

Pensions Committee

14 September 2016

Report title Annual Report and Accounts 2015/16

Originating service Pension Services

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Recommendation for action or decision:

The Committee is recommended to approve:

1. The Annual Report for the year ending 31 March 2016, and its publication on the Fund's website following completion of the external audit.

Recommendation for noting:

The Committee is recommended to note:

1. Grant Thornton's final draft annual audit report.

1.0 Purpose

- 1.1 The purpose of this report is to seek the Committee's approval of the audited annual report for the year ending 31 March 2016, and its publication on the Fund's website.

2.0 Background

- 2.1 Local Government Pension Scheme (LGPS) funds are required by law to produce an annual report and statement of accounts. These must be subject to external audit, and published no later than 30 September (accounts) and 1 December (annual report).
- 2.2 The draft Annual Report and Accounts were presented to Committee on 22 June, and have since been audited by the Fund's external auditor, Grant Thornton. A draft audit report will be available shortly and will be circulated in due course. Grant Thornton will attend the Committee to present their findings.

3.0 Audit Findings

- 3.1 Subject to the finalisation of certain audit work that was outstanding at the time of writing (and is set out in Grant Thornton's report), it is anticipated that Grant Thornton will issue an unqualified audit opinion for both funds. In addition to this, no significant internal control weaknesses have been identified.
- 3.2 The audit process has proceeded largely as planned, with no significant obstacles being encountered. No significant changes will be made to the ITA Fund accounts. In the West Midlands Pension Fund accounts, a post-balance sheet event note will be added, disclosing the significant increase in the value of the Fund following the referendum on the UK's membership of the European Union in June. It is important to note that, since this relates to an event that occurred after 31st March, it means that the figures prepared as at that date do not need to be amended.
- 3.3 There have therefore been no changes in the bottom line of the Fund Accounts or the Net Assets Statements, meaning that the value of West Midlands Pension Fund at 31 March 2016 remains at £11.7 billion, with the increase in value during the 2015/16 year being £196.7 million, and the value of the ITA Fund remains at £460.9 million, with the decrease for the year being £14.0 million.
- 3.4 Grant Thornton's findings for the ITA Fund are summarised in their "Report to those charged with governance" (ISA 260 report) a copy of which is attached at Appendix A.
- 3.5 Grant Thornton's findings for the main Fund are summarised in their 'Report to those charged with governance' (ISA 260 report), which will be circulated when available.

4.0 Publication

- 4.1 It is recommended that the Annual Report and Accounts (Appendix B) be published on the Fund's website following approval by the Committee, and subject to the finalisation of Grant Thornton's audit work. This will be well in advance of the statutory deadline of 1 December.
- 4.2 The consolidated national Scheme Annual Report will be published by the Scheme Advisory Board in due course.

5.0 Financial implications

- 5.1 The financial implications are discussed in the body of the report.

6.0 Legal implications

- 6.1 This report contains no direct legal implications for the authority.

7.0 Equalities implications

- 7.1 This report has no equalities implications.

8.0 Environmental implications

- 8.1 This report has no environmental implications.

9.0 Human resources implications

- 9.1 The report has no human resources implications.

10.0 Corporate landlord implications

- 10.1 This report has no corporate landlord implications.

11.0 Schedule of background papers

- Draft Annual Report and Accounts 2015/16, Report to Pensions Committee, 22 June 2016

12.0 Schedule of Appendices

- 12.1 Appendix A – Draft Audit report (West Midlands ITA Pension Fund).
- 12.2 Appendix B – Annual Report 2016 – please follow the link below:

<http://www.wmpfonline.com/CHttpHandler.ashx?id=10160&p=0>