



Report to Pension Fund Committee

Date: 5th July 2023

Reference number: N/A

Title: Buckinghamshire Pension Fund Accounts to 31st March 2022

Relevant councillor(s): N/A

Author and/or contact officer: Julie Edwards, Pensions & Investments Manager

Ward(s) affected: Not applicable

Recommendations: The Committee is asked to review the audited Statement of Accounts for Buckinghamshire Pension Fund for the year ended 31st March 2022.

Executive Summary

1.1 The audited Statement of Accounts for the Buckinghamshire Pension Fund for the year ended 31 March 2022 is attached as Appendix 1. The Pension Fund Accounts and Net Assets Statement show that in the year to 31st March 2022 the value of the Buckinghamshire Pension Fund increased by £275m to £3.913bn. The audit work was completed remotely by Grant Thornton. Grant Thornton's work is substantially complete and they have not identified any adjustments to the financial statements which have an impact on the Pension Fund's reported financial position. Grant Thornton anticipates issuing an unqualified audit report opinion.

Content of report

1.2 The Pension Fund Accounts and Net Assets Statement show that in the year to 31st March 2022 the value of the Pension Fund increased by £275m to £3.913bn. This is the net result of the contributions made (£169m) including transfers in from other pension schemes, employers' and employees' contributions; payments out £144m including pensions, commutations, lump sum retirement benefit and death benefits; management expenses £17m plus net returns on investments (£268m).

1.3 The table below summarises the income, expenditure and returns on investments for the financial years 2020/21 and 2021/22.

31 March 2021		31 March 2022
£000		£000
(2,913,700)	Value 1st April	(3,638,265)
(176,790)	Income	(168,510)
121,280	Benefits	127,601
18,959	Payments to and on Account of Leavers	16,708
18,371	Management expenses	17,136
(706,385)	Returns on Investments	(267,831)
(3,638,265)	Value 31st March	(3,913,161)

1.4 The draft Audit Findings Report for the Buckinghamshire Pension Fund for the year ended 31st March 2022 is attached as Appendix 2. The audit work was completed remotely by Grant Thornton. Grant Thornton's work is substantially complete and they have not identified any adjustments to the financial statements which have an impact on the Pension Fund's reported financial position.

1.5 The formal sign off for the Pension Fund accounts will take place at the same time as the formal sign off for Buckinghamshire Council's accounts which is anticipated to be during 2024. On 10th May 2023 the Audit and Governance Committee approved the Buckinghamshire Pension Fund Statement of Accounts 2021/22 and delegated final sign off of the Statement of Accounts to the Chairman of Audit and Governance Committee and the S151 Officer subject to:

- No material changes in the accounts.
- Final sign off by the external auditors of Buckinghamshire Council accounts 2021/22.
- And, subject to the Pension Fund Committee endorsing management's proposed treatment of not adjusting the Statement of Accounts to reflect the £2.623m overstatement.

1.6 Four recommendations were identified because of issues identified during the audit. The recommendations related to IT deficiencies, investment management expenses, employer body changes and errors identified from member data controls testing. Details of the issues and risks and recommendations are documented on pages 19 to 21 of the Audit Findings Report. The management response to the draft Audit Findings Report for the Buckinghamshire Pension Fund for the year ended 31st March 2022 is attached as Appendix 3.

- 1.7 The investment management expenses are recognised in the Statement of Accounts by journalling the total investment management expenses for each portfolio less the investment management expenses recognised in the Statement of Accounts from the custodian investment accounting information. A formula had been overwritten with a hard coded amount which resulted in an error in the investment management fees of £452k.
- 1.8 The audit work identified an issue in respect of the valuation of Level 3 investments. The 31st March 2022 value in the accounts was overstated by £2.623m compared to the value in the 31st March 2022 capital statements. The capital statements are provided by the investment managers quarterly in arrears. The 31st March value in the accounts is based on the previous 31st December valuation adjusted for any payments to the fund or distributions received. There will always be a difference but the 31st March 2022 difference is greater than usual reflecting the impact of the war in Ukraine on asset valuations. Although a large monetary amount, the £2.623m represents 0.07% of the Pension Fund net asset value and management propose not adjusting the Statement of Accounts since the amount is not material. The Audit and Governance Committee agreed to approve management's proposed treatment of not adjusting the Statement of Accounts to reflect the £2.623m overstatement, subject to the Pension Fund Committee endorsing this approach.

Other options considered

- 1.9 Not applicable.

Legal and financial implications

- 1.10 There are none arising directly from this report.

Corporate implications

- 1.11 Not applicable.

Consultation and communication

- 1.12 Not applicable.

Background Papers

- 1.13 Not applicable.

