

Scheme Annual Report 2016

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Chair's Statement

On behalf of the Scheme Advisory Board I am delighted to be able to present the fourth Annual Report for the Local Government Pension Scheme (LGPS) in England and Wales. The LGPS is one of the largest defined benefit (DB) schemes in the world and is the largest DB scheme in England and Wales, with over 13,000 employers, 5.3m members and assets of £217bn.

The aim of this Annual Report is to provide a single source of information about the status of the LGPS for its members, employers, and other stakeholders. Continually improving key information about the Scheme as a whole is one of the top priorities of the Board. This report aggregates information supplied in the 91 fund annual reports, as at 31st March 2016.

To navigate the Annual Report, please use the menu to the right of this page, or the hyperlinks.

Here are some key LGPS highlights for 2016:

- The total membership of the LGPS grew by 134,000 (2.5%) to 5.3m members in 2016 from 5.2m in 2015 and number of LGPS employers increased by 2,635 (22%) to 14,435.
- The total assets of the LGPS held at £217bn (a change of 0.0%). These assets were invested in pooled investment vehicles (43.6%), public equities (34.6%), fixed interest/index linked (7.5%), property (7.8%), as well as other asset classes (1.0%).
- The Local Authority net return on investment over 2015/2016 was 0.1%. This was reflective of the difficult market conditions during the year and set against the FTSE All Share Total Return of -3.9%.
- The scheme maintained a positive cash-flow position overall. Scheme income was lower than total scheme outgoings by £279m; this was excluding investment income, however.
- The funds all received unqualified external financial audit certificates from the Scheme's external statutory auditors.
- Over 1.5m pensioners were paid over the year. Fewer than 91 formal complaints about scheme benefit administration were determined and less than 15% were upheld by the Pensions Ombudsman. Overall the LGPS has had relatively few upheld complaints.

As at the 31st March 2016, the LGPS liabilities were estimated at £254bn indicating an overall funding level of 85%. During 2016 the Board has been actively developing proposals to further tackle the estimated funding deficit of £37bn (£47bn in 2013) to improve the sustainability of the LGPS and its future funding levels. The next triennial valuation of the LGPS will be as at 31st March 2019.

During 2014 the Board developed a suite of LGPS pension fund 'health' indicators. These were piloted in 2015 with the aim of rolling them out to coincide with the LGPS 2016 triennial valuation. This will enable us to assess and benchmark the overall health of the scheme relative to other large public or private pension schemes, as well as between individual LGPS funds. The results of the pilot form part of this report and administering authorities are encouraged to complete the exercise based on their new, 2016, data.

I would be pleased to hear your views on this our fourth Annual Report (these should be sent to [Liam Robson](#)). The Board is keen to ensure we add to the Report and that the work underlying our compilation and analysis is ultimately recognised through UK, EU and global awards for excellence.

Cllr Roger Phillips

Chair of the LGPS Advisory Board
16 May 2017



Highlights

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Membership

The total membership of the LGPS grew by 134,000 (2.5%) to 5.3m members in 2016 from 5.2m in 2015. There was an increase in each category of scheme membership (contributing active members (+1.5%), deferred pensioners (+3.3%), and pensioners (+2.9%).

The 1.5% (29,000) increase in active membership between 2015 and 2016 compares with a 2.7% (50,000) increase between 2014 and 2015. The lower level of new entrants compared with 2015 (but higher than 2013) was due to the automatic enrolment staging dates for LGPS employers being phased in during 2014/2015. This trend continued in 2016, albeit to a lesser extent, as the very smallest LGPS employers begin to auto-enrol members.

The scheme remained a near neutral cash-flow position in 2016. Contribution income lessened by £227m and was £46m lower than benefit outgoings.

The total number of LGPS employers in 2016 was over 13,000 as compared with 11,801 for 2015. Further details of the scheme membership and scheme employers can be found [here](#).

Investments

The total assets of the LGPS remained at £217bn (change of 0.0%) during 2016. The net investment return on these assets (after fees) as at 31 March 2016 was +0.1% compared with +12.1% in 2015. The 2016 figure reflecting less favourable financial market conditions than in 2015.

LGPS assets were invested in pooled investment vehicles (43.7%), public equities (34.7%), fixed interest/index linked (7.5%), property (7.8%), other asset classes (6.5%). Between 2015 and 2016 the main shifts in asset allocation were -2.2% less equities and +0.8% more pooled investment vehicles; Fixed interest securities (-0.1%), cash deposits (0.0%) derivatives (0.2%), and property (0.3%).

Due to the differing investment strategies adopted by each LGPS fund to specifically meet their liabilities it is not appropriate to just compare them against each other on net return on investment basis. However charting the 2014 and 2013 returns fund by fund suggests that the distribution of returns is not random, suggesting a relationship between the risk taken and financial return achieved, relative to the allocation to public equities and fixed income.

Further details of the LGPS asset allocation and amount directly invested in securities (fixed and index-linked), equities (UK and overseas), property (pooled and direct), plus pooled investment vehicles (PIVs) and other investment categories have been analysed and charted and can be found [here](#). Also the LGPS investment performance such as average returns by each asset class set against relevant market indices, and in addition, the comparison against a corporate peer group can be found [here](#).

Funding

The Shadow Advisory Board produced a separate summary and key messages report of the 2013 triennial valuation results and have collated the 2010 triennial valuation results for comparison. The most recent LGPS funding level for the accounting year to 31st March 2016 was 79%.

Due to the timing of the annual reports and valuations, the 2016 valuation results are available (as of April 2017) and are included on these pages for reference. The 2016 valuation results were used to set contribution rates from 1st April 2017 to 31st March 2020. As at 31st March 2016, the total asset value of the Scheme was £216 billion, compared with £181 billion as at 31st March 2013. The liabilities totalled £254 billion in aggregate, and the overall funding level was around 85%. The next full triennial valuation will be in 2019 based on the scheme membership and value of assets as at 31st March 2019.

As part of the 2019 valuation process, LGPS funds will revisit both their funding and investment strategies to ensure that these strategies together leave them appropriately placed to meet their long-term pension obligations as they fall due.

Communications

During the year, the Scheme Advisory Board has continued to develop and populate its website with news items, meeting papers and minutes, scheme guidance and other publications. Each fund has a statutory communications policy statement and the majority of funds have developed websites for the new 2014 scheme with online access for scheme members and potential scheme members, in addition to the national www.lgpsmember.org website. Hard copies of all scheme information are accessible from all of these websites.

Further information and next steps

The individual underlying annual reports and audited financial statements of each individual LGPS pension fund in England and Wales for the financial year ending 31st March 2016 (31st March 2015, 31st March 2014 and 31st March 2013) can be found in one place on this website.

The most recent triennial actuarial valuation reports of individual LGPS funds in England & Wales are as at the 31st March 2016 can also be found in one place on this [website](#). Once available 31st March 2019 triennial valuations reports will be put on this [website](#).

Going forward we intend to develop these two key information archives and continue to improve and develop this content and value to stakeholders of the overall scheme annual report each year.

Governance

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Scheme governance, management, administration, transparency, and accountability

At the national level the LGPS is governed by the Department of Communities and Local Government (DCLG) and the LGPS Advisory Board. The LGPS has to take account of guidance issued by the Pensions Regulator and Pensions Ombudsman determinations.

The investment and management of LGPS assets, the collection of employer and employee contributions, and payment of pension benefits is the responsibility of LGPS administering authorities.

The DCLG issues statutory guidance and each administering authority is required to publish a governance compliance statement and explain any non-compliance. Each administering authority is subject to an annual external audit and has to publish an audited financial statements and annual report.

The role of the Scheme Advisory Board is to help and support DCLG and administering authorities fulfil their statutory duties and obligations. Training has been delivered to the Board on an ongoing basis at its meetings and through its professional advisers and attendance at LGPS conferences and other events.

