

West Sussex Pension Fund

Statement of Accounts

2023/24



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The Local Government Pension Scheme

Pension Fund Account

Fund Account	Note	2022/23 £000	2023/24 £000
Dealings with members, employers and others directly involved in the scheme			
Contributions received	7	151,734	160,480
Transfers in from other Pension Funds	8	12,315	12,917
Amount received		164,049	173,397
Benefits paid	9	(129,432)	(146,344)
Payments to and on account of leavers	10	(10,041)	(16,257)
Amount paid		(139,473)	(162,601)
Net additions/(withdrawals) from dealings with members		24,576	10,796
Management expenses	11	(20,699)	(30,271)
Net additions/(withdrawals) including Fund management expenses		3,877	(19,475)
Returns on investments			
Investment income	12	122,868	137,314
Taxes on income	13A	-	-
Other income		11	4
Profit and (losses) on disposal of investments and changes in the market value of investments	14A	(276,938)	332,050
Net return on investments		(154,059)	469,368
Net increase in net assets available for benefits during the year		(150,182)	449,893
Add opening net assets of the scheme		5,494,106	5,343,924
Closing net assets of the scheme		5,343,924	5,793,818

Net Asset Statement

Assets and Liabilities	Note	At 31 March 2023 £000	At 31 March 2024 £000
Investment assets	14	5,331,748	5,785,424
Investment liabilities	14	(342)	(855)
Net investment assets / (liabilities)		5,331,406	5,784,568
Current assets	21	19,489	21,297
Current liabilities	22	(6,971)	(12,047)
Net assets of the scheme available to fund benefits at the end of the reporting period		5,343,924	5,793,818

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after 31 March 2024. The actuarial present value of promised retirement benefits is disclosed at Note 20.

Individual totals may be +/- £1,000 due to rounding.

Notes

Note 1: Description of the Fund

The West Sussex Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by West Sussex County Council.

General

The LGPS is a national defined benefit funded pension scheme governed by the Public Service Pensions Act 2013 and is administered by West Sussex County Council in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Fund provides pensions and other benefits for pensionable employees of West Sussex County Council, the District and Borough Councils in West Sussex and a range of other bodies described below.

Scheduled Bodies, Resolution Bodies and Academies	Regulations allow employees of certain specified bodies to join the Scheme including the County Council, District and Borough Councils, Sussex Police & Crime Commissioner, non-uniformed personnel employed by the Chief Constable, employees within Town and Parish Councils as well as non-teaching staff employed by Colleges and Academies.
Admitted Bodies	Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Police officers, teachers and fire-fighters have their own unfunded statutory arrangements.

Membership

The membership details by employer group and member category are set out below:

Membership Type	31 March 2023	31 March 2024
Number of Employers with Active Members	216	219
Active members		
West Sussex County Council	12,566	13,419
Other employers	13,363	13,461
Total	25,929	26,880
Pensioner members		
West Sussex County Council	12,189	12,672
Other employers	11,010	11,518
Total	23,199	24,190
Deferred pensioner members		
West Sussex County Council	20,713	21,184
Other employers	16,116	16,998
Total	36,829	38,182
Total number of members in scheme	85,957	89,252

Funding

Benefits are funded by contributions and investments. Normal contributions are made by:

- Active members in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024.
- Employers in accordance with the minimum rate calculated by the Fund Actuary at the triennial valuation exercise, or on joining the Scheme between valuations. The minimum employer contribution rates range from 0.0% to 43.6% of pensionable pay for the financial year ending 31 March 2024.

Benefits

Since 2014 The Local Government Pension Scheme (LGPS) has been a Career Average Revaluation Earnings (CARE) scheme. However;

- Members in the Scheme before 1 April 2014 will also have benefits based on final pensionable pay and length of pensionable service (the final salary scheme).
- The LGPS rules changed from 1 October 2023 because of the McCloud remedy. This means certain members will have the career average pension they built up before age 65 compared with the pension they would have built up in the final salary scheme. Pensions built up from 1 April 2022 onwards are not protected by the underpin.

A range of other benefits are also provided including early retirement, ill health and death benefits.

Note 2: Basis of Preparation

The accounts have been prepared in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 23/24, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK Public Sector and Guidance on Investment Valuations issued by the Pensions Research Accountants Group (PRAG). The accounts summarise the transactions and net assets of the Fund and have been prepared on a going concern basis.

The below are considered relevant in arriving at this assessment:

- The Fund remains a statutory open scheme with a strong covenant from the participating employers and is therefore able to take a long-term outlook when considering the general investment and funding implications of external events.
- The Fund remains a long-term investor and has reduced its allocation to equities with a preference to bond and income focussed assets to reduce the volatility of its investment assets. The Fund will continue to monitor all risks on an ongoing basis and take appropriate actions where necessary.
- The Fund was 125% funded as at the last triennial valuation as at 31 March 2022. It is estimated that the Fund remains fully funded.
- The Fund takes a prudent approach when setting employer contributions and its contribution strategy is considered against detailed scenario testing by the Fund Actuary. It is not expected that any contribution rates will be reviewed or revised prior to the outcome of the next triennial valuation (31 March 2025).
- Management is not aware of any other significant planned changes to its main receipts and payments up to March 2025.

A cashflow forecast has also been produced to consider all significant receipts and payments up to March 2026. The Fund has based this assessment on:

- Contributions based on actual March 2024 pensionable pay data and known employer contribution rates to 31 March 2026.
- 2023/24 outturn values for property rental income, pension benefits, death benefits and lump sum payments.

Appropriate stress testing has been applied to the above projections as follows:

- Pensionable pay reduces by 10% annually
- Pension benefits increase by 10% annually; and
- Death benefits and lump sum payments each increase by 10% annually.

After the application of these stress tests the forecasting shows that the Fund would still have sufficient annual cash flows to cover benefit payments without needing to sell investment assets. In the unlikely event that the stress tests applied are not sufficiently pessimistic the Fund holds in excess of £4.6 billion of assets in liquid form which could be realised within 3 months in a managed way to cover all benefits paid for a period of greater than 12 months from the reporting date should the need arise.

