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**REPORT FOR: PENSION FUND  
COMMITTEE**

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<b>Date of Meeting:</b>	26 June 2019
<b>Subject:</b>	London Borough of Harrow Pension Fund: Draft Annual Report and Financial Statements for the year ended 31 March 2019
<b>Responsible Officer:</b>	Dawn Calvert, Director of Finance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix – London Borough of Harrow Pension Fund: Draft Annual Report and Financial Statements for the year ended 31 March 2019

## **Section 1 – Summary and Recommendations**

This report presents the draft Pension Fund Annual Report and Financial Statements for the year ended 31 March 2019 on which the Committee's comments are invited.

### **Recommendation**

Pension Fund Committee are asked to note the report.

## Section 2 – Report

1. Attached is the draft Pension Fund Annual Report and Financial Statements for the year ended 31 March 2019.
2. The audit of the Accounts by the Council's auditor Mazars commenced in June and approval will be sought as part of the Council's overall Accounts from Governance, Audit, Risk Management and Standards Committee on 16 July 2019. The Committee will be updated on progress at their next meeting on 11 September 2019.
3. To assist in the Committee's consideration they are advised of the following key points:

### Introduction (Page 3) and Fund Performance (Page 12)

During the year the net assets of the Fund increased from £816.1m to £851.3m

The Harrow annual return performance has been as follows:

	Annual Performance (%)	Benchmark (%)
1 year	6.0	7.9
3 years	11.0	11.8
5 years	9.1	9.6

### Audit Statement (Page 4)

To be provided in September 2019.

### Accounts for year ended 31 March 2019 (Page 19)

	£m
Contributions by members and employers including transfers	-31.8
Benefits paid	33.5
Investment income	-8.9
Management expenses (including fees charged by investment managers of £4.5m)	5.7
Increase in market value of investments	-35.2

### Scheme Overview (Page 21)

Number of pensioners showing an increase from 5,438 in 2015-16 to 5,795 in 2018-19.

Number of deferred pensioners showing an increase from 6,700 in 2015-16 to 6,966 in 2018-19.

Number of active members showing a decrease from 5,561 in 2015-16 and 5,400 in 2018-19.

The Fund continues to mature in that benefit payments exceed contributions. 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 stable 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.

4. The appendices to the Accounts have, as appropriate, been reviewed by the Committee during the last few months.

### **Legal Implications**

5. 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.

### **Financial Implications**

6. The financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.

### **Risk Management Implications**

7. The risks arising from "Committee" performance are included in the Pension Fund risk register.

### **Equalities implications / Public Sector Equality Duty**

8. Was an Equality Impact Assessment carried out? No. There are no direct equalities implications arising from this report.

### **Council Priorities**

9. The financial health of the Pension Fund directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities

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

Name: Dawn Calvert

Chief Financial Officer

Date: 12 June 2019

Name: Dawn Calvert



on behalf of the  
Corporate Director

Date: 12 June 2019

**Ward Councillors notified:**

**NO**

## **Section 4 - Contact Details and Background Papers**

**Contact:** Iain Millar, Treasury and Pensions Manager  
0208 424 1432

**Background Papers:** None