

	<h2>Pension Fund Committee</h2> <h3>26 June 2018</h3>
<p style="text-align: center;"><b>Title</b></p>	<p><b>London Borough of Barnet Pension Fund – Annual Report and Statement of Accounts 2017/18</b></p>
<p style="text-align: center;"><b>Report of</b></p>	<p>Director of Finance</p>
<p style="text-align: center;"><b>Wards</b></p>	<p>n/a</p>
<p style="text-align: center;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: center;"><b>Urgent</b></p>	<p>No</p>
<p style="text-align: center;"><b>Key</b></p>	<p>No</p>
<p style="text-align: center;"><b>Enclosures</b></p>	<p>Appendix A – Annual Report and Accounts</p>
<p style="text-align: center;"><b>Officer Contact Details</b></p>	<p>George Bruce, Head of Treasury, CSG  <a href="mailto:george.bruce@barnet.gov.uk">george.bruce@barnet.gov.uk</a> 0208 359 7126</p>

### Summary

The Committee is required to approve the Pension Fund's Annual Report and Accounts. A draft of the accounts is attached. They are currently being audited. The Committee will be asked to approve the accounts at their July meeting. Comments are invited to be sent to the author at the above email address.

### Recommendations

1. That the committee send any comments on the draft accounts to the Head of Treasury (contact details above) by 6<sup>th</sup> July

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Pension Fund's Annual Report and Accounts for the year ended 31 March 2018 (included as Appendix A) has been drafted and is in the process of being independently audited by the Council's external auditors, BDO. The accounts form part of the London Borough of Barnet Council's Statement of Accounts.
- 1.2 The Annual Report and Accounts have been produced in accordance with Chartered Institute of Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom.
- 1.3 The Annual Report and Accounts need to be approved by the Pension Fund Committee before external audit can issue their formal opinion on the Pension Fund accounts. The draft annual report and accounts will be finalised once the external auditor has issued his formal opinion and this has been incorporated into the report. The audited accounts will be published alongside the Council's Statement of Accounts by the statutory deadline of 30 September.
- 1.4 A copy of the final annual report and accounts will be placed on the Council website, and all Fund employers will be notified. In addition, the link will be emailed to all Councillors, trade unions who represent contributing members of the Fund and on request to any other individuals or organisations.
- 1.5 As the accounts are lengthy, the Committee is being given the opportunity to send comments in advance of the next meeting when approval will be requested.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The terms of reference of the Pension Fund Committee require the Committee to approve the Annual Report and the Pension Fund Accounts.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 None

## **4. POST DECISION IMPLEMENTATION**

- 4.1 The Director of Finance will carry out any actions considered necessary.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 To ensure that the Pension Fund is being invested prudently and to the best advantage in order to achieve the required funding level. Effective monitoring of the Pension Fund by the Pension Fund Committee will ensure that long term investment targeted returns are achieved and will provide support towards the Council's corporate priorities (2015-2020). Separate reports on the agenda of

this committee include the investment performance and the Funding Strategy Statement.

## **5.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 There are no direct resources issues for the Council because of preparation of the Annual Report and Pension Fund Accounts.

## **5.3 Social Value**

5.3.1 The Public Services (Social Value) Act came into force on 31 January 2013. It requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.

5.3.2 Before they start the procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

5.3.3 The Act is a tool to help commissioners get more value for money out of procurement. It also encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems.

5.3.4 There are no specific social value issues arising out of this report, however membership of the Pension Fund ensures the long term financial health of contributing employees on retirement.

## **5.4 Legal and Constitutional References**

5.4.1 Legal – The LGPS Regulations 2013 (regulation 57) require that an administering authority must, in relation to each year beginning on 1st April 2014 and each subsequent year, prepare a document (“the pension fund annual report”) which contains:

(a) a report about the management and financial performance during the year of each of the pension funds maintained by the authority;

(b) a report explaining the authority’s investment policy for each of those funds and reviewing the performance during the year of the investments of each fund;

(c) a report of the arrangements made during the year for the administration of each of those funds;

(d) for each of those funds, a statement by the actuary who carried out the most recent valuation of the assets and liabilities of the fund in accordance with regulation 62 (actuarial valuations of pension funds), of the level of funding disclosed by that valuation;

- (e) the current version of the statement under regulation 55 (governance compliance statement);
- (f) for each of the funds, the fund account and net asset statement with supporting notes and disclosures prepared in accordance with proper practices;
- (g) an annual report dealing with:
  - (i) the extent to which the authority and the Scheme employers in relation to which it is the administering authority have achieved any levels of performance set out in a pension administration strategy in accordance with regulation 59 (pension administration strategy), and
  - (ii) such other matters arising from a pension administration strategy as it considers appropriate;
- (h) the current version of the statement referred to in regulation 58 (funding strategy statement);
- (i) the current version of the statement under regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (statement of investment principles);
- (j) the current version of the statement under regulation 61 (statements of policy concerning communications with members and Scheme employers); and
- (k) any other material which the authority considers appropriate.

5.4.2 Constitution – Article 7 - Responsibility for Functions. One of the terms of reference of the Pension Fund Committee is ‘To meet review and consider approval of the Pension Fund Statement of Accounts, income and expenditure and balance sheet or record of payments and receipts’ and ‘To receive and consider approval of the Pension Fund Annual Report’.

## 5.5 Risk Management

5.5.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met.

5.5.2 The CIPFA publication *Managing Risk in the Local Government Pension Scheme* (2012) provides more detail on the nature, identification and management of risk in the LGPS.

5.5.3 The Pension Fund’s risk register is monitored by the Pension Fund Committee and Local Pension Board.

## 5.6 Equalities and Diversity

5.6.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements and monitoring of the Pension Fund's managers will benefit everyone who contributes to the fund.

## **5.7 Consultation and Engagement**

5.7.1 The Pension Fund Annual Report and Accounts is a key communication tool for updating employers and scheme members on the activities of the pension fund.

## **5.8 Insight**

5.8.1 Not applicable

## **6. BACKGROUND PAPERS**

6.1 None