



West Northamptonshire Council

Pension Fund Committee

17/07/2024

Mark Whitby – Head of Pensions

Report title	Statement of Accounts 2023-24
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Approvers

MO	Julia Rickards on behalf of Catherine Whitehead	05/07/2024
S151	James Smith on behalf of Martin Henry	28/06/2024
Head of Pensions	Mark Whitby	25/06/2024

List of appendices

Appendix A - Northamptonshire Pension Fund Draft Statement of Accounts 2023-24

1. Purpose of report

1.1 To present the Draft Statement of Accounts of the Pension Fund for the 2023-24 financial year.

2. Executive summary

2.1 The report covers key highlights from the Statement of Accounts. The Fund's assets have risen to £3,612.3m, following positive investment performance during the year with a net increase of £362.3m. Contributions, Benefits and Investment income have increased since last year, Management Expenses have decreased.

2.2 The Scheme Advisory Board issued new Annual Report Guidance for Pension Funds in March 2024. The report lays out key changes being made to the annual report this year to adhere to the new guidance.

3. Recommendation

3.1 The Pension Committee is asked to note the contents of the report.

4. Reasons for recommendation

- 4.1 The Pension Committee are responsible for approving the Annual Report for the Northamptonshire Pension Fund and providing assurance to Audit and Governance Committee for the Statement of Accounts. The Audit and Governance Committee are responsible for approving the Statement of Accounts as these form part of the overall Administering Authority's Statement of Accounts.

5. Report background

- 5.1 The Pension Fund's Statement of Accounts (SOA) form part of the Council's Statement of Accounts. These are audited by the Council's external auditor Grant Thornton (GT). The auditor confirms whether, in their opinion, the SOA reflect a true and fair view of the financial position of the authority (and the Fund within it) for the financial year 1st April to 31st March and that the SOA is free from material misstatement.
- 5.2 The accounts are based on transactions accounted for within the Fund's financial ledger, information received from Investment Managers and the Fund's Custodian Northern Trust, and assumptions and estimations utilising the professional judgement of officers and Fund professional advisers in order to give a true and fair statement of the Fund's financial position.
- 5.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code), which governs the preparation of the financial statements for Local Government Pension Scheme funds. A CIPFA template is used each year to ensure that the reporting meets the requirements of the Code and is compliant with International Financial Reporting Standards (IFRS).
- 5.4 The publication of the Accounts is an essential feature of public accountability and stewardship as it provides information on how the Fund has used the members' funds for which it is responsible.
- 5.5 The structure and content of the Annual Report is governed by the new guidance issued by the Scheme Advisory Board in compliance with Regulation 57 of The Local Government Pension Scheme Regulations 2013 (as amended).

6. Issues and choices

Statement of Accounts

- 6.1 The Fund Account and the Net Asset Statement provide a summary of the financial activity with the notes to the accounts providing further information.
- 6.2 The net increase for the year was £362.3m, with the Fund's net assets rising to £3,612.3m reflecting positive performance during the year.
- 6.3 Contribution receipts increased from £130.1m to £136.5m. The increase in contribution payments reflects salary increases during the year.
- 6.4 Benefit payments have increased from £105.5m to £117.9m. The increase in pension payments reflects the growth in the number of pensioners during the year and CPI uplifts to benefits in payment.
- 6.5 Management expenses are broken down in Note 11. Administration expenses have decreased from £2.5m to £2.4m due to the amount of bank interest received (£495k) during the year, offsetting staffing and other inflationary increases. Oversight and Governance costs have increased from £911k to £1.023m mainly due to additional investment consultancy work for the implementation of the new strategic asset allocation. Investment Management fees have decreased from £13.2m to £11.9m due to changes in investment holdings.

- 6.6 The Fund returned 10.7% net of fees on its investments, compared with a weighted benchmark return of 12.3%, resulting in a net market gain of £316.6m.
- 6.7 Investment income increased from £34.0m to £36.9m mainly due to large income distributions from JP Morgan Infrastructure and interest on cash deposits. Investment income is impacted by market performance, however, the main returns are reflected in market value increases.

