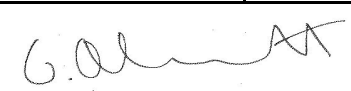




<b>Report to:</b>	Pension Committee	<b>Date:</b>	4 September 2017
<b>Report title:</b>	Pension Fund Annual Report		
<b>Report from:</b>	Gerald Almeroth, Strategic Director – Resources		
<b>Ward/Areas affected:</b>	Borough Wide		
<b>Chair of Committee:</b>	Councillor Sunita Gordon		
<b>Author(s)/Contact Number(s):</b>	Lyndsey Gamble, Head of Financial Strategy and Planning, 0208 770 5358		
<b>Corporate Plan Priorities:</b>	<ul style="list-style-type: none"> <li>• A Smart Council</li> </ul>		
<b>Open/Exempt:</b>	Open		
<b>Signed:</b>		<b>Date:</b>	23 August 2017

## 1. Summary

- 1.1. The attached Pension Fund Annual Report has been produced to keep pensioners and other interested stakeholders informed about the administration and performance of the London Borough of Sutton Pension Fund, and to comply with regulation 34 of the Local Government Pension Scheme (Administration) Regulations SI2008 No 239. The annual report includes the pension fund governance compliance statement at Appendix III which has been revised and updated.

## 2. Recommendations

The Pension Committee is recommended to:

- 2.1. Approve the Pension Fund Annual report for 2016/17.
- 2.2. Approve the Governance Compliance Statement included as Appendix III of the 2016/17 Pension Fund Annual Report.
- 2.3. Agree to delegate authority to the Strategic Director - Resources to make final amendments to the annual report as required before publication.

## 3. Background

- 3.1. The requirement to produce a pension fund annual report was initially introduced under Regulation 34 of the LGPS (Administration) Regulations 2008. This sets out the broad content of the report and publication arrangements for the document.



- 3.2. The annual report is a major component of a LGPS fund's communication with scheme stakeholders and the wider public. Consequently, although not specifically required under Regulations, good practice suggests that the Annual Report be formally reviewed and approved by the Pension Committee.
- 3.3. Regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended) requires the Administering Authority (Sutton Council) to maintain a statement assessing the pension fund governance arrangements and to keep the statement under review consulting such persons as it considers appropriate and to make such revisions to the statement, following a material change in the governance arrangements. The statement, and any revised statement, must be published.
- 3.4. Part 1 of the Pension Fund Governance Compliance Statement relates to the arrangements for pension fund administration and includes the following information:
- (i) The terms, structure and operational procedures of the delegation of functions to the Pension Committee;
  - (ii) The frequency of Pension Committee meetings; and
  - (iii) Information on the Scheme employers and members represented on the Pension Committee and whether they have voting rights.
- 3.5. As required by Regulation 55 (1) (c), the governance arrangements have been assessed (as detailed in the statement included within the Annual Report) against guidance from the Secretary of State, Department for Communities and Local Government (*Local Government Pension Scheme Governance Compliance Statement Statutory Guidance, 2008*). The assessment shows that there are two areas where best practice are not met. These areas relate to the inclusion of scheme representatives on the Pension Fund.
- 3.6. Part 2 of the Pension Fund Governance Compliance Statement relates to the arrangements for the Pension Board, a stand-alone body tasked with assisting the Administering Authority with securing compliance with the regulations, any other legislation relating to the governance and administration of the Scheme, taking account of guidance from the Pensions Regulator; and assisting to ensure the effective and efficient governance and administration of the Scheme.
- 3.7. As required by Regulation 55 (1) (d), the statement provides details of the terms, structure and operational procedures relating to the Board. In addition, these arrangements have been assessed (as detailed in the statement) against the guidance from the Local Government Pension Scheme Advisory Board established by the Secretary of State, Department for Communities and Local Government (*Guidance on the creation and operation of the Local Pension Boards in England and Wales, 2015*). This is because the existing statutory guidance referred to in paragraph 4.2 does not cover Pension Boards. The assessment shows that the part 2 arrangements comply with the Advisory Board's guidance.



- 3.8. Work has continued to improve the structure and content of the Annual Report including the governance compliance statement following a review by officers and recommendations made as part of the Governance Review carried out by John Raisin.
- 3.9. An initial structure for a business plan has now been developed for the pension fund and the specific plan for 2017/18 was reviewed and agreed by Committee in June 2017. This included budgets for fund management expenses for 2017/18 through to 2019/20. In the 2017/18 and future Annual Reports, performance against these budgets will be reported.
- 3.10. The Annual Report includes the pension fund accounts for the financial year ended 31 March 2016. These accounts are currently in the process of being audited by our external auditors. The report recommends that Strategic Director Resources make any final amendments as required to the report before final publication on the Council's website.

#### 4. Impacts and Implications

##### Financial

- 4.1. There are no direct financial implications arising from the recommendations in this report.

##### Legal

- 4.2. There are no legal implications arising from this report.

#### 5. Appendices and Background Documents

Appendix Letter	Title
A	2016/17 Pension Fund Annual Report

##### **Background Documents**

Department for Communities and Local Government: Local Government Pension Scheme Governance Compliance Statements Statutory Guidance (2008)

Local Government Pension Scheme Advisory Board: Guidance on the creation and operation of the Local Pension Boards in England and Wales (2015)

##### **Audit Trail**

Version:	Final	Date: 23 August 2017
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##### **Consultation with other officers**

Officer	Comments Sought	Comments checked by
Finance	Yes	Lyndsey Gamble
Legal	N/A	N/A
Equality Impact Assessment required?	N/A	N/A

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