Board membership and meeting attendance

Name	1 Jun 2015	13 July 2015	21 Sept 2015	25 Jan 2016	23 Mar 2016
Joanne Segars (Chair)	Yes	Yes	Yes	Yes	-
Cllr Kieran Quinn	Yes	Yes	Yes	Yes	Yes
Cllr Ian Bond	Yes	Apologies	-	-	-
Cllr Denise Le Gal	Yes	Yes	Yes	Apologies	Yes
Cllr Michael Adam	-	-	Yes	Yes	Apologies
Cllr Mary Barnett	Yes	Yes	Apologies	Yes	Yes
Cllr Roger Phillips	Yes	Yes	Yes	Yes	(Chair)
Emelda Nicolroy	Yes	Yes	Yes	Yes	Yes
Jon Richards	Yes	Yes	Yes	Yes	Yes
Chris Tansley	Apologies	Apologies	Yes	Yes	Yes
Brian Strutton	Yes	Yes	Yes	Yes	Yes
Garry Warwick	Yes	Yes	Yes	Yes	Yes
Fiona Farmer	Yes	Yes	Apologies	Yes	Yes
Dick Banks	Yes	Yes	Yes	Yes	Yes

Administering authorities

At the local level, each LGPS fund is administered by its administering authority. From 1st April 2015, under the provisions of section 5 of the Public Service Pensions Act 2013 and regulation 106 of the LGPS Regulations 2013 (as amended) each administering authority must establish a Local Pension Board.

To assist in the establishment of these Boards, the Shadow Scheme Advisory Board (SSAB) has developed [guidance](#) on the creation and operation of Local Pension Boards for Administering Authorities. Information on Local Pension Boards will be added to this website when available.

(Default order is by pension fund name, click "[Authority type](#)" column heading to re-sort)

Pension Fund	Authority type	Administering authority
Avon Pension Fund	U	Bath & North East Somerset Council

Barking and Dagenham Pension Fund	LB	London Borough of Barking and Dagenham
Barnet Pension Fund	LB	London Borough of Barnet
Bedfordshire Pension Fund	U	Bedford Borough Council
Berkshire Pension Fund	U	Royal Borough of Windsor and Maidenhead
Bexley Pension Fund	LB	London Borough of Bexley
Brent Pension Fund	LB	London Borough of Brent
Bromley Pension Fund	LB	London Borough of Bromley
Buckinghamshire Pension Fund	CC	Buckinghamshire County Council
Cambridgeshire Pension Fund	CC	Cambridgeshire County Council
Camden Pension Fund	LB	London Borough of Camden
Cardiff Pension Fund	W	City of Cardiff Council
Cheshire Pension Fund	U	Cheshire West and Chester Council
City of London Corporation Pension Fund	O	City of London Corporation
City of Westminster Pension Fund	LB	Westminster City Council
Clwyd Pension Fund	W	Flintshire County Council
Cornwall Pension Fund	U	Cornwall Council
Croydon Pension Fund	LB	London Borough of Croydon
Cumbria Pension Fund	CC	Cumbria County Council
Derbyshire Pension Fund	CC	Derbyshire County Council
Devon Pension Fund	CC	Devon County Council
Dorset Pension Fund	CC	Dorset County Council
Durham Pension Fund	U	Durham County Council
Dyfed Pension Fund	W	Carmarthenshire County Council
Ealing Pension Fund	LB	London Borough of Ealing
East Riding Pension Fund	U	East Riding of Yorkshire Council
East Sussex Pension Fund	CC	East Sussex County Council
Enfield Pension Fund	LB	London Borough of Enfield
Environment Agency - active Pension Fund	O	The Environment Agency

Environment Agency - closed Pension Fund	O	The Environment Agency
Essex Pension Fund	CC	Essex County Council
Gloucestershire Pension Fund	CC	Gloucestershire County Council
Greater Gwent (Torfaen) Pension Fund	W	Torfaen County Borough Council
Greater Manchester Pension Fund	M	Tameside Metropolitan Borough Council
Greenwich Pension Fund	LB	Royal Borough of Greenwich
Gwynedd Pension Fund	W	Gwynedd Council
Hackney Pension Fund	LB	London Borough of Hackney
Hammersmith and Fulham Pension Fund	LB	London Borough of Hammersmith and Fulham
Hampshire Pension Fund	CC	Hampshire County Council
Haringey Pension Fund	LB	London Borough of Haringey
Harrow Pension Fund	LB	London Borough of Harrow
Havering Pension Fund	LB	London Borough of Havering
Hertfordshire Pension Fund	CC	Hertfordshire County Council
Hillingdon Pension Fund	LB	London Borough of Hillingdon
Hounslow Pension Fund	LB	London Borough of Hounslow
Isle of Wight Pension Fund	U	Isle of Wight Council
Islington Pension Fund	LB	London Borough of Islington
Kensington and Chelsea Pension Fund	LB	Royal Borough of Kensington and Chelsea
Kent Pension Fund	CC	Kent County Council
Kingston upon Thames Pension Fund	LB	Royal Borough of Kingston upon Thames
Lambeth Pension Fund	LB	London Borough of Lambeth
Lancashire Pension Fund	CC	Lancashire County Council
Leicestershire Pension Fund	CC	Leicestershire County Council
Lewisham Pension Fund	LB	London Borough of Lewisham
Lincolnshire Pension Fund	CC	Lincolnshire County Council
London Pensions Fund Authority Pension Fund	O	London Pensions Fund Authority
Merseyside Pension Fund	M	Wirral Council

Merton Pension Fund	LB	London Borough of Merton
Newham Pension Fund	LB	London Borough of Newham
Norfolk Pension Fund	CC	Norfolk County Council
North Yorkshire Pension Fund	CC	North Yorkshire County Council
Northamptonshire Pension Fund	CC	Northamptonshire County Council
Northumberland Pension Fund	U	Northumberland County Council
Nottinghamshire Pension Fund	CC	Nottinghamshire County Council
Oxfordshire Pension Fund	CC	Oxfordshire County Council
Powys Pension Fund	W	Powys County Council
Redbridge Pension Fund	LB	London Borough of Redbridge
Rhondda Cynon Taf Pension Fund	W	Rhondda Cynon Taf County Borough Council
Richmond Pension Fund	LB	London Borough of Richmond upon Thames
Shropshire Pension Fund	U	Shropshire Council
Somerset Pension Fund	CC	Somerset County Council
South Yorkshire Pension Fund	M	South Yorkshire Pensions Authority
South Yorkshire Passenger Transport Pension Fund	O	South Yorkshire Integrated Transport Authority (Sheffield City Region Combined Authority)
Southwark Pension Fund	LB	London Borough of Southwark
Staffordshire Pension Fund	CC	Staffordshire County Council
Suffolk Pension Fund	CC	Suffolk County Council
Surrey Pension Fund	CC	Surrey County Council
Sutton Pension Fund	LB	London Borough of Sutton
Swansea Pension Fund	W	City & County of Swansea
Teesside Pension Fund	U	Middlesbrough Council
Tower Hamlets Pension Fund	LB	London Borough of Tower Hamlets
Tyne and Wear Pension Fund	M	South Tyneside Council
Waltham Forest Pension Fund	LB	London Borough of Waltham Forest
Wandsworth Pension Fund	LB	London Borough of Wandsworth

Warwickshire Pension Fund	CC	Warwickshire County Council
West Midlands Pension Fund	M	Wolverhampton City Council
West Midlands Passenger Transport Pension Fund	O	West Midlands Integrated Transport Authority
West Sussex Pension Fund	CC	West Sussex County Council
West Yorkshire Pension Fund	M	City of Bradford Metropolitan District Council
Wiltshire Pension Fund	U	Wiltshire Council
Worcestershire Pension Fund	CC	Worcestershire County Council

Funding

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In line with other UK public sector pension funds, the LGPS undergoes an actuarial valuation every three years. The last triennial valuation of the LGPS assets and liabilities (as at May 2017) was at 31st March 2016 (see below) and the next one will be as at 31st March 2019. The results will be made available on this website as soon as they are available.

2016 Actuarial Statement

In line with the LGPS regulations, the funds' actuarial positions are reviewed every three years. The triennial valuation results shown in the 2016 Annual Report and Accounts were based on membership data and asset values as at 31st March 2013. These valuations set the employer contribution rates for the from 1st April 2014 to 31st March 2017, and were payable during the accounting period ended 31st March 2016. The 2013 valuations, using fund data at 31st March 2013 have set the contribution rates from 1st April 2014, and have taken into consideration funding under the new benefit structure.