Annual Report

- 6.8 The Scheme Advisory Board issued new Annual Report Guidance for Pension Funds in March 2024. The purpose of the new guidance is to assist local government pension funds with the preparation and publication of the pension fund annual report, as required by regulation 57 of the Local Government Pension Scheme Regulations 2013. It also aims to ensure that reporting across the scheme is consistent and provides comparable data for all funds.
- 6.9 The guidance applies to 2023-24 annual reports and later years. For annual reports covering 2023-24, funds have been advised to use their best endeavours to comply fully with this guidance.
- 6.10 The Annual Report draft is currently being finalised and will be subject to further refinement, external auditor oversight and accessibility checks and a final version for publication will be brought to the October Pension Committee.
- 6.11 The statutory date for publication of the Pension Funds Annual Report is 1st December.
- 6.12 The following terms are used for levels of compliance to the guidance:
 - 6.12.1 Must - Compliance is strongly expected. Any non-compliance should be clearly identified in the annual report and an explanation provided.
 - 6.12.2 Should - Compliance is anticipated but is discretionary. Where non-compliance may be significant or material for the readers the non-compliance should be identified and explained.
 - 6.12.3 May - Compliance is recommended but is discretionary.
- 6.13 The Fund is making the following changes to adhere to the new guidance, categorised by the above terms:

Must	Should	May
Includes a summary of administration activities, linked to the business plan, undertaken during the year	Actions taken to deliver the communications policy	Freedom of Information Request received during the year
Additional information included on Key Performance indicators, including casework, communications and engagement, resources, and data quality	More information included about the internal dispute resolution procedure (IDRP), The Pensions Ombudsman and the number of formal complaints received during the year (not through IDRP)	Table showing UK levelling up assets and % of total assets invested in levelling up assets

Further information on asset pooling and plans for the future.	Results from member and employer satisfaction surveys	
Table showing asset class split by pooled, under pooled governance and not pooled	Additional information on the roles of Committee and Board members and training that is required from each member.	
Table showing UK assets split by pooled, under pooled governance and not pooled.	Summary of activities carried out by Committee and Board during the year	
Net savings of pooling	Information on the Funds conflict of interest policy	
Value for Money statement	Breakdown of administration expenses	

6.14 In addition to the above, the annual report will include a summary report at the beginning of the document. This is being added to improve readability, make the report more engaging and signpost key information throughout the document.

6.15 A copy of the guidance can be found here: [Preparing the Pension Fund Annual Report - Guidance for Local Government Pension Scheme Funds \(APRIL 2024\) \(lgpsboard.org\)](https://www.lgpsboard.org/Preparing-the-Pension-Fund-Annual-Report-Guidance-for-Local-Government-Pension-Scheme-Funds-APRIL-2024)

7. Implications (including financial implications)

7.1 Resources and financial

7.1.1 There are no resources or financial implications arising from the proposals.

7.2 Legal

7.2.1 The production of the Annual Report is a regulatory requirement and needs to be published by 1 December. As it is proposed that the Committee approves the Annual report its meeting in October, this will enable the Fund to meet the timescale for compliance.

7.3 Risk

7.3.1 The mitigated risks associated with this report have been captured in the Fund's risk register as detailed below –

Risk	Residual risk rating
Contributions to the Fund are not received on the correct date and/or for the correct amount	Amber
Failure to administer the scheme in line with regulations and guidance.	Green
Information may not be provided to stakeholders as required	Green
Those charged with governance are unable to fulfil their responsibilities effectively	Green

Risk of fraud and error	Green
Custody arrangements may not be sufficient to safeguard Pension Fund assets.	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Pension Fund investments may not be accurately valued.	Green
Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	Green
Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	Green

7.3.2 The executive summary of the Northamptonshire Pension Fund risk register can be found [here](#).

7.4 Relevant Pension Fund objectives

7.4.1 The following objectives as per the Business Plan have been considered in this report -

7.4.1.1 To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.

To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.

7.4.1.3 To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.

7.4.1.4 To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

7.4.1.5 To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

7.4.1.6 To maintain accurate records and ensure data is protected and used for authorised purposes only.

7.4.1.7 To promote the scheme as a valuable benefit.

7.4.1.8 To deliver accessible communications to stakeholders.

7.4.1.9 To provide scheme members with up-to-date information about the scheme in order that they can make informed decisions about their benefits.

7.4.1.10 To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

7.5 Consultation

7.5.1 The Pension Fund Accounts are produced utilising information and advice provided by Investment Managers, the Fund's Custodian Northern Trust and the Fund's Actuary, Hymans Robertson.

8. Background papers

8.1 None