

<b>PENSIONS INVESTMENT COMMITTEE</b>			
<b>REPORT TITLE</b>	Draft Pension Fund Accounts – Year Ending 31 March 2011		
<b>KEY DECISION</b>	No	<b>Item No: 10</b>	
<b>WARD</b>	N/A		
<b>CONTRIBUTORS</b>	Executive Director for Resources		
<b>CLASS</b>	Part 1	<b>Date:</b>	15 June 2011

## **1. Purpose**

- 1.1 This report sets out the draft Pension Fund accounts for the financial year ending 31 March 2011.
- 1.2 Members are asked in accordance with best practice to note the draft accounts prior to them being signed off by the Chief Financial Officer as being available for external audit.

## **2. Recommendations**

It is recommended that the Pensions Investment Committee note the draft Pension Fund accounts for the year ended 31 March 2011, as set out at Appendix 1.

## **3. The Draft Accounts**

- 3.1 The Council as an administering authority under the Local Government Pension Scheme Regulations, is required to produce a separate set of accounts for the schemes financial activities and assets and liabilities.
- 3.2 The contents and format of the accounts are determined by statutory requirements and mandatory professional standards as established by the Chartered Institute of Public Finance (CIPFA) in their Statement of Recommended Practice (SORP).
- 3.3 The Pension Fund Accounts will be subject to a separate audit by the Council's external auditors the Audit Commission which must be completed by the 30 September 2011.
- 3.4 There is a related requirement for Councils to publish before the 1 December 2011 an annual report which incorporates elements of the financial accounts. This document will be the subject of a further report to this Committee when the audit is substantially complete.
- 3.5 The accounts comprise two main statements with supporting notes. The main statements are:

- Dealings with Members Employers and Others which is essentially the Fund's revenue account
  - The Net assets Statement which can be considered as the Fund's balance sheet.
- 3.6 The 'Dealings with Members Employers and Other' sets out the movement in the net worth of the fund in the year by analysing the relevant financial transactions and movements in the market value of the investment portfolio.
- The statement has two main sections:
- The financial transactions relating to administration of the fund.
  - The transactions relating to its role as an investor.
- 3.7 The administration section principally relates to the receipt of contributions from employers and active members and the payment of pensions. The section indicates that the fund is cash positive in that the receipt of contributions exceeds the pension payments by £5.272m
- 3.8 The investment section details the income received from the investment portfolio and the impact of managers activities and investment markets on the value of investments.
- 3.9 The section indicates that the value of investments has increased by £37m as a result of improved conditions in investment markets. The performance of the portfolio and the investment is the subject of another report on the agenda.
- 3.10 The net asset statement represents the net worth of the fund as the 31 March 2010. The statement reflects how the transactions outlined in the other statement have impacted on the value of the Fund's assets.
- 3.11 It should be noted that a number of the notes are incomplete as further information is required. In addition the accounts are subject to change between now and the final sign off by the Chief Financial Officer to incorporate changes identified when detailed working papers are prepared.

#### **4. Financial Implications**

This entire report relates to the draft Pension Fund accounts for 2010/11, the details of which have been attached at Appendix 1.

#### **5. Legal Implications**

The Accounts and Audit Regulations (England) 2011 as amended specify the process by which the authority's accounts are initially approved and then examined by the external auditor. This process and the dates by which the various stages have to be achieved are set out in Regulations and are binding on the Authority.

#### **6. Crime and Disorder Implications**

There are no crime and disorder implications directly arising from this report.

**7. Equalities Implications**

The are no equalities implications directly arising from this report.

**8. Environmental Implications**

8.1 There are no environmental implications directly arising from this report.

**BACKGROUND PAPERS**

None

**APPENDICES**

Appendix 1 – Draft Pension Fund Accounts 2010/11

**FURTHER INFORMATION**

If there are any queries on this report or you require further information, please contact Selwyn Thompson, Group Manager Budget Strategy on 020 8314 6932.