Note 3: Summary of Significant Accounting Policies

Fund Account – Revenue Recognition

Contribution Income

Normal contributions, both from members and employers, are accounted for on an accruals basis. Member contributions are accrued at the percentage rate in accordance with the Local Government Pension Scheme (LGPS) Regulations 2013. Employer contributions are accrued at the percentage rate certified by the Fund Actuary in the payroll period to which they relate.

Employers' augmentation contributions and pensions strain contributions are accounted for when received. Any amount due in year but unpaid will be classed as a current financial asset.

Transfers to and from other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Pension Fund during the reporting period and are calculated in accordance with the LGPS Regulations.

Individual transfers in/out are accounted for when received/paid which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their Additional Voluntary Contributions to purchase LGPS benefits are accounted for on a receipts basis and are included in transfers in.

Bulk (group) transfers, where relevant, are accounted for on an accruals basis in accordance with the terms of the transfer agreement. No bulk transfers have taken place in 2023/24 or the prior year.

Investment Income

Investment income is received in both GBP and foreign currency. Income in foreign currency is recorded at the spot exchange rate and translated into GBP on the date of the transaction.

Investment Income Classes

- i. Private equity income is recognised on the date paid. Any income outstanding at the end of the reporting period will be accounted for on an accruals basis.
- ii. Property-related income consists of rental income and is accounted for on an accruals basis.
- iii. Private debt income is recognised on the date paid. Any income outstanding at the end of the reporting period will be accounted for on an accruals basis.
- iv. Infrastructure income is recognised on the date paid. Any income due at the end of the accounting period is accrued for within the net asset value.
- v. Pooled equity and bond fund income is automatically reinvested to purchase units in the relevant pooled vehicle. Any income due at the end of the accounting period is accrued for within the net asset value per unit.

Fund Account - Expenditure Recognition

Benefits Paid

Pensions and lump sum benefits payable include all amounts known to be due at the end of the reporting period. Any amounts due but unpaid are accrued for and disclosed in the Net Asset Statement as current liabilities.

Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold.

Income from overseas investments suffers withholding tax in the country of origin unless an exemption is permitted.

Income and expenditure excludes VAT as all VAT is either payable to or recoverable from HM Revenue and Customs (HMRC). The net position is recognised in current assets (Note 21) or current liabilities (Note 22).

Management Expenses

The Fund discloses its Pension Fund management expenses in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016) as set out below;

- i. All administrative expenses are accounted for on an accruals basis representing the annual charge relating to the pensions administration and relevant staff costs. Associated management, accommodation and other overheads are also apportioned to this activity.
- ii. All oversight and governance expenses are accounted for on an accruals basis representing the Pension Fund's external advisors, audit and actuary fees and relevant staff costs. Associated management, accommodation and other overheads are also apportioned to this activity.
- iii. Investment management expenses (including transaction costs) are accounted for on an accruals basis. Fees of the external managers and custodian are agreed in the respective mandates governing their appointment and are mainly based on the market value of the investments under management. The cost of the County Council's in-house treasury management team is included in investment management costs.

Profit & Loss on Disposal

Changes in the value of investments are recognised as income or expense and comprise of all realised and unrealised profit or loss during the year.

Net Asset Statement

Investment Assets

Investments assets are shown at market value at the reporting date and recognised in the Net Asset Statement on the date the Pension Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of assets are recognised. The values of investments have been determined at fair value in accordance with the requirements of the Code and IFRS13. For the purposes of disclosing levels of fair value hierarchy, the Pension Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016). Further detail is set out within Note 16.

Directly Held Property

Properties have been valued at the reporting date by independent external valuers, on the basis of fair value as required by the International Financial Reporting Standards (IFRS). Further detail is set out within Note 16.

Foreign Currency Balances

End of year spot market exchange rates are used to convert foreign currency cash balances where appropriate, market values of overseas investments and purchases and sales outstanding at the end of the reporting period to GBP.

Cash Deposits

Cash comprises of instant access deposits, these are short term highly liquid investments that are readily convertible to known amounts of cash and subject to minimal risk of change in value.

Investment Income Due

Investment income due is made up of tax reclaims and interest on cash balances accrued at the end of the reporting period. Tax reclaims relate to withholding tax suffered on income received on investments.

Financial Liabilities

The Pension Fund recognises financial liabilities at fair value or rental income received in advanced as at the reporting date. A financial liability is recognised in the Net Asset Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in fair value of the liabilities are recognised by the Pension Fund.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Fund Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. The Pension Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement.

Contingent Assets and Contingent Liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent assets and liabilities are not recognised in the Net Asset Statement but are disclosed by way of narrative in the notes to the accounts. Further detail is set out within Notes 25 and 26.

Additional Voluntary Contributions

Additional voluntary contributions are invested separately in funds and therefore disclosed as a note and not included in the fund accounts. Further detail is set out within Note 23.

Note 4: Critical Judgements in Applying Accounting Policies

Pension Fund liability

The net Pension Fund liability is recalculated every three years by the Fund Actuary, with annual estimates in the intervening years. The methodology used is in line with accepted guidelines. The purpose of the triennial valuation is to assess the financial position of the Fund and to determine each participating employer's contribution rates, certified for a three-year period. The aim is to ensure that each employer's share of the Fund's assets and future expected investment returns and as far as possible that contributions will be sufficient to meet future benefit payments from the Fund.

Direct property holdings

The Fund's property portfolio comprises directly owned properties which are leased commercially to various tenants with remaining lease terms of between one and 26 years. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by IAS 17 and the Code, therefore the properties are retained on the Net Asset Statement at fair value.

Unquoted Level 3 Investments

The fair value of Level 3 assets (private equity, private debt and infrastructure) are subjective. These assets are not listed and are inherently based on forward-looking estimates and judgements involving many factors. Therefore, there is a degree of estimation involved in the valuation. Unquoted private equity and infrastructure investments are valued by the investment manager in line with industry guidelines. This takes into account observable and non-observable pricing inputs including public market developments (industry sector and peers), private market transactions, company specific considerations, public indices and cashflows.

