



**PENSIONS
COMMITTEE**

**SUPPLEMENTARY
PAPERS 3**

Tuesday 22 November 2022
at 7.00 pm

Pensions Committee
Tuesday 22 November 2022
Agenda

- 6 Pension Fund Annual Report and Accounts - To Follow (Pages 7 - 10)**



Title of Report	Pension Fund Report & Account 2021/22
For Consideration By	Pensions Committee
Meeting Date	22/11/2022
Classification	Public
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Ian Williams, Group Director Finance & Corporate Resources

1. **Introduction**

- 1.1. This report introduces the pre audit Annual Report and Accounts of the London Borough of Hackney Pension Fund for the year ended 31st March 2021, which are attached.

2. **Recommendations**

2.1. **The Committee is recommended to:**

- **Note this version of the Pension Fund Annual Report and Accounts**
- **Approve publication of the draft accounts and distribution to interested parties, ahead of audit and receipt of an audit certificate**

3. **Related Decisions**

- 3.1. Pensions Committee 23rd November 2021 – Pension Fund Annual Report & Accounts 2020/21.

4. **Comments of the Group Director of Finance and Corporate Resources.**

- 4.1. The Pension Fund Annual Report and Accounts sets out the financial position of the Pension Fund as at 31st March 2022 and acts as the basis for understanding the financial wellbeing of the Pension Fund. It enables Members to manage and monitor the Scheme effectively, helping to ensure that they are able to fully understand the financial implications of the decisions they make.

5. **Comments of the Director of Legal, Democratic and Electoral Services**

- 5.1. Pursuant to the Local Government Pension Scheme (Administration) Regulations 2013 (“The Regulations”), the Council, in its capacity as the

administering authority for the pension fund, is obliged to prepare a pension fund annual report. The report must be published by 1 December following the year end and must be prepared in line with the Regulations and with regard to guidance published by the Secretary of State. The requirements specified in the Regulations are set out in paragraph 6.1 of this report.

- 5.2. The Council's Constitution makes it the responsibility of the Pensions Committee to receive and approve the Annual Report prior to publication.

6. **Background to the report**

- 6.1. The Local Government Pension Scheme Regulations 2013 lay down the following requirements in respect of the Pension Fund Annual Report:

Regulation 57. —(1) 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 investment strategy under regulation 7 (investment strategy statement) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
- (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.

(2) The authority must publish the pension fund annual report on or before 1st December following the Scheme year end.

(3) In preparing and publishing the pension fund annual report, the authority must have regard to guidance given by the Secretary of State.

6.2. In 2018/19, CIPFA produced new guidance for funds on the production of the annual report; this has the status of statutory guidance in England and Wales. Guidance on the annual report was last produced in 2014; since then, asset pools, new legislation on investing, governance and benefits, and changes to year-end financial reporting have all brought new challenges and there is a continued focus on funding levels and investment management costs. Changes to the guidance since 2014 reflect national developments in terms of the following:

- New governance arrangements introduced by the Public Service Pensions Act 2013.
- CIPFA's working group on pension fund administration.
- Post Pool Reporting Guidance (for England and Wales)

The Hackney Pension Fund annual report has been prepared in line with this guidance.

6.3. The Accounts and Audit Regulations 2015 require local authorities to produce unaudited accounts by 31st May following the year end For LGPS administering authorities, the unaudited accounts must include a copy of the Pension Fund Statement of Accounts. For 2020/21 and 2021/22 the Accounts and Audit Regulations (Amendment) Regulations 2021 pushed this deadline back to 31st July.

6.4. Hackney Council's draft 2021/22 accounts (including the Pension Fund Statement of Accounts) were published by the deadline of 31st July. Work has now commenced in relation to the 2021/22 audit, and the expectation is

that this will run through from September to December with a conclusion in January 2023

- 6.5. Once formally adopted the draft Pension Fund Report and Accounts will be circulated to employers in the Pension Fund with a copy sent to the Ministry of Housing, Communities and Local Government in order to meet the 1 December deadline for the publication of the Pension Fund Annual Report and Accounts. This will be updated when the audit has been completed and audit opinion received.

Appendices

Appendix 1 - Pension Fund Report and Accounts 2021/22

Link to Appendix 1 is here:

<https://drive.google.com/file/d/1BCXJT7bHi3hFxlxnP40Vyaj69UeG4gsA/view?usp=sharing>
<https://drive.google.com/file/d/1BCXJT7bHi3hFxlxnP40Vyaj69UeG4gsA/view?usp=sharing>

Background documents

None

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