

## Statement of Accounts & Annual Governance Statement for 2021/22 Report of the Director of Finance and Public Value

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Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

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### **1) Recommendation**

That the Committee be asked to:

1. Review and approve the changes to the Authority's Statement of Accounts for 2021/22; and
2. Review and approve the changes to the Pension Fund Statement of Accounts for 2021/22.

### **2) Introduction**

The purpose of this report is to ask Members to approve the changes to the Authority's Statement of Accounts for 2021/22.

The Audit Committee approved the 2021/22 Statement of Accounts in November 2022. CIPFA updated the Code of Practice on Local Authority Accounting following the Statutory Instrument on accounting for infrastructure in December 2022. Revised pages for infrastructure (2020/21 and 2021/22) were tabled and approved at the Audit Committee in February 2023.

At the meeting with the Director of Finance and Public Value on 11th September, the engagement lead for Grant Thornton confirmed that she will issue an unqualified opinion on the 2020/21 accounts this month. There are no changes to the version that had already been approved by the Audit Committee in February.

External audit also requested that the changes to the 2021/22 Statement of Accounts outlined at the last meeting of the Audit Committee on 20th June be approved by the Audit Committee.

In the Report DF/23/57 to the last meeting of the Audit Committee on 20<sup>th</sup> June, Members were informed of a national issue regarding the lateness of audit opinions and the impact of the triennial valuation of the Pension Fund at 31 March 2022.

In April the Authority had commissioned a revised actuarial report which concluded that the revised net liability on the Pension Fund at 31 March 2022 has reduced by £271 million – (updated estimates for the same date).

The amended pages for 2021/22 have been attached to this Committee report. Two printed versions of the 2021/22 Statement of Accounts will be available to Members at the Audit Committee meeting. The 2021/22 Statement of Accounts is also available on the website.

[https://www.devon.gov.uk/finance-and-budget/audit-and-inspection/  
Audit and inspection | Devon County Council | Devon County Council](https://www.devon.gov.uk/finance-and-budget/audit-and-inspection/Audit%20and%20inspection%20|%20Devon%20County%20Council%20|%20Devon%20County%20Council)

### **3) Key messages – Authority's Accounts**

The following paragraphs represent the revision to Note 7 – Events after the Reporting Period. There is no impact on the Council's Outturn, General Fund or Usable Reserves, or any impact on future funding of services.

#### Revisions to Note 7 – Events after the Reporting Period

The Audit Committee approved the Statement of Accounts at its meetings on 29 November 2022 and re-approved for national changes to infrastructure assets on 28 February 2023.

On 5 April external audit raised with officers, a national issue regarding the results of the triennial valuation of the Pension Fund (31 March 2022) – that may require adjustment of the 2021/22 accounts – but would certainly delay any 2021/22 audit opinions nationally before auditors could determine their response.

The 2021/22 statement of accounts was produced in the summer of 2022 based on the latest triennial valuation (March 2019) and updated by the actuary for conditions at March 2022.

Local Government Pension Funds, including Devon were subject to the triennial valuation (March 2022). Because of the complicated nature and involved work, the actuaries do not release preliminary results until late autumn (i.e. November / December).

On 9 May 2023 the Authority received a revised actuarial report which concluded that the revised net liability on the Pension Fund at 31 March 2022 reduced by £271 million and this would be an adjusting event.

The impact on the balance sheet is as follows:

Balance Sheet item	Note	Original actuarial	Revised actuarial	Movement
		report (May 2022)	report (May 2023)	
		31 March 2022	31 March 2022	
		£000	£000	£000
Long term debtors - unfunded pensions	17	19,120	22,364	3,244
Other long term liabilities - pensions liability	24	(1,178,781)	(907,654)	271,127
Unusable Reserves - Pension Reserve	23	1,170,676	896,305	(274,371)
<b>Remaining balance at 31 March 2022 on early cash payment of 3 year deficit contribution</b>		<b>11,015</b>	<b>11,015</b>	<b>0</b>

The movement on the pension reserve has been included in the net remeasurement of the defined net liability in the Comprehensive Income and Expenditure Statement.

