

PART 1 - PUBLIC

Decision Maker: Pensions Investment Sub-Committee

Date: 8th September 2010

Decision Type: Non-Urgent Non-Executive Non-Key

Title: PENSION FUND ANNUAL REPORT 2009/10

Contact Officer: Martin Reeves, Group Accountant (Technical)
Tel: 020 8313 4291 E-mail: martin.reeves@bromley.gov.uk

Chief Officer: Director of Resources

Ward: All

1. Reason for report

1.1 This report introduces the annual report and accounts of the Bromley Pension Fund for the year ended 31st March 2010, which the Council is required to publish under the Local Government Pension Scheme (Administration) Regulations 2008. The annual report was submitted in draft form to the external auditor, PricewaterhouseCoopers LLP (PWC), on 2nd July and, following the external audit of the Pension Fund accounts, a final draft was submitted for audit on 13th August. The Council is required to publish the Annual Report by 1st December.

RECOMMENDATIONS

2.1 The Sub-Committee is asked to note the Pension Fund Annual Report 2009/10 and, on completion of the external audit by PWC, agree that arrangements be made to ensure publication by the statutory deadline of 1st December 2010.

Corporate Policy

1. Policy Status: Existing policy. The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2007, for the purpose of providing pension benefits for its employees. These regulations allow local authorities to use all the established categories of investments, e.g. equities, bonds, property etc, and to appoint external investment managers who are required to use a wide variety of investments and to comply with certain specific limits. Annual report required to be published under LGPS (Administration) Regulations 2008.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: No cost
 2. Ongoing costs: Recurring cost. Separate audit fee for Pension Fund £35,000 in 2009/10. Total fund administration costs £2.9m in 2009/10 (includes fund manager/actuary fees, Liberata charge and officer time)
 3. Budget head/performance centre: Pension Fund
 4. Total current budget for this head: £31.4m expenditure in 2009/10 (pensions, lump sums, admin, etc); £40.8m income (contributions, investment income, etc); £446.4m total fund value at 31st March 2010)
 5. Source of funding: Contributions to Pension Fund
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Staff

1. Number of staff (current and additional): 0.6 fte (current)
 2. If from existing staff resources, number of staff hours: c21 hours per week
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Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme (LGPS) Regulations 2007 and LGPS (Administration) Regulations 2008
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 5,360 current employees; 4,413 pensioners; 3,607 deferred pensioners (as at 31st March 2010)
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The Pension Fund is required by the Local Government Pension Scheme (Administration) Regulations 2008 to publish an Annual Report and Statement of Accounts. The Regulations set out what is to be included within the report and require the report to be published by 1st December.
- 3.2 The Bromley Pension Fund had total net assets of £447.8m as at 31st March 2010 (£299.2m as at 31st March 2009). The large increase in value of the Fund in 2009/10 (almost 50%) was due to a major stock market recovery after the turmoil faced by financial markets during 2008/09, when the fund lost around £63m (17%). The Fund Accounts and Net Assets Statement can be found on pages 24 to 33 of the Annual Report.
- 3.3 Fund performance was reported quarterly to the Sub-Committee during 2009/10 and the fund outperformed against its benchmark by 5.0% over the year (+48.7% against a benchmark return of +41.0%). Performance compared to the local authority universe (average return of +35.2%) was very good and a ranking of 2% was achieved in the year (1% being the best and 100% being the worst). Details of investment policy and performance are set out on pages 7 to 10 of the Annual Report.
- 3.4 Total membership of the fund rose from 12,864 as at 31st March 2009 to 13,380 as at 31st March 2010, when it comprised 5,360 employees, 4,413 pensioners and 3,607 deferred members. Payments into the Fund from contributions (employee and employer), transfers in and investment income totalled £40.8m (£37.3m in 2008/09) and payments from the Fund for pensions, lump sums, transfers out and administration totalled £31.4m (£25.4m in 2008/09). Details of this can be found in the Pension Fund Revenue Account statement on page 33 of the Annual Report.
- 3.5 The Annual Report and Accounts have been prepared in accordance with officers' understanding of the requirements of both the LGPS Regulations and the CIPFA Statement of Recommended Practice. The accounts have been audited as part of the overall audit of the Council's Accounts by PricewaterhouseCoopers LLP (PWC) and were approved in draft form by the General Purposes and Licensing Committee on 30th June 2010. At the time of writing, no issues have been raised on the Pension Fund accounts and the auditor anticipates issuing an unqualified audit opinion on the financial statements, including the Pension Fund accounts. PWC will include a revised opinion at pages 25 to 26 when the audit of the Annual Report is complete.

4. POLICY IMPLICATIONS

- 4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2007, for the purpose of providing pension benefits for its employees. These regulations allow local authorities to use all the established categories of investments, e.g. equities, bonds, property etc, and to appoint external investment managers who are required to use a wide variety of investments and to comply with certain specific limits. An Annual Report is required to be published under LGPS (Administration) Regulations 2008.

5. FINANCIAL IMPLICATIONS

- 5.1 These are summarised in the body of the report and more details are provided in the relevant sections of the Annual Report. The fee for the separate audit of the Pension Fund Annual

Report was £35,000 in 2009/10 (£38,500 in 2008/09), which was charged to the Pension Fund Revenue Account.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	LGPS Regulations 2007 & LGPS (Administration) Regulations 2008.