

Non-Executive Report of the: Pensions Committee Thursday, 10 March 2022	 TOWER HAMLETS
Report of: Corporate Director, Resources	Classification: Open (Unrestricted)
Pension Fund Accounts and Annual Report – 2020/21	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards);

Executive Summary

The draft unaudited Statement of Accounts and Annual Report for the London Borough of Tower Hamlets Pension Fund for the year ended 31 March 2021 is attached as Appendix A, in light of the Council's obligations as the administering authority under the Local Government Pension Scheme (LGPS) Regulations. The audit of the Pension Fund Accounts has commenced.

Recommendations:

The Pensions Committee is recommended to:

1. Note the contents of this report;
2. Approve the Pension Fund Annual Report and Accounts (Appendix 1); and
3. Note that the 2018/19 and 2019/20 audit will not be concluded until the council's main accounts audit have been concluded.

1. REASONS FOR THE DECISIONS

- 1.1 Deloitte audits both the Council and Pension Fund accounts and is required to present separate audit opinions on each. The 2020/21 accounts audit commenced in February 2022.
- 1.2 The accounts are based on transactions accounted for within the Fund's financial ledger, information received from Investment Managers and the Fund's Custodian, assumptions and estimations utilising the professional judgement of Fund professional advisers in order to give a true and fair statements of the Fund's financial position.
- 1.3 CIPFA has issued the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 (the Code), which governs the preparation of the

financial statements for the Local Government accounts including Pension Scheme funds. The publication of the Accounts is an essential feature of public accountability and stewardship as it provides information on how the Fund has used the members' funds for which it is responsible.

- 1.4 The Local Government Pension Scheme Regulations 2013, Regulation 53(2) states that 'An administering authority is responsible for managing and administering the Scheme in relation to any persons for which it is the appropriate administering authority under these Regulations'.
- 1.5 The Committee acts as quasi-trustee to the Pension Fund and as such acts in capacity of the Administering Authority of the Pension Fund. The Committee's terms of reference require it to receive and approve an Annual Report and Accounts on the activities of the Fund prior to publications. The Local Government Pension Scheme Regulations 2013, regulation 57 require the Pension Fund to publish this by 1st December following the financial year end and prescribes a number of items.
- 1.6 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.
- 1.7. Deloitte are currently auditing the 2020/21 Pension Fund Accounts and contents of the Accounts which are in the Annual Report.

2. ALTERNATIVE OPTIONS

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

3. DETAILS OF THE REPORT

- 3.1 The Pension Fund sets out the transactions of the Pension Fund for the year and its financial position. The accounts comprise two main statements with supporting notes.
- 3.2 The Fund's revenue account which comprises of dealing with Members, Employers and Others. These show the financial transactions relating to the administration of the fund; and

The Net Assets Statement which can be considered as the fund's balance sheet. These are transactions relating its role as an investor.

- 3.3 The Pension Fund Account and Net Asset show that in the year to 31 March 2021, the value of the Pension Fund increased by £437m to £1.956bn. This has been mainly due to the markets continuing to recover from the impact of covid-19 pandemic.

3.4 At the time of writing this report, work on the audit of the Pension Fund accounts has commenced however the audit of 2018/19 and 2019/20 will not be concluded until the Council's accounts audit for both year's have been completed.

3.5 In summary the Annual Report comprises:

- a report on the management and financial performance of the fund during the year
- an explanation of the investment policy
- a report on the administrative arrangements for the fund
- a statement from the actuary on the latest funding level
- the current version of the governance compliance statement
- the fund account and net asset statement with supporting notes and disclosures
- the extent to which the fund has achieved its required performance levels
- the current version of the funding strategy statement, the statement of Investment Principles, communications policy, Responsible Investment and Climate Change policy as well as any other information the authority considers appropriate.

4. EQUALITIES IMPLICATIONS

4.1 This report has no direct equalities implications.

5. OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

Risk Management Implications

5.2 Statement of accounts provide an effective mechanism to safeguard the Council's assets and assess the risk associated with its activities. There are no direct risk management impact arising from this report.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The Council as Administering Authority has the responsibility of ensuring that the Pension Fund is administered effectively and arrangement for financial management are properly scrutinised. The Pension Fund Annual Account sets out the financial position of the Fund. It enables Members to manage and monitor the Scheme effectively.

7. COMMENTS OF LEGAL SERVICES

- 7.1 Part of the Council's duty as administering authority for the Tower Hamlets Pension Fund is to ensure that the annual accounts are properly audited, and the audit plan sets out how and when the audit will be carried out.
- 7.2 By virtue of section 20 of the Local Audit and Accountability Act 2014 ("the Act"), the auditor must be satisfied that the accounts comply with the requirements of the enactments that apply to them, and that proper practices have been observed in the preparation of the statement of accounts, the statement of accounts presents a true and fair view and that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Pension Fund Annual Report 2020/21

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- NONE

Officer contact details for documents:

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