

Pension Panel	
24 July 2019	Part I
Annual Report and Accounts	
Report by Director of Finance and Support Services	
Summary	
<p>The Pension Fund is required to prepare an annual report which includes:</p> <ul style="list-style-type: none"> • A report about the management and financial performance during the year • A report explaining the authority's investment policy and a review of the performance of the investments during the year • A report of the administration arrangements during the year • The fund account and net asset statement with supporting notes and disclosures prepared in accordance with proper practices • The Pension Fund's policy documents. • Any other material which the authority considers appropriate. <p>Key statistics relating to the Fund are set out in the annual report and include:</p> <ul style="list-style-type: none"> • There are 201 active employers in the Pension Fund and 75,191 members (contributors, pensioners and deferred). • The Pension Fund was 95% funded at the most recent formal valuation (March 2016). It is estimated that at 31 March 2019 the Fund was fully funded. • The Fund is valued at £4.374bn as at 31 March 2019 (£4.104bn at year-end 31 March 2018). • During the year the Fund's assets returned 7.06% compared to its benchmark target of 7.68%. • In addition to engaging with companies, the fund managers voted at 99% of domestic and 95% of overseas meetings during the year. <p>Recommendation(s)</p> <ol style="list-style-type: none"> 1. The Panel agree the Annual Report. 2. The Panel note the Statement of Accounts appended to the Annual Report. 3. The Panel note the items raised by the external auditors. 	

Background

Annual Report

1. The Pension Fund is required to prepare an Annual Report which also includes the annual Statement of Accounts and other key information relating to the Pension Fund's management, its investment and administration performance and its statutory policy documents. The content of the Annual Report is informed by guidance by the Chartered Institute of Public Finance (CIPFA) on behalf of the Government.

The accounts of the Fund are submitted to the Regulation, Audit and Accounts Select Committee for their agreement.

Statement of Accounts

2. The West Sussex Pension Fund Statement of Accounts are subject to external audit by Ernst and Young (EY).
3. At the time of writing the audit has been substantially completed and an unqualified opinion is anticipated.
4. However, for information, the following points are made:
 - a. During the audit, EY identified a small number of changes within the draft statements, including additional narrative regarding the McCloud judgement in Note 6 and a revised assessment of pension fund liabilities in Note 20. An additional table has also been included at Note 16 showing the sensitivity of assets valued at level 3 within the fair value hierarchy (in line with the CIPFA Code of Practice and example accounts).
 - b. Due to the tight reporting deadlines, an estimate was used for the private equity valuation in the draft statements, in agreement with EY. The actual valuation received from Partners Group was £2.7m higher than the estimate.

These changes have been made in the final version of the statements.

5. As in 2017/18 EY commented that they were unable to agree the membership disclosure in Note 1 of the statements to the data provided by employers as part of their end of year returns. However they were satisfied that this would not have a material impact on the financial statements. Whilst acknowledging that progress has been made, EY have repeated this comment for the 2018/19 audit. The Fund continues to work proactively with its administration provider and employers to reduce the discrepancy as far as possible.
6. The Statement of Accounts and External Audit Opinion will be considered and approved by the Regulation, Audit and Accounts Committee (RAAC) when they meet on 22nd July 2019.

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Director of Finance and Support Services

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Appendices

Appendix A – Annual Report

Background Papers

[RAAC Paper](#)