Nottinghamshire County Council

Report to Nottinghamshire Pension Fund Committee

13 November 2025

Agenda Item: 6

REPORT OF THE SERVICE DIRECTOR, FINANCE, INFRASTRUCTURE AND IMPROVEMENT

NOTTINGHAMSHIRE PENSION FUND ANNUAL REPORT AND ACCOUNTS 2024/25

Purpose of the Report

1. This report provides an opportunity for the committee to review the draft statutory Pension Fund Annual Report and Accounts 2024/25. It asks committee to delegate the approval of the final version of the Annual Report and Accounts for publication, to the Chair of the committee.

Information

2. Under Regulation 57 of the Local Government Pension Scheme (LGPS) Regulations 2013, it is a statutory requirement for pensions funds that are part of the scheme to produce an Annual Report and Accounts.

3. The Pension Fund is required to prepare its Statement of Accounts in accordance with the Local Government Act 2003 and the Code of Practice in Local Authority Accounting in the United Kingdom. These ensure the accounts are prepared using “proper accounting practice”.

4. Currently in England, the primary financial reporting of the pension fund is through the annual statement of accounts for the pension fund’s administering authority, therefore the pension fund accounts in the annual report must match those in the administering authority’s annual statement of accounts. In its response to the consultation on overhauling local audit in England, Government committed to amend primary legislation to separate pension fund accounts from administering authority main accounts, however this has not yet come to fruition.

5. The Annual Report is a key component of communication between pension funds and their stakeholders, including individual members, employing bodies, trade unions, government departments, analysts and commentators. It is used by pension funds to report on the financial, management, governance and administrative performance of the pension fund, in addition to providing commentary on investment policy and performance during the year.

6. An Annual Report and Accounts must be published on or before 1 December following the end of the Scheme year. Where the audit of the final accounts has not been completed by 1 December, the annual report must be published in draft on or before 1 December, with the final version being published on receipt of final audited accounts.

7. It is expected that annual reports will be made available on the pension fund or administering authority's website, with hard copies made available on request. Nottinghamshire Pension Fund publishes its Annual Report and Accounts on the pension fund's website.

8. The draft Annual Report and Accounts 2024/25 (**Appendix A**) has been produced in line with guidance issued by the Scheme Advisory Board on 28 March 2024 and adopted by the Department for Levelling Up, Housing and Communities (the relevant government department at the time the guidance was issued) as statutory guidance for the purposes of the 2013 Regulations. While the guidance was used in preparing the Fund's 2023/24 Annual Report, the time at which it was issued meant compliance was on a best endeavours basis. The Annual Report for 2024/25 will be the first occasion when the new guidance must be fully complied with.

9. The guidance sets out the sections that Funds should include in the Annual Report and Accounts, and the information required in each section. A summary of the different sections and their contents is provided in the bullet points below:

    - *Overall Fund management arrangements* - including arrangements regarding scheme managers and advisers, and risk management

    - *Governance and training* - setting out the governance structure and how the Fund has complied with its Governance Compliance Statement, membership of the committee and board including scheme member and employer representation, attendance at meetings and the business conducted, and the Fund's arrangements for:

        - Handling conflicts of interest
        - Meeting knowledge and understanding requirements including details of, and attendance at, training and events
        - Oversight of the asset pool

    - *Financial performance* - focusing primarily on income, expenditure and cash flows

    - *Fund accounts, net asset statement and notes*

    - *Investments and funding* – showing how the Investment Strategy Statement has been implemented during the year, responsible investment, investment management arrangements, and the risks, returns and management costs associated with the investment portfolio, strategic asset allocation and pooling

    - *Administration* – a summary of activities undertaken by the administration function during the year, performance against key performance indicators, member and employer numbers by category, actions taken to deliver the communications policy, value for money achieved by the administration function, complaints and dispute resolution

    - An actuarial report on the Fund

    - The external auditor's opinion on the Fund Statement of Accounts (this is not included in the draft Annual Report at **Appendix A** since it is not yet available).

Statement of Accounts and accounting policies

10. The report must include a fund account and net asset statement with supporting notes and disclosures prepared in accordance with proper accounting practices. The financial statements must be drawn up in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom issued by CIPFA/LASAAC, which sets out the proper accounting practices to be followed. Detailed guidance on the accounting and disclosure requirements for LGPS financial statements is published by CIPFA.