#### 4) Key messages – Pension Fund Accounts

The actuarial present value of promised retirement benefits (the Funded Obligation) as at 31 March 2022 reduced by £885 million from to £9,063 million to £8,178 million. The Funded Obligation reduced from £8,905 million to £8,054 million in respect of Vested Obligation and reduced £157 million to £124 million of Non-Vested Obligation.

#### 5) Strategic Plan

There are no Strategic Plan issues associated with this report.

#### 6) Financial Considerations

There are no direct Financial Considerations issues associated with this report.

#### 7) Legal Consideration

There are no specific Legal Considerations or issues associated with this report other than to note that the Committee re-approval of the Statement of Accounts for material changes is required under Regulations 9 and 10 of the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2022.

#### 8) Environmental Impact Considerations (Including Climate Change)

There are no specific Environmental Impact Considerations or issues associated with this report.

## **9) Equality Considerations**

There are no specific Equality Considerations associated with this report.

## **10) Management Considerations**

This report supports the Council's overall integrated assurance to internal control and financial governance.

## **11) Public Health Impact**

There is no specific impact on Public Health in connection with this report.

## **12) Summary/Conclusions/Reasons for Recommendations**

The Committee is recommended to approve the amendments to the 2021/22 Statement of Accounts, contained in the attachment to this report.

Angie Sinclair  
Director of Finance and Public Value

Electoral Divisions: All  
Local Government Act 1972

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<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
DF/23/57	20/6/2023	

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulation this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/21 Gross Expenditure	2020/21 Gross Income	2020/21 Net Expenditure		Notes	2021/22 Gross Expenditure	2021/22 Gross Income	2021/22 Net Expenditure
£000	£000	£000			£000	£000	£000
<b>General Fund continuing operations</b>							
363,656	(105,269)	258,387	Adult Care & Health		406,015	(103,029)	302,986
555,903	(327,992)	227,911	Children's Services		611,155	(347,833)	263,322
139,919	(54,014)	85,905	Communities, Public Health, Environment & Prosperity		158,482	(61,519)	96,963
76,878	(26,569)	50,309	Corporate		71,374	(25,460)	45,914
70,884	(12,741)	58,143	Highways, Infrastructure Development & Waste		76,938	(15,536)	61,402
71,574	(48,108)	23,466	Non Service		52,955	(62,994)	(10,039)
<b>1,278,814</b>	<b>(574,693)</b>	<b>704,121</b>	<b>Cost of Services</b>	1,14	<b>1,376,919</b>	<b>(616,371)</b>	<b>760,548</b>
10,440	0	10,440	Other Operating Expenditure	6,11	17,974	0	17,974
61,986	(1,810)	60,176	Financing and Investment Income and Expenditure	12	63,807	(1,113)	62,694
0	(791,228)	(791,228)	Taxation and Non-specific Grant Income	13	0	(800,600)	(800,600)
<b>1,351,240</b>	<b>(1,367,731)</b>	<b>(16,491)</b>	<b>(Surplus) or Deficit on Provision of Services</b>		<b>1,458,700</b>	<b>(1,418,084)</b>	<b>40,616</b>
		(24,403)	(Surplus) or deficit on revaluation of Property, Plant and Equipment	23			(52,741)
		1,226	(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income	18.2			(1,656)
		236,133	Remeasurements of the net defined benefit liability	37			(479,650)
		<b>212,956</b>	<b>Other Comprehensive Income &amp; Expenditure</b>				<b>(534,047)</b>
		<b>196,465</b>	<b>Total Comprehensive Income &amp; Expenditure</b>				<b>(493,431)</b>

## Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. The Movement in Reserves Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the movements of the statutory General Fund Balance (including Earmarked Reserves) in the year following those adjustments. The 'Net (increase)/decrease shows the movement on the statutory General Fund Balance including Earmarked Reserves. The statutory General Fund Balance also includes reserves held by schools (School carry forwards); details are included within Note 9.

