



# Havering

LONDON BOROUGH

## PENSIONS COMMITTEE

25 September 2012

<b>Subject Heading:</b>	<b>PENSION FUND ACCOUNTS 2011/12</b>
<b>CMT Lead:</b>	<b>Andrew Blake Herbert</b>
<b>Report Author and contact details:</b>	Contact: Debbie Ford Designation: Pension Fund Accountant Telephone: (01708) 432569 E-mail address: debbie.ford@havering.gov.uk
<b>Policy context:</b>	Pension Fund Accounts to be noted by the Pensions Committee prior to agreement by the Audit Committee
<b>Financial summary:</b>	The report comments on the Pension Fund Accounts for the year ended 31 March 2012

### The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	<input type="checkbox"/>
Excellence in education and learning	<input type="checkbox"/>
Opportunities for all through economic, social and cultural activity	<input type="checkbox"/>
Value and enhance the life of every individual	<input checked="" type="checkbox"/>
High customer satisfaction and a stable council tax	<input type="checkbox"/>

### SUMMARY

This report provides Members with an extract of the Council's Statement of Accounts for the year to 31<sup>st</sup> March 2012 showing the accounts of the Havering Pension Fund as at that date.

**RECOMMENDATIONS**

That the Committee consider and note the Havering Pension Fund unaudited Accounts as at 31<sup>st</sup> March 2012 and consider if there are any issues that need to be brought to the attention of the Audit Committee.

**REPORT DETAIL**

**1. Background**

1.1 The Council's Audited Statement of Accounts for 2011/12 will be presented to the Audit Committee for agreement following this meeting. As these accounts include the Pension Fund accounts any matters which in the opinion of the Pensions Committee would require any amendments to the accounts will need to be reported to the Audit Committee.

1.2 At the time of writing this report the Pension Fund Accounts are still subject to audit by PricewaterhouseCoopers (PwC) as part of the overall audit of the Council's accounts, no material changes have yet been requested. If there are any material changes to report this will be provided verbally on the night of this committee meeting, as will any material issues raised as part of the audit process. The part of the Statement of Accounts which covers the Havering Pension Fund Accounts has been extracted and attached to this report as **Appendix A**.

1.3 Key items to note from the statement are:

- The Net Assets of the Fund have increased to **£403m** for 2011/12 from £388m in 2010/11, a net increase of £15m.
- The net increase of £15m is compiled of a change in the market value of assets of £9m, investment income of £8m and offset by net withdrawals (cash) of (£1m) and offset by management expenses of (£1m).
- The overall return on the Fund's investments was 4.2%. This was an under performance of -0.6% against the tactical benchmark and an under performance of -16.9% against the strategic

benchmark. Although stock market values have risen over the year the markets are still very volatile.

- The 2011/12 accounts include additional disclosures compared to previous years' accounts in order to meet the requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom 2011/12" This code is based on International Financial Reporting Standards (IFRSs) and applies for the accounting periods commencing on or after 1 April 2011.
- A copy of the audited Pension Fund Accounts and the auditors' opinion will be included in the 2011/12 Pension Fund Annual Report. The statutory publication date for the 2011/12 Pension fund annual Report is 1 December 2012.

1.4 The 2011/12 Pension Fund Annual report will be presented to the Pensions Committee on 31 October to meet the statutory publication date of 1 December 2012.

## **IMPLICATIONS AND RISKS**

### **Financial Implications and risks:**

Pension Fund Managers' performance is regularly monitored in order to ensure that the investment objectives are being met and consequently minimise any cost to the General Fund.

Regulation 11 of the Accounts and Audit regulations require the publication of the Statement of Accounts after the conclusion of the audit but in any event no later than the 30<sup>th</sup> September 2012.

### **Legal Implications and risks:**

None arising directly

### **Human Resources Implications and risks:**

None arising directly

### **Equalities and Social Inclusion Implications and risks:**

None arising directly

## **BACKGROUND PAPERS**

**Pensions Committee, 25 September 2012**

Working papers held within the Corporate Finance section.  
Draft statement of Accounts 2011/12