

**Warwickshire Local Pension Board**  
**Annual Report and Accounts 2020/21**

20<sup>th</sup> July 2021

**Recommendation**

1. That the Local Pension Board notes and comments on the draft 2020/21 Annual Report and Accounts.

**1. Executive Summary**

- 1.1 The Fund is required to publish its accounts annually, setting out its financial position according to prescribed accounting regulations and guidance. The Fund is also required to publish an Annual Report which sets out a broader set of information and statements about the Fund and its activities, including a reproduction of the accounts.
- 1.2 The fund's accounts have been published in draft form and have been shared with the external auditors (to be audited). The Annual Report is not audited however the statements within it, for example the investment strategy, are controlled by appropriate governance arrangements.
- 1.3 Some key highlights to point out include:
  - The Fund's assets stand at £2.5bn, the highest they have been.
  - The Fund is 91% funded, which is an improved position and particularly noteworthy given the impact of the pandemic on financial markets.
  - Operating cash flows remain positive so the Fund is still in a position of not having to call on investments to service benefit payments.
  - Changes in the market value of investments was an increase of £450m, having been a reduction of £450m the previous year (Note 23 to the accounts). This illustrates the volatility experienced in investments.
  - The valuation of private market investments remains a high profile audit topic. The Fund has £285m of "Level 3" investments in private equity, private debt, and infrastructure (Note 24 to the accounts). Level 3 means investments where at least one input to the valuation can have significant effect on the valuation but that input is not based on observable market data.

- Membership continues to grow, increasing by 5% in one year to 52,538.
- Active employer numbers have steadied at 189 employers, having been 190 the year before.
- Investment in the Border to Coast Pension Partnership continues to grow and has reached £860m or 34.3% of the Fund (Note 18 to the accounts).

1.4 The Annual Report includes a placeholder for a statement in respect of the investments and costs relating to pooling through the Border to Coast Pensions Partnership (page 69) which is still being completed.

## **2. Financial Implications**

2.1 The accounts set out the financial position and performance of the fund in detail. The costs of auditing the accounts are budgeted for and are reported explicitly to the Audit and Standards Committee.

## **3. Environmental Implications**

3.1 None.

## **4. Supporting Information**

4.1 None.

## **5. Timescales associated with the decision and next steps**

5.1 The accounts will be presented to the Council's Audit and Standards Committee once the external audit has been completed. They will then be reported to full Council for approval.

## **Appendices**

1. Appendix 1 – Draft Annual Report 2020/21

## **Background Papers**

1. None

	<b>Name</b>	<b>Contact Information</b>
Report Author	Victoria Moffett, Chris Norton	victoriamoffett@warwickshire.gov.uk, chrisnorton@warwickshire.gov.uk
Assistant Director	Andrew Felton	andrewfelton@warwickshire.gov.uk
Lead Director	Strategic Director for	robpowell@warwickshire.gov.uk

	Resources	
Lead Member	Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local Member(s): n/a

Other members: n/a