

Pension Fund

Pension Fund Account for the year ended 31 March 2019

2017/18 £'000		Notes	2018/19 £'000
	Dealings with members, employers and others directly involved in the fund		
41,649	Contributions receivables	7	43,725
2,654	Transfers in from other pension funds	8	1,633
44,303			45,358
(36,486)	Benefits	9	(37,834)
(3,808)	Payments to and on account of leavers	10	(3,295)
(40,294)			(41,129)
4,009	Net additions (withdrawals) from dealings with members		4,229
(4,304)	Management expenses	11	(5,523)
(295)	Net additions/(withdrawals) including fund management expenses		(1,294)
	Returns on investments		
9,331	Investment income	12	10,835
-	Taxes on Income	13	(4)
26,693	Profit and losses on disposal of investments and changes in the market value of investments	14a	16,746
36,024	Net returns on investments		27,577
35,729	Net increase (decrease) in the net assets available for benefits during the year		26,283
671,379	Opening net assets of the Fund at start of year		707,108
707,108	Closing net assets of the Fund at end of year		733,391

Net Asset Statement for the year ended 31 March 2019

£'000			£'000
-	Long Term Investments	14	150
689,295	Investment Assets	14	719,286
-	Investment Liabilities	14	-
689,295	Total net investments		719,436
18,141	Current Assets	21	14,334
(328)	Current Liabilities	22	(379)
707,108	Net assets of the Fund available to fund benefits at end of the reporting period		733,391

The financial statements summarise the transactions of the Fund and the net assets of the Fund. They do not take account of obligations to pay pensions and other benefits which fall due after the financial year end. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard IAS19 basis is disclosed at Note 19 of these accounts.

Notes to the Pension Fund

1 Description of the Fund

The Havering Pension Fund is part of the Local Government Pension Scheme and is administered by the London Borough of Havering. Responsibility for management of the Pension Fund has been delegated to the Pensions Committee and the day to day operations of the Fund have been delegated to the Statutory Section 151 officer.

The following description of the scheme is a summary only. For more details on the operation of the Pension Fund, reference should be made to the Havering Pension Fund Annual Report 2018/19 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

a) General

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

The Local Government Pension Scheme Regulations 2013 (as amended),

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended),

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Pension Fund is a contributory defined benefits scheme which provides pensions and other benefits for pensionable employees of Havering Council and a range of other scheduled and admitted bodies. Teachers, are not included as they come within another national pension scheme.

The Fund is overseen by the Local Pension Board and the London Borough of Havering Pensions Committee, which is a committee of the Havering Council.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Fund include:

Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.

Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Designated bodies, which are non-community schools, whose employer has changed from the Authority to a Board of Governors. Designated body status allows continued membership in the LGPS for non-teaching staff at non community schools.

During 2018/19 five new employers joined the Fund and two ceased.

There are 49 employer organisations with active members within the Havering Pension Fund including the Authority.

The membership profile is detailed below:

31-Mar-18		31-Mar-19
46	Number of employers with active members	49
	Number of employees in scheme	
4,746	Havering	4,686
1,745	Scheduled bodies	1,961
71	Admitted bodies	70
6,562	Total	6,717
	Number of pensioners and dependants	
5,769	Havering	5,931
462	Scheduled bodies	522
16	Admitted bodies	20
6,247	Total	6,473
	Deferred pensioners	
5,221	Havering	5,315
1,115	Scheduled bodies	1,183
48	Admitted bodies	46
6,384	Total	6,544
19,193	Total number of members in pension scheme	19,734

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the year ended 31 March 2019. Employer contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2016. Current employer contribution rates range from 17.5% to 38.2% of pensionable pay.

A secondary contribution rate (previously known as deficit amount or past service adjustment) may also be charged. This rate is either paid as a monetary value or as an additional percentage of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised in the following table:

	Service pre 1 April 2008	Service post 31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary
Lump sum	Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum is paid for each £12 is paid for each £1 of pension given up	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is adjusted annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the scheme including early retirements, disability pensions and death benefits. For more details please refer to the pension website www.yourpension.org.uk.

2 Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2018/19 financial year and its position at year end as at 31 March 2019. The accounts have been prepared in accordance with the CIPFA Code of Practice on Local *Authority Accounting in the United Kingdom 2018/19* ("the Code") which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2018/19.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net asset statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 20.

The accounts have been prepared on a going concern basis.

3 Summary of Significant Accounting Policies

Fund Account – revenue recognition

(a) Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long term financial assets.

