

Pension Fund Committee

Title:	Pension Fund Accounts for the Year Ended 31 March 2019
Date:	Friday 13 September 2019
Author:	Head of Finance - Pensions, Investments and Projects
Contact officer:	Julie Edwards, Pensions & Investments Manager 01296 383910
Local members affected:	N/A

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Summary

To present Grant Thornton's report on any significant findings from its audit of the Pension Fund Accounts.

Recommendation

That the Committee notes the matters raised by Grant Thornton in their Audit Findings Report 2018/19 and notes the Statement of Accounts for the Pension Fund for the financial year ended 31 March 2019.

Resource implications

- 1 There are none arising directly from this report.

Other implications / issues

- 2 The Pension Fund's Unaudited Statement of Accounts were presented to the Pension Fund Committee at its meeting on 30 May 2019 and the Regulatory and Audit Committee, as part of the Council's overall unaudited Statement of Accounts, on 21 May 2019. At that stage, the audit of the accounts had not commenced.
- 3 At the Pension Fund Committee meeting on 26 July 2019 and the Regulatory and Audit Committee on 30 July 2019, the accounts and Grant Thornton's draft Audit Findings Report were presented. At that stage the audit was still in progress;

however, it was anticipated that Grant Thornton would provide an unqualified opinion on the Pension Fund Accounts.

- 4 Grant Thornton are completing their final internal reviews and closing procedures and currently have no outstanding queries with officers in relation to the Pension Fund, nor do they anticipate any others will be raised, although this cannot wholly be guaranteed until Grant Thornton have issued their opinion. We anticipate that Grant Thornton will provide **an unqualified opinion** on the Pension Fund's financial statements. The Accounts are attached as Appendix 1, the changes since the draft document was presented to this Committee in July are highlighted in pink. The initial changes as a result of the audit are highlighted in turquoise and were reported to this Committee in July. Page 13 of the Audit Findings Report, attached as Appendix 2, details the misclassification and disclosure changes.
- 5 The most significant change was due to the potential impact of the McCloud judgement. Note 18 – Actuarial Present Value of Promised Retirement Benefits has been updated to reflect the increased present value of defined benefit obligation and past service costs arising from the revised actuarial estimate to reflect the McCloud judgment. The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members. The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. Discussion is ongoing regarding the potential impact of the ruling on the financial statements of Local Government bodies.
- 6 The actuary estimated that the potential impact of the McCloud was a possible increase in pension liabilities and past service costs of £38.8m, the revised actuarial valuation has been incorporated into the 2018/19 financial statements.

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

Not applicable

Background Papers

None.
