

Report for: Pension Board

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| Date of Meeting: | 16 December 2021 |
| Subject: | Audit of Pension Fund Annual Report and Accounts for 2020-21 |
| Responsible Officer: | Dawn Calvert – Director of Finance and Assurance |
| Exempt: | No |
| Wards affected: | None |
| Enclosures: | Appendix 1 – Audit Completion Report November 2021 (Mazars) |

Section 1 – Summary and Recommendations

This report sets out the outcome of the audit of the Pension Fund Annual Report for the year ended 31 March 2021.

Recommendations:

The Board is recommended to note outcome of the audit.

Section 2 – Report

1. At its last meeting, the Board reviewed the Pension Fund's draft Annual Report and Accounts for 2020-21. At that time the audit of these and the Council's own accounts was in progress.
2. On 30 November 2021, the Council's external auditors, Mazars, reported the outcome of this year's audit to the Governance, Audit, Risk Management and Standards (GARMS) Committee. The audit was virtually completed at that time, and a few minor tasks to achieve the formal completion of the audit were being carried out. At the time of writing this report that work was continuing. The Committee formally approved the accounts.

3. Mazars' Audit Completion Report in respect of the Pension fund audit is attached at appendix 1. This shows a successful outcome – in particular there were no matters of concern to report, and an unqualified opinion has been issued in respect of the accounts.
4. The auditors have made one “emphasis of matter” – the ongoing uncertainty regarding the valuations of property investments which is stated in the Royal society of Chartered Surveyors' (RICS guidance). This is a purely technical item, and one which will be common to most LGPS Funds, as the majority will hold some property investments. At 31 March 2021 the value of the fund's property investments was £61.561m – 6.3% of the fund's total assets (£967.984m).
5. There was only one change from the version submitted – to note 23: Additional Voluntary Contributions. As reported to the previous meeting, there had been some delays in receiving information from one of the AVC providers, Prudential. That information was subsequently received and the note updated accordingly. For ease of reference, rather than appending the entire Annual Report and Accounts document again, the updated note 23 is reproduced below. This is a stand alone note (AVC's are invested outside of the Pension Fund) and did not affect any other part of the accounts.

NOTE 23: ADDITIONAL VOLUNTARY CONTRIBUTIONS

| Market value 31 March 2020 | | Market value 31 March 2021 |
|-------------------------------|------------------------------------|----------------------------------|
| £'000 | | £'000 |
| 2,268 | Prudential Assurance | 2,676 |
| 553 | Clerical Medical | 617 |
| 224 | Utmost (Previously Equitable Life) | 237 |
| 3,045 | | 3,530 |

6. Once the formal sign off has been completed – this is expected to be done during December 2021, the audited version of the report will be published. This will be slightly later than the statutory deadline of 1 December 2021, but as with the previous year, the delay is not due to any action or inaction by Harrow.

Legal Implications

7. There are no direct legal implications arising from this report
8. The terms of reference for the Board include assisting the Administering Authority (London Borough of Harrow) as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme.

Financial Implications

9. Whilst 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

10. The Pension Fund's Risk Register is reviewed regularly by the Board. The next review is elsewhere on the agenda for this meeting.
11. There are no specific risk management implications arising from this report. The level of risk to which its investments are exposed is a key component in developing the Fund's investment strategy.

Equalities implications / Public Sector Equality Duty

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

Council Priorities

13. The performance 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

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 02/12/2021

Statutory Officer: Sharon Clarke

Signed on behalf of the Monitoring Officer

Date: 02/12/2021

Chief Officer: Charlie Stewart

Signed by the Corporate Director

Date: 02/12/2021

Mandatory Checks

Ward Councillors notified: Not applicable

Section 4 - Contact Details and Background Papers

Contact: Jeremy Randall – Interim Pensions Manager

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Background Papers: None