

Committee:

London Borough of Merton Pension Committee

Date: 10 September 2020

London Borough of Merton Pension Board

Wards: All

Subject: Merton Pension Fund – 2019/20 statement of accounts and the annual report

Lead officer: Caroline Holland - Director of Corporate Services

Lead member: Councillor. Mark Allison.

Contact officer: Roger Kershaw- AD Resources

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Recommendations:

A. Members are asked to note the content of this report and approve the attached.

- (1) Merton Pension Fund Financial Statements and Annual Report 2019/20 - Appendix 1.
 - (2) Note the Letter of Representation as set out in Appendix 1.
 - (3) Note the External Auditor's Report as set out in Appendix 1.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. This report presents to Committee the Merton Pension Fund's Annual Report and the Auditor Report for the year-ended 31 March 2020.

2 DETAILS

- 2.1. The Council's external auditors Ernst & Young (EY) have completed the major part of their annual audit into the Pension Fund and are likely to provide an unqualified opinion as long as all the remaining testing is satisfactory.
- 2.2. The audit report will be presented by EY at the Pension Fund Advisory Committee (PFAC) on the 10 September 2020 and will be signed off after presenting to the General Purpose Committee on the 22 September 2020.
- 2.3. The Annual Report will be published on the Councils website following the audit sign off with the audit opinion on the pension fund statement of accounts. The deadline to publish the Annual Report is 1 December 2020.

- 2.4. This report presents the audit report to the 2019/20 Annual Pension Fund Report and the Statement of Accounts. The Statement of Accounts has been prepared in accordance with The 2019/20 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and CIPFA guidance on Accounting for Local Government Pension Scheme.
- 2.5. The publication of the Pension Fund Annual Report and Statement of Accounts helps to keep Fund members informed, shows good governance, and helps to demonstrate effective management of Fund assets.
- 2.6. The accounts comprise two main statements with supporting notes. The main statements are:
- Dealings with Members, Employers and Others, which is essentially the fund's revenue account
 - The Net Assets Statement, which can be considered as the funds balance sheet
- 2.7. Due to the impact of the COVID-19 pandemic the fund lost the value it had gained throughout the year and showed a net asset value of £689m (March 2019 £721m)
- 2.8. In 2019/20, the Fund recorded a total income of £50.7m. From which, £37.7m was from dealings with members and £13m from investment income. The council is the administering authority and the major employer (92%) of the Fund and in the year made a total employer and employee contribution of £22.7m.
- 2.9. In 2019/20 the Fund's total expenditure was £33.9m, with the major expenditure being benefit payments to the members of £32.2m.
- 2.10. Overall, Fund membership increased marginally. As at 31 March 2020, the Fund has 4,341 active members, 5,960 deferred and 4,017 pensioners.

3 ALTERNATIVE OPTIONS

- 3.1. None

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Not Applicable

5 TIMETABLE

- 5.1. Audit time table as published on the audit plan

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The standard audit fee of £16.1k plus there will be an additional changes for the enhanced testing onto the triannual valuation and currency hedging put in place.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. None

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None

9 CRIME AND DISORDER IMPLICATIONS

9.1. None

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. None

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Draft Annual Report
- The Audit report from EY

12 BACKGROUND PAPERS

12.1. None

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