(b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations 2013 (see note 8 and 10).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement. The date set for the transfer of assets and liabilities is the date it becomes recognised in the fund account.

(c) Investment Income

i) Interest Income

Interest income is recognised in the Fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend Income

Dividend income is recognised on the date the shares are quoted as ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iii) Distribution from Pooled Funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iv) Property- Related Income

Property related income consists primarily of rental income and is recognised at the date of issue.

v) Movement in the Net Market Value of Investments

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account – Expense Items

(d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities, providing the payment has been approved.

(e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

(f) Management Expenses

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Expenses (2016)*. All items of expenditure are charged to the fund on an accruals basis as follows:

Administrative Expenses

All staff costs of the pensions' administration team are recharged to the Fund. Associated management, accommodation and other overheads are apportioned to the Fund in accordance with Council policy and charged as expenses to the Fund.

Oversight and Governance Costs

All staff costs associated with governance and oversight are recharged to the Fund. Associated management, accommodation and other overheads are apportioned to the Fund in accordance with Council policy and charged as expenses to the Fund.

Investment Management Expenses

Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown separately in Note 11a and grossed up to increase the change in value of investments

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

The cost of obtaining investment advice from external consultants is included in investment management charges.

For officers' time spent on investment management functions a proportion of the relevant officers' salary costs have also been charged to the Fund.

(g) Lifetime Allowances

Members are entitled to request the Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduced pension.

Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

Net Assets Statement

(g) Financial Assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of assets are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the code and IFRS13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in *Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016)*.

(h) Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

(i) Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in the change in market value.

The future value of forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

(j) Cash and Cash Equivalents

Cash comprises cash in hand (Fund's Bank account) and includes amounts held by the Fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

(k) Financial Liabilities

A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised by the fund account as part of the change in value of investments.

(l) Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standards (IAS) 19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 20).

(m) Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately. The Fund has appointed Prudential and Standard Life as their AVC providers. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors.

AVCs are not included in the accounts in accordance with section 4(1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 23).

(n) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

4 Critical Judgements in Applying Accounting Policies

Pension Fund Liability

This is calculated every three years by the appointed actuary, with annual updates provided to the admitted and scheduled bodies in the Fund, as requested, in the intervening years. The methodology used in the annual updates is in line with accepted guidelines.

This estimate is subject to significant variances based on the changes to the underlying assumptions which are agreed with the actuary and are summarised in Note 19.

Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short term yield/return.

5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations, however actual outcomes could be different from the assumptions and estimates made.

The items in the net asset statement for which there is a significant risk of material adjustment in the forthcoming year are as follows

Item	Uncertainties	Effect if Actual Results differ from Assumptions	Approximate monetary amount (£m)
Actuarial present value of promised retirement benefits (Note 20)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, and expected returns on Fund's assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied	The effects on the present value of promised retirement benefits of changes in actuarial assumptions can be significant. Changes in assumptions could have the approximate following impacts on the Fund's employer liability as follows: 0.5% decrease in the real discount rate could result in an increase of 10% 0.5% increase in salary increase rate could result in an increase of 1% 0.5% increase in the pension increase rate could result in an increase of 8%	129 16 105

6 Events after the Reporting Date

Ending of the UK's Membership of the European Union

Following the above, there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK.

It is too early to estimate the impact on the financial statements, but there is likely to be significant ongoing uncertainty for a number of months while the UK renegotiates its relationships with the EU and other nations. For the purposes of these financial statements, the Referendum is considered a non-adjusting event.

7 Contributions Receivable

By category

2017/18 £'000		2018/19 £000
	Employees' contributions	
	Normal:	
5,292	Havering	5,482
1,533	Scheduled Bodies	1,641
92	Admitted Bodies	83
	Additional contributions:	
19	Havering	13
4	Scheduled bodies	-
6,940	Total Employees' Contribution	7,219
	Employers' contributions	
	Normal:	
12,608	Havering	12,930
6,073	Scheduled bodies	6,494
370	Admitted bodies	346
	Deficit funding:	
14,303	* Havering	16,220
	Augmentation	
715	Havering	324
633	Scheduled bodies	192
7	Admitted bodies	-
34,709	Total Employers' Contributions	36,506
41,649	Total Contributions Receivable	43,725

*The £16.220m deficit funding in 2018/19 reflects additional contributions made by the Authority to the Pension Fund. It consists of £11.150m secondary contributions and £5.070m in voluntary planned contributions.

