



# Report to Audit and Governance Committee

**Date:** 27<sup>th</sup> November 2023

**Reference number:** N/A

**Title:** Buckinghamshire Pension Fund – 2022/23 Audited Statement of Accounts (including External Audit findings report)

**Relevant councillor(s):** N/A

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

**Ward(s) affected:** Not applicable

## Recommendations:

1. The Committee is asked to review the Buckinghamshire Pension Fund 2022/23 audited Statement of Accounts, including the External Audit findings report.
2. The Committee is asked to endorse management's proposed treatment of areas identified by the auditor.
3. To approve the Buckinghamshire Pension Fund Statement of Accounts 2022/23 and delegate final sign off for 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 2022/23.
  - the Pension Fund Committee endorsing management's proposed treatment of areas identified by the auditor.

## Executive Summary

1.1 The audited Statement of Accounts for the Buckinghamshire Pension Fund for the year ended 31 March 2023 is attached as Appendix 1. The Pension Fund Accounts and Net Assets Statement show that in the year to 31<sup>st</sup> March 2023 the value of the Buckinghamshire Pension Fund decreased by £171m to £3.741bn. The audit work was completed remotely by Grant Thornton during August to October. Grant Thornton's work is substantially complete and they have not identified any adjustments to the financial statements which have an impact on the Buckinghamshire Pension Fund's reported financial position. Grant Thornton anticipates issuing an unmodified audit report opinion.

### Content of report

1.2 The Pension Fund Accounts and Net Assets Statement show that in the year to 31<sup>st</sup> March 2023 the value of the Pension Fund decreased by £171m to £3.742bn. This is the net result of income received (£189m) including employers' and employees' contributions, transfers in from other pension schemes and other income; payments out including benefits (£133m), payments to and on account of leavers (£17m); management expenses (£22m) plus net losses on investments (£188m).

1.3 The table below summarises the income, expenditure and returns on investments for the financial years 2021/22 and 2022/23.

<b>31 March 2022</b>		<b>31 March 2023</b>
<b>£000</b>		<b>£000</b>
<b>(3,638,265)</b>	<b>Value 1st April</b>	<b>(3,913,161)</b>
(168,510)	Income	(189,490)
127,601	Benefits	132,997
16,708	Payments to and on Account of Leavers	17,353
17,136	Management expenses	21,820
(267,831)	Returns on Investments	188,608
<b>(3,913,161)</b>	<b>Value 31st March</b>	<b>(3,741,873)</b>

1.4 The draft Audit Findings Report for the Buckinghamshire Pension Fund for the year ended 31<sup>st</sup> March 2023 is attached as Appendix 2. The audit work was completed remotely by Grant Thornton during August to October. 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 unmodified audit report opinion. An unmodified opinion is expressed when the auditor concludes that the financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.

- 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 the latter months of 2024. On 15<sup>th</sup> November 2023 the Buckinghamshire Pension Fund Statement of Accounts 2022/23 were presented to the Buckinghamshire Pension Fund Committee.
- 1.6 The audit work identified an issue in respect of the valuation of Level 3 investments. The 31<sup>st</sup> March 2023 value in the accounts was overstated by £6.323m compared to the value in the 31<sup>st</sup> March 2023 capital statements. The capital statements are provided by the investment managers quarterly in arrears. The 31<sup>st</sup> March value in the accounts is based on the previous 31<sup>st</sup> December valuation adjusted for any payments to the fund or distributions received. There will always be a difference which will vary depending upon the volatility of the financial markets during the final quarter of the financial year. Although a large monetary amount, the £6.323m represents 0.16% of the Buckinghamshire Pension Fund net asset value and management propose not adjusting the Statement of Accounts since the amount is not material.
- 1.7 The audit work identified an issue in respect of the valuation of Level 2 investments. The 31<sup>st</sup> March 2023 value in the accounts was overstated by £16.5m when compared to the Level 2 investment price valuations in statements provided by third parties. The most significant difference in the price valuation was the Legal & General (LGIM) passive world developed equity where the price valuation statement was dated 27<sup>th</sup> March and based on the value of the underlying assets on 24<sup>th</sup> March 2023. The 31<sup>st</sup> March 2023 value in the Buckinghamshire Pension Fund Statement of Accounts uses the price valuation statement dated 3<sup>rd</sup> April 2023 which is based on the value of the underlying assets on 31<sup>st</sup> March 2023. Although a large monetary amount, the £16.5m represents 0.44% of the Buckinghamshire Pension Fund net asset value and management propose not adjusting the Statement of Accounts since the Statement of Accounts is based on the value of the underlying assets on 31<sup>st</sup> March 2023. When the audited Buckinghamshire Pension Fund Statement of Accounts were presented to the Buckinghamshire Pension Fund Committee Grant Thornton were conducting some additional investment checks, the Buckinghamshire Pension Fund Committee required the additional investment checks to be completed before endorsing management's proposed treatment of areas identified by the auditor.

### **Other options considered**

- 1.8 Not applicable.

## **Legal and financial implications**

1.9 There are none arising directly from this report.

## **Corporate implications**

1.10 Not applicable.

## **Consultation and communication**

1.11 Not applicable.

## **Background Papers**

1.12 Not applicable.

