

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

20.1 Pension Schemes (Continued)

Net Asset Restriction Calculation

The actuary has calculated the council's IAS19 defined benefit plan surplus for 2023/24 to be £311.841 million (£325.788 million 2022/23) as detailed in notes 20.2 to 20.10 to the accounts.

IAS 19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As there is no unconditional right to a refund, the actuaries have calculated whether there are economic benefits in the form of reductions in future contributions, in accordance with IFRIC 14.

For IFRIC 14 accounting purposes, the actuary has calculated that the net present value of the future contributions of £2.790 billion exceeds the future service costs of £2.654 billion by £136 million, a negative contribution. As a result of this calculation, IFRIC 14 advises that no defined benefit plan asset should be recognised in the council's balance sheet and there is no requirement to recognise the £136 million difference as a liability. The council has reported £20.040 million as a long term liability in the balance sheet in respect of unfunded pension obligations for 2023/24 (£20.672 million 2022/23 as restated to reflect current guidance).

20.2 Transactions Relating to Post-Employment Benefits

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement:

	2023/24		Restated 2022/23	
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current Service cost	33,738		67,416	
Past Service Costs	125		30	
Effect of Settlements	-	33,863	-	67,446
Financing and Investment Income and Expenditure				
Net Interest Expense		(104)		4,334
		33,759		71,780
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(18,339)		6,808	
Actuarial (gains) and losses arising on changes in demographic assumptions	(19,914)		(10,861)	
Actuarial (gains) and losses arising on changes in financial assumptions	(38,161)		(574,011)	
Elimination of prior year asset ceiling and interest effect	(361,935)		-	
Application of asset ceiling in current year	331,881		346,460	
Other experience	108,850	2,382	71,166	(160,438)
Total Post-employment Benefits Charged to Comprehensive Income and Expenditure Statement		36,141		(88,658)

	2023/24		Restated 2022/23	
	£'000	£'000	£'000	£'000
Movement in Reserves Statement				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with Code		3,014		(37,433)
Actual Amount charged against the General Fund Balance of pensions in the year				
Employer's contributions payable to the scheme	(34,866)		(32,549)	
Contributions in respect of unfunded benefits	(1,907)		(1,798)	
		(36,773)		(34,347)

The amount charged to taxation for the Lothian Pension Fund Scheme in 2023/24 (2022/23) was £36.371 million (£34.023 million).