Note 5: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The table below describes items for which there is a significant risk of material adjustment in the following year.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on several assumptions relating to the discount rate used, salary and pension increases, retirement age, longevity rates and investment returns.	<p>The effect will depend on actual experience relative to the assumptions. For example:</p> <p>A 0.1% decrease in discount rate at year ended 31 March 2024 would result in an approximate 2% increase to employers' liabilities (£72m).</p> <p>A one-year increase in member life expectancy at year ended 31 March 2024 would result in an approximate increase in employers' liabilities of 4% (£161m).</p> <p>A 0.1% increase in the salary increase rate at year ended 31 March 2024 would result in an approximate increase in employers' liabilities of less than 0% (£2m).</p> <p>A 0.1% increase in the pension increase rate at year ended 31 March 2024 would result in an approximate 2% increase in employers' liabilities (£69m).</p> <p>However, the Statements do not take account of liabilities to pay pensions and other benefits after 31 March 2024.</p>
Private Equity	These investments are not publicly listed and as such there is a degree of estimation involved in the fund manager valuation at the end of the reporting period	The total private equity investment in the financial statements is £178m (3.1% of net assets). There is a risk that this investment may be under or overstated in the accounts.
Private Debt	These investments are not publicly listed and as such there is a degree of estimation involved in the fund manager valuation.	The total private debt investment in the financial statements is £236m (4.1% of net assets). There is a risk that this investment could be under or overstated in the accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
Infrastructure	Infrastructure investments are valued using best practices prevailing within the investment management industry to determine each underlying investment's fair market value. These valuations are validated by third party independent appraisal firms.	The total infrastructure investment in the financial statements is £268m (4.6% of net assets). There is a risk that this investment could be under or overstated in the accounts.
Direct Property Holdings	<p>Independent valuation for freehold and leasehold investment property has been provided in accordance with Royal Institution of Chartered Surveyors Red Book.</p> <p>This takes into account observable and unobservable pricing inputs including existing lease terms, independent market research, the nature of tenancies and tenant covenant strength, void levels and estimated rental growth.</p>	Changes in rental growth, void levels and general changes in property market prices could affect the valuation. The total property investment in the financial statements is £456m (7.9% of net assets). There is a risk that this investment may be under or overstated in the accounts.

Note 6: Events After the Balance Sheet Date

There have been no material events occurring after the balance sheet date.

Note 7: Contributions Received

By Category	2022/23 £000	2023/24 £000
Employers	116,646	122,318
Members	35,088	38,163
Total	151,734	160,480

By Authority	2022/23 £000	2023/24 £000
West Sussex County Council	68,273	75,500
Scheduled bodies	77,025	80,190
Admitted bodies	6,436	4,791
Total	151,734	160,480

Note 8: Transfers In From Other Pension Funds

By Category	2022/23 £000	2023/24 £000
Individual transfers	12,315	12,917
Total	12,315	12,917

Note 9: Benefits Paid

By Category	2022/23 £000	2023/24 £000
Pensions	108,909	121,692
Lump sum retirement benefit	16,856	19,729
Lump sum death benefit	3,667	4,923
Total	129,432	146,344

By Authority	2022/23 £000	2023/24 £000
West Sussex County Council	58,762	67,081
Scheduled bodies	60,922	67,778
Admitted bodies	9,748	11,485
Total	129,432	146,344

Note 10: Payments To and On Account of Leavers

Payment Type	2022/23 £000	2023/24 £000
Refunds of contributions	466	612
Individual transfers	9,575	15,645
Total	10,041	16,257

Note 11: Management Expenses

Expense Type	2022/23 £000	2023/24 £000
Administrative	1,350	1,364
Oversight and governance	1,211	1,423
Investment management	18,138	27,485
Total	20,699	30,271

Note 11a: Investment Management Expenses

Expense Type 2023/24	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled equity & bond funds	10,751	-	-	10,751
Private equity	3,596	774	2,433	6,804
Private debt	1,554	2,144	650	4,347
Infrastructure	1,481	1,350	1,545	4,376
Property	1,189	-	-	1,189
Cash & FX contracts	3	-	-	3
Sub total	18,573	4,268	4,628	27,470
Custody fees				15
Total				27,485

Expense Type 2022/23	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled equity & bond funds	10,534	-	95	10,629
Private equity	2,040	(1,250)	144	934
Private debt	1,296	1,347	193	2,836
Infrastructure	1,488	786	-	2,274
Property	1,441	-	-	1,441
Cash & FX contracts	3	-	-	3
Sub total	16,802	883	432	18,117
Custody fees				21
Total				18,138

Note 12: Investment Income

Type of Income	2022/23 £000	2023/24 £000
Dividends from equities	84	-
Pooled equity fund income	32,460	35,171
Pooled bond fund income	45,269	52,628
Private equity income	599	620
Private debt income	6,285	10,637
Infrastructure income	14,169	13,657
Property income	22,944	22,088
Interest on cash deposits and cash balances	1,058	2,514
Stock lending income	-	0
Total	122,868	137,314

Note: Following transition to pooled arrangements the Fund no longer invests directly in equities and bonds.

Note 12a: Property Income

Type of Income	2022/23 £000	2023/24 £000
Rental income	24,070	22,826
Direct operating expenses	(1,126)	(737)
Total	22,944	22,088

No contingent rents have been recognised as income during the period.

Note 13: Other Fund Account Disclosures

Type of Expense	2022/23 £000	2023/24 £000
Pension Advisory Board	25	30
ACCESS pool	102	146
Total	127	176

ACCESS is a collaboration of eleven Central, Eastern and Southern Shires, who are working together to collectively invest assets to reduce investment costs whilst maintaining investment performance. The costs incurred for 2023/24 reflect the Fund's contribution towards the pool's activities outside of investment management costs. These costs are included within oversight and governance costs in Note 11.

Note 13a: Taxes on Income

The Pension Fund no longer directly suffers withholding tax on income received on overseas investments. However, reclaims of £1.552m have been accrued at 31 March 2024 (£1.964m at 31 March 2023) and shown in Note 14 as investment income due.

Note 13b: External Audit Costs

Type of Expense	2022/23 £000	2023/24 £000
Payable in respect of external audit	45	109
Grant & distribution received	(13)	(13)
Total	32	96

The external audit fee payable in 2023/24 was offset by a grant received by Department for Levelling Up, Housing and Communities in response to the Redmond Review and to provide funding to local bodies to meet increased audit costs. This is reflected in the table above. These costs are included within oversight and governance costs in Note 11.