	General Fund and Earmarked General Fund Balance £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>
<b>Balance at 31st March 2020</b>	<b>(170,624)</b>	<b>(27,662)</b>	<b>(11,917)</b>	<b>(210,203)</b>	<b>247,263</b>	<b>37,060</b>
Transfer DSG Deficit Balance at 1 April 2020 to new Adjustment Account	(16,145)			(16,145)	16,145	0
Balance at 1 April 2020	<b>(186,769)</b>	<b>(27,662)</b>	<b>(11,917)</b>	<b>(226,348)</b>	<b>263,408</b>	<b>37,060</b>
<b><u>Movement in reserves during 2020/21</u></b>						
Total Comprehensive Income & Expenditure	(16,491)			(16,491)	212,956	196,465
Transfer in year DSG Deficit from General Fund to Adjustment Account	(27,411)			(27,411)	27,411	0
Adjustments between accounting basis & funding basis under regulations (Note 8)	(20,059)	(16,316)	4,136	(32,239)	32,239	0
<b>Net (Increase)/Decrease in 2020/21</b>	<b>(63,961)</b>	<b>(16,316)</b>	<b>4,136</b>	<b>(76,141)</b>	<b>272,606</b>	<b>196,465</b>
<b>Balance at 31st March 2021 Carried Forward</b>	<b>(250,730)</b>	<b>(43,978)</b>	<b>(7,781)</b>	<b>(302,489)</b>	<b>536,014</b>	<b>233,525</b>
<b><u>Movement in reserves during 2021/22</u></b>						
Total Comprehensive Income & Expenditure	40,616			40,616	(534,047)	(493,431)
Transfer in year DSG Deficit from General Fund to Adjustment Account	(37,858)			(37,858)	37,858	0
Adjustments between accounting basis & funding basis under regulations (Note 8)	(15,441)	(4,543)	4,162	(15,822)	15,822	0
<b>Net (Increase)/Decrease in 2021/22</b>	<b>(12,683)</b>	<b>(4,543)</b>	<b>4,162</b>	<b>(13,064)</b>	<b>(480,367)</b>	<b>(493,431)</b>
<b>Balance at 31st March 2022 Carried Forward</b>	<b>(263,413)</b>	<b>(48,521)</b>	<b>(3,619)</b>	<b>(315,553)</b>	<b>55,647</b>	<b>(259,906)</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the Reserves held by the Authority. Reserves are reported in two categories. The first category of Reserves is Usable Reserves, i.e. those Reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of Reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of Reserves are those that the Authority is not able to use to provide services. This category of Reserves includes Reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and Reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

<b>31st March 2021 £000</b>		<b>Notes</b>	<b>31st March 2022 £000      £000</b>	
1,566,236	Property, Plant & Equipment	16	1,641,455	
3,935	Intangible Assets		4,070	
2,505	Heritage Assets		2,505	
27,433	Long Term Investments	18	27,089	
	Investments in Associates & Joint Ventures	18	970	
17,366	Long Term Debtors	17	28,664	
<b>1,618,445</b>	<b>Long Term Assets</b>			<b>1,704,753</b>
100,752	Short Term Investments	18	162,877	
1,364	Inventories		1,720	
153,081	Short Term Debtors	19.2	141,488	
66,417	Cash and Cash Equivalents	21	87,236	
14,065	Assets held for sale	22	3,065	
<b>335,679</b>	<b>Current Assets</b>			<b>396,386</b>
(5,165)	Provisions	20	(6,451)	
(290)	Short Term Borrowing	18	(287)	
(1,603)	Revenue Grants Receipts in Advance	32	(7,715)	
(139,388)	Short Term Creditors	19.1	(145,537)	
<b>(146,446)</b>	<b>Current Liabilities</b>			<b>(159,990)</b>
(15,675)	Provisions	20	(14,054)	
(511,009)	Long Term Borrowing	18	(510,919)	
(1,449,515)	Other Long Term Liabilities	24	(1,045,761)	
(6,603)	Revenue Grants Receipts in Advance	32	(7,603)	
(58,401)	Capital Grants Receipts in Advance	32	(102,906)	
<b>(2,041,203)</b>	<b>Long Term Liabilities</b>			<b>(1,681,243)</b>
<b>(233,525)</b>	<b>Net Assets/(Liabilities)</b>			<b>259,906</b>
(302,489)	Usable Reserves		(315,553)	
536,014	Unusable Reserves	23	55,647	
<b>233,525</b>	<b>Total Reserves</b>			<b>(259,906)</b>

