

Report to: **Pension Board**

Date: **15 November 2022**

By: **Chief Finance Officer**

Title of report: **Annual Report and Accounts 2021/22**

Purpose of report: **To present the Pension Fund's Draft Annual Report and Accounts**

RECOMMENDATION – The Board is recommended to:

- 1) Note the draft Pension Fund Annual Report and Accounts 2021/22**
 - 2) Note the update from the External Auditor**
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1. Background

1.1 Under the Local Government Pension Scheme Regulations (LGPS) 2013 Clause 57 – Annual Report. An administering authority must in relation to each year beginning on 1 April 2014 and each subsequent year, prepare a document ("the pension fund annual report") which contains a report about the management and financial performance during the year of each of the pension funds maintained by the authority.

1.2 The authority must publish the pension fund annual report on or before 1 December following the Scheme year end. In preparing and publishing the pension fund annual report, the authority must have regard to guidance given by the Secretary of State.

2. Supporting Information

2.1 Annual Report Requirements - Local authorities responsible for administering a pension fund (scheme manager) forming part of the Local Government Pension Scheme (LGPS) are required by the LGPS Regulations to publish a pension fund annual report. The publication of the annual report is separate from the authorities' own statutory accounts and contains financial statements in respect of the Pension Fund. Authorities are required to publish the annual report by 1 December. The Annual report will be presented to Committee for approval at its meeting on 30 November 2022.

2.2 It is the role of the Pension Committee to approve the Pension Fund annual report/accounts having considered whether appropriate accounting policies have been followed and any issues raised by the external auditor from the audit.

2.3 Accounting Requirements - The Pension Fund financial statements should be prepared in accordance with proper accounting practices set out in the Code of practice on local authority accounting in the UK (the Code). The Code requires authorities to account for pension funds in accordance with IAS26 Retirement benefit plans. IAS26 provides guidance on the form and content of the financial statements prepared by pension funds. It complements IAS19 Employee Benefits, which deals with the determination of the costs of retirement benefits in the financial statement of employers.

2.4 The deadlines for the production and audit of the accounts for 2021/22 have been confirmed as 30 November 2022 and then a deadline of 30 September for the following five years.

2.5 The audit of the 2021/22 Pension Fund accounts is still being finalised; no issues have been raised by the external auditor which give us cause to believe that an unqualified audit opinion will be given with regard to the pension fund.

2.10 A copy of the Draft Pension Fund Annual report and accounts 2020/21 is included in Appendix 1. This report will continue to be finalised and will be taken to Pension Committee for approval and publication by 1 December 2022.

3. Update on Progress from the external auditor on the audit of the Accounts

3.1 Grant Thornton, the external auditor, are working to produce their draft report on the findings of the 2021/22 Pension Fund Audit. This report needs to be reported to ESCC Audit Committee under its terms of reference to “Review the annual statement of accounts and the external auditor’s report to those charged with governance.”

3.2 The Pension Fund findings are due to be considered by the Audit Committee on 18 November 2022. There have been a number of challenges during the East Sussex County Council audit, from delays in the provision of information from external experts and resourcing of the audit, which mean that the final audit opinion will not be delivered by 30 November 2022. Whilst no material issues have been identified during the audit, the completion of last parts of audit work, file reviews and final sign off will happen into December 2022. The Pension Committee will consider the report on 30 November 2022, with the caveat that the audit is still to be finalised.

3.3 Grant Thornton’s draft audit report is attached at Appendix 2 for the Board’s consideration.

4. Conclusion and reasons for recommendation

4.1 The Pension Fund Accounts set out the financial activities as asset values of the East Sussex Pension Fund during the 2021/22 financial year. The Pension Board is recommended to note the Pension Fund Annual report and accounts for 2021/22 and note the update from the external auditor.

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