

## PENSIONS COMMITTEE

16<sup>th</sup> December 2020

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| <b>Title:</b> Draft Pension Fund Annual Report 2019/20   |   |
| <b>Report of the Chief Operating Officer</b>   |   |
| Public Report  | <b>For Information</b>  |
| <b>Wards Affected:</b> None  | <b>Key Decision:</b> No   |
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| <b>Accountable Director:</b> Philip Gregory, Finance Director  |   |
| <b>Accountable Strategic Leadership Director:</b> Claire Symonds, Acting Chief Executive   |   |
| <b>Summary:</b><br><br>This report presents the Pensions Committee with the Annual Report for the year ended 31 March 2020 and includes the 2019/20 Pension Fund Accounts.<br><br>The Annual Report is available on the Council's website at:<br><br><a href="https://www.lbbdpensionfund.org/barking-and-dagenham-pension-fund/about-us/forms-and-publications/">https://www.lbbdpensionfund.org/barking-and-dagenham-pension-fund/about-us/forms-and-publications/</a> |   |
| <b>Recommendations</b><br><br>The Committee is asked to consider and note the Pension Fund Annual Report for 2019/20.  |   |

## **1. Introduction and Background**

1.1 Regulation 57 of the Local Government Pension Scheme Regulations 2013 requires each administering authority to prepare an annual report for the pension fund. The regulations prescribe that the following should be included in the annual report:

- a report on the management and financial performance of the fund during the year;
- an explanation of the investment policy;
- a report on the administrative arrangements for the fund;
- a statement from the actuary on the latest funding level;
- the current version of the governance compliance statement;
- the fund account and net asset statement with supporting notes and disclosures;
- the extent to which the fund has achieved its required performance levels set out in its pension administration strategy; and
- the current version of the funding strategy statement, investment strategy statement and communications policy and any other information the authority considers appropriate.

1.2 The Annual Report of the Pension Fund has been prepared and is subject to audit by BDO. Several additional disclosures are now required to assist with the production of the LGPS annual report. The additional reporting includes:

- i. Fund Age Distribution as at 31 March 2020;
- ii. Pension Fund Three Year Budget;
- iii. An analysis of fund assets as at 31 March 2020;
- iv. An analysis of investment income as at 31 March 2020; and
- v. A separately reported Pension Board section.

1.3 The Committee is recommended to note the Draft Pension Fund Annual Report for 2019/20.

## **2. Funding Strategy Statement (FSS)**

2.1 After the 2019 triennial valuation was completed, the FSS was produced by the actuary (Hymans Robertson) and officers and was agreed by members in the March 2020 committee.

2.2 The funds current actuary- Barnett Waddingham has since updated the FSS. A summary of the key changes includes:

- i. Updates to the modelling technique used by the previous actuary to value the liabilities and set contributions for each employer

- ii. Addition of an exit credit policy

### **3. Investment Strategy Statement (ISS)**

- 3.1 The Investment Strategy Statement will be updated following a full Strategic Asset Allocation Review by the Fund's Investment Advisor.

### **4. Consultation**

- 4.1 Council's Pension Fund governance arrangements involve continuous dialogue and consultation between finance staff and external advisers. For the FSS there is a 30-day consultation with all Fund employers. The consultation process for this FSS is:

- i. A draft version of the FSS was issued to all participating employers on 27<sup>th</sup> November 2020;
- ii. Comments requested within 30 days (by 28<sup>th</sup> December 2020);

The Chief Operating Officer and the Fund's Chair have been informed of the commentary in this report.

### **5. Financial Implications**

Implications completed by: Philip Gregory, Finance Director

- 5.1 The Pension Fund is a statutory requirement to provide a defined benefit pension to scheme members. The Pensions Committee is responsible for agreeing and monitoring the investment strategy and formally reviewing the Fund's governance and administration of the Fund. This paper forms part of the strategy and governance reviewing process.

### **6. Legal Implications**

Implications completed by: Paul Feild, Senior Governance Solicitor

- 6.1 As observed in the main body of the report Regulation 57 of the Local Government Pension Scheme Regulations 2013 requires each administering authority to prepare an annual report for the pension fund. This report serves that purpose.

### **7. Other Implications**

- 7.1 There are no other immediate implications arising from this report.

#### **Public Background Papers Used in the Preparation of the Report:**

The Local Government Pension Scheme Regulations 2013 (as Amended)

**List of appendices:** Appendix 1: Draft Pension Fund Annual Report 2019/20