

Essex Pension Fund

Annual Report & Accounts 2019/2020

Contents

Introduction & Overview

• Chairman’s Foreword.....	4
• Officer Introduction.....	6
• Fund Trends and Financial Summary.....	8
• Risk Management and Internal Controls.....	12
• ACCESS Pool Annual Report.....	15

Section 1: Governance Arrangements

• About the Essex Pension Fund	24
• Who Manages and Runs the Fund	25
◇ The Essex Pension Fund Strategy Board (The Board).....	25
◇ Essex Pension Fund Investment Steering Committee (ISC).....	26
◇ Essex Pension Fund Advisory Board (PAB).....	28
◇ ACCESS Pool.....	28
◇ Governance of the Fund.....	29
◇ Staffing Structure of the Fund.....	30
• Fund Management Structure and other Professional Organisations	31
• Business Plan 2020-2023.....	33
• Business Plan 2019-2020.....	57

Section 2: Investments

• Investment Strategy	68
• Investment Decisions.....	70
• Investment Performance 2019/20.....	74

Section 3: Administration

• Membership Summary.....	80
• Key Service Standards for Scheme Members.....	81
• Scheme Details.....	84
• Participating Employers of the Fund.....	87

Contents

Section 4: Scheme Actuary

• Statement by Consulting Actuary 2019 Actuarial Valuation.....	104
• Essex Pension Fund Contribution Rates Schedule – Actuarial Valuation 2019.....	106
• Post 2019 Valuation Employers Rates and Adjustment.....	139
• Barnett Waddingham final comments.....	141

Section 5: Annual Statement of Accounts

• Responsibilities for the Statement of Accounts.....	144
• Fund Account.....	145
• Net Asset Statement.....	146
• Notes to the Accounts.....	147
• Statement by External Auditors.....	199

Section 6: Other Information

• Investment Strategy Statement.....	203
• Funding Strategy Statement.....	235
• Governance Policy and Compliance Statement.....	257
• Essex Pension Fund Advisory Board Annual Report.....	281
• Administration Strategy.....	293
• Knowledge and Skills Strategy.....	319
• Communications Policy.....	333
• Glossary.....	347
• Contact Points.....	350

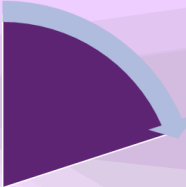
Chairman Foreword

The world of LGPS Pensions continues to fascinate and move at a fast pace and this year is no exception. I am thrilled to update you on another successful year of achievements, in addition to highlighting the key areas of development for the Fund.


Firstly, I would like to take a moment to acknowledge the unprecedented event that occurred at the close of the financial year, with the news of the outbreak of the global Covid19 pandemic and the associated financial and people impact that has been at the forefront of everyone's thoughts since.

As you may have read in the media, stock markets reacted sharply with double digit decreases experienced in March as the news of the severity of the epidemic became known. Whilst the Fund was not immune to these events, falling to £6.6bn at year end from £7.0bn the prior year, the Fund remained resilient benefitting from having a clear set of investment beliefs and the decisions taken over the last 24 months by the Investment Steering Committee (ISC) to implement its de-risking programme.


I am pleased to report that the value of the Fund has since recovered to pre-Covid19 levels. In addition, the Fund successfully activated its Business Continuity Plan with its staff switching to remote working, supported ably by a dedicated skeleton team of staff attending the office twice a week to enable payments to be made and to process incoming and outgoing post. The impact during this uncertain period on administration of benefits for the membership has continued to be minimised by the robust delivery of the service being able to be achieved remotely.



Governance – The impact of working virtually during the whole Country lockdown added a new dimension to organising and attending meetings for my fellow Councillors and colleagues who sit on the Boards and Committee servicing the Essex Pension Fund. The digital resources available enabled the continuation of the Governance of the Fund albeit with some meetings initially being cancelled until legislation was introduced to enable virtual decision making. Officers continued to communicate and keep all abreast of the latest developments during this time.



Funding – The Triennial Actuarial Valuation of the Fund was finalised at the close of 2019/20 albeit with some last-minute adjustments arising from concerns from some of its tax raising employers around the impact of Covid19 and the potential redeployment of budgets to respond to the crisis. These added challenges were a priority for Officers who supported Employers throughout the year long process with their decision-making.




Investments – The production of the new Responsible Investment Policy for the Fund was a combination of over six months work for the Committee, from initial ideas shared at a dedicated workshop, to articulating a set of Responsible Investment Beliefs, which now forms part of the revised Investment Strategy Statement that was subsequently consulted upon during the Summer 2020. My fellow ISC Members are committed to the direction of travel the Fund is taking and see this as a first stage in reviewing and monitoring our investments more dynamically in the future.

Chairman Foreword


Asset Pooling – I have continued to represent Essex on the ACCESS Joint Committee (AJC), which has also been taking advantage of digital arrangements with meetings switched to being held virtually for the foreseeable future. I am pleased to confirm that in December 2019 I was also elected Vice-Chairman of the AJC.

Link Fund Solutions (ACCESS’s Operator) have now launched 15 sub funds, and more are planned throughout 2020. The appointment of an Interim Director for the Access Support Unit in August 2019 enabled ACCESS to drive forward with the Pooling agenda. To date, Essex has approximately 50% of our assets invested under ACCESS Pool governance. However, the Fund still retains the decision making role on where and how investments are made.



Administration – The team overseeing the administration of scheme benefits, systems development and regulatory change are braced for the impact of several large-scale amendments which cover age discrimination assessments backdated, and changes to how the membership can access their benefits if they are unfortunate enough to be made redundant. These regulatory changes are not in isolation, but in terms of high impact on resources they are going to dominate over the next few years. The team have also started to role out a web portal enabling employers to review and update staff member details. Currently over two hundred employers have started to use the system with more being added every month. The Board and I are extremely supportive of the Officers’ who are leading the Fund through these changes.

Communications – The shifting of the Fund’s day to day operations to mainly remote working has pushed our digital approaches to the fore, and communications were prioritised to enable the membership to still access the service provision and ensure high levels of interaction. The developments of webinar training and online surgery meetings for those with more complicated scenarios to discuss were hugely successful enabling the front facing team to continue to deliver the right service to the right people at the right time.



Finally, I would like you share with you the wonderful news that yet again the Fund was award winning this year, bringing home accolade’s from:

LAPF Investments Awards



Scheme Governance Winner

Pension Age Awards



Best Risk Management Exercise Winner

Cllr Susan Barker

**Chairman of the Essex Pension Fund Strategy Board
and Investment Steering Committee**

Vice Chairman of the ACCESS Joint Committee



Officer Introduction

Key Personnel Changes

2019/20 saw the bedding down of the new staffing structure that was put in place to deal with the ever-increasing complexities of the Local Government Pension Scheme and support the continued delivery of high-quality services to the Fund's many stakeholders.

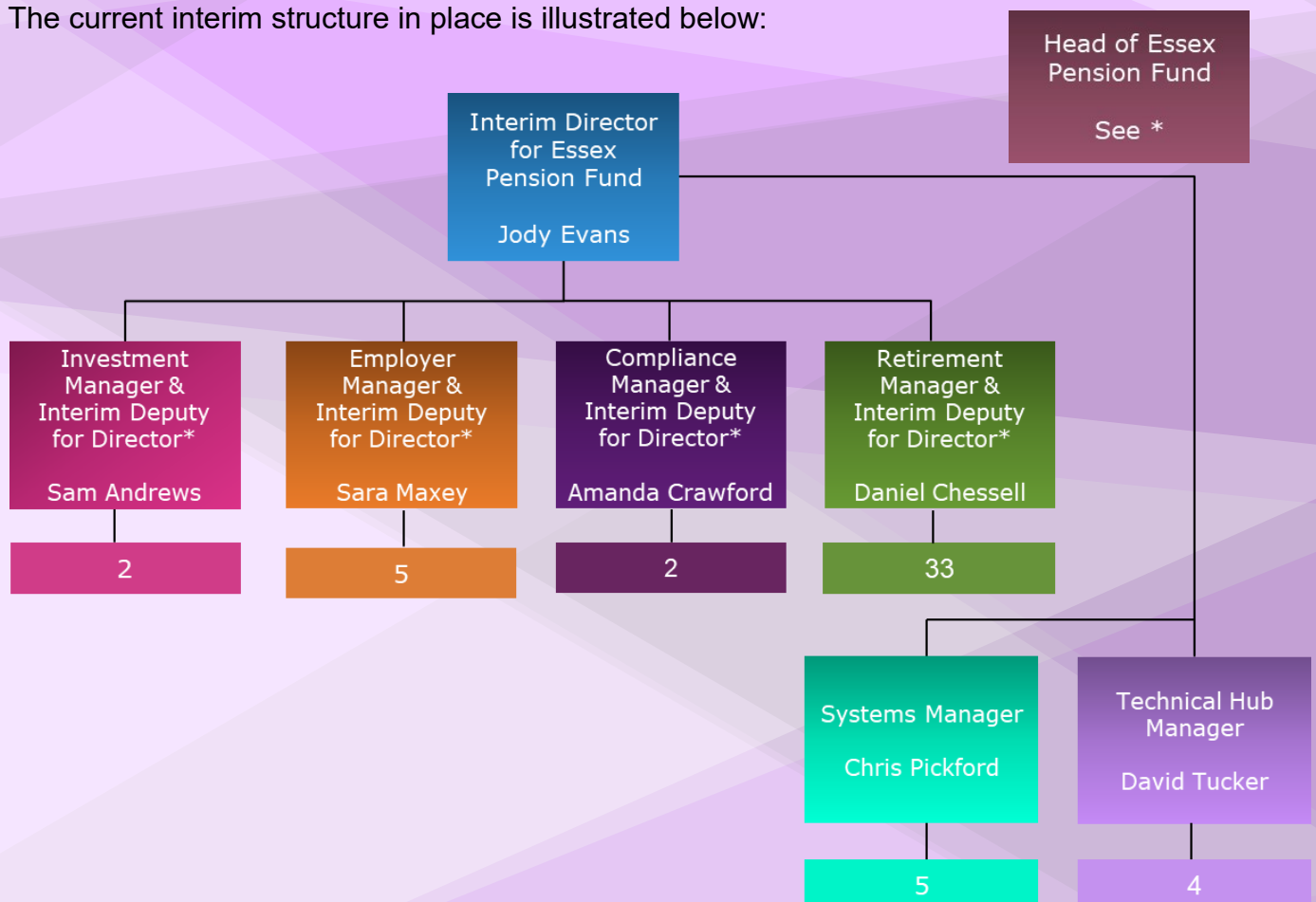
During the year two notable changes occurred with the day to day management of the Fund.

Firstly, after many years, Margaret Lee stepped down from her role as S151 Officer to the Fund with Nicole Wood taking up the post effective from August 2019. Along with her duties relating to the Pension Fund, Nicole also supports the arrangements in place for the ACCESS Support Unit (ASU) which is hosted by Essex County Council.

In addition, the Director for Essex Pension Fund, Kevin McDonald, made the decision to accept a 24-month secondment position as Interim Director for the ASU commencing in August 2019.

Interim arrangements have been put into place for the Fund with Jody Evans, Head of the Essex Pension Fund promoted to the role of, Interim Director for the Essex Pension Fund, ably supported by four senior Fund Officers who have been uplifted to deputise for the Director in their specialist area of responsibility.

The current interim structure in place is illustrated below:



*These posts are currently covering the vacant role of the Head of Pension Fund.

**Numbers represent full time equivalent staff.

Officer Introduction

Work of the Essex Pension Fund

The change in the day to day management of the Fund has given officers an opportunity to take a step back, reflect and look at new ways to approach the delivery of our Service to its many Stakeholders.

At the forefront of this was the formulisation of the Fund's Three-Year Business Plan 2020/21 to 2022/23. Whilst not a new concept for the Fund, the collaborative way in which the detail, design and implementation was articulated was. Commencing with the Essex Pension Fund Strategy Board (PSB) review of the Fund's strategic objectives which underpins everything the Fund undertakes, to a dedicated workshop with the Fund Advisers and concluded with working with the Chairman and Vice Chairman of the PSB on the final deliverable.

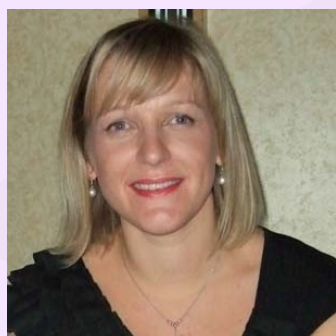
For the first time, a Budget was also included within the Business Plan setting out the Fund's internal operational and external third-party support budget for 2020/21. This is the first stage in the Fund gaining a better understanding and insight of its third-party expenditure and will assist the Fund with its forecasting and planning process going forward. The Three-Year Business Plan can be found at Section 1 of this report.

This new approach has acted as a catalyst for Officers to take the opportunity to commence reviews of its Policies and create new Policies formulising the activities the Fund already carries out.

It was pleasing to note that direction of travel being taken by the Fund is very much in the spirit of the Scheme Advisory Board's 'Good Governance Review' that was released during the year. When assessed against the criteria many of the Fund's activities was already adhering to best practice.

In addition, Officers have spent considerable time looking at the support it provides to aid the decision-making process and Governance of the Fund. From new modes of delivery, to reviewing, streamlining and enhancing information that is provided with the aim, to make it more user friendly and visually impactful to positive review.

I would like to conclude with recognising the outstanding contribution that the team of officers who support the activities of the Fund make. These officer's wellbeing is paramount to the success of the Fund over the last few years and the future. Great strives have been made by Essex County Council and the Fund to look at ways in which it can support officers in promoting a better work/life balance. From greater flexible working, to the establishment of dedicated weekly wellbeing drop-in sessions, pension workshops, lunch and learn sessions and suggestion boxes. These initiatives introduced during 2019 have become increasingly important in the times we now face and have assisted in officers being able to transition smoothly to the 'new norm' of remote working.



**Nicole Wood,
Executive Director,
Finance and
Technology**



**Jody Evans, Interim
Director for Essex
Pension Fund**

Fund Trends and Financial Summary

Financial Performance

Each financial year the Fund incurs expenditure and gains income as a result of performing its activities.

Below is a summary of the Fund's financial position over the last 5 years, broken down into main areas of expenditure and income.

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Value of fund at start of year	4,932,623	5,037,104	6,031,053	6,518,883	7,027,288
Restatement of opening balance				(61)	
Adjusted net assets as at 1 April				6,518,822	
Revenue Account for year:-					
Members and employers contributions	222,407	224,356	276,118	239,786	252,492
Transfers in and other income	9,512	14,185	13,032	13,219	14,571
Benefits payable	(215,746)	(225,305)	(230,023)	(244,544)	(260,177)
Payments to and on account of leavers	(6,153)	(12,948)	(12,266)	(31,024)	(24,233)
Net additions/(withdrawals) from dealing with members	10,020	288	46,861	(22,563)	(17,347)
Management expenses	(33,097)	(36,645)	(44,545)	(48,921)	(55,317)
Net additions/(withdrawals) including fund management expenses	(23,077)	(36,357)	2,316	(71,484)	(72,664)
Investment income	87,752	85,320	96,614	92,287	109,811
Taxes on Income	(3,834)	(2,571)	(3,965)	(4,647)	(3,503)
Profit and losses on disposal of investments and changes in market value of investments	43,640	947,557	392,865	492,310	(433,307)
Increase (decrease) in fund during year	104,481	993,949	487,830	508,466	(399,663)
Value of fund at end of year	5,037,104	6,031,053	6,518,883	7,027,288	6,627,625

The fund has increased in value in 4 of the last 5 financial years (overall increase March 2016 to March 2020 – 31.6%). The fund decreased in value in 2019/20, mainly due to the negative impact of Covid 19 on the market value of its investments.

Fund Trends and Financial Summary

Member and employer contributions and benefits payable are related to the number of pension contributors and pensioners there are in each financial year. The table below reflects these relationships.

	2015/16	2016/17	2017/18	2018/19 Restated	2019/20
Value at 31 March (£000)	5,037,104	6,031,053	6,518,883	7,027,288	6,627,625
Number of Contributors	53,432	59,954	66,449	52,524	57,498
Contributions (£000)	222,407	224,356	276,118	239,786	252,492
Number of Pensioners	37,370	39,106	40,528	42,405	44,682
Benefits Paid (£000)	215,746	225,305	230,023	244,544	260,177

The number of contributors have increased by 7.6% over the last five years, and the number of pensioners have increased by 19.6% over the same period.

Pension Contributions

Essex Pension Fund requires employers to pay pension contributions within **19** days of the end of the month in which the amount was deducted from the earnings. The table below shows the percentage of employer pension contributions received on time/late in the 2019/20 financial year.

Quarter	April- June	July- September	October- December	January- March
Percentage employers received on time	99.0%	98.8%	99.7%	97.6%
Percentage employers received late	1.0%	1.2%	0.3%	2.4%
Percentage cash received on time	97.8%	99.2%	98.7%	97.6%
Percentage cash received late	2.2%	0.8%	1.3%	2.4%

During 2019/2020 two employers were fined for late payments, and four employers fined for the late provision of their remittance returns.

Pension Overpayments

The table below analyses the pension overpayments identified through the Fund's participation in the National Fraud Initiative (NFI) exercises. The NFI is the matching of electronically held data between public and private sector bodies to prevent and detect fraud and error.

Year	Overpayment	Recovered	Written Off	Balance Outstanding
2018-19	£52,003.01	£30,329.19	£1,184.00	£21,673.82
2019-20	£14,452.37	£5,920.39	£0.00	£8,531.98

Fund Trends and Financial Summary

Cost Transparency

The LGPS Code of Transparency was launched by the Scheme Advisory Board in May 2017. The Code is a voluntary agreement to provide LGPS clients with transparent cost information. This was followed up by the establishment of the Cost Transparency Initiative (a partnership between the Pensions and Lifetime Savings Association (PLSA), the Investment Association (IA) and the LGPS Advisory Board) in November 2018.

The Code of Transparency has been developed to assist LGPS funds in obtaining data they will require to report costs incurred by their investment funds. The Fund recognises that there is a growing awareness and interest in the costs and charges being incurred by its investment activities, and whether they represent value for money. By having a greater understanding of all the costs and charges generated by our investments, the Fund is helping to ensure that the best possible returns are generated from our investment activities.

The Code of Transparency is currently voluntary, and therefore Fund Managers are not required to provide the information. However, the Fund has been actively engaging with its fund managers, to encourage them that it is good practice to provide cost transparency information, and to voluntarily sign up to the Code of Transparency.

For 2019/20 Essex Pension Fund received cost transparency information from all but one fund manager (though not all templates were provided in time for the Fund to reflect all direct costs in the Statement of Accounts). Only one fund manager provided the cost transparency information via the SAB cost transparency, compliance and validation system. The rest of the fund managers sent the information directly to the fund, using multiple versions of the cost transparency template.

Fund Trends and Financial Summary

The table below shows the costs and charges incurred by the Fund for 2019/20

	Asset pool			Non-asset pool			Direct Costs Total £m	Indirect Costs Total £m	Whole Fund Total £m
	Direct £m	Indirect £m	Total £m	Direct £m	Indirect £m	Total £m			
Management fees	7.604	-	7.604	41.850	-	41.850	49.454	-	49.454
Asset pool shared costs	-	-	-	-	-	-	-	-	-
Transaction Costs									
Taxes and stamp duty	-	-	-	0.142	-	0.142	0.142	-	0.142
Broker commission	-	-	-	0.594	-	0.594	0.594	-	0.594
Implicit costs	-	0.352	0.352	-	2.484	2.484	-	2.836	2.836
Entry/exit charges	-	-	-	-	-	-	-	-	-
Indirect transaction costs	-	1.707	1.707	-	-	-	-	1.707	1.707
Other Transaction Costs	-	-	-	(0.447)	-	(0.447)	(0.447)	-	(0.447)
Custody	-	-	-	0.779	-	0.779	0.779	-	0.779
Other									
Stock lending	-	-	-	-	-	-	-	-	-
Other costs	-	-	-	-	-	-	-	-	-
Total	7.604	2.059	9.663	42.918	2.484	45.402	50.522	4.543	55.065

Risk Management and Internal Controls

Risk Management

The Fund's objectives and associated risks have been set by Essex Pension Fund Strategy Board (PSB).

The PSB ensure the risks are managed in accordance with ECC's arrangements for managing risks in accordance with ECC's Risk Management Strategy. The PSB ensure that the risk register is reviewed and updated in line with the guidance issued and reflects best practice in the identification, evaluation and control of risks in order to ensure that key risks are recognised and are managed to a tolerable level.

The risks recorded have been split across five key areas: Governance; Funding; Investments; Administration; and Communication.

All risks within the key areas have been identified and assessed in terms of its impact on the Fund, its employers and reputation of the Fund, PSB and ECC as the Administering Authority, along with the likelihood of the risk occurring.

All risks have assigned control measures and owners.

Investment Risk

Investment risk and performance is regularly monitored and reviewed by the Fund's officers. The Essex Pension Fund Investment Steering Committee (ISC) reviews investment performance on a quarterly basis with the assistance of its investment advisors, Hymans Robertson LLP and Mark Stevens.

ACCESS Pool Risk Register

The ACCESS Pool has a detailed risk register that is reviewed on a quarterly basis by the ACCESS S151 officers, at every officer working group meeting and reported to the Joint Committee. The risk register covers pool governance, pool operator, sub-fund establishment and implementation and ESG responsible investment.

Systems of internal control

ECC's statement of accounts, including the accounts of the Fund, is subject to external audit by BDO who produce an audit opinion on the Council's accounts. The auditors produce a separate opinion on the Fund's financial statements and an opinion that the Fund annual report is consistent with the Fund accounts.

The Fund is also subject to an internal review by the Council's internal auditors on the robustness of the Fund's systems, procedures and controls. Internal Audit undertook two reviews in accordance with the agreed Audit Plan:

- Essex Pension Fund - Administration; and
- Essex Pension Fund - Funding and Investments.

Risk Management and Internal Controls

Both reviews received a 'Good Assurance' opinion which means there is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to achieving those objectives. Recommendations will normally only be of Low risk rating. Any Moderate recommendations would need to be mitigated by significant strengths elsewhere. However, during the audit, no recommendations were made.

The Fund also obtains assurance over the systems and internal controls operated by its investment managers and custodians, by obtaining relevant audit documentation. The table below lists the results for 2019/20.

Fund Manager	Audit Opinion – Internal Controls	Action taken by Fund
Aviva Investors	Qualified – due to one control not being met (though overall the auditors have stated that in all material aspects, the controls are working except for the qualification). The control, relating to Investment management fees and other account expenses had been found not to be operating effectively in certain instances. Aviva have conducted a review and affected clients have been made aware (EPF is not one of them). Aviva have implemented enhanced controls and are working to embed an approved process through 2020. The Fund will monitor progress in achieving this.	Essex Pension Fund is liaising with Aviva to ensure this issue is rectified
Link Asset Solutions Ltd	Qualified – due to one control objective not being met (though overall the auditors have stated that in all material aspects, the controls are working except for the qualification). The control, relating to Restricting Access to Data and Systems, had been found not to be operating effectively. Link has created an internal remediation plan to resolve the issues that caused the qualification, which is monitored monthly, with the aim of having effective controls in place by 30 September 2020. The Fund will monitor progress in achieving this.	ACCESS (including Essex Pension Fund) is liaising with Link to ensure this issue is rectified
UBS Asset Management	Qualified - due to two IT control objectives not being met (though overall the auditors have stated that in all material aspects, the controls are working). The two controls, relating to Application Change Management and Logical Access Management were not suitably designed and did not operate to the required standard. We have been informed that there was no impact on the Fund's portfolio. UBS are taking the necessary actions to rectify these shortcomings. The Fund will monitor progress in achieving this.	ACCESS (including Essex Pension Fund) is liaising with UBS to ensure this issue is rectified

Risk Management and Internal Controls

Fund Manager	Audit Opinion – Internal Controls	Action taken by Fund
Alcentra Ltd	Unqualified	None
Stewart Investors (formerly First State)	Unqualified	None
Goldman Sachs Asset Management International	Unqualified	None
Hamilton Lane	Unqualified	None
IFM Investors	Unqualified	None
J.P. Morgan Asset Management	Unqualified	None
Marathon Asset Management Ltd	Unqualified	None
M&G Investments Alpha Opportunities	Unqualified	None
M&G Investments Financing Fund	Unqualified	None
Partners Group Management II	Unqualified	None
Stafford Timberland Limited	Unqualified	None
Custodian		
Northern Trust	Unqualified	None

ACCESS POOL ANNUAL REPORT

March 2020



ACCESS

Effective • Collective • Investment

ACCESS Annual Report as at 31 March 2020

"I am pleased to introduce the ACCESS 2019/20 Annual Report.

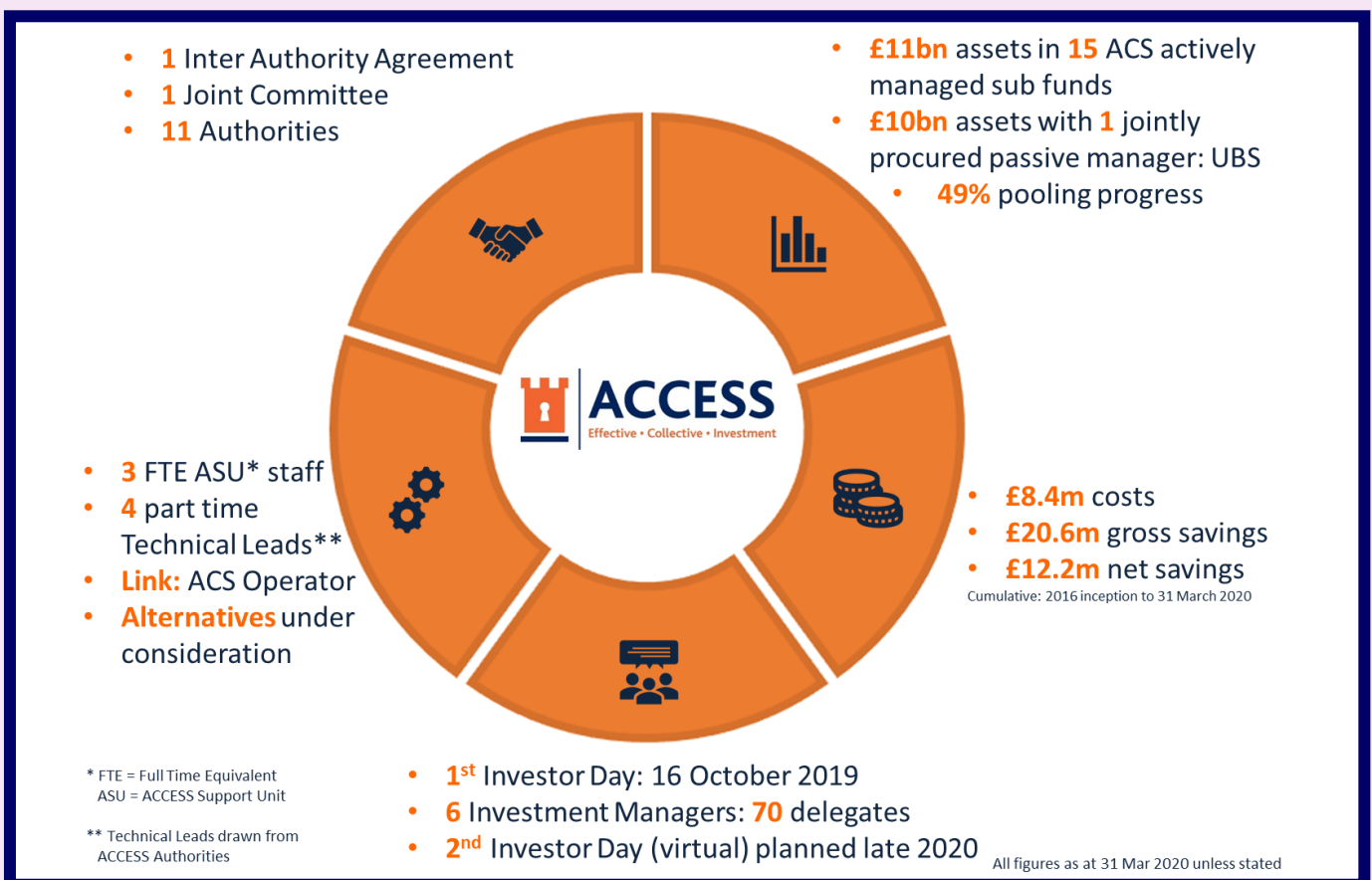
We find ourselves in challenging times, facing a national emergency, but we will continue to manage these very substantial LGPS assets to the best of our abilities. I am truly grateful, at this time, that ACCESS has built a strong partnership that allows each of the eleven member authorities to support each other in this difficult period.

