

**Report of the Interim Deputy Chief Executive and Section 151 Officer**

**Statement of Accounts 2025/26 - Underlying Pension Assumptions**

1. Purpose of Report

To provide Members with information regarding the assumptions made by the Pension Fund Actuary in calculating the IAS19 figures to be reported in the 2025/26 Statement of Accounts.

2. Recommendation

**The Committee is asked to NOTE the assumptions to be used in the calculation of pension figures for 2025/26**

3. Detail

IAS19 (International Accounting Standard 19 – Employee Benefits) is one of the financial reporting standards with which the Council must comply when producing its annual Statement of Accounts. The basic requirement of IAS19 is that an organisation should account for retirement benefits when it is committed to give them, irrespective of when they are paid out.

In order to calculate the cost of earned benefits for inclusion in the Statement of Accounts, the scheme actuaries use certain assumptions to reflect expected future events which may affect the cost. The assumptions used should lead to the best estimate of the future cash flows that will arise under the scheme liabilities. Any assumptions that are affected by economic conditions should reflect market expectations at the balance sheet date. The proposed assumptions for 2025/26 are shown in the **Appendix**.

The Council will use the calculated costs and underlying assumptions based upon the advice of the actuary of the Nottinghamshire County Council Pension Fund, Barnett Waddingham, and the administering authority (Nottinghamshire County Council) in preparing the annual Statement of Accounts. A formal actuarial valuation is carried out every three years, the latest being dated 31 March 2023. This covers the financial years 2023/24, 2024/25 and 2025/26. The Actuary's report for 2025/26 is expected to be finalised on or before 31 March 2026.

All the figures relating to IAS19 are simply accounting adjustments made to comply with accounting standards and have no direct impact on resources. The amount charged to the General Fund is the actual amount paid out in employers' contributions and not the charge calculated in accordance with IAS19.

There is an expectation that the Pension Fund for 2025/26 will be showing a surplus. If this should be the case, the asset shown in the balance sheet will be an estimate based on assumptions and would only ever become receivable if the Council ceased to be a going concern.

#### 4. Financial Implications

The comments from the Interim Deputy Chief Executive and Section 151 Officer were as follows:

There are no direct financial implications arising from this report, with estimated pensions costs already included within the establishment budgets.

#### 5. Legal Implications

The comments from the Head of Legal Services were as follows:

The legislation, the Accounts and Audit Regulations (2015) and the Accounts and Audit (Amendment) Regulations 2022, sets out the timescales for the production of the Council's accounts, including the dates of the public inspection period. The Statement of Accounts must be published by that date or as soon as reasonably practicable after the receipt of the auditor's final findings.

Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Deputy Chief Executive) has the responsibility for the administration of those affairs, which include responsibility for preparing the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

The Statement of Accounts is that upon which the auditor should enter his certificate and opinion which is prepared under the Local Government Finance Act 2003.

#### 6. Human Resources Implications

There were no comments from the Human Resources Manager.

#### 7. Union Comments

Not applicable.

#### 8. Climate Change Implications

There are no Climate Change issues in relation to this report.

9. Data Protection Compliance Implications

This report does not contain any OFFICIAL(SENSITIVE) information and there are no Data Protection issues in relation to this report.

10. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

11. Background Papers

Nil.