Note 14: Investments

Investments	Market Value 2022/23 £000	Market Value 2023/24 £000
Investment Assets		
Equities	2,701,753	2,981,012
Bonds	1,508,459	1,615,248
Private equity	146,714	178,075
Private debt	199,066	236,453
Infrastructure	259,276	267,835
Property	490,475	455,700
Investment Assets	5,305,743	5,734,323
Cash deposits	24,041	49,544
Investment income due	1,964	1,556
Amounts receivable for sales	-	-
Other Investment Assets	26,005	51,100
Total Investment Assets	5,331,748	5,785,424
Investment Liabilities		
Amounts payable for purchases	-	-
Property income received in advance	(342)	(855)
Total Investment Liabilities	(342)	(855)
Net Investment Assets	5,331,406	5,784,568

Note 14a: Reconciliation of Movements in Investments**2023/2024**

Investment Assets	Market Value at 1 April 2023	Purchases during the year	Sales during the year	Change in market value during the year	Market Value at 31 March 2024
	£000	£000	£000	£000	£000
Pooled Investments					
Equities	2,701,753	35,171	-	244,089	2,981,012
Bonds	1,508,459	52,628	-	54,161	1,615,248
Private equity	146,714	42,267	(18,463)	7,558	178,075
Private debt	199,066	40,317	(17,084)	14,154	236,453
Infrastructure	259,276	13,284	(28,876)	24,151	267,835
Direct Investments					
Property	490,475	712	(19,535)	(15,952)	455,700
Sub Total	5,305,743	184,378	(83,958)	328,161	5,734,323
Other Investment Balances					
Cash deposits	24,041			3,889	49,544
Amount receivable for sales	-				-
Investment income due	1,964				1,556
Amount payable for purchases	-				-
Property income received in advance	(342)				(855)
Total Assets	5,331,406			332,050	5,784,568

2022/2023

Investment Assets	Market Value at 1 April 2022	Purchases during the year	Sales during the year	Change in market value during the year	Market Value at 31 March 2023
	£000	£000	£000	£000	£000
Pooled Investments					
Equities	2,478,398	179,460	-	43,895	2,701,753
Bonds	1,876,526	45,492	(147,000)	(266,559)	1,508,459
Private equity	126,519	32,003	(12,998)	1,190	146,714
Private debt	142,952	57,714	(17,704)	16,104	199,066
Infrastructure	249,408	14,829	(25,951)	20,990	259,276
Direct Investments					
Property	594,300	69	(10,263)	(93,631)	490,475
Sub Total	5,468,104	329,567	(213,916)	(278,011)	5,305,743
Other Investment Balances					
Cash deposits	200			1,073	24,041
Amount receivable for sales	-				-
Investment income due	2,157				1,964
Amount payable for purchases	-				-
Property income received in advance	(328)				(342)
Total Assets	5,470,132			(276,938)	5,331,406

Note 14b: Investments Analysed by Fund Manager

Fund Manager	31 March 2023 £000	% of Fund Value	31 March 2024 £000	% of Fund Value
Investments Managed in the ACCESS Asset Pool				
Waystone Management (UK) Ltd. (Equities and Bonds)	4,210,212	79.0	4,596,260	79.5
Investments Managed outside ACCESS Asset Pool				
Pantheon Ventures (Private Equity)	31,263	0.6	34,772	0.6
Partners Group (Private Equity)	115,451	2.2	143,304	2.5
Abrdn (Property)	490,475	9.2	455,700	7.9
Goldman Sachs (Private Debt)	110,109	2.1	109,101	1.9
Pantheon Ventures (Private Debt)	-	-	2,344	0.0
ICG (Private Debt)	88,956	1.7	125,008	2.2
JP Morgan (Infrastructure)	259,276	4.9	267,835	4.6
Other investment balances	25,663	0.4	50,245	0.9
Total	5,331,406	100.0	5,784,568	100.0

Other investment balances include cash deposits, investment income due and property income received in advance.

Single Investments Exceeding 5% of Net Investment Assets

Fund Information	31 March 2023 £000	% of Fund Value	31 March 2024 £000	% of Fund Value
Investments Managed in the ACCESS Pool				
WS ACCESS Global Alpha Paris-Aligned Equity Fund	1,440,864	27.1	1,671,713	28.9
WS ACCESS Global Equity Fund	1,260,889	23.7	1,309,298	22.6
WS ACCESS Sterling Aggregate Bond Fund	782,965	14.7	831,195	14.4
WS ACCESS Sterling Investment Grade Credit Fund	725,494	13.6	784,054	13.6
Total	4,210,212	79.1	4,596,260	79.5

Note 14c: Stock Lending

The Fund has previously participated in a stock lending programme with one residual holding remaining on loan as at 31 March 2024. The total value of collateral held as at 31 March 2024 was £0.06m.

Note 14d Direct Property Holdings

The Fund's investment property portfolio comprises a number of directly owned properties which are leased commercially to various tenants. Property transactions during the year are summarised below.

Property Transactions	31 March 2023 £000	31 March 2024 £000
Opening balance	594,300	490,475
Additions:		
Purchase of existing property	-	-
New construction	-	-
Subsequent expenditure	69	712
Disposals	(10,263)	(19,535)
Net increase/(decrease) in market value	(93,631)	(15,952)
Closing Balance	490,475	455,700

The future minimum lease payments receivable by the Fund under existing contracts are as follows:

Time Period	31 March 2023 £000	31 March 2024 £000
Within one year	22,449	21,434
Between one and five years	74,076	67,764
Later than five years	108,293	104,015
Total Future Lease Payments Due Under Existing Contracts	204,818	193,213

Note 15: Analysis of Derivatives

The Fund does not invest directly in derivatives.

Note 16: Fair Value – Basis of Valuation

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised.

Pooled Investment Vehicles (Level 1)

Pooled investment vehicles are valued at latest mid-market price with pricing published on exchanges as at the reporting date, the exception to this is the West Sussex ACCESS Sterling Aggregate Bond Fund.

Pooled Bond Fund (Level 2)

The West Sussex ACCESS Sterling Aggregate Bond Fund has been classified as level 2 as the pricing is not published on exchanges. These valuations adhere to industry guidelines and standards set the prospectus documents and agreements of the pool.