I would like to take this opportunity to thank Cllr Andrew Reid of Suffolk for the contribution he made as the first chairman of the ACCESS Joint Committee, which was critical in building a strong foundation for the Pool. It goes without saying that I was honoured by the confidence shown in me by my fellow Joint Committee members in choosing me to succeed Cllr Reid last December.

It has been another busy year for ACCESS with good progress made by our operator, Link, in launching new sub-funds, which has brought the total assets under management (AUM) under ACCESS auspices to £21.4bn. Equally important work has also taken place in reviewing the governance of the Pool and progressing options for pooling alternative investment categories.

I'm sure that 2020/21 will be another busy year for ACCESS, not only in continuing to issue further sub-funds, but also in other crucial areas such as deepening the Pool's approach to Responsible Investment."

At a glance



ACCESS Annual Report as at 31 March 2020

Background

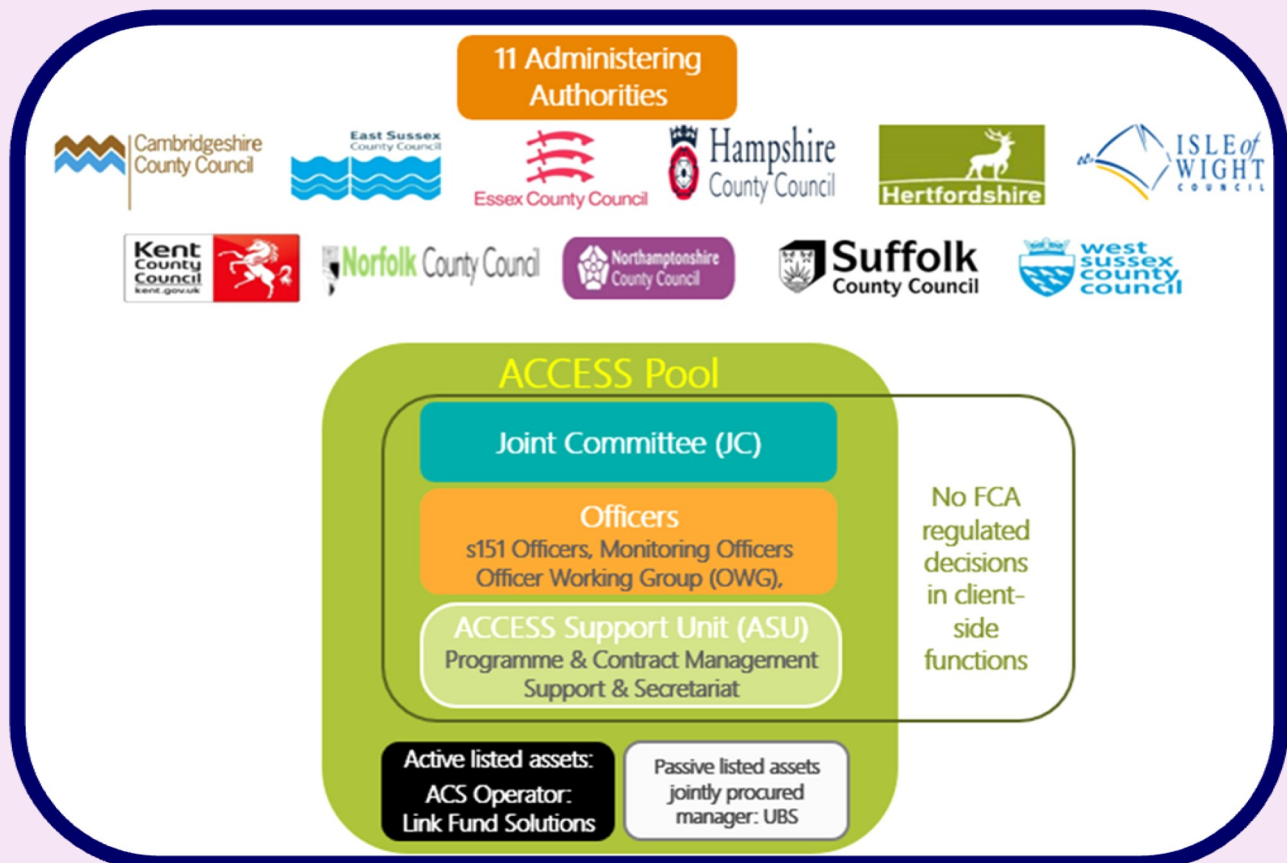
ACCESS (A Collaboration of Central, Eastern and Southern Shires) is made up of 11 Local Government Pension Schemes (LGPS) Administering Authorities: Cambridgeshire County Council; East Sussex County Council; Essex County Council; Hampshire County Council; Hertfordshire County Council; Isle of Wight Council; Kent County Council; Norfolk County Council; Northamptonshire County Council; Suffolk County Council and West Sussex County Council in response to the Governments pooling agenda across the LGPS. The first ACCESS Inter-Authority Agreement was signed in late June 2017.

The ACCESS Administering Authorities are committed to working together to optimise benefits and efficiencies on behalf of their individual and collective stakeholders, operating within a clear set of objectives and principles that drives the decision-making process.

Collectively as at 31 March 2020, the ACCESS Authorities have total assets of **£44 billion** (of which **49%** has been pooled) serving **3,534** employers with **1.1 million** members including **288,248** pensioners

Governance

An extract from the ACCESS governance model is shown below:



ACCESS Annual Report as at 31 March 2020

Strategic oversight and scrutiny responsibilities remain with the Administering Authorities as does all decision making on their individual Funds asset allocation and the timing of transfers of assets from each Fund into the arrangements developed by the ACCESS Pool.

The Joint Committee (JC) has been appointed by the eleven Administering Authorities under s102 of the Local Government Act 1972, to exercise specific functions in relation to the pooling of LGPS assets. The JC's functions include the specification, procurement, recommendation of appointment of pool Operators (for active asset management) and pool-aligned asset providers (for passive asset management), to the Administering Authorities. The JC also reviews ongoing performance.

The Section 151 Officers of ACCESS Authorities provide advice to the JC in response to its decisions ensure appropriate resourcing and support is available to implement the decisions and to run the ACCESS Pool.

The JC further supported by Officer Working Group (OWG) and the ACCESS Support Unit (ASU).

The Officer Working Group are officers identified by each of the Administering Authorities whose role is to provide a central resource for advice, assistance, guidance and support for the Joint Committee.

The ACCESS Support Unit (ASU) provides the day-to-day support for running the ACCESS Pool and has responsibility for programme management, contract management, administration and technical support services. 2019/20 saw the completion of appointments to each of the three full time ASU roles, hosted by Essex County Council. These roles are also supplemented with additional technical support from Officers within the ACCESS Authorities.

The Operator: Link Fund Solutions

Appointed 2018 Link Fund Solutions Ltd pooled operator service, overseeing an Authorised Contractual scheme for the sole use of ACCESS Authorities. Link are responsible for establishing and operating an authorised contractual scheme along with the creation of a range of investment sub-funds for active listed assets and the appointment of the investment managers to those sub-funds. This is designed to enable Administering Authorities to execute their asset allocation strategies.

Pool Aligned Assets: UBS

Appointed following a joint procurement in 2017, UBS act as the ACCESS Authorities' investment manager for passive assets.

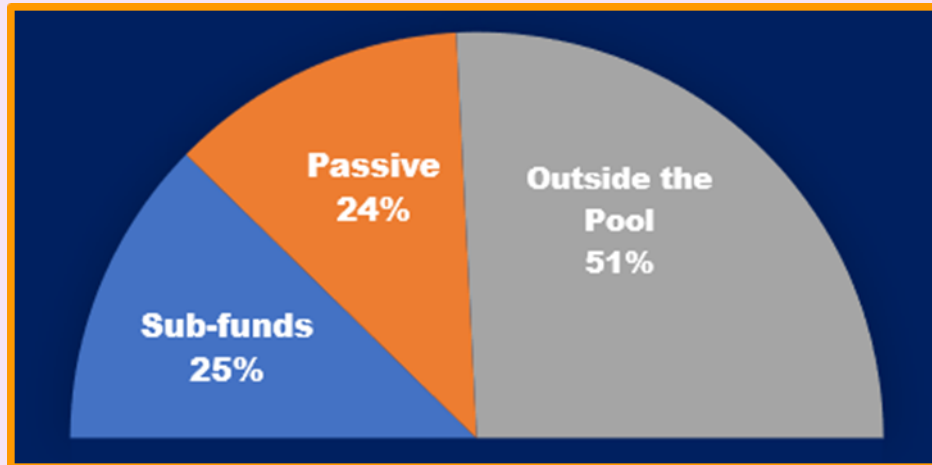
Progress on Pooling

ACCESS submitted its pooling proposal to Government in July 2016 with detailed plans for establishing and moving assets into the pool. Included in the proposal was an indicative timeline of when assets will be pooled, and ACCESS has continued to make excellent progress against the principal milestone of having **£27.2 billion** assets pooled and estimated savings of £13.6 million by March 2021.



ACCESS Annual Report as at 31 March 2020

As at 31 March 2020, **49%** of assets have been pooled:



Pooled Assets

As at 31 March 2020 ACCESS has the following assets pooled:

Pooled Investments	£ Billion
Passive Investments	10.486
UK Equity Funds	1.588
Global Equity Funds	7.189
UK Fixed Income	0.834
Diversified Growth	1.262
Total Pooled Investments	21.359

The passive investment funds are held on a pool governance basis under one investment manager as these assets are held in life fund policies, which cannot be held within an authorised contractual scheme.

Key milestones achieved in 2019/20

- Recruitment of an interim Director to lead the ACCESS Support Unit.
- Establishment of business as usual functions of the ACCESS Support Unit being undertaken by the ACCESS Support Unit officers and technical leads officers.
- Approval and launch of a range of sub-funds further rationalising the existing range of mandates whilst reflecting the strategic asset allocation needs of the ACCESS Funds.
- Re-procurement of a legal advisor for ACCESS.
- Provision of updates of progress of pooling to Government and responding to consultations.



ACCESS Annual Report as at 31 March 2020

- Commencement of a review of Environmental, Social and Governance and Responsible Investment guidelines for ACCESS.
- In conjunction with Link Fund Solutions, held the first investor day for members and officers of the individual funds to hear from the investment managers in the ACCESS pool.
- Commencement of a review to formulate an approach to pooling and managing illiquid assets such as private equity and infrastructure. This will involve reviewing various structures and platforms and assessing these to identify the best fit to meet with the Funds current and future requirements.

Objectives for 2020/21

ACCESS is well placed to continue to develop the pool and progress will continue unabated despite the restrictions imposed by the COVID-19 lockdown. Virtual meetings are well established and productive. It is anticipated that 2020/21 will see key activities within the following themes:

- Actively managed listed assets: the completion of pooling active listed assets within the Authorised Contractual Scheme (ACS);
- Alternative / non listed assets: the initial implementation of pooled alternative assets;
- Passively managed assets: ongoing monitoring and engagement with UBS;
- Governance: the application of appropriate forms of governance throughout ACCESS; and
- ACCESS Support Unit (ASU): the size and scope of the ASU will be kept under review.



Expected v Actual Costs and Savings

The table below summarises the financial position for 2019/20 along with the cumulative position since the commencement of ACCESS activity in early 2016.

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the 11 Authorities. 2019/20 saw an underspend primarily due to lower than anticipated costs of external advice combined with the establishment of the ACCESS Support Unit reducing the reliance on external project management support.



ACCESS Annual Report as at 31 March 2020

	2019 – 2020		2019 – 2020	
	Actual	Budget	Actual	Budget
	In Year	In Year	Cumulative to date	Cumulative to date
	£'000	£'000	£'000	£'000
Set Up Costs	-	-	1,824	1,400
Transition Costs	-	-	674	2,499
Ongoing Operational Costs	811	1,203	2,208	2,469
Operator & Depository Costs	3,247	2,000	3,632	2,500
Total Costs	4,058	3,203	8,338	8,868
Pool Fee Savings	13,456	13,200	20,515	18,450
Net Savings Realised	9,398	9,997	12,177	9,582

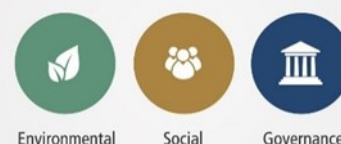
Operator and depositary fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Link Fund Solutions as pool operator. The initial ACCESS business plan to MHCLG anticipated Operator costs of 2bps.

The 2019/20 fee savings have been calculated using the CIPFA price variance methodology and based on the asset values as at 31 March 2020. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

In summary, since inception ACCESS has demonstrated excellent value for money, maintaining expenditure broadly in line with the MHCLG submission whilst delivering savings ahead of the timeline contained in the original proposal.

Environmental, Social and Governance (ESG) and Responsible Investment (RI)

The ACCESS Authorities believe in making long term sustainable investments whilst integrating environment and social risk considerations, promoting good governance and stewardship.



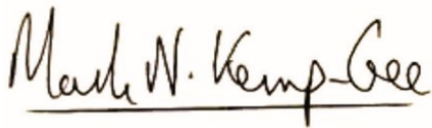
Whilst the participating authorities have an overriding fiduciary and public law duty to act in the best long term interests of their LGPS stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment alongside financial factors in the investment decision making process.

ACCESS Annual Report as at 31 March 2020

Over the course of the last year a number of ACCESS Authorities have reviewed and developed their individual ESG /RI policies. Building on this ACCESS will, in the current year review its own ESG /RI guidelines to reflect both the requirements of the Authorities and the expectations associated with this fundamental aspect of institutional investment.

The ACCESS pool has a set of voting guidelines which seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of those companies.

The voting guidelines sets out the principles of good corporate governance and the means by which ACCESS will seek to exercise its influence on companies. During the year ACCESS voted at **383** meetings on **6,000** resolutions.



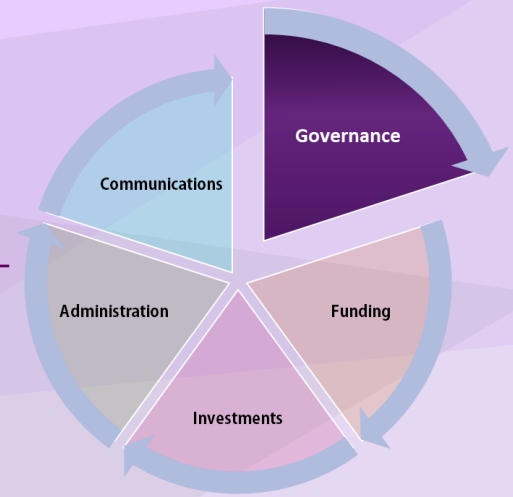
Mark Kemp-Gee

CLlr Mark Kemp-Gee - Chairman, ACCESS Joint Committee



ACCESS

Effective • Collective • Investment



SECTION 1

GOVERNANCE ARRANGEMENTS

About the Essex Pension Fund ('the Fund')

The Essex Pension Fund 'the Fund' is one of the 88 Funds making up the Local Government Pension Scheme (LGPS) in England and Wales.

The Fund is managed and administered by Essex County Council. Essex County Council are responsible for maintaining and managing the Fund on behalf of its stakeholders; the scheme members and employers participating in the Fund.

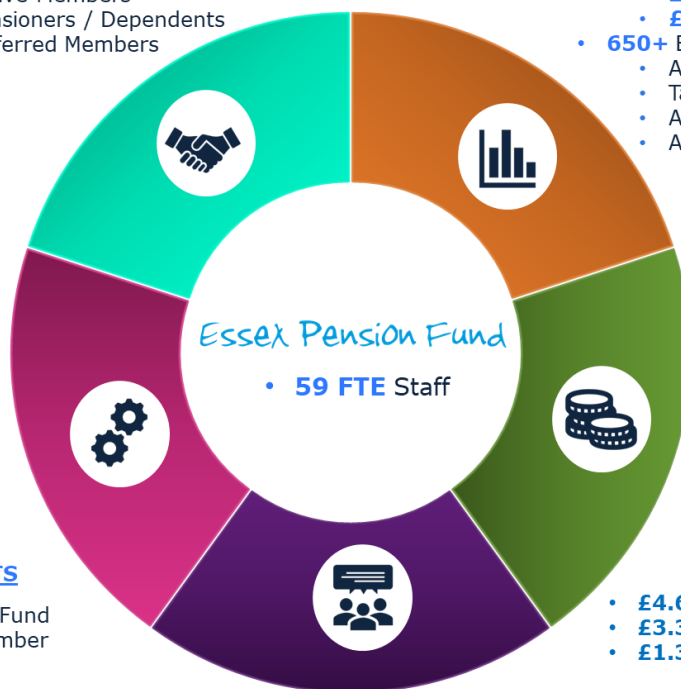
Key Facts

FUND MEMBERSHIP

- **168,826** Members
 - **55,564** Active Members
 - **42,430** Pensioners / Dependents
 - **70,832** Deferred Members

FUNDING/EMPLOYERS

- **97%** Funding Level (31 March 2019)
 - **£6.711bn** Assets
 - **£6.91bn** Liabilities
- **650+** Employers, including:
 - Administering Authority (ECC)
 - Tax Raising Bodies
 - Admission Bodies
 - Academies



INVESTMENTS

- **c£7.5bn** Value of Fund
- **ACCESS Pool** member

FINANCIAL

- **£4.62M** Total Budget
- **£3.31M** Operational Budget
- **£1.31M** Third Party Contractor Expenses*

GOVERNANCE

- **PSB** Essex Pension Fund Strategy Board
- **ISC** Investment Steering Committee
- **PAB** Essex Pension Fund Advisory Board

Key facts above are taken from the 2020—2023 business plan.

Who Manages and Runs the Fund

Essex County Council's (ECC) functions as the Administering Authority are delegated to the Essex Pension Fund Strategy Board (PSB), the Essex Pension Fund Investment Steering Committee (ISC) and its Officers.

Membership of the Essex Pension Fund Strategy Board

The Board was established in 2008 and exercises all of the powers and duties of the Council in relation to its functions as Administering Authority except where they have been specifically delegated to another committee or officers. Its functions include monitoring the administration of the Pension Scheme, exercising Pension Fund discretions and determining Pension Fund policy in regard to employer admission arrangements. The membership of the Essex Pension Board during 2019/20 is detailed below:

Representatives of the Administering Authority (ECC)



Cllr. S. Barker (Chairman)



Cllr. M. Platt (Vice Chairman)

Cllr. A. Goggin
Cllr. A. Hedley
Cllr. M. Maddocks
Cllr. L. Scordis
Cllr. C. Souter
Cllr. A. Davies (Labour Substitute)
Cllr. A. Erskine (Conservative Substitute)

Who Manages and Runs the Fund

Membership of the Essex Pension Fund Strategy Board continued

Representative of Scheme Members

S. Child (UNISON)

Representatives of the District/Borough Councils in Essex (nominated by Essex Borough and District Leaders' Group)

Cllr. C. Riley (Castle Point Borough Council)

Representatives of Unitary Councils

Cllr. M. Dent (Southend-on-Sea Borough Council)

Representative of Other Employing Bodies

J. Moore (The Billericay School)

Independent Governance & Administration Adviser to the Board

K. McWilliam, AON

Fund Actuary

G. Muir, F.F.A., Barnett Waddingham LLP

Membership of the Essex Pension Fund Investment Steering Committee (ISC)

The ISC approves and reviews the investment strategy of the Essex Pension Fund. This includes the determination of asset allocation, the appointment of external investment managers and the monitoring of investment manager performance. The members of the ISC during 2019/20 were

Representatives of the Administering Authority

Cllr. S. Barker (Chairman)

Cllr. M. Platt (Vice Chairman)

Cllr. A. Goggin

Cllr. A. Hedley

Cllr. M. Maddocks

Cllr. L. Scordis

Cllr. C. Souter

Cllr. A. Davies (Labour substitute)

Cllr. A. Erskine (Conservative substitute)

Who Manages and Runs the Fund

Membership of the Essex Pension Fund Investment Steering Committee (ISC) continued

Independent Advisers to the ISC

M. Stevens

Institutional Investment Consultants to the ISC

J. Dickson F.F.A. Hymans Robertson LLP

M. Woodman C.F.A. Hymans Robertson LLP

Who Manages and Runs the Fund

Membership of the Essex Pension Fund Advisory Board (PAB)

In addition, the Local Pensions Board (Essex Pension Fund Advisory Board (PAB)) was established on 1 April 2015 under the requirements of the Public Service Pensions Act 2013. It has an oversight role to assist the Administering Authority in securing compliance with regulations by acting as a 'critical friend' to the PSB and the ISC, ensuring the efficient and effective governance and administration of the Fund.

Chairman

N. Mark

Head of Norfolk Pension Fund

Scheme Members representatives

A. Coburn

UNISON

P. Hewitt (until 5 June 2019)

Deferred Member, Southend BC/Harlow DC

D. Hurst

Active Member, Chelmsford College

Vacant (until 24 September 2019)

J. Sheehy (from 25 September 2019)

Active Member, Witham Town Council

S. Roberts (from 25 September 2019)

Active Member, Shenfield High Academy

Employer Representatives

J. Durrant

Essex Fire Authority

Cllr. T. Cutmore

Rochford DC

Cllr. S. Hebb

Thurrock BC

Cllr. S. Walsh

Essex CC

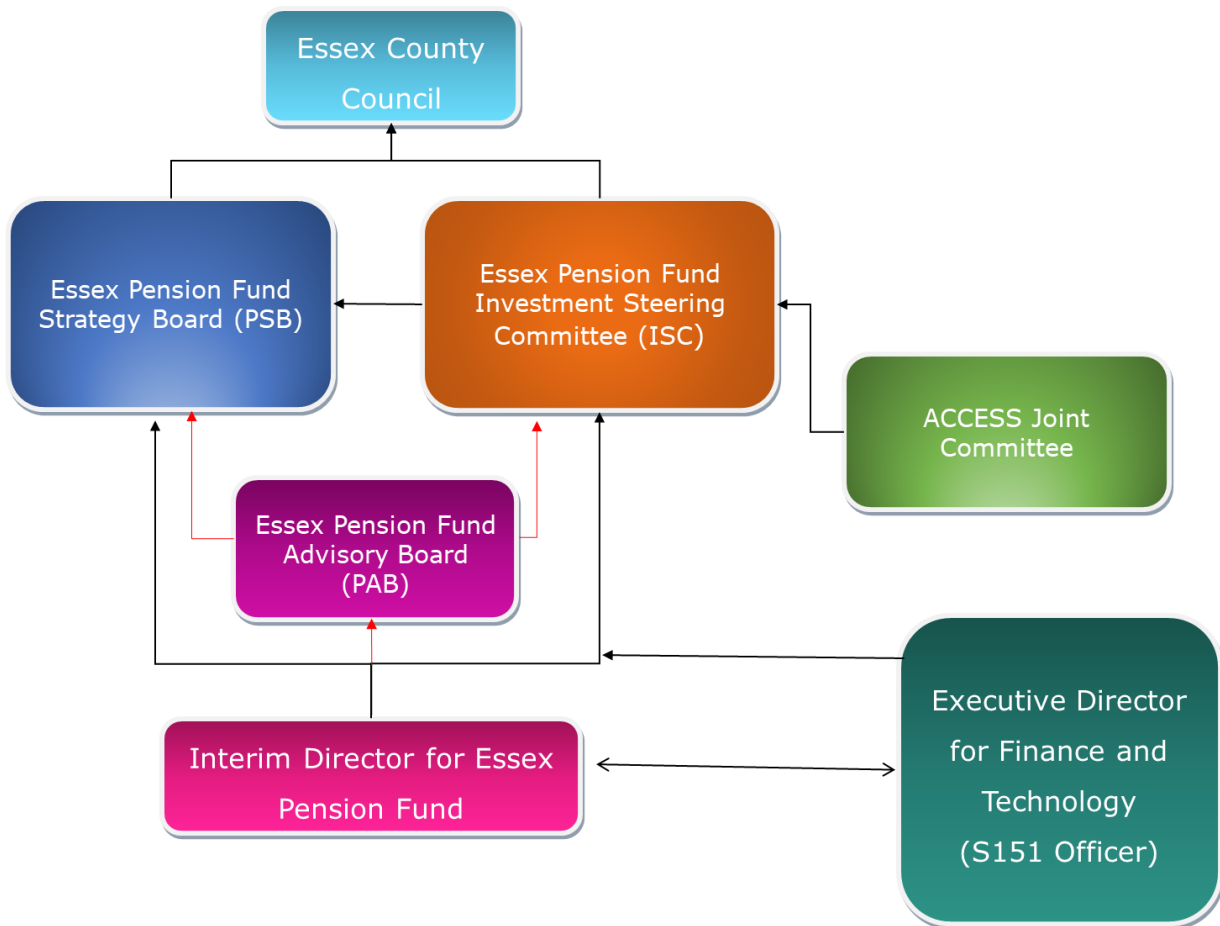
ACCESS Pool

The Fund is one of eleven like minded LGPS Funds working collaboratively under the name ACCESS (A Collaboration of Central, Eastern and Southern Shires) who are committed to working together to optimise benefits and efficiencies in relation to investments on behalf of their individual and collective stakeholders.

Who Manages and Runs the Fund

Governance of the Fund

The relationship between the key decision-making bodies and day-to-day management of the Essex Pension Fund is illustrated below:

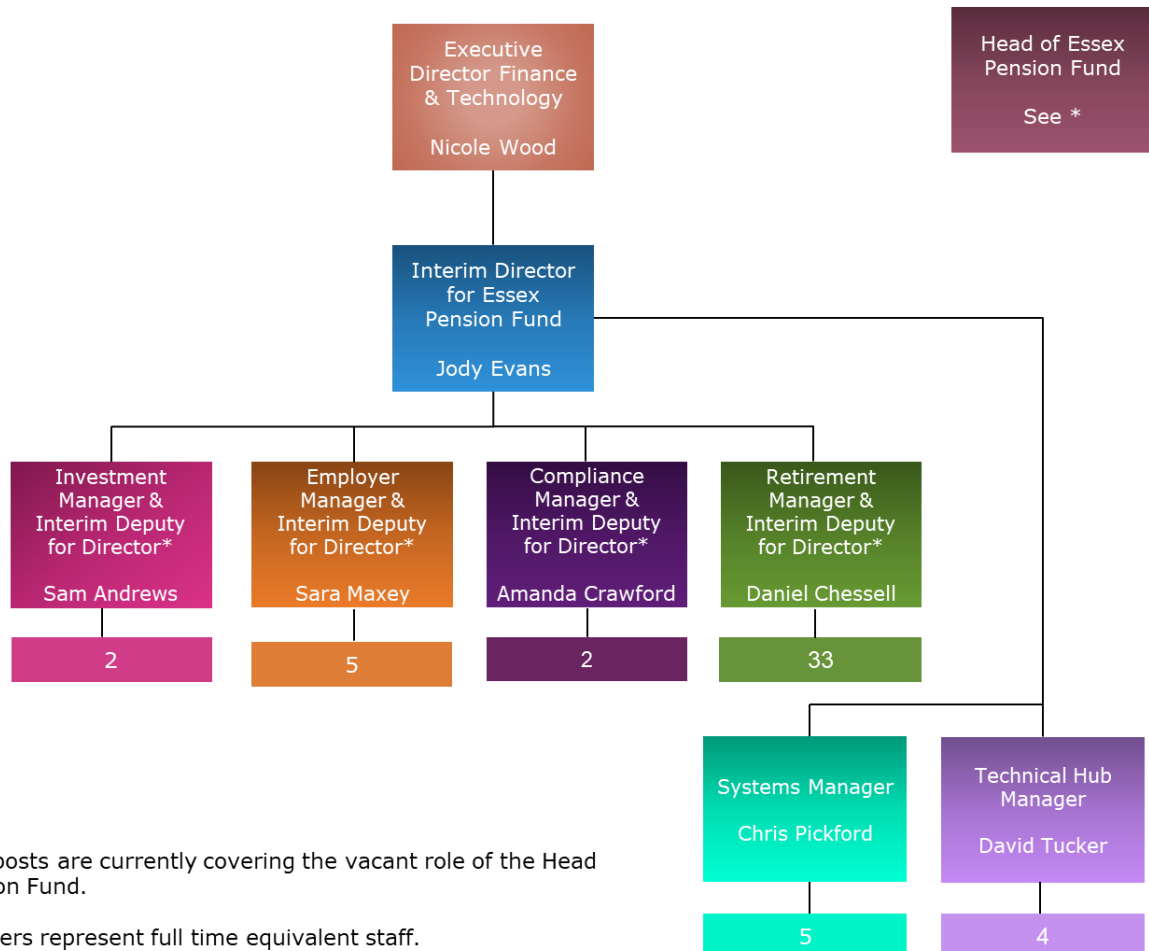


Who Manages and Runs the Fund

Staffing Structure of the Fund

Other than those responsibilities delegated specifically to the Board, or the ISC, all of the Administering Authority responsibilities are delegated to Officers. The Executive Director, Finance and Technology alongside the Interim Director for Essex Pension Fund has overall responsibility for the day to day operations and management of the Fund, implementing the decisions of the Board and ISC. They are aided by the Essex Pension Fund function.

