

**Report to:** Pension Committee

**Date:** 31 May 2016

**By:** Chief Operating Officer

**Title:** Draft Pension Fund Annual Report – 2015/16

**Purpose:** To provide the Pension Committee members with the Pension Fund's draft 2015/16 Annual Report

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## **RECOMMENDATIONS**

The Pension Committee is requested to -

- 1. note the Draft Annual Report, and financial performance of the Pension Fund, which will be submitted for final audit in June 2016;**
  - 2. note that the audited Pension Fund Annual Report will be presented to the Pensions Committee for approval at its meeting on 18 July 2016.**
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### **1. Background**

1.1 There is a statutory requirement to prepare the pension fund accounts for each financial year, and there is also a requirement that the draft accounts be presented to Members. The purpose of this report is to provide the Pension Committee members with the draft Pension Fund's 2015/16 Annual Report, (Appendix 1) which are subject to audit. This report provides an overview of the year end financial position and the assets of the Pension Fund as at 31 March 2016.

1.2 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 81.2% funded, with the East Sussex Pension Fund placed as 7th best funded on like for like basis out of eighty eight local government pension funds.

### **2. Supporting Information**

2.1 The Pension Board at its meeting on 12 May 2016 received the draft Report and Accounts of the Pension Fund for the year ended 31 March 2016. It is expected that the East Sussex Pension Fund Accounts will be given a positive opinion by the Independent Auditor (KPMG) in their Annual Governance Report 2015/16.

2.2 The accounts shows that contributions income for 2015/16 was £123.8m (3.5% up on 2014/15) and total expenditure was £123.4m (up 2.9% (excluding the probation transfer of £95m) on 2014/15), giving a net addition of £0.4m from dealings with members (i.e. employees and pensioners). The net return on investments was £37.9m and the net assets of the Fund increased by 0.9% to £2,771.4m at 31 March 2016.

### **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 Company and summarised in a report by Hymans Robertson. The basis of performance is to compare the East Sussex Pension Fund to the combined performance of all 89 funds. The total of all funds is known as the W M Local Authority Universe.

3.2 The Committee will note that the total Fund annual investment return is expected to outperform the benchmark. The performance versus benchmark is as follow-

<b>Period</b>	<b>Fund Performance</b>	<b>Benchmark</b>	<b>Outperformance</b>
12 Months	1.6%	0.4%	+1.2%
3 Years	7.4%	5.9%	+1.4%
5 Years	7.3%	5.9%	+1.3%
10 Years	5.7%	4.9%	+0.8%

3.3 The Annual report also includes three key statements (Funding Strategy Statement, Statement of Investment Principles, and Communications Policy Statement) relating to the management and governance of the scheme and each statement serves a different purpose.

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

4.1 The draft 2015/16 Pension Fund Annual Reports will be subject to the normal audit of accounts process, which is scheduled to commence from 6 June 2016 and forms part of the Audit programme for the Council. The External Auditor (KPMG) will provide an independent assessment of the Council's Pension Fund financial statements, systems, procedures and performance.

**KEVIN FOSTER**  
**Chief Operating Officer**

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Background Documents  
None