Direct Property Holdings (Level 2)

Freehold and leasehold properties are included on the basis of fair value. A full independent valuation of the Fund's direct property portfolio was carried out by Savills (UK) Ltd, Chartered Surveyors, in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2022 together with the UK National Supplement effective 14 January 2019, together the "Red Book". The properties have been valued at the reporting date on the basis of fair value as required by the International Financial Reporting Standards (IFRS). The definition of fair value is set out in IFRS 13 and is adopted by the International Accounting Standards Board as follows: "The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date". The RICS Red Book considers that fair value is consistent with the concept of market value, the definition of which is set out in Valuation Practice Statement (VPS) 4 1.2 of the Red Book as follows: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The observable inputs include the existing lease terms and rentals; the nature of the tenancies; assumed vacancy levels and estimated rental growth.

Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market prices (see Note 5).

Private equity (Level 3)

Private equity investments are recorded as detailed below. Because of the uncertainty associated with the valuation of such investments and the absence of a liquid market, the fair value of these assets may differ from their reported values.

- The valuation of Partners Group portfolio is taken from the unaudited 31 March 2024 fund-of-fund reports.
 1. Partners Group performs independent valuations of its underlying investments through a fair market valuation process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP). This process was implemented in 2003 and has been refined based on feedback received from PricewaterhouseCoopers (PwC), the auditor of most of the firm's programmes and mandates. On an annual basis, the monitoring and valuation process based on fair valuation principles (sample selection, valuation methodologies, etc.) is discussed and approved by the auditors of the programs managed by Partners Group.
 2. Partners Group complies with the defined process and applies it as the basis for the year end valuation and subsequent quarterly Net Asset Value determinations of the programs they manage. Partners Group gather the valuation-relevant information by systematically screening a broad set of sources for valuation-relevant information about portfolio companies which are held directly or indirectly by Partners Group's programs and mandates. This includes information supplied by the firm's due diligence and monitoring professionals, underlying fund managers and information published in industry journals and/or other publications.
 3. The Fund monitors audited year end to unaudited quarterly valuations to check the consistency of the unaudited and audited information. To date, the audited accounts for Partners Group have been given an unqualified opinion.
- The valuation of Pantheon's portfolio is taken from the unaudited 31 March 2024 fund-of-fund reports.
 1. Pantheon's quarterly valuation is produced in accordance with the relevant accounting standards (US GAAP, United Kingdom Generally Accepted Accounting Principles (UK GAAP), and IFRS) and the IPEV Guidelines. Fund investments are carried at "fair value". Pantheon reviews all quarterly and annual reports from the underlying GPs to ensure they are using a fair valuation policy that is consistent with both industry standards and Pantheon's valuation policy.
 2. The Fund monitors all valuations received at each quarter end, as well as the audited year-end valuations, on the basis of which annual back-testing analysis is performed. To date, the audited accounts for Pantheon Ventures were prepared under fair valuation guidelines with clean audit opinions.

Private Debt (Level 3)

- The valuation for private debt investments with Goldman Sachs is taken from the unaudited 31 March 2024 fund manager reports.
 1. Goldman Sachs quarterly valuation is calculated in accordance with the fair value assessment described in Accounting Standards Codification 820 (Fair Value Measurements and Disclosures) and in accordance with US GAAP.
 2. The Fund monitors audited year end to unaudited quarterly valuations to check the consistency of the unaudited and audited information. To date, the audited accounts for Goldman Sachs have been given an unqualified opinion.
- The valuation for private debt investments with ICG is taken from the unaudited 31 March 2024 fund manager reports.
 1. The Financial Assets are designated as Financial Assets at Amortised Cost and are held at principal plus accrued interest which is deemed to represent fair value in accordance with IFRS.
 2. The Fund monitors audited year end to unaudited quarterly valuations to check the consistency of the unaudited and audited information. To date, the audited accounts for ICG have been given an unqualified opinion.

Infrastructure (Level 3)

- The valuation of Infrastructure assets is taken from the unaudited 31 March 2024 fund manager report.
 1. The assets are valued using best practices prevailing within the investment management industry to determine each underlying investment's fair market value. This is done with consideration of relevant US GAAP valuation guidelines, particularly Accounting Standards Codification (ASC) 820. Valuations are externally appraised in accordance with the Uniform Standards of Professional Appraisal Practices ("USPAP") and International Valuation Standard ("IVS").
 2. The Fund monitors the audited year end to the unaudited quarterly valuations to check the consistency of the unaudited information. To date, the audited accounts for JP Morgan have been given an unqualified opinion.

Sensitivity of assets valued at Level 3

The Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

Assets	Assessed valuation range (+/-)	Value at 31 March 2024 £000	Value on increase £000	Value on decrease £000
Private equity	15%	178,075	204,787	151,364
Private debt	15%	236,453	271,921	200,985
Infrastructure	15%	267,835	308,011	227,660
Total		682,363	784,719	580,010

Note 16a: Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted bonds, quoted index linked securities and unit trusts.

Listed investments are shown at bid price. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Assets and liabilities at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based largely on observable market data.

Level 3

Assets and liabilities at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments which are valued using various valuation techniques that require professional judgement in determining appropriate assumptions.

The valuation of private equity, private debt and infrastructure portfolios have been prepared in accordance with industry guidelines.

The table on the following page provides an analysis of the financial assets and liabilities of the Fund grouped by and based on the level at which the fair value is observable.

Values at 31 March 2024

Financial Assets	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial Assets at Fair Value Through Profit and Loss				
Pooled equity funds	2,981,012			2,981,843
Pooled bond funds	784,053	831,195		1,615,248
Private equity			178,075	178,075
Private debt			236,453	236,453
Infrastructure			267,835	267,835
Cash deposits	49,544			49,544
Investment income due		1,556		1,556
Amounts receivable for sales				-
Net Investment Assets	3,814,609	833,582	682,363	5,330,555
Non-Financial Assets at Fair Value Through Profit and Loss				
Property		455,700		455,700
Financial Liabilities at Fair Value Through Profit and Loss				
Property income received in advance		(855)		(855)
Payable for investment purchases				-
Total	3,814,609	1,288,427	682,363	5,785,399

Values at 31 March 2023

Financial Assets	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
	£000	£000	£000	£000
Financial Assets at Fair Value Through Profit and Loss				
Pooled equity funds	2,701,753			2,701,753
Pooled bond funds	1,508,459			1,508,459
Private equity			146,714	146,714
Private debt			199,066	199,066
Infrastructure			259,276	259,276
Cash deposits	24,041			24,041
Investment income due	1,964			1,964
Amounts receivable for sales				-
Net Investment Assets	4,236,217	-	605,056	4,841,273
Non-Financial Assets at Fair Value Through Profit and Loss				
Property		490,475		490,475
Financial Liabilities at Fair Value Through Profit and Loss				
Property income received in advance	(342)			(342)
Payable for investment purchases				-
Total	4,235,875	490,475	605,056	5,331,406

Note 16b: Transfer Between Levels 1 And 2

Investment income due and Property income received in advance have been reclassified as Level 2 assets. The net impact is £0.7m. No prior year adjustment has been made as they are not deemed to be material.

The WS ACCESS Sterling Aggregate Bond Fund has been reclassified as Level 2 as the pricing is no longer available on a public exchange. There has been no prior year adjustment as prices were published in the prior year.

Note 16c: Reconciliation of Fair Value Measurements Within Level 3

Assets	Private Equity	Private Debt	Infrastructure	Total
	£000	£000	£000	£000
Market Value 31 March 2023	146,714	199,066	259,276	605,056
Transfers into / (out of) Level 3	-	-	-	-
Net purchases / (sales) during the year	23,803	23,233	(15,592)	31,444
Unrealised gains / (losses)	1,271	5,639	20,109	27,020
Realised gains / (losses)	6,287	8,515	4,042	18,843
Market Value 31 March 2024	178,075	236,453	267,835	682,363

Note 17: Financial Instruments

Note 17a: Classification of Financial Instruments

The following tables analyse the carrying amounts of financial assets and liabilities by category and net asset statement headings. No financial assets were reclassified during the accounting period.

31 March 2024

Classification	Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Financial Assets			
Pooled equity funds	2,981,012		
Pooled bond funds	1,615,248		
Private equity	178,075		
Private debt	236,453		
Infrastructure	267,835		
Cash		53,070	
Investment balances		1,556	
Debtors		17,772	
Sub Total	5,278,623	72,397	-
Financial Liabilities			
Investment balances			(855)
Other current liabilities			(12,047)
Total	5,278,623	72,397	(12,902)

31 March 2023

Classification	Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Financial Assets			
Pooled equity funds	2,701,753		
Pooled bond funds	1,508,459		
Private equity	146,714		
Private debt	199,066		
Infrastructure	259,276		
Cash		31,631	
Investment balances		1,964	
Debtors		11,899	
Sub Total	4,815,268	45,494	-
Financial Liabilities			
Investment balances			(342)
Other current liabilities			(6,971)
Total	4,815,268	45,494	(7,313)

Note 17b: Net Gains and Losses on Financial Instruments

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Classification	31 March 2023 £000	31 March 2024 £000
Financial Assets		
Fair value through profit and loss	(278,011)	328,161
Amortised cost - unrealised gains	1,073	3,889
Financial Liabilities		
Fair value through profit and loss	-	-
Total	(276,938)	332,050

Note 18: Nature and Extent of Risks Arising From Financial Instruments and Other Assets

Risk and risk management

The primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e., promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through diversification of assets and fund managers, to reduce exposure to market risk (price risk, currency risk and interest rate risk). In addition, the Fund manages its liquidity risk to ensure there are sufficient resources to meet the forecast cash requirement. The Pensions Committee reviews the Fund's funding strategy in consultation with the Fund Actuary and Investment Adviser, based on the Fund's funding position and performance objective and taking into consideration factors including interest rates, inflation, liquidity and collateral. Prudent assumptions are used both in the strategy modelling work and when setting employer contribution rates. Performance is monitored by the Pensions Committee.

The Fund's Investment Strategy Statement (ISS) identifies the risks managed by its investment managers, sets appropriate risk limits and monitors adherence to those limits. The ISS is reviewed regularly to reflect changes in approaches to the Fund's activities.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. The Committee receives regular reports from each of the managers on the nature of the investments made on the Fund's behalf and the associated risks. Divergence from benchmark asset allocations and the composition of each portfolio is monitored by the Committee. Consideration of the Fund's investment strategy is on-going.

a) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Fund's income or the value of its assets.

The object of market risk management is to identify, manage and control market risk exposures within acceptable parameters while optimising returns.

Market risk is inherent in the investments that the Fund makes, particularly through its equity holdings, and is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. A customised benchmark has been adopted which includes exposures to individual investments, and risk associated with the strategy and investment return are regularly monitored and reviewed by the Pensions Committee.

Each manager must adhere to investment guidelines that specify the managers' investment powers and restrictions.

Other price risks

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than arising from interest rate risk or foreign exchange risk) whether those changes are caused by factors specific to the individual instruments or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk and derivative price risk during periods of transition. This arises from investments held by the Fund for which the future price is uncertain. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate price risk through diversification and the selection of securities. Exposure is monitored to ensure it is within limits specified in the Fund's investment strategy.

Other price risks – sensitivity analysis

The Fund has determined that the following movements in market price risk are reasonably possible for the 2024/25 reporting period. This data has been provided by the Fund's actuary, Hymans Robertson, and is based on historical data.

Had the market price of the Fund investments increased/decreased as per the table below, the change in the net assets available to pay benefits in the market price would have been as follows. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. (The prior year comparator is also shown).

2023/2024

Asset type	Value at 31 March 2024 £000	Potential market movements (+/-)	Value on increase £000	Value on decrease £000
Pooled equity & bond funds	4,596,260	12.7%	5,179,985	4,012,535
Cash	49,544	0.3%	49,693	49,396
Property	455,700	15.6%	526,789	384,611
Private equity	178,075	31.2%	233,635	122,516
Private debt	236,453	8.8%	257,261	215,645
Infrastructure	267,835	9.1%	292,208	243,462
Total	5,783,868		6,539,571	5,028,165

2022/2023

Asset type	Value at 31 March 2023 £000	Potential market movement s (+/-)	Value on increase £000	Value on decrease £000
Pooled equity & bond funds	4,210,212	14.2%	4,808,062	3,612,362
Cash	24,041	0.3%	24,113	23,969
Property	490,475	15.5%	566,499	414,451
Private equity	146,714	31.2%	192,488	100,939
Private debt	199,066	9.6%	218,176	179,955
Infrastructure	259,276	9.9%	284,945	233,608
Total	5,329,784		6,094,285	4,565,284

Interest rate risk - sensitivity analysis

Interest rate risk is monitored by the investment managers and the County Council's treasury management team.

The Fund recognises that interest rates vary and can affect both income and the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy and is equivalent to 1%.

The Fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 is set out in the following table. These disclosures present interest rate risk based on the underlying financial assets at fair value. The analysis in the table assumes that all other variables, in particular exchange rates, remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates.

Assets exposed to interest rate risk**2023/2024**

Asset type	Value at 31 March 2024	Change in year in net assets available to pay benefits +100 BPS	Change in year in net assets available to pay benefits -100 BPS
	£000	£000	£000
Cash and cash equivalents	49,544	495	(495)
Cash balances	3,525	35	(35)
Total	53,070	531	(531)

2022/2023

Asset type	Value at 31 March 2023	Change in year in net assets available to pay benefits +100 BPS	Change in year in net assets available to pay benefits -100 BPS
	£000	£000	£000
Cash and cash equivalents	24,041	240	(240)
Cash balances	7,590	76	(76)
Total	31,631	316	(316)

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than GBP. The Fund holds monetary and non-monetary assets issued in currencies other than GBP.

Fund managers monitor the currency risk and this is considered by the Pensions Committee when making strategic asset allocation decisions.

Currency risk – sensitivity analysis

Following analysis of historical data in consultation with the Hymans Robertson, the Fund considers the likely volatility associated with foreign exchange rate movements to be 9.3% (prior year 10%).

The analysis assumes that all other variables, in particular interest rates, remain constant. If GBP strengthens/weakens against other currencies in which the Fund holds investments, it would increase/decrease the net assets available to pay benefits as follows:

Assets exposed to currency risk

2023/2024

Asset type	Value at 31 March 2024 £000	Change %	Value on increase £000	Value on decrease £000
Overseas private equity	178,075	9.3	194,636	161,514
Overseas private debt	236,453	9.3	258,443	214,463
Overseas infrastructure	267,835	9.3	292,744	242,927
Total	682,363		745,823	618,904

2022/2023

Asset type	Value at 31 March 2023 £000	Change %	Value on increase £000	Value on decrease £000
Overseas private equity	146,714	10.0	161,385	132,042
Overseas private debt	199,066	10.0	218,972	179,159
Overseas infrastructure	259,276	10.0	285,204	233,349
Total	605,056		665,561	544,551

Credit risk

Credit risk is the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. Credit risk is related to the potential return of any investment, the most obvious being that the yields on bonds are strongly correlated to the perceived credit risk. Therefore, the risk of loss is implicit in the carrying value of the Fund's financial assets and liabilities.

The Fund is exposed to credit risk. However, this risk is minimised by selecting high quality counterparties, brokers, and financial institutions.

Deposits are made only with banks and financial institutions that are rated independently and meet the Fund's credit criteria. The Fund has also set out in its Treasury Management Policy the limits of exposure to any one financial institution.

The Fund has not had any experience of default or uncollectable deposits. As at 31 March 2024, the Fund held £1.54m cash with the custodian (31 March 2023: £1.04m) and cash internally managed by WSCC was £51.53m (31 March 2023: £30.59m). This was held by institutions with the following credit ratings:

Rating	Nominal amount 31 March 2023 £000	Nominal amount 31 March 2024 £000
AAA rated counterparties	23,000	48,000
A-1+ rated counterparties	1,041	1,544
A+ rated counterparties	7,590	3,525
TOTAL	31,631	53,070

The Fund's total exposure to credit risk cannot be assessed generally as the risks of default will be specific to each financial institution. At 31 March 2024, there was no evidence that such risks were likely to materialise.

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations when they fall due, without incurring unacceptable losses or risking damage to the Fund's reputation. Cash is required to pay benefits, fund acquisitions and settle various other commitments. The Fund maintains a working cash balance held in instant access money market and bank accounts. A cash flow forecast is maintained to ensure sufficient funds are available. The Fund manages liquidity risk by:

- giving careful consideration to the anticipated income and expenditure required for the administration of the Fund and the payment of benefits and by maintaining in-house managed cash balances sufficient to meet day-to-day cash flows.
- keeping a significant proportion of the Fund's assets in highly liquid investments such as actively traded equities, bonds and unit trusts.

The Fund is currently cash flow positive.

The Fund's strategic allocation to property, private debt, infrastructure and private equity, which are relatively illiquid, is limited to 25% of the total portfolio. As the Fund does not currently need to sell assets in order to pay benefits, it is considered appropriate to hold such investments to increase diversification, minimise risk and improve long-term investment performance.

Under the regulations, the Fund is authorised to borrow in its own right to fund cash flow deficits on a short-term basis.

b) Refinancing risk

The key refinancing risk is that the Fund is bound to replenish its investments at a time of unfavourable interest rates. The Fund does not hold any financial instruments that have a refinancing risk as part of its treasury management or investment strategies.

Note 19: Funding Arrangements - Actuarial Statement

Description of funding policy

In line with the Local Government Pension Scheme Regulations 2013, the Fund's Actuary undertakes a funding valuation every three years for the purposes of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and the next valuation will take place as at 31 March 2025.

The key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long-term view. This will help ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The Funding Strategy Statement (FSS) sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

Funding position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £5,501 million, were sufficient to meet 125% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £1,099 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure in accordance with the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal actuarial assumptions and method used to value the liabilities

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Assumption	31 March 2022
Discount rate	3.5% p.a.
Salary increase assumption	4.3% p.a.
Benefit increase assumption	2.7% p.a.

Demographic assumptions

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, an allowance for smoothing of recent mortality experience and a long-term rate of 1.75% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

Pensioner Type	Males	Females
Current Pensioners	22.3 years	24.7 years
Future Pensioners	23.2 years	26.5 years

Copies of the 2022 valuation report and FSS are available on the Fund's website or on request from West Sussex County Council.

