

COMMITTEE: Pensions Committee	DATE: 17 November 2011	CLASSIFICATION: Unrestricted	REPORT NO.	AGENDA NO.
REPORT OF: Corporate Director of Resources ORIGINATING OFFICER(S): Oladapo Shonola – Chief Financial Strategy Officer		TITLE: 2010/11 Local Government Pension Fund Annual Report Ward(s) affected: N/A		

Lead Member	Cllr Alibor Choudhury - Resources
Community Plan Theme	All
Strategic Priority	One Tower Hamlets

1. SUMMARY

- 1.1 This report presents the audited final Pension Fund Statement of Accounts.
- 1.2 The 2010/11 Pension Fund Statement of Accounts were prepared for the first time under International Financial Reporting Standards (IFRS) rules and are now presented for consideration and approval by the Pensions Committee.

2. DECISIONS REQUIRED

- 2.1 Members are recommended to:
 - approve the attached the Pension Fund Statement of Accounts;
 - approve the Pension Fund Annual Report;
 - approve the revised Funding Strategy Statement

3. REASONS FOR DECISIONS

- 3.1 The Local Government Pension Scheme (Administration) Regulation 2008 requires the Authority as the administering body for the London Borough of Tower Hamlets Pension Fund to publish an annual report by 1 December following the year end.
- 3.2 The publication of the Pension Fund Annual Report and Statement of Accounts helps to keep Fund members informed, shows good governance and also helps to demonstrate effective management of Fund assets.

4. ALTERNATIVE OPTIONS

- 4.1 The final Pension Fund Annual Report and Statement of Accounts are presented to Members following the conclusion of the audit carried out by the Council's external auditors, the Audit Commission.

- 4.2 There are no alternative options in so far as the publication of the Statement of Accounts and Annual Reports is a legislative requirement.

5. BACKGROUND

- 5.1 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.
- 5.2 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).
- 5.3 The Pension Fund Accounts audited by the Council's external auditors, the Audit Commission is now complete and the final report is attached.
- 5.4 Communities and Local Government (CLG) have introduced an additional requirement for Councils to publish before the 1st December 2010 an annual report which incorporates elements of the financial accounts. The pension fund annual report will be published after it has been presented and agreed by this Committee.

6. COMMENTS OF THE CHIEF FINANCIAL OFFICER

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

7. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 7.1 Regulation 34 of the Local Government Pension Scheme (Administration) Regulations 2008 imposes a duty on the Council as an administering authority to prepare a pension fund annual report.
- 7.2 The report should deal with the following matters:
- (a) management and financial performance during the year of the pension;
 - (b) an explanation of the investment policy for the fund and a review of performance;
 - (c) a report on arrangements made during the year for administration of the fund;
 - (d) a statement by an actuary who carried out the most recent valuation of the fund and the level of funding disclosed by that valuation;
 - (e) a Governance Compliance Statement;
 - (f) a Fund Account and Net Asset Statement;

- (g) an Annual Report dealing with levels of performance and any other appropriate matters;
- (h) the Funding Strategy Statement;
- (i) the Statement of Investment Principles;
- (j) statements of policy concerning communications with members and employing authorities; and
- (k) any other material which the authority considers appropriate.

8. ONE TOWER HAMLETS CONSIDERATIONS

- 8.1 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.

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 9.1 There is no Sustainable Action for A Greener Environment implication arising from this report.

10. RISK MANAGEMENT IMPLICATIONS

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

11. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 11.1 There are no any Crime and Disorder Reduction implications arising from this report.

12. EFFICIENCY STATEMENT

- 12.1 The monitoring arrangement for the Pension Fund and the work of the Pension Fund Investment Panel should ensure that the Fund optimises the use of its resources in achieving the best returns for members of the Fund.

LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D

LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background papers"

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