

PENSIONS BOARD

17 NOVEMBER 2021

PENSION FUND ANNUAL REPORT FOR THE YEAR ENDED

31 MARCH 2021

Recommendation

- 1. The Chief Financial Officer recommends that the Board comment on and note the Pension Fund Annual Report for the year ended the 31 March 2021 as set out in the attached Appendix.**

Background

2. The Council and Pension Fund are required to prepare an annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations 2015 (as amended), and the 2020/21 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts presents the overall financial position of the Pension Fund, reflecting the Pension Fund net asset position
3. In response to COVID-19, the requirement to prepare draft accounts by 31 May was extended to the 31 July and the requirement for the public inspection period was amended to commence on or before the first working day of August 2021. The Accounts and Audit (Amendment) Regulations 2021 extend the statutory audit deadlines for 2020/21 and 2021/22 for all local authorities and Pension Funds.
4. The Pensions Board received an update at its September meeting detailing that the accounts had been audited and amended with a few minor points around presentation and had been considered by the [Audit & Governance Committee](#) on the 24 September as part of Worcestershire County Council Accounts for approval. These were approved but the County is still awaiting external auditor sign off at the time of writing this report.

Annual Report

5. The annual report is a key communications channel between the fund and a wide variety of stakeholders. The report contains information relating to the pension funds audited annual accounts including the fund investments, administration, governance, valuations, accounts and membership. This is the final proposed annual report verified by External Audit and will be seeking approval by the Pensions Committee on the 8 December 2021.
6. The Chair's Foreword on page 4 of the annual report provides the most notable achievements during the 2020/21 financial year and some are listed below:
 - Coping with COVID: we maintained a business as usual service despite having to work from home.

- Completing the first Environmental, Social and Governance (ESG) audit of the Fund which provided important baseline information to inform its future investment strategy. This resulted in the development of the Fund's first Climate Change Risk Strategy, Task Force for Climate Related Disclosures (TCFD) report and a key update to its Investment Strategy Statement regarding responsible investment.
- Assets under management totalling £3 billion for the first time. Investment returns for the year of 22.1% which resulted in the Fund recovering well from the impact of COVID on last year's market valuations, but was 1.5% below the benchmark return of 23.6%. However, the Fund has a track record of out-performance over 5 and 10-year time periods.

7. This also includes highlights of what was agreed by Committee during the year and Pension Board are asked to review and comment on the attached 2020/21 annual report as an Appendix.

Contact Points

Specific Contact Points for this report

Rob Wilson

Pensions, Investment, Treasury Management and capital strategy Manager

Tel: 01905 846908

Email: RWilson2@worcestershire.gov.uk

Supporting Information

- Appendix – Annual Report 2020/21

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.