2016 Actuarial Valuation

Due to the timing of the annual reports and valuations, the 2016 valuation results are available (as of April 2017) and are included here for reference. The overall result of the 2016 valuation using LGPS fund data at 31st March 2016 with a comparison for 2013 is set out below. The 2016 valuation results were used to set contribution rates from 1st April 2017 to 31st March 2020. It is important to note that each fund will have used different assumptions, and whilst not directly comparable across funds, the aggregated total liabilities provides a prudent estimate for the scheme at the triennial valuation dates.

As at 31st March 2016, the total asset value of the Scheme was £216 billion, compared with £181 billion as at 31st March 2013. The liabilities totalled 254 billion in aggregate. The overall funding level was around 85%.

By way of comparison as at 31st March 2016, the funding level of the 5,945 direct benefit occupational pension schemes within the [Pension Protection Fund index](#) was 81.0% (on a insurance buyout basis, which is different from the LGPS actuarial valuation methodology). As at 31st March 2016 the University Superannuation Scheme funding level was 83%.

*See valuation [2010](#), [2013](#) and [2016](#) pages for fund values used in calculations

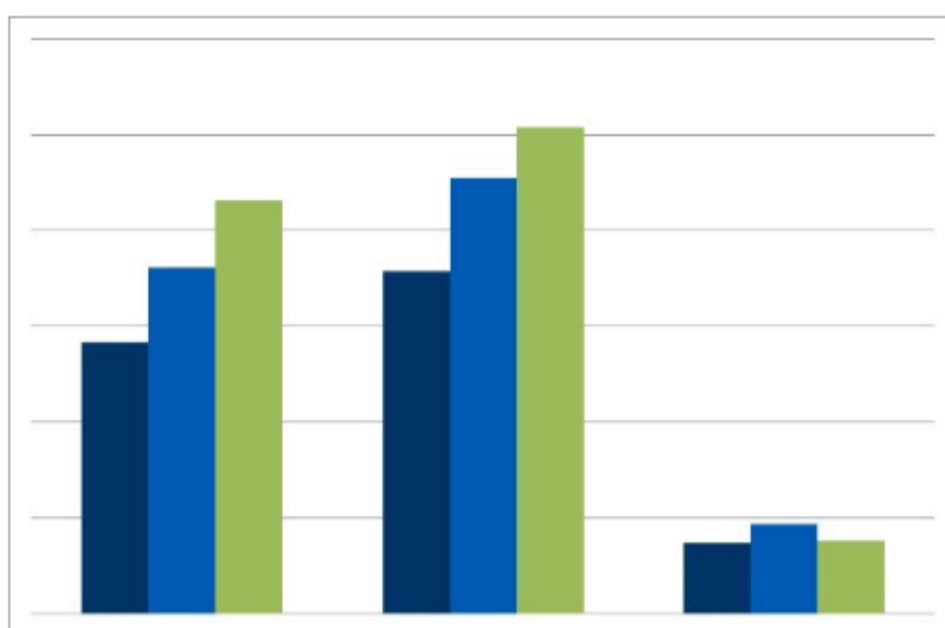
2016 LGPS funding level £ billion

Funding level*

2010 79%

2013 79%

2016 85%



£ billion	Assets	Liabilities	Deficit
2010	141.6	178.5	36.9
2013	180.5	227.3	46.8
2016	216.4	253.6	37.2

Development of LGPS funding position

Following the 2013 valuation, the Board published two summary reports. A [summary version](#) outlined the key findings of the 2013 valuations and provided some brief background. A [more detailed version](#) gives a fuller overview of the 2013 valuations and provided some wider context as to a) how employer contribution rates are calculated during valuations, and b) how individual fund valuations relate to the Board cost management process which will first be undertaken following 2016 results.

The Board will be producing a similar report for 2016 in due course.

Aggregated information

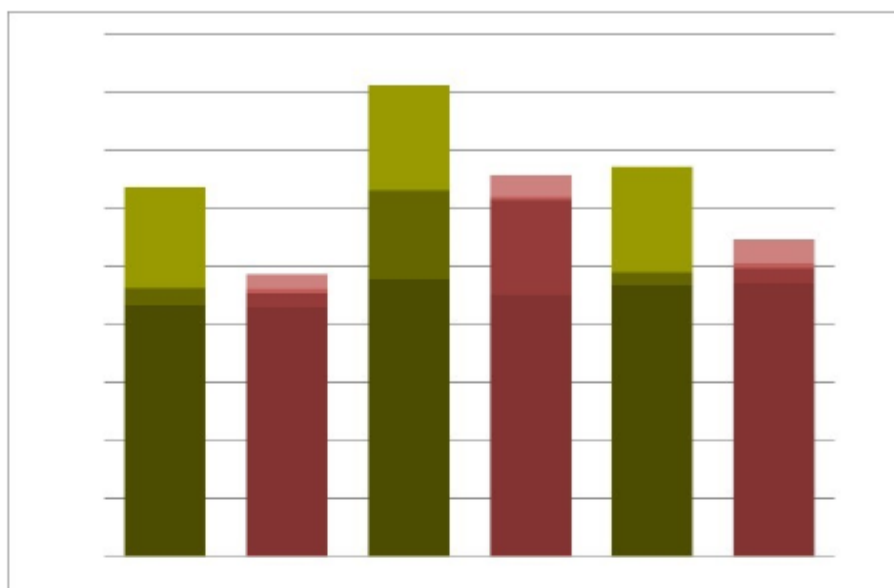
We have the following aggregated information from the annual report and audited accounts of the LGPS funds as at 31st March 2016 showing the development of the LGPS. Importantly, this notes that active membership increased and contribution payments continue to exceed benefit payments, which is consistent with the scheme remaining open to new entrants.

	2016	2015	2014	2013
Number of actives (000)	1,899	1,905	1,819	1,728
Number of deferred (000)	1,859	1,834	1,723	1,621
Number of pensioners (000)	1,530	1,512	1,459	1,408
Total value of assets	£217bn	£217bn	£192bn	£180bn
Net return on Investment	0.1%	12.1%	5.9%	12.5%
Total contributions paid	£9.3bn	£9.6bn	£8.7bn	£8.3bn
Total benefits paid	£9.4bn	£9.0bn	£8.6bn	£8.2bn
	0.0%	1.2%	2.7%	2.2%

Inflation (CPI) (change over previous 12 months to September)



Income and Expenditure year to 31st March 2016



Cashflow of the Scheme (£000s)	2014		2015		2016	
	In	Out	In	Out	In	Out
Contributions	8,671,051		9,568,209		9,341,560	
Transfers in from other pension funds	549,662		3,017,710		434,034	
Other income	69,666		74,963		45,792	
Net Investment income	3,370,227		3,547,684		3,609,726	
Total income	12,660,606		16,208,566		13,431,112	
Benefits		(8,554,773)		(9,026,333)		(9,386,123)
Payments to and on account of leavers		(518,920)		(3,263,646)		(536,862)
Administration expenses (including oversight and governance)		(141,263)		(182,311)		(177,118)
Investment management expenses		(518,965)		(727,335)		(805,203)
Total expenditure		(9,733,921)		(13,199,625)		(10,905,306)

Life Expectancy Index

Hymans Robertson and Club Vita have developed an LGPS Life Expectancy Index to support the work of the LGPS Scheme Advisory Board. This Index will help support the communication of changing

