



## PENSIONS COMMITTEE

20 SEPTEMBER 2016

**Subject Heading:**

**PENSION FUND ACCOUNTS 2015/16**

**CMT Lead:**

**Andrew Blake Herbert**

**Report Author and contact details:**

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**Policy context:**

Pension Fund accounts to be noted by the Pensions Committee prior to agreement by the Audit committee

**Financial summary:**

This report comments on the Pension Fund Accounts for the year ended 31 March 2016

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

Havering will be clean and its environment will be cared for

People will be safe, in their homes and in the community

Residents will be proud to live in Havering

**SUMMARY**

This report provides Members with an extract of the Council's Statement of Accounts for the year to 31<sup>st</sup> March 2016 showing the unaudited 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 2016 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 Statement of Accounts for 2015/16 which are currently being audited will be presented to the Audit Committee for agreement on the 22<sup>nd</sup> September 2016. 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 final clearance by our auditor's PricewaterhouseCoopers (PwC) as part of the overall audit of the Council's accounts. Once our auditors have cleared the accounts any changes will be distributed as a late item. Latest version is shown as attached in **Appendix A**.

1.3. Key items to note from the statement are:

- The Net Assets of the Fund have decreased to **£573m** for 2015/16 from £575m in 2014/15, a net decrease of £2m.
- The net decrease of £2m is compiled of a change in the market value of assets of (£8m), investment income of £5m and net additions of cash of £5m and offset by management expenses of (£4m).
- The overall return on the Fund's investments was **-1.2%** (net of fees) (2014/15 13.2%). This represented an under performance of **-2.8%** against the tactical benchmark (2014/15 outperformance of 1.7%) and an under performance of **-7.7%** against the strategic benchmark (2014/15 underperformance of -12.9%).
- A copy of the audited Pension Fund Accounts and the auditors' opinion will be included in the 2015/16 Pension Fund Annual Report. The statutory publication date for the 2015/16 Pension Fund Annual Report is 1 December 2016.

- 1.4. The 2015/16 Pension Fund Annual report is being presented on the Pensions Committee elsewhere on this agenda.
- 1.5. As part of the audit process of the accounts our auditors will issue a draft ISA260 report, which summarises their findings and sets out key recommendations that will be considered by the auditors when deliberating their opinion, conclusion and issue of audit certificate. Officers will also be given an opportunity to respond to any recommendations raised in the report. At the time of writing this report the draft ISA 260 has yet to be issued by PwC. A verbal update will be provided at the meeting or the ISA260 will be distributed as a late item.

## **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 2016.

### **Legal implications and risks:**

On the basis that there are no specific issues raised by the external auditor, there are no legal implications arising directly from this report.

### **Human Resources implications and risks:**

There are no immediate HR implications. However longer term, shortfalls may need to be addressed depending upon performance of the fund.

### **Equalities implications and risks:**

None arising that directly impacts on residents or staff.

## **BACKGROUND PAPERS**

Working papers held within the Corporate Finance section.  
Draft statement of Accounts 2015/16