



PENSIONS COMMITTEE

26 JULY 2022

Subject Heading:

PENSION FUND ACCOUNTS 2021/22

SLT Lead:

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Policy context:

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Pension Fund accounts to be noted by the Pensions Committee

Financial summary:

This report comments on the Pension Fund Accounts for the year ended 31 March 2022

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]

SUMMARY

This report provides Members with an extract of the Authority's Statement of Accounts for the year to 31st March 2022 showing the unaudited accounts of the Havering Pension Fund ("the Fund") as at that date.

RECOMMENDATIONS

That the Committee consider and note the Havering Pension Fund Accounts (unaudited) as at 31st March 2022 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. A review of the effectiveness of external audit and transparency of financial reporting in local authorities by Sir Tony Redmond included a recommendation that the deadline for publishing audited accounts is extended to 30 September from the 31 July each year with draft accounts published on or before the 1 August. The proposal is for the amended deadlines to cover two financial years – 2020/21 and 2021/22 and then reviewed once it's established audit completion dates have improved or not.
- 1.2. Following this review the Ministry of Housing, Communities and Local Government (MHCLG) now the Department of Levelling Up, Housing and Communities (DLUHC) issued a '*Consultation on amendments to the Accounts and Audit Regulations 2015*'. This resulted in a change to regulations and the Local Authority Audit (Amendment) Regulations 2021 came into force on 31 March 2021.
- 1.3. Draft accounts must be published on or before the **1 August 2022**.
- 1.4. The latest version of the Pension Fund Accounts are shown as attached in **Appendix A**.
- 1.5. The Accounts are compiled in line with the Chartered Institute of Public Finance & Accountancy (CIPFA) "*LGPS Funds Accounts 2020/21 example accounts*."
- 1.6. There were no code changes in 2021/22 that affect the Pension Fund.
- 1.7. Key movements to note from the 2021/22 accounts are:
 - The Net Assets of the Fund has increased to **£920m** for 2021/22 from £874m in 2020/21, a net increase of **£46m**.
 - The net increase of **£46m** is comprised of profit on investments and change in the market value of assets of £25m, investment income of

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£15m, net additions of cash of £11m and offset by management expenses of (£5m). Further details are included within the Fund Account and Net Asset Statement included in this report.

- 1.8. At the time of writing this report, the Pension Fund Accounts 2021/22 are still subject to audit by our external auditor's Ernst and Young LLP (EY) as part of the overall audit of the Authority's Statement of Accounts. Consequently the 2020/21 Pension fund accounts have also yet to be finalised. The delays are not attributable to the Pension Fund but outstanding issues awaiting resolution on the Authority's Statement of Accounts.
- 1.9. The Authority's Statement of Accounts for 2021/22 are to be presented to the Audit Committee on the **28 July 2022** for approval. 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.
- 1.10. A copy of the audited Pension Fund Accounts and the auditors' opinion will be included in the 2021/22 Pension Fund Annual Report. The statutory publication date for the 2021/22 Pension Fund Annual Report is **1 December 2022**.
- 1.11. 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 audit had not commenced and therefore the draft ISA 260 will not have been issued by EY.

IMPLICATIONS AND RISKS

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.

The Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263) extended the statutory deadlines. The publication date for audited accounts will move from 31 July to 30 September 2022. Draft accounts must be published by the 1 August 2022.

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The Pension Fund accounts was completed by the 31 May 2022, in line with original deadlines set out in the 2015 Accounts and Audit Regulations, to ensure that best practice was maintained.

At the time of writing this report, the Fund has not received an Audit Plan so no confirmation of costs or date of audit commencement is known, although it is anticipated that the audit will commence around September/October time.

As an indication of costs, prior audit fee charges can be seen below:

	2019/20 Fees	2020/21 Fees
	£	£
Total Fees	42,472	51,810

The 2020/21 Pension fund accounts have yet to be finalised by our external auditors. The delays are not attributable to the Pension Fund but issues awaiting resolution on the Authority's Statement of Accounts.

Audit costs will be met from the Pension Fund and final costs will not be known until audits are finalised.

Legal implications and risks:

Local Authority Audit (Amendment) Regulations 2021 (SI 2021/263) came into force on 31 March 2021. These amendments to the regulations only apply for accounts 2020/21 and 2021/22.

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.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- i. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- iii. foster good relations between those who have protected characteristics and those who do not.

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Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants

An EqEIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected

BACKGROUND PAPERS

None