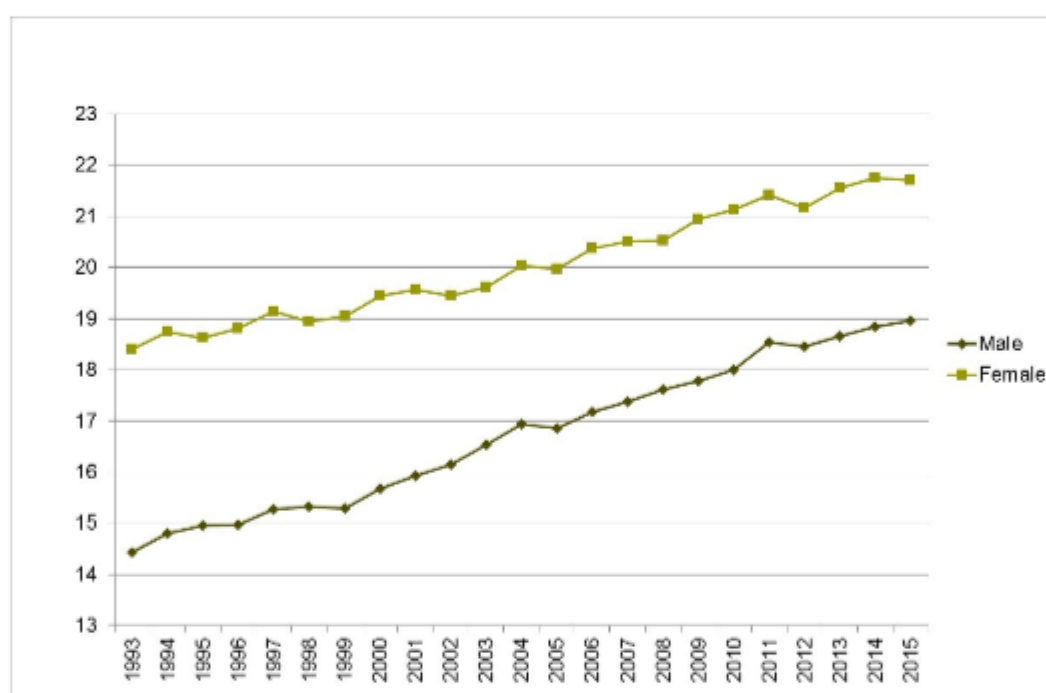
life expectancy in the LGPS to its scheme members. The Index will also provide the Board with longevity related information, including early warning of upwards cost pressures to support its role in the cost management process. We have relied upon data provided by Hymans Robertson and its longevity comparison club, Club Vita, when preparing the Index.

The information on this page is not specific to the circumstances of any particular reader or organisation, does not constitute advice, nor should it be relied upon by third parties. Life Expectancy Indices may also be produced by other organisations and use other sources of data.

Changes in observed longevity

The chart below demonstrates the annual progression of the LGPS Life Expectancy Index between 1993 and 2015 for male and female E&W LGPS pensioners.

Years in retirement from age 65 (1993 - 2015)



In this form the index clearly demonstrates how life expectancy in retirement has changed over time. It shows that life expectancy in retirement (measured from age 65) has increased from 14.4 years in 1993 to 19.0 years in 2015 for males and from 18.4 years in 1993 to 21.7 years in 2015 for females.

The average rate of increase in life expectancy has been around 2.1 years per decade for males and around 1.5 years per decade for females. Note that life expectancy does not increase uniformly over the 21 year period, while in some years it increases, in other years it is unchanged or even falls.

Do the 2010's represent the start of a new trend?

Over the period to 2011 we can observe a significant and sustained increase in life expectancy (which can be confirmed by a quick glance at the LGPS Life Expectancy Index). The consistency in the year on year increases in life expectancy during the 2000's might have led us to assume that life expectancies will continue to rise in a similar way in the future. However, more recent experience (since 2011) shows some year on year volatility. In particular:

- The winter of 2012 followed a noticeably dull summer, and was itself harsh and sustained. This was then followed, in 2013, by the coldest spring for 50 years. These factors contributed to the slowing in the rate of life expectancy increases observed across 2012 and 2013.
- While there were no events of note that impacted mortality during 2014, early 2015 saw significantly higher deaths than anticipated initially driven by the flu virus, against which the usual vaccine was ineffective, particularly during the first months of the year.

- It has become clear, as we have examined the rest of 2015 in more detail, that deaths were elevated throughout the year, with many more resulting from dementia (and related conditions) than would otherwise have been anticipated.

The result of the combination of these factors has been an apparent 'levelling off' of life expectancy over the period since 2011.

This raises a key question – does this recent period of higher numbers of deaths simply represent volatility or a short term 'blip' following a period of relatively consistent increases in life expectancy, or is it indicative of a period of slower increases in life expectancy compared with the 2000s? Of course, under either scenario there remains the potential for further volatility associated with external events (such as weather) or a return to previous levels of improvements in life expectancy as the remaining pensioner population trends towards being made up of 'healthier' survivors.

What should LGPS Funds (and their Actuaries) do about this? They will typically take a longer term view, seeking to base their funding assumptions for longevity on a broader view of how longevity has been changing rather than reacting to the most recent experience alone.

We know that death rates fluctuate from year-to-year and, as shown above, we are able to explain recent experience largely by reference to external events. The increased deaths resulting from dementia (and related conditions) merits close attention. This may be a driver for the start of a new trend in longevity, but it is too early to give a definitive view on this.

If nothing else, recent experience should serve as a reminder that LGPS Funds (and their Actuaries) should continue to monitor longevity trends and seek to better understand the drivers of changes in life expectancy.

Methodology

The LGPS Life Expectancy Index tracks the life expectancy of E&W LGPS pensioners. The methodology ensures the index results are objective and reflect the experience of E&W LGPS members.

The index is based on period life expectancy from age 65. For each year this is a measure of how long you expect to make pension payments to an average member based on death rates in that year.

This approach to measuring life expectancy uses only observable, verifiable data (with data on circa 2/3rds of E&W LGPS pensioners used by the index) and avoids any need for subjective assumptions about how life expectancies will change in the future.

The index allows changes in life expectancy from year to year, and trends in life expectancy emerging over a number of years, to be clearly identifiable.

Reliances and Limitations

- The life expectancy values shown in this chart have been provided by Club Vita to the Advisory Board for inclusion in the Scheme Annual Report. Whilst they can be reproduced, they should not be relied upon or used for any other purpose without the written permission of Club Vita LLP and Hymans Robertson LLP.
- Life expectancies are based on the experience of English and Welsh LGPS Funds that have provided data to Club Vita as at December 2015.
- The life expectancy shown for a particular year is the period life expectancy measured at age 65 - this is based on the exposure and deaths occurring during that year, so do not make any allowance for changes in longevity before or after that year.
- To be clear, the life expectancies shown have been calculated from the crude mortality rates of E&W LGPS pensioners.
- The life expectancy of an individual LGPS pensioner will depend on many factors, including age, gender, health, wealth, future changes in mortality, etc. and the figures shown here are not intended to represent or predict the life expectancy of any one individual member.

Definition of Period Expectation of Life

Source: Office for National Statistics, "Life expectancy at age 65 by local areas in the United Kingdom, 2004-06 and 2008-10", 19 October 2011

"Period expectation of life at a given age for an area in a given time period is an estimate of the average number of years a person of that age would survive if he or she experienced the particular area's age-specific mortality rates for that period throughout the rest of his or her life. The figures reflect mortality among those living in an area in each time period, rather than mortality among those born in each area." "Period life expectancy at age 65 in 2000 is worked out using the mortality rate for age 65 in 2000, for age 66 in 2000, for age 67 in 2000, and so on." "Period life expectancies are a useful measure of mortality rates actually experienced over a given period, and for past years, provide an objective means of comparison of the trends in mortality over time, between areas of a country and between countries. Official life tables in the UK and other countries which relate to past years are generally period life tables for these reasons."

Information on calculating a longevity index

The starting point for the LGPS Life Expectancy Index is the collection of a complete and reliable record of longevity experience data for the LGPS. Club Vita currently hold up to date experience data for c. two-thirds of E&W LGPS pensioners. This is more than sufficient to produce an initial E&W LGPS Life Expectancy Index. Funds that are not currently providing data are invited to contact Club Vita if they wish their data to be represented in the LGPS Life Expectancy Index.