By authority

2017/18 £'000		2018/19 £000
32,937	Havering	34,969
8,243	Scheduled bodies	8,327
469	Admitted Bodies	429
41,649	Total Contributions Receivable	43,725

8 Transfers in from Other Pension Funds

2017/18 £000		2018/19 £000
2,654	Individual transfers	1,633
2,654	Transfers In from Other Pension Funds	1,633

9 Benefits Payable

By category

2017/18 £000		2018/19 £000
	Pensions	
28,306	Havering	29,702
1,169	Scheduled Bodies	1,222
637	Admitted Bodies	648
30,112	Pension Total	31,572
	Commutation and Lump Sum Retirements	
4,328	Havering	4,823
864	Scheduled Bodies	501
247	Admitted Bodies	250
5,439	Commutation and Lump Sum Retirements Total	5,574
	Lump Sum Death Benefits	
831	Havering	477
104	Scheduled Bodies	165
-	Admitted Bodies	46
935	Lump Sum Death Benefits Total	688
36,486	Total Benefits Payable	37,834

By authority

2017/18 £000		2018/19 £000
33,465	Havering	35,002
2,137	Scheduled bodies	1,888
884	Admitted Bodies	944
36,486	Total Benefits Payable	37,834

10 Payments To and On Account of Leavers

2017/18 £000		2018/19 £000
46	Refunds to members leaving service	120
3,762	Individual transfers	3,175
3,808	Payments to and on Account of Leavers	3,295

At the year end there are potential liabilities of a further £0.562m in respect of individuals transferring out of the Pension Fund upon whom the Fund is awaiting final decisions (See Note 26).

11 Management Expenses

2017/18 £000		2018/19 £000
532	Administrative Costs	801
3,346	Investment Management Expenses	4,303
403	Oversight and Governance Costs	399
18	Oversight and Governance Costs - External Audit costs	16
5	Local Pension Board	4
4,304	Management Expenses	5,523

This analysis of the costs of managing the Havering Pension Fund during the period has been prepared in accordance with CIPFA guidance.

The investment management expenses above includes £0.076m (2017/18 £0.096m) in respect of performance-related fees paid/payable to the fund's investment managers. It also includes £0.358m in respect of transaction costs (2017/18 £0.122m).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of investments (see Note 14).

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled fund investments.

11a. Investment Management Expenses

2017/18 £000		2018/19 £000
3,188	Management Fees	3,895
16	Performance measurement fees	27
20	Custody fees	23
122	Transaction costs	358
3,346	Investment Management Expenses	4,303

12 Investment Income

2017/18 £000		2018/19 £000
3,577	Pooled Investments - unit trusts and other managed funds	4,841
3,260	*Income from Bonds	3,514
2,238	Pooled Property Investments	1,960
140	Income from Derivatives (Foreign Exchange Gains/(losses))	289
113	Interest on Cash Deposits	149
3	Other Income	82
9,331	Investment Income	10,835

* Income includes Index linked Interest of £0.126m (2018/19 £0.161m).

13 Taxes on Income

2017/18 £000		2018/19 £000
-	Withholding Tax	(4)
-	Taxes on Income	(4)

14 Analysis of Investments

2017/18 £000		2018/19 £000
	Investment Assets	
-	Long Term Investments	150
-		150
	Bonds - Fixed Interest Securities	
15,322	UK Public Sector quoted	13,901
68,806	UK Corporate quoted	76,084
84,128		89,985
	Bond - Index-Linked Securities	
30,857	UK Public Sector quoted	30,150
2,213	UK Corporate quoted	2,936
2,053	Overseas Public Sector quoted	-
35,123		33,086
	Equities	
-	UK Quoted	96
-		96
	Derivative Contracts	
18	Forward Currency Contracts	-
18		-
	Pooled Investment	
524,615	UK Unit trusts - Quoted	493,040
152	UK Unit Trusts - Unquoted	-
-	Overseas Other unit trusts - Unquoted	36,097
40,796	UK Pooled property investments -Unquoted	42,109
-	Overseas pooled Property investments - Unquoted	13,046
565,563		584,292
3,215	Cash deposits Managers	10,505
68	Amounts receivable for sales	-
1,172	Investment income due	1,318
8	Outstanding Dividend and Recoverable Withholding Tax	4
4,463		11,827
689,295	Total Investment Assets	719,436
	Investment Liabilities	
-	Total Investment Liabilities	-
689,295	Total Net Investments	719,436

