
REPORT FOR: PENSION BOARD

Date of Meeting: 11 July 2019

Subject: London Borough of Harrow Pension Fund:
Draft Annual Report and Financial
Statements for the year ended 31 March
2019

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Appendix 1 – London Borough of Harrow
Pension Fund: 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.

Recommendation

The Pension Board is requested to note the report.

Section 2 – Report

Attached is the draft Pension Fund Annual Report and Financial Statements for the year ended 31 March 2019.

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.

Pension Fund Committee reviewed the Draft Annual report and financial statements on 26 June 2019. Their comments on the draft annual report are included in the Pension Fund Committee minutes, (to be tabled at Pension Board meeting on 11 July.)

To assist in the Pension Board'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.

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

Legal Implications

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

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

Relevant risks are included in the Pension Fund risk register.

Equalities implications / Public Sector Equality Duty

Was an Equality Impact Assessment carried out? No.

There are no direct equalities implications arising from this report.

Council Priorities

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: 27 June 2019

Name Dawn Calvert



On behalf of Corporate
Director

Date: 27 June 2019

Ward Councillors notified:

NO

Section 4 - Contact Details and Background Papers

Contact: Iain Millar, Treasury and Pensions Manager.
Email: Iain.Millar@harrow.gov.uk. Tel: 0208 424 1432.

Background Papers: None