

## **Pension Fund Committee**

**14 June 2018**



## **Statement of Accounts for the year ended 31 March 2018**

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**John Hewitt, Corporate Director of Resources**

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### **Purpose of the Report**

- 1 To present to Members the Pension Fund Accounts for the year ended 31 March 2018 and raise any significant issues arising from the accounts.

### **Background**

- 2 In England and Wales, the 'Code of Practice on Local Authority Accounting 2017/18' (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.
- 3 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.
- 4 The 'Accounts and Audit Regulations 2015' introduced revised statutory deadlines for both stages of the approval process for the Statement of Accounts. The statutory deadlines have been brought forward for local authority accounts produced from 2017/18 onwards which means that 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. This is one month earlier than in previous years. I am pleased to report that this first stage was completed by 31 May 2018.
- 5 The second stage requires that on or before the 31 July (previously 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 into account the views of the External Auditor. This is done in order that that the Statement of Accounts can then be published.

- 6 The Statement of Accounts is currently subject to audit by Mazars LLP. On completion, the Auditor's report will be incorporated into the published version of the document.
- 7 The full Statement of Accounts has been published on the County Council's website.

### **Accounting Requirements**

- 8 The Statement of Accounts for the financial year 2017/18 is prepared in accordance with the 'Accounts and Audit (England) Regulations 2015' and the 'Code of Practice on Local Authority Accounting 2017/18' (the Code) published by CIPFA.
- 9 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.
- 10 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.
- 11 The Code requires that the following are included in the Pension Fund Accounts:
  - a fund account - this shows the changes in net assets available for benefits;
  - a net assets statement - showing the assets available at the year end to meet benefits; and
  - notes to the accounts.

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

- 12 The Pension Fund accounts demonstrate that during 2017/18:
  - net assets have increased by £109.284 million to £2,801.739 million;
  - there was a net addition of £33.784 million as a result of contributions from members exceeding the benefits paid. This

includes early payment of 2017/18 to 2019/20 deficit contributions from Durham County Council and Darlington Borough Council; and

- there was a net gain of £87.880 million on the Pension Fund's investments.

### **Audit Completion Report**

- 13 The final audit of the Statement of Accounts is now underway. At the end of this process the Auditor will provide an Audit Completion Report detailing their comments and any recommendation for improvements, based on the position at 31 March 2018.
- 14 The Audit Completion Report will be presented to Members along with an Action Plan, if required, designed to address any Auditor's recommendations at the conclusion of the Audit.

### **Summary**

- 15 Members are asked to note the contents of this report.

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