

Decision Maker: Pensions Investment Sub-Committee

Date: 19th August 2014

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

Title: PENSION FUND ANNUAL REPORT 2013/14

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Chief Officer: Director of Finance

Ward: All

1. Reason for report

This report introduces the annual report and accounts of the Bromley Pension Fund for the year ended 31st March 2014, which the Council is required to publish under the Local Government Pension Scheme (Administration) Regulations 2008. The annual report (attached at Appendix 1) has been submitted in draft form to the external auditor, PricewaterhouseCoopers LLP (PWC) and, at the time of writing this report, comments were still awaited. In accordance with the regulations, the Council will publish the Annual Report on its website by 1st December 2014.

RECOMMENDATION(S)

The Sub-Committee is asked to:

- 2.1 **Note and approve the Pension Fund Annual Report 2013/14 and, on completion of the external audit by PWC, agree that arrangements be made to ensure publication by the statutory deadline of 1st December 2014.**

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 2013, 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. Pension Fund audit fee £21,000 in 2013/14. Total fund administration costs £2.4m in 2013/14 (includes audit fee, fund manager/actuary/external advice fees, Liberata charge and officer time)
 3. Budget head/performance centre: Pension Fund
 4. Total current budget for this head: £33.3m expenditure in 2013/14 (pensions, lump sums, admin, etc); £45.5m income (contributions, investment income, etc); £629.0m total fund value at 31st March 2014)
 5. Source of funding: Contributions to Pension Fund
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Staff

1. Number of staff (current and additional): 0.4 fte (current)
 2. If from existing staff resources, number of staff hours: c14 hours per week
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Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme (LGPS) Regulations 2013
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 5,254 current employees; 4,862 pensioners; 4,819 deferred pensioners (as at 31st March 2014)
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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. The draft Annual Report for 2013/14 (subject to audit by PWC) is attached at Appendix 1.
- 3.2 The Bromley Pension Fund had total net assets of £629.0m as at 31st March 2014 (£584.4m as at 31st March 2013). The Fund Accounts and Net Assets Statement can be found on pages 29 to 43 of the Annual Report.
- 3.3 Fund performance was reported quarterly to the Sub-Committee during 2013/14 and the Fund outperformed against its benchmark by 1.4% over the year (+7.6% against a benchmark return of +6.2%). Performance compared to the local authority universe (average return of +6.4%) was good and a ranking in the 29th percentile 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 8 to 12 of the Annual Report.
- 3.4 Total membership of the fund rose from 14,253 as at 31st March 2013 to 14,935 as at 31st March 2014, when it comprised 5,254 employees, 4,862 pensioners and 4,819 deferred members. Payments into the Fund from contributions (employee and employer), transfers in and investment income totalled £45.5m in 2013/14 (£37.8m in 2012/13) and payments from the Fund for pensions, lump sums, transfers out and administration totalled £33.3m (£32.0m in 2012/13). Details of this can be found in the Pension Fund Revenue Account statement on page 43 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 PWC and were made available in draft form on the Council's website before the end of June 2014. PWC are currently reviewing the draft Annual Report and the auditors anticipate issuing an unqualified audit opinion on the financial statements, including the Pension Fund accounts.

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. While these regulations have technically been revoked and replaced by the LGPS Regulations 2013, in practice the provisions within those Regulations are still saved for those members to whom they apply.

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 £21,000 in both 2013/14 and 2012/13 and this 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. LGPS Regulations 2013.