



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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## Item 6

2nd September 2020

### Annual Report and Financial Statements for the year ended 31 March 2020

#### Purpose of Report:

To present the unaudited Strathclyde Pension Fund Annual Report and Financial Statements to the Committee as required by the Local Authority Accounts (Scotland) Regulations 2014.

#### Recommendations:

The Committee is asked to:

- i. **Consider** the unaudited Annual Report and Financial Statements for 2019/20
- ii. **Note** that the Executive Director of Finance has submitted the unaudited report and accounts for audit to Audit Scotland and made arrangements for public inspection of the accounts in line with the requirements of the relevant regulations
- iii. **Note** that upon completion of the audit, Audit Scotland will report its findings to the Strathclyde Pension Fund Committee by the end of November 2020.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

#### PLEASE NOTE THE FOLLOWING:

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## **1 Background**

The Strathclyde Pension Fund annual report and financial statements are prepared in accordance with proper accounting practice and the relevant legislation. This includes the Local Authority Accounts (Scotland) Regulations 2014, the Local Government Pension Scheme (Scotland) Regulations 2018, and the Coronavirus Scotland Act 2020.

## **2 The Local Authority Accounts (Scotland) Regulations 2014**

2.1 These regulations require that, in addition to the financial statements, the Annual Accounts include:

- A management commentary
- A statement of responsibilities
- An annual governance statement and
- A remuneration report or statement.

2.2 The proper officer must ensure that the financial statements give a true and fair view before signing and dating the statements and submitting the Annual Accounts to the auditor no later than 30<sup>th</sup> June.

2.3 The unaudited Annual Accounts must be published on a website from the date they are submitted to the auditor.

2.4 The administering authority or a committee charged with audit or governance must meet no later than 31 August to consider the unaudited Annual Accounts.

## **3 The Local Government Pension Scheme (Scotland) Regulations 2018**

These regulations require that an administering authority must prepare and publish a pension fund annual report which contains:

- a report about the management and financial performance of each of the funds
- an investment report
- an administration report
- an actuarial statement
- the financial statements;
- the current funding strategy, investment principles, communications, and governance compliance statements; and
- any other material which the authority considers appropriate.

In practice, the requirements of each of these sets of regulations are combined in a single document – the attached Annual Report and Financial Statements.

## **4 The Coronavirus Scotland Act 2020**

Part 3 of Schedule 6 of the Coronavirus Scotland Act 2020 allowed a local authority to postpone publication and submission for audit of the Annual Accounts. In the event of postponement, the Act required the authority to publish a notice to that effect.

## **5 Postponement and Publication**

On 17<sup>th</sup> June, a notice was duly published by Glasgow City Council (as administering authority for the Strathclyde Pension Fund) advising that:

- the unaudited accounts would be published no later than 3 July 2020; and

- in light of this postponement the Strathclyde Pension Fund Committee would consider the unaudited accounts no later than 2 months after publication.

The unaudited annual report and accounts was signed by the Executive Director of Finance on 3<sup>rd</sup> July, then published and submitted to Audit Scotland.

## **5 Unaudited Annual Accounts 2019-20**

5.1 Within the Annual Accounts the primary financial statements consist of:

- **Fund Account** Shows the payments to pensioners, contribution receipts from employers and scheme members, and the income, expenditure and change in market value of the Fund's investments.
- **Net Assets Statement** Represents the value of assets and liabilities as at 31 March (excluding liability to pay pensions).

5.2 A number of other statements and detailed explanatory notes, which provide additional information are also included within the Annual Accounts.

## **6 Key Financial Outcomes**

The key financial information included within the financial statements is outlined below.

### **6.1 Main Fund**

The Fund No.1 Fund Account shows a net reduction from dealing with members of **£18m** and a net decrease in the fund of **£995m**.

The Fund No.1 Net Assets Statement shows net assets of **£20.941 billion**.

### **6.2 No.3 Fund**

The Fund No.3 Fund Account shows a net reduction from dealing with members of **£3.5m** and a net decrease in the fund of **£4.5m**.

The Fund No.3 Net Assets Statement shows net assets of **£213m**.

The Net Assets Statement represents the value of assets and liabilities as at 2 December 2019 (excluding liability to pay pensions) at which date responsibility for administering the assets and liabilities transferred from Glasgow City Council to Aberdeen City Council in its capacity as an administering authority of the scheme.

## **7 Next Steps**

On completion of the audit, Audit Scotland will report its findings to the Strathclyde Pension Fund Committee by the end of November 2020.

## **8 Policy and Resource Implications**

**Resource Implications:**

*Financial:* None.

*Legal:* The regulatory requirements are described at paragraphs 2 to 4.

*Personnel:* None.

*Procurement:* None.

**Council Strategic Plan:** Not applicable

**Equality Impacts:**

*Does the proposal support the Council's Equality Outcomes 2017-22* Not applicable

*What are the potential equality impacts as a result of this report?* None

**Sustainability Impacts:**

*Environmental:* None.

*Social, including opportunities under Article 20 of the European Public Procurement Directive:* None.

*Economic:* None.

**Privacy and Data Protection impacts:** None.

**8 Recommendations**

The Committee is asked to:

- i. Consider the unaudited Annual Report and Financial Statements for 2019/20
- ii. Note that the Executive Director of Finance has submitted the unaudited report and accounts to Audit Scotland and made arrangements for public inspection of the accounts in line with the requirements of the relevant regulations.

- iii. Note that upon completion of the audit, Audit Scotland will report its findings to the Strathclyde Pension Fund Committee by the end of November 2020.