The day-to-day management of the Essex Pension Fund is illustrated below:



Fund Management Structure and Other Professional Organisations

The Essex Pension Fund invests in all major asset classes. These investments are managed externally by specialist Fund Managers who are listed below.

Equity	
Manager	Mandate
Stewart Investors	Global Emerging Markets Equities
Marathon Asset Management Ltd	Global Equities
UBS Asset Management	Global Equities (Passive)

Bonds	
Manager	Mandate
Goldman Sachs Asset Management	Corporate Bonds
UBS Asset Management	Index Linked Bonds (Passive)
M&G Investments	Corporate Bonds

Property	
Manager	Mandate
Aviva Investors Global Services Ltd	Direct & Indirect Property
Partners Group Management II	Global Property

Fund Management Structure and Other Professional Organisations

Alternatives	
Manager	Mandate
Hamilton Lane (UK) Ltd	Private Equity
M&G Investments	Infrastructure
Partners Group Management II	Infrastructure
J.P. Morgan Asset Management	Infrastructure
IFM Investors	Infrastructure
Stafford Timberland Limited	Timber
Alcentra Ltd	Private Debt

Assets within the ACCESS Pool	
Operator	Mandate
Link Asset Solutions Limited	Global Equity

Other organisations providing services to the fund	
Service	Organisation
Administration software provider	Civica
Auditors	BDO LLP
AVC provider	Utmost (formerly the Equitable Life Assurance Society) Prudential Standard Life Assurance Company
Custodian	The Northern Trust Company
Solicitors	Essex County Council – Legal Services Nabarro Nathanson

Business Plan 2020-2023

Introduction

This Business Plan explains how the Essex Pension Fund intends to develop and improve its services over the next three years.

It enables the Fund to focus on its key priorities, the achievement of its objectives and assists stakeholders in their understanding of how they contribute to the overall success of the Pension Fund.

The Fund's Priorities

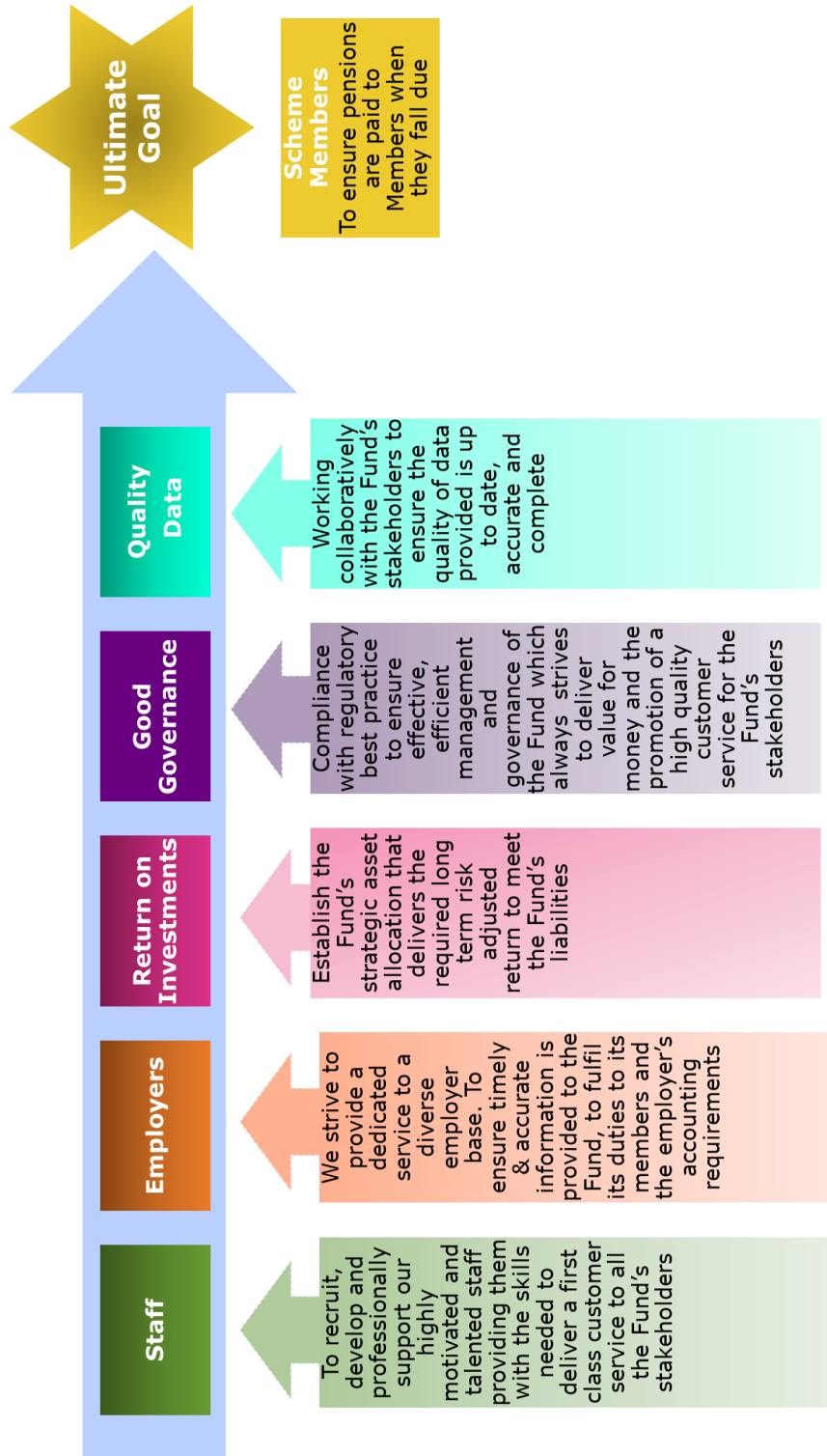
The Fund's priorities for the three years 2020/21 to 2022/23 are linked to the five key areas of business: Governance; Funding; Investments; Administration; and Communications. The following sections outline: the Fund's objectives; area of activity, including strategic Business as Usual (BAU); financial; staff resource and third party support requirements; and training required to deliver the outcomes of the Business Plan.



Business Plan 2020-2023

Strategic Goals of the Fund

The strategic goals of the Fund are detailed below:



Business Plan 2020-2023

Governance



Objectives

- Provide a high-quality service whilst maintaining value for money;
- Ensure compliance with the LGPS regulations, other relevant legislation and the Pensions Regulator's Codes of Practice;
- Ensure the Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
- Evolve and look for new opportunities, ensuring efficiency at all times;
- Act with integrity and be accountable to our stakeholders;
- Understand and monitor risk and compliance;
- Continually measure and monitor success against our objectives; and
- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.

Business Plan 2020-2023

Area of Activity including strategic BAU	2020/21	2021/22	2022/23
Business Plan & Budget	Annual	Annual	Annual
Risk Management Strategy	Implement	Review	Review
LGPS Reform	Ongoing	Ongoing	Ongoing
Members' knowledge and understanding <ul style="list-style-type: none"> • Training needs analysis • Review the revised training strategy 	Implement	Review	Review
Business Continuity Plan (including Cyber security) and Testing	Develop	Implement	Review
Governance Review and Effectiveness Survey	Commence	Annual	Annual
Review of Governance related Policies including the Governance Policy and Compliance Statement	Annual	Annual	Annual
Independent Governance & Administration Advisor (IGAA) Review	-	Triennial	-
Annual Statement of Accounts including compliance with CIPFA requirements	Annual	Annual	Annual
Terms of Reference for PSB/ISC/PAB	Annual	Annual	Annual
Breach Policy	Develop/Implement	Review	Review
AVC Review	-	Commence/Implement	-

Business Plan 2020-2023

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities and BAU, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Interim Director for Essex Pension Fund	0.60
Head of Essex Pension Fund	0.25
Investment Team	0.65
Funding/Employer Team	0.50
Governance Team	2.00
Administration Team	0.25
Technical Team	0.20
Systems Team	0.25
Total	4.70

* These are estimated figures and are subject to change.

Support from Third Party Suppliers

External Third Party Support
Aon - Independent Governance Administration Adviser (IGAA)
Barnett Waddingham LLP - Fund Actuary
Hymans Robertson - Institutional Investment Consultant (IIC)
Mark Stevens - Independent Investment Adviser (IIA)

Budget

To deliver the above activities in 2020/21, the budget allocated for third party support is £180k.

Business Plan 2020-2023

Training

Training offered/delivered to our Committee/Board Members to increase knowledge, enabling robust decision making:

Training	2020/21	2021/22	2022/23
Induction/Refresher training to ensure the Board can carry out its role as decision maker	Ongoing	Ongoing	Ongoing
Relevant tPR Toolkit Modules	Biennial	-	Biennial
Relevant CIPFA Modules	Biennial	-	Biennial
PLSA LA Conference	Annual	Annual	Annual
LGPS Governance Conference	Annual	Annual	Annual
Attendance at CIPFA training days for Board Members	Annual	Annual	Annual
Any other Governance training as necessary	Ongoing	Ongoing	Ongoing

On the Horizon

- Scheme Advisory Board (SAB) Good Governance Project
 - ◊ The outcome of the Good Governance Project is yet to be reported and therefore the recommendations are not yet known to the Fund or the potential impact(s).
- The Pensions Regulator (tPR)
 - ◊ TPR expect Fund's to comply with the guidance set out in their Code's of Practice (which are currently under review). Through continuous assessment, the Fund ensures adherence to the Code(s) which drives continuous monitoring and improvement.

Business Plan 2020-2023

Funding



Objectives

- Recognise in drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible;
- Prudently set levels of employer contributions that aim to achieve a fully funded position in the time scales determined in the Funding Strategy Statement;
- Manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption, where necessary, of employer specific funding objectives;
- Ensure consistency between the investment strategy and funding strategy;
- Maintain liquidity in order to ensure benefits can be met as and when they fall due over the lifetime of the Fund.
- Adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers and ultimately the tax payer from an employer defaulting on its pension obligations to minimise unrecoverable debt on termination of employer participation.

Business Plan 2020-2023

Area of Activity including strategic BAU	2020/21	2021/22	2022/23
Actuarial Valuation	Implement	-	Triennial
Interim Funding review	Annual	Annual	-
Funding Strategy Statement review	As required	As required	Triennial
Employing Authority discretions and delegations review	As required	As required	As required
Employer Risk Review	As required	As required	Triennial
Longevity Analysis of Fund	-	-	Triennial

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities and BAU, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Interim Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	0.25
Investment Team	-
Funding/Employer Team	5.30
Governance Team	-
Administration Team	-
Technical Team	0.20
Systems Team	0.15
Total	6.00

* These are estimated figures and are subject to change.

Business Plan 2020-2023

Support from Third Party Suppliers

External Third Party Support

Barnett Waddingham LLP - Fund Actuary

Hymans Robertson - Institutional Investment Consultant

Budget

To deliver the above activities in 2020/21, the budget allocated for third party support is £80k.

Training

Training offered/delivered to our Committee/Board Members/Fund Employers to increase knowledge, enabling robust decision making:

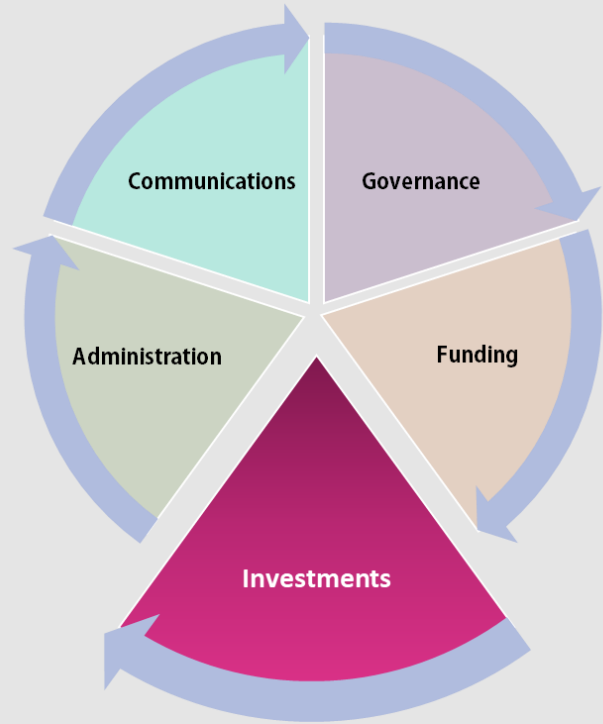
Training	2020/21	2021/22	2022/23
Actuarial Valuation training	-	-	Triennial
Interim Valuation training	Annual	Annual	-
Funding Strategy Statement training	-	-	Triennial
Any other Employer/Funding training as necessary	Ongoing	Ongoing	Ongoing
Employer Forum/Webinar	Ongoing	Ongoing	-
IAS19/FRS102 Communications	Annual	Annual	Annual

Business Plan 2020-2023

On the Horizon

- McCloud
 - ◇ Due to the court case, benefits will need to be recalculated/increased which will impact on the overall liabilities of the Essex Pension Fund and in turn the funding level.
 - ◇ Following outcomes of McCloud case, providing understanding and training to employers and Committee/Board members on the impact.
 - ◇ More employer training through live and recorded webinars.

Investments



Objectives

- Maximise the returns from investments within reasonable risk parameters;
- Ensure the Fund's investments are properly managed before, during and after pooling is implemented; and
- Ensure investment issues are communicated appropriately to the Fund's stakeholders.

Business Plan 2020-2023

Area of Activity including Strategic BAU	2020/2021	2021/2022	2022/23
Strategic Asset Allocation review	Biannual	Biannual	Biannual
Institutional Investment Consultant procurement	Commence	Implement	-
Institutional Investment Consultant – CMA	Annual	Annual	Annual
Independent Investment Adviser – procurement	Implement	-	-
Independent Investment Adviser review	-	-	Triennial
Global Custody procurement	Commence	Implement	-
Asset/Liability Study	Triennial	-	-
Investment Strategy Statement review including	As required	As required	As required
Treasury Management Strategy review	Annual	Annual	Annual
ACCESS collaboration	Ongoing	Ongoing	Ongoing
Individual Manager review	Quarterly	Quarterly	Quarterly
Review of CEM Benchmarking/Cost Transparency	Annual	Annual	Annual

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities and BAU, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Interim Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	0.25
Investment Team	2.25
Funding/Employer Team	-
Governance Team	-
Administration Team	-
Technical Team	0.20
Systems Team	0.20
Total	3.00

* These are estimated figures and are subject to change.

Business Plan 2020-2023

Support from Third Party Suppliers

External Third Party Support

Hymans Robertson - Institutional Investment Consultant
Mark Stevens - Independent Investment Adviser
Northern Trust - The Fund's Global Custodian
Barnett Waddingham LLP - Fund Actuary

Budget

To deliver the above activities in 2020/21, the budget allocated for third party support is £480k.

Training

Training offered/delivered to our Committee/Board Members to increase knowledge, enabling robust decision making:

Training	2020/21	2021/22	2022/23
Bitesize Training by Asset Class	Quarterly	Quarterly	Quarterly
Contract Training	Annual	Annual	Annual
Investment Strategy Statement Training	Annual	Annual	Annual
Responsible Investment Training	Ongoing	Ongoing	Ongoing
Asset / Liability Study Training	Triennial	-	-
Review Investment Management Fees / Cost Transparency	Annual	Annual	Annual
Market Commentary	Quarterly	Quarterly	Quarterly
Cash Flow Training	Annual	Annual	Annual

Business Plan 2020-2023

Training continued

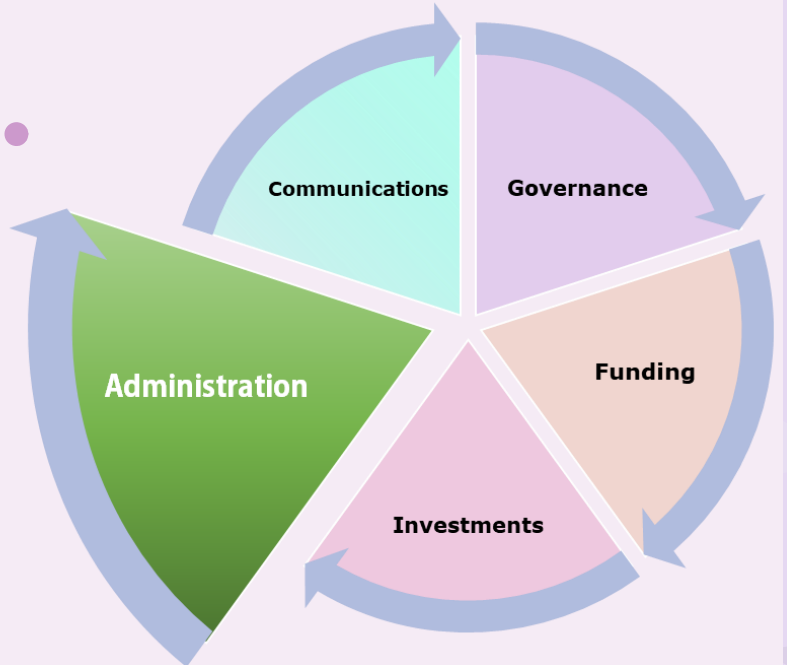
Training	2020/21	2021/22	2022/23
LAPFF Members Meetings	Quarterly	Quarterly	Quarterly
LAPFF Annual Conference	Annual	Annual	Annual
LGC Investments and Pensions Summit	Annual	Annual	Annual
LGC Investment Seminar	Annual	Annual	Annual
Investment & Training Seminar	As required	As required	As required
ACCESS Investor Days/Training Requirements in Relation to Pooling	Biannual	Biannual	Biannual
Any other Investment training as necessary	Ongoing	Ongoing	Ongoing

On the Horizon

- Structural Reform of the LGPS: Pooling of Investments.
 - ◊ Working collaboratively with ACCESS (which is made up of 10 other local authorities) to pool the Fund's investments. Over the coming months ACCESS will be working towards establishing suitable solutions to pool the illiquid assets of the funds.
- Responsible Investment
 - ◊ Continue developing the Fund's approach to responsible investment and engagement, working collaboratively with ACCESS, the Local Authority Pension Fund Forum and the Fund's Investment Managers.
- Pension Schemes Bill 2019/20
 - ◊ New Pension Fund reporting requirement.

Business Plan 2020-2023

Administration



Objectives

- Deliver a high quality friendly and informative service to all beneficiaries and employers at the point of need;
- Ensure contribution income is collected from the right people at the right time in the right amount;
- Ensure benefits are paid to the right people at the right time in the right amount; and
- Ensure the Fund employers are aware of and understand their roles and responsibilities, and carry out their functions in line with legislation, guidance and the Fund's agreed policies and procedures.

Business Plan 2020-2023

Area of Activity including Strategic BAU	2020/21	2021/22	2022/23
LGPS Reform – Planning for Administration changes	Ongoing	Ongoing	Ongoing
Review/Procurement of Administration System	Implement	-	-
Review of Pensions Single payments	Implement	-	-
Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online	Ongoing	Ongoing	Ongoing
Administering Authority Discretions	-	Review	-
Review of Administration Strategy	-	Review	-
McCloud Preparation/Implementation	Ongoing	Ongoing	Ongoing
Monthly Returns Digital Transformation	Development	Implementation	Review
Data Improvement Plan	Ongoing	Ongoing	Ongoing
Participation in National Fraud Initiative	Ongoing	Ongoing	Ongoing
Monthly Bulk Leaver/Retire Online development/implementation	Ongoing	Ongoing	Ongoing

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Interim Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	0.25
Investment Team	-
Funding/Employer Team	-
Governance Team	1.00
Administration Team	33.50
Technical Team	4.40
Systems Team	4.25
Total	43.50

* These are estimated figures and are subject to change.

Business Plan 2020-2023

Support from Third Party Suppliers

External Third Party Support

Independent Governance Administration Adviser
Civica - Administration System
Adare - Printing
Faraday - Tracing Bureau
Barnett Waddingham LLP - Fund Actuary

Budget

To deliver the above activities in 2020/21, the budget allocated for third party support is £570k.

Training

Training offered/delivered to our Committee/Board Members/Fund Employers/Fund Members to increase knowledge, enabling robust decision making:

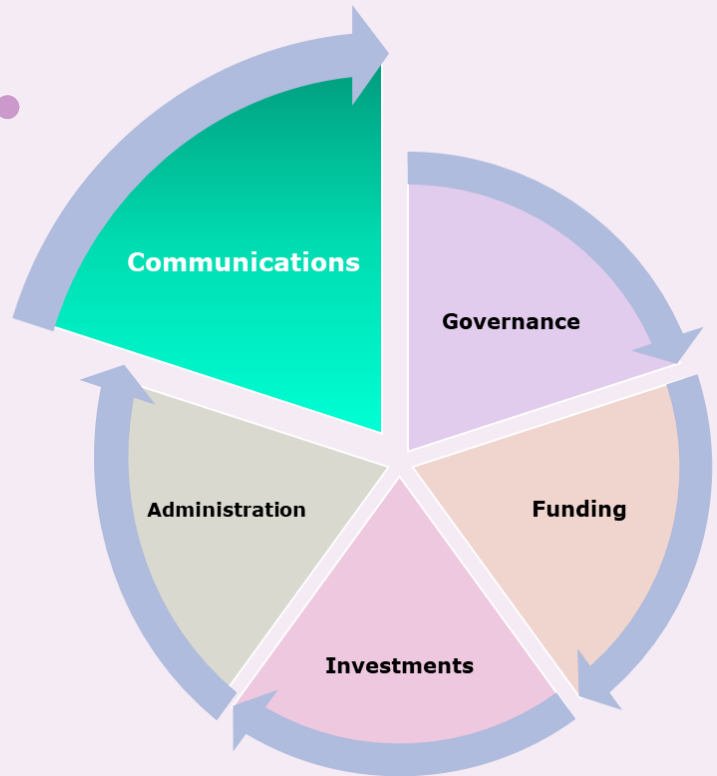
Training	2020/21	2021/22	2022/23
Back to Basics Training	Annual	-	-
Demonstration of Member Online	As required	As required	As required
Road Shows	Ongoing	Ongoing	Ongoing
Annual Return Workshops	Ongoing	Ongoing	Ongoing
Employer Online Workshops	Ongoing	Ongoing	Ongoing
Any other administration training as necessary	Ongoing	Ongoing	Ongoing

Business Plan 2020-2023

On the Horizon

- Data
 - ◇ There is increased scrutiny by the Government and tPR in regards to the data held by funds to guarantee its accuracy and completeness. The Fund will need to work collaboratively with its stakeholders to ensure the quality of data provided is up to date, accurate and complete.
- McCloud
 - ◇ Due to the court case, benefits will need to be recalculated which will increase the volume of work for both the Fund and its employers and will impact costs. Also, the Cost Cap mechanism was paused because of McCloud but the Government has indicated it will re-run the Cost Cap mechanism once McCloud has been remedied. This could mean further retrospective scheme changes, in addition to those required as a result of McCloud.
- Pensions Dashboard
 - ◇ The Pension Schemes Bill currently being introduced by the Government creates a legislative framework to support the introduction of pension dashboards. It will probably be a number of years before any dashboard provider is ready to receive scheme data but the Fund is likely to be required to provide scheme member data to one or more dashboard providers at some point.

Communications



Objectives

- Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally;
- Ensure our communications are useful and easy to follow;
- Deliver information in a way that suits all types of stakeholders including providing more accessibility through greater use of technology; and
- Aim for full appreciation of the pension scheme benefits and changes to the Scheme by all the scheme members, prospective scheme members and employers.

Business Plan 2020-2023

Area of Activity including Strategic BAU	2020/21	2021/22	2022/23
LGPS Reform	Ongoing	Ongoing	Ongoing
Communications Policy review	-	-	Triennial
Greater Digitalisation of the Fund including the exploration of Electronic Communications therein	Ongoing	Ongoing	Ongoing
McCloud Implications	Ongoing	Ongoing	Ongoing
Social Media Channel exploration	Ongoing	Ongoing	Ongoing
Review of website	Commence	Implement	Review
Annual Benefit Statements review and development	Ongoing	Ongoing	Ongoing

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Interim Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	-
Investment Team	0.10
Funding/Employer Team	0.20
Governance Team	-
Administration Team	0.25
Technical Team	1:00
Systems Team	0.15
Total	1.80

* These are estimated figures and are subject to change.

Business Plan 2020-2023

Support from Third Party Suppliers

External Third Party Support

Independent Governance Administration Adviser
Barnett Waddingham LLP - Fund Actuary
Hymans Robertson - Institutional Investment Consultant

Budget

To deliver the above activities in 2020/21, the budget allocated is included in Operational Budget.

Training

Training offered/delivered to our Committee/Board Members to enabling robust decision making: includes:

Training	2020/21	2021/22	2022/23
Back to Basics Fund information training	Annual	Annual	Annual
Ad hoc Communications Training	Ongoing	Ongoing	Ongoing
Media training	Investigate	-	-

*Additional training relating to communications is covered under other areas.

