

	Pensions Fund Sub-Committee 06 October 2020
	Report from the Director of Finance
Brent Pension Fund: Annual Report and Accounts 2019/20	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	OPEN
No. of Appendices:	1. Annual Report and Accounts 2019/20
Background Papers:	▪ N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Director of Finance Ravinder Jassar, Head of Finance Sawan Shah, Senior Finance Analyst

1.0 Purpose of the Report

1.1 This report presents the draft Pension Fund Annual Report and audited Annual Accounts for the year ended 31 March 2020.

2.0 Recommendation

2.1 The Committee is recommended to note and approve:

- The audited accounts included as part of the annual report;
- The draft Pension Fund Annual report which will be published as set out in paragraph 3.3;
- The updated Investment Strategy Statement (ISS).

3.0 Detail

3.1 The accounts (Appendix A) have been prepared to meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) governing the preparation of the 2019/20 financial statements for Local Government Pension Scheme funds. The audited accounts aim to give a true and fair view of the financial transactions of the

Pension Fund during the year ended 31 March 2020 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2020.

3.2 The main items to note are as follows:

- There have been no major changes to the Audited Annual Accounts since the submission of the Draft Annual Accounts. Only minor changes and additional clarifications have been made.
- During 2019/20, the value of the Pension Fund's investments has decreased to £835m (2018/19 £856m). This is due to the poor performance of equity markets in the final quarter of the year related to COVID-19. At the end of December 2019, investments were valued at £935m.
- Total contributions received from employers and employees totalled £60m for the year, an increase on the previous year's £52.1m.
- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, totalled £48m, an increase on the previous year's £46m.
- As in 2018/19, the Fund is in a positive cash-flow position because its contributions exceed its outgoings to members.
- The Fund completed its 2019 valuation in the 2019/20 financial year. It was agreed in the valuation that the employer contribution rate would remain stable at 35% for the next 3 years. This is consistent with the Fund's deficit recovery plan to clear its deficit within 19 years of the balance sheet date.

3.3 The annual accounts have been audited since the draft accounts were presented to the committee at the previous meeting. Only minor amendments and additional clarifications were made to the draft accounts. The draft Pension Fund annual report is currently in the process of being audited and is due to conclude shortly. To date no major queries have been raised by the auditors. Regulations require the annual report to be published on or before 1 December. The Fund will publish the report on completion of the audit process and before the required deadline.

3.4 The Pension Fund Annual report also includes the Fund's updated Investment Strategy Statement (ISS). This is in line with Regulation 7 of the Local Government Pension Fund (Management and Investment of Funds) Regulations 2016 which requires administering authorities to prepare, publish, and when appropriate revise, a written statement recording the investment policy of the pension fund.

3.5 The ISS has been updated to reflect the outcome of the Investment Strategy Review agreed by the Sub-committee in February 2020. Key changes include:

- Updated interim and long term target asset allocations and the maximum percentage of the total Fund value that will be invested in these assets;
- A summary of updates made to the long term strategic allocation;
- The Committee's commitment to ongoing development of its ESG policy;
- Additional investment beliefs agreed in light of the Fund's increased focus on, and importance of, responsible investment.

3.6 The Pension Fund annual report also incorporates the Pensions Administration Strategy, Funding Strategy Statement and Communications Policy Statement which have been approved by the Committee at previous meetings.

4.0 Financial Implications

4.1 Not applicable.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance