

## Suffolk Pension Fund Committee

<b>Report Title:</b>	Pension Fund Annual Report and Accounts 2015-16
<b>Meeting Date:</b>	22 September 2016
<b>Chairman:</b>	Cllr Andrew Reid
<b>Director:</b>	Geoff Dobson, Director of Resource Management Tel. 01473 264347
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### **Brief summary of report**

1. The Pension Fund accounts form part of the Statement of Accounts for Suffolk County Council. The external audit of the County Council's Statement of Accounts has now been completed, and the audited accounts will be presented to the Audit Committee on 28 September 2016 for approval.
2. This report presents the Pension Fund's Annual Report and Accounts for 2015-16, which is consistent with the County Council's Statement of Accounts. Since the Pension Fund Committee's meeting will take place in advance of the formal approval of the accounts by the Audit Committee, it is proposed that the Committee receives the Pension Fund Annual Report and Accounts for 2015-16.

### **Action recommended**

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| <ol style="list-style-type: none"><li>3. The Committee is recommended to approve the Annual Report and Accounts for the Pension Fund for 2015-16 and the Chairman is requested to sign the letter of representation.</li></ol> |
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### **Reason for recommendation**

4. The Pension Fund Annual Report and Accounts is an important channel of communication to report on the Pension Fund Committee's stewardship of the Pension Fund to employers, scheme members and other stakeholders.

### **Alternative options**

5. None.

## **Main body of report**

### **Summary of the Pension Fund Annual Report and Accounts 2015-16**

6. The Net Assets of the Pension Fund as at 31 March 2016 is £2.213bn, an increase of £15m from the previous financial year.
7. The investment return for the year was 0.7%, 0.8% behind the benchmark index, but 0.5% above the Local Authority average of 0.2%.
8. There are 174 employers in the scheme with 55,648 scheme members of whom 20,129 are contributing members and 14,647 are in receipt of pension benefits.
9. Contributions for the year totalled £83m from employers and £20m from contributing members. £86m was paid out in pension benefits.
10. Management expenses were £12.2m, of which administration expenses were £1m and investment expenses were £10.7m. Investment expenses include management fees and expenses, and performance fees, directly charged to the Pension Fund and those charged against the Net Asset Statement.
11. The Pension Fund Annual Report and Accounts for 2015-16 are attached as **Appendix 1**.

### **Regulatory Requirements and Guidance**

12. The Government issued regulations in 2007 (Statutory Instrument 2007, No. 1561) which introduced a statutory requirement for a Pension Fund Annual Report and Accounts to be published each year. It also prescribed what matters must be included within the annual report. These are set out below:
  - a) a report about the management and financial performance during the year of each of the pension funds maintained by the authority;
  - b) a report explaining the authority's investment policy for each of those funds and reviewing the performance during the year of the investments of each fund;
  - c) a report of the arrangements made during the year for the administration of each of those funds;
  - d) for each of those funds, a statement, by the actuary who carried out the most recent valuation of the assets and liabilities of the fund of the level of funding disclosed by that valuation;
  - e) the current version of the governance compliance statement;
  - f) for each of those funds, the fund account and net asset statement with supporting notes and disclosures prepared in accordance with proper practices;
  - g) an annual report dealing with:
    - i) the extent to which the authority and the employing authorities in relation to which they are the administering authority ("relevant employing authorities") have achieved any levels of performance set out in the pension's administration strategy; and

- ii) such other matters arising from their pension administration strategy as they consider appropriate;
  - h) the current version of the funding strategy statement;
  - i) the current version of the statement of investment principles;
  - j) the current version of the policy statement concerning communications with members and employing authorities (including non-Scheme employers); and
  - k) any other material which the authority considers appropriate.
13. The regulations provide for the Secretary of State to issue guidance on the preparation of annual reports, and Funds are required to have regard to this guidance. The Chartered Institute of Public Finance and Accountancy (CIPFA) has published 'Preparing the Annual Report, guidance for Local Government Pension Scheme funds', which has been endorsed as statutory guidance by the Secretary of State.
14. The statutory deadline for the publication of the pension fund annual report is 1 December. However the CIPFA guidance recommends that administering authorities should aim to publish the annual report by 30 September. This will align the publication of the report with the completion of the statutory audit of the local authority's statement of accounts. It will also allow the external auditor to confirm that the financial information published in the annual report is consistent with the statement of accounts.

#### **Pension Fund Annual Report and Accounts for 2015-16**

15. In addition to the statement of accounts and the commentary on the accounts, the 2007 regulations require the inclusion within the Annual Report of a number of accompanying policy statements and other documents. These policy statements are published on the Pension Fund website and have previously been approved by the Pension Fund Committee. They have therefore not been re-presented with this report.

#### **Audit of Pension Fund Accounts for 2015-16**

16. The audited Suffolk County Council Statement of Accounts for 2015-16, which includes the Pension Fund accounts, will be presented to the Audit Committee on 28 September 2016. It is anticipated that an unqualified audit opinion will be issued by the Ernst & Young on the Council's accounts including the Pension Fund statement of accounts for 2015-16.
17. There were no material changes to the Pension Fund statement of accounts 2015-16 as a result of the audit.

#### **Publication of Pension Fund Accounts for 2015-16**

18. Following the completion of the audit of the Pension Fund accounts for 2015-16, the Pension Fund Annual Report will be published on the Suffolk Pension Fund website.

**Sources of further information**

Local Government Pension Scheme (Amendment)(No 3) Regulations 2007  
(SI 2007 No 1561)

Preparing the Annual Report: Guidance for Local Government Pension  
Scheme Funds, CIPFA, 2014 Edition