Business Plan 2020-2023

On the Horizon

Training offered/delivered to our Committee/Board Members to increase knowledge, enabling robust decision making:

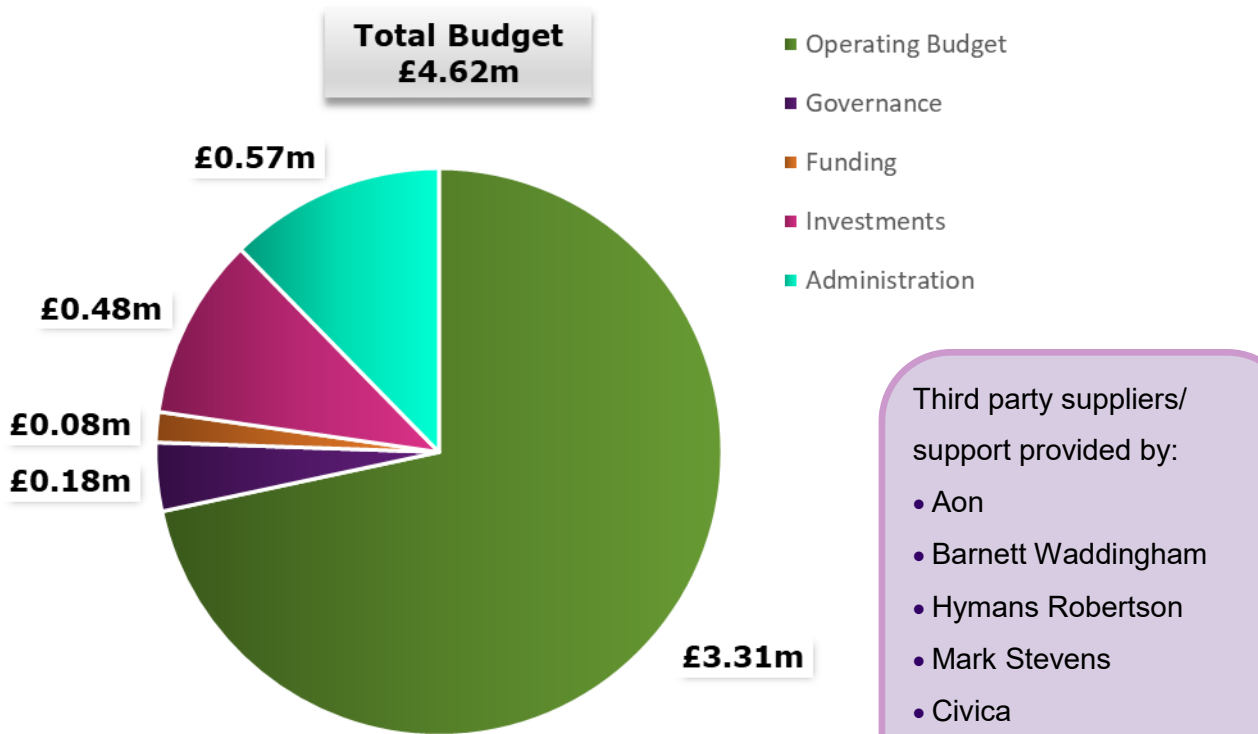
- McCloud
 - ◇ Due to the court case and expected retrospective changes to benefits, significant communications work will be needed to keep scheme members and employers informed about the changes and the timetable for implementation. This could require significant staff resource and additional printing costs depending on the timing and complexity of the outcome of McCloud for the LGPS.
- Pensions Dashboard
 - ◇ The Pension Schemes Bill currently being introduced by the Government creates a legislative framework to support the introduction of pension dashboards. It will probably be a number of years before any dashboard is up and running but the Fund is likely to need to communicate with members in the run up and post implementation.

Business Plan 2020-2023

Additional Information

Budget

The 2020/21 operational and third party supplier support budget is shown below:



*Investments excludes Investment Management Fees and associated expenses

Business Plan 2020-2023

Key Policy Documents

For further information on the Essex Pension Fund, please visit our website



www.essexpensionfund.co.uk

- Administration Strategy
- Communications Policy
- Governance Policy & Compliance Statement
- Funding Strategy Statement
- Investment Strategy Statement
- Risk Management
- Conflict of Interest Policy
- Annual Report & Accounts

Further Information

If you require further information about anything in or related to this Business Plan, please contact:

Jody Evans, Interim Director for Essex Pension Fund

Email: Compliance.team@essex.gov.uk

**Essex Pension Fund
Seax House
Chelmsford
Essex
CM1 1QH**

Business Plan 2019-20

Governance



Objectives

- Provide a high-quality service whilst maintaining value for money.
- Ensure compliance with the Local Government Pension Scheme (LGPS) regulations, other relevant legislation and the Pensions Regulator's Codes of Practice.
- Ensure the Pension Fund is managed, and its services delivered by people who have the appropriate knowledge and expertise.
- Evolve and look for new opportunities, ensuring efficiency at all times.
- Act with integrity and be accountable to our stakeholders.
- Understand and monitor risk and compliance.
- Continually measure and monitor success against our objectives.
- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.

Business Plan 2019-20

Action	How will this be achieved?	Officer managing action	Progress as at 31 March 2020
Further roll out of training and training needs assessments	Further roll out of training and training needs assessments; training & training needs assessments will continue in 2019/20; and a revised training strategy and training plan is to be developed.	Fund officers / IGAA	Activity complete for 2019/20. Various training during 2019/20 has been carried out/attended including, but not limited to: <ul style="list-style-type: none"> • RI Workshop; • Investment for Life Training & Seminar (Baillie Gifford); • ACCESS Investor Day; • Valuation Training / Valuation Webinar; • ISS Training; • Local Authority Responsible Investment Seminar; • Annual Governance Conference; and • LAPFF Members meetings.
Annual review of governance policy	Annual review of governance policy; review governance policy to ensure it is relevant and up to date, including the governance compliance statement; and ToRs for all Boards/ Committee to be reviewed.	DfEPF, CM & IGAA	Complete for 2019/20. The Governance Policy and Compliance Statement was reviewed and subsequently approved at the 4 March 2020 PSB meeting.
Annual review of Pension Fund Board	Annual review of Pension Fund Board; review of Pension Fund Board membership; and review the effectiveness of the Pension Fund Board and the services supplied to it.	DfEPF, CM & IGAA	Complete for 2019/20. The PAB review, including TOR, Membership and timings/number of meetings has been completed.

Business Plan 2019-20

Funding



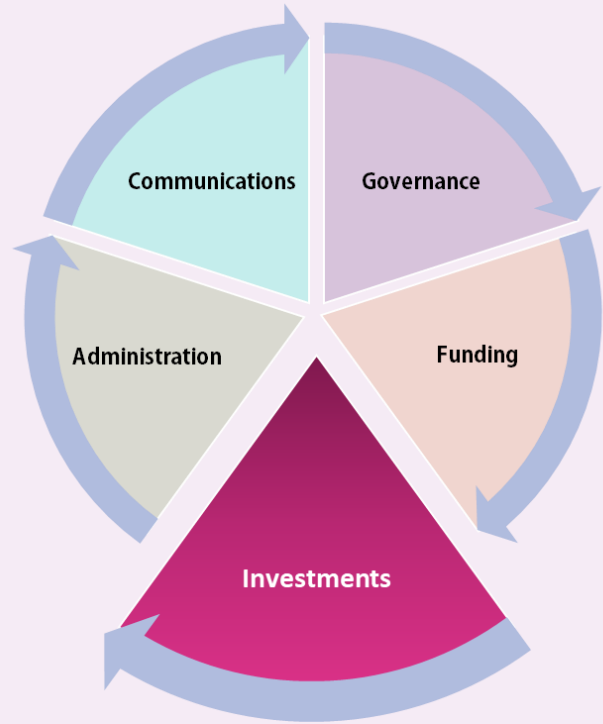
Objectives

- To recognise in drawing up the funding strategy the desirability of employer contribution rates that are as stable as possible.
- To prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement.
- To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption, where necessary, of employer specific funding objectives.
- To ensure consistency between the investment strategy and funding strategy.
- To maintain liquidity in order to ensure benefits can be met as and when they fall due over the lifetime of the Fund.
- To adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers and ultimately the tax payer from an employer defaulting on its pension obligations to minimise unrecoverable debt on termination of employer participation.

Business Plan 2019-20

Action	How will this be achieved?	Officer managing action*	Progress as at 31 March 2020
Actuarial Valuation as at 31 March 2019	Actuarial Valuation as at 31 March 2019; an Actuarial Valuation will be commissioned from the Fund Actuary; and the various processes of the Valuation will take place throughout 2019/20.	DfEPF & EM	Complete. The Actuarial Valuation Report was published by the statutory deadline of 31 March 2020.
Review Funding Strategy Statement	Review Funding Strategy Statement as part of 2019/20 actuarial valuation process.	DfEPF & EM	Complete. The Funding Strategy Statement has been reviewed, put out for stakeholder consultation, approved and published by the statutory deadline of 31 March 2020.

Investments



Objectives

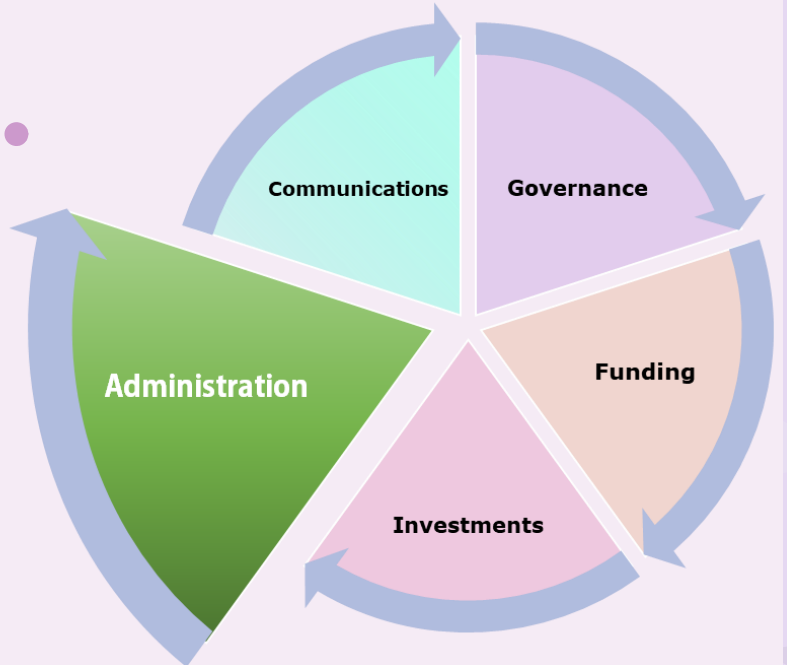
- To maximise the returns from investments within reasonable risk parameters.
- To ensure the Fund's investments are properly managed before, during and after pooling is implemented.
- Ensure investment issues are communicated appropriately to the Fund's stakeholders.

Business Plan 2019-20

Action	How will this be achieved?	Officer managing action	Progress as at 31 March 2020
Review of asset allocation	Review of asset allocation; Review of asset allocation as part of the strategy & structure deliberations at the ISC strategy meetings.	DfEPF & IM	Complete for 2019/20
Implement any review of investment allocation arrangement	Implement any review of investment allocation arrangement; and implement any decisions taken by the ISC in light of the Asset Liability Study.	DfEPF & IM	Complete for 2019/20
Annual review of Pension Fund Board	Annual review of Pension Fund Board; review of Pension Fund Board membership; and review the effectiveness of the Pension Fund Board and the services supplied to it.	DfEPF, CM & IGAA	Complete for 2019/20 The PAB review, including TOR, Membership and timings/number of meetings has been completed.

Business Plan 2019-20

Administration



Objectives

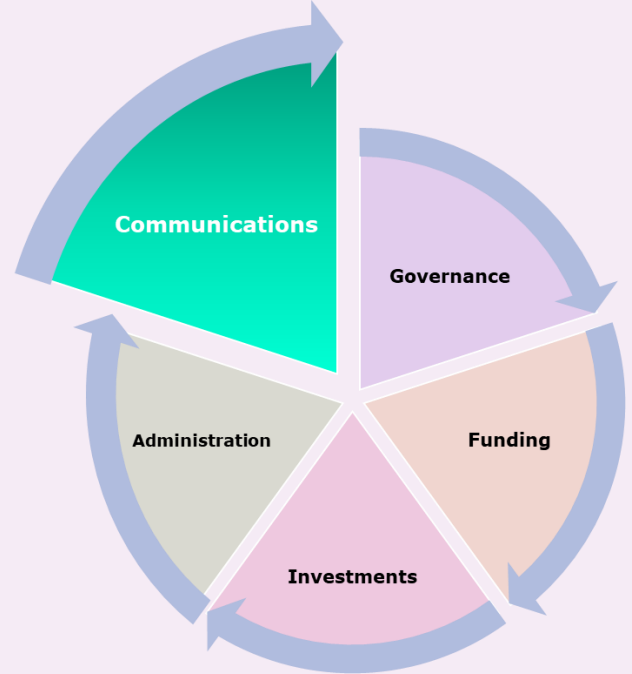
- Deliver a high quality friendly and informative service to all beneficiaries and employers at the point of need;
- Ensure contribution income is collected from the right people at the right time in the right amount;
- Ensure benefits are paid to the right people at the right time in the right amount; and
- Ensure the Fund employers are aware of and understand their roles and responsibilities, and carry out their functions in line with legislation, guidance and the Fund’s agreed policies and procedures.

Business Plan 2019-20

Action	How will this be achieved?	Officer managing action*	Progress as at 31 March 2020
Implementation of UPM (administration system)	Ongoing phased implementation of UPM (administration system); Member, Employer and Retire online.	SM	<p>In progress:</p> <p>To date 48,000 (32%) individual scheme members have been invited to use “<i>Member online</i>” of whom 16,750 (35%) are utilising this service.</p> <p>254 Employers have registered and are using “<i>Employer online</i>”.</p> <p>Retire Online has gone live on ‘<i>Member Online</i>’ where Deferred LGPS members aged over 55 can now run their own estimates and can officially retire with no input from EPF staff. Due to Deferred Pensions Increase currently being run on these members, figures will be available at the next meeting.</p>
Confirmation of GMP (Guaranteed Minimum Pension) entitlement	Confirmation of GMP entitlement; confirming the GMP (Guaranteed Minimum Pension) element of all scheme members; and will remain ongoing until the project is completed.	THM	Project complete and will now form part of Business as Usual.

Business Plan 2019-20

Communications

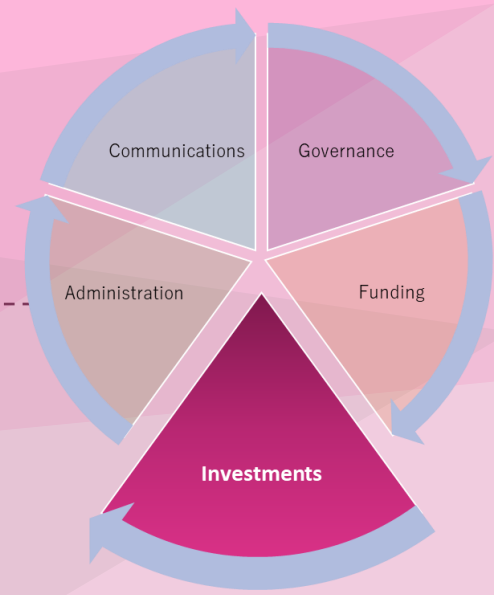


Objectives

- Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally;
- Ensure our communications are useful and easy to follow;
- Deliver information in a way that suits all types of stakeholders including providing more accessibility through greater use of technology;
- Aim for full appreciation of the pension scheme benefits and changes to the Scheme by all the scheme members, prospective scheme members and employers.

Action	How will this be achieved?	Officer managing action	Progress as at 31 March 2020
Monitor Communications Policy	Monitoring of the Communications Policy; and the Communications Policy will be reviewed during 2019/20.	THM	Complete. The Communication Policy was approved at the 4 March 2020 PSB meeting.

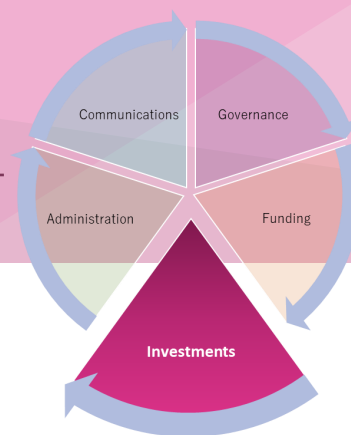
*Officer Managing Action: DFEPF - Director for Essex Pension Fund; CM – Compliance Manager; IM – Investment Manager; EM – Employer Manager; SM – Systems Manager; THM – Technical Hub Manager; and IGAA - Independent Governance & Administration Adviser.



SECTION 2

INVESTMENTS

Investment Strategy



Each year the Investment Steering Committee (ISC) reviews the performance of the Fund's Investment Strategy over the prior 12 months and formulates its future strategy going forward. Central to the review is the discipline of ensuring that the Fund's investment strategy remains consistent with the Funding Strategy and the Fund's Investment Beliefs.

In the latter part of 2017, the ISC commissioned the Institutional Investment Advisers, Hymans Robertson to undertake an Asset Liability Study as part of the review of the Fund's Investment Strategy following the 2016 Actuarial Valuation.

This highlighted that the level of investment return needed to meet the Actuary's investment assumption could continue to be met at a reduced level of risk.

In light of these findings the ISC has agreed in principle a series of measures which will see the level of equities within the portfolio reduce from the current target of 60% to 50% in the first instance and then 45% as suitable alternative investment opportunities arise over the next two to three years.

The table below shows the strategic allocation and the desired target allocation as agreed at the November 2017 ISC meeting that the Fund is moving towards.

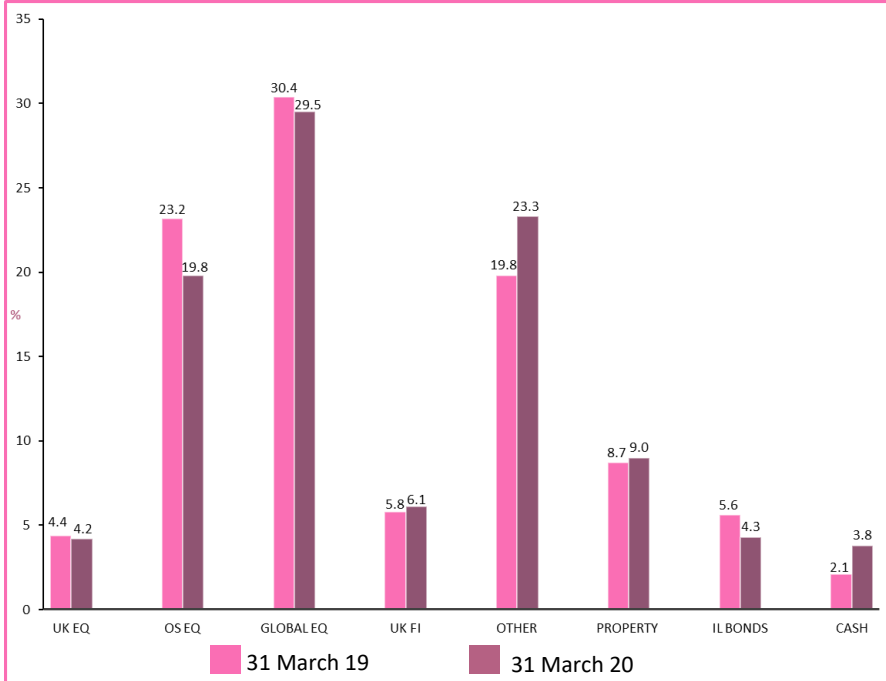
Asset Class	Original Strategic Allocation	Current Strategic Allocation	Proposed Target Allocation
Equities	60%	50%	45%
Bonds	13%	13%	18%
Alternatives	27%	37%	37%
Total	100%	100%	100%

A triennial Actuarial Valuation was undertaken as at 31 March 2019 following the outcome of this the ISC has commissioned that an Asset Liability Study be undertaken in the forthcoming year to ensure that the current investment strategy and programme of implementation is still appropriate.

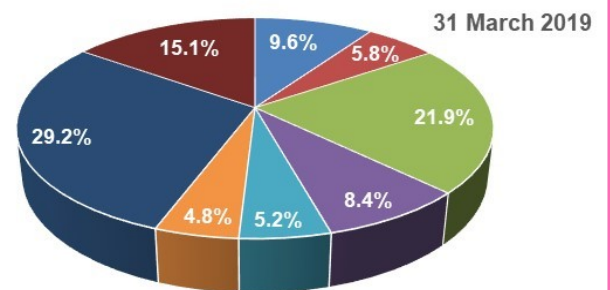
Portfolio Distribution at 31 March

The graphs below show the change in the Fund's actual portfolio distribution between the main asset classes as at 31 March over the last two years.

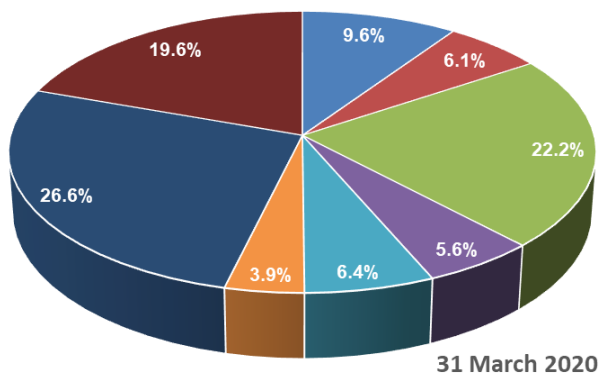
Investment Strategy



The following graph shows the proportion of the Fund under management by Fund Manager as at 31 March.



- Aviva Investors
- GSAM
- Link Solutions Limited
- Marathon
- M&G Alpha Opps
- Stewart Investors
- UBS Asset Management
- Other



Investment Decisions

During the year the Fund continued to work with its partnering Funds in ACCESS and whilst no new investments were made in any new ACCESS sub funds the Fund continues to explore with its partnering Funds how best ACCESS can assist the Fund in implementing its investment strategy.

Details of ACCESS activities during the year can be found in the ACCESS Annual Report provided in the Introduction section of this report.

The following outlines key strategic decisions that the ISC have made during 2019/20 that have helped shape both the strategic and actual portfolio allocations shown above. It also discusses changes resulting from decisions made in prior years that have been implemented during 2019/20.

Equity

The Fund is a long-term investor and the investment beliefs contained within its Investment Strategy Statement include the following statement: *Over the long term, equities are expected to outperform other liquid asset classes, particularly bonds.*

In light of the outcome of the Asset Liability study undertaken in 2017/18 it was acknowledged that the target allocation for equities of 60% was no longer appropriate and could be reduced as and when suitable alternative opportunities arise.

The first phase of this reallocation was to trim the equity overweight position, redirecting to the underweight bond allocation. This was undertaken during 2018/19 prior to Baillie Gifford and Longview's mandate being transitioned into the ACCESS Pool.

During 2019/20 the Fund continued to trim the mandate managed by Marathon by a further 3% redeploying the cash to fund alternative allocations.

Largest 10 Equity Holdings of the Fund as at 31 March 2020

The table below shows the Funds top 10 equity holdings as at 31 March.

	Market Value 31 March 2020 £m	Proportion of the net assets of the fund %
TATA CONSULTANCY	19.8	0.3
UNILEVER PLC	17.4	0.3
UNI-PRESIDENT ENTERPRISES	13.4	0.2
JOHNSON & JOHNSON	9.3	0.1
ORACLE CORPORATION	8.8	0.1
FOMENTO ECONOMICO MEXICANO	8.2	0.1
KOC HOLDING	8.1	0.1
ALPHABET INCORPORATED	8.0	0.1
BANCO BILBAO VIZAYA ARGENTARIA	7.7	0.1
TECH MAHINDRA	7.7	0.1
Total	108.4	1.5

Investment Decisions

Bonds

The Active Cash plus bond mandates of M&G Alpha Opportunities and Goldman Sachs have target allocations of 5.5% to each strategy. The Fund believes these mandates are useful in terms of diversifying the equity allocation and managing asset volatility. The Committee in 2018/19 took the opportunity to top up both the Goldman Sachs and M&G mandates that had fallen behind their targets using proceeds from rebalancing the Baillie Gifford global equity mandate. During 2019/20 as part of the ongoing strategy to further continue to trim the equity allocation by redirecting a further 1% to M&G Alpha Opportunities.

The Fund maintains a small (2%) allocation to Index Linked Gilts as part of passive providers swing mandate. The mandate setup helps the Fund to maintain its overall strategic allocation as the liquid nature of the asset class allows rebalancing to be implemented quickly and at low cost to the Fund. In addition, it also provides some inflation protection to the Fund and are therefore preferred to holding conventional gilts.

Property

Following the July 2018 annual review, the Committee recognised that the UK mandate currently managed by Aviva may be limiting the Fund's opportunity universe and that in order to capture the wider opportunity set this could be achieved by an additional allocation to global property. Following an OJEU procurement process the ISC appointed Partners Group. During 2019/20 Partners Group commenced building the portfolio; which held 235 properties as at 31 March 2020.

Over the last 18 months the property mandate managed by Aviva continued to be restructured. Larger lot sized direct properties continue to be preferred with investment in indirect property used strategically to complement and tap into attractive property opportunities that could not otherwise be invested directly.

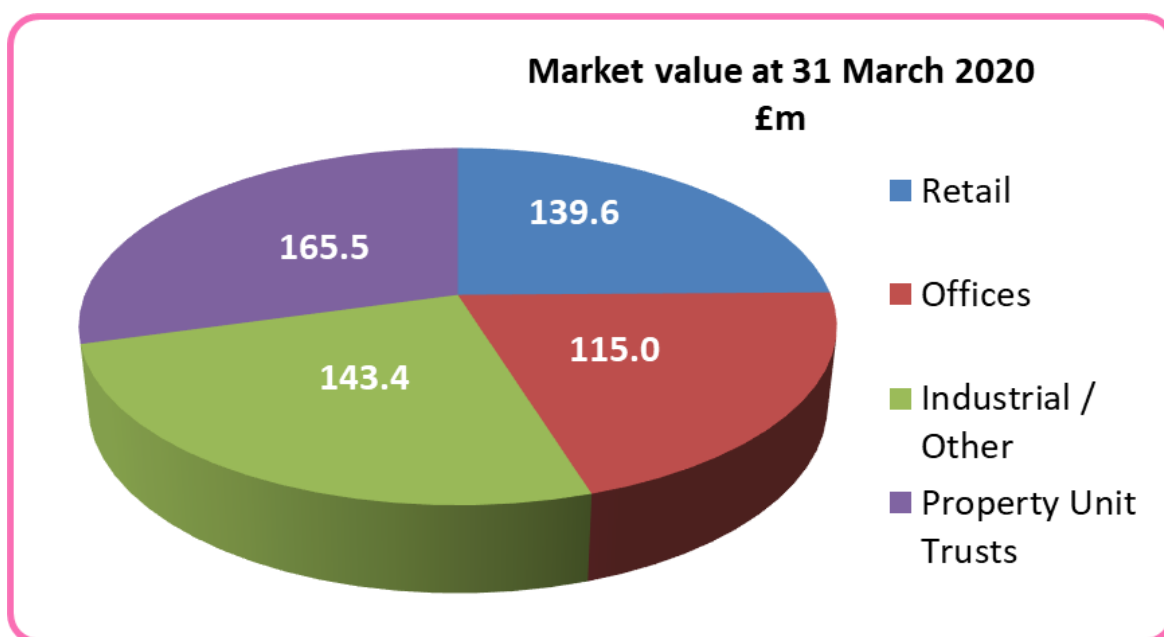
Over the last 18 months the property mandate managed by Aviva has struggled in the current climate

In 2019/20 Aviva acquired two properties located in Manchester and Bath, both in the retail space. Aviva also completed the sale of five smaller properties totalling c£44.5m.

More detail in respect of the Fund's property portfolio is shown below.

Investment Decisions

The first graph provides detail of the type of property in which the Fund invests whilst the second table provides detail of the Fund's five largest direct properties held as at 31 March.



Sector	Location	Market value at 31 March 2020 £m
Industrial	Canning Town Business Park, London	49.40
Industrial	Orpington Gateway, Cray Avenue, Orpington, Kent	44.70
Offices	201 Deansgate, Manchester, Lancashire	35.10
Offices	Kett House, Station Road, Cambridge	26.20
Industrial	734-736 Seven Sisters Road, London	23.60

Alternatives

Infrastructure

The ISC continues to be a supporter of this asset class with ambition to target 10% of its alternative allocation via a fund of fund approach and investing directly. The allocation is diversified and split between three investment managers: Partners Group; JP Morgan and IFM Investors.

Investment Decisions

The ISC this year took great strides in reaching its target by taking the opportunity to top up each of the three infrastructure managers by agreeing to allocate a further £60m to Partners Group 2020 vintage in order to maintain their allocation and a further 1.5% each to both IFM and JPMorgan of which 50% of IFM commitment was drawn on 1 April 2020. Over the year good progress has also been made in drawing down commitment to the various vintages.

Private Equity

The Fund has invested in this asset class for almost 20 years. As at 31 March 2020, the Fund's allocation continued to remain overweight, with the Fund targeting a strategic allocation of 4%. This largely due to the positive point the Fund is within the J curve.

The Fund continued its commitment to investing in new private equity opportunities with agreeing to make a further commitment of £50m invested during 2019/20 to maintain the 4% target allocation to this asset class. The Fund is currently in a position where new commitments are now funded via its positive net cashflow position. Four new partnerships were invested in during the year taking the number of active private equity partnerships to ninety-three.

Currency

The Fund has a substantial exposure to overseas currencies given the global nature of many of the assets in which it invests. The Fund manages its currency exposure via investing in hedged versions of the regional index funds managed by its passive provider, UBS Asset Management. The ISC are currently keeping this under review.

Timber

Like infrastructure, the Committee also revisited this asset allocation during the year. Due to the swift deployment of getting the funds committed into the ground over the last few years the Fund was able to maintain its allocation of 2%. As a consequence, it was agreed that the strategic allocation to timber be increased to 4% of the Fund by further increasing the target allocation of the existing manager, Stafford Capital Partners. The ISC took the opportunity to commit at its February 2020 meeting £100m to Stafford's IV Fund. It is anticipated that the IV Fund will commence drawdown of the commitment in the first half of 2020/21. At the end of the year only 3% remained unfunded of the original commitments.

Private debt

Alcentra was appointed in 2014/15 to manage a private debt mandate. The Fund invests mainly via direct lending funds with a small allocation to Alcentra's Global Multi Credit Solution Fund.

The direct lending funds have made steady funding progression during the year. The ISC as part of its de-risking programme are due to look at this asset class in the forthcoming year and is working with its ACCESS partners to seek potential solutions.

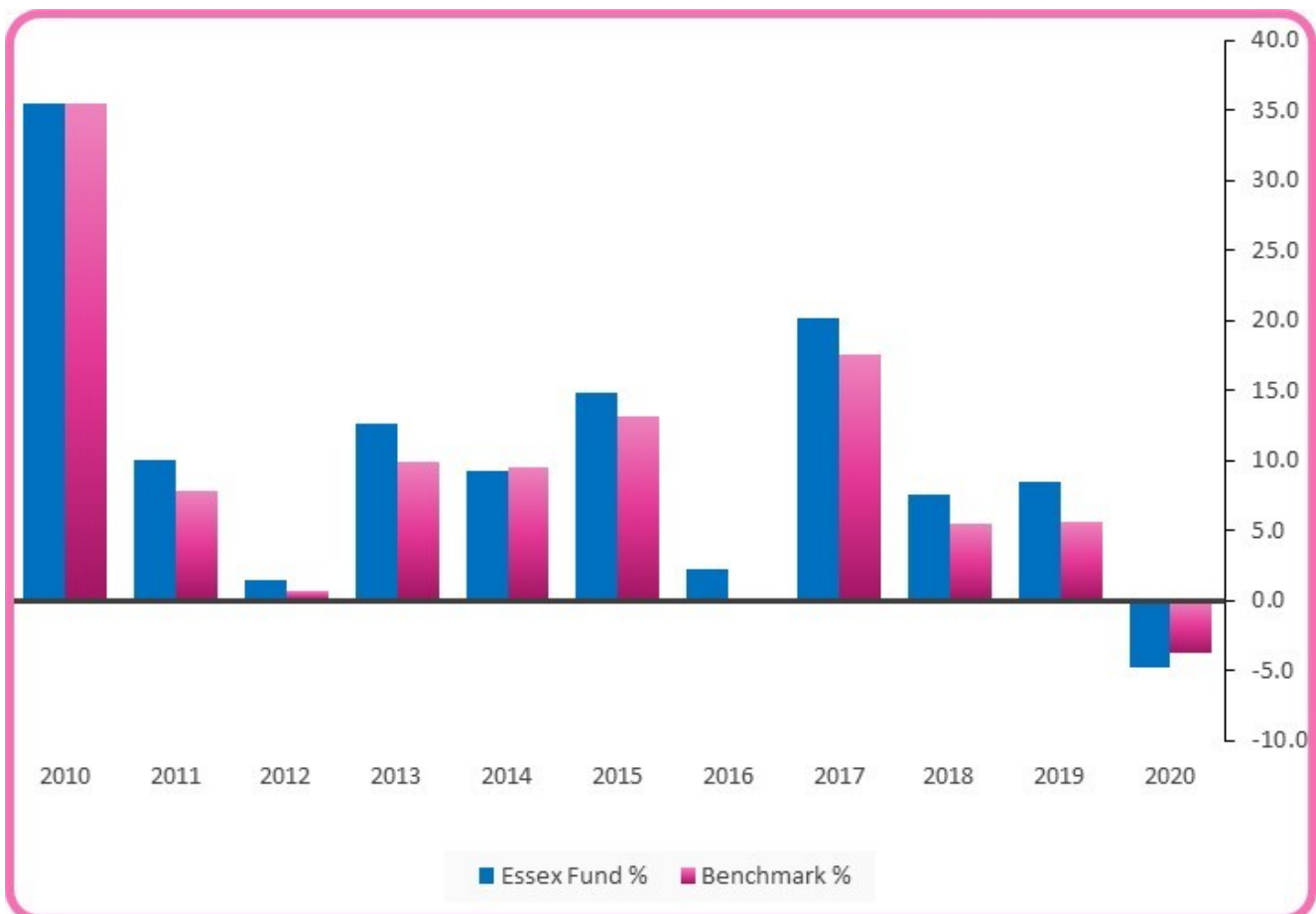
Investment Performance 2019-20

The investment performance of the Fund Managers is reported on a quarterly basis to the Investment Steering Committee (ISC). The Fund Managers submit reports and valuations for this purpose and meet at least annually with the Committee and/or its Officers and Adviser to make oral presentations and to answer questions.

Fund Managers are required to provide performance information to Northern Trust, who assess the rate of return achieved and provide performance reports that are for consideration by the ISC.

Total Fund Performance

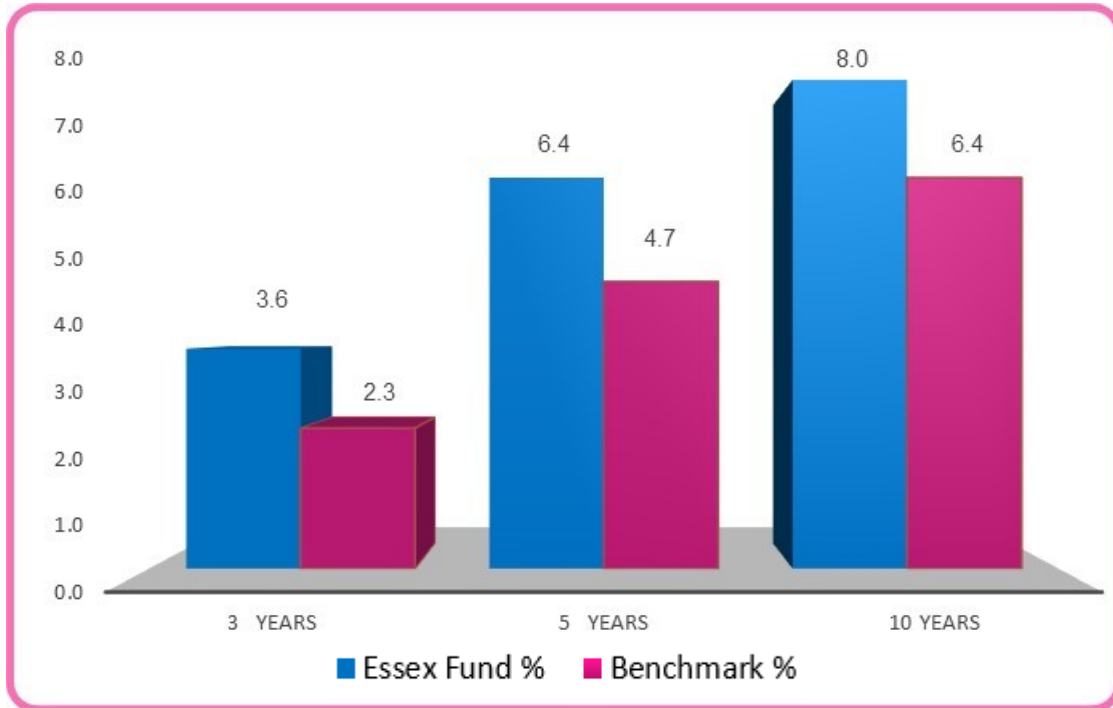
The graph below shows the relative performance of the Essex Pension Fund. The overall return on the Fund for 2019/20 was **-4.8%** compared to the customised benchmark of **-3.8%**.



2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
35.5	10.0	1.5	12.6	9.2	14.8	2.2	20.1	7.6	8.5	-4.8
35.5	7.8	0.7	9.9	9.5	13.1	-0.1	17.6	5.5	5.6	-3.8

Investment Performance 2019-20

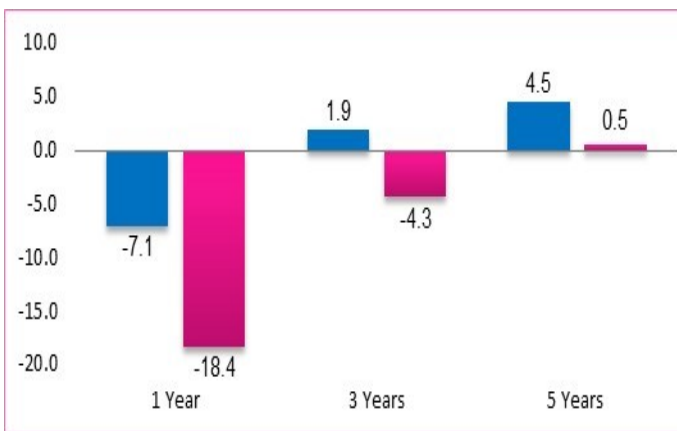
The below table shows the long term performance of the Fund and the variation against the benchmark.



Returns by Asset Class

The analysis set out below shows the returns by asset class over the last 5 years:

UK Equities



Overseas Equities



■ Essex Fund % ■ Benchmark %

Investment Performance 2019-20

Returns by Asset Class

The analysis set out below shows the returns by asset class over the last 5 years:

Bonds

Index Linked Bonds :

data unavailable for 3 and 5 years



Property

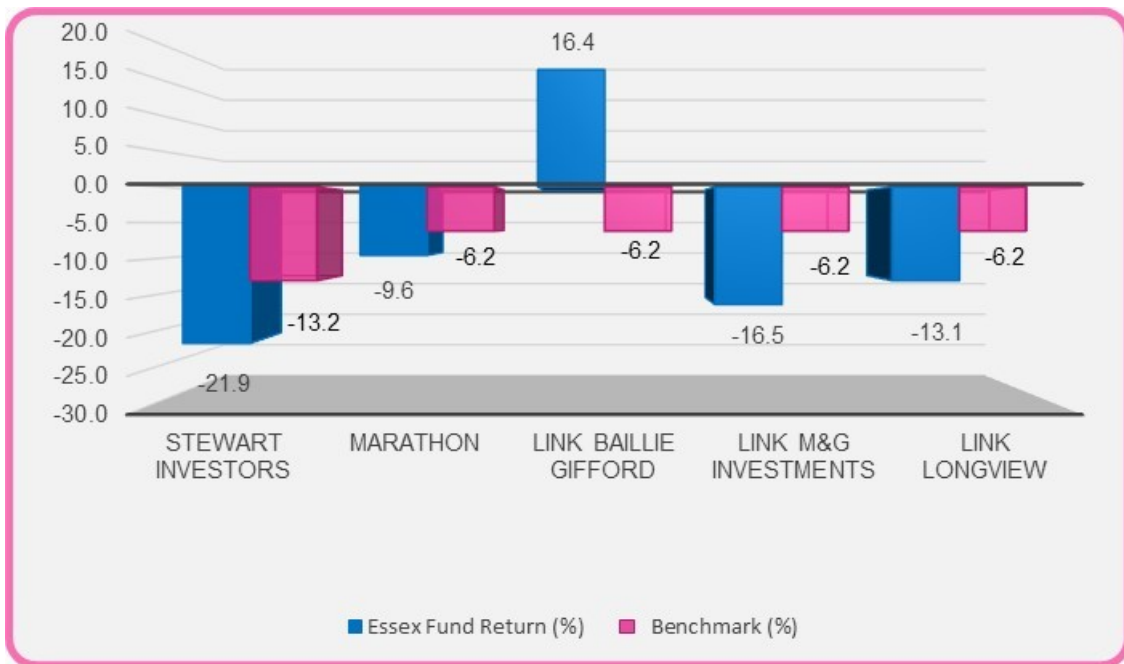


Investment Performance 2019-20

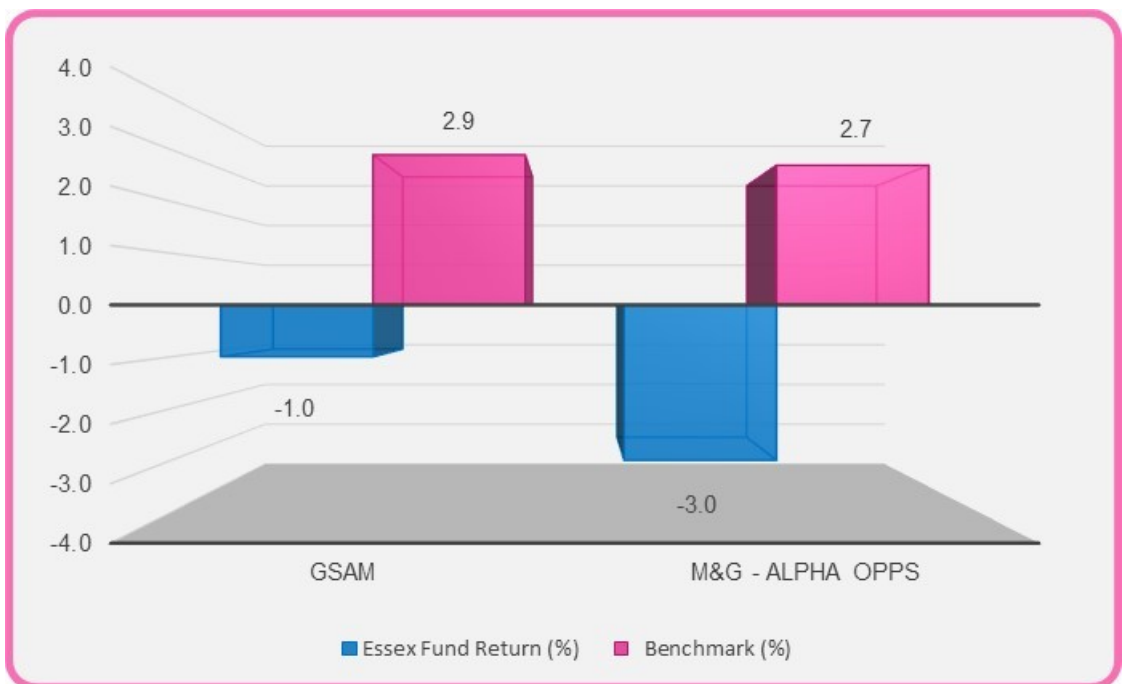
Equity and bond performance by fund manager

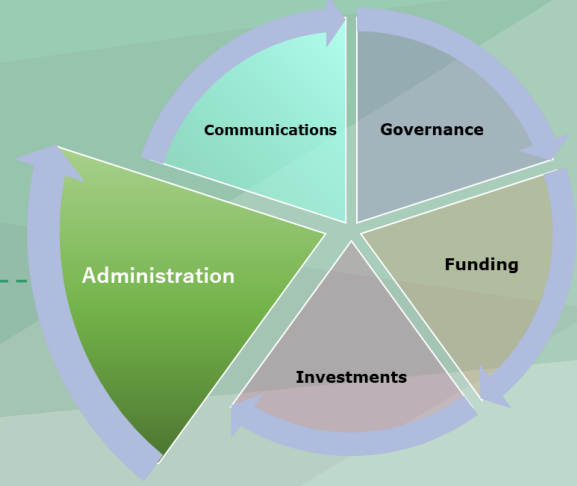
The following graphs show the performance of each Equity and Bond mandate compared to their benchmark for the year ended 31 March 2020

Equity Managers



Bond Managers





SECTION 3

Administration



Membership Summary

The table below breaks down membership by type of the Fund as at 31 March:

31 March 2019 Restated		31 March 2020
52,524	Contributors	57,498
42,405	Pensioners	44,682
73,827	Deferred pensioners	69,857
168,756	Total	172,037

* *Deferred pensioners are former employees who have chosen not to transfer their pension rights.*

In 2019-20 there have been 3,642 new pensions paid, which are analysed below:

Retirement Type	Number of Retirements
Ill Health	121
Normal	1,363
Early	2,158
Total	3,642

Key service standards for scheme members

The table below details the Fund's Key Service Standards and the Fund's achievement against these standards:

Type of work	2017/18 KPI (%)	2018/19 KPI (%)	2019/20 KPI (%)
Letter detailing transfer in quote issued within 10 working days	89.3	88.7	90.1
Letter detailing transfer out quote issued within 10 working days	90.0	88.9	95.2
Letter detailing process of refund and payment made within 10 working days	95.1	96.2	92.8
Letter notifying estimated retirement benefit amount within 15 working days (Active)	*	*	98.4
Letter notifying estimated retirement benefit amount within 15 working days (Deferred)	*	*	97.2
Letter notifying estimated retirement benefit amount within 15 working days (Total)	98.2	98.3	97.5
Letter notifying actual retirement benefit amount within 15 working days (Active)	*	*	99.3

Key service standards for scheme members

Type of work	2017/18 KPI (%)	2018/19 KPI (%)	2019/20 KPI (%)
Letter notifying actual retirement benefit amount within 15 working days (Deferred)	*	*	98.3
Letter notifying actual retirement benefit amount within 15 working days (Total)	*	*	98.8
Letter acknowledging death of active / deferred / pensioner member within 5 working days	99.7	99.8	99.9
Letter notifying the amount of dependents benefits within 10 working days	96.4	97.6	98.1
Process and pay lump sum retirement grant within 15 working days (Active)	*	*	99.2
Process and pay lump sum retirement grant within 15 working days (Deferred)	*	*	98.3
Process and pay lump sum retirement grant within 15 working days (Total)	99.2	99.2	98.7

Key service standards for scheme members

Type of work	2017/18 KPI (%)	2018/19 KPI (%)	2019/20 KPI (%)
Letter detailing cash equivalent value and other benefits for a divorce quote within 45 days	*	*	96.7
Letter detailing cash equivalent value and application of Pension Sharing Order for a divorce settlement within 15 days	*	*	92.3
Send notification of joining the LGPS to new scheme member within 40 days	*	*	99.2
Process and pay lump sum retirement grant for deferred into payment within 15 working days	*	*	98.3
Calculate and notify deferred benefits within 30 working days	87.9	90.0	78.7

* Data not available for 2017/18 and 2018/19

Scheme Details

Essex Pension Fund administers the Local Government Pension Scheme (LGPS), on behalf of Essex County Council, for employees of County, Borough, District and Unitary Councils, and over 700 other employing bodies. The scheme does not include teachers, fire-fighters and police officers, who have separate pension schemes.

Benefits are prescribed by, and the Essex Pension Fund is invested in accordance with, the provisions of the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The rate of member contributions is between 5.50% and 12.5% of pensionable pay and the rate of employer contributions is set at each triennial valuation of the Essex Pension Fund. A member can choose to pay a reduced contribution of one half of the standard rate, known as the 50/50 option. A reduced pension accrual rate is applied as detailed in the Retirement Benefits section below.

Brief details of some of the principal benefits available to members of the LGPS are listed below.

Retirement Benefits

A member must have a minimum of 2 years membership of the LGPS to qualify for pension benefits and if they are aged 55 or over on retiring from their employment, they can choose to receive immediate payment.

Benefits paid before Normal Pension Age (state pension age or age 65, if later) are reduced for early payment.

Payment of the benefits can be deferred beyond Normal Pension Age but they must be paid before age 75 is reached and they are increased for late payment.

For membership before 1 April 2014, the benefits are based on length of service and pensionable salary (normally received in the last 12 months of membership).

For membership after 31 March 2014, the annual pension is calculated on a Career Average Revalued Earnings (CARE) basis. The aggregated CARE pension earned at the end of each scheme year (1 April to 31 March) is revalued by HM Treasury Orders and carried forward to the following year.

i) Annual Pension

The calculation of the annual pension is based on the following formula:-

*Final Pay x 1/80 x Membership up to 31 March 2008, plus
Final Pay x 1/60 x Membership from 1 April 2008 to 31 March 2014, plus
Pensionable pay (received in each scheme year after 31 March 2014) x 1/49* with the
aggregated pension revalued each year by an HM Treasury Revaluation Order*

The accrual rate for a member paying reduced contributions under the 50/50 option is 1/98. The pre 2014 retirement benefits are unaffected by this option.

Scheme Details

When in payment, the pension will receive cost of living increases as directed by Pensions Increase (Review) Orders.

ii) Lump Sum

There may be an entitlement to a tax-free lump sum, calculated using the following formula:

Final Pay x 3/80 x Membership up to 31 March 2008
(There is no automatic lump sum for Membership from 1 April 2008)

iii) Conversion of Pension

All members can exchange pension for a lump sum subject to LGPS and HM Revenue and Customs limits.

III Health Retirement

A member with at least 2 years membership who:

- (1) is, as a result of ill-health or infirmity of mind or body, permanently incapable of discharging efficiently the duties of the employment the member was engaged in, and
- (2) as a result of ill-health or infirmity of mind or body, is not immediately capable of undertaking any gainful employment and
- (3) is retired by their employer,

will receive immediate payment of a pension and, where applicable, a lump sum.

If it is considered the member is likely to be capable of obtaining gainful employment within 3 years, the pension is reviewable after 18 months and, in any case, will cease after 3 years. For all other ill health retirements, the pension is payable for life.

In certain circumstances, the membership is increased to compensate for premature retirement.

Redundancy and Business Efficiency

A member with at least 2 years membership who is aged 55 or over and is made redundant or retired on the grounds of business efficiency will receive immediate unreduced payment of a pension and, where applicable, a lump sum.

Deferred Benefits

Leavers with at least 2 years membership, who are not entitled to receive immediate payment, are awarded a deferred benefit. This is usually paid at Normal Pension Age, but a member can elect to receive early payment once he has reached age 55 in which case benefits are reduced for early payment. The member has the option to defer payment beyond Normal Pension Age but their pension must be brought into payment before their 75th birthday. Alternatively, it may be possible to transfer the cash equivalent value of the deferred benefit to another pension arrangement. Deferred benefits receive cost of living increases as directed by Pensions Increase (Review) Orders.

Scheme Details

Death in Service

A lump sum death grant of 3 times pensionable pay received is payable, regardless of the period of scheme membership. In addition, pensions are payable to surviving spouses, or partners. Dependent children under the age of 18, or 23 if in continuing full-time education or training, also qualify for a pension

Death after Retirement for members retiring after 31 March 2014*

Spouse's, partner's and dependant children's pensions are payable as above. If death occurs before the pension has been in payment for 10 years, the balance is paid as a lump sum death grant.

Death in Deferment for members leaving the scheme after 31 March 2014*

A lump sum death grant of 5 times the deferred pension is payable. In addition, spouse's, partner's and dependant children's pensions are payable as above.

*Death grants may be calculated on a different basis where a member left the scheme before 1 April 2014.

Councillor Members

A modified scheme prescribed by the Local Government Pension Scheme Regulations 1997 was available for councillors of authorities whose Independent Remuneration Panel took a decision to allow them the option to be members.

From 1 April 2014, Councillors could no longer join the LGPS and existing members had to cease making pension contributions when their current term of office, on that date, ended. All councillor members in the Essex Pension Fund had ceased contributing by 9 May 2017.

Further information

Information for members, including full guides to the Local Government Pension Scheme, can be viewed on the Essex Pension Fund website at www.essexpensionfund.co.uk.

The Head of Essex Pension Fund and her staff will be pleased to answer any questions regarding the administration of the Local Government Pension Scheme (e-mail pensionenquiries@essex.gov.uk).

Participating Employers of the Fund

Administering Authority

Essex County Council

Scheduled

Basildon District Council
Braintree District Council
Brentwood Borough Council
Castle Point Borough Council
Chelmsford City Council
Colchester Borough Council
Epping Forest District Council
Harlow District Council
Maldon District Council
Rochford District Council
Southend-On-Sea Borough Council
Tendring District Council
Thurrock Borough Council
Uttlesford District Council
Anglia Ruskin University
Chelmsford Fe College
Colchester Borough Homes Ltd
Colchester Institute
Epping College (Merged Aug 18, Transferred out Jan 20)
Essex Chief Constable
Essex Fire Authority
Harlow College
Police and Fire Crime Commissioner
Seecat
South Essex Homes Ltd
The Sixth Form College Colchester

USP College

Writtle Agricultural College

Academies

Abbots Hall Primary School
Abbotsweld Primary Academy
Academies Enterprise Trust
Acorn Academy (formerly Powers Hall Infant School - converted 01/07/19)
Alderton Infant School
Alderton Junior School
Alec Hunter
Alton Pak Academy
Anglo European Academy
Appleton Academy, The
Arthur Bugler Primary School
Ashingdon Academy
Aveley Primary School
Bardfield Primary & Nursery School
Barling Magna Community Primary School
Barnes Farm Infant School
Barnes Farm Junior School
Basildon Lower Academy
Basildon Upper Academy
Beacon Hill Academy
Beaulieu Park School, The
Belchamp St Paul C of E Primary School
Belfairs Community College Academy
Belmont Castle (Previously Stifford Primary)
Benyon
Billericay Academy

Participating Employers of the Fund

Blenheim Primary School & Children's Centre

BMAT

Boswells Academy

Bournemouth Park Primary School

Bournes Green Infant School

Bournes Green Junior School

Braiswick Primary Academy

Brentwood County High School

Brentwood Ursuline Academy

Briscoe Primary And Nursery

Bromfords Academy, The

Buckhurst Hill Community Primary School

(converted 01/11/2019)

Bulphan C of E Primary School

Burnt Mill Academy

Burrsville Infant School

Buttsbury Academy

Camulos Academy

Cann Hall Academy

Castle View School

Castledon School Academy Trust

Cecil Jones Academy

Chadwell St Mary Primary School

Chafford Hundred Primary

Chase High School

Chelmer Valley High Academy

Chelmsford High School for Girls

Chelmsford Learning Partnership (converted
01/09/2019)

Cherry Tree Academy

Cherry Tree Primary School Basildon
(Converted 01/04/2019)

Chigwell Primary Academy

Chigwell Row Infant School

Chipping Ongar Primary School

Clacton Coastal Academy

Clacton County Academy

Colchester Academy

Colchester High Girls Academy

Colchester Royal Grammar Academy

Colne Community Academy

Colne Engaine C of E Primary School
(converted 01/04/2019)

Columbus Academy

Cooks Spinney Academy

Cornelius Vermuyden School

Corringham Primary School

Crays Hill Primary School

Darlinghurst

Davenant Foundation Academy

Deanes School, The

Debden C of E Primary Academy

Debden Park High Academy

Deneholm Primary School

Dilkes Primary Academy

Doddinghurst C of E Junior School (converted
01/06/2019)

Downs Primary School & Nursery, The

East Tilbury Primary and Nursery

Eastwood Academy

Elm Hall Primary School

Endeavour Coop Academy

Epping St John's C of E School

Participating Employers of the Fund

Epping Upland C of E School
Fairhouse Primary School (converted
01/05/2019)
Fawbert & Barnard's Primary School
Feering C of E Primary School
Felmore Primary School
Fitzwimarc School, The
Flitch Green Academy
Forest Hall School
Freshwaters Academy
Friars Primary School & Nursery
Gable Hall Academy
Gateway Academy, The
Giffards Primary School
Gilberd Academy
Glebe Primary School
Gosfield Community Primary School
Graham James Primary Academy
Great Baddow High Academy
Great Berry Academy
Great Clacton C of E Junior School
Great Wakering Primary Academy
Greensted Infant School & Nursery
Greensted Junior Academy
Greensward Academy
Greenways Junior School
Grove Wood Primary School
Gt Chesterford Primary Academy
Hadleigh Infant & Nursery Academy
Hadleigh Junior School Academy
Hamford Primary School Academy

Hamstel Infant School & Nursery
Hamstel Junior School
Harlowbury Primary School
Harris Academy Chafford Hundred
Harwich And Dovercourt Academy
Hassenbrook Academy Trust
Hatfield Heath Primary School
Hathaway Academy (Prev Grays School)
Hedingham Academy
Helena Romanes VI Form Academy
Henry Moore Primary School
Hereward Primary School
Herringham Primary School Academy
Heybridge Co-Operative Academy
Heybridge Primary Academy
High Beech Primary School
High Ongar Primary School
Highwood Primary
Hillhouse C of E Primary School
Hilltop Infant School
Hilltop Junior Academy
Hinguar Primary School
Hockerill Academy
Hockley Primary School
Holland Park Academy
Holt Farm Junior School
Holy Cross Catholic Primary South Ockendon
(converted 01/11/2019)
Holy Cross RC Primary Academy
Holy Family Catholic Primary School
(Benfleet)

Participating Employers of the Fund

Honywood Community Academy
Horndon on the Hill C of E (converted
01/04/2019)

Howbridge C of E Junior School

Hutton All Saints Academy

Hylands School Academy

Iceni Academy

Ivy Chimneys Primary School

James Hornsby High Academy

Janet Duke Primary School

Jerounds Primary School

John Ray Junior School

Jotmans Hall Primary Academy

Joyce Frankland Academy

Katherine Semar Infants School

Katherine Semar Junior School

Katherines Primary

Kenningtons Primary Academy

Kents Hill Infant Academy

Kents Hill Junior Academy

King Edmund Academy

King Edward Grammar Academy

King Harold B And E Academy

King John Academy

Kings Road Primary School

Kingsdown School

Kingsmoor Primary Academy

Kingston Primary Academy

Kingswode Hoe School

Kirby Primary Academy

Laindon Park Primary School

Lambourne Primary School

Lancaster School

Langham Oaks School

Lansdowne Primary School Academy

Larchwood Primary School

Larkrise Primary School

Latchingdon C of E Primary School

Latton Green Primary

Lawford Mead

Lee Chapel Primary Academy

Leigh Beck Infant & Nursery Academy

Leigh Beck Junior School

Limes Farm Infant School

Little Parndon Academy

Little Thurrock Primary School (converted
01/06/2019)

Longwood Primary Academy

Lubbins Park

Lyons Hall Primary School Academy

Magna Carta Primary Academy

Maldon Primary School

Maltese Road Primary School

Maltings Academy

Manningtree High Academy

Maple Grove

Margaretting C of E Primary School

Mark Hall School

Market Field School

Mayflower High School Academy

Maylandsea Primary School

Meadgate Primary Academy

Participating Employers of the Fund

Merrylands Primary School
Messing Primary School
Mildmay Infant School (converted 01/05/2019)
Mildmay Junior School
Milwards Primary & Junior
Mistley Norman C of E Primary School
Monkwick Infant Academy
Monkwick Junior Academy
Montgomerie Primary School
Moulsham County Junior Academy
Moulsham High Academy
Moulsham Infants Academy
Mountnessing Primary School
New Rickstones Academy
Newhall Primary Academy
Newlands Spring Primary Academy
Noak Bridge Primary School
North Crescent Primary School
North East Essex Co-Operative Academy
Northlands Primary School & Nursery
Northwick Park Primary & Nursery Academy
Notley Green Academy
Notley High & Braintree VI Form
Oak View Special School
Oaklands Infant School
Ockendon Academy, The
Olive AP Academy Thurrock
Ongar Primary School
Ormiston Park Academy
Ormiston Rivers Academy
Orsett C of E Primary School

Our Lady Immaculate Primary Academy
Our Lady of Lourdes Catholic Primary School
Our Lady of Ransom Catholic Primary School
(Rayleigh)
Parkwood Academy
Passmores Academy Trust
Paxman Academy (converted 01/09/2019)
Pear Tree Mead Academy
Pemberley Academy
Perryfields Infant School
Perryfields Junior School
Philip Morant Academy
Phoenix Primary School & Nursery, The
Pioneer School, The
Plumberow Primary Academy
Plume Academy
Porters Grange
Potter Street Primary School
Powers Hall Junior
Prince Avenue Primary Academy
Purfleet Primary School
Purford Green
Purleigh Community Primary School
Quarry Hill
R A Butlers Infants Academy
R A Butlers Junior Academy
Ramsden Hall School
Ramsey Academy, Halstead, The
Ravens Academy
Rayleigh Primary Academy
Rayne Primary and Nursery School

Participating Employers of the Fund

Richard de Clare Community School
Richmond Avenue School
Ridgewell C of E Primary School
Rivenhall C of E Primary School
Robert Drake Primary Academy
Rochford Primary School
Roding Valley High School
Rolph Church of England Primary School
Roseacres Primary School
Roxwell C of E Primary School
(converted 01/09/2019)
Roydon Primary School (Academy)
Runwell Primary Academy
Ryedene Primary School
Sacred Heart Catholic Primary School
Saffron Walden High Academy
Sandon Academy
SEAX Trust
SECAT (converted 01/09/2019)
Shalford Primary School
Shaw Primary Academy
Shenfield High Academy
Shenfield St Marys
Shoeburyness Academy
Sigma Trust
Silver End Academy
Sir Frederick Gibberd College (converted
01/09/2019)
Sir Martin Frobisher Academy
Somers Heath Primary
South Benfleet Primary Academy

Southchurch High School
Southend High For Boys Academy
Southend High Girls Academy
Southminster C of E Primary School
Southview Primary School
St Albans RC Primary Academy
St Andrew's C of E Primary School,
(Halstead)
St Andrews C of E Primary School, (Great
Yeldham) (converted 01/04/2019)
St Andrews Primary School (Weeley)
St Bernards High Academy
St Cedds
St Christopher Academy
St Clare's RC Primary School (Clacton)
St Cleres Co-Operative Academy
St George's Catholic Primary School
(Shoeburyness)
St Helena Academy
St Helen's Catholic Primary School
(Westcliff-on-Sea)
St Helens Rc Junior Academy
St James C of E Primary School
(Colchester)
St James C of E Primary School (Harlow)
St John's C of E Primary School, (Buckhurst
Hill)
St Joseph Catholic Primary School
(Stanford-Le-Hope)
St Joseph's Catholic Primary School
(Canvey Island)

Participating Employers of the Fund

St Lukes RC Academy (Harlow)
St Margaret's C of E Primary School (Bowers Gifford)
St Marks West Essex Academy
St Martins High Academy
St Mary's Catholic Primary School (Tilbury) (converted 01/04/2019)
St Marys Primary Academy (Kelvedon)
St Nicholas C of E Primary School (Tillingham) (converted 01/12/2019)
St Nicholas School
St Osyth C of E Primary School
St Pius X Catholic Primary (converted 01/02/2020)
St Teresa's Academy (Colchester)
St Teresa's Catholic Primary School - (Basildon)
St Teresa's Catholic Primary School (Rochford)
St Thomas More Academy (Colchester)
St Thomas More Academy (Saffron Walden)
St Thomas More High Academy
St Thomas of Canterbury Catholic Primary School (Grays)
Stambridge Primary School
Stanford-Le-Hope Primary
Stanway Academy
Stapleford Abbots Primary Academy
Staples Road Primary School
Steeple Bumpstead Primary School
Stewards Academy

Stifford Clays
Stisted Primary Academy
Sutton House Academy
SWECET
Sweyne Park Academy
Tabor Science Academy
Takeley Primary School
Tany's Dell Primary School
Templars Primary & Nursery
Temple Sutton Primary School
Tendring Tech College Academy
Thameside Primary Academy
Theydon Bois Primary School
Thomas Lord Audley Academy
Thorpedene Primary School
Thriftwood Primary Academy
Thundersely Primary School
Thurstable Academy
Tilbury Pioneer Academy
Tiptree Heath Primary (converted 01/11/2019)
Tollshunt D'Arcy St Nicholas C of E Primary School (converted 01/09/2019)
Treetops School
Tudor Court Primary Academy
Tyrrells Primary Academy
Unity Primary Academy
Victory Park Academy
Diocese of Chelmsford Vine Schools
Waltham Holy cross Primary Academy (converted 01/11/2019)

Participating Employers of the Fund

Water Lane Primary Academy
Waterman Primary School
West Hatch High Academy
West Leigh Junior School
West Thurrock Academy
Westborough Primary Academy
Westcliff High Boys Academy
Westcliff High Girls Academy
Westerings Primary Academy
Westwood Primary Academy
White Bridge Primary School
White Hall Academy
Whitmore Primary School & Nursery
Wickford C of E Academy
William De Ferrers Academy
William Edwards Academy
William Martin C of E Infant School
William Martin C of E Junior School
Willow Brook Primary School and Nursery
Willows Primary School, The
Winter Gardens Academy
Woodham Ley Primary School
Woodlands School
Woodside Primary Academy
Woodville School
Wyburns Primary School
Zenith Multi Academy Trust

Free/Studio Schools

Beckmead Moundwood Academy (Formerly Aspire Academy)

Becket Keys School Free School
BMAT STEM (formerly Sir Charles Kao)
Gateway Primary Freeschool
Grove House School
Harris Primary Academy Mayflower
Harris Academy Riverside Free School
Ongar Academy
Southend YMCA Community Free School

Community Admission Body

Ardleigh Reservoir Committee
Braintree District Museum Trust
Brentwood Community Transport
Brentwood Leisure Trust
Cambridge Access Validating Agency
Care Quality Commission
Changing Pathways (Basildon Womens Refuge)
Chelmer Housing Partnership
Chelmsford Citizens Advice Bureau
Chelmsford Community Transport
Chelmsford Council For Vol Services
Epping Forest Community Transport
Essex Association of Local Councils
Essex Police Federation
Greenfields Comm Housing Ltd
Harlow District Sports Trust
Hatfield Peverel Day Nursery
Impulse Leisure
ITEC Learning Technologies Ltd
Moat Housing Group Ltd

Participating Employers of the Fund

North Essex Partnership University NHS
Foundation Trust
Orchestras Live
Phoenix Group Homes
Race Equality Foundation
Rochford Housing Association
Safer Places
Soc Care Inst For Excellence
The Community Council Of Essex
The Trading Standards Inst
Thurrock Community Leisure Ltd
Thurrock Lifestyle Solutions CIC
University Of Essex
University of Essex Commercial Services Ltd
Worthing Homes Ltd

Schools

All Saints C of E (VC) Primary School
Beauchamps School
Brinkley Grove Primary School
Broomfield Primary School
Buttsbury Infants School
Cathedral School
Chase Lane Primary School
Church Langley
Collingwood Primary School
Dunmow St Mary's Primary School
Earls Colne Primary School
Eastwood Primary School
Elmstead Market Primary School
Elmwood Primary School

Engaines Primary School
Ford End C of E Primary School
Galleywood Infants School
Great Dunmow Primary School
Great Easton C of E Primary
Great Totham School
Hare Primary
Harlow Fields School
Hazelmere Junior
Henham and Ugley Primary
Holland Haven Primary School
Horndon on the Hill Primary School
(converted April 19)
Howbridge Infants School
Kingswood Primary
Lawford Primary School
Leverton Primary
Mersea Island Primary School
Mildmay Infant (converted May 19)
Millfield Primary School
Milton Hall Primary School
Parsons Heath C of E Primary
Powers Hall Infants School
(converted July 19 - renamed Acorn
Academy)
Riverside Primary
Rodings Primary School
Sheering C of E Primary
St Andrews C of E Primary School (Bulmer)
St Andrews Junior School (Hatfield Peverel)
St Andrews Primary School (North Weald)

Participating Employers of the Fund

St Benedicts College
St Giles C of E Primary School
St Helen's RC Infant School
St John Fisher RC Primary School
St John Green
St John Payne
St Katherine's C of E Primary School
St Mary's C of E Primary School
St Michael's C of E Junior School
St Peters CE Primary (South Weald)
St Thomas of Canterbury Infant (Brentwood)
St Thomas of Canterbury Junior (Brentwood)
Thaxted Primary School
Thomas Willingale Primary School
Trinity Road Primary
Upshire Primary School
Waltham Holy Cross Primary School
(converted Nov 19)
Walton Primary School

Transferee Admission Body

Aaron Services Ltd (ceased 28/06/2019)
Action Industrial Cleaning (North Crescent)
(joined 01/06/2019)
Affinity Trust (ceased 11/05/2019)
APCOA
Apleona HSG Ltd (formerly Belfinger Europa)
Aramark
Ashlyn Healthcare Ltd
Barnardos
Catering Academy Ltd

Catering Academy Ltd (Stifford Clays)
Caterlink Ltd (Closed 31/12/2019)
Churchill (Boswells Academy Trust)
Churchill Contract Service Ltd (Greensward Academy)
Churchill Contract Services Ltd (New Rickstones Academy)
Churchill Contract Services Ltd (St Peter's) (ceased Nov 2019)
Dovercourt Healthcare Ltd
Ecocleen (Ramsey)
Ecocleen (Richard De Clare)
ECS Ltd Reablement South East
Edwards and Blake Ltd
Elite Cleaning Services Ltd (Montgomerie Junior)
Essex Cares Ltd
Essex Community Support Limited
Essex Community Support Mid
Essex Community Support North East
Essex Community Support South West
Essex Community Support West
Essex Equipment Service Ltd
Essex Inclusion And Employment
Family Action
Fusion Lifestyle
Goldenley Healthcare Ltd
H Q Theatres Ltd
Harrison Catering Academy Ltd
Hertfordshire NHS Partnership Trust (backdated to 01/12/2018)

Participating Employers of the Fund

Idverde Ltd (formerly English Landscapes)
Juniper (joined 01/06/2019)
L & L Cleaning Services Ltd (Ghyllgrove
Infants)
Let's Do Business
Lewis & Graves Partnership Ltd (Thorpedene
Primary)
Longfield Healthcare Ltd
Mears Limited
Mitie Security Limited
Mitie Technical Fm Ltd
Morgan Sindall Property Services (joined
01/04/2019)
Pabulum Ltd
Paragon Group (UK) Ltd
Pinnacle F M
Places for People Leisure Ltd
Ridge Crest Cleaning Services
Ridge Crest Cleaning Services (St Benedict's)
Ringway Jacobs Limited
Riverside Truck Rental Ltd Basildon
RM Education - Columbus ICT
Schools Office Services
Servest
Skanska (Cornelius)
Skanska (Woodlands School)
SLM Charitable Trust (LM)
SLM Charitable Trust (SV)
SLM Health & Fitness (LM)
SLM Health & Fitness (SV)
Sweyne Healthcare Ltd

The Partyman Company Limited
Updata Infrastructure (UK) Ltd
Vecteo (joined 01/03/2020)
Wates Living Space (Maintenance) Ltd
(ceased June 2019)

Academy Pool TAB

Birkin Cleaning Services Ltd (Fitzwimarc
School)
Cater Link Ltd (St Thomas More)
Churchill Contract Services Ltd (Woodlands
Caretaking)
Clean Green Cleaning Services Ltd (Hamstel
Junior) (joined 01/04/2019)
Cucina Restaurants Ltd (New Rickstones)
Elite Cleaning Services Ltd (Bournemouth
Park)
Elite Cleaning Services Ltd (Kings Road)
Enterprise Support Services UK Ltd (South
Essex Community Academy Trust) (joined
01/04/2019)
L & L Cleaning Services Ltd (Silver End)
Lewis & Graves Partnership Ltd (Chase
High)
Lewis & Graves Partnership Ltd (Mayflower)
(joined 01/09/2019)
Lewis & Graves Partnership Ltd (St Martins)
Pabulum Ltd (Bournemouth Park)
Pabulum Ltd (Chase High)
Pabulum Ltd (Portico) (joined 01/09/2019)
Pabulum Ltd (Purfleet Primary)

Participating Employers of the Fund

Ridge Crest (Burnt Mill Academy Trust)
RM Education AET (IT Services) (joined
23/04/2019)

Resolution Body

Colchester Amphora Trading Ltd
Colchester Commercial (Holdings) Ltd
Essex Shared Services Ltd
HTS (Property and Environment) Ltd
North East Garden Communities Ltd
Southend Care Ltd
Ardleigh Parish Council
Barling Magna Parish Council
Billericay Town Council
Blackmore Parish Council
Boreham Parish Council
Boxted Parish Council
Brightlingsea Town Council
Broomfield Parish Council
Buckhurst Hill Parish Council
Burnham On Crouch Town Council
Canvey Island Town Council
Chappel Parish Council
Chignal Parish Council
Chigwell Parish Council
Coggeshall Parish Council
Copford with Easthorpe Parish Council
Danbury Parish Council
Earls Colne Parish Council
East Donyland Parish Council
Epping Town Council

Feering Parish Council
Fordham Parish Council
Frinton & Walton Town Council
Galleywood Parish Council
Great Baddow Parish Council
Great Bentley Parish Council
Great Chesterford Parish Council
Great Dunmow Town Council
Great Horkesley Parish Council
Great Notley Parish Council
Great Wakering Parish Council
Great Waltham Parish Council
Great Yeldham Parish Council
Halstead Town Council
Harwich Town Council
Hawkewell Parish Council
Herongate and Ingrave Parish Council
Heybridge Parish Council
Hockley Parish Council
Hullbridge Parish Council
Ingatestone & Fryerning Parish Council
Kelvedon Parish Council
Leigh On Sea Town Council
Little Baddow Parish Council (last member
left Jan 19)
Little Canfield Parish Council
Little Clacton Parish Council
Little Waltham Parish Council
Little Yeldham Parish Council
Loughton Town Council
Maldon Town Council

Participating Employers of the Fund

Mistley Parish Council
Myland Community Council
Nazeing Parish Council
North Weald Parish Council
Ongar Town Council
Pleshey Parish Council
Purleigh Parish Council
Rayleigh Town Council
Runwell Parish Council
Saffron Walden Town Council
Sandon Parish Council
Sible Hedingham Parish Council
Silver End Parish Council
South Hanningfield Parish Council
South Woodham Ferrers Town Council
Southminster Parish Council
Springfield Parish Council
St Osyth Parish Council
Stansted Mountfitchet Parish Council
Stanway Parish Council
Stondon Massey Parish Council
Terling and Fairstead Parish Council
Thaxted Parish Council
Tiptree Parish Council
Tollesbury Parish Council
Wakes Colne Parish Council
Waltham Abbey Town Council
West Bergholt Parish Council
West Mersea Town Council
Wickham Bishops Parish Council
Witham Town Council

Wivenhoe Town Council
Wormingford Parish Council
Writtle Parish Council

Bodies with no current contributors

Accent Catering Services Ltd
Action Industrial Cleaning Services (UK) Ltd
(ceased Mar 19)
Age Concern Essex
Alfred McAlpine Contruction Ltd
Allied Healthcare - Reablement Mid Essex
(ceased Dec 18)
Allied Healthcare - Reablement North East
Essex (ceased Dec 18)
Allied Healthcare - Reablement South West
Essex (ceased Dec 18)
Allied Healthcare - Reablement West Essex
(ceased Dec 18)
Alphaprint Colchester Limited
(ceased Nov 18)
Anglian Water Authority
Association of Public Service Finance
Officers
Axis Europe Plc
Basildon College
Basildon Community Housing Association
Basildon DVC (Commission for New Town)
Birkin Cleaning Services Ltd
Blackwater Housing Association
Braintree College
Braintree Womens Aid

Participating Employers of the Fund

Braintree, Dunmow & Witham Joint Sanitary Committee
Bramston Sports Centre
Brentwood High House Hostel
Brightlingsea Harbour Committee
Bulmer Parish Council (ceased Aug 18)
Business Link (Essex) Ltd
Canewdon Parish Council (last member left March 18)
Castle Point Association of Voluntary Service
Castle Point Citizen's Advice Bureau (liquidation Mar 18)
Central Council for Education & Training in Social Work
Central Essex Community Service
Centre for Education & Training Health Visitors
Chelmsford Agency for Volunteering
Chelmsford Environment Partnership
Churchill Catering
Clacton & Harwich Education Action Zone
Colchester And Tendring Womans Refuge
Colchester MIND
Colchester Transport Ltd
Colchester Youth Arts Partnership
Community Clean
Connaught Partnership Ltd
Corporate Document Services (ceased Aug 18)
Crouch Harbour Authority
DC Leisure

East Anglian Regional Examination Board
East Basildon Education Action Zone
East of England Tourist Board
Eastern Orchestral Board
Eastwood Infants School
Eastwood Junior School
Elm Park (Ardleigh) Ltd
Elmy Landscapes
English National Board of Nursing & Midwifery
Essex & Suffolk Water Company
Essex Careers & Business Partnership
Essex County Association for the Blind
Essex County Scout Council
Essex Economic Partnerships
Essex Federation of Congregational Women's Homes
Essex Joint Crematorium Committee
Essex Magistrates Courts Committee
Essex Physically Handicapped Association
Essex River Authority
Essex Water Company
Est, Essex, Southend & Thurrock
EXDRA
Exwaste Ltd
Family Service Units
Federation of Public Passenger Transport Employees
Furtherwick Park School, The
General Social Care Council
Great Yeldham Prish Council

Participating Employers of the Fund

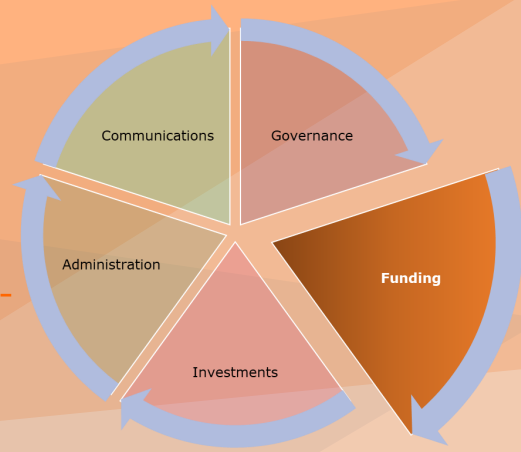
Greenways Healthcare
Grove Infants School
Grove Junior School
Hamilton Lodge Trust Ltd (Ceased Aug 17)
Harlow Community Transport
Harlow Co-op Development Agency
Harlow Council Employees Social Club
Harlow Council for Voluntary Services
Harlow Development Corporation
Harlow ITEC
Harlow Renaissance Ltd
Harlow Theatre Trust
Harlow Trade Union Centre
Harlow Welfare right & Advice
Harwich Connexions Transport Co-operative Ltd
Harwich Port Health Authority
HBS Business Services Group Ltd
Head Office Cleaning
Home group
Kier Services Limited (ceased Mar 19)
King Edward VI Alms House, Saffron Walden
L & L Cleaning Ltd (ceased Aug 18)
Lambourne Parish Council
Lewis & Graves Partnership Ltd (Limes Farm Junior)
Lewis & Graves Partnership Ltd (St Martins)
Little Oakley Parish Council
Little Thurrock Primary School
Marks Tey Parish Council
May Gurney

Mayland Parish Council
Mid Essex Primary Care Trust (previously Witham, Braintree & Halstead Care Trust)
Millard House Care Ltd (ceased Aug 18)
Morrison FS Thurrock
National Board of Nursing , Midwifery & Health Visitors, Scotland
National Institute for Social Work
Northwick Park Infants School
Northwick Park Junior School
Nursing & Midwifery Council
Okeley Healthcare Ltd
Open College Network Eastern Region
Palace Theatre Trust
Papworth Trust
Personal Social Services Council
Ph Jones Limited
Prospects College of Advanced Technology (PROCAT) (merged into South Essex College)
Realise Futures
Renaissance Southend Ltd
RM Education
Saffron Healthcare Ltd
Saffron Walden Almshouses
Saffron Walden Museum Society
Saffron Walden Training College
Schools Plus
Serco
Serco Public Services Limited
Sherrell Healthcare Ltd

Participating Employers of the Fund

Skanska (Castle View)
Skanska (Columbus)
Sodexo
SOS Domestic Abuse Projects
South East England Virtual Education Action Zone
South East Essex College of Arts & Technology
South East Essex Technology Centre
South Essex Local Valuation Panel
Southend Association of Voluntary Services
Southend Citizens Advice
Southend Education Action Zone
Southend Transport Ltd
St Georges Community Housing
Thames Gateway South Essex Partnership
Thames Water Utilities Ltd
Thameside Windows Ltd
The Inclusion Trust
Thurrock and Basildon College
Thurrock College
Thurrock Family Service Unit
Thurrock Thames Gateway Development Corporation
Tollesbury Parish Council
Torrells GM School
Towngate Theatre
Trans Vol
University College London
Vehicle Lease And Service Ltd

Veolia Environmental Services (UK) PLC
(previously Cleanaway Ltd)
Veolia Water East Ltd
Welsh National Board of Nursing, Midwifery & Health Visitors
Westcliff Theatre & Art Centre
Westminster Drugs Project
Windyridge Management Committee
Winifred Healthcare
Witham, Braintree & Halstead Care
WRVS
WRVS Food Services Ltd



SECTION 4

SCHEME ACTUARY

Essex Pension Fund

Actuarial Valuation 2019

Statement by Consulting Actuary 2019 Actuarial Valuation

An Actuarial Valuation of the Essex Pension Fund was carried by the Fund's Actuary, Barnett Waddingham as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023. A schedule of contribution rates payable can be found on the following pages.

On the basis of the assumptions adopted, the valuation revealed that the value of the Fund's assets of £6,711m based on a smoothing adjustment of 100.5% applied to the market value of the assets less the 5% volatility reserve represented 97% of the Funding Target liabilities of £6,917m at the valuation date. See below table:

Past Service Fund Position	31 March 2019 £m
Smoothed asset value	6,711
Past service liabilities	
Active	2,166
Deferred Pensioners	1,580
Pensioners	3,171
Total	6,917
Surplus (deficit)	(206)
Fund Level	97%

The valuation also showed that a primary common rate of contribution of 20.0% of Pensionable Pay per annum was required from employers. The common rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date. See below table:

Primary

Primary rate	% of Payroll
Total future service rate	26.5%
Less employee contribution rate	-6.5%
Total primary rate	20.0%

Essex Pension Fund

Actuarial Valuation 2019

General and specific notes

The final rates and adjustment certificate will include any general notes applicable to the Fund's employer contributions and any specific notes applicable to a particular individual employer.

The notes below detail what the specific notes refer to in the tables .

- i. We understand that employers with this note have agreed with the administering authority that they will prepay an element of their contributions by making a single lump sum payment in April 2020. If the employer does not make the lump sum payment by 30 April 2020 then the lump sum will be increased by 2.25% and a deadline of 30 September 2020 will be set. If this secondary deadline is missed, then further interest will be applied to the lump sum to a revised payment date agreed with the administering authority.
- ii. We understand that employers with this note have agreed with the administering authority that they will prepay an element of their contributions by making lump sum payments at the start of each year (i.e. in April 2020, April 2021 and April 2022). If the employer does not make the lump sum payment in April of any particular year then the lump sum for that year will be increased by 2.25% and a deadline of 30 September will be set. If this secondary deadline is missed, then further interest will be applied to the lump sum to a revised payment date agreed with the administering authority.
- iii. These admission bodies are expected to cease during the intervaluation period. When the contract ceases we will carry out a cessation valuation to determine any exit payment/credit that may be due to/from the Fund. If the contract is extended then we, as Fund actuary, should be informed and a new rate be calculated to take into account the funding position of the admission body. If we are not informed if the contract is extended then the primary rate will be applicable.
- iv. The contract for this admission body is expected to cease during the intervaluation period. However, if the contract is extended then we are happy for this admission body to continue paying the pool contribution rate of 5% of payroll p.a. to 31 March 2023.

