangements for the Pension Fund were during 2010/11 including the Pensions Committee membership and the Fund's advisers. It also includes reference to the new governance arrangements and Corporate Committee.

13.3 The following section covers investments. It sets out the investment strategy operated during the year and the resulting performance. The administration section is next describing the administration arrangements during the year and reporting on the membership. The results of the formal actuarial valuation are set out in the funding section.

13.4 The Financial report follows (details are shown below) and the appendices are the latest versions of the Pension Fund's policy statements.

13.5 The accounts are made up of the Fund Account, which shows income and expenditure during the year, the Net Assets Statement, which shows the Fund's investments and other asset and liabilities at the end of the year and the Notes to the Accounts which provide more detail



about the figures. There are two main additional disclosures in this year's accounts to reflect the introduction of International Financial Reporting Standards. These are:

- A note to describe the nature and extent of risks of the Fund's investments (Note 16);
- An annex to the financial statements setting out a calculation of the value of the Fund's liabilities on the balance sheet date.

13.6 In the Fund Account, it can be seen that net additions from dealing with members, which is effectively contributions less benefits provided £11m in the year. This was less than the £16m seen the year before. This was mainly due to an increase in benefits payable, particularly in the last quarter when more retirement lump sums were paid.

13.7 The market value of the Fund was £721m on the balance sheet date of 31<sup>st</sup> March 2011. In addition to the surplus of contributions over benefits described in 13.6 above, investment income added £8m net of investment management expenses and the increase in the value of investments added a further £38m.

#### **14. Auditor's Annual Governance Report**

14.1 The ISA260 - Annual Governance Report from Grant Thornton is attached at Appendix 2. This sets out their findings in detail. This is marked as "draft" to allow the Committee to make any comments before it is finalised. The report will be presented to the meeting by Subarna Banerjee, the Audit Director and Mitesh Tanna, the Audit Manager from Grant Thornton.

14.2 The report shows that the auditors' believe that the Pension Fund Accounts present a true and fair view of the Pension Fund's financial position. They have not requested any changes be made to the draft accounts submitted to them by officers.

#### **15. Letter of Representation**

15.1 The Director of Corporate Resources is required to sign a letter of representation to acknowledge the responsibility for the fair presentation of the information in the financial statements and the Pension Fund Annual Report. A proposed draft of this letter is shown at Appendix 3 of this report for the Committee's information.