

**PENSIONS BOARD 12 AUGUST 2021**

**Report title:** Lambeth Pension Fund – Draft Annual Report 2020/21

**Wards:** All

**Portfolio:** Cabinet Member for Finance and Performance: Councillor Andy Wilson

**Report Authorised by:** Strategic Director for Finance and Investment: Fiona McDermott:

**Contact for Enquiries:** Robert Browning, Head of Treasury and Pensions, 07394 402801, [rbrowning@lambeth.gov.uk](mailto:rbrowning@lambeth.gov.uk)

**REPORT SUMMARY**

This report presents the draft 2020/21 Annual Report for the Lambeth Pension Fund, incorporating the draft 2020/21 Statement of Accounts. The accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and related guidance.

The external auditors Mazars have yet to begin their audit of the accounts, which is expected to start in July 2021. The statutory deadline for the auditors to signoff the accounts is 30 September 2021, whilst the audited Annual Report must be published on or before 01 December 2021.

**FINANCE SUMMARY**

There are no direct financial implications arising from this report.

**RECOMMENDATIONS**

**Pensions Committee**

1. To note the draft Annual Report as appended and delegate approval of the final audited report and financial statements to the Chair.

**Pensions Board**

1. To note the decision made by the Committee.

## **1 CONTEXT**

- 1.1 This report presents the draft 2020/21 Annual Report for the Lambeth Pension Fund, incorporating the draft 2020/21 Statement of Accounts. The accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and related guidance.
- 1.2 The council, as administering authority for the Fund, is required to produce a separate set of accounts for the pension fund. The contents and format of the accounts are determined by statutory requirements and are subject to a separate audit by the council's external auditors, Mazars.
- 1.3 The Fund must also publish an Annual Report, incorporating the Statement of Accounts and summarising Fund performance for the year, on or before the statutory deadline of 01 December.

## **2 PROPOSALS AND REASONS**

- 2.1 The external auditors Mazars have yet to begin their audit of the accounts which is expected to start in July 2021, although a verbal update from officers on the audit plan should be available in time for this meeting. The statutory deadline for the auditors to signoff the accounts is 30 September 2021, whilst the audited Annual Report must be published on or before 01 December 2021.
- 2.2 The accounts comprise two main statements with supporting notes. The main statements are:
  - Fund Account – details the cost of dealing with members, employers and others directly involved in the scheme, as well as returns on investments, management expenses, and changes in market valuation of the Fund's assets; it essentially represents the Fund's revenue account.
  - Net Assets Statement – details the Fund's assets and liabilities, and essentially represents the Fund's balance sheet.
- 2.3 Within the year the total value of the Fund increased by approximately £361m, or 25%, from £1,427m at 31 March 2020 to £1,788m at 31 March 2021.
- 2.4 Income received from contributions and transfers into the scheme totalled £57.7m, whilst £69.2m was paid out in benefits and transfers out of the scheme, resulting in a net cash outflow of £11.5m from dealings with members.
- 2.5 Investment income received for the year ending 31 March 2021 was £28.1m, whilst the Fund incurred £9.3m of management expenses (which includes administration costs, oversight and governance costs, and investment manager fees). Overall income for the year was £85.8m, and expenditure £78.5m, resulting in a net surplus for the year of £7.3m (£7.0m in 2019/20).

- 2.6 Overall Fund membership decreased marginally as at 31 March 2021 by 144 members, although there was a year-on-year shift between the number of deferred and pensioner members (8,460 deferred members at 31 March 2021 compared to 7,686 at 30 March 2020, and 7,455 pensioner members at 31 March 2021 compared to 8,410 at 31 March 2020).
- 2.7 It should be noted that the Annual Report and Statement of Accounts as appended are draft documents and subject to change following the conclusion of the audit and ahead of formal signoff; any material changes will be presented to Committee at the next meeting or earliest opportunity thereafter.

### **3 FINANCE**

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

### **4 LEGAL AND DEMOCRACY**

- 4.1 The Accounts and Audit Regulations 2015 specify the process by which the authority's accounts are initially approved and then examined by an external auditor. This process, and the dates by which the various stages must be achieved, are set out in the Regulations and are legally binding on the authority.
- 4.2 The Accounts and Audit (Amendment) Regulations 2021, in response to the ongoing disruption caused by the COVID-19 pandemic, amend the 2015 Regulations such that the deadline for publishing the audited Statement of Accounts is extended from 31 July to 30 September 2021.
- 4.3 The Regulations require the Statement of Accounts to be approved by a resolution of the council or a committee of the council, and for the responsible financial officer to re-confirm on behalf of the council that they are satisfied that the accounts present a true and fair view of the financial position, and the income and expenditure, of the authority at the end of the financial year. For the Lambeth Pension Fund, the Pensions Committee and Chief Financial Officer/Director of Finance and Property fulfil these roles.
- 4.4 There are no additional comments from Democratic Services.

### **5 CONSULTATION AND CO-PRODUCTION**

- 5.1 Not Applicable.

### **6 RISK MANAGEMENT**

- 6.1 There are no direct risk related issues contained within the report.

## **7 EQUALITIES IMPACT ASSESSMENT**

7.1 None for the purposes of this report.

## **8 COMMUNITY SAFETY**

8.1 None for the purposes of this report.

## **9 ORGANISATIONAL IMPLICATIONS**

### **Environmental**

9.1 None for the purposes of this report.

### **Health**

9.2 None for the purposes of this report.

### **Corporate Parenting**

9.3 None for the purposes of this report.

### **Staffing and accommodation**

9.4 None for the purposes of this report.

### **Responsible Procurement**

9.5 None for the purposes of this report.

## **10 TIMETABLE FOR IMPLEMENTATION**

10.1 Not Applicable.

| <b>AUDIT TRAIL</b>                             |   |                  |                      |                          |
|--|---|------------------|----------------------|--------------------------|
| <b>Consultation</b>                            |   |                  |                      |                          |
| <b>Name/Position</b>                           | <b>Lambeth directorate/ division or partner</b> | <b>Date Sent</b> | <b>Date Received</b> | <b>Comments in para:</b> |
| Councillor Andrew Wilson, Cabinet Member       | Finance and Performance                         | 22.06.2021       | 22.06.2021           |                          |
| Fiona McDermott, Strategic Director            | Finance and Investment                          | 16.06.2021       | 24.06.2021           |                          |
| Christina Thompson, Director of Finance        | Finance and Investment                          | 16.06.2021       | 23.06.2021           |                          |
| Hamant Bharadia, Assistant Director of Finance | Finance and Investment                          | 16.06.2021       | 22.06.2021           |                          |
| Andrew Pavlou, Legal Services                  | Legal and Democratic Services                   | 16.06.2021       | 23.06.2021           |                          |
| Marianna Ritchie, Democratic Services          | Legal and Democratic Services                   | 16.06.2021       | 23.06.2021           |                          |

| <b>REPORT HISTORY</b>   |   |
|---|---|
| <b>Original discussion with Cabinet Member</b>                          | N/A   |
| <b>Report deadline</b>  | 16 June 2021  |
| <b>Date final report sent</b>   |   |
| <b>Part II Exempt from Disclosure/confidential accompanying report?</b> | No  |
| <b>Key decision report</b>  | No  |
| <b>Date first appeared on forward plan</b>                              | N/A   |
| <b>Key decision reasons</b>   | N/A   |
| <b>Background information</b>   | N/A   |
| <b>Appendices</b>   | <ul style="list-style-type: none"> <li>Appendix One – Lambeth Pension Fund Draft Annual Report 2020/21</li> </ul> |