



Pensions Investment Committee

Annual Pension Fund Report 2020/21

Date: 10 February 2022

Key decision: No.

Class: Part 1.

Ward(s) affected: None specifically

Contributors: Director of Finance

Outline:

This report re-presents the London Borough of Lewisham's Pension Fund Annual Report following the consideration by the Audit Panel of the supporting financial statements and the presentation to full Council with the annual statement of accounts on the 24 November 2021. The Annual Report has now been reviewed by the Council's external auditors Grant Thornton who have provided a consistency opinion on the presentation of the financial statements in the Annual Report. The statutory deadline for publication of the Annual Report was the 1 December, this was met.

As part of finalising the accounts post review by the Committee on the 9 November 2021 the external auditors required a few amendments to the Annual Report and these have been made and the report has been brought back to the Pensions Investment Committee to be noted.

Recommendation:

The Committee is asked to review and note the contents of the report.

Timeline of engagement and decision-making

This report is one of the regular reports prepared for the Pensions Investment Committee to enable them to fulfil their terms of reference.

1. Summary

- 1.1. This report re-presents the London Borough of Lewisham's Pension Fund Annual Report following the consideration by the Audit Panel of the supporting financial statements and the presentation to full Council with the annual statement of accounts on the 24 November 2021. The Annual Report has now been reviewed by the Council's external auditors Grant Thornton who have provided a consistency opinion on the presentation of the financial statements in the Annual Report. The statutory deadline for publication of the Annual Report was the 1 December, this was met.

The final valuations were only available from the fund managers after the pension accounts had been prepared, but the delay in Grant Thornton completing the audit and the finalisation of the accounts provided an opportunity for the adjustments to be made. The report has been brought back to the Pensions Investment Committee to be noted.

2. Recommendations

- 2.1. The Committee is asked to review and note the contents of the report.

3. Policy Context

- 3.1. The overriding policy context for the Pensions Investment Committee are the pension regulations and Members fiduciary duty to the beneficiaries of the Fund.

4. Background

- 4.1. One of the roles of the Committee is to review the Annual Report prior to this being presented to full Council as part of the statement of accounts, the Committee undertook this review on the 9 November 2021 and this was then presented to Full Council on the 24 November 2021.

5. Annual Report

- 5.1. The external audit on the Fund accounts has been concluded with the accounts being presented to Audit Panel on the 10 November 2021 and Full Council on the 24 November 2021.
- 5.2. The Annual Report was submitted to the external auditors Grant Thornton for their consistency opinion prior to the statutory publication deadline of the 1 December.
- 5.3. Following the presentation of the Annual Report to Committee on the 9 November 2021 and the finalisation of the accounts and sign off by Grant Thornton, a number of amendments were requested by the auditors, specifically that the report be updated to reflect the late publication of a few of the pension fund valuations. The original

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valuations were based on projected fund values but these have now been updated to reflect actual costs which became known before the audit was concluded.

The main changes are as follows:

- Net assets rose from £1.601bn (£249m increase in year, 18.4%) to £1.617bn (£265m increase in year, 19.6%)
- Administration expenses: actuals increased from £691k to £1,018k
- Strategic Asset Allocation: (revision)
- Employer contributions increased for scheduled bodies for Lewisham Homes (£3,548k to £3,674k) and Haberdashers Aske (£968k to £1,266k)
- Employer contributions increased for admitted bodies for Youth First (£166k to £367k)

- 5.4. The final valuations were only available from the fund managers after the pension accounts had been prepared, but the delay in Grant Thornton completing the audit and the finalisation of the accounts provided an opportunity for the adjustments to be made.
- 5.5. The audit adjustments were considered material as materiality was £16m and the adjustment was £16.598m.
- 5.6. Appendix 3A is a copy of the audit report (Addendum) which provides an explanation for the change on page 7.
- 5.7. The Committee is asked to note these and the final Annual Report appended.

6. Financial implications

- 6.1. There are no direct financial implications arising from this report.

7. Legal implications

- 7.1. In line with the Council's Constitution and the Committee's Terms of Reference within, as the administering authority for the Fund, the Council must review the performance of the Fund's investments at regular intervals and review the investments made by Fund Managers quarterly.
- 7.2. The Pension Regulations require that the Council has regard to the proper advice of its expert independent advisers in relation to decisions affecting the Pension Fund. They must also have regard to the separate advice of the Chief Financial Officer who has statutory responsibility to ensure the proper administration of the Council's financial affairs, including the administration of the Pension Fund.

8. Equalities implications

- 8.1. There are no direct equalities implications arising from this report.

9. Climate change and environmental implications

- 9.1. There are no direct climate or environmental implications arising from this report.

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10. Crime and disorder implications

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

11. Health and wellbeing implications

11.1. There are no direct health and wellbeing implications arising from this report.

12. Background papers

12.1. The Lewisham Pension Fund 2020/21 Annual Report is attached.

13. Report author and contact

13.1. For more information please contact David Austin, Director of Finance, 1st Floor Laurence House, 020 8314 9249, David.Austin@lewisham.gov.uk.

13.2. Financial implications: Katharine Nidd, Head of Strategic Finance, Planning and Commercial

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