Once data has been collected, the calculation steps involved in producing the LGPS Life Expectancy Index are broadly as follows:

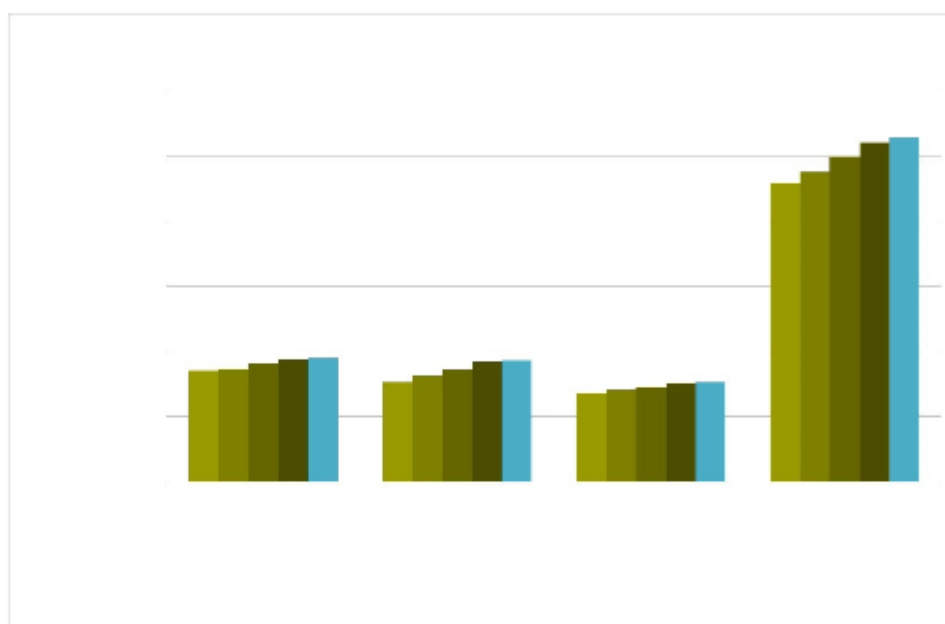
- For a reference period (eg calendar year 2011) and a reference population (eg E&W LGPS pensioners) where data has been collated, determine the observed ("crude") death rate at each age (65, 66, 67, etc).
- The crude death rate at each age is simply the number of deaths at that age divided by the number of people being observed at that age. So it is an observable (objective) quantity, measuring the proportion of people that died at each age.
- The period life expectancy from 65 can be calculated directly from the crude death rates, and is the average length of time an individual aged 65 would live for, based on those observed death rates.

Membership

[Print](#)

Total Membership

As at 31 March 2016, the total membership of the Scheme was 5.3million, compared with 5.2million as at 31 March 2015. The greatest increase in absolute and relative terms was to deferred membership, which increased by 3.3% over the year.



(000s)	Actives	Deferreds	Pensioners	Total
2012	1,705	1,529	1,366	4,600
2013	1,728	1,621	1,408	4,758
2014	1,819	1,723	1,459	5,001
2015	1,870	1,798	1,487	5,156
2016	1,899	1,859	1,530	5,289
Increase (decrease) 2013	1.4%	5.7%	3.0%	3.3%
Increase (decrease) 2014	5.0%	5.9%	3.5%	4.9%
Increase (decrease) 2015	2.7%	3.7%	1.9%	2.8%
Increase (decrease) 2016	1.5%	3.3%	2.9%	2.5%

Change in membership over year ended 31 March 2016

	Actives	Deferreds	Pensioners	Total
2012	37.1%	33.2%	29.7%	100%
2013	36.3%	34.1%	29.6%	100%
2014	36.4%	34.4%	29.2%	100%

2015	36.3%	34.9%	28.8%	100%
2016	35.9%	35.2%	28.9%	100%

Employers

The total number of employers listed in the Fund annual report and accounts 2016 was 12,915, compared with 11,801 for 2015. These totals includes active and ceased employers as well as scheduled and admitted bodies, including outsourcing companies, academies etc.

These figures may differ from employers listed in actuarial valuation reports and SF3 figures, as inactive employers with no active or deferred pensioner members may or may not be included.

CIPFA annual report guidance was updated for 2014 to included provision of an employer table with the aim of providing a more accurate figure for active versus ceased employers. Tables were provided in 15% of annual reports in 2014; this rate had improved to 57% in 2015 (including where equivalent information was disclosed) and was higher still at 62% for 2016. It is hoped that more administrating authorities will provide this information in future. Taking the ceased employer total from the grand total gives a figure of 11,173 not including ceased employers.

Average number of employers per fund by type of administering authority

Fund administering authority type	Count of funds	Average number of employers per fund
Metropolitan Districts	7	339
County Councils	38	225
Other	5	52
Wales	8	51
London Boroughs	33	40

The chart shows how the average number of employers differs between the types of administering authority. County council administered funds typically have more participating employers compared with London boroughs. The 'Other' category comprises the London Pension Fund Authority, Transport Authorities and the Environment Agency funds.

Investment

 Print

Asset management and stewardship

Stewardship and responsible investment

Collectively the £217bn LGPS funds are one of the largest 10 global sources of capital and can influence behavioural changes that lead to better stewardship by the global asset management community and the entities and places they invest in.

All LGPS funds have published their Statement of Investment Principles and comply with the Myners Principles as these are LGPS statutory requirements.

The UK Stewardship Code (second edition 2012) and global United Nations Principles of Responsible Investment (UNPRI) set out key principles of effective stewardship for asset owners to help them better to exercise their stewardship responsibilities.

Compliance with these UK and global sets of principles is not mandatory for LGPS funds but they have the support of the UK Government and Local Authority Pension Fund Forum (LAPFF).

As at 31st March 2016 some 20 (22%) were signatories to the Code and funds (8%) signatories to the UNPRI (see table below).

Two of LGPS funds E&W were named and ranked in the top 10 of the UK's institutional investors for taking account of climate change risk in their investments in the 2017 annual survey by the global '[Asset Owners Disclosure Project](#)'. They were the Environment Agency (2nd in overall international ranking) and Greater Manchester 54th in overall international ranking).

Signatory to UNPRI

Source: <https://www.unpri.org/directory/>

Account Name	Signatory Category	HQ Country	Signature Date
Kent County Council Superannuation Fund	Asset Owner	United Kingdom	11/04/2016
Lancashire County Pension Fund	Asset Owner	United Kingdom	10/03/2015
Greater Manchester Pension Fund	Asset Owner	United Kingdom	06/05/2014
West Midlands Pension Fund	Asset Owner	United Kingdom	28/06/2011
Merseyside Pension Fund	Asset Owner	United Kingdom	10/10/2007
London Pensions Fund Authority (LPFA)	Asset Owner	United Kingdom	16/07/2007
Environment Agency Pension Fund	Asset Owner	United Kingdom	14/07/2006

Signatories to UK Stewardship Code

Source: <https://www.frc.org.uk/Our-Work/Corporate-Governance-Reporting/Corporate-governance/UK-Stewardship-Code/UK-Stewardship-Code-statements/Asset-Owners.aspx>

Tier 1	Tier 2
<p>Signatories provide a good quality and transparent description of their approach to stewardship and explanations of an alternative approach where necessary.</p> <p>Avon Pension Fund Bedfordshire Pension Fund Cumbria Local Government Pension Scheme East Riding Pension Fund</p>	<p>Signatories meet many of the reporting expectations but report less transparently on their approach to stewardship or do not provide explanations where they depart from provisions of the Code.</p> <p>Gwynedd Pension Fund London Borough of Bexley Pension Fund London Borough of Ealing Pension Fund London Borough of Hackney Pension Fund London Borough of Hillingdon Pension Fund</p>

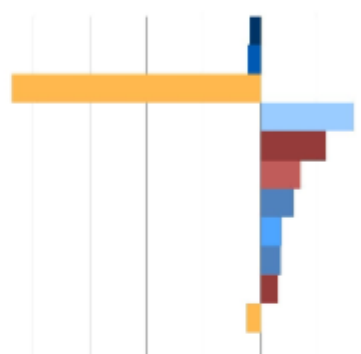
Environment Agency Active Pension Fund
 Greater Manchester Pension Fund
 Lincolnshire Pension Fund
 London CIV
 South Yorkshire Pensions Authority
 The Tyne and Wear Pension Fund
 Warwickshire County Council Pension Fund
 West Midlands Pension Fund
 Wiltshire Pension Fund