11. Accounting policies are defined as "the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements." They are an important part of the accounts for ensuring the accounts are prepared using "proper accounting practice".

Finalising the report

12. Since the audit of the accounts has not been completed in advance of the publication of the agenda, the Committee is unable to approve the final version for publication. Members are therefore asked to make a delegation to the Committee Chair, giving them the authority to sign-off the final version of the Annual Report and Accounts prior to publication.

13. During the intervening period, officers will make any required amendments to the report following committee on 13 November 2025, adding the external auditor's opinion on the Fund Statement of Accounts.

14. If the signed, audited accounts are available in advance of 1 December 2025, the Chair will be asked to approve the final version for publication in advance of the deadline. If audited accounts are not available in sufficient time to allow the Chair to approve the final version for publication by 1 December 2025, a draft will be published, with approval sought from the Chair to publish the final version as soon as is practicable thereafter.

Other Options Considered

15. The Committee could choose to approve the publication of the final version of the annual report and accounts by 1 December 2025 subject to the completion of accounts. This option was rejected to ensure that there is an opportunity for Member review prior to the publication of the final version.

16. If the Fund chose not to approve outright (subject to the caveats noted above) or make the delegation to the Chair, then the authority to sign-off the Annual Report and accounts for publication would remain with the committee. This option was rejected because it would mean either having to publish the report in draft, and then a final version of the report following a meeting of the committee. If the decision was to be made by committee, it would create a delay in the final version being signed off because of the statutory timeframes that sit around public meetings. This option was not recommended because of the delays that would be created and because it was not considered the best use of members' time.

17. Delegating approval to the Chair has previously proven to be the most efficient and expedient way of approving the Annual Report and Accounts and makes best use of members' time.

Reasons for Recommendations

18. There is a requirement for the Fund to produce an annual report, including accounts, and publish it by the 1 December following the end of the Scheme year. Where the audit of accounts has not been completed, the report must be published in draft with the final version being published once the audit is complete.

19. Delegating the approval of the final report for publication to the Chair means that as soon as the audit of the accounts is complete, arrangements can be made for sign-off followed by publication of the final document. This will allow the Fund to comply with statutory requirements in the most expedient way possible.

Statutory and Policy Implications

20. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

21. There are no financial implications arising as a result of this report.

Consultation

22. The annual report guidance recognises that whilst Local Pensions Boards are not decision-making, their remit under Regulation 106 of the Local Government Pension Scheme Regulations 2013 is to assist the administering authority meet all relevant legal requirements, and any requirements imposed by the Pensions Regulator. It therefore states that, as part of their remit, the Local Pensions Board should review the annual report prior to its publication.

23. The draft Annual Report and Accounts 2024/25 were shared with the Local Pensions Board at its meeting on 2 October 2025. They were given the opportunity to make any comments and observations.

24. In response to comments and questions raised by members of the Board about 5-year returns on investments, additional narrative has been added to the investment performance section explaining the Fund's strategy of investing for the long-term. The additional narrative also provides further contextual information to help readers' understanding.

RECOMMENDATION

1) That authority be delegated to the Chair of the Nottinghamshire Pension Fund Committee to approve the final Annual Report and Accounts 2024/25, thereby enabling publication of the annual report in accordance with the regulatory requirements.

Nigel Stevenson
Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact:

Jo Toomey, Governance Officer
Telephone: 0115 977 4506
E-mail: jo.toomey@nottscc.gov.uk

Constitutional Comments (SSR/21/10/2025)

25. The recommendations fall within the scope of matters which may be considered and approved by the Nottinghamshire Pension Fund Committee.

Financial Comments (TMR 04/11/2025)

26. There are no direct financial implications arising from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Guidance on Pension Fund Annual Reports produced by the Scheme Advisory Board in March 2024: https://lgpsboard.org/images/Guidance/Annual%20Report%20Guidance%202024.pdf
- Section 57 of the Local Government Pension Scheme Regulations 2013 https://www.legislation.gov.uk/uksi/2013/2356/regulation/57

Electoral Division(s) and Member(s) Affected

- All