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Major tax raising bodies					
Essex County Council (excluding schools)	19.70%	£7,850,252	-	-	i
Former GM Essex Schools	19.70%	1.60%	1.60%	1.60%	
Basildon District Council	19.20%	£3,945,175	-	-	i
Braintree District Council	20.30%	£2,468,311	-	-	i
Brentwood District Council	19.90%	£919,356	£952,874	£987,613	ii
Castle Point Borough Council	20.20%	£1,559,371	-	-	i
Chelmsford Borough Council	19.20%	£2,678,250	-	-	i
Colchester Borough Council	19.00%	£3,432,213	-	-	i
Epping Forest District Council	21.20%	£580,526	£601,691	£623,627	
Harlow District Council	20.10%	£6,363,949	-	-	i
Maldon District Council	19.90%	£1,556,202	-	-	i
Rochford District Council	19.50%	£1,216,914	-	-	i
Southend-On-Sea Borough Council (excluding schools)	19.40%	£4,342,639	-	-	i
Former GM Southend Schools	19.40%	3.60%	3.60%	3.60%	
Tendring District Council	20.10%	£2,056,414	-	-	i
Thurrock Borough Council (excluding schools)	19.80%	£1,662,973	-	-	i
Former GM Thurrock Schools	19.80%	1.00%	1.00%	1.00%	
Uttlesford District Council	20.20%	£696,511	-	-	i

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Other scheduled bodies (Further and higher education bodies, housing associations etc.)					
Anglia Ruskin University	18.10%	-2.9% plus £1,100,000	-1.4% plus £1,140,000	£1,182,000	
Chelmsford FE College	21.10%	£82,164	£85,862	£89,725	
Colchester Borough Homes Ltd	20.20%	-	-	-	
Colchester Institute	20.20%	£113,288	£117,418	£121,699	
Essex Chief Constable	18.90%	£245,484	£254,434	£263,710	ii
Essex Fire Authority	19.90%	£284,812	£295,196	£305,958	ii
Harlow College	19.30%	£132,941	£138,923	£145,175	
Police and Fire Crime Commissioner	18.90%	£3,100	£3,213	£3,330	
South Essex College	20.10%	£236,718	£247,370	£258,502	
South Essex Homes Ltd	22.20%	-	-	-	
The Sixth Form College Colchester	22.30%	£34,730	£36,293	£37,926	
USP College	18.60%	£107,268	£112,095	£117,140	
Writtle Agricultural College	18.90%	-1.9% plus £139,334	£144,350	£149,547	

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Designated bodies					
Colchester Amphora Trading Ltd	19.00%	-	-	-	
Colchester Commercial (Holdings) Ltd	19.00%	-	-	-	
Essex Shared Services Ltd	23.10%	-	-	-	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
HTS (Property and Environment) Ltd	21.80%	-	-	-	
North East Garden Communities Ltd	23.10%	£846	£877	£909	
Southend Care Ltd	25.00%	£12,593	£13,052	£13,528	

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Other admission bodies (typically used to be CABs)					
Ardleigh Reservoir Committee	27.30%	£6,000	£6,000	£6,000	
Braintree District Museum Trust	23.20%	£1,416	£1,468	£1,521	
Brentwood Community Transport	28.70%	£2,482	£2,571	£2,664	
Brentwood Leisure Trust	23.00%	£28,160	£29,427	£30,751	
Cambridge Access Validating Agency	21.40%	£9,803	£10,161	£10,531	
Care Quality Commission	25.20%	£58,887	£61,537	£64,305	
Changing Pathways (Basildon Womens Refuge)	23.80%	£1,353	£1,414	£1,478	
Chelmer Housing Partnership	19.20%	£99,275	£102,849	£106,551	
Chelmsford Citizens Advice Bureau	27.70%	£4,964	£5,187	£5,421	
Chelmsford Community Transport	20.10%	£17,936	£18,744	£19,586	
Chelmsford Council for Voluntary Service	26.90%	£4,876	£5,095	£5,325	
Epping Forest Community Transport	27.80%	£1,129	£1,169	£1,211	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Essex Association of Local Councils	22.60%	£4,399	£4,597	£4,804	
Essex Police Federation	45.20%	-16.4% plus £3,948	-16.40%	-16.40%	
Greenfields Community Housing Ltd	22.40%	£70,000	£70,000	£70,000	ii
Harlow District Sports Trust	24.70%	£33,843	£35,366	£36,958	
Hatfield Peverel Day Nursery	19.00%	£1,293	£1,339	£1,387	
Impulse Leisure	20.40%	£10,040	£10,492	£10,964	
ITEC Learning Technologies Ltd	18.80%	£36,272	£37,578	£38,931	
Moat Housing Group Ltd	21.90%	£37,225	£38,565	£39,953	
North Essex Partnership University NHS Foundation Trust	25.40%	-	-	-	
Orchestras Live	24.10%	£5,359	£5,600	£5,852	
Phoenix Group Homes	30.20%	£12,000	£11,788	-	
Race Equality Foundation	23.00%	£1,353	£1,402	£1,453	
Rochford Housing Association	24.30%	£28,767	£30,061	£31,414	
Safer Places	24.50%	£98,560	£102,108	£105,784	
Social Care Institute For Excellence	19.60%	£169,215	£176,829	£184,787	
The Community Council Of Essex	26.60%	£23,352	£24,402	£25,500	
The Trading Standards Institute	17.40%	£37,941	£39,648	£41,432	
Thurrock Community Leisure Ltd	22.80%	£5,000	£5,225	£5,413	
Thurrock Lifestyle Solutions CIC	24.60%	-	-	-	
University Of Essex	23.90%	£800,000	£800,000	£800,000	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
University of Essex Campus Services Ltd	26.30%	-	-	-	
Worthing Homes Ltd	22.80%	£148,909	£155,610	£162,613	

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Contractors					
APCOA	24.80%	-19.80%	-19.80%	-	iii
Ashlyn Healthcare Ltd	23.60%	-13.60%	-13.60%	-13.60%	
Barnardos	28.40%	-28.40%	-28.40%	-28.40%	
Catering Academy Ltd	24.90%	-	-	-	
Catering Academy Ltd (Stifford Clays)	24.90%	£4,142	£4,293	£1,840	
Churchill Contract Services Ltd (New Rickstones Academy)	22.30%	-	-	-	iii
Dovercourt Healthcare Ltd	27.60%	-17.60%	-17.60%	-17.60%	
Ecocleen Services Ltd (Ramsey Academy)	25.10%	-	-	-	iii
Ecocleen Services Ltd (Richard De Clare)	18.60%	-	-	-	iii
ECS Ltd Reablement South East	23.40%	-18.20%	-18.20%	-18.20%	
Edwards and Blake Ltd	20.20%	-2.80%	-	-	iii
Elite Cleaning Services Ltd (Montgomery Jnr)	18.30%	£1,030	£896	-	iii

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Essex Cares Ltd	23.40%	-18.20%	-18.20%	-18.20%	iv
Essex Inclusion And Employment	23.40%	-18.20%	-18.20%	-18.20%	
Essex Equipment Service Ltd	23.40%	-18.20%	-18.20%	-18.20%	
Essex Community Support Limited	23.40%	-18.20%	-18.20%	-18.20%	
Essex Community Support Mid	23.40%	-18.20%	-18.20%	-18.20%	
Essex Community Support North East	23.40%	-18.20%	-18.20%	-18.20%	
Essex Community Support South West	23.40%	-18.20%	-18.20%	-18.20%	
Essex Community Support West	23.40%	-18.20%	-18.20%	-18.20%	
Family Action	21.60%	-4.20%	-	-	iii
Fusion Lifestyle	25.10%	-25.10%	-25.10%	-25.10%	
Goldenley Healthcare Ltd	24.50%	-14.50%	-14.50%	-14.50%	
H Q Theatres Ltd	19.90%	-	-	-	
Harrison Catering Academy Ltd (Tabor)	24.10%	-	-	-	iii
Idverde	25.70%	-20.70%	-20.70%	-20.70%	
L & L Cleaning Services Ltd (Ghyllgrove Infants)	12.50%	0.30%	0.30%	0.30%	
Let's Do Business	22.00%	1.70%	-	-	iii
Longfield Healthcare Ltd	15.80%	-5.80%	-5.80%	-5.80%	
Mears Limited	22.70%	-	-	-	
Mitie Security Limited	25.60%	-20.60%	-20.60%	-	iii
Mitie Technical FM Ltd	25.70%	-20.70%	-20.70%	-	iii
Pinnacle F M	23.10%	-	-	-	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Places for People Leisure Ltd	23.90%	-	-	-	
Ridge Crest Cleaning Services	39.20%	£11,901	-	-	
Ringway Jacobs Limited	24.40%	-	-	-	iii
Riverside Truck Rental Ltd (Basildon)	22.50%	-17.50%	-17.50%	-17.50%	
RM Education - Columbus ICT	15.00%	-4.60%	-	-	iii
Schools Offices Services Ltd	23.90%	-	-	-	iii
Servest Group Ltd	25.30%	-4.90%	-	-	iii
Skanska (Cornelius)	32.20%	-27.20%	-27.20%	-27.20%	
Skanska (Woodlands School)	28.70%	-23.70%	-23.70%	-23.70%	
SLM Health & Fitness (SV)	21.80%	-3.90%	-3.90%	-3.90%	
SLM Health & Fitness (LM)	21.80%	-3.90%	-3.90%	-3.90%	
SLM Charitable Trust (SV)	21.80%	-3.90%	-3.90%	-3.90%	
SLM Charitable Trust (LM)	21.80%	-3.90%	-3.90%	-3.90%	
Sweyne Healthcare Ltd	22.50%	-12.50%	-12.50%	-12.50%	
The Partyman Company Limited	35.10%	-30.10%	-30.10%	-30.10%	
Udata Infrastructure (UK) Ltd	21.20%	-	-	-	

