



Report to Pension Fund Committee

Date: 5th July 2023

Reference number: N/A

Title: Buckinghamshire Pension Fund Accounts to 31st March 2021

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 2021.

Executive Summary

1.1 The audited Statement of Accounts for the Buckinghamshire Pension Fund for the year ended 31 March 2021 is attached as Appendix 1. The Buckinghamshire Pension Fund Accounts and Net Assets Statement show that in the year to 31st March 2021 the value of the Buckinghamshire Pension Fund increased by £725m to £3.638bn. Grant Thornton have substantially completed the audit and they have not identified any adjustments to the financial statements that impact the Buckinghamshire Pension Fund's net asset position. Grant Thornton anticipates issuing an unqualified audit report opinion.

Content of report

1.2 The Buckinghamshire Pension Fund Accounts and Net Assets Statement show that in the year to 31st March 2021 the value of the Pension Fund increased by £725m to £3.638bn. This is the net result of the contributions made (£177m) including transfers in from other pension schemes, employers' contributions and employees' contributions; payments out £140m including pensions, commutations, lump sum retirement benefit and death benefits; management expenses £18m plus net returns on investments (£725m).

1.3 The table below summarises the income, expenditure and returns on investments for the financial years 2019/20 and 2020/21.

31 March 2020		31 March 2021
£000		£000
(3,007,024)	Value 1st April	(2,913,700)
(129,176)	Income	(176,790)
119,020	Benefits	121,280
10,189	Payments to and on Account of Leavers	18,959
16,474	Management expenses	18,371
76,817	Returns on Investments	(706,385)
(2,913,700)	Value 31st March	(3,638,265)

1.4 The draft Audit Findings Report for the Buckinghamshire Pension Fund for the year ended 31st March 2021 is attached as Appendix 2. Grant Thornton have substantially completed the audit and they have not identified any adjustments to the financial statements that impact the Buckinghamshire Pension Fund's net asset position. Grant Thornton anticipates issuing an unqualified audit report opinion. The formal sign off for the Pension Fund Statement of Accounts will take place at the same time as the formal sign off for Buckinghamshire Council's Statement of Accounts which is anticipated to be during 2023. On the morning of the 5th July 2023 the Audit and Governance Committee is expected to approve the Buckinghamshire Pension Fund Statement of Accounts 2020/21 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 2020/21.
- And, subject to the Pension Fund Committee endorsing management's proposed treatment of not adjusting the Statement of Accounts to reflect the potential £8.939m overstatement.

1.5 Most of the audit work took place during the summer of 2021. The audited accounts and the draft Audit Findings Report were presented to Pension Fund Committee and the Audit and Governance Committee on 7th September 2021 and 29th September 2021 respectively. Since September 2021 there has been some further work undertaken on Level 2 investments and further review of the audit working papers following a change of Audit Director. Level 2 investments are investments where quoted market prices are not available, the Financial Reporting Council (FRC) introduced additional audit requirements in 2022.

1.6 There are three main changes to the draft Audit Findings Report considered by Committee in September 2021:

- Page 10 significant judgement or estimate Level 2 investments £3,410m.
- Page 23 reclassification of cash in the current and prior period.
- And; Page 26 Note 3 - Contributions

1.7 Page 10 significant judgement or estimate Level 2 investments £3,410m - the Buckinghamshire Pension Fund has investments in a range of bonds, pooled investment vehicles and property unit trusts that in total are valued in the net assets statement as at 31st March 2021 at £3,410m. Grant Thornton's testing identified an overstatement of £2.21m in the value of the Brunel Smaller Companies fund as a result of differences in the share price used by Buckinghamshire Pension Fund and the share price recorded on FT.com. Grant Thornton estimated the potential error in the untested residual population as an overstatement of £6.72m, giving a total overstatement of £8.939m which has been recorded as an unadjusted error. It is expected that on the morning of the 5th July 2023 the Audit and Governance Committee agreed to approve management's proposed treatment of not adjusting the Statement of Accounts to reflect the £8.939m overstatement, subject to the Pension Fund Committee endorsing this approach.

1.8 Page 23 reclassification of cash in the current and prior period – in note 12, pages 22, 24 and 25 of the Buckinghamshire Pension Fund Statement of Accounts the Fund was erroneously classifying cash held in money market funds as a financial asset at amortised cost.

1.9 Page 26 Note 3 – Contributions – a footnote was added to explain the increase in employee contributions to note 3, pages 13 of the Buckinghamshire Pension Fund Statement of Accounts.

Other options considered

1.10 Not applicable.

Legal and financial implications

1.11 There are none arising directly from this report.

Corporate implications

1.12 Not applicable.

Consultation and communication

1.13 Not applicable.

Background Papers

1.14 Not applicable.

