



City of Westminster

# Committee Report

**Decision Maker:** PENSION FUND COMMITTEE

**Date:** 21 JUNE 2018

**Classification:** General Release

**Title:** Draft Pension Fund Annual Report and Statement of Accounts 2017-18

**Wards Affected:** All

**Policy Context:** Effective control over Council Activities

**Financial Summary:** There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.

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## 1. Executive Summary

1.1 This report presents the draft Pension Fund Annual Report and Statement of Accounts for the year ended 31 March 2018.

## 2. Recommendation

2.1 The Committee is asked to approve the Pension Fund Annual Report 2017/18.

2.2 Note the pension fund accounts for 2017/18.

## 3. Background

3.1 The Council's Annual Statement of Accounts for 2017/18, which includes the accounts for the Pension Fund, were prepared and submitted to the Council's external auditors for audit on 1 April 2018, with an audit opinion produced on 23 April 2018.

- 3.2 This was two months in advance of the statutory requirement of 31 May. Despite the accounts receiving an unqualified opinion from external audit, there is a statutory public inspection period before the authority is able to approve or publish the accounts. To comply with this arrangement, the Council's Statement of Accounts will be represented to the Audit and Performance Committee on 16 July 2018 for approval, the earliest permitted date.
- 3.3 The production of the Pension Fund Annual Report, which includes the Pension Fund Accounts, is a regulatory requirement and needs to be approved by the Pension Fund Committee by 30 September following the year end. The draft Pension Fund Annual Report for 2017/18 is attached as Appendix 1.
- 3.4 Committee members are asked to comment on any matters in the draft Pension Fund Annual Report and delegate approval of the final document to the Tri-Borough Director of Treasury & Pensions in consultation with the Chair.

#### **4. Annual Report Overview**

- 4.4 The Pension Fund accounts were produced on the 1 April 2018 and received an unqualified opinion from the auditors on the 23 April 2018; this is the fastest of any organisation, public or private.
- 4.5 The Pension Fund assets have had an excellent year, outperforming the strategic benchmark by 1.6%. This continues the long term trend of outperformance: +1.5% annualised over a five-year period.
- 4.6 The Pension Fund has benefitted from increased deficit recovery contributions compared with 2016/17, with improving cash flow and no need to liquidate assets in the short term to pay benefits.
- 4.7 The Pension Fund administration has seen significant improvements over the last few years in its KPIs as a result of hard work from both the City of Westminster's internal officers and external partners Surrey County Council and BT. Retirement benefit letters are now meeting the 5-day target 96% of the time, as opposed to 62% of the time in 2015/16.
- 4.8 Administration costs remain low when benchmarked with other London Funds, demonstrating the Fund's value for money for its members.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:**

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**BACKGROUND PAPERS:**       None

**APPENDICES**

**Appendix 1: Pension Fund Annual Report and Statement of Accounts 2017/18**

**Appendix 2: Audit Findings Report**