## 17. Long Term Debtors

<b>31st March 2021 £000</b>	<b>31st March 2022 £000</b>
1,401 Skypark LLP	2,150
16 Magistrates	12
15,874 Unfunded pensions	22,364
0 Deferred Capital Receipts	4,063
75 Devon Disability Collective	75
<b><u>17,366</u></b>	<b><u>28,664</u></b>

## 18.1 Financial instrument balances

The financial assets and liabilities disclosed in the Balance Sheet are made up of the following categories of financial instruments:

31 March 2021		Financial Assets	31 March 2022	
Long-Term £000	Current £000		Long-Term £000	Current £000
Investments				
18,000	100,644	Amortised cost	16,000	162,786
10,403	108	Fair Value through other comprehensive income - designated equity instruments	12,059	91
28,403	100,752	Total Investments	28,059	162,877
Cash				
	20,459	Cash flow investments (cash equivalents) - Money Market Funds - Fair Value through Profit and Loss		65,863
	50,000	Cash flow investments (cash equivalents) - Fixed interest / notice - amortised cost		20,000
	(4,042)	Cash (overdraft at bank)		1,373
0	66,417	Total Cash	0	87,236
Debtors				
1,475	90,659	Amortised cost	6,288	86,227
15,891	62,422	Debtors that are not financial instruments	22,376	55,261
17,366	153,081	Total Debtors	28,664	141,488
29,878	257,828	Total Financial Assets	34,347	336,340

The Authority's lending to other local authorities, banks and other financial institutions is invested solely for interest and the return of principal. These investments are measured at amortised cost at 31st March 2022. The Authority has not applied any loss adjustment for credit risk for this lending.



## Appendix 1 – amended pages for the Authority’s Statement of Accounts 2021/22

31 March 2021		Financial Liabilities	31 March 2022	
Long-Term £000	Current £000		Long-Term £000	Current £000
		<b>Borrowings - Amortised Cost</b>		
(436,349)		Financial liabilities at amortised cost - PWLB	(436,349)	
(25,311)		Financial liabilities at amortised cost - previous LOBO* converted to fixed interest	(25,307)	
(49,349)	(290)	Financial liabilities at amortised cost - LOBOs*	(49,263)	(287)
<b>(511,009)</b>	<b>(290)</b>	<b>Total Borrowings</b>	<b>(510,919)</b>	<b>(287)</b>
		<b>Other Long Term Liabilities - Amortised Cost</b>		
(110,009)	0	PFI Liability	(104,455)	
(1,831)		Financial Guarantee Liability	(1,831)	
<b>(111,840)</b>	<b>0</b>	Total carried at amortised cost included in Other Long Term Liabilities	<b>(106,286)</b>	<b>0</b>
(1,337,675)		Other Long Term Liabilities that are not financial instruments	(939,475)	
(1,449,515)	0	<b>Total Other Long Term Liabilities</b>	(1,045,761)	0
		<b>Creditors (payable within 12 months)</b>		
	(91,061)	Financial liabilities at amortised cost		(119,281)
	(4,638)	PFI Liability		(5,554)
	<b>(95,699)</b>	Total included in Creditors		<b>(124,835)</b>
	(43,689)	Creditors that are not financial instruments		(20,702)
0	(139,388)	Total Creditors	0	(145,537)
<b>(622,849)</b>	<b>(95,989)</b>	<b>Total Financial Liabilities</b>	<b>(617,205)</b>	<b>(125,122)</b>

## 23. Unusable Reserves

31st March 2021		31st March 2022	
£000		£000	
(259,879)	Revaluation Reserve	(275,897)	
43,556	Dedicated Schools Grant (DSG) Adjustment Account	81,414	
(592,006)	Capital Adjustment Account	(654,017)	
14,930	Financial Instruments Adj Account	14,194	
1,309,778	Pensions Reserve	896,305	
9,381	Collection Fund Adjustment Account	(4,840)	
9,163	Accumulated Absences Account	7,178	
1,562	Financial Instruments Revaluation Reserve	(94)	
(471)	Deferred Capital Receipts Reserve	(8,596)	
<b>536,014</b>		<b>55,647</b>	

