

## London Borough of Enfield

### General Purposes Committee

22 April 2021

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| <b>Subject:</b>            | <b>Pension Fund Accounts 2019/20</b>             |
| <b>Cabinet Member:</b>     | <b>Cllr Maguire, Cabinet Member for Finance</b>  |
| <b>Executive Director:</b> | <b>Fay Hammond, Executive Director Resources</b> |
| <b>Key Decision:</b>       | <b>N/A</b>                                       |

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#### **Purpose of Report**

1. The report provides an update on minor changes made to the Pension Fund Accounts arising from the technical review process undertaken by BDO at the end of their audit process in presenting the final 2019/20 accounts for approval by the Committee.

#### **Proposals**

2. General Purposes Committee is recommended to:
  - a) Note the updates arising from the outcome of the technical review
  - b) Approve the final Pension Fund Accounts.
  - c) Delegate authority to the Chair of the Committee in liaison with the Executive Director of Resources to agree any minor changes Pension Fund Accounts which may arise in response to BDO's technical review.

#### **Reason for Proposal**

3. It is a statutory requirement for the General Purposes Committee to approve the final Pension Fund Accounts to enable the external auditor, BDO to issue the audit opinion.

#### **Relevance to the Council Plan**

4. Strong financial governance underpins the Council's Corporate Plan objectives of:
  - Good homes in well connected neighbourhoods;
  - Safe, healthy and confident communities; and
  - An economy that works for everyone

## **Background**

5. The Audit and Accounts Regulations require local authorities to submit a draft accounts signed off by the s151 Officer for audit by 31 March each year and for the audited accounts to be approved by the General Purposed Committee and signed off by the s151 Officer and for the audit opinion to be issued by 31 August. There is no requirement for the draft accounts to be presented to Committee, but this is good practice which is followed by Enfield and many other local authorities.
6. Due to the global Covid-19 pandemic, for the 2019/20 Statement of Accounts only the statutory deadlines were relaxed to 31 August 2020 for the publication of the draft accounts and 30 November for the final audited accounts.

## **Final Pension Fund Accounts**

7. There are no significant changes to the Pension Fund Accounts presented to General Purposes Committee on 4 March. The net worth remains at £1.149bn as previously report and the key headlines from the March report also hold.
8. The audit of the accounts had substantially been completed and BDO had also presented their draft closure of audit/ISA 260 meeting setting out a small number of queries to be addressed.
9. The Technical Review by BDO has now also been performed and the review came forward with 20 queries which the Finance Team has been working through.
10. The following actions have been taken:
11. Post Balance Sheet Events – the Team have confirmed to BDO there are none.
12. Remove of unnecessary disclosures – BDO have ask that the team consider removing three disclosures. It is appropriate to do so, previous Note 14D and 15 have been removed in their entirety and deleted the changes in liability statement in Note 5.
13. Drafting - the technical reviewer was not satisfied with some of the drafting of Note. 5 and this has now been rewritten.
14. Updating disclosures – a number of the disclosures have been reviewed and updated. Note 4 on Critical Judgement in Applying Accounting policies was predominantly a set of assumptions rather than judgements and has been updated to focus on the judgements involved. Note 5. has been updated to confirm movements in liabilities in accordance with the Actuary's note. We confirmed whilst not material and requiring disclosure, the private equity movements are significant, the Council has chosen to disclose and also confirmed IFRS13 as the accounting basis. Note 15 (previously Note 16) has been redrafted to provide additional explanation of the sensitivities on Level 3 Private Equity and Hedge Funds.
15. Further clarification – further clarification is being provided in five areas, but it is not necessary to update the notes and disclosure for these. These cover the GMB and both the accounting for historical underpayments and the

November 2020 ruling; four matters of clarification on individual lines and movements in Note 14. 14.a and 14b Investments; four matters of clarification on Note 15. (previously Note 16.) Fair Value – Basis of Valuation; question on uncertainty due to Covid-19 and finally an explanation of contractual commitments for private equity mandates in Note 25. (previously Note 26).

### **Safeguarding Implications**

16. There are no safeguarding implications arising from this report.

### **Public Health Implications**

17. There are no public health implications arising from this report.

### **Equalities Impact of the Proposal**

18. There are no equalities implications arising from this report.

### **Environmental and Climate Change Considerations**

19. There are no environmental and climate change implications arising from this report.

### **Risks that may arise if the proposed decision and related work is not taken**

20. There would be a material reputational risk to the Council were the final Pension Fund not to be approved by the General Purposes Committee. The Council would be in a position of having no signed off accounts and no audit opinion.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

21. None.

### **Financial Implications**

22. The financial implications are set out in the body of the report.

### **Legal Implications**

23. The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to the taxpayers with regards to the use and accounting for public monies. This report contributes to the discharge of these duties.

### **Workforce Implications**

24. There are no workforce implications arising from the report.

### **Property Implications**

25. There are no property implications arising from the report.

### **Other Implications**

26. None

### **Options Considered**

27. None

### **Conclusions**

28. The final accounts are presented for approval and following resolution of the outstanding queries BDO will issue their final closure report.

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Date of report 14 April 2021

### **Appendices**

Appendix 1 – Final Pension Fund Accounts for 2019/20

### **Background Papers**