

## **Pension Fund Committee**

**12 September 2019**

**Pension Fund Accounts for the year  
ended 31 March 2019**

**Ordinary Decision**



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### **Report of John Hewitt, Corporate Director of Resources**

#### **Electoral division(s) affected:**

Countywide

#### **Purpose of the Report**

- 1 To present to Members the audited Pension Fund Accounts for the year ended 31 March 2019 which have been approved in accordance with the statutory deadlines and the council's constitution.

#### **Executive Summary**

- 2 In compliance with the Accounts and Audit Regulations 2015, the draft (unaudited) statement of accounts for Durham County Council, which includes the Pension Fund accounts, for the financial year ended 31 March 2019 was authorised by the responsible financial officer and published on the council's website on 31 May 2019.
- 3 The auditor has issued an unqualified opinion on the financial statements of the council and the Pension Fund. He has formally concluded the audit and issued his audit certificate.
- 4 On 31 July 2019, after considering the views of the external auditor, approval was given to the final statement of accounts by resolution of the council's Audit Committee. The statement of accounts was subsequently published on the council's website.
- 5 The Annual Report and Accounts of the Pension Fund, which contains the Pension Fund audited Statement of Accounts, for the year ended 31 March 2019, is expected to be published on the

council's website before 30 September 2019. The intention is to circulate this document to Members for presentation at the annual meeting of the Pension Fund to be held on 14 November 2019.

## **Recommendation**

- 6 It is recommended that Members note the contents of the Pension Fund's financial statements for the financial year ended 31 March 2019 which are included as Appendix 1.

## **Background**

- 7 In England and Wales, the 'Code of Practice on Local Authority Accounting 2018/19' (the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA) requires Pension Fund Accounts for the Local Government Pension Scheme (LGPS) to be included in the Statement of Accounts of every authority that administers a LGPS fund.
- 8 The county council, as administering authority, therefore, includes the Pension Fund Accounts in its 'Statement of Accounts'. The Pension Fund accounts are included as Appendix 1.
- 9 The 'Accounts and Audit Regulations 2015' requires the responsible financial officer, by no later than 31 May, signs and certifies that the Statement of Accounts presents a "true and fair view" of the financial position of the council for the year to 31 March previous, subject to the views of the External Auditor. I am pleased to report that this first stage was completed by 31 May 2019.
- 10 The second stage requires that on or before the 31 July, approval needs to be given to the Statement of Accounts by resolution of a committee, which for Durham County Council is the Audit Committee. This approval takes into account the views of the External Auditor. This is done in order that that the Statement of Accounts can then be published.
- 11 The Statement of Accounts was approved by the Audit Committee and published on the council's website on 31 July 2019.
- 12 The Annual Report and Accounts of the Pension Fund, which contains the Pension Fund audited Statement of Accounts, for the year ended 31 March 2019, is expected to be published on the County Council's website before 30 September 2019. The intention is to present this document for information at the annual meeting of the Pension Fund on 14 November 2019.

## **Accounting Requirements**

- 13 The Statement of Accounts for the financial year 2018/19 is prepared in accordance with the 'Accounts and Audit (England) Regulations 2015' and the 'Code of Practice on Local Authority Accounting 2018/19' (the Code) published by CIPFA.
- 14 The Code is based upon approved accounting standards. In England and Wales, the local authority Code constitutes 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003. The Council is therefore legally required to follow the Code. As a result, the accounts contain detail and are unavoidably technical and complex.
- 15 The Code confirms that the objective of pension fund accounts is to provide information about the financial resources and activities of the fund that might be useful in assessing the relationships between its benefit obligations and the accumulation of resources available to meet those obligations over time.
- 16 The Code requires that the following are included in the Pension Fund Accounts:
  - a) a fund account - this shows the changes in net assets available for benefits;
  - b) a net assets statement - showing the assets available at the year end to meet benefits; and
  - c) notes to the accounts.

## **Key information from the Pension Fund Accounts**

- 17 The Pension Fund accounts demonstrate that during 2018/19 net assets have increased by £180.3 million to £2,982.039 million due to:
  - a) a net withdrawal of £30.023 million as a result of the benefits paid to pensioners exceeding the contributions from members in year;
  - b) management expenses totalling £15.458 million in 2018/19; and

- c) a net gain of £225.781 million on the Pension Fund's investments.

### **Audit Opinion**

- 18 On completion of the audit of the accounts, auditors must give their opinion on the financial statements of the Pension Fund, including:
  - a) whether they give a true and fair view of the financial position of the Pension Fund and the expenditure and income for the year in question; and
  - b) whether they have been prepared properly in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
- 19 The auditor can issue a 'qualified opinion' where he has some reservations or concerns, or an 'unqualified opinion' where he does not have any such reservations.
- 20 For 2018/19, the auditor has issued an unqualified opinion on the accounts of the Pension Fund, has formally concluded the audit and issued his audit certificate.

### **Background Papers**

- a) Audit Committee - 31 July 2019 - Audit Completion Report 2018/19 - Pension Fund
- b) Audit Committee - 31 July 2019 - Statement of Accounts for the year ended 31 March 2019

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## Appendix 1