

London Borough of Merton
Pension Fund Advisory Committee

Date: 18 July 2018

Wards: All

Subject: Merton Pension Fund – 2017-18 Annual Report

Lead officer: Caroline Holland - Director of Corporate Services

Lead member: Councillor Owen Pritchard

Contact officer: Roger Kershaw

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RECOMMENDATION

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

- (1) Merton Pension Fund Financial Statements and Annual Report 2017/18 - Appendix One.
- (2) Note the Letter of Representation as set out in Appendix One.
- (3) Note the External Auditor's Report as set out in Appendix One

The Purpose of the Report

This report presents to Committee the Merton Pension Fund's Annual Report and the Auditor Report for the year-ended 31 March 2018.

Report summary

The Council's external auditors Ernst & Young (EY) have completed their annual audit into the Pension Fund and provided an unqualified opinion. The audit report will be presented by EY at the Pension Fund Advisory Committee (PFAC) on the 18 July 2018 and will be signed off after presenting to the General Purpose Committee on the 30 July 2018. The Annual Report will be published on the Council's website from the 1 August 2018 and the deadline to publish the Annual Report is 1 December 2018.

1. CONTEXT

- 1.1 This report presents the audit report to the 2017-18 Annual Pension Fund Report and the Statement of Accounts. The Statement of Accounts has been prepared in accordance with The 2017/18 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and CIPFA guidance on Accounting for Local Government Pension Scheme.
- 1.2 The external auditors Ernst and Young have completed their audit into the Pension Fund and provided an unqualified opinion. The audit report will be presented by EY to the General Purpose Committee on the 30 July 2018 and EY will sign the Pension Fund Annual Report afterwards. On approval, the annual report will be published on the Council website. The deadline to publish the report is 01 December 2018.
- 1.3 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.
- 1.4 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 fund's balance sheet
- 1.5 In the year the fund assets increased by £12m showing a net asset value of £663m as at 31 March 2018. (2017 £651m)
- 1.6 In 2017/18 the Fund recorded a total income of £42m. Out of that £29m 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 £21m
- 1.7 In 2017/18 fund total expenditure was £29m, the major expenditure was benefit payments to the members. In the year the Fund paid £27m as pension and other benefits.
- 1.8 Overall, fund membership has increased marginally. As at 31 March 2018 the Fund has 3,933 active members, 5,494 deferred, and 3,849 pensioners. Though the Fund

lost members due to the Council continuous reduction in resources due to auto enrolment the overall fund membership did not move significantly.

2. FINANCE

The audit fee of £21k was incurred in the year and the fee remains the same from previous year.

3. OTHER ISSUES AFFECTING THE FUND

None

4. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

None.

5. LEGAL AND STATUTORY IMPLICATIONS

None.

6. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

N/A

7. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

None

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