14a. Reconciliation of movements in investments and derivatives

	Market Value at 1 April 2018	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in Market Value during the year	*Cash & Other Movements	Market Value at 31 March 2019
	£000	£000	£000	£000	£000	£000
Equities	-	84	-	(10)	22	96
Fixed Interest Securities	84,128	25,991	(21,565)	1,431	-	89,985
Index-linked Securities	35,123	8,412	(12,290)	1,841	-	33,086
Pooled Investment Vehicles	565,563	79,680	(74,278)	13,499	(22)	584,442
Derivatives – forward currency contracts	18	86,021	(86,021)	(18)	-	-
Cash Deposits (fund managers)	3,215	-	-	3	7,287	10,505
	688,047	200,188	(194,154)	16,746	7,287	718,114
Other Investment Balances	1,248	-	-	-	74	1,322
	689,295	200,188	(194,154)	16,746	7,361	719,436

	Market Value at 1 April 2017	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in Market Value during the year	Cash & Other Movements	Market Value at 31 March 2018
	£000	£000	£000	£000	£000	£000
Fixed Interest Securities	78,972	34,803	(27,813)	(385)	(1,449)	84,128
Index-linked Securities	36,940	17,293	(20,533)	(26)	1,449	35,123
Pooled Investment Vehicles	539,237	22,094	(22,917)	27,149	-	565,563
Derivatives – forward currency contracts	63	2,007	(2,007)	(45)	-	18
Cash Deposits (fund managers)	2,039	-	-	-	1,176	3,215
	657,251	76,197	(73,270)	26,693	1,176	688,047
Other Investment Balances	1,257	0	0	0	(9)	1,248
	658,508	76,197	(73,270)	26,693	1,167	689,295

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Purchases and Sales of derivatives (forward current contracts) are recognised in Note 14a above for contracts settled during the period are reported on a gross basis as gross receipts and payments.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £0.358m (2017/18 £0.122m). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles.

The investments analysed by fund managers and the market value of assets under their management as at 31 March 2019 were as follows:

14b. Investments analysed by Fund Manager

Value 31 March 2018		Manager	Mandate	Value 31 March 2019	
£000	%			£000	%
Investments managed by London CIV asset Pool:					
		London CIV	Equities Unquoted	150	0.02
		Ruffer	Pooled Absolute Return Fund	94,692	13.16
		Baillie Gifford	Pooled Global Alpha Growth Fund	138,095	19.20
		Baillie Gifford	Pooled Diversified Growth Fund	87,740	12.20
309,837	44.95	London CIV	Pooled Global equities	-	-
309,837	44.95			320,677	44.58
PLUS Life Fund Investments aligned with London CIV asset pool:					
98,879	14.34	Legal & General Investment Management	Passive UK/Global Equities/ Emerging Markets	132,172	18.37
408,716	59.29	London CIV Total		452,849	62.95
Investments managed outside of the London CIV asset Pool:					
131,077	19.02	Royal London	Investment Grade Bonds	135,062	18.77
40,796	5.92	UBS	Pooled Property	43,541	6.05
108,696	15.77	GMO Global Real Return (UCITS) Fund	Pooled Multi Asset	34,450	4.79
-	-	CBRE	Global Pooled Property	13,422	1.87
-	-	Stafford Capital	Overseas Pooled Infrastructure	7,791	1.08
-	-	JP Morgan	Overseas Pooled Infrastructure	29,241	4.06
		Churchill	Overseas Pooled Private Debt	3,072	0.43
10	0.00	Other	Other	8	0.00
280,579	40.71			266,587	37.05
689,295	100.00	Total Fund		719,436	100.00

The following investments represent more than 5% of the net assets of the Fund:

Market Value 31-Mar-18	% of total fund	Security	Market Value 31-Mar-19	% of total fund
£000	%		£000	%
126,973	18.00	London CIV Global Alpha Fund	138,095	19.20
95,216	13.00	London CIV Ruffer Absolute Return Fund	94,692	13.16
87,498	12.00	London CIV Diversified Growth Fund	87,740	12.20
49,393	7.00	LGIM All World Equity Index	54,689	7.60
49,486	7.00	LGIM FTSE RAFI AW 3000 Index	52,717	7.33
40,796	6.00	UBS Property	42,109	5.85
108,696	15.00	GMO Global Real Return (UCITS) Fund	-	-

14c. Stock Lending

We do not carry out stock lending directly. We are investors of a pooled fund with the passive equity manager, Legal and General Investment Management (LGIM), who carry out stock lending as part of the Fund's activities. Stock Lending occurs in limited number of overseas equities index funds.

