



Committee report

Committee	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	28 OCTOBER 2020
Title	ANNUAL REPORT AND ACCOUNTS 2019-20
Report of	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. Local Government Pension Scheme (LPGS) Regulations 2013 (the regulations) require pension funds to publish an annual report on or before 1 December each year. The content of the annual report is specified by the regulations.
2. This report presents to the committee the draft annual report and accounts for the Isle of Wight Council Pension Fund for the year ended 31 March 2020.
3. The pension fund accounts contained within the annual report will form part of the accounts of the Isle of Wight Council, as administering authority for the fund, which will be presented to Audit Committee for approval on 23 November 2020.
4. Following the finalisation of the audit of the pension fund accounts (which is substantially complete) and the approval of the council's accounts, the annual report will be published on the pension fund's website.
5. Subject to the completion of the external audit, the committee is asked to approve:
 - (a) the accounts for inclusion in the council's accounts;
 - (b) the annual report and accounts for publication.

BACKGROUND

6. The draft financial result for the pension fund for the year ended 31 March 2020, including investment performance and employers' contributions analysis, was presented to the committee in July 2020. The annual report contains the same information but presented in accordance with statutory reporting guidelines.
7. Regulation 57 of the regulations covers the requirement for, content of, and publication arrangements for LGPS pension fund annual reports.
8. A full list of the contents of the annual report is listed below. Attached to this report as Appendix 1, is the information that has not been seen previously by this committee,

indicated in *italics* in the table below. Where details have been submitted previously a link has been provided to the document.

Table of contents	
Foreword	<i>As prepared by the committee chair.</i>
<u>Financial summary</u>	As presented at the meeting dated 22 July 2020.
Scheme management and advisers.	<i>Same format as prior year.</i>
Investment policy and performance report	<i>Report from the fund's investment consultants, Hymans Robertson LLP</i>
<u>Investment strategy statement</u>	January 2019 version. Previously approved by committee on 29 January 2019. Link to published statement provided.
Actuarial statement	<i>Report from the fund's actuary, Hymans Robertson LLP.</i>
<u>Funding strategy statement</u>	Approved and adopted by committee at meeting on 13 March 2020. Link to published statement provided.
Pension scheme administration information	<i>Key performance indicators for 2019-20 previously presented to pension board at meeting on 17 June 2020</i>
<u>Administration strategy</u>	Previously approved by committee November 2018. Link to published statement provided.
<u>Governance policy statement</u>	Previously approved by committee 2 September 2020. Link to published statement provided.
<u>Terms of reference of Pension Fund Committee</u>	Contained within council's constitution which was last updated July 2020. Link to constitution provided.
<u>Terms of reference of Pension Board</u>	
Governance compliance statement	Presented for approval as item 4 on the agenda for this meeting.
<u>Annual report of the Pension Board</u>	Previously approved by committee 2 September 2020. Link to published statement provided.
Knowledge and skills framework compliance statements	Detail of training undertaken both by Pension Fund Committee and Pension Board. Circulated for members' attention on 28 September 2020 – no comments received.
Risk management	<i>Details measures taken to manage risk.</i>
<u>Communications policy statement</u>	Previously approved by committee February 2019. Link to published statement provided.
<u>ACCESS Pool Annual Report</u>	Previously approved by committee 2 September 2020. Link to published statement provided.
Statement of responsibilities for the statement of accounts – Draft	<i>Final version to inserted once council's statement of accounts finalised, by 30 November 2020.</i>
Financial statements year ended 31 March 2020	<i>Prepared in accordance with the regulations.</i>
Independent auditors' statement – not included	<i>To be added once council's statement of accounts finalised, by 30 November 2020.</i>
APPENDIX A – Glossary of terms	<i>As per prior year.</i>

9. A copy of the annual report including all items listed above, in excess of 200 pages, is available from the Technical Finance Manager should members wish to review the document in full prior to its approval.
10. The external auditors have confirmed that they will complete the final part of the pension fund audit work, namely their opinion on the consistency of the information contained in the annual report with that published within the council's statement of accounts, before the end of November 2020.
11. Any further amendments required to the content of the annual report following the completion of the audit work will be approved by the director of finance and section 151 officer, and incorporated into the final published version of the report.
12. Confirmation of the publication of the pension fund's annual report and accounts will be presented to a future pension fund committee meeting.

STRATEGIC CONTEXT

13. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the LGPS regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.
14. Approval of the fund's draft annual report and accounts, and the overall stewardship of public funds, form an integral part of the fund's corporate governance framework.

FINANCIAL / BUDGET IMPLICATIONS

15. There are no direct financial implications associated with this report.
16. The financial information included in this report was presented in summary at the committee meeting in July 2020. However, on an annual basis it is necessary to produce financial information in this format to comply with external reporting requirements, codes of practice and the specific requirements of the Accounts and Audit (England) Regulations 2015, and with the Local Government Pension Scheme Regulations 2013.

