

# Agenda Item 10

**Pension Committee**

**15 June 2023**

## **Pension Fund Financial Statements 2022-23**

### **Report of the Head of Pensions**

#### **Summary**

This report provides the opportunity for the Pensions Committee to consider the draft year-end financial statements of the Gloucestershire Pension Fund, that once the audit has been completed will be presented to the Audit Committee for approval as part of Gloucestershire County Council's Accounts.

#### **Financial Statements 2022-23**

The financial statements are attached as appendix 1 to this report, with the following table showing the income and expenditure, as well as the change in the Fund's value over the year (with the prior year comparators).

As can be seen from the tables below, the Fund experienced a loss of 1.73% over the 12 months, due to the economic downturn and the continued impact of the Ukraine crisis on financial markets. The accounts show that the overall value of the Fund decreased by £53.873m during the 2022/23 financial year, leading to a year-end value of £3,056.970m. The fund remains in a strong financial position.

Members will note that management fees have increased by £9.1m to £27.66m from those reported in 2021-22. This is largely because of a change in accounting treatment, whereby the fund has now fully adopted the CTI transparency reporting template to account for all management expenses incurred on funds invested during the year. This has a zero net effect overall, with an offsetting increase in reported profit in year.

Investment income has reduced to £14.97m from £18.77m received in 2021-22, largely as a result of the transitional changes under the strategic asset allocation from fixed bond investments to pooled fund investments. Previously dividend income was received as a cash payment outside of the holding investment. Under pooled funds these dividend payments are retained and reinvested within the holding.

# Agenda Item 10

## Gloucestershire Pension Fund

Fund Account for the year ended 31<sup>st</sup> March 2023

2021/22		2022/23
£'000		£'000
	<b>Contributions</b>	
-82,992	employer contributions	-88,045
-21,119	member contributions	-22,895
-104,111		-110,940
	<b>Transfers in from other pension funds</b>	
-6,928	individual transfers from other schemes or funds	-7,639
-	group transfers from other schemes or funds	-
-6,928		-7,639
	<b>Other income</b>	
-89	recoveries for services provided	-133
	<b>Benefits</b>	
77,261	pensions	81,628
13,328	commutation of pensions and lump sum retirement benefits	14,195
1,647	lump sum death benefits	2,991
92,236		98,814
	<b>Payments to and on account of leavers</b>	
335	refunds to members leaving scheme or fund	278
-2	payments for members joining state scheme or fund	-1
6,867	individual transfers to other schemes or funds	9,941
1,069	group transfers to other schemes or funds	-
8,269		10,218
-10,623	<b>Net (additions) / withdrawals from dealings with members</b>	-9,680
18,530	<b>Management Expenses</b>	27,656
7,907	<b>Net (additions) / withdrawals including fund management expenses</b>	17,976
	<b>Returns on investments</b>	
-18,776	Investment income	-14,965
-	Taxes on income	-
-197,484	Profit(-) and losses on disposal of investments and changes in market value of investments	50,862
-216,260	<b>Net returns on investments</b>	35,897
-208,353	<b>NET INCREASE (-) / DECREASE IN THE NET ASSETS AVAILABLE FOR BENEFITS DURING THE YEAR</b>	53,873
2,902,490	<b>Opening net assets of the scheme</b>	3,110,843
3,110,843	<b>Closing net assets of the scheme</b>	3,056,970

# Agenda Item 10

## Gloucestershire Pension Fund

### Net Assets Statement as at 31<sup>st</sup> March 2023

2021/22		2022/23
£'000		£'000
	<b>Investment assets</b>	
2,773,831	Pooled investment vehicles	2,738,503
246,138	Pooled property investments	262,294
-	Derivative contracts	11,873
3,853	Other investments - Venture Capital/Private Equity	3,428
75,988	Cash held on behalf of the investment managers	29,982
1,129	Other investment balances	926
3,100,939		3,047,006
	<b>Long term investment assets</b>	
71	Brunel Pension Partnership Ltd.	697
71		697
	<b>Investment liabilities</b>	
-	Derivative contracts	-3,747
-	Other investment balances	-
-		-3,747
3,101,010	<b>Total net investments</b>	3,043,956
	<b>Long term assets</b>	
181	Contributions due from employers	184
181		184
	<b>Current assets</b>	
5,256	Contributions due from employers	5,180
1,382	Other current assets	1,561
5	Payments in advance	3
4,495	Cash balances	7,932
11,138		14,676
	<b>Current liabilities</b>	
-13	Unpaid benefits	-146
-1,473	Other current liabilities	-1,700
-1,486		-1,846
3,110,843	<b>Net assets of the scheme available to fund benefits at the reporting period end</b>	3,056,970

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end but rather summaries the transactions and net assets of the scheme.

# Agenda Item 10

## **Audit**

The Audit Plan produced by Grant Thornton (the Fund's external auditor) for the financial year ending 31 March 2023 is covered under another item within today's agenda. The Audit Plan provides an overview of the scope of the statutory audit of the Fund and anticipated timeframes.

It is anticipated that the formal external audit will commence in July 2023. A formal findings report will be submitted to Committee at a later meeting in 2023. The Pension Fund accounts are incorporated within the County Council's annual statements and are formally presented to the Audit & Governance Committee for formal approval and certification.

## **Recommendation**

That the Committee note the Fund's draft financial statements for 2022-23, attached as Appendix 1, which have been prepared in accordance with accounting regulations and subject to external audit review.

## **Contact Officer**

Matthew Trebilcock – Head of Pensions (01452 328920)

Nigel Gabb – Pensions Investment & Accounting Manager (01452 328907)