The Stock Lending programme is managed and administered by the custodian of the funds (Citibank) within the risk control parameters set by LGIM. The programme has been operating for over 10 years and enjoys an indemnity from Citibank. Stocklending is only undertaken with counterparties who have satisfied the requirements in terms of market capability and minimum credit standing.

All income arising from stock lending less the custodian/administrator's costs are credited to the funds lending the stocks. LGIM does not receive any revenue from the stock lending. As at 31 March 2019, the value of quoted equities on loan was £97.6m (£75.7m 31 March 2018) These equities continue to be recognised in the fund's financial statements.

15 Analysis of derivatives

Objectives and policies for holding derivatives

Most of the holdings in derivatives are to hedge liabilities or hedge exposure to reduce risk in the Fund. Derivatives maybe used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and various investment managers.

Forward foreign currency

The Fund currently has exposure to forward currency contracts and the purpose of this is to reduce the Fund's exposure to fluctuations in exchange rates. The Fund managers who use forward currency contracts are Royal London. A breakdown of forward contracts held by the Fund as at 31 March 2019 and prior year is shown below:

Settlement	Currency Bought	Local Value	Currency Sold	Local Value	Asset Value (Unrealised Gain)	Liability Value (Unrealised Loss)
	£000	£000	£000	£000	£000	£000
Gross open forward currency contracts at 31 March 2019					-	-
Net forward currency contracts at 31 March 2019					-	-
Prior year comparative						
Gross open forward currency contracts at 31 March 2018					18	-
Net forward currency contracts at 31 March 2018					18	-

16 Fair Value Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market based information. There has been no change in the valuation techniques used during the year.

Description of asset	Value hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Pooled quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
UK Pooled instruments property funds	Level 3	Valuations carried out by the property funds external valuers, Knight Frank LLP	Market value in accordance with the "RICS" Appraisal and Valuation standards	Valuations could be affected by significant differences in rental value and rental growth
Oversea Pooled instruments property funds	Level 3	The valuation function is performed by the Alternative Investment Fund Manager (AIFM) in accordance with the AIFMD	A Pricing Committee, composed of senior members of the AIFM, is in place, who meet quarterly and is responsible for overseeing proposed adjustments to the value of investments	Valuations could be affected by significant differences in rental value and rental growth. There may be a timing difference between the date of the last reported underlying property valuation and the date of the Funds financial statements, during which the underlying property valuation may have increased or decreased by a significant amount

16 Fair Value Basis of Valuation continued

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2019.

	Assessed valuation range (+/-)	Value at 31 March 2019	Value on increase	Value on decrease
	%	£000	£000	£000
Pooled Investments – Property funds	3.40	55,155	57,030	53,280

16a. Fair Value Hierarchy

Asset and Liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2

Where quoted market prices are not available or where valuation techniques are used to determine fair value based on observable data.

Level 3

Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following tables provides an analysis of the financial assets and liabilities of the Pension Fund grouped into Levels 1 to 3, based on the level at which fair value is observable.

	Quoted Market price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2019	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets				
Financial assets at fair value through profit and loss	616,207	36,247	55,155	707,609
Loans and receivables	26,161	-	-	26,161
Total Financial Assets	642,368	36,247	55,155	733,770
Financial Liabilities				
Financial liabilities at fair value through profit and loss	(379)	-	-	(379)
Total Financial Liabilities	(379)	-	-	(379)
Net Financial Assets	641,989	36,247	55,155	733,391

16a. Fair Value Hierarchy continued

	Quoted Market price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2018	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets				
Financial assets at fair value	643,884	152	40,796	684,832
Loans and receivables	22,604	-	-	22,604
Total Financial Assets	666,488	152	40,796	707,436
Financial Liabilities				
Financial liabilities at fair value	(328)			(328)
Total Financial Liabilities				
Net Financial Assets	666,160	152	40,796	707,108

The Authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

16b. Reconciliation of Fair Value Measurement within Level 3

	Market Value 31 March 2018 £000	Transfer In/Out of Level 3 £000	Purchases £000	Sales £000	Unrealised gains/losses £000	Realised gains/losses £000	Market Value 31 March 2019 £000
Property Funds	40,796	-	13,301	(18)	1,076	-	55,155
Total	40,796	-	13,301	(18)	1,076	-	55,155

Unrealised and realised gains and losses are recognised in the profit and losses on disposal and changes in the market value of investments line of the fund account

17 Financial Instruments

(a) Classification of financial instruments

The following table analyses the carrying amounts of financial instruments by category and net asset statement heading. No financial instruments were reclassified during the accounting period.

