

## REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

### Pension Fund Annual Report and Accounts 2018/19

Pensions Committee  
10<sup>th</sup> September 2019

Classification  
**Public**

Ward(s) affected

**ALL**

Enclosures  
Seven

## 1. INTRODUCTION

- 1.1 This report introduces the post audit Annual Report and Accounts of the London Borough of Hackney Pension Fund for the year ended 31<sup>st</sup> March 2019, 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 and distribution to interested parties, pending a final update on asset pooling to be provided by the London CIV.

## 3. RELATED DECISIONS

- Pensions Committee 12<sup>th</sup> September 2018 – Pension Fund Annual Report & Accounts 2017/18.

## 4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

- 4.1 The Pension Fund Annual Report and Accounts sets out the financial position of the Pension Fund as at 31<sup>st</sup> March 2019 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 AND GOVERNANCE

- 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/TEXT OF 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 For 2018/19, CIPFA has 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)
- 6.3 The Hackney Pension Fund annual report is largely compliant with the new guidance, with the notable exception of some of the sections concerning asset pooling. These are due to be provided by the London CIV later in September; the annual report will be updated accordingly and distributed to the Committee for final sign-off prior to publication.
- 6.4 The audit of the Pension Fund accounts is complete and a draft certificate provided. The certificate cannot be formally issued until the auditors have completed their review of the annual report, which will be carried out once the additional pooling information is provided by the London CIV.
- 6.5 The Fund's auditors, Mazars, have issued an unqualified opinion, without modification, on the Pension Fund financial statements included within the Council's accounts. They also anticipate concluding that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of the Council.
- 6.6 The version being presented in these papers is therefore a draft version of the Pension Fund Report and Accounts 2018/19. The only remaining change to be made is the addition of the pooling information to be provided by the London CIV. The Committee are asked to approve this version, acknowledging that the required pooling information will be provided later in September. The finalised version will then be circulated to the Committee via email for final approval prior to publication.
- 6.7 Once formally adopted the 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.

Ian Williams

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**List of Appendices**

Appendix 1 – Pension Fund Annual Report 2018/19