

PART 1 - PUBLIC

Decision Maker: Pensions Investment Sub-Committee

Date: 14th September 2011

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

Title: PENSION FUND ANNUAL REPORT 2010/11

Contact Officer: Martin Reeves, Principal Accountant (Technical & Control)
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Chief Officer: Director of Resources

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 2011, which the Council is required to publish under the Local Government Pension Scheme (Administration) Regulations 2008. The annual report (attached at Appendix 1) was submitted in draft form to the external auditor, PricewaterhouseCoopers LLP (PWC), in July and, following the external audit of the Pension Fund accounts, a final draft was submitted for audit on 13th August. No significant issues were raised in this audit and PWC's ISA 260 (International Standards for Auditing) report is attached at Appendix 2. In accordance with the regulations, the Council will publish the Annual Report on its website by 1st December 2011.

RECOMMENDATION(S)

The Sub-Committee is asked to:

- 2.1 Note and approve the Pension Fund Annual Report 2010/11 and, on completion of the external audit by PWC, agree that arrangements be made to ensure publication by the statutory deadline of 1st December 2011.**

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. Pension Fund audit fee £35,000 in 2010/11. Total fund administration costs £3.0m in 2010/11 (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: £31.0m expenditure in 2010/11 (pensions, lump sums, admin, etc); £40.5m income (contributions, investment income, etc); £489.7m total fund value at 31st March 2011)
 5. Source of funding: Contributions to Pension Fund
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Staff

1. Number of staff (current and additional): 0.5 fte (current)
 2. If from existing staff resources, number of staff hours: c18 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): 5,246 current employees; 4,522 pensioners; 3,859 deferred pensioners (as at 31st March 2011)
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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 Annual Report for 2010/11 is attached at Appendix 1.
- 3.2 The Bromley Pension Fund had total net assets of £489.7m as at 31st March 2011 (£447.8m as at 31st March 2010). The Fund Accounts and Net Assets Statement can be found on pages 27 to 36 of the Annual Report.
- 3.3 Fund performance was reported quarterly to the Sub-Committee during 2010/11 and the fund outperformed against its benchmark by 1.0% over the year (+9.0% against a benchmark return of +8.0%). Performance compared to the local authority universe (average return of +8.2%) was good (top quartile) and a ranking of 22% 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 13,380 as at 31st March 2010 to 13,627 as at 31st March 2011, when it comprised 5,246 employees, 4,522 pensioners and 3,859 deferred members. Payments into the Fund from contributions (employee and employer), transfers in and investment income totalled £40.5m (£40.8m in 2009/10) and payments from the Fund for pensions, lump sums, transfers out and administration totalled £31.0m (£31.4m in 2009/10). Details of this can be found in the Pension Fund Revenue Account statement on page 36 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 2011. PWC raised no significant issues in the course of the audit and the auditors anticipate issuing an unqualified audit opinion on the financial statements, including the Pension Fund accounts. The ISA260 report from PWC is attached for information at Appendix 2.

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 both 2010/11 and 2009/10, 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.