



## PENSION COMMITTEE

**Subject Heading:**

**PENSION FUND ACCOUNTS 2017/18**

**CLT Lead:**

**Jane West**

**Report Author and contact details:**

**Debbie Ford**  
**Pension Fund Accountant**  
**01708432569**  
[Debbie.ford@onesource.co.uk](mailto:Debbie.ford@onesource.co.uk)

**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 2018

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

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

<b>SUMMARY</b>
----------------

This report provides Members with an extract of the Council's Statement of Accounts for the year to 31<sup>st</sup> March 2018 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 2018 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 2017/18 is currently being audited and will be presented to the Audit Committee for agreement on the 25th July 2018. 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 Ernst and Young LLP as part of the overall audit of the Council's accounts. Once our auditors have cleared the accounts any changes will be brought to the members attention at the meeting. Latest version is shown as attached in **Appendix A**.
- 1.3 The Accounts are compiled in line with the Chartered Instituted Institute of Public Finance & Accountancy (CIPFA) *"LGPS Funds Accounts 2016/17 example accounts"*.
- 1.4 There have been no key content changes required by CIPFA for the 2017/18 accounts that were not already covered in 2016/17 and continued in 2017/18.
- 1.5 Key movements to note from the 2017/18 accounts are:
  - The Net Assets of the Fund have increased to **£707m** for 2017/18 from £671m in 2016/17, a net increase of £36m.
  - The net increase of £36m is compiled of a change in the market value of assets of £27m, investment income of £7m and net additions of cash of £4m, offset by management expenses of (£4m). Further details are included within the Fund Account and Net Asset Statement included in this report.

- Passive equity mandates held with State Street Global Assets (SSGA) were transferred to Legal & General Investment Management (LGIM).
- 1.6 A copy of the audited Pension Fund Accounts and the auditors' opinion will be included in the 2017/18 Pension Fund Annual Report. The statutory publication date for the 2017/18 Pension Fund Annual Report is 1 December 2018.
- 1.6 The 2017/18 Pension Fund Annual report is being presented on the Pensions Committee elsewhere on this agenda.
- 1.7 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 Ernst & Young. A verbal update will be provided at the meeting.

<b>IMPLICATIONS AND RISKS</b>
-------------------------------

**Financial implications and risks:**

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

Regulation 10 of the Accounts and Audit regulations 2015 require the publication of the Statement of Accounts after the conclusion of the audit but in any event no later than the 31 July.

2017/18 was the first year that the statutory deadlines changed in that the Accounts are required to be prepared for audit by the 31 May (previously 30 June) and the audit is to be concluded by 31 July (previously 30 September). The Pension Fund accounts were submitted to the Councils auditors within the specified time scales.

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. There is a risk that non completion of the Annual report could delay the audit conclusion of the Statement of Accounts. The Council has brought forward the completion of the annual report to avoid delays in the completion of the audit.

The planned cost of a separate audit opinion for the 2017/18 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.

**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.