

## **PENSIONS COMMITTEE - 21 SEPTEMBER 2011**

### **PENSION FUND ANNUAL REPORT 2010/11**

#### **SUMMARY**

The pension fund annual report for 2010/11 is attached for approval and publication. Some changes to the statements included in the report are noted below.

#### **RECOMMENDATIONS THAT**

1. The changes made to the Statement of Investment Principles, the Funding Strategy Statement, the Governance Compliance Statement and the Communications Policy Statement, as noted below and included in the annual report be agreed.
2. Subject to the inclusion of the audit opinion, the annual report 2010/11 be agreed for publication.

#### **1. Introduction**

The Pension Fund is required to publish an extended annual report by 1 December following the end of each financial year. The report is required to be separately audited by the Council's external auditors, the Audit Commission, and their report follows this item on the agenda. Their audit opinion will be included in the annual report when finalised.

The annual report not only has to include a report on the management and financial performance of the Fund during the year, explain the investment policy, provide a statement on the level of the funding of the Fund at the last actuarial valuation, and include the accounts, it also has to have the current versions of:-

- the governance compliance statement
- the funding strategy statement
- the statement of investment principles, and
- the communications policy statement.

In preparing the report authorities have to have regard to guidance issued by the Department for Communities and Local Government. A first draft of this guidance was circulated by the CLG at the end of July 2009 but no final guidance has to date been produced. The draft guidance suggested the inclusion of several items not currently included in the annual report, but as the final guidance has not been produced these items will only be addressed when required in a future report.

#### **2. Updates to the Statements included in the report**

The opportunity has been taken to update the statements in the report for the following items:-

- The establishment of the Pensions Investment Sub-Committee, the reduction in the number of Members on the Pensions Committee, and the Director of Finance and Resources job title have been included in all relevant documents.
- The new long term asset allocation agreed in February is included in the Funding Strategy Statement and the Statement of Investment Principles.
- The Statement of Investment Principles now notes the development of the annual business plan and the inclusion of the Committee's knowledge and skills statement in the annual report. It also includes the fee basis of the new managers to the Pension Fund and the change of name from RMF to Man investments.
- The wording of the Statement of Investment Principles has also been reviewed in more detail in consultation with Aon Hewitt. In particular additions have been made to sections 3.1 to 3.3 on investment strategy and risk.

The updated report for 2010/11 is attached for the Committee's approval. Electronic copies of the report will be sent to admitted bodies and will be made available on the website.

### **3. Summary of Financial Implications**

All costs of producing the annual report are met by the Pension Fund.

### **4. Summary of Legal Implications**

The requirements to publish the Pension Fund annual report are now contained in Regulation 34 of the Local Government Pension Scheme (Administration) Regulations 2008.

### **5. Summary of Other Implications**

There are no other implications arising from this report.

#### **Local Government Act 1972 – section 100d**

#### **List of background documents**

Email – LGPS Annual Report Advice – from Department for Communities and Local Government – July 2009

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