## 23. (continued) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for past employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by the employees accruing years of services, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned are financed as the Authority makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the resources the Authority has set aside to meet future pension benefits, earned by past and current employees. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>2020/21</b> <b>£000</b>	<b>2021/22</b> <b>£000</b>
<b>1,025,712 Balance 1st April</b>	<b>1,309,778</b>
236,133 Actuarial gains or (losses) on pensions assets and liabilities	(479,650)
93,874 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	115,314
(45,941) Employer's Pensions contributions and direct payments to pensioners payable in the year	(49,137)
<b><u>1,309,778 Balance 31st March</u></b>	<b><u>896,305</u></b>

## 24. Other Long Term Liabilities

<b>31st March</b> <b>2021</b>		<b>31st March</b> <b>2022</b>
<b>£000</b>		<b>£000</b>
(1,304,011)	Pensions Liability	(907,654)
(44,009)	Private Finance Initiative Liability - schools	(39,642)
(41,634)	Liability Exeter Energy from Waste	(40,959)
(24,366)	Private Finance Initiative Liability - Plymouth Energy from Waste	(23,855)
(2,376)	Deferred income - Exeter Energy from Waste	(2,270)
(31,288)	Deferred income - Plymouth Energy from Waste	(29,550)
(1,831)	Financial Guarantee	(1,831)
<b><u>(1,449,515)</u></b>		<b><u>(1,045,761)</u></b>

## 37. Pensions

(Only amended tables and text have been included.)

### Local Government Pension Scheme and Unfunded Benefit Arrangements - Liabilities

	2020/21 £000	2021/22 £000
<b>Comprehensive Income and Expenditure Statement</b>		
Cost of Services:		
Service cost comprising:		
Current service cost	64,470	101,476
Past service costs, including curtailments	61	171
(Gain)/loss from settlements	(1,733)	(7,536)
Pre 01/04/98 unfunded benefits actuarial (gains)/losses	6,667	(5,324)
Financing and Investment Income and Expenditure:		
Net interest expense	23,478	25,597
Administration expense	931	930
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>93,874</b>	<b>115,314</b>
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement of the net defined benefit liability comprising:		
<b>*Cost of Services Adjustment - Revised 2021/22 IAS19</b>	<b>0</b>	<b>(8,769)</b>
Return on plan assets (excluding the amount included in the net interest expense)	(284,489)	(88,232)
Other actuarial gains / (losses) on assets	0	2,234
Actuarial (gain) and loss arising on changes in demographic assumptions	(25,658)	(149,901)
Actuarial (gain) and loss arising on changes in financial assumptions	571,301	(98,726)
Experience loss/(gain) on defined benefit obligation	(25,021)	(136,256)
<b>Remeasurement of the net defined benefit liability</b>	<b>236,133</b>	<b>(479,650)</b>
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>330,007</b>	<b>(364,336)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code (Note 8)	<b>93,874</b>	<b>115,314</b>

On the 9 May 2023 the Actuary provided a revised IAS19 report using updated information from the statutory triennial Fund valuation at 31 March 2022. This resulted in a revised Net Defined Benefit Liability reduction of £274m for 2021/22. The Authority has included all of this reduction, including £8.7 million that would have been charged to the net cost of services, in the remeasurement of the net defined benefit liability.

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority’s obligation in respect of its defined benefit plans is as follows:

## Appendix 1 – amended pages for the Authority’s Statement of Accounts 2021/22

	<b>Local Government Pension Scheme</b>		<b>Unfunded Liabilities</b>		<b>Total</b>	
	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>
Present value of the defined benefit obligation	(2,731,473)	(2,439,976)	(108,700)	(92,563)	(2,840,173)	(2,532,539)
Fair value of plan assets	1,536,162	1,624,885	0	0	1,536,162	1,624,885
<b>Net liability arising from defined benefit obligation</b>	<b>(1,195,311)</b>	<b>(815,091)</b>	<b>(108,700)</b>	<b>(92,563)</b>	<b>(1,304,011)</b>	<b>(907,654)</b>

## Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

### Local Government Pension Scheme and Unfunded Benefit Arrangements

	<b>2020/21 £000</b>	<b>2021/22 £000</b>
Opening fair value of scheme assets	1,217,451	1,536,162
Interest income	29,012	30,478
Administration Expenses	(931)	(994)
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	284,489	88,232
Other actuarial gains/(losses)	0	(2,234)
Employer contributions	69,776	40,588
Contributions by scheme participants	12,635	13,159
Settlement prices received/paid	(902)	(2,437)
Benefits paid	(75,368)	(78,069)
<b>Total Assets</b>	<b>1,536,162</b>	<b>1,624,885</b>

## Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

### Local Government Pension Scheme and Unfunded Benefits - Liabilities

	2020/21 £000	2021/22 £000
Opening balance	(2,267,898)	(2,840,172)
Current Service Cost	(64,470)	(95,887)
Interest Cost	(52,490)	(56,075)
Contributions from scheme participants	(12,635)	(13,159)
Remeasurement gains/(losses):		
Actuarial gains and losses arising on changes in demographic assumptions	25,658	149,901
Actuarial gains and losses arising on changes in financial assumptions	(571,300)	98,726
Experience (loss)/gains on defined benefit obligation	25,021	136,256
Past service costs, including curtailments	(61)	(171)
Liabilities assumed/(extinguished) on settlements	2,635	9,973
Benefits paid	75,368	78,069
<b>Total (Liability)</b>	<b>(2,840,172)</b>	<b>(2,532,539)</b>

### Local Government Pension Scheme assets comprised:

Fair Value of Scheme Assets	31 March 2021		31 March 2022	
	£000	%	£000	%
Gilts	52,246	3%	217,056	13%
UK Equities	170,132	12%	145,753	9%
Overseas Equities	793,321	52%	822,501	51%
Property	123,382	8%	136,294	9%
Infrastructure	62,244	4%	97,514	6%
Target Return Portfolio	144,616	9%	150,852	9%
Cash	15,842	1%	23,044	1%
Other Bonds	68,877	4%	32,562	2%
Alternative assets	105,502	7%	(691)	0%
<b>Net Asset / (Liability)</b>	<b>1,536,162</b>	<b>100%</b>	<b>1,624,885</b>	<b>100%</b>

# Appendix 1 – amended pages for the Authority’s Statement of Accounts 2021/22

<b>Sensitivity Analysis</b>	<b>31 March 2022</b>		
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	2,485,191	2,532,539	2,581,304
Projected service cost			
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	2,535,830	2,532,539	2,529,272
Projected service cost			
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	2,577,677	2,532,539	2,488,684
Projected service cost			
Adjustment to mortality age rating assumption	+ 1 Year	0.0%	- 1 Year
Present value of total obligation	2,663,767	2,532,539	2,408,313
Projected service cost			

## Pension Fund Statement of Accounts

### 20. Funded Obligation

The actuarial present value of promised retirement benefits (the Funded Obligation) amounts to £8,178 million as at 31 March 2022 (£9,085 million as at 31 March 2021). The Funded Obligation consists of £8,054 million (£8,919 million as at 31 March 2021) in respect of Vested Obligation and £124 million (£166 million as at 31 March 2021), of Non-Vested Obligation. The Pension Fund holds assets, as disclosed in the Net Asset Statement, which offset these projected total liabilities.

These figures have been prepared by the Fund Actuary (Barnett Waddingham LLP) in accordance with their understanding of IAS 26. In calculating the disclosed numbers the Actuary has adopted methods and assumptions that are consistent with IAS 19.

Following the transition to the updated CMI\_2021 Model, with a 2020 weight parameter of 5%, the effect on the Funds liabilities in 2021/22 was a decrease of £470 million. There was no further impact on the Funds liabilities in 2021/22 resulting from changed demographic assumptions.

The assumed life expectations from age 65 are:

<b>Life Expectancy from 65 (years)</b>	<b>31 March 2020</b>	<b>31 March 2021 after CMI 2020 update</b>	<b>31 March 2021 after CMI 2021 update</b>
Retiring Today			
Males	22.9	22.6	21.7
Females	24.1	23.9	22.9
Retiring in 20 years			
Males	24.3	24.0	23.0
Females	25.5	25.4	24.3