

PENSIONS INVESTMENT COMMITTEE			
REPORT TITLE	Draft Pension Fund Accounts – Year Ending 31 March 2018		
KEY DECISION	No	Item No:	10
WARD	N/A		
CONTRIBUTORS	Head of Corporate Resources		
CLASS	Part 1	Date:	28 June 2018

1. PURPOSE

- 1.1. This report sets out the draft Pension Fund accounts for the financial year ending 31 March 2018.
- 1.2. The accounts were signed off by the Chief Financial Officer and presented to the external auditors Grant Thornton at the end of May 2018.

2. RECOMMENDATION

- 2.1. Members are asked to note the draft Pension Fund accounts for the year ended 31 March 2018, as set out in Appendix 1.

3. DRAFT PENSION FUND 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 scheme's financial activities, 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 Grant Thornton which must be completed in time for the accounts to be published by the statutory deadline of 31 July 2018.
- 3.4. The Council is also required to publish an Annual Report which incorporates elements of the financial accounts before 1 December 2018. 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:
 - The Fund Account, which details dealings with members, employers and others directly involved in the scheme as well as returns on investments, and essentially represents the Fund's revenue account.

- The Net Assets Statement, which details the Fund’s asset holdings and liabilities, and essentially represents the Fund’s balance sheet.
- 3.6. Within the Fund Account, the section “Dealings with members, employers and others directly involved in the scheme” sets out the movement in the net worth of the Fund in year by analysing principally the receipt of contributions from employers and active members, and the payment of pensions. This section indicates the Fund is cash negative, in that the benefits payable exceed the contributions receivable by £6.4m.
 - 3.7. The line on management expenses is analysed in further detail within the notes to the accounts and includes investment management fees, administration expenses, and oversight and governance expenses. When including these expenses, net withdrawals from the Fund during the year total £8.3m.
 - 3.8. The section “Returns on investments” details the income received from the investment portfolio and the impact of manager’s activities and market activity on the value of investments. The net return on investments for the year was £37.3m, £30.9m of which was due to an increase in market value. Overall, the value of the Fund increased by £29m during the period.
 - 3.9. The Net Assets Statement represents the net worth of the Fund as at 31 March 2018, and reflects how the transactions outlined in the Fund Account have impacted on the value of the Fund’s assets.
 - 3.10. The section “Net Current Assets and Liabilities” includes debtors and creditors, which represent income and expenditure owing as a result of investment transactions such as interest income and pending trades, and non-investment transactions including contributions owing from admitted and scheduled bodies and fund manager fees.
 - 3.11. Members should note that these accounts are draft and are be subject to change between now and final sign-off. Any such changes will be detailed in working papers for presentation to external audit.

4. FINANCIAL IMPLICATIONS

- 4.1. This entire report relates to the draft Pension Fund accounts for the year ending 31 March 2018, which have been included in Appendix 1 of this report.

5. LEGAL IMPLICATIONS

- 5.1. 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 an external auditor. This process, and the dates by which the various stages have to be achieved, are set out in the Regulations and are binding on the Authority.

6. CRIME AND DISORDER IMPLICATIONS

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

7. EQUALITIES IMPLICATIONS

7.1. There are no equalities implications directly arising from this report.

8. ENVIRONMENTAL IMPLICATIONS

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

APPENDICES

Appendix 1 – Draft Pension Fund Accounts 2017/18

FURTHER INFORMATION

If there are any queries on this report or you require further information, please contact either:

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