31-Mar-18			31-Mar-19			
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£000	£000	£000		£000	£000	£000
			Financial Assets			
-	-	-	- Long Term Investments	150	-	-
-	-	-	- Equities	96	-	-
84,128	-	-	- Bonds -Fixed Interest Securities	89,985	-	-
35,123	-	-	- Bonds - Index linked securities	33,086	-	-
18	-	-	- Derivative contracts	-	-	-
524,767	-	-	- Pooled investment Vehicles	529,137	-	-
40,796	-	-	- Property	55,155	-	-
-	3,215	-	- Cash	-	10,505	-
-	1,248	-	- Other Investment Balances	-	1,322	-
-	18,141	-	- Debtors	-	14,334	-
684,832	22,604		Financial Assets Total	707,609	26,161	
			Financial Liabilities			
-	-	-	- Other Investment Balances	-	-	-
-	-	(328)	- Creditors	-	-	(379)
		(328)	Financial Liabilities Total			(379)
684,832	22,604	(328)	Grand total	707,609	26,161	(379)
	707,108				733,391	

(b) Net Gains and Losses on Financial Instruments

2017/18 £000		2018/19 £000
	Financial assets	
26,693	Fair value through profit and loss	16,746
26,693	Total	16,746

The Authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

18 Nature and Extent of Risks Arising from Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Authority manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the pension fund committee. Risk management policies are established to identify and analyse the risks faced by the authorities' pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

(a) Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held for the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the administering authority to ensure it is within limits specified in the investment strategy.

Other Price Risk – Sensitivity Analysis

Following analysis of historical data and expected investment return movements during the financial year, in consultation with Pensions & Investments Research Consultants (PIRC), it has been determined that the following movements in market price risk are reasonably possible for the 2018/19 reporting period:

If the market price of the Fund's investments had increased/decreased in line with the below, the change in the net assets available to pay benefits would have been as follows (the prior year comparator is also shown below):

Asset Type	Value as at 31 March 2019 £000	Potential market movements %	Value on Increase £000	Value on Decrease £000
Equities	96	10.10	106	86
Total Bonds	123,071	8.90	134,023	112,067
Global Pooled inc.UK	529,287	6.10	561,574	497,001
Property	55,155	3.40	57,030	53,280
Cash	10,505	0.50	10,558	10,453
Total	718,114		763,291	672,887

Asset Type	Value as at 31 March 2018 £000	Potential market movements %	Value on Increase £000	Value on Decrease £000
Fixed Interest Bonds	84,128	8.12	92,526	78,628
Index linked Bonds	35,123	14.01	38,392	28,956
Global Pooled inc.UK	524,767	4.74	549,641	499,893
Property	40,796	3.65	42,285	39,307
Cash	3,215	0.00	3,215	3,215
Total	688,029		726,059	649,999

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's direct exposure to interest rate movements as at 31 March 2019 and 31 March 2018 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest Rate Risk Sensitivity Analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy.

The analysis that follows assumes all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS (1%) change in interest rates

Assets exposed to interest rate risk	Value as at 31 March 2019	Potential movement on 1% change in interest rates	Value on increase	Value on Decrease
	£000		£000	£000
Bond Securities	123,071	1,231	124,301	121,839
Cash and Cash Equivalents	10,505	105	10,610	10,400
Cash Balances	13,698	137	13,836	13,562
Total Change in Asset Value	147,274	1,473	148,747	145,801

Assets exposed to interest rate risk	Value as at 31 March 2018	Potential movement on 1% change in interest rates	Value on increase	Value on Decrease
	£000		£000	£000
Bond Securities	119,252	1,193	117,071	114,753
Cash and Cash Equivalents	3,215	32	2,060	2,019
Cash Balances	17,658	177	12,950	12,694
Total Change in Asset Value	140,125	1,402	132,081	129,466

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

Currency Risk

Currency risk represents the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling.

Currency Risk - Sensitivity Analysis

Following analysis of historical data in consultation with Pensions & investments Research Consultants (PIRC) it has been determined that a likely volatility associated with foreign exchange rate movements is 8.9% over a rolling 36 month period.

