

REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES		
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Pension Fund Annual Report and Accounts 2020/21	Classification Public	Enclosures Appendix - To follow AGENDA ITEM NO. 5
	Ward(s) affected ALL	
Pensions Committee 23rd November 2021		

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

- Pensions Committee 30th September 2020 – Pension Fund Annual Report & Accounts 2019/20.

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

- 4.1 The Pension Fund Annual Report and Accounts sets out the financial position of the Pension Fund as at 31st March 2021 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 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 In recent years, the Accounts and Audit Regulations have required that the unaudited accounts are produced on or before 31st May. For the 2019/20 accounts, with the advent of Covid19, this deadline was pushed back to 31 August. Hackney Council's draft 2019/20 accounts (including the Pension Fund Statement of Accounts) were published in mid-June although the audit opinion was not delivered until 21 October 2021, largely due to delays related to both Covid and the cyber attack suffered by Hackney Council in October 2020.

6.4 Normally, external audit of the accounts would need to be finalised by 31 July but, again because of Covid19, the audit deadline has been extended for the 2020/21 accounts to 30 September 2021. However, the audit of the Pension Fund accounts has not yet begun and it is anticipated that the audit will begin in January 2022. This is largely due to the delay in the completion of the audit of the 2019/20 accounts and the ongoing impact of the Cyber attack on the production of the Council's main accounts.

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.

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List of Appendices

Appendix 1 – Pension Fund Annual Report 2020/21 (To follow)