

Report for: Pensions Committee 20th September 2016

Item number: 8

Title: Pension Fund Annual Report and Accounts

Report authorised by: Tracie Evans, Chief Operating Officer (COO)

Lead Officer: Oladapo Shonola, Head of Finance - Treasury & Pensions
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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 audited Pension Fund Annual Report and Accounts for 2015/16 and the Annual Governance Report of the external auditors, BDO, 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 BDO.

3.2 That the Committee approves the Pension Fund Annual Report and Accounts for 2015/16.

3.3 That the Chair and Chief Operating Officer are authorised to sign the letter of representation to the Auditor.

4. Reason for Decision

4.1. The Committee is required by law to approve the Annual Pension Fund Report and Accounts prior to publication.

5. Other options considered

5.1. None.

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 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 2016 BDO presented their plan detailing how they would undertake the audit of the 2015/16 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.

7. Contribution to Strategy Outcomes

- 7.1. Not Applicable

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

Finance and Procurement

- 8.1. The Chief Financial Officer is pleased to report that the Pension Fund auditors have given an unqualified audit opinion to the financial statements. One recommendation concerning the monitoring of contribution rates has been accepted.

Legal Services Comments

- 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. The annual report annexed to this report must comply with the requirements of Regulation 57.
- 8.3. Members must take into account any verbal updates given (if any) by BDO at the meeting prior to approving the Pension Fund Annual Report.

Equalities

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

9. Use of Appendices

- 9.1. Appendix 1: Pension Fund Annual Report and Accounts 2015/16
- Appendix 2: ISA260 - Annual Governance Report, BDO (Draft)
- Appendix 3: Letter of Representation

10. Local Government (Access to Information) Act 1985

- 10.1. Not applicable.

11. Annual Report and Accounts 2015/16

- 11.1. The annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013 and includes all the items required.
- 11.2. The first section of the report sets out what the management arrangements for the Pension Fund were during 2015/16 including the committee membership and the Fund's advisers. The following section covers investments setting 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 last formal actuarial valuation are set out in the funding section. The Financial report follows and the appendices are the latest versions of the Pension Fund's policy statements.
- 11.3. 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 in the Fund Accounts and the Net Assets Statements.
- 11.4. The market value of the Fund was £1,046m as at 31st March 2016, an increase of £1m from March 2015. Investments added £3m net of expenses, while benefits and other expenditure exceeds contributions and transfers in by £2m.

12. Auditor's Annual Governance Report

- 12.1. The ISA 260 - Annual Governance Report from BDO is attached at Appendix 2. This sets out their findings in detail. The report will be presented to the meeting by Leigh Lloyd- Thomas, Audit Engagement Lead

13. Internal Audit Reports

13.1. The Fund's risk register which is on the agenda will form the basis for establishing future audit plans for the Scheme/Fund. Any internal audit reports arising from such audits will be presented to Committee in due course.

14. Letter of Representation

14.1. The Chair and the Chief Financial Officer are required to sign a letter of representation to acknowledge the Council's 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.