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 8.9% strengthening and weakening of the pound against the various currencies in which the Fund holds investments would increase or decrease the net assets available to pay benefits as follows:

Currency Risk – Sensitivity Analysis

Assets exposed to currency risk	Value as at 31 March 2019	Potential Market movement	Value on increase	Value on Decrease
	£000	8.90%	£000	£000
Overseas Pooled	49,143	4,374	53,517	44,769
Overseas Cash	770	69	839	701
Total change in assets available to pay benefits	49,913	4,443	54,356	45,470

Assets exposed to currency risk	Value as at 31 March 2018	Potential Market movement	Value on increase	Value on Decrease
	£000	12.29%	£000	£000
Overseas Index Linked Bonds	2,053	252	2,306	1,801
Overseas Cash	1	-	-	-
Total change in assets available to pay benefits	2,054	252	2,306	1,801

(b) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Cash not needed to settle immediate financial obligations are invested by the Authority in accordance with the Treasury Investment Strategy. The Treasury Investment Strategy sets out the criteria for investing and selecting investment counterparties and details the approach to managing risk.

(C) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The Fund's cash holding under its treasury management arrangements as at 31 March 2019 was £13.69m (31 March 2018 £17.66m). The Pension Fund has immediate access to its cash holdings that are invested by the Authority and periodic cash flow forecasts are prepared to manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund's cash management policy and in line with the Fund's investment strategy holds assets that are considered readily realised.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2019 the value of liquid assets was £642m, which represented 88% of the total Fund (31 March 2018 £666m, which represented 94% of the total fund assets).

(d) Refinancing Risk

The key risk is that the Authority will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Authority does not have any financial instruments that have a refinancing risk as part of its investment strategies.

19 Funding Arrangements

Actuarial Statement for 2018/19

This statement has been prepared in accordance with Regulation 57(1) (d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The Funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS) dated March 2017 (updated November 2018). In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by council tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2016. This valuation revealed that the Fund's assets, which at 31 March 2016 were valued at £573 million, were sufficient to meet 67% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £284 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2017 to 31 March 2020 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2016 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2016 valuation were as follows:

Financial assumptions	31-Mar-16 %
Discount Rate for Period	4.0
Salary increases assumption	2.4
Benefit increase assumption (CPI)	2.1

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2013 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.0 years	24.2 years
Future Pensioners*	23.9 years	26.3 years

* Aged 45 at the 2016 Valuation

Copies of the 2016 valuation report and Funding Strategy Statement are available on request from the Administrating Authority to the Fund.

Experience over the period since 31 March 2018

Since the last formal valuation, real bonds yields have fallen placing a higher value on the liabilities. This has been offset by strong asset returns over the period such that the funding level is broadly unchanged since 31 March 2016.

The next actuarial valuation will be carried out as at 31 March 2019.

20 Actuarial Present Value of Promised Retirements

In addition to the triennial funding valuation, the fund's actuary also undertakes a valuation of the pension fund liabilities, on an IAS19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, but taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future. In order to assess the value of benefits on this basis, the actuary has updated the actuarial assumption (set out below) from those used for funding purposes (see Note 19). The actuary has also valued ill health and death benefits in line with IAS19.

31-Mar-18	Year Ended	31-Mar-19
£m		£m
1,226	Present Value of Promised Retirement Benefits	1,340
707	Fair Value of Scheme assets (bid Value)	733
519	Net Liability	607

The promised retirement benefits at 31 March 2019 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2016. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, the actuary is satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, the actuary has not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2019 and 31 March 2018. It is estimated that the impact of the change in financial assumptions to 31 March 2019 is to decrease the actuarial present value by £71m. There is no impact from any change in the demographic and longevity assumptions because they are identical to the previous period.

Financial assumptions

The actuary's recommended financial assumptions are summarised below:

Year Ended (% p.a)	31-Mar-19	31-Mar-18
	% p.a.	% p.a.
Pension Increase Rate	2.5	2.4
Salary Increase Rate	2.8	2.7
Discount Rate	2.4	2.5

Longevity assumption

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2013 model assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.0 years	24.2 years
Future Pensioners	23.9 years	26.3 years

Please note the longevity assumptions have changed since last year 's IAS26 disclosure for the Fund.

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2019	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.5% p.a. increase in the Pension Increase Rate	8%	105
0.5% p.a. increase in the Salary Increase Rate	1%	16
0.5% p.a. decrease in the Real Discount Rate	10%	129

The principal demographic assumption is the longevity assumption. For sensitivity purposes, it is estimated that a 1 year increase in life expectancy would approximately increase the liabilities by around 3-5%.