Merseyside Pension Fund
 Somerset County Council

Investment allocation

Change in allocation chart based on aggregated Net Asset Statements year to 31 March 2016

Investment Assets	2015	2016	Change
Fixed interest securities	5.0%	4.9%	-0.1%
Index-linked securities	2.8%	2.6%	-0.1%
Equities	36.8%	34.6%	-2.2%
PIVs	42.8%	43.6%	0.8%
Property PIVs	4.3%	4.8%	0.6%
Property	2.7%	0.7%	0.3%
Private equity	1.9%	3.0%	0.3%
Derivatives	0.4%	1.0%	0.2%
Other	1.9%	2.1%	0.2%
Other balances	0.5%	2.2%	-0.1%
Cash deposits	2.4%	0.4%	0.0%
Total	100.0%	100.0%	

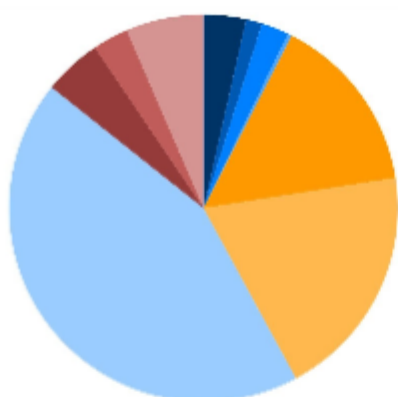


Click on the chart for a larger view in a new tab/window

Asset allocation charts based on aggregated Net Asset Statements as at 31 March 2016

Asset class	Asset type	£000s	%	£000s	%
Fixed interest	Fixed interest UK	7,633,795	3.5%	10,554,872	4.9%
	Fixed interest Overseas	2,921,077	1.3%		
Index-linked	Index-linked UK (where stated)	4,946,377	2.3%	5,718,862	2.6%
	Index-linked Overseas	772,485	0.4%		
Equities	Equities UK	32,532,367	15.0%	75,099,382	34.7%
	Equities Overseas	42,567,015	19.7%		
PIVs		94,630,676	43.7%	94,630,676	43.7%
Property	Property PIVs	10,477,407	4.8%	16,942,688	7.8%
	Property (Direct investment)	6,465,281	3.0%		
Other		14,028,183	6.5%	14,028,183	6.5%
Total				216,974,663	100.0%

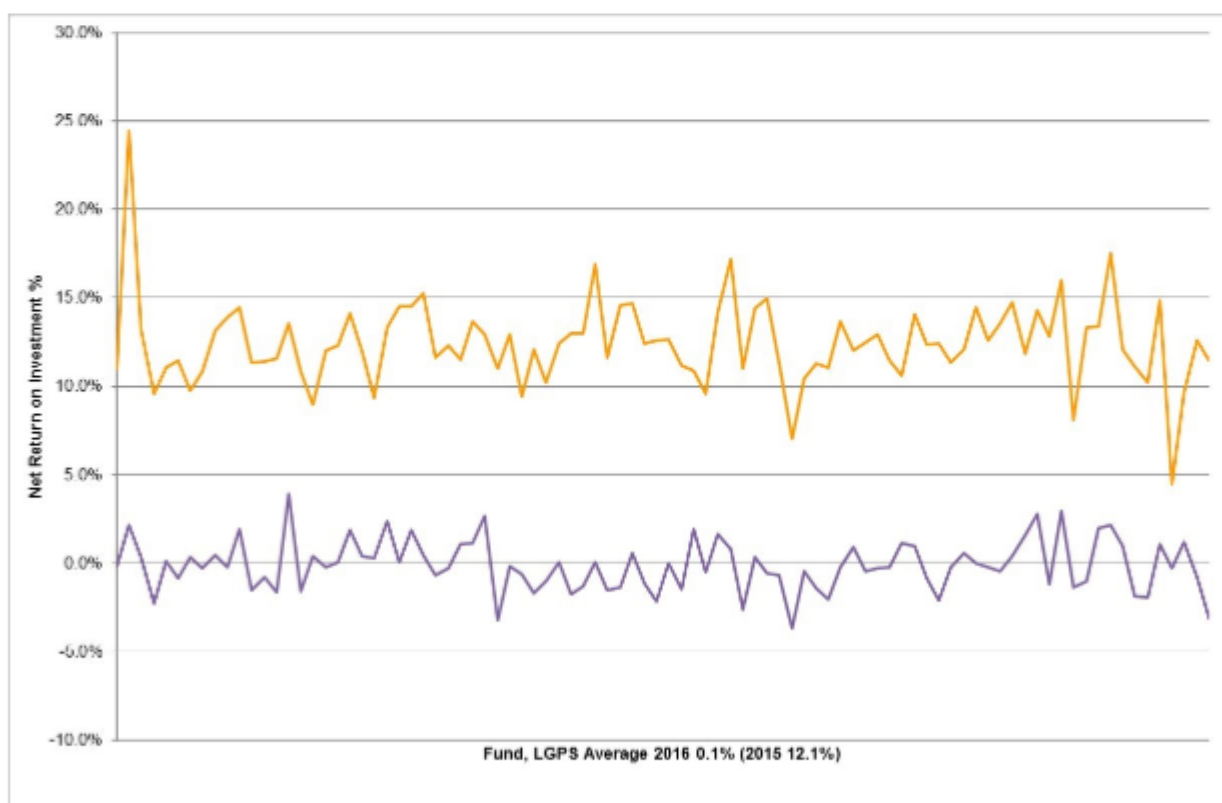
Total asset allocation





Other asset allocation

Asset class	Asset type	£000s	%
Other	Cash Deposits	4,812,724	38.8%
	Private equity	4,539,679	36.6%
	Other balances	879,689	7.1%
	Other (including aggregated private equity/infrastructure/other)	847,064	6.8%
	Infrastructure	1,327,864	10.7%
	Derivatives	1,621,163	13.1%
Total		12,418,763	100.0%

Net return on investment based on aggregated Fund accounts year to 31 March 2016



Net return on investment % is calculated by dividing the net return on investment by the average value of the fund over the year - this differs from calculated performance.
 The average return on investment, and total for the scheme on an aggregate basis, for the year ended 31 March 2016 was 0.4% (2015 12.4%). The average investment expenses were 0.3% over the period (2015 0.3%), therefore the net return on investment was 0.1% (2014 12.1%).

The above chart shows the distribution around 0.1%, for 2016  with most funds falling in a range of between 2.0% and -2.0%. For 2015  the distribution was around 12.1%, with most funds falling in a range of between 7.0% and 16.0%.

Investment Performance

Pensions & Investment Research Consultants Ltd (PIRC) has set up the Local Authority Pension Performance Analytics (LAPPA) service in response to the withdrawal of State Street (WM) from the creation of their highly valued and widely used Local Authority peer group Universe analysis service.

The intention is to create a quarterly local authority aggregate analysis that will initially replace the State Street Universe reporting whilst, it is hoped, will also improve upon the data quality and depth of analysis. The focus in the first period will be to set up the new composite and creating a historical time series. By the end of the first year of the new aggregate production it is expected that the service will have been expanded to include fund specific reporting against the aggregate. Please see [LAPPA website](#) for further details. The following market commentary was provided by PIRC:

LA Market Environment

The average local authority pension fund produced a zero return in 2015-16.

The year was an extremely challenging one for investors. All equity markets with the exception of the US delivered negative returns. The UK, which remains the average funds' largest market exposure, performed poorly, delivering -4% on average. Despite the outright majority achieved by the Conservatives in the general election on May UK equities struggled because of the high weighting of this market to oil majors and commodities, both of which continued to struggle as oil prices fell.

Sterling investors were insulated from some of the poor performance of overseas equity markets by the weakening of Sterling through the year. Funds that had hedged their currency would have seen much lower returns.

After the strong results of the previous year bond performance seemed comparatively flat – delivering only small single-digit returns. Long dated bonds produced the best of the returns.

