



PENSIONS COMMITTEE

25 JULY 2023

Subject Heading:

PENSION FUND ACCOUNTS 2022/23

SLT Lead:

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Policy context:

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 2023

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 2023 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 2023 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 Accounts and Audit (amendment) Regulations 2022 (SI 2022/708) came into force on 22nd July 2022 and revised the statutory deadline for publishing the audited financial statements to 30 September for 2022/23 accounts and the subsequent 5 years, until the 2027/28 accounts have been completed. The deadline for the Council to produce and publish draft accounts has reverted back to the 31st May for the 2022/23 accounts, after having been temporarily extended to 31 July for the 2020/21 and 2021/22 accounts, as per the Accounts and Audit Regulations 2015.
- 1.2. The Pension Fund draft accounts have been produced and published in line with the Accounts and Audit Regulation 2015 meeting the deadline of 31 May.
- 1.3. The Accounts have been compiled in line with the Chartered Institute of Public Finance & Accountancy (CIPFA) *“LGPS Funds Accounts 2020/21 example accounts.”*
- 1.4. There were no code changes in 2022/23 that affect the Pension Fund accounts.
- 1.5. The latest version of the Pension Fund Accounts is shown as attached in **Appendix A**.
- 1.6. Key movements to note from the 2022/23 accounts are:
 - The Net Assets of the Fund has decreased to **£896m** for 2022/23 from £920m in 2021/22, a net decrease of (**£24m**).

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- The net decrease of (£24m) is compiled of loss on investments and change in the market value of assets of (£45m), investment income of £17m, net additions of cash of £10m and offset by management expenses of (£6m). Further details are included within the Fund Account and Net Asset Statement included in this report.
- 1.7. The Authority's full Statement of Accounts for 2022/23 are to be presented to the Audit Committee in due course 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.
 - 1.8. At the time of writing this report, the Pension Fund Accounts 2020/21, 2021/22 and 2022/23 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.
 - 1.9. The audit of the Pension Fund Accounts 2020/21 has been completed but not formally signed off due to issues awaiting resolution on the Authority's Statement of Accounts. There was an Audit results report presented to the Audit committee on the 18 April 2023 confirming no material comments or adjustments required to the Pension Fund accounts for 2020/21.
 - 1.10. Audits for the Authority and Pension Fund accounts for 2021/22 and 2022/23 have not yet commenced and unlikely to start until resolution and sign off of the 2020/21 accounts.
 - 1.11. A copy of the audited Pension Fund Accounts and the auditors' opinion will be included in the 2022/23 Pension Fund Annual Report. The statutory publication date for the 2022/23 Pension Fund Annual Report is **1 December 2022**. If the audit has not been completed it will still be published as unaudited as was the case in prior years
 - 1.12. 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 once issued.

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.

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.

Fees consist of charges for core fees (as agreed by the Public Sector Audit Appointment (PSAA)) plus any additional charges/fee variations. Due to the continued delays to the audit, it is not possible to provide full audit costs as these are not known until the level of work has been determined.

As an indication of costs, prior audit fee charges for the Pension Fund and the known core fees can be seen below:

	2019/20 Fees	2020/21 Fees	2021/22 Fees	22/23 Fees
	Actual	Estimated	Estimated	Estimated
	£	£	£	£
Total Fees	40,512	55,000	16,170	24,795

The 2020/21 Pension fund accounts have yet to be finalised by our external auditors so fees are estimated and include anticipated additional charges as indicated in communications with EY.

2021/2022 and 2022/23 fees are estimated and include core fees only as no indications have been received as to level of potential additional charges.

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

Legal implications and risks:

The Accounts and Audit (amendment) Regulations 2022 (SI 2022/708) came into force on 22nd July 2022 and revised the statutory deadline for publishing the audited financial statements to 30 September for 2022/23 accounts and the subsequent 5 years, until the 2027/28 accounts have been completed. The deadline for the Council to produce and publish draft accounts has reverted back to the 31st May for the 2022/23 accounts as per the Accounts and Audit Regulations 2015.

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.

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