

MUNICIPAL YEAR 2019/2020 REPORT NO.

MEETING TITLE AND DATE:

Pension Policy & Investment
Committee – 18th July 2019

REPORT OF:

Executive Director of Resources
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Agenda – Part:1

Item: 6

**Subject: Pension Strategy Business Plan
2019/20**

**Wards: all
Key Decision No:**

Cabinet Member consulted:

1. EXECUTIVE SUMMARY

- 1.1. This report presents the Draft (unaudited) Annual Statement of Accounts for the 2018/19 financial year for Members' information.

2. RECOMMENDATIONS

- 2.1. The Committee is asked to note the report.

3. BACKGROUND

- 3.1. The 2018/19 Draft Statement of Accounts were completed by the statutory deadline of 31 May 2019. The Draft Statement of Accounts were authorised for issue by Fay Hammond, Acting Executive Director of Resources and published on the Website on 31 May 2019.
- 3.2. The Regulations require the Responsible Finance Officer to certify the Draft Statement of Accounts by 31st May 2019. In Enfield the Responsible Finance Officer is the Acting Executive Director of Resources. Following their consideration of the External Auditor's Report, Members are then required to approve the Final (Audited) Statement of Accounts so that these can be published by the statutory deadline of 31 July 2019.
- 3.3. The reporting of the draft Accounts to Members, whilst not mandatory, is considered good practice and gives Members the opportunity to ask officers questions and if need be to raise objections.

4. KEY FEATURES

- 4.1. The draft 2018/19 Pension Fund accounts are shown in **Appendix 1**.
- 4.2. The Fund has increased by £81.9m over the year, representing an increase of (7.5%) - well ahead of the actuarial valuation assumptions and ranking the Fund in the top quartile.
- 4.3. Trilogy, an equity Fund manager, was dismissed during the year and funds were transferred into the LCIV, with the Fund taking the opportunity to reduce its exposure to global equities by £62m. The Fund now holds over £291m with the LCIV.

- 4.4. During the year the Fund appointed CBRE to provide a long term secure income (inflation) fund. There was one draw down made in 2018/19.
- 4.5. The Fund remains in cash surplus at the members' level. It is anticipated that this position will reverse over the next 5 years.
- 4.6. Management expenses have increased due to the increase in market value and due to the increased commitment to private equity, though the costs have been mitigated by the reduction of hedge fund managers made at the end of 2017/18.
- 4.7. As at 31 May 2019 – two final managers' valuations were not available. These are: Adam Street Partners ASP – a fund of fund private equity fund - this will be available by mid July and Antin - an European infrastructure fund – valuation due in mid June, so estimates had to be applied. The draft Statement of Accounts will be amended if there are any material changes to the estimates.
- 4.8. The Committee will be updated on the progress and outcome of the audit. It is however, proposed for the external auditors to initially report their findings to the Council's Audit Committee on 25th July 2019.

5. FINANCIAL IMPLICATIONS

- 5.1. The External Auditors' fees amounted to £19,000.

6. LEGAL IMPLICATIONS

- 6.1 The pension fund accounts are governed by the overall financial framework for local authorities. They are also produced in conjunction with the full Code of Practice on Local Authority Accounting in the United Kingdom: 2018/19 Accounts.