

Report to: **Pension Committee**

Date: **27 July 2015**

By: **Chief Operating Officer**

Title: **Review of Annual Governance Reports and Pension Fund Accounts 2014/15**

Purpose: **To present to the Pension Committee the position of the Pension Fund for 2014/15**

---

**RECOMMENDATION:**

- 1) to approve the Independent Auditor's (KPMG) Annual Governance Report on Pension Fund Annual Report; and**
  - 2) to authorise the Chief Finance Officer to sign the formal Letter of Representation to KPMG LLP**
- 

**1. Background**

- 1.1 There are no direct financial implications for the East Sussex Pension Fund from this report, but it does provide commentary on the Fund's performance. A responsibility of the County Council as the administering authority is to undertake a valuation of the Pension Fund's assets and liabilities every three years. At 31 March 2013, the past service liabilities of the East Sussex Fund was 81% funded.

**2. Supporting Information**

- 2.1 The East Sussex Pension Board at its meeting on 10 July 2015 received the draft Report and Accounts of the Pension Fund for the year ended 31 March 2015. The East Sussex Pension Fund Accounts (Appendix 1) will be given a 'true and fair view' by the Independent Auditor (KPMG) in their Annual Governance Report 2014/15 (Appendix 2).
- 2.2 The accounts show that contributions income for 2014/15 was £114.0m (£112.9m in 2013/14) and total benefits expenditure was £112.0m (£114.5m in 2013/14). The net return on investments was £367.6m and the net assets of the Fund increased by £267.0m to £2,746.5m at 31 March 2015.
- 2.3 Copies of the Report and Accounts will be made available through the East Sussex Pension Fund website.

**3. Investment Performance**

- 3.1 As in previous years the compilation of the pension fund statistics for local authorities has been undertaken by the WM (State Street) Company.
- 3.2 The basis of performance is to compare the East Sussex Fund to the combined performance of all 85 funds. The total of all funds is known as the WM Local Authority Universe.
- 3.3 The East Sussex Pension Board noted that the total East Sussex Pension Fund annual investment return was 15.0%, placing the Fund in the 22<sup>nd</sup> percentile of the 85 local authority funds. Over three years the Fund returned 11.2% pa, compared with the average local authority universe of 11.0%, ranking in the 44<sup>th</sup> percentile. Over the longer periods the

East Sussex Fund returned 8.4% (WM universe average 8.7%) for 5 years and 7.9% for 10 years (WM universe 7.9%), ranking in the 67<sup>th</sup> percentile and 50<sup>th</sup> percentile respectively.

#### **4. Conclusion and reasons for recommendations**

- 4.1 The committee is recommended to approve the Independent Auditor's (KPMG) Annual Governance Report on Pension Fund Annual Report and to authorise the Chief Finance Officer to sign the formal Letter of Representation to KPMG LLP.

KEVIN FOSTER  
Chief Operating Officer

Contact Officer: John Shepherd

Tel No. (01273) 481785

Local Member: All

#### **Background Documents**

none