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England's target (2% pa). There has been a significant shift in the wider economic environment since 2022, resulting in generally higher than expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position as at 31 March 2024 is stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

Note 20: Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund's liabilities on an IAS 19 basis, using the same base data as the funding valuation. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (Note 19). The actuary has also valued ill health and death benefits in line with IAS 19.

Liability	31 March 2023 £m	31 March 2024 £m
Active members	(1,409)	(1,522)
Deferred pensioners	(950)	(940)
Pensioners	(1,604)	(1,558)
Present Value of Promised Retirement Benefits	(3,963)	(4,020)
Fair value of scheme assets (bid value)	5,344	5,794
Net Asset/(Liability)	1,381	1,774

As noted above, the liabilities above are calculated on an IAS 19 basis and will therefore differ from the results of the 2022 triennial funding valuation (Note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

The promised retirement benefits at 31 March 2024 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, the aggregate liability appears to be a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. No allowance has been made for unfunded benefits.

It should be noted the above figures are appropriate for the administering authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose (i.e., comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2024 and 31 March 2023.

The Fund Actuary estimates that the impact of the change in financial assumptions to 31 March 2024 is to decrease the actuarial present value by £217m. The Fund actuary estimates the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £26m.

Assumption	31 March 2023 % per annum	31 March 2024 % per annum
Inflation/pensions increase rate	2.95	2.75
Salary increase rate	4.45	4.25
Discount rate	4.75	4.85

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, 0% weighting of 2021 and 2020 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Type of Pensioner	Males	Females
Current Pensioners	21.6 years	24.1 years
Future Pensioners*	22.1 years	25.5 years

* Future pensioners are assumed to be currently aged 45 at the latest formal valuation

All other demographic assumptions are unchanged from last year and are as per the latest funding valuation of the Fund.

Commutation assumption

A commutation allowance is included for future retirements to take 50% of the maximum additional tax-free cash up to HMRC limits.

Note 21: Current Assets

Classification	31 March 2023 £000	31 March 2024 £000
Debtors		
Contributions due - members	2,993	3,227
Contributions due - employers	5,026	10,026
Prepayments	1,141	1,043
Other debtors	2,324	2,995
Taxation	415	482
Sub Total	11,899	17,772
Cash balances	7,590	3,525
Total	19,489	21,297

Analysis of Debtors

Classification	31 March 2023 £000	31 March 2024 £000
Central government bodies	3,522	3,438
Other local authorities	3,827	9,893
Educational establishments	2,217	2,425
Other entities and individuals	2,333	2,015
Total	11,899	17,772

Note 22: Current Liabilities

Classification	31 March 2023 £000	31 March 2024 £000
Benefits payable	1,423	1,825
Other current liabilities	5,548	10,223
Total	6,971	12,047

Analysis of Creditors

Classification	31 March 2023 £000	31 March 2024 £000
Central government bodies	5,161	10,857
Other local authorities	775	8
Educational establishments	7	3
Other entities and individuals	1,028	1,180
Total	6,971	12,047

Note 23: Additional Voluntary Contributions

Some members of the Scheme have made additional voluntary contributions (AVC) to increase the value of their pensions. Legal & General are the appointed AVC provider for members in the West Sussex Local Government Pension Scheme. Some residual funds remain with the previous AVC provider (Standard Life)

AVC contributions of £3.3m were paid directly to Legal & General during the year (2022/23: £2.5m). AVCs are separately invested and are therefore not included in the Pension Fund accounts in accordance with regulations 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) regulations 2016.

AVC Provider	Market Value 31 March 2023 £000	Market Value 31 March 2024 £000
Standard Life	47	14
Legal & General	6,447	9,387
Total	6,494	9,401

Note 24: Related Party Transactions

West Sussex County Council

The West Sussex Pension Fund is administered by West Sussex County Council. Therefore, there is a strong relationship between the Council and the Pension Fund.

During the reporting period, the Council incurred costs of £0.8m (2022/23: £0.7m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £75.5m to the Fund in 2023/24 (2022/23: £68.3m). All monies owing to and due from the Fund have been accounted for in the year.

Part of the Pension Fund cash holdings are invested in the money market by the Treasury Management operations at West Sussex County Council, in line with the Fund's Treasury Management Policy. During the year to 31 March 2024, the Fund had a daily average investment balance of £45.0m held in GBP (31 March 2023: £37.9m) earning interest of £2.270m (2022/23: £0.7m) in these funds at a rate of return of 5.0% (2022/23: 1.9%). Additionally, the Fund has earned interest of £0.19m on investments held in foreign currency (2022/23: £0.03m).

Governance

Each member of the Pensions Committee and Pension Advisory Board is required to declare their interests at each meeting.

Note 24a: Key Management Personnel

The Director of Finance and Support Services and S151 officer has responsibility for the proper financial administration of the Fund under the Local Government Act 1972. This Officer is employed by the Administering Authority but spent a proportion of time on the financial management of the Fund. The total Pension Fund expense relating to apportioned remuneration for Key Management Personnel is £20.1k in 2023/24 (2022/23: £19.4k).

Note 25: Contingent Liabilities and Contractual Commitments

A contingent liability arises where an event has taken place that gives the Fund a possible obligation, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund. Contingent liabilities also arise in circumstances where a provision would otherwise be made but the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Net Asset Statement but are disclosed in a note to the accounts.

Estimates provided to members indicate that at year-end there are potential liabilities of £0.481m in respect of members who have enquired about transferring benefits out of the scheme and from whom the Fund is awaiting a final decision.

There are further outstanding commitments in investment assets as at 31 March 2024 as follows:

- Private Equity of £250.1m (31 March 2023 £97.5m)
- Private Debt of £223.7 (31 March 2023 £58.4m)

These commitments relate to outstanding call payments due on unquoted investments. The amounts 'called' by these funds are irregular in both size and timing over the period of investment.

Two employers have exited the scheme and Regulation 64 of the Local Government Pension Scheme Regulations 2013 requires an actuarial valuation as at the exit date of the liabilities of The Fund. The outcome is unknown and therefore not included in the accounting statements

Note 26: Contingent Assets

There were no contingent assets at the period end.