

Pensions Panel

25 July 2018

Annual Report and Accounts

Report by Director of Finance, Performance and Procurement

Summary

The Pension Fund is required to prepare an annual report which includes:

- 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.

Key statistics relating to the Fund are set out in the annual report and include:

- There are **193 active employers** in the Pension Fund and **73,038 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 2018 the funding level exceeds 105%.
- The Fund is valued at **£4.104bn** as at 31 March 2018 (**£3.798bn** at year-end 31 March 2017).
- During the year the **Fund's assets returned 7.1% compared to its benchmark target of 3.1%**.
- In addition to engaging with companies, **the fund managers voted at 100% of domestic and 94% of overseas meetings** during the year.

Recommendation(s)

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 accounts and other key information. The accounts of the Fund are submitted to the Regulation, Audit and Accounts Select Committee for their agreement.
2. Key items relating to the accounts are given below:

Financial Statements

3. The West Sussex Pension Fund Statement of Accounts are subject to external audit by Ernst and Young (EY).
4. At the time of writing the audit has been substantially completed and an unqualified opinion is anticipated.
5. 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 and restating prior year figures in Note 20.
 - 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 £2.1m higher than the estimate.
 - c. These have been amended in the final version of the statements.
6. In addition, EY were unable to agree the membership disclosure in Note 1 of the Statements to the data within the administration system but were satisfied that this would not have a material impact on the financial statements. These differences are caused by a delay in information being received from employers or processed by admin. The Fund is working proactively to reduce the delays behind this discrepancy.

Katharine Eberhart

Director of Finance, Performance and Procurement

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Appendices

Appendix A – Annual Report

Background Papers

None