

Pension Fund Committee

9 December 2021

**Pension Fund Accounts for the year
ended 31 March 2021**

Ordinary Decision



Report of Paul Darby, 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 2021 which have been approved in accordance with the statutory deadlines and the council's constitution.

Executive Summary

- 2 In compliance with statutory deadlines the draft (unaudited) statement of accounts for Durham County Council, which includes the Pension Fund accounts, for the financial year ended 31 March 2021, was authorised by the responsible financial officer and published on the council's website on 18 June 2021.
- 3 The external auditor has issued an unqualified opinion on the financial statements of the council and the Pension Fund. He is expected to formally conclude the audit and issue an audit certificate, upon completion of the audit work in relation to the council's Whole of Government Accounts consolidation pack.
- 4 On 30 September 2021, 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 final statement of accounts was published on the council's website on 30 September 2021.
- 5 The Annual Report and Accounts of the Pension Fund 2020/21, which contains the Pension Fund audited Statement of Accounts

for the year ended 31 March 2021, was authorised by the responsible financial officer on 30 September 2021 and published on the council's website on 28 October 2021.

- 6 In preparing and publishing the council's statements of accounts, which include the Pension Fund accounts, and the Pension Fund Annual Report and Accounts for 2020/21, all statutory deadlines have been met.

Recommendation

- 7 It is recommended that Members note the contents of the Pension Fund's financial statements for the financial year ended 31 March 2021 which are included as Appendix 1.

Background

- 8 In England and Wales, the 'Code of Practice on Local Authority Accounting 2020/21' (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.
- 9 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.
- 10 The Accounts and Audit (Amendment) Regulations 2021, which stipulate a two stage approval process for the statement of accounts, have extended the statutory audit deadlines for 2020/21 and 2021/22 for local authorities. The first statutory deadline requires that the responsible financial officer, by no later than 31 July, should sign and certify that the statement of accounts presents a true and fair view of:
 - a) the financial position of the council for the year to 31 March previous, and
 - b) its expenditure and income for the year to 31 March previous,subject to the views of the external auditor.
- 11 The second stage requires that on or before 30 September, 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 will take account of the views of the external auditor. Once approved, the statement of accounts must be formally published on the council's website.
- 12 The first stage was completed on 18 June 2021 and the draft accounts were presented to Members of the Audit Committee on 30 June 2021.
- 13 The audited Statement of Accounts for 2020/21 was approved by the Audit Committee and published on the council's website on 30 September 2021.
- 14 The Annual Report and Accounts of the Pension Fund, which contains the Pension Fund audited Statement of Accounts, for the year ended 31 March 2021, was authorised by the responsible financial officer on 30 September 2021 and published on the

council's website on 28 October 2021. A summary of the document was presented to Members and employer representatives at the Pension Fund Annual meeting held on 10 November 2021.

Accounting Requirements

- 15 The statement of accounts for the financial year 2020/21 has been prepared in accordance with the 'Accounts and Audit Regulations 2003', as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 and 2009, the 'Accounts and Audit (England) Regulations 2015, the Accounts and Audit (Amendment) Regulations 2021 and the 'Code of Practice on Local Authority Accounting 2020/21' (the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 16 The Code is based on approved accounting standards in England and Wales and 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 this Code. Explanatory notes are included in the document to assist in the interpretation of the accounts which are unavoidably technical and complex.
- 17 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.
- 18 The Code requires that the following are included in the Pension Fund accounts:
 - a) a fund account - which 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) supporting notes to the accounts.
- 19 During the audit review of the draft statement of accounts a number of 'misstatements' were identified which were mainly due to the classification of assets. These have since been amended. There was one issue identified by the auditor which has not been adjusted for as it does not materially affect the accuracy/ integrity of the statement of accounts. These are set out in Section 6 of the Audit Completion Report.

Key information from the Pension Fund Accounts

- 20 The Pension Fund accounts demonstrate that during 2020/21 net assets increased by £694 million to £3,480 million due to:
- a) net additions of £17.8 million resulting from the contributions from members and employers exceeding the benefits paid to pensioners the in year;
 - b) management expenses totalling £13.1 million in 2020/21; and
 - c) a net gain of £689.6 million on the Pension Fund's investments.

Audit Opinion

- 21 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 2020/21.
- 22 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.
- 23 The auditor has issued an unqualified opinion on the accounts of the Pension Fund 2020/21. He is expected to formally conclude the audit and issue an audit certificate once the audit work in relation to the council's Whole of Government Accounts consolidation pack has been completed. At the time of writing this report, officers and auditors are still awaiting instructions from the National Audit Office to enable work on this return to commence.

Background Papers

- a) Audit Committee – 30 September 2021 - Audit Completion Report 2020/21 - Pension Fund.
- b) Audit Committee - 30 September 2021 - Statement of Accounts for the year ended 31 March 2021.

Contact: Beverley White

Tel: 03000 261900
