



Purpose: For Approval

Committee report

Committee	PENSION FUND COMMITTEE
Date	27 JULY 2022
Title	2021-22 DRAFT ACCOUNTS
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. This report presents the draft financial statements for the Isle of Wight Council Pension Fund for the year ended 31 March 2022, and a summary of progress for the completion of the fund's annual report and accounts for the year then ended.
2. It also provides a timetable for the completion of the annual report and accounts, including the external audit timetable and publication deadlines.

RECOMMENDATION

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| <ol style="list-style-type: none">3. That the committee approve the draft financial statements for the pension fund for the year ended 31 March 2022.4. That the committee note the timetable for the completion and publication of the annual report and accounts for the year ended 31 March 2022. |
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LEGISLATIVE BACKGROUND

5. The Accounts and Audit Regulations 2015 (the 2015 regulations) require approval of the council's statement of accounts, including the accounts to the pension fund, by members no later than 31 July each year.
6. The Accounts and Audit (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 for financial years ending 31 March 2021 and 31 March 2022.
7. In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) announced proposals to extend the deadline for the publication of audited accounts to 30 November for 2021-22.

8. While there is no requirement for the pension fund's accounts to be published anywhere other than as part of the council's statement of accounts, the Local Government Pension Scheme (LPGS) Regulations 2013 (the regulations) require pension funds to publish an annual report on or before 1 December each year.

DRAFT FINANCIAL STATEMENTS

9. Appendix 1 to this report contains the draft financial statements for the pension fund for the year ended 31 March 2022, presented in the format prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA).
10. The results shown in the appendix have been updated from the early draft results presented to the committee in May 2022, following the receipt of final information from investment managers. The accounts are still subject to external audit.
11. The net deficit between contributions received and benefits paid during the year, has not changed since the previous report, remaining at £2.98 million. Management expenses have decreased by £0.04 million to £5.75million, and the net return from investments has increased by £0.78 million to £46.17 million.
12. For the year ended 31 March 2022, the fund's total net assets increased by £37.4 million, to £728.1 million (compared to £690.7 million at 31 March 2021).

TIMETABLE FOR COMPLETION OF ACCOUNTS AND ANNUAL REPORT

13. Appendix 2 to this report sets out a high level timetable for the completion of the annual report and accounts for the year ended 31 March 2022, including agenda items for presentation to both pension committee and local pension board for approval and information.
14. As previously reported, the audit work for both the council and pension fund accounts to 31 March 2022 will be delayed, with the completion scheduled for the March 2023 audit committee meeting.
15. Progress against the timetable will be reported to each local pension board and pension committee meeting. Should there be any further significant delays, these will be brought to members' attention.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

Corporate Aims

16. There is nothing contained in this report which directly contributes to the priorities contained in the [Corporate Plan 2021 - 2025](#).

Pension Fund Strategic Aims

17. The primary objective of the fund is to pay benefits to scheme members or their dependants in accordance with the Local Government Pension Scheme (LGPS) Regulations and other statutory provisions. The Risk Management Policy, together with a supporting risk register, forms part of the fund's key internal controls required by the Pensions Regulator to ensure this primary objective can be met.

18. The fund has also agreed the following objectives, which are supported by information in this report:
 - (a) Ensure compliance with the LGPS Regulations, other relevant legislation and the Pensions Regulator's Codes of Practice

FINANCIAL / BUDGET IMPLICATIONS

19. There are no direct financial implications arising from the approval of the pension fund's draft accounts.

LEGAL IMPLICATIONS

20. The Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as "a [local authority] required to maintain a pension fund under the local government pension scheme regulations".
21. The Pension Fund Committee is a committee under section 101 of the Local Government Act 1972, with delegated authority to discharge the council's statutory duties in respect of the LGPS.
22. The accounts for the Isle of Wight Council Pension Fund will form part of the council's annual accounts, which are required by the Accounts and Audit (England) Regulations 2015 to be approved by the council sitting as a whole, or by a committee with delegated powers to make such a decision (for the Isle of Wight Council this is the Audit Committee), no later than 31 July for each financial year.
23. The Accounts and Audit (Amendment) Regulations 2021 amended the 2015 regulations as a result of the Covid-19 pandemic lockdown, to allow for local authority accounts for the financial years beginning in 2020 and 2021 to be approved no later than 30 September following the relevant year end.
24. In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) announced a package of measures to tackle delays in local audit, which includes a commitment to an extended deadline for the publication of audited accounts of 30 November for 2021-22 and then a deadline of 30 September for the following five years, beginning with the 2022-23 accounts and ending after the 2027-28 accounts have been completed
25. 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.
26. As reported above, both the council and the pension fund will not meet these statutory deadlines for the year ended 31 March 2022 due to delays arising from the external auditor. The pension fund has reported its non-compliance with legislation to the Local Government Association.
27. While there is currently no specific regulatory requirement for the pension fund accounts to be separately approved, it is considered good practice to provide the Pension Fund Committee with the draft results figures as part of the overall approval process.

EQUALITY AND DIVERSITY

28. 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.
29. The approval of the pension fund's draft accounts and noting the timetable for the completion of the annual report and accounts have no impact on any of the protected characteristics.

RISK MANAGEMENT

30. The Isle of Wight Council Pension Fund accounts form part of the council's overall annual accounts that have to be signed off by Full Council (or a committee with delegated powers) as part of the Accounts and Audit (England) Regulations 2015. While it is not a statutory requirement for the fund's to be approved separately from the council's full accounts, not involving the pension fund committee in this sign off process would not be following accepted good practice.
31. Presenting the committee with the draft financial statements, and then presenting the final pension fund annual report and accounts for approval at a later date, ensures that committee members have a greater understanding of the financial information when providing their final approval.

APPENDICES ATTACHED

32. Appendix 1 – draft accounts for the Isle of Wight Council Pension Fund for the year ended 31 March 2022
33. Appendix 2 – timetable for the completion of the 2021-22 annual report and accounts.

BACKGROUND PAPERS

34. Draft Financial Results 2021-22. Isle of Wight Pension Fund Committee 25 May 2022, agenda item 11
<https://iow.moderngov.co.uk/documents/s8090/ITEM%209%20Draft%20Financial%20Results.pdf>

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