

# **REPORT FOR: Pension Board**

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**Date of Meeting:** 28 June 2016

**Subject:** Information Report - London Borough of Harrow Pension Fund: Draft Annual Report and Financial Statements for the year ended 31 March 2016

**Responsible Officer:** Dawn Calvert, Director of Finance

**Exempt:** No

**Wards Affected:** All

**Enclosures:** Appendix – London Borough of Harrow Pension Fund: Draft Annual Report and Financial Statements for the year ended 31 March 2016

## **Section 1 – Summary and Recommendation**

### **Summary**

This report presents the draft Pension Fund Annual Report and Financial Statements for the year ended 31 March 2016.

### **Recommendation**

The Board is recommended to:

- Consider the draft Pension Fund Annual Report and Financial Statements for the year ended 31 March 2016 and comment as it sees fit.

## Section 2 – Report

1. Attached is the Pension Fund draft Annual Report and Financial Statements for the year ended 31 March 2016.
2. The audit of the Accounts by KPMG LLP will commence in July and approval will be sought as part of the Council's overall Accounts from Governance, Audit, Risk Management and Standards Committee on 8 September 2016. The audited accounts together with the auditor's report to the will be presented to the Board at its next meeting.
3. To assist in the Board's consideration it is advised of the following key points:

### Introduction (Page 3)

Provided by Director of Finance highlighting that during the year the net assets of the Fund decreased from £674.8m to £660.8m and the Fund was ranked 87<sup>th</sup> (out of approximately 90) in the local authority annual league table of investment returns for the year.

### Audit Statement (Page 4)

To be provided in September 2016.

### Scheme Overview (Page 7)

Number of pensioners showing an increase from 4,873 in 2012-13 to 5,438 in 2015-16.

Number of deferred pensioners showing an increase from 5,569 in 2012-13 to 6,700 in 2015-16.

Number of active members remaining stable at 5,562 in 2012-13 to 5,561 in 2015-16

### Accounts for year ended 31 March 2016 (Page 18)

	£m
Contributions by members and employers including transfers	- 34.4
Benefits paid including transfers	34.5
Investment income	-10.4
Management expenses (including fees charged by investment managers of £3.5m)	4.8
Decrease in market value of investments	19.6

The Fund continues to mature in that benefit payments exceed contributions. This shortfall is smaller in 2015-16 than in recent years due to the large inflow of funds arising from the transfer of Legal staff from the London Borough of Barnet Fund to the Council's Fund. This trend towards maturity can be expected to continue as the number of pensioners grows and active membership either stabilises or falls. However, when investment income is taken into account, cashflow remains positive. The impact of falling

membership, longevity and pension increases will steadily increase future cash outflows which, in the longer term, may have to be factored into the investment strategy. Discussions with the Actuary on longer term cashflow modelling are ongoing and will be reported to the Board later in the year.

4. The appendices to the Accounts will be reviewed as appropriate by the Board and the Pension Fund Committee during the next few months.

### **Financial Implications**

5. Whilst this report discusses all aspects of the financial standing of the Pension Fund there are no financial implications arising directly from it.

### **Legal Comments**

6. Regulation 57 of the Local Government Pension Scheme Regulations 2013 requires that an administering authority must produce an annual report containing certain specified matters. The report must be published before 1 December of the scheme year end.

### **Risk Management Implications**

7. All risks are included within the Pension Fund Risk Register.

### **Equalities implications**

8. There are no direct equalities implications arising from this report.

### **Council Priorities**

9. The financial health of the Pension Fund directly affects the resources available for the Council's priorities.

## **Section 3 - Statutory Officer Clearance**

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 7 June 2016		
Name: Alison Burns	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 8 June 2016		

**Ward Councillors notified:**

**Not applicable**

## **Section 4 - Contact Details**

**Contact:** Ian Talbot, Treasury and Pension Fund Manager  
0208 424 1450

**Background Papers - None**