LEGAL IMPLICATIONS

17. The pension fund annual accounts form part of the council's annual statement of accounts. The Accounts and Audit (England) Regulations 2015 require approval of the council's statement of accounts by the council sitting as a whole, or by a committee with delegated powers to make such a decision, no later than 31 July each year.
18. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 amended the 2015 regulations as a result of the Covid-19 pandemic lockdown, to allow for local authority accounts to be approved no later than 30 November 2020.

19. The Local Government Pension Scheme Regulations 2013 require that LGPS funds prepare an annual report, including specified contents, which must be published on or before 1 December each year.
20. The audit of the pension fund accounts is substantially complete. The external auditors expect to issue their report and opinion on the council's accounts, including those of the pension fund, before 30 November 2020, the statutory date for publication of the council's audited statement of accounts.
21. The independent report of the external auditor on both the council's accounts and the pension fund accounts will be presented to the Audit Committee on 23 November 2020, prior to issue of their final report and audit certificate to be published with the council's statement of accounts.
22. The independent report of the external auditor for the pension fund accounts will be presented to this committee in due course and will be published in the pension fund annual report and accounts before 1 December 2020.

EQUALITY AND DIVERSITY

23. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
24. The approval of the fund's annual report and accounts has no impact on any of the above protected characteristics.

RISK MANAGEMENT

25. This pension fund's accounts are not required to be separately published, but form part of the council's statement of accounts.
26. The key risks relate to not producing and approving the council's statement of accounts in accordance with external reporting requirements, codes of practice and relevant financial reporting standards, and the requirements of the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. Failure to approve the accounts in accordance with the timeframe set out in the regulations or comply with relevant reporting standards would represent a potential risk to the reputation of the council.
27. A similar reputational risk applies to the failure to publish the pension fund annual report in accordance with the Local Government Pension Scheme Regulations 2013.

EVALUATION

28. To comply with the requirements of the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, the council must publish the approved statement of accounts by 30 November together with any certificate or opinion issued by the auditor.

The council has delegated the authority to approve the statement of accounts to the Audit Committee.

29. To comply with the requirements of the Local Government Pension Scheme Regulations 2013, the annual report of the pension fund must be published by 1 December.
30. By approving the pension fund's annual report and accounts, subject to the completion of the external audit process, the committee is ensuring that the statutory publication timetable can be adhered to.

RECOMMENDATION

31. Subject to the completion of the external audit, the committee approves:
 - (a) the pension fund accounts for the year ended 31 March 2020 for inclusion in the Isle of Wight Council statement of accounts for the year then ended.
 - (b) the pension fund's annual report and accounts for the year ended 31 March 2020 for publication on the fund's website.

APPENDICES ATTACHED

32. Appendix 1 – Extracts from annual report and accounts 2019-20.

BACKGROUND PAPERS

33. Draft year-end financial results 2019-20 (Pension Fund Committee 22 July 2020, paper C)
<https://www.iow.gov.uk/Meetings/committees/IW Pension Fund/22-7-20/PAPER1.pdf>
34. It Investment Strategy Statement (Pension Fund Committee 11 January 2019 Paper B) <https://www.isleofwightpensionfund.org/media/4414/investment-strategy-statement-2019-v23-final.pdf>
35. Funding Strategy Statement
<https://www.isleofwightpensionfund.org/media/5277/iw-pf-funding-strategy-statement-2020.pdf>
36. Administration Strategy (Pension Fund Committee 23 November 2018 Paper D)
<https://www.isleofwightpensionfund.org/media/4314/pension-fund-lg-p-s-administration-strategy-2018.pdf>
37. Governance Policy (Pension Fund Committee 2 September 2020 Paper B)
<https://www.iow.gov.uk/Meetings/committees/IW Pension Fund/2-9-20/PAPERB-Appendix2.pdf>
38. Terms of Reference Pension Fund Committee and Pension Board (Full Council 15 May 2019 Paper D) <https://iow.moderngov.co.uk/documents/s709/Constitution - 8.7 FINAL.pdf>

39. Annual Report of Pension Board (Pension Fund Committee 2 September Paper C)
<https://www.iow.gov.uk/Meetings/committees/IW%20Pension%20Fund/2-9-20/PAPER.C.pdf>
40. Communications Policy Statement (Pension Fund Committee 8 February 2019 Paper B)
<https://www.isleofwightpensionfund.org/media/4428/iwpfpluscommunicationspluspolicyplus2019plusfinal.pdf>
41. ACCESS Pool Annual Report (Pension Fund Committee 2 September Paper D)
<https://www.iow.gov.uk/Meetings/committees/IW%20Pension%20Fund/2-9-20/PAPER.D.pdf>

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