

## **PENSION BOARD**

### **17 NOVEMBER 2023**

## **PENSION FUND ANNUAL REPORT FOR THE YEAR ENDED**

### **31 MARCH 2023**

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#### **Recommendation**

1. **The Board are asked to note and comment on the Fund's annual report for the year ended 31 March 2023 as set out in the attached Appendix.**

#### **Background**

2. The Council and the Fund are required to prepare annual statement of accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations 2015 (as amended), and the 2022/23 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The statement of accounts presents the overall financial position of the Fund, reflecting its net asset position.

3. The statutory publication deadline for the Fund's annual report is 31 December 2023. Pension Officers continue to work with the Fund's external auditors towards the issue of an audit opinion. It is expected that the Fund will successfully publish its annual report before the statutory deadline.

4. Due to the change in timing of the statutory deadline for submission of unaudited financial statements, the Pensions Committee received a report on the unaudited statutory accounts for 2022/23 at the 28 June 2023 meeting detailing some of the key highlights. Despite a lengthy process the audit is now nearing its completion. The audit findings report is due to go to the [Audit & Governance Committee](#) on 1 December 2023 as part of the Worcestershire County Council financial statements approval process.

#### **2023 annual report**

5. The annual report is a key communications channel between the Fund and a wide variety of stakeholders. The report contains information relating to the Fund's audited financial statements, investments, administration, governance, valuations, accounts, and membership. The attached appendix is the current proposed 2023 annual report.

6. The report's index is:-

- a) Chair's Foreword;
- b) Management & Financial Information;
- c) Risk Management;
- d) Financial Performance;
- e) Administration Report;
- f) Investment Policy & Performance;
- g) Governance Arrangements;

- h) Governance Compliance Statement;
- i) Local Pension Board Annual Report 2022 / 2023;
- j) Audited Statement of Accounts 2022 / 2023;
- k) Appendix A Funding Strategy Statement;
- l) Appendix B Pension Administration Strategy; and
- m) Appendix C Investment Strategy Statement.

7. The Chair's Foreword to the report provides the most notable achievements during the 2022 /2023 financial year and some extracts from the foreword are listed:

- a) Successfully completing the (as at 31 March) 2022 actuarial valuation at which point we were 101% funded on a solvency basis. I think that's quite an achievement considering that on 31 March 2019 the Fund was 90% funded and the period 1 April 2020 to 31 March 2023 included not only COVID but the Russian invasion of Ukraine. Incidentally, the position for our two largest employers who have a 45% share of the Fund's assets between them was that Worcestershire County Council was 107% funded and Herefordshire County Council was 98% funded;
- b) Retaining our signatory status to the UK Stewardship Code 2020;
- c) Making significant progress on restructuring our pensions administration department whilst continuing to have no backlogs, delivering a business-as-usual service, and meeting our KPI's;
- d) As part of the 2022 actuarial valuation producing updated versions of our Funding Strategy Statement and our All About our Investment Pots guidance note, and also reviewing our Making a Formal Representation for an Exit Credit Payment guidance note;
- e) Reviewing (and producing updated versions of) our key policy documents: Investment Strategy Statement, Governance Policy Statement, Pension Administration Strategy, Policy Statement on Communications, Policy Statement on our Discretions, Training Policy and Programme, and Climate Change Risk Strategy;
- f) Adding a Policy on Conflicts of Interest, a Policy on Representation, and a Policy on Payment of Death Grants to our governance documents and reviewing our Business Plan and Risk Register; and
- g) Delivering the Fund's third Climate Risk Report.

8. The report also includes highlights of what was agreed by the Pensions Committee during the year.

9. The Pension Board are asked to note and comment on the attached as an Appendix 2022 / 2023 annual report.

## **Contact Points**

### Specific Contact Points for this report

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## **Supporting Information**

- Appendix – Annual Report 2022 / 2023

## **Background Papers**

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.