Alternative investments had another good year. Private equity was the best performing asset, hedge funds averaged zero returns and diversified growth funds mostly failed to reach zero. Property performed strongly again, returning 11% for the year.

During the year there was a small net outflow from fixed income assets with the money being invested into property and alternatives as funds continued to diversify their investments. Despite the impending move to Pooling structures there appeared to be no slowdown in the level of manager change over the latest year.

Longer Term

Despite the disappointing latest year results longer term performance is holding up well. Over the last 20 years, the average fund has achieved a return of 7% pa. This was 3% pa above inflation and well ahead of actuarial return assumptions.

There is a similar picture over the short and medium term with funds returning 7% pa over the last 5 and 6% pa over the last 10 years.

Benefits

[Print](#)

Pension benefits, member services and communications

The 5.3 million members of the LGPS receive a life time membership service and regular information about LGPS benefits from their host LGPS pension fund upon joining the scheme, via annual benefits statements, upon leaving the scheme, or becoming a pensioner.

It is pleasing the vast majority of LGPS members appear to welcome and are content with the information and benefits they receive and the LGPS complies with Pensions Regulator guidance and codes in respect of member communications. The Pensions Regulator provides a report of its work below.

Based on reports from the the Pensions Ombudsman (PO) (see below) a small minority are recorded as making formal complaints about their pension benefits initially to the Pensions Advisory Service (TPAS) and if they are still not satisfied to the PO. The vast majority of cases concern employer decisions about ill-health retirement and or calculation of ill health retirement benefits. This is in line with most other occupational pension schemes.

The Pensions Regulator

The Public Service Pension Scheme Act 2013, was not only the catalyst for the introduction of the LGPS 2015, and the associated creation of Scheme Managers and Pension Boards, it also extended the powers of the Pensions Regulator (TPR) to oversee compliance with the Governance and administration provisions of the Act, as they apply to all public service pension schemes, including LGPS.

Opening actions

During the first year one of the first steps towards compliance was to establish a Pension Board and then publish details of its members and how the board had been formed with the inclusion of an equal number employer and member representatives, plus as an option an independent chair. All of this information must be freely available to all members.

Also during the first year a great deal of time was spent by TPR in establishing how LGPS Scheme Managers and others would be measured against the new and higher standards of governance and administration. The initial findings were contained in TPRs first annual survey which disclosed mixed levels of response and progress towards achieving full compliance.

There remains an ongoing drive on the part of TPR to improve standards of governance across all Public Service Schemes. This drive includes producing additional, tailored educational tools to support Scheme Managers, Pension Boards and others which will assist these parties to both identify and manage risks within their scheme. Areas of particular concern to TPR include record keeping, control processes and the delivery of timely and accurate communications.

In addition to producing on line material TPR works closely with others who can influence improvements. These others include the LGPS Scheme Advisory Board, which has direct access to the Responsible Authority, and those providing secretariat support at the Local Government Association.

TPR working with LGPS Boards and others

To further raise TPR's profile and reinforce key messages TPR is starting to meet some of the over 90 chairs of the LGPS Pension Boards and where requested presenting to the Pension Board. Similarly TPR has and will continue to attend and present at industry wide events, including those hosted by LGA and PLSA.

The purpose behind these various forms of engagement is a reflection of TPRs policy of education and enablement which TPR uses to regulate both Scheme Managers and Pension Boards. If it is found that this approach is not achieving the desired outcomes then TPR has a range of enforcement powers at its

disposal. These powers are wide ranging and are used as a proportionate response to the issue in question. In addition to being proportionate TPR has a recognition that it needs to be accountable, consistent, targeted and transparent. To assist with this TPR will publish details of the majority of cases that reach the enforcement stage once they have been decided.

In conclusion

Finally, on top of the work undertaken by TPR to ensure compliance, there is an overriding legal duty on the part of Scheme Managers, Pension Boards, employers and others providing advice to the Scheme Manager to report to TPR a breach of the law that is of material significance. Guidance is provided, using a traffic light system, on what is material and so what must be reported, or if not reported then recorded for future reference.

March 2017

Complaints handled by the Pensions Ombudsman

The Pensions Ombudsman (PO) determined 56 enquiries/complaints of a total of approximately 91 cases regarding the LGPS during the year. A breakdown of the complaints and Pensions Ombudsman (PO) determinations is shown below.

Most complaints were about ill health and other retirement benefits. The PO upheld <15% of complaints with the vast majority around 75% being either not upheld, or were rejected, referred elsewhere, or resolved without the need for a PO determination. This represents a significant shift over the year to closing investigations informally, without progressing cases to formal determination. Overall the LGPS has had relatively few upheld complaints.

Pension Ombudsman Determinations and Case topics

Outcome of determined cases	Key	Top five complaint topics	Cases
Complaint Upheld	14.3%	Benefits - Ill health	39.6%
Complaint Partially upheld	17.9%	Misquote/misinformation	19.8%
Complaint Not Upheld	67.9%	Benefits - incorrect calculation	15.4%
		Benefits - refusal to pay /late payments	15.4%
		Fail to act on instructions	9.9%

Financial Statements 2016

[Print](#)

Scheme Account

LGPS aggregated Scheme Account as at 31 March

2014/2015 £000s	2015/2016 £000s
Dealings with members, employers and others directly involved in the Scheme	
(9,568,209) Contributions	(9,341,560)
(3,017,710) Transfers in from other pension schemes	(434,034)
(74,963) Other Income	(45,792)
(12,660,882)	(9,821,386)
9,026,333 Benefits	9,386,123
3,263,646 Payments to and on account of leavers	536,862
114,253 Administrative expenses	114,313
68,058 Oversight and governance expenses	62,805
12,472,290	10,100,103
(188,592) Net (additions)/withdrawals from dealings with members	278,717
Returns on Investments	
(3,604,883) Investment Income	(3,665,079)
57,199 Taxes on Income	55,353
(21,974,230) Profit and losses on disposal of investments and changes the in value of investments	2,653,167
727,335 Investment management expenses	805,203
(24,794,579) Net return on investments	(151,356)
24,983,171 Net (increase)/decrease in the net assets available for benefits during the year	127,361
192,170,244 Net Assets of the Scheme at 1 April (restated)	217,188,518
217,153,415 Net Assets of the Scheme at 31 March	217,061,157

Net Assets Statement

LGPS aggregated Net Assets Statement as at 31 March

2014/2015 £000s	2015/2016 £000s
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Investment Assets (£000s)

10,754,484	Fixed interest securities	10,554,872
5,958,578	Index-linked securities	5,718,862
79,660,156	Equities	75,099,382
92,666,817	PIVs (pooled investment vehicles)	94,630,676
9,217,811	Property PIVs	10,477,407
5,832,218	Property	6,465,281
4,153,422	Private equity	4,539,679
862,499	Derivatives	1,621,163
1,782,260	Other	2,174,928
1,145,286	Other balances	879,689
4,475,296	Cash deposits	4,812,724
216,508,827		216,974,663
(1,229,579)	Investment Liabilities	(1,697,694)
132,153	Non current assets	113,004
(37,606)	Non current liabilities	26,038
2,316,254	Current Assets	2,180,778
(536,634)	Current Liabilities	(535,631)
217,153,415	Net assets of the fund available to fund benefits at the period end	217,061,157

Notes

The LGPS Annual Report is based on each individual LGPS funds' statutory annual reports and audited financial statements as at 31 March, these been collated and published in one place. The intention is to build a complete and comparable set of annual reports for the scheme in its entirety, as a whole and for every fund.

The annual accounts have been reviewed to draw out any information which is reported completely and consistently across all funds. At the highest level of financial reporting, the fund financial statements have been gathered together and totalled to produce an aggregated Scheme account and net assets statement.

The Statement of Accounts summarise the Scheme's transactions for the year and its position at year end as at 31 March. The data used comes from the individual LGPS funds' financial statements which are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). The Code is issued by the Chartered Institute of Public Finance and Accountancy, CIPFA and is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector. The individual LGPS fund accounts have been prepared on an accruals basis in accordance with the Code, apart from transfer values which are accounted for on a cash basis in accordance with the Code.

The Net Assets Statement, similarly summarises the Scheme's assets over the year and its position at year end as at 31 March.

