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**REPORT FOR: Pension Fund Committee**

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**Date of Meeting:** 09 September 2020

**Subject:** London Borough of Harrow Pension Fund:  
Draft Annual Report, External Audit Plan  
and Financial Statements for the year  
ended 31 March 2020

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

**Exempt:** No

**Wards affected:** All

**Enclosures:** Appendix 1– London Borough of Harrow  
Pension Fund: Draft Annual Report and  
Financial Statements for the year ended  
31 March 2020  
Appendix 2 – External audit plan 2019-20

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

This report presents the draft Pension Fund Annual Report, External Audit Plan and Financial Statements for the year ended 31 March 2020 on which the Committee's comments are invited.

**Recommendations:**

The Committee is recommended 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 2020.
2. The statutory timetable for the publication and audit of the Council's accounts for 2019-20 has been changed by the Government in the light of the Covid-19 pandemic. The Audit of Accounts will again be carried out by the Council's auditor, Mazars. The external audit plan was reported to the Governance, Audit, Risk Management and Standards (GARMS) Committee on 21 January 2020. Had this Committee met in March 2020 it would have been reported at that point. The audit plan document is enclosed as Appendix 2.
3. Approval of the Council's draft accounts, including those for the Pension fund, will be sought from GARMS Committee on 8 September 2020. Mazars commenced the Audit of Accounts in August 2020. It will be concluded in early October, and the outcome of the audit will be reported to the GARMS Committee at their next meeting on 22 October 2020.
4. The audited Pension Fund Annual report is required to be published by 1 December 2020 – this requirement has not changed.
5. To assist in the Committee's consideration of this matter 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 decreased from £851.3m to £777.8m. This reflects the fall in markets which took place in the last quarter of the year as the Covid-19 pandemic developed.

- The Harrow annual return performance has been as follows:

	Annual Performance (%)	Benchmark (%)
1 year	-8.1	-3.2
3 years	0.4	3.4
5 years	4.0	5.9

- Audit Statement (Page 4)

To be provided in September or early October 2020.

- Accounts for year ended 31 March 2020 (Page 19)

	£m
Contributions by members and employers (including transfers)	-35.7
Benefits paid (including transfers)	38.4
Investment income	-9.1
Management expenses (including fees charged by investment managers of £4.1m)	5.4
Decrease in market value of investments	74.5

- [Scheme Overview \(Page 21\)](#)

Number of pensioners increased from 5,557 in 2016-17 to 6,004 in 2019-20.  
Number of deferred pensioners increased from 6,912 in 2016-17 to 7,037 in 2019-20.

Number of active members decreased from 5,644 in 2016-17 to 5,410 in 2019-20.

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 2019-20.

## **Legal Implications**

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.

## **Financial Implications**

7. 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**

8. The annual report summarises the Fund's approach to risk management which is overseen by the Pension fund Committee.

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

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

## **Council Priorities**

10. 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: 27/08/2020

Name: Caroline Eccles

on behalf of the  
Monitoring Officer

Date: 27/08/2020

Name: Dawn Calvert

on behalf of the  
Corporate Director of  
Resources

Date: 27/08/2020

**Ward Councillors notified:**

**NO**

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

**Contact:** Jeremy Randall – Interim Pensions Consultant  
[Jeremy.randall@harrow.gov.uk](mailto:Jeremy.randall@harrow.gov.uk)

**Background Papers:** None