

**REPORT FOR: PENSION FUND
INVESTMENT PANEL**

Date of Meeting: 25 July 2011

Subject: INFORMATION REPORT – Annual Pension Scheme Accounts

Responsible Officer: Julie Alderson, Interim Director Finance

Exempt: No

Enclosures: Appendix A - Pension Fund Annual Report
Appendix B - Expense Summary

Section 1 – Summary

The draft pension fund accounts are attached. The audit is in progress and a verbal report will be given on any issues raised by the Auditor.

FOR INFORMATION

Section 2 – Report

1. The draft Pension Scheme Accounts to 31st March 2011 are attached at Appendix A. The audit of the Accounts by Deloitte is underway, although a report on their findings and recommendations is not available and will be presented at the next Panel meeting. A verbal report will be given on any interim audit findings.
2. The contents of the Accounts are governed by regulations although additional disclosures are permitted. The format follows that used in prior years. The Accounts and Auditors Report will be considered at the September meeting of Governance Audit & Risk Management Committee.
3. Also attached at Appendix B is a schedule of expenses incurred by the pension fund in the year. Aggregate expenses are estimated at £3,374,000 with fund manager fees (£2.5 million) being the largest component. Fund manager fees are mainly charged direct to the pooled fund, and Harrow's share of such fees has been estimated taking into account any rebates
4. The investments in private equity and property are through fund of funds and incur two layers of fees. For these asset classes, the underlying manager fees have been estimated. The aggregate costs represent around 0.74% of the Scheme value.
5. No provision is shown for private equity and property performance related fees. These are almost impossible to estimate although in the light of performance to date are not thought to be significant.
6. Within the annual Accounts, pooled fund manager fees are shown within the change in market value of investments. For this reason, the value of expenses shown in the annual Accounts is considerably lower at £573,000.
7. Currently, no expense benchmarking information is available. In future years we will seek to compare these costs with industry average expense levels.

Section 3 – Further Information

N/A

Section 4 – Financial Implications

8. The level of costs incurred will have a significant impact on the net returns earned by the fund.

Section 5 – Corporate Priorities

9. Corporate Priorities are not applicable to Pension Fund as it does not have a direct impact on Council's resources.

Name: Julie Alderson	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 13 July 2011		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 15 July 2011		

Section 6 - Contact Details and Background Papers

Contact: George Bruce (Treasury and Pension Scheme Manager)
Tel: 020-8424-1170 / Email: george.bruce@harrow.gov.uk

Background Papers: None