



PENSIONS COMMITTEE

20 SEPTEMBER 2016

Subject Heading:

**PENSION FUND ANNUAL REPORT-
YEAR ENDED 31 MARCH 2016**

CMT Lead:

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Policy context:

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Regulation 57 of the LGPS Pension Scheme Regulations 2013 applies from reporting period commencing 1 April 2014 and requires an administrative authority to publish an annual report

Financial summary:

Audit costs for the pension fund annual report are part of the overall cost of auditing the pension fund statement of accounts

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 includes the Pension Fund Annual Report 2015/16 which has been prepared in accordance with Regulation 57 of the Local Government Pension Scheme Regulations 2013 which applies for reporting periods beginning 1 April 2014. This supersedes Regulation 34 of the Local Government Pension Scheme (Administration) Regulations 2008.

RECOMMENDATIONS

1. The committee agree the 2015-2016 Pension Fund Annual Report.
2. The committee agree the Pension Fund Annual Report will be published electronically.
3. That the Chairman and the Chief Executive be authorised to conclude and sign so far as necessary, the annual report.

REPORT DETAIL

1 Background

1. For reporting periods beginning 1 April 2014, the statutory basis for Local Government Pension Scheme (LGPS) fund annual reports is Regulation 57 of The Local Government Pension Scheme Regulations 2013. It states that 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'). This supersedes the regulations first introduced in 2008. LGPS funds have been required to produce an annual report each year since 2008.
2. The authority must publish the pension fund annual report on or before 1 December following the year end. This annual report covers the period 1 April 2015 to 31 March 2016.
3. The Regulations state that the annual report must contain the following:
 - a) Management and Financial Report
 - b) Investment Policy and Performance Report
 - c) Scheme Administration Report
 - d) Actuarial Statement
 - e) Current version of the Governance Compliance Statement
 - f) Fund Account and Net Asset Statement (including Audit opinion)
 - g) Levels of performance set out in a Pensions Administration Strategy
 - h) Current version of Funding Strategy Statement
 - i) Current version of Statement of Investment Principles
 - j) Current version of Communication Strategy
 - k) Any Other Material

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4. In preparing and publishing the pension fund annual report, the authority must have regard to guidance given by the Secretary of State.
5. On the 18 August 2014 the Department of Communities and Local Government (DCLG) issued a letter stating that authorities should use the guidance published by the Chartered Institute of Public Finance & Accountancy (CIPFA).
6. The pension fund annual report attached as **Appendix A** has been prepared in accordance with the guidance issued by the DCLG and with regard to the updated CIPFA/PRAG guidance issued in August 2014.
7. The Audit Commission requires auditors to treat the LGPS fund as a separate audit engagement and requires a separate audit opinion on the pension fund accounts and the annual report. The auditors opinion will be included in the annual report which must be published no later than **1 December 15**.
8. The DCLG have stated that it can be taken that the term 'publish' is given a wider meaning in that publication can be by electronic means. Once the annual report has been signed off it will be made available on the council's website. However hard copies will be available upon request.
9. At the time of writing this report the 2015/16 pension fund annual report is still subject to final clearance by our auditor's Ernst & Young as part of the overall audit of the Council's accounts. A verbal update will be provided at the meeting on the outcome or progress of the audit and any material changes will be distributed as a late item.

IMPLICATIONS AND RISKS

Financial implications and risks:

Auditors will be unable to finalise the audit opinion for the Administering Authority as a whole until they are satisfied that the financial statements in the annual report are the same as those reported in the authority's accounts.

The planned cost of a separate audit opinion for the 2015/16 pension fund accounts is £21,000, which includes the cost of the Annual Report. This cost will be met from the Pension Fund. Final costs will not be known until the audit is finalised.

If members agree to publish the report electronically then other than officer time there will be no publication costs.

Legal implications and risks:

As stated in the main report Regulation 57 of the Local Government Pension Scheme Regulations 2013/2356 requires the administering authority to produce an annual report covering a number of different aspects set out at paragraph 3 above. Provided the statement is published by 1 December there are minimal legal risks involved.

Human Resources implications and risks:

None arise from this report.

Equalities implications and risks:

None arise from this report as this report is required to be published in order to comply with Local Government Pension Scheme Regulations 2013.

BACKGROUND PAPERS

Background Papers List

2015/2016 Statement of Accounts
Statement of Investment Principles (Nov 15)
Funding Strategy Statement (February 14)
Governance Compliance Statement (Nov 15)
Communications Strategy (2016 -2018)

