



# Committee report

Committee	<b>ISLE OF WIGHT PENSION FUND COMMITTEE</b>
Date	<b>24 NOVEMBER 2021</b>
Title	<b>ANNUAL REPORT AND ACCOUNTS 2020-21</b>
Report of	<b>TECHNICAL FINANCE MANAGER</b>

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## 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 annual report and accounts for the Isle of Wight Council Pension Fund for the year ended 31 March 2021.
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 6 December 2021.
4. The audit of the pension fund accounts is complete, with report from the external auditor presented elsewhere on this agenda. Subject to 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 council's external audit, the committee is asked to approve the annual report and accounts for publication.

## BACKGROUND

6. The draft financial result for the pension fund for the year ended 31 March 2021, including investment performance and employers' contributions analysis, was presented to the committee in July 2021. 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.

<b>Table of contents</b>	
<b>Foreword</b>	<i>As prepared on behalf of the committee chair.</i>
<b>Financial summary</b>	<i>Extracted from draft financial statements presented to July 2021 committee meeting</i>
<b>Scheme management and advisers.</b>	<i>Same format as prior year.</i>
<b>Investment policy and performance report</b>	<i>Report from the fund's investment consultants, Hymans Robertson LLP</i>
<a href="#"><u>Investment strategy statement</u></a>	February 2021 version. Approved by previous committee on 3 March 2021. Link to published statement provided.
<b>Actuarial statement</b>	<i>Report from the fund's actuary, Hymans Robertson LLP.</i>
<a href="#"><u>Funding strategy statement</u></a>	Approved and adopted by previous committee at meeting on 13 March 2020. Link to published statement provided.
<b>Pension scheme administration information</b>	<i>Key performance indicators for 2020-21 previously presented to pension board at meeting on 21 July 2021</i>
<a href="#"><u>Administration strategy</u></a>	Approved by previous committee November 2018. Link to published statement provided.
<a href="#"><u>Governance policy statement</u></a>	Approved by previous committee 2 September 2020. Link to published statement provided.
<a href="#"><u>Terms of reference of Pension Fund Committee</u></a>	Contained within council's constitution which was last updated July 2021. Link to constitution provided.
<a href="#"><u>Terms of reference of Pension Board</u></a>	
<a href="#"><u>Governance compliance statement</u></a>	Approved by previous committee 9 October 2020. Link to published statement provided.
<b>Annual report of the Pension Board</b>	Presented for adoption as item 5 at this meeting.
<b>Knowledge and skills framework compliance statements</b>	<i>Detail of training undertaken both by Pension Fund Committee and Pension Board.</i>
<b>Risk management</b>	Presented for adoption as item 8 at this meeting.
<a href="#"><u>Communications policy statement</u></a>	Previously approved by committee February 2019. Link to published statement provided.
<a href="#"><u>ACCESS Pool Annual Report</u></a>	Adopted by ACCESS Joint Committee at their meeting on 6 September 2021. Link to published statement provided.
<b>Statement of responsibilities for the statement of accounts – not included</b>	Final version to inserted once council's statement of accounts finalised, by 6 December 2021.
<a href="#"><u>Financial statements year ended 31 March 2021</u></a>	Previous draft version presented to committee on 28 July 2021.
<b>Independent auditors' statement – not included</b>	To be added once council's statement of accounts finalised, by 6 December 2021.
<b>APPENDIX A – Glossary of terms</b>	<i>As per prior year.</i>

## STRATEGIC CONTEXT

9. 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.
10. 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

11. There are no direct financial implications associated with this report.
12. The financial information included in this report was presented in summary at the committee meeting in July 2021. 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

13. 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.
14. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 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 September 2021.
15. 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.
16. The audit of the pension fund accounts is complete. The external auditors expect to issue their report and opinion on the council's accounts, including those of the pension fund, on 6 December 2021, having not completed their audit work by the statutory date for publication of the council's audited statement of accounts.
17. 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 6 December 2021, prior to issue of their final report and audit certificate to be published with the council's statement of accounts.

18. The independent report of the external auditor for the pension fund accounts, which was presented to the audit committee on 27 September 2021 is presented to this committee meeting. The delay in the completion of the council's accounts will mean that the fund will be unable to publish its annual report and accounts before 1 December 2021. This matter has been reported to the Local Government Association.

## EQUALITY AND DIVERSITY

19. 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.
20. The approval of the fund's annual report and accounts has no impact on any of the above protected characteristics.

## RISK MANAGEMENT

21. This pension fund's accounts are not required to be separately published, but form part of the council's statement of accounts.
22. 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.
23. 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

24. 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.
25. 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.
26. By approving the pension fund's annual report and accounts, subject to the completion of the council's external audit process, the committee is ensuring that the report can be published as soon as possible after the statutory publication deadline, which will have been missed due to the delay caused by the council's external auditors.

**RECOMMENDATION**

27. That the pensions fund's annual report and accounts for the year ended 31 March 2021 be approved.
28. That the annual report and accounts be published on the pension fund website as soon as possible following the completion of the council's external audit.
29. That the committee be notified when the annual report is published.

**APPENDICES ATTACHED**

30. Appendix 1 – Extracts from annual report and accounts 2020-21.

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