



<u>Committee and Date</u>

Pensions Committee

19 September 2014

10.30am

<u>Item</u>

10

Public

PENSION FUND ANNUAL ACCOUNTS 2013/14

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1. Summary

- 1.1 The report provides Members with the Shropshire County Pension Fund Annual Report 2013/14 and an update on the annual audit. Grant Thornton has completed its annual audit and an unqualified opinion has been given.

2. Recommendations

- 2.1 The Committee is asked to approve the Pension Fund Annual Report 2013/14.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Risk Management is part of the Pension Fund's structured decision-making process by ensuring that investment decisions are taken by those best qualified to take them.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.3 There are no direct environmental, equalities or climate change consequences of this proposal.
- 3.4 The Annual Report 2013/14 will be published on the Scheme's website.

4. Financial Implications

- 4.1 There are no direct financial implications arising from this report.

5. Background

- 5.1 Following the end of the financial year officers compiled the Pension Fund accounts for 2013/14. The annual report has been produced which outlines the accounts and details the activities of the Fund during the last year (**Appendix A**).
- 5.2 This is the sixth year that the Pension Fund has undergone a separate audit. Previously the Pension Fund was audited as part of the accounts of

Shropshire Council and the audit opinion was included within the Council accounts.

- 5.3 Grant Thornton have completed the audit of the accounts for the Shropshire County Pension Fund and an opinion and certificate is included within the annual report. An unqualified opinion has been given on the accounts.

6. Annual Accounts

- 6.1 In the year to the end of March 2014 the Fund increased in value by over £104 million to £1.339 billion. During the year the Fund received £13.66 million in contributions from employees and £45.077 million in contributions from scheme employers.
- 6.2 The last financial year continued to see an increase in the total number of scheme members. Total scheme membership increased by 6.2% to 40,692 during the year.
- 6.3 Local Government employees who leave employment have the option to transfer out their accumulated pension fund. During the last financial year the Fund paid out £3.299 million in transfer payments for staff leaving employment. Conversely, new employees have the ability to transfer in accumulated benefits from previous employment. The Fund received £3.213 million in transfer payments from new employees during the financial year.
- 6.4 In 2013/14 the Fund paid pensions totalling £47.094 million, an increase of £2.481 million on the previous year. This is due to an increase in the number of pensioners during the year.
- 6.5 In 2013/14 Investment Management fees totalling £10.576 million were paid, an increase of £1.884 million from the previous year. This was due to the overall increase in the value of the Fund and also due to the increase in the outperformance above the benchmark for several Fund managers which resulted in increased performance related fees for 2013/14.
- 6.6 A full analytical review of the Pension Fund Accounts was carried out by officers and passed to Grant Thornton in advance of their audit. The audit was completed in early September 2014.
- 6.7 The Annual Report will be available to all scheme employers, investment managers, advisor's and scheme members as it will be published on the pension fund website. The report will also be available for review at the Fund's AGM in November.
- 6.8 On the 18 August 2014 CIPFA updated and reissued the "preparing the annual report" guidance for Local Government Pension Scheme Funds. This document is now statutory guidance and covers the 2013/14 annual report. In the letter received by Department for Communities and Local Government (**Appendix B**) it states that "where the Administering Authority has already prepared its annual report for the year ending 31 March 2014 it should review that report against the guidance to ensure compliance. Should any additional disclosures be required to comply with the guidance, these may be issued as an addendum to the report and published by 1 December 2014 as required by Scheme Regulations".

- 6.9 The CIPFA guidance has been received by Fund Officers and has been reviewed in conjunction with the completed 2013/14 annual report. Following this review a few minor additions to the report are required and it has been agreed with Grant Thornton that these additional disclosures will be included in an addendum which will be presented at the Pension Fund Committee on the 28 November 2014.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

N/A

Cabinet Member

N/A

Local Member

N/A

Appendices

- A. Shropshire County Pension Fund Annual Report 2013/14.
- B. DCLG letter to Pension Funds