



Regulatory and Other Committee

Open Report on behalf of Andrew Crookham, Executive Director of Resources

Report to:	Pensions Committee
Date:	19 March 2020
Subject:	Annual Report and Accounts 2019/20: Review of Accounting Policies

Summary:

This report summarises:

- Changes to the Code of Practice on Local Authority Accounting which will be incorporated into the 2019/20 Statement of Accounts for Lincolnshire Pension Fund;
- The broad requirements of the Accounts and Audit Regulations 2015, and confirms that there are no changes to these which would impact on the 2019/20 Statement of Accounts; and
- The review of the Council's Accounting Policies for the Pension Fund Statements.

Recommendation(s):

That the Committee:

1. Note the changes required to the Statement of Accounts from the Code of Practice 2019/20;
2. Note that no amendments to the Accounts and Audit Regulations 2015 have been made this year; and
3. Approve the Statement of Accounting Policies (Appendix B) to use in preparing the Local Government Pension Scheme (LGPS) Pension Fund accounts for the financial year ending 31 March 2020.

Background

1.1 The Pension Fund is required to prepare its Statement of Accounts in accordance with the Code of Practice in Local Authority Accounting in United Kingdom 2019/20 (the Code). This ensures the accounts are prepared using "proper accounting practice". We are also required to comply with the Accounts and Audit Regulations 2015 in preparing, submitting for audit and publishing its accounts.

Changes to the Code of Practice on Local Authority Accounting for 2019/20

1.2 The Code of Practice for 2019/20 has introduced some revisions and clarifications to the accounting requirements for the 2019/20 Statement of Accounts, however, it is not anticipated that these will have an impact on the Pension Fund Accounts. The main changes are:

- Annual Improvements to IFRS Standards 2014–2016 Cycle, this contains minor changes to standards which will not impact on the accounts.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration. The amendment to this standard clarifies the date of a foreign currency transaction for the purpose of determining an exchange rate to use when measuring the value of the transaction.
- IFRIC 23 Uncertainty over Income Tax Treatments. The amendments to this standard specify how to reflect the effects of any uncertainties in the treatment of income taxes. As the Pension Fund is not subject to income taxes, the amendments to this standard will not impact on the accounts.
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation will not impact on our accounts as this relates to discounts received on debt rescheduling.

1.3 There will be changes in accounting standards, which may impact on the 2020/21 accounts. The Chartered Institute of Public Finance and Accountancy (CIPFA) is due to publish a bulletin which will interpret any changes in accounting standards for the public sector. Once this is available, impacts will be assessed and will be acknowledged in a disclosure note in the 2019/20 accounts as forthcoming changes to the Code of Practice.

Accounts and Audit Regulations 2015

1.4 The Accounts and Audit Regulations 2015 set out the requirements for local authorities, including Pension Funds, to prepare an annual statement of accounts, to publish such accounts and to have those accounts audited.

The regulations also allow for the statement of accounts to be inspected by members of the public within certain time parameters.

- 1.5 These regulations were previously updated to require accounts to be prepared by the end of May and audited by the end of July.
- 1.6 There are no further amendments to these regulations and therefore no new impacts on the accounts for 2019/20.

Statement of Accounting Policies

- 1.7 An important section of the published Accounts is the statement of accounting policies. This summarises the rules and codes of practice used to prepare the accounts, together with any estimation techniques adopted. The accounting policies for Pension Fund have been reviewed and are attached at **Appendix A** for consideration and approval by this Committee.
- 1.8 There have only been minor amendments to the accounting policies for 2019/20. These have been marked with ***bold italics*** in **Appendix A**. Changes include:
 - Investment Management Expenses – performance related fees, this policy has been updated to remove two managers, Schroders and Columbia Threadneedle. These mandates have transferred into the Border to Coast Global Equity Alpha Sub-fund.
 - Financial Assets – an update of the Border to Coast share-holding valuation to reflect that the company has now been trading for two accounting periods.
 - Financial Assets – clarification on the valuations used within the financial statements for private equity, property venture and infrastructure.

Conclusion

- 2.1 The amended accounting requirements and disclosures as required by the Code of Practice will be incorporated into the Statement of Accounts for 2019/20.
- 2.2 The Statement of Accounts will be prepared using the Accounting Policies approved at this meeting.

Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Statement of Accounting Policies for LGPS Pension Fund financial statements 2019/20

Background Papers

Document title	Where the document can be viewed
CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20	Executive Director of Finance and Public Protection

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