

## CLWYD PENSION FUND COMMITTEE

<b>Date of Meeting</b>	Wednesday, 12 June 2019
<b>Report Subject</b>	Draft Pension Fund Accounts 2018/19
<b>Report Author</b>	Pension Fund Accountant

### EXECUTIVE SUMMARY

This report explains the governance arrangements in respect of the approval of the pension fund accounts, and presents the draft unaudited accounts for the consideration of members.

The report also explains that the Pension Fund requires a separate Annual Governance Statement (AGS), and presents a draft version for the consideration of members.

The report also includes the Wales Audit Office (WAO) Audit Plan for 2018/19 for members' information.

The audited Pension Fund accounts and the AGS will be submitted to members as part of the annual report on 4<sup>th</sup> September 2019.

### RECOMMENDATIONS

1	That Members consider the draft accounts and AGS and note the WAO Audit Plan. .
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### REPORT DETAILS

<b>1.00</b>	<b>Annual Accounts</b>
<b>1.01</b>	<p><b>Governance</b></p> <p>With effect from the financial year 2017/18 the Accounts and Audit (Wales) 2018 Regulations removed the requirement for the pension fund accounts to be reported as part of the Flintshire County Council Accounts. The 6th June 2018 meeting of the Audit Committee approved delegation to approve the Pension Fund accounts to the Clwyd Pension Fund Committee.</p> <p>The Pension Fund accounts are now reported as part of the Pension Fund</p>

Annual Report. The LGPS Regulations 2013, as amended, require the Fund to publish an Annual Report before 1st December. This is later than the deadlines for the Council's statement of accounts which are 15<sup>th</sup> June for the draft accounts to be certified by the Section 151 Officer and 15<sup>th</sup> September for the final accounts to be published. However, in practice, it is intended that the timetable for the completion of the Pension Fund accounts will be broadly similar to the Council's accounts

The draft Pension Fund accounts for 2018/19 are attached at Appendix 1 and are scheduled to be audited by Wales Audit Office during the summer. They were certified by the Corporate Finance Manager on 6<sup>th</sup> June 2019. A draft will also be considered by the Council's Audit Committee on 10<sup>th</sup> July 2019.

The audited Pension Fund accounts will be submitted to the Clwyd Pension Fund Committee for approval on 4th September 2019 as part of the Pension Fund Annual Report.

Because the Pension Fund accounts are now considered separately from the Council's accounts, the Pension Fund is required to have a separate AGS. However, because the Council supplies services and shared systems to the Pension Fund, the Pension Fund AGS should be considered in the context of Council's own AGS. A draft Pension Fund AGS is attached as Appendix 2 to the report for consideration. A final version will be submitted with the Annual Report in September for approval.

1.02

### **Pension Fund Accounts**

Members will recall that the accounts for 2017/18 were subject to considerable updating. There have been no significant changes to the format of the accounts in 2018/19.

Key messages from the accounts are:

- Deficit contributions decreased by around £34m as a result of employers paying three year deficit contributions in 2017/18
- Transaction costs increased by around £1.3m, which reflects the cost transparency initiative.
- Growth in net assets remained broadly similar in 2018-19 to the level of 2017/18.

The actuary reported an increase in gross pension liabilities from £2,629m on 31<sup>st</sup> March 2018 to £2,870m on 31<sup>st</sup> March 2019 when valued in accordance with accounting standards (IAS 26). This was due to a decrease in corporate bond yield, resulting in the use of a lower discount rate at the end of the year than had been the case at the beginning of the year. In addition, the expected long term rate of CPI inflation increased during the year.

1.03	<p><b>Wales Audit Office Plan 2018/19</b></p> <p>The Wales Audit Office plan for their audit, which describes the approach the auditors take, their statutory functions, the audit fee, the make-up of the audit team and the audit timetable, is attached at Appendix 3.</p>
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None directly as a result of this report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	None directly as a result of this report

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Note 17 of the Pension Fund accounts discloses the risks to which the Fund is exposed from using different types of financial instrument and how those risks are managed. These form part of the Pension Fund risk register (along with strategic and operational risks) which is subject to regular scrutiny by Members and internal and external audit.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Draft Clwyd Pension Fund Accounts 2018/19 Appendix 2 – Draft Clwyd Pension Fund AGS 2018/19 Appendix 3 – WAO Audit Plan 2018/19

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	None  <b>Contact Officer:</b> Paul Vaughan, Pension Accountant <b>Telephone:</b> 01352 702219 <b>E-mail:</b> paul.vaughan@flintshire.gov.uk

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	(a) <b>CPF – Clwyd Pension Fund</b> – The Pension Fund managed by

Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region

- (b) **Administering authority or scheme manager** – Flintshire County Council is the administering authority and scheme manager for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund.
- (c) **PFC – Clwyd Pension Fund Committee** - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund
- (d) **LGPS – Local Government Pension Scheme** – the national scheme, which Clwyd Pension Fund is part of