The individual LGPS fund accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. IAS 26 gives administering authorities the option to disclose this information by appending an actuarial report, prepared for this purpose. If not part of the annual report, these

statements have also been collated and are shown as attachments in the split records column. These statements are as at the most recent Scheme valuation date. In the case for 2016 annual reports, this is 31 March 2013.

Data limitations

It is important to note that the data contained in this LGPS Annual Report is based on the individual LGPS fund annual report and audited accounts. The SAB is reliant on the general accuracy of the fund annual reports without independent verification. Whilst the data have been checked for reasonableness and consistency, a full independent audit of the aggregated data has not been completed.

The charts, analysis and general commentary are based on the face accounts, or broad 'high-level' figures. Analysis of account notes demonstrated variations in depth of reporting and subjective interpretation of some accounting classifications.

These findings in analysing the more detailed notes sections of the annual reports have been shared with CIPFA and DCLG in order to support their work in improving guidance on annual report and accounts and collection of SF3 data. The information may also be used by the LGPS advisory board sub committees to help establish baseline datasets and to build on comparable metrics for assessing the financial health of each individual fund and the scheme as a whole.

Advisor Statements 2016

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Scheme Advisors

UK pensions law requires those charged with the governance of occupational pension schemes and pension funds to take professional advice in respect of their fiduciary duties towards beneficiaries.

During 2015/2016 the Scheme Advisory Board was serviced by a secretariat led by Jeff Houston - Head of Pensions, LGA, and received professional advice from the following organisations:

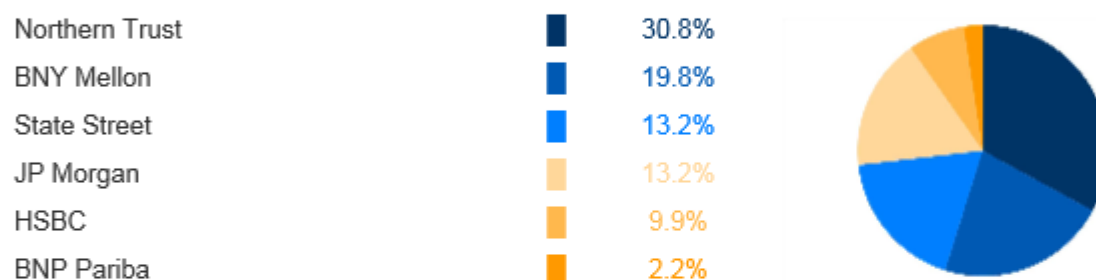
Auditing - While the SSAB has not been advised directly by any external auditors, each LGPS fund and the LGPS as a whole has been extensively audited - see [Auditors Assurance Statements](#).

Fund Advisors

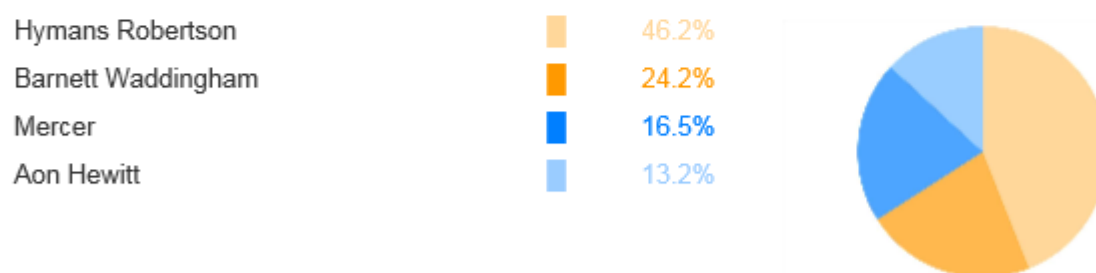
During 2015/16 the LGPS administering authorities have also received from a range of specialist external advisors including the following:

Administration - Capita Hartshead, Equiniti Paymaster, LGSS, Liberata, London Pension Fund Authority and Mouchel.

Asset custody* - BNY Mellon, BNP Paribas, HSBC, JP Morgan, Northern Trust and State Street.



Actuarial, and/or Benefits, and/or Investments - Aon Hewitt, Barnett Waddingham, Hymans Robertson and Mercer.



Legal - Addleshaw Goddard, Allen and Overy, Clifford Chance, Eversheds, MacFarlanes, Osborne Clark, Pinsents Masons, Sacker & Partners LLP, Sharpe Pritchard, Squire Patton Boggs, Taylor Wessing, Travers Smith, Trowers and Hamlins, Wragge Lawrence Graham & Co

Other Advisors - Allenbridge, B-Finance, Deloitte, JLT, LAPFF, PSolve, WM Company (previously part of State Street) and others.

*Where stated, including but not limited to. Approximately 95% of fund annual reports named the fund custodian (some funds may use more than one custodian).

Auditor Statements 2016

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Auditor Statements


It is important that the Government, LGPS members, employers and stakeholders have confidence in the overall financial management of the scheme.

Under the LGPS regulations each of the LGPS administering authorities are required to publish an annual report. Each LGPS fund is subject to an annual statutory external audit of its financial statements that must be prepared in accordance with the LGPS regulations and CIPFA guidance that is updated annually. The Scheme Advisory Board is keen that all LGPS funds publish their statutory annual report and audited financial statements by 30th September and at the latest by 1st December each year. The latter was largely achieved in 2016 other than by a small number of funds whose reports were not published until after the deadline.

The LGPS pension fund financial audits are the responsibility of three statutory auditing bodies – the Public Sector Audit Appointments Limited (PSAA) (the Audit Commission up to 31st March 2014) and National Audit office for 83 LGPS funds based in England; and Welsh Audit Office for 8 LGPS funds based in Wales. They are required to give assurance (or otherwise) that the financial statements show a true and fair view of the fund income and expenditure and of the amount and disposition of the fund assets and liabilities.

From 1st April 2015 the responsibility for appointing Local Authority auditors passed to PSAA (a limited company being set up by the Local Government Association) and currently five firms of external auditors (see below) undertake these audits.

England	Name of sub-contracted audit firm		Number of LGPS funds audited
National Audit Office	Not applicable		2
PSSA	Grant Thornton	 34.6%	28
	KPMG	 34.6%	28
	Ernst & Young	 22.2%	18
	BDO LLP	 6.2%	5
	Mazars	 2.5%	2



Wales			
Welsh Audit Office	Not applicable		8
	Total		91

England - Public Sector Audit Appointments Limited (PSAA)

Each LGPS funds' financial accounts are audited separately from each Local Authority financial accounts. They are then consolidated into Local Authority financial accounts and ultimately into the financial accounts of DCLG and HMT.

More information on the [Public Sector Audit Appointments Limited \(PSAA\) - \(England\)](#) and annual audit letters for each authority may be found on its website.

In its 2014 Report, the Audit Commission [National Fraud Initiative](#) estimated for the LGPS it detected and prevented pension fraud, overpayment and error amounting to £1.4m. Responsibility for the [NFI moved to Cabinet Office](#) in 2015.

The number of cases relating to local government pension fraud was reported at 1,508 in 2014. This figure was 876 in 2016. The [full report](#) is provided on its website.

England - National Audit Office

The National Audit office is responsible for the financial audit of the Environment Agency financial accounts and the financial accounts of its two LGPS pension funds (Closed and Active funds). Both are consolidated into the financial accounts of DEFRA and ultimately HMT. The annual reports and audited financial statements of the Closed and Active Funds were published and laid in Parliament. Both sets of accounts were unqualified.

Wales - Welsh Audit Office

The Wales Audit Office is responsible for the audit of all local government bodies (including pension fund authorities) in Wales. They are then consolidated into Local Authority financial accounts and ultimately into the financial accounts of DCLG and HMT.

The Office's most recently published annual report on the work completed on local government accounts for the financial year 2015/16 is below:

[Local Government Reporting 2016 - \(Wales\)](#)

Overall the Welsh Audit Office report concludes that Wales' local government bodies have improved the quality of their pre-audit financial statements for 2015-16, but still face challenges in the medium term to improve and produce their accounts earlier.