Professional notes

These notes accompany the covering report titled 'Actuarial Valuation as at 31 March 2019 for accounting purposes'. The covering report identifies the appropriate reliance and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

21 Current Assets

2017/18 £000		2018/19 £000
	Debtors:	
294	Contributions due from employers	372
80	Contributions due from employees	100
104	Pension Fund Bank Account Balances	211
29	Sundry Debtors	26
17,634	Cash deposit with LB Havering	13,625
18,141	Current Assets	14,334

2017/18 £000	Analysis of Debtors	2018/19 £000
294	Public corporation and trading funds	-
80	Other entities and individuals	-
374	Total Debtors	-

22 Current Liabilities

2017/18 £000		2018/19 £000
	Creditors:	
(84)	Benefits Payable	(120)
(164)	Sundry Creditors	(122)
(80)	Holding Accounts	(137)
(328)		(379)

2017/18 £000	Analysis of Creditors	2018/19 £000
(328)	Other entities and individuals	-
(328)	Total	-

23 Additional Voluntary Contributions

Market Value	AVC Provider	Market Value
2017/18 £000		2018/19 £000
810	Prudential	788
167	Standard Life	134

Some employees made additional voluntary contributions (AVC's) of £35,004 (2017/18 £47,519) excluded from these statements. These are deducted from the employees' salaries and forwarded to the stakeholder pension schemes provided by the Prudential and Standard Life. The amounts forwarded during 2018/19 were £32,604 (2017/18 £40,744) to the Prudential and £2,400 (2017/18 £6,775) to Standard Life.

24 Agency Services

Havering Council pays discretionary awards to the former employees of Havering. The amounts paid are not included within the Fund Account but are provided as a service and fully reclaimed from the employer bodies. The sums are disclosed below:

2017/18 £000		2018/19 £000
1,380	Payments on behalf of Havering Council	1,380

25 Related Party Transactions

The Fund is required to disclose material transactions with bodies or individuals that have the potential to control or influence the Fund, or to be controlled or influenced by the Fund.

The Havering Pension Fund is administered by Havering Council and consequently there is a strong relationship between the Authority and the Pension Fund. In 2018/19, £0.710m was paid to the Authority for the cost of administering the Fund (2017/18 £0.450m).

The Authority is also the largest employer in the Fund and in 2018/19 contributed £29.150m (17/18 £26.911m) to the Pension Fund in respect of employer's contributions. All monies owing to and due from the fund were paid in year.

Part of the Pension Fund internal cash holdings are invested on the money markets by the treasury management operations of Havering Council, through a service level agreement. As at 31 March 2019 cash holdings totalled £13.7m (2017/18 £17.7m), earning interest over the year of £0.148m (2017/18 £0.113m).

Governance

Responsibility for management of the Pension Fund has been delegated to the Pensions Committee and the day to day operations of the Fund have been delegated to the Statutory Section 151 officer and the Managing Director of oneSource.

No members of the Pension Fund Committee are in receipt of pension benefits from the Havering Pension Fund.

Each member of the Pension Fund Committee is required to declare their interests at each meeting.

During the year no Member or Council officer with direct responsibility for Pension Fund issues has undertaken any declarable material transactions with the Pension Fund.

The members of the Pensions Committee do not receive fees in relation to their specific responsibilities as members of the Pensions Committee.

25a Key Management Personnel

Paragraph 3.9.4.4 of the Code exempts local authorities from the key management personnel disclosure requirements of IAS24, on the basis that the disclosure requirements for officer remuneration and members allowances detailed in section 3.4 of the Code (which are derived from the requirements of Schedule 1 of The Accounts and Audit Regulations 2015) satisfy the key management personnel disclosure requirements of paragraph 16 of IAS 244. This applies in equal measure to the accounts of the Havering Pension Fund.

The disclosures required by the above legislation can be found in the main accounts of Havering Council.

26 Contingent Liabilities and Contractual Commitments

Outstanding capital commitments (investments) at 31 March 2019 were £91.35m. (31 March 2018: none). These commitments relate to outstanding capital call payments due on unquoted limited partnership funds held in Private Debt and Infrastructure parts of the portfolio.

Following the Freedom and Choice provisions announced in the 2014 Budget, the Pension Fund has seen some enquiries from members about transferring benefits out of the LGPS. As mentioned in Note 10 there are potential liabilities of £0.562m in respect of individuals transferring out of the pension Fund upon whom the Fund is awaiting final decisions. Information is not available which shows how much of this is attributable to Freedom and Choice provisions.

Two admitted bodies in the Pension Fund hold insurance bonds or guarantees in place to guard against the possibility of being unable to meet their pension obligations. These bonds total £1.14m and are drawn down in favour of the Pension Fund. Payment will only be triggered in the event of employer default.

Two admitted bodies, which are subject to pending legal agreements, will hold bonds or guarantees totalling £0.16m.