

Non-Executive Report of the: Pensions Committee 22 September 2020	
Report of Neville Murton, Corporate Director, Resources	Classification: Unrestricted
Draft 2019/20 Statement of Accounts	

Originating Officer(s)	Miriam Adams, Pensions & Investments Manager
Wards affected	All wards

SUMMARY

The draft unaudited Statement of Accounts for the London Borough of Tower Hamlets Pension Fund for the year ended 31 March 2020 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 is expected to commence in September 2020.

RECOMMENDATIONS

The Pensions Committee is recommended to:

- Note the unaudited 2019/20 Pension Fund Accounts.

1. REASONS FOR THE DECISION

- 1.1 Deloitte audits both the Council and Pension Fund accounts and is required to present separate audit opinions on each. The audit will commence in September 2020 before presenting their findings of the work carried out, the conclusions reached, and recommendations made.
- 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 2019-2 (the Code), which governs the preparation of the financial statements for the Local Government 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.

2. DETAILS OF REPORT

- 2.1 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.
- 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.
- 2.2 The Pension Fund Account and Net Asset show that in the year to 31 March 2020, the value of the Pension Fund decreased by £33.3m to £1.520bn. This has been mainly due to the impact of covid-19 pandemic on investments during the month of March.

3. COMMENTS OF THE CHIEF FINANCE OFFICER

- 3.1 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.

4. LEGAL COMMENTS

- 4.1 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.
- 4.2 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.

5. ONE TOWER HAMLETS CONSIDERATIONS

- 5.1 The Pension Fund Accounts demonstrate financial stewardship of the fund's assets. A financially viable and stable pension fund is a valuable recruitment and retention incentive for the Council.

6. BEST VALUE (BV) IMPLICATIONS

- 6.1 The monitoring arrangement for the Pension Fund and the work of the officers, advisers and consultants should ensure that the Fund optimises the use of its resources in achieving the best returns for members of the Fund.

7. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 7.1 There is no direct Sustainable Action for a Greener Environment implication arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 Statement of accounts provide an effective mechanism to safeguard the Council's assets and assess the risk associated with its activities. There are not direct risk management impact arising from this report.

9. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 9.1 There are no crime and disorder reduction implications arising from this report.
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Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

Appendix A – Draft 2019/20 Tower Hamlets Pension Fund Accounts

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

List of “Background Papers” used in the preparation of this report

Officer contact details for documents:

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