

<b>COMMITTEE:</b> <b>Pensions Committee</b>	<b>DATE:</b> <b>5 August 2010</b>	<b>CLASSIFICATION:</b> <b>Unrestricted</b>	<b>REPORT NO.</b>	<b>AGENDA NO.</b>
<b>REPORT OF:</b> <b>Corporate Director of Resources</b>		<b>TITLE:</b> <b>Draft Pension Fund Financial Accounts 2009/10</b>		
<b>ORIGINATING OFFICER(S):</b> <b>Alan Finch:</b> <b>Service Head: Corporate Finance</b>		<b>Ward(s) affected:</b> N/A		

## **1. SUMMARY**

- 1.1 This report sets out the draft Pension Fund accounts for the financial year ending 31<sup>st</sup> March 2010.
- 1.2 Members are asked to note the pension fund financial accounts which have now been submitted to the external auditors.

## **2. RECOMMENDATIONS**

- 2.1 Members are recommended to note the contents of this report.

### **3. BACKGROUND**

- 3.1 The Council as an administering authority under the Local Government Pension Scheme Regulations is required to produce a separate set of accounts for the scheme's financial activities and assets and liabilities.
- 3.2 The contents and format of the accounts are determined by statutory requirements and mandatory professional standards as established by the Chartered Institute of Public Finance (CIPFA) in their Statement of Recommended Practice (SORP).
- 3.3 The Pension Fund Accounts will be subject to a separate audit by the Council's external auditors the Audit Commission which must be completed by the 30<sup>th</sup> September.
- 3.4 Communities and Local Government (CLG) have introduced an additional requirement for Councils to publish before the 1<sup>st</sup> December 2010 an annual report which incorporates elements of the financial accounts. This document will be the subject of a further report to this Committee when the audit is substantially complete.

### **4 THE ACCOUNTS**

- 4.1 The accounts comprise two main statements with supporting notes. The main statements are:
  - Dealings with Members Employers and Others which is essentially the funds revenue account
  - The Net assets Statement which can be considered as the funds balance sheet.
- 4.2 The "Dealings with Members Employers and Other" sets out the movement in the net worth of the fund in the year by analysing the relevant financial transactions and movements in the market value of the investment portfolio. The statement has two main sections:
  - The financial transactions relating to administration of the fund.
  - The transactions relating to its role as an investor.
- 4.3 The administration section principally relates to the receipt of contributions from employers and active members and the payment of pensions. The section indicates that the fund is cash positive in that the receipt of contributions exceeds the pension payments by £10.865M (29%).
- 4.4 The investment section details the income received from the investment portfolio and the impact of managers activities and investment markets on the value of investments.
- 4.5 The section indicates that the value of investments has increased by £168.115M (30.2%) as a result of favourable conditions in investment markets. The performance of the portfolio and the investment will be the subject of a future report to this Committee.
- 4.6 The net asset statement represents the net worth of the fund as at the 31<sup>st</sup> March 2010. The statement reflects how the transactions outlined in the other statement have impacted on the value of the funds assets.

## **5. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 5.1. The comments of the Corporate Director Resources have been incorporated into the report.

## **6. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)**

- 6.1 The Accounts and Audit Regulations 2003 specify the process by which the authority's accounts are initially approved and then examined by the external auditor. This process and the dates by which the various stages have to be achieved are set out in Regulations and are binding on the authority

## **7. ONE TOWER HAMLETS CONSIDERATIONS**

- 7.1 The Pension Fund Accounts demonstrate the financial stewardship of the scheme members and employers assets. A financially viable and stable pension fund is a valuable recruitment and retention incentive.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 8.1 There are no Sustainable Action for A Greener Environment implications.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 Accounts provide an effective mechanism to safeguard the Council's assets and assess the risks associated with its activities.

## **10. APPENDICES**

- 10.1 Statement of Accounts

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### **LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT**

***Brief description of "background papers"***

*Working papers and technical accounting manuals.*

***Name and telephone number of holder  
And address where open to inspection***

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