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Town and parish councils					
Barling Magna Parish Council	22.40%	0.90%	0.90%	0.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Town and parish councils					
Billericay Town Council	22.40%	0.90%	0.90%	0.90%	
Blackmore Parish Council	22.40%	0.90%	0.90%	0.90%	
Boreham Parish Council	22.40%	0.90%	0.90%	0.90%	
Brightlingsea Town Council	22.40%	0.90%	0.90%	0.90%	
Broomfield Parish Council	22.40%	0.90%	0.90%	0.90%	
Buckhurst Hill Parish Council	22.40%	0.90%	0.90%	0.90%	
Burnham On Crouch Town Council	22.40%	0.90%	0.90%	0.90%	
Canvey Island Town Council	22.40%	0.90%	0.90%	0.90%	
Chappel Parish Council	22.40%	0.90%	0.90%	0.90%	
Chignal Parish Council	22.40%	0.90%	0.90%	0.90%	
Chigwell Parish Council	22.40%	0.90%	0.90%	0.90%	
Coggeshall Parish Council	22.40%	0.90%	0.90%	0.90%	
Copford with Easthorpe Parish Council	22.40%	0.90%	0.90%	0.90%	
Danbury Parish Council	22.40%	0.90%	0.90%	0.90%	
Earls Colne Parish Council	22.40%	0.90%	0.90%	0.90%	
East Donyland Parish Council	22.40%	0.90%	0.90%	0.90%	
Epping Town Council	22.40%	0.90%	0.90%	0.90%	
Feering Parish Council	22.40%	0.90%	0.90%	0.90%	
Fordham Parish Council	22.40%	0.90%	0.90%	0.90%	
Frinton & Walton Town Council	22.40%	0.90%	0.90%	0.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Galleywood Parish Council	22.40%	0.90%	0.90%	0.90%	
Great Baddow Parish Council	22.40%	0.90%	0.90%	0.90%	
Great Bentley Parish Council	22.40%	0.90%	0.90%	0.90%	
Great Chesterford Parish Council	22.40%	0.90%	0.90%	0.90%	
Great Horkesley Parish Council	22.40%	0.90%	0.90%	0.90%	
Great Notley Parish Council	22.40%	0.90%	0.90%	0.90%	
Great Wakering Parish Council	22.40%	0.90%	0.90%	0.90%	
Great Waltham Parish Council	22.40%	0.90%	0.90%	0.90%	
Great Yeldham Parish Council	22.40%	0.90%	0.90%	0.90%	
Great Dunmow Town Council	22.40%	0.90%	0.90%	0.90%	
Halstead Town Council	22.40%	0.90%	0.90%	0.90%	
Harwich Town Council	22.40%	0.90%	0.90%	0.90%	
Hawkwell Parish Council	22.40%	0.90%	0.90%	0.90%	
Herongate and Ingrave Parish Council	22.40%	0.90%	0.90%	0.90%	
Heybridge Parish Council	22.40%	0.90%	0.90%	0.90%	
Hockley Parish Council	22.40%	0.90%	0.90%	0.90%	
Hullbridge Parish Council	22.40%	0.90%	0.90%	0.90%	
Ingatestone & Fryerning Parish Council	22.40%	0.90%	0.90%	0.90%	
Kelvedon Parish Council	22.40%	0.90%	0.90%	0.90%	
Leigh On Sea Town Council	22.40%	0.90%	0.90%	0.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Little Canfield Parish Council	22.40%	0.90%	0.90%	0.90%	
Little Clacton Parish Council	22.40%	0.90%	0.90%	0.90%	
Little Waltham Parish Council	22.40%	0.90%	0.90%	0.90%	
Little Yeldham Parish Council	22.40%	0.90%	0.90%	0.90%	
Loughton Town Council	22.40%	0.90%	0.90%	0.90%	
Maldon Town Council	22.40%	0.90%	0.90%	0.90%	
Mistley Parish Council	22.40%	0.90%	0.90%	0.90%	
Nazeing Parish Council	22.40%	0.90%	0.90%	0.90%	
North Weald Parish Council	22.40%	0.90%	0.90%	0.90%	
Ongar Town Council	22.40%	0.90%	0.90%	0.90%	
Pleshey Parish Council	22.40%	0.90%	0.90%	0.90%	
Purleigh Parish Council	22.40%	0.90%	0.90%	0.90%	
Rayleigh Town Council	22.40%	0.90%	0.90%	0.90%	
Runwell Parish Council	22.40%	0.90%	0.90%	0.90%	
Saffron Walden Town Council	22.40%	0.90%	0.90%	0.90%	
Sandon Parish Council	22.40%	0.90%	0.90%	0.90%	
Sible Hedingham Parish Council	22.40%	0.90%	0.90%	0.90%	
Silver End Parish Council	22.40%	0.90%	0.90%	0.90%	
South Hanningfield Parish Council	22.40%	0.90%	0.90%	0.90%	
South Woodham Ferrers Town Council	22.40%	0.90%	0.90%	0.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Springfield Parish Council	22.40%	0.90%	0.90%	0.90%	
St Osyth Parish Council	22.40%	0.90%	0.90%	0.90%	
Stansted Mountfitchet Parish Council	22.40%	0.90%	0.90%	0.90%	
Stanway Parish Council	22.40%	0.90%	0.90%	0.90%	
Terling and Fairstead Parish Council	22.40%	0.90%	0.90%	0.90%	
Thaxted Parish Council	22.40%	0.90%	0.90%	0.90%	
Tiptree Parish Council	22.40%	0.90%	0.90%	0.90%	
Tollesbury Parish Council	22.40%	0.90%	0.90%	0.90%	
Wakes Colne Parish Council	22.40%	0.90%	0.90%	0.90%	
Waltham Abbey Town Council	22.40%	0.90%	0.90%	0.90%	
West Bergholt Parish Council	22.40%	0.90%	0.90%	0.90%	
West Mersea Town Council	22.40%	0.90%	0.90%	0.90%	
Wickham Bishops Parish Council	22.40%	0.90%	0.90%	0.90%	
Witham Town Council	22.40%	0.90%	0.90%	0.90%	
Wivenhoe Town Council	22.40%	0.90%	0.90%	0.90%	
Wormingford Parish Council	22.40%	0.90%	0.90%	0.90%	
Writtle Parish Council	22.40%	0.90%	0.90%	0.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Academies					
Abbots Hall Primary School	21.10%	1.10%	2.10%	3.10%	
Abbotsweld Primary Academy	21.10%	3.90%	3.90%	3.90%	
Academies Enterprise Trust	21.10%	-1.10%	-0.10%	0.90%	
Alderton Infant School	21.10%	1.80%	2.80%	3.80%	
Alderton Junior School	21.10%	1.80%	2.80%	3.80%	
Alec Hunter	21.10%	3.90%	3.90%	3.90%	
Alton Park Academy	21.10%	2.80%	3.80%	3.90%	
Anglo European Academy	21.10%	3.00%	3.90%	3.90%	
Arthur Bugler Primary School	21.10%	3.70%	3.90%	3.90%	
Ashingdon Academy	21.10%	-0.40%	0.60%	1.60%	
Aspire Academy Trust (Harlow)	21.10%	2.80%	3.80%	3.90%	
Aveley Primary School	21.10%	3.90%	3.90%	3.90%	
Bardfield Primary & Nursery School	21.10%	3.20%	3.90%	3.90%	
Barling Magna Community Primary School	21.10%	3.10%	3.90%	3.90%	
Barnes Farm Infant School	21.10%	1.80%	2.80%	3.80%	
Barnes Farm Junior School	21.10%	1.10%	2.10%	3.10%	
Basildon Lower Academy	21.10%	3.90%	3.90%	3.90%	
Basildon Upper Academy	21.10%	3.90%	3.90%	3.90%	
Beacon Hill Academy	21.10%	2.10%	3.10%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Becket Keys Church of England Free School	21.10%	2.80%	3.80%	3.90%	
Belchamp St Paul C of E Primary School	21.10%	3.50%	3.90%	3.90%	
Belfairs Community College Academy	21.10%	3.90%	3.90%	3.90%	
Belmont Castle Academy	21.10%	-0.10%	0.90%	1.90%	
Benyon	21.10%	1.30%	2.30%	3.30%	
Billericay Academy	21.10%	2.70%	3.70%	3.90%	
Birkin Cleaning Services Ltd (Fitzwimarc School)	21.10%	3.90%	3.90%	3.90%	
Blenheim Primary School & Children's Centre	21.10%	3.90%	3.90%	3.90%	
BMAT	21.10%	1.40%	2.40%	3.40%	
BMAT STEM Academy	21.10%	2.80%	3.80%	3.90%	
Boswells Academy	21.10%	3.90%	3.90%	3.90%	
Bournemouth Park Primary School	21.10%	3.90%	3.90%	3.90%	
Bournes Green Infant School	21.10%	3.90%	3.90%	3.90%	
Bournes Green Junior School	21.10%	3.90%	3.90%	3.90%	
Braiswick Primary Academy	21.10%	2.80%	3.80%	3.90%	
Brentwood County High School	21.10%	3.00%	3.90%	3.90%	
Brentwood Ursuline Academy	21.10%	3.90%	3.90%	3.90%	
Briscoe Primary And Nursery	21.10%	2.40%	3.40%	3.90%	
Bulphan C of E Primary School	21.10%	3.90%	3.90%	3.90%	
Burnt Mill Academy	21.10%	1.40%	2.40%	3.40%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Burrsville Infant School	21.10%	0.70%	1.70%	2.70%	
Buttsbury Academy	21.10%	2.90%	3.90%	3.90%	
Camulos Academy	21.10%	2.80%	3.80%	3.90%	
Cann Hall Academy	21.10%	1.10%	2.10%	3.10%	
Castle View School	21.10%	3.70%	3.90%	3.90%	
Castledon School Academy Trust	21.10%	1.80%	2.80%	3.80%	
Cater Link Ltd (St Thomas More)	21.10%	3.90%	3.90%	3.90%	
Cecil Jones Academy	21.10%	3.90%	3.90%	3.90%	
Chadwell St Mary Primary School	21.10%	2.90%	3.90%	3.90%	
Chafford Hundred Primary	21.10%	2.60%	3.60%	3.90%	
Chase High School	21.10%	3.90%	3.90%	3.90%	
Chelmer Valley High Academy	21.10%	3.60%	3.90%	3.90%	
Chelmsford High School for Girls	21.10%	3.40%	3.90%	3.90%	
Cherry Tree Academy	21.10%	2.00%	3.00%	3.90%	
Chigwell Primary Academy	21.10%	2.40%	3.40%	3.90%	
Chigwell Row Infant School	21.10%	1.80%	2.80%	3.80%	
Chipping Ongar Primary School	21.10%	1.80%	2.80%	3.80%	
Clacton Coastal Academy	21.10%	3.90%	3.90%	3.90%	
Clacton County Academy	21.10%	3.70%	3.90%	3.90%	
Colchester Academy	21.1%	3.90%	3.90%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Colchester High Girls Academy	21.10%	2.30%	3.30%	3.90%	
Colchester Royal Grammar Academy	21.10%	2.30%	3.30%	3.90%	
Colne Community Academy	21.10%	3.40%	3.90%	3.90%	
Columbus Academy	21.10%	2.20%	3.20%	3.90%	
Cooks Spinney Academy	21.10%	3.90%	3.90%	3.90%	
Cornelius Vermuyden School	21.10%	3.90%	3.90%	3.90%	
Corringham Primary School	21.10%	1.20%	2.20%	3.20%	
Crays Hill Primary School	21.10%	1.80%	2.80%	3.80%	
Cucina Restaurants Ltd (New Rickstones)	21.10%	3.90%	3.90%	3.90%	
Darlinghurst	21.10%	2.20%	3.20%	3.90%	
Davenant Foundation Academy	21.10%	2.60%	3.60%	3.90%	
Debden C of E Primary Academy	21.10%	2.30%	3.30%	3.90%	
Debden Park High Academy	21.10%	0.80%	1.80%	2.80%	
Deneholm Primary School	21.10%	3.70%	3.90%	3.90%	
Dilkes Primary Academy	21.10%	0.60%	1.60%	2.60%	
Diocese of Chelmsford Vine Schools	21.10%	2.80%	3.80%	3.90%	
East Tilbury Primary And Nursery	21.10%	2.00%	3.00%	3.90%	
Eastwood Academy	21.10%	3.20%	3.90%	3.90%	
Elite Cleaning Services Ltd (Bournemouth Park)	21.10%	3.90%	3.90%	3.90%	
Elite Cleaning Services Ltd (Kings Road)	21.10%	3.90%	3.90%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Elm Hall Primary School	21.10%	1.80%	2.80%	3.80%	
Endeavour Coop Academy	21.10%	1.10%	2.10%	3.10%	
Epping St John's C of E School	21.10%	3.50%	3.90%	3.90%	
Epping Upland C of E School	21.10%	2.80%	3.80%	3.90%	
Fawbert & Barnard's Primary School	21.10%	3.50%	3.90%	3.90%	
Feering C of E Primary School	21.10%	1.80%	2.80%	3.80%	
Felmore Primary School	21.10%	1.80%	2.80%	3.80%	
Fritch Green Academy	21.10%	1.10%	2.10%	3.10%	
Forest Hall School	21.10%	3.90%	3.90%	3.90%	
Freshwaters Academy	21.10%	3.90%	3.90%	3.90%	
Friars Primary School & Nursery	21.10%	3.90%	3.90%	3.90%	
Gable Hall Academy	21.10%	0.90%	1.90%	2.90%	
Gateway Primary Freeschool	21.10%	-1.40%	-0.40%	0.60%	
Giffards Primary School	21.10%	1.60%	2.60%	3.60%	
Gilberd Academy	21.10%	0.60%	1.60%	2.60%	
Glebe Primary School	21.10%	2.90%	3.90%	3.90%	
Gosfield Community Primary School	21.10%	1.80%	2.80%	3.80%	
Graham James Primary Academy	21.10%	-1.20%	-0.20%	0.80%	
Great Baddow High Academy	21.10%	3.00%	3.90%	3.90%	
Great Berry Academy	21.10%	-0.20%	0.80%	1.80%	
Great Clacton C of E Junior School	21.10%	-0.80%	0.20%	1.20%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Great Wakering Primary Academy	21.10%	3.10%	3.90%	3.90%	
Greensted Infant School & Nursery	21.10%	1.80%	2.80%	3.80%	
Greensted Junior Academy	21.10%	0.20%	1.20%	2.20%	
Greensward Academy	21.10%	3.90%	3.90%	3.90%	
Grove House School - Free School	21.10%	2.80%	3.80%	3.90%	
Grove Wood Primary School	21.10%	2.00%	3.00%	3.90%	
Great Chesterford Primary Academy	21.10%	3.90%	3.90%	3.90%	
Hadleigh Inf & Nurs Academy	21.10%	0.70%	1.70%	2.70%	
Hadleigh Junior School Academy	21.10%	1.20%	2.20%	3.20%	
Hamford Primary School Academy	21.10%	-0.20%	0.80%	1.80%	
Hamstel Infant School & Nursery	21.10%	3.90%	3.90%	3.90%	
Hamstel Junior School	21.10%	3.90%	3.90%	3.90%	
Harlowbury Primary School	21.10%	3.50%	3.90%	3.90%	
Harris Academy Chafford Hundred	21.10%	3.90%	3.90%	3.90%	
Harris Academy Riverside	21.10%	2.80%	3.80%	3.90%	
Harris Primary Academy Mayflower	21.10%	3.30%	3.90%	3.90%	
Harwich And Dovercourt Academy	21.10%	3.80%	3.90%	3.90%	
Hassenbrook Academy Trust	21.10%	3.90%	3.90%	3.90%	
Hatfield Heath Primary School	21.10%	2.80%	3.80%	3.90%	
Hathaway Academy	21.10%	3.90%	3.90%	3.90%	
Hedingham Academy	21.10%	3.90%	3.90%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Helena Romanes Vi Form Academy	21.10%	3.90%	3.90%	3.90%	
Henry Moore Primary School	21.10%	2.50%	3.50%	3.90%	
Hereward Primary School	21.10%	1.80%	2.80%	3.80%	
Herringham Primary School Academy	21.10%	-0.60%	0.40%	1.40%	
Heybridge Co-Operative Academy	21.10%	3.50%	3.90%	3.90%	
Heybridge Primary Academy	21.10%	3.90%	3.90%	3.90%	
High Beech Primary School	21.10%	1.80%	2.80%	3.80%	
High Ongar Primary School	21.10%	1.80%	2.80%	3.80%	
Highwood Primary	21.10%	3.10%	3.90%	3.90%	
Hillhouse C of E Primary School	21.10%	1.80%	2.80%	3.80%	
Hilltop Infant School	21.10%	3.50%	3.90%	3.90%	
Hilltop Junior Academy	21.10%	0.60%	1.60%	2.60%	
Hinguar Primary School	21.10%	3.30%	3.90%	3.90%	
Hockerill Academy	21.10%	3.10%	3.90%	3.90%	
Hockley Primary School	21.10%	1.10%	2.10%	3.10%	
Holland Park Academy	21.10%	1.90%	2.90%	3.90%	
Holt Farm Junior School	21.10%	-0.40%	0.60%	1.60%	
Holy Cross RC Primary Academy	21.10%	-0.40%	0.60%	1.60%	
Holy Family Catholic Primary School (Benfleet)	21.10%	1.80%	2.80%	3.80%	
Honywood Community Academy	21.10%	3.20%	3.90%	3.90%	
Howbridge C of E Junior School	21.10%	1.50%	2.50%	3.50%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Hutton All Saints Academy	21.10%	-1.80%	-0.80%	0.20%	
Hylands School Academy	21.10%	3.90%	3.90%	3.90%	
Iceni Academy	21.10%	2.00%	3.00%	3.90%	
Ivy Chimneys Primary School	21.10%	2.80%	3.80%	3.90%	
James Hornsby High Academy	21.10%	3.90%	3.90%	3.90%	
Janet Duke Primary School	21.10%	3.50%	3.90%	3.90%	
Jerounds Primary School	21.10%	1.80%	2.80%	3.80%	
John Ray Junior School	21.10%	3.90%	3.90%	3.90%	
Jotmans Hall Primary Academy	21.10%	0.70%	1.70%	2.70%	
Katherine Semar Infants School	21.10%	1.10%	2.10%	3.10%	
Katherine Semar Junior School	21.10%	0.90%	1.90%	2.90%	
Katherines Primary	21.10%	2.80%	3.80%	3.90%	
Kenningtons Primary Academy	21.10%	0.50%	1.50%	2.50%	
Kents Hill Infant Academy	21.10%	2.40%	3.40%	3.90%	
Kents Hill Junior Academy	21.10%	2.40%	3.40%	3.90%	
King Edmund Academy	21.10%	1.30%	2.30%	3.30%	
King Edward Grammar Academy	21.10%	-0.40%	0.60%	1.60%	
King Harold B And E Academy	21.10%	2.50%	3.50%	3.90%	
King John Academy	21.10%	3.50%	3.90%	3.90%	
Kings Road Primary School	21.10%	3.90%	3.90%	3.90%	
Kingsdown School	21.10%	3.90%	3.90%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Kingsmoor Primary Academy	21.10%	1.10%	2.10%	3.10%	
Kingston Primary Academy	21.10%	0.60%	1.60%	2.60%	
Kingswode Hoe School	21.10%	3.50%	3.90%	3.90%	
Kirby Primary Academy	21.10%	3.80%	3.90%	3.90%	
L & L Cleaning Services Ltd (Silver End)	21.10%	3.50%	3.90%	3.90%	
Laindon Park Primary School	21.10%	1.80%	2.80%	3.80%	
Lambourne Primary School	21.10%	2.80%	3.80%	3.90%	
Lancaster School	21.10%	3.90%	3.90%	3.90%	
Langham Oaks School	21.10%	3.20%	3.90%	3.90%	
Lansdowne Primary School Academy	21.10%	-0.10%	0.90%	1.90%	
Larchwood Primary School	21.10%	2.40%	3.40%	3.90%	
Larkrise Primary School	21.10%	3.90%	3.90%	3.90%	
Latchingdon C of E Primary School	21.10%	2.20%	3.20%	3.90%	
Latton Green Primary	21.10%	1.70%	2.70%	3.70%	
Lawford Mead Primary School	21.10%	3.90%	3.90%	3.90%	
Lee Chapel Primary Academy	21.10%	-1.20%	-0.20%	0.80%	
Leigh Beck Infant & Nursery Academy	21.10%	3.90%	3.90%	3.90%	
Leigh Beck Junior School	21.10%	3.50%	3.90%	3.90%	
Lewis & Graves Partnership Ltd (Chase High)	21.10%	3.90%	3.90%	3.90%	
Lewis & Graves Partnership Ltd (St Martins)	21.10%	3.10%	3.90%	3.90%	
Limes Farm Infant School	21.10%	1.80%	2.80%	3.80%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Little Parndon Academy	21.10%	3.90%	3.90%	3.90%	
Longwood Primary Academy	21.10%	3.90%	3.90%	3.90%	
Lubbins Park	21.10%	3.70%	3.90%	3.90%	
Lyons Hall Primary School Academy	21.10%	-0.10%	0.90%	1.90%	
Magna Carta Primary Academy	21.10%	2.80%	3.80%	3.90%	
Maldon Primary School	21.10%	3.50%	3.90%	3.90%	
Maltese Road Primary School	21.10%	2.80%	3.80%	3.90%	
Maltings Academy	21.10%	3.90%	3.90%	3.90%	
Manningtree High Academy	21.10%	3.90%	3.90%	3.90%	
Maple Grove	21.10%	3.90%	3.90%	3.90%	
Margaretting C of E Primary School	21.10%	1.80%	2.80%	3.80%	
Mark Hall School	21.10%	3.90%	3.90%	3.90%	
Market Field School	21.10%	2.30%	3.30%	3.90%	
Mayflower High School Academy	21.10%	3.60%	3.90%	3.90%	
Maylandsea Primary School	21.10%	2.80%	3.80%	3.90%	
Meadgate Primary Academy	21.10%	3.90%	3.90%	3.90%	
Merrylands Primary School	21.10%	2.00%	3.00%	3.90%	
Messing Primary School	21.10%	1.50%	2.50%	3.50%	
Mildmay Junior School	21.10%	1.20%	2.20%	3.20%	
Milwards Primary & Junior	21.10%	3.50%	3.90%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Mistley Norman C of E Primary School	21.10%	3.90%	3.90%	3.90%	
Monkwick Infant Academy	21.10%	0.60%	1.60%	2.60%	
Monkwick Junior Academy	21.10%	1.90%	2.90%	3.90%	
Montgomerie Primary School	21.10%	1.90%	2.90%	3.90%	
Moulsham County Junior Academy	21.10%	0.40%	1.40%	2.40%	
Moulsham High Academy	21.10%	3.90%	3.90%	3.90%	
Moulsham Infants Academy	21.10%	1.00%	2.00%	3.00%	
Mountnessing Primary School	21.10%	1.80%	2.80%	3.80%	
New Rickstones Academy	21.10%	3.90%	3.90%	3.90%	
Newhall Primary Academy	21.10%	3.90%	3.90%	3.90%	
Newlands Spring Primary Academy	21.10%	-1.20%	-0.20%	0.80%	
Newport Free Grammar Academy	21.10%	3.90%	3.90%	3.90%	
Noak Bridge Primary School	21.10%	3.50%	3.90%	3.90%	
North Crescent Primary School	21.10%	2.10%	3.10%	3.90%	
North East Essex Co-Operative Academy	21.10%	3.50%	3.90%	3.90%	
Northlands Primary School & Nursery	21.10%	2.10%	3.10%	3.90%	
Northwick Park Primary & Nursery Academy	21.10%	0.70%	1.70%	2.70%	
Notley Green Academy	21.10%	1.40%	2.40%	3.40%	
Notley High & Braintree VI Form	21.10%	2.30%	3.30%	3.90%	
Oak View Special School	21.10%	1.80%	2.80%	3.80%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Oaklands Infant School	21.10%	1.80%	2.80%	3.80%	
Olive Ap Academy Thurrock	21.10%	3.70%	3.90%	3.90%	
Ongar Academy	21.10%	2.80%	3.80%	3.90%	
Ongar Primary School	21.10%	1.80%	2.80%	3.80%	
Ormiston Park Academy	21.10%	3.90%	3.90%	3.90%	
Ormiston Rivers Academy	21.10%	3.30%	3.90%	3.90%	
Orsett C Of E Primary School	21.10%	3.90%	3.90%	3.90%	
Our Lady Immaculate Primary Academy	21.10%	1.00%	2.00%	3.00%	
Our Lady Of Lourdes Catholic Primary School	21.10%	3.90%	3.90%	3.90%	
Our Lady Of Ransom Catholic Primary School (Rayleigh)	21.10%	1.80%	2.80%	3.80%	
Pabulum Ltd (Bournemouth Park)	21.10%	3.90%	3.90%	3.90%	
Pabulum Ltd (Chase High)	21.10%	3.90%	3.90%	3.90%	
Parkwood Academy	21.10%	3.60%	3.90%	3.90%	
Passmores Academy Trust	21.10%	0.30%	1.30%	2.30%	
Pear Tree Mead Academy	21.10%	0.60%	1.60%	2.60%	
Pemberley Academy	21.10%	2.80%	3.80%	3.90%	
Perryfields Infant School	21.10%	1.80%	2.80%	3.80%	
Perryfields Junior School	21.10%	3.60%	3.90%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Philip Morant Academy	21.10%	2.70%	3.70%	3.90%	
Phoenix Primary School & Nursery	21.10%	2.90%	3.90%	3.90%	
Plumberow Primary Academy	21.10%	0.90%	1.90%	2.90%	
Plume Academy	21.10%	3.00%	3.90%	3.90%	
Porters Grange	21.10%	3.90%	3.90%	3.90%	
Potter Street Primary School	21.10%	-1.30%	-0.30%	0.70%	
Powers Hall Junior	21.10%	1.20%	2.20%	3.20%	
Prince Avenue Primary Academy	21.10%	3.00%	3.90%	3.90%	
Purfleet Primary School	21.10%	1.30%	2.30%	3.30%	
Purford Green	21.10%	3.10%	3.90%	3.90%	
Purleigh Community Primary School	21.10%	-0.20%	0.80%	1.80%	
Quarry Hill	21.10%	3.90%	3.90%	3.90%	
R A Butlers Infants Academy	21.10%	-0.50%	0.50%	1.50%	
R A Butlers Junior Academy	21.10%	2.70%	3.70%	3.90%	
Ramsden Hall	21.10%	2.60%	3.60%	3.90%	
Ravens Academy	21.10%	2.00%	3.00%	3.90%	
Rayleigh Primary Academy	21.10%	1.00%	2.00%	3.00%	
Rayne Primary And Nursery School	21.10%	2.80%	3.80%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Richard De Clare Community School	21.10%	2.90%	3.90%	3.90%	
Richmond Avenue School	21.10%	3.90%	3.90%	3.90%	
Ridgewell C of E Primary School	21.10%	3.50%	3.90%	3.90%	
Rivenhall C of E Primary School	21.10%	1.80%	2.80%	3.80%	
Robert Drake Primary Academy	21.10%	1.70%	2.70%	3.70%	
Rochford Primary School	21.10%	2.30%	3.30%	3.90%	
Roding Valley High School	21.10%	1.80%	2.80%	3.80%	
Rolph Church Of England Primary School	21.10%	0.30%	1.30%	2.30%	
Roseacres Primary School	21.10%	2.80%	3.80%	3.90%	
Roydon Primary School (Academy)	21.10%	1.60%	2.60%	3.60%	
Runwell Primary Academy	21.10%	1.00%	2.00%	3.00%	
Ryedene Primary School	21.10%	2.50%	3.50%	3.90%	
Sacred Heart Catholic Primary School	21.10%	3.90%	3.90%	3.90%	
Saffron Walden High Academy	21.10%	2.70%	3.70%	3.90%	
Sandon Academy	21.10%	3.90%	3.90%	3.90%	
Seax Trust	21.10%	1.20%	2.20%	3.20%	
Shalford Primary School	21.10%	2.30%	3.30%	3.90%	
Shaw Primary Academy	21.10%	0.80%	1.80%	2.80%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Shenfield High Academy	21.10%	3.90%	3.90%	3.90%	
Shenfield St Marys	21.10%	2.30%	3.30%	3.90%	
Shoeburyness Academy	21.10%	3.90%	3.90%	3.90%	
Sigma Trust	21.10%	3.80%	3.90%	3.90%	
Silver End Academy	21.10%	3.50%	3.90%	3.90%	
Sir Martin Frobisher Academy	21.10%	0.20%	1.20%	2.20%	
Somers Heath Primary	21.10%	3.90%	3.90%	3.90%	
South Benfleet Primary Academy	21.10%	2.10%	3.10%	3.90%	
Southchurch High School	21.10%	3.90%	3.90%	3.90%	
Southend High For Boys Academy	21.10%	1.10%	2.10%	3.10%	
Southend High Girls Academy	21.10%	3.90%	3.90%	3.90%	
Southend YMCA Community Free School	21.10%	-1.80%	-0.80%	0.20%	
Southminster C of E Primary School	21.10%	3.50%	3.90%	3.90%	
Southview Primary School	21.10%	2.80%	3.80%	3.90%	
St Albans RC Primary Academy	21.10%	0.10%	1.10%	2.10%	
St Andrews C of E Primary School, Halstead	21.10%	2.80%	3.80%	3.90%	
St Andrews Primary School (Weeley)	21.10%	2.40%	3.40%	3.90%	
St Bernards High Academy	21.10%	3.90%	3.90%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
St Cedds	21.10%	3.90%	3.90%	3.90%	
St Christopher Academy	21.10%	2.10%	3.10%	3.90%	
St Clare's RC Primary School - Clacton	21.10%	3.90%	3.90%	3.90%	
St Cleres Co-Operative Academy	21.10%	0.30%	1.30%	2.30%	
St George's Catholic Primary School (Shoeburyness)	21.10%	3.90%	3.90%	3.90%	
St Helena Academy	21.10%	3.00%	3.90%	3.90%	
St Helen's Catholic Primary School (Westcliff-On-Sea)	21.10%	3.90%	3.90%	3.90%	
St Helens RC Junior Academy	21.10%	0.10%	1.10%	2.10%	
St James C of E Primary School Colchester	21.10%	2.40%	3.40%	3.90%	
St James C of E Primary School - Harlow	21.10%	1.60%	2.60%	3.60%	
St John's C of E Primary School, Buckhurst Hill	21.10%	2.80%	3.80%	3.90%	
St Joseph Catholic Primary School (Stanford-Le-Hope)	21.10%	3.90%	3.90%	3.90%	
St Joseph's Catholic Primary School (Canvey Island)	21.10%	1.80%	2.80%	3.80%	
St Lukes RC Academy (Harlow)	21.10%	1.30%	2.30%	3.30%	
St Margaret's C of E Primary School Bowers Clifford	21.10%	3.90%	3.90%	3.90%	
St Marks West Essex Academy	21.10%	2.40%	3.40%	3.90%	
St Martins High Academy	21.10%	3.10%	3.90%	3.90%	
St Marys Primary Academy Kelvedon	21.10%	3.10%	3.90%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
St Nicholas School	21.10%	3.90%	3.90%	3.90%	
St Osyth C of E Primary School	21.10%	3.10%	3.90%	3.90%	
St Teresa's Academy Colchester	21.10%	0.60%	1.60%	2.60%	
St Teresa's Catholic Primary School - Basildon	21.10%	1.20%	2.20%	3.20%	
St Teresa's Catholic Primary School (Rochford)	21.10%	1.80%	2.80%	3.80%	
St Thomas More Academy Saffron W	21.10%	0.70%	1.70%	2.70%	
St Thomas More High Academy	21.10%	3.90%	3.90%	3.90%	
St Thomas More Academy Colchester	21.10%	1.60%	2.60%	3.60%	
St Thomas Of Canterbury Catholic Primary School (Grays)	21.10%	3.90%	3.90%	3.90%	
Stambridge Primary School	21.10%	1.90%	2.90%	3.90%	
Stanford-Le-Hope Primary	21.10%	0.90%	1.90%	2.90%	
Stanway Academy	21.10%	2.80%	3.80%	3.90%	
Stapleford Abbots Primary Academy	21.10%	3.50%	3.90%	3.90%	
Staples Road Primary School	21.10%	1.80%	2.80%	3.80%	
Steeple Bumpstead Primary School	21.10%	2.80%	3.80%	3.90%	
Stewards Academy	21.10%	3.80%	3.90%	3.90%	
Stifford Clays	21.10%	3.60%	3.90%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Stisted Primary Academy	21.10%	-0.20%	0.80%	1.80%	
Sutton House Academy	21.10%	3.90%	3.90%	3.90%	
South West Essex Community Education Trust	21.10%	3.90%	3.90%	3.90%	
Sweyne Park Academy	21.10%	3.90%	3.90%	3.90%	
Tabor Science Academy	21.10%	3.90%	3.90%	3.90%	
Takeley Primary School	21.10%	3.20%	3.90%	3.90%	
Tany's Dell Primary School	21.10%	3.50%	3.90%	3.90%	
Templars Academy	21.10%	2.20%	3.20%	3.90%	
Temple Sutton Primary School	21.10%	3.90%	3.90%	3.90%	
Tendring Tech College Academy	21.10%	3.70%	3.90%	3.90%	
Thameside Primary Academy	21.10%	-0.80%	0.20%	1.20%	
The Appleton Academy	21.10%	3.00%	3.90%	3.90%	
The Beaulieu Park School	21.10%	3.90%	3.90%	3.90%	
The Bromfords Academy	21.10%	3.90%	3.90%	3.90%	
The Deanes School	21.10%	2.30%	3.30%	3.90%	
The Downs Primary School & Nursery	21.10%	1.80%	2.80%	3.80%	
The Fitzwimarc School	21.10%	3.90%	3.90%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
The Gateway Academy	21.10%	-1.40%	-0.40%	0.60%	
The Ockendon Academy	21.10%	0.90%	1.90%	2.90%	
The Pioneer School	21.10%	0.40%	1.40%	2.40%	
The Ramsey Academy, Halstead	21.10%	1.30%	2.30%	3.30%	
The Willows Primary School	21.10%	2.80%	3.80%	3.90%	
Theydon Bois Primary School	21.10%	1.80%	2.80%	3.80%	
Thomas Lord Audley Academy	21.10%	2.60%	3.60%	3.90%	
Thorpe Greenways Primary School	21.10%	3.90%	3.90%	3.90%	
Thorpedene Primary School	21.10%	2.90%	3.90%	3.90%	
Thriftwood Primary Academy	21.10%	1.20%	2.20%	3.20%	
Thundersely Primary School	21.10%	1.80%	2.80%	3.80%	
Thurstable Academy	21.10%	2.30%	3.30%	3.90%	
Tilbury Pioneer Academy	21.10%	3.90%	3.90%	3.90%	
Treetops School	21.10%	3.90%	3.90%	3.90%	
Tudor Court Primary Academy	21.10%	2.60%	3.60%	3.90%	
Tyrrells Primary Academy	21.10%	-0.80%	0.20%	1.20%	
Unity Primary Academy	21.10%	1.60%	2.60%	3.60%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Victory Park Academy	21.10%	3.90%	3.90%	3.90%	
Water Lane Primary Academy	21.10%	1.30%	2.30%	3.30%	
Waterman Primary School	21.10%	3.90%	3.90%	3.90%	
West Hatch High Academy	21.10%	2.70%	3.70%	3.90%	
West Leigh Junior	21.10%	3.90%	3.90%	3.90%	
Westborough Primary Academy	21.10%	-1.60%	-0.60%	0.40%	
Westcliff High Boys Academy	21.10%	3.70%	3.90%	3.90%	
Westcliff High Girls Academy	21.10%	3.90%	3.90%	3.90%	
Westerings Primary Academy	21.10%	-1.30%	-0.30%	0.70%	
Westwood Primary Academy	21.10%	0.60%	1.60%	2.60%	
White Bridge Primary School	21.10%	2.80%	3.80%	3.90%	
White Hall Academy	21.10%	-1.60%	-0.60%	0.40%	
Whitmore Primary School & Nursery	21.10%	2.70%	3.70%	3.90%	
Wickford C of E Academy	21.10%	-1.00%	0.00%	1.00%	
William De Ferrers Academy	21.10%	3.20%	3.90%	3.90%	
William Edwards Academy	21.10%	3.90%	3.90%	3.90%	
William Martin C of E Infant School	21.10%	1.80%	2.80%	3.80%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
William Martin C of E Infant School	21.10%	1.80%	2.80%	3.80%	
William Martin C of E Junior School	21.10%	1.80%	2.80%	3.80%	
Willow Brook Primary School And Nursery	21.10%	2.70%	3.70%	3.90%	
Winter Gardens Academy	21.10%	-0.10%	0.90%	1.90%	
Woodham Ley Primary School	21.10%	2.50%	3.50%	3.90%	
Woodlands School	21.10%	0.20%	1.20%	2.20%	
Woodside Primary Academy	21.10%	-1.10%	-0.10%	0.90%	
Woodville School	21.10%	0.90%	1.90%	2.90%	
Wyburns Primary School	21.10%	2.10%	3.10%	3.90%	
Zenith Multi Academy Trust	21.10%	3.50%	3.90%	3.90%	

Essex Pension Fund

Contribution Rates Schedule - Actuarial Valuation 2019

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Contractors					
Aramark	26.20%	-	-	-	
Churchill Contract Services Ltd (Woodlands Caretaking)	30.80%	-	-	-	
Hertfordshire NHS Partnership Trust	21.60%	-	-	-	
Juniper	27.00%	-	-	-	
Morgan Sindall Property Services	25.90%	-	-	-	
Paragon Group Ltd	23.00%	-	-	-	
Pinnacle	24.10%	-	-	-	
Vecteo	28.20%	-	-	-	

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Town and parish councils					
Ardleigh Parish Council	22.40%	0.90%	0.90%	0.90%	
Myland Community Council	22.40%	0.90%	0.90%	0.90%	
Southminster Parish Council	22.40%	0.90%	0.90%	0.90%	
Stondon Massey Parish Council	22.40%	0.90%	0.90%	0.90%	

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Academies					
Acorn Academy	21.10%	0.80%	1.80%	2.80%	
Buckhurst Hill Community School	21.10%	0.80%	1.80%	2.80%	
Cherry Tree Primary School	21.10%	1.80%	2.80%	3.80%	

Post 2019 Valuation Employers Rates and adjustment Certificate

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
Clean Green Cleaning Services Ltd (Hamstel Junior)	21.10%	3.90%	3.90%	3.90%	
Colne Engaine C of E Primary School	21.10%	1.80%	2.80%	3.80%	
Doddinghurst C of E Junior School	21.10%	1.80%	2.80%	3.80%	
Enterprise Support Services UK Ltd (South Essex Community Academy Trust)	21.10%	2.70%	3.70%	3.90%	
Fairhouse Primary School	21.10%	1.80%	2.80%	3.80%	
Holy Cross Catholic Primary School	21.10%	3.00%	3.90%	3.90%	
Home Farm Primary School	21.10%	0.80%	1.80%	2.80%	
Horndon on the Hill C of E Primary School	21.10%	2.30%	3.30%	3.90%	
Lewis & Graves Partnership Ltd (Mayflower)	21.10%	3.60%	3.90%	3.90%	
Little Thurrock Primary School	21.10%	3.00%	3.90%	3.90%	
Mildmay Infant and Nursery School	21.10%	0.80%	1.80%	2.80%	
Pabulum Ltd (Portico)	21.10%	3.90%	3.90%	3.90%	
Pabulum Ltd (Purfleet Primary)	21.10%	1.30%	2.30%	3.30%	
Paxman Academy	21.10%	3.90%	3.90%	3.90%	
Ridge Crest (Burnt Mill Academy Trust)	21.10%	3.50%	3.90%	3.90%	
RM Education (AET IT Services)	21.10%	3.90%	3.90%	3.90%	
Roxwell Church of England Primary School	21.10%	0.80%	1.80%	2.80%	
Sir Frederick Gibberd College	21.10%	3.90%	3.90%	3.90%	
Southend East Community Academy Trust	21.10%	3.90%	3.90%	3.90%	
St Andrews C of E Primary School (Great Yeldham)	21.10%	1.80%	2.80%	3.80%	
St Mary's Catholic School (Tilbury)	21.10%	3.90%	3.90%	3.90%	

Post 2019 Valuation Employers Rates and adjustment Certificate

Employer name	Primary rate (% pay)	Secondary rate (% pay plus monetary adjustment)			Specific notes
		2020/21	2021/22	2022/23	
St Nicholas C of E Primary School	21.10%	0.80%	1.80%	2.80%	
St Pius X Catholic Primary School	21.10%	0.80%	1.80%	2.80%	
The Chelmsford Learning Partnership	21.10%	3.90%	3.90%	3.90%	
Tiptree Heath Primary School	21.10%	0.80%	1.80%	2.80%	
Tolleshunt D'Arcy St Nicholas C of E Primary School	21.10%	0.80%	1.80%	2.80%	
Waltham Holy Cross Primary School	21.10%	0.10%	1.10%	2.10%	

Barnett Waddingham Final Comments

Funding Strategy Statement (FSS)

The assumptions used for the valuation must be documented in a revised Funding Strategy Statement to be agreed between the Fund Actuary and the administering authority.

Risks

There are many factors that affect the Fund's funding position and could lead to the Fund's funding objectives not being met within the timescales expected. Some of the key risks that could have a material impact on the Fund are:

- Employer covenant risk
- Investment risk
- Inflation risk
- Mortality risk
- Member options risk
- Regulatory risk

Sensitivity to some of these risks were set out in the sensitivities section of this report. Please note that this is not an exhaustive list. Further information on these risks and more can be found in our agreed assumptions report and will be set out in greater detail in the Funding Strategy Statement.

Rates and Adjustments Certificate

The contributions payable in respect of benefit accrual and any deficit contributions under each employer's recovery period have been set out in the Rates and Adjustments Certificate in accordance with Regulation 62 of the Regulations and cover the period from 1 April 2020 to 31 March 2023. In this certificate no allowance will be made for additional costs arising which need to be met by additional contributions by the employer such as non-ill health early retirements.

The contributions in the Rates and Adjustments Certificate are set so that each employer's assets (including future contributions) are projected to be sufficient to cover the benefit payments for their members, on the assumptions set out in this report. Where there is currently a deficit for an individual employer, recovery of this deficit is targeted in line with the Fund's FSS and all employers are projected to be fully funded after a recovery period length of up to 21 years.

This document has been agreed between the administering authority and the Fund Actuary. Contributions have been set which in our opinion meet the regulatory requirements and the funding objectives set out in the Fund's Funding Strategy Statement.

This report must be made available to members on request.

Post valuation events

Since the valuation date there has been some very significant movement in investment markets and in particular over the three months to 31 March 2020, largely driven by the COVID-19 crisis. However, our funding model is designed to help withstand short-term volatility in markets as it is a longer term model and we also use smoothed assumptions over a six-month period with the ultimate aim of setting stable contributions for employers.

Barnett Waddingham Final Comments

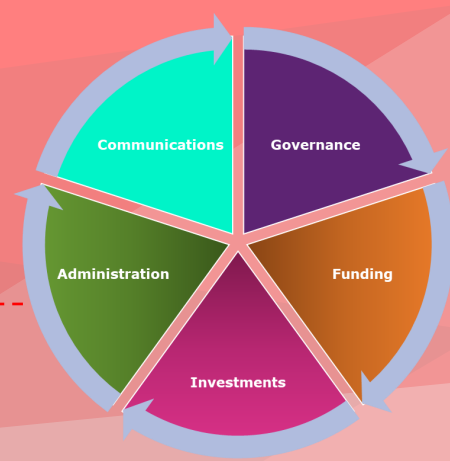
Therefore, although the falls in equity and corporate bond markets have been significant, the ongoing funding position under our model will not have fallen to the same extent, as the model helps to mitigate some of the impact of extreme events.

Due to the timing of these movements in the valuation process, and to the anticipated effect on the ongoing funding position, please note that no adjustments have been made to the valuation results or to the employer contributions previously agreed. The results are based on the position as at 31 March 2019 and this information on “post valuation events” is provided for information only.

We will continue to monitor the Fund’s funding position and raise any individual employer cases with the Fund that we consider need any special attention. The impact of the COVID-19 crisis will be fully considered as part of the 2022 valuation when we revisit employer contributions.

The next formal valuation is due to be carried out as at 31 March 2022 however we would recommend that the financial position of the Fund is monitored regularly during the period leading up to the next formal valuation. We would be happy to give more detail about the ways that this can be achieved.

Graeme Muir FFA
Colin Dobbie FFA
Barnett Waddingham LLP



SECTION 5

**STATEMENT OF
ACCOUNTS**

Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Executive Director, Finance and Technology.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the statement of accounts.

The Executive Director for Finance and Technology Responsibilities

The Executive Director , Finance and Technology is responsible for the preparation of the Fund's statement of accounts in accordance with proper practices set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK.

In preparing this statement of accounts, the Executive Director, Finance and Technology has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice on Local Authority Accounting;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Executive Director for Corporate and Customer Services Certificate

I certify that the Statement of Accounts on pages 145 to 198 has been prepared in accordance with proper practices and presents fairly the financial transactions of the Essex Pension Fund during the year ended 31 March 2020 and financial position of the Fund at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the year end.

Nicole Wood

Executive Director, Finance and Technology



Fund Account

The table below shows the Essex Pension Fund Account for the year ended 31 March 2020 and 31 March 2019:

2018/19		2019/20	
£000	Note	£000	£000
		Dealing with members and others directly involved in the Fund	
		Income	
			Contributions receivable
(57,799)	8	(60,772)	Member contributions
(181,987)	8	(191,720)	Employers' contributions
(10,796)	9	(12,253)	Transfers in from other Pension Funds
(2,423)		(2,318)	Other income
(253,005)			Total income (267,063)
		Expenditure	
			Benefits payable
200,611	10	211,869	Pensions
38,334	10	41,130	Commutation of pensions & lump sum retirement benefits
5,599	10	7,178	Lump sum death benefits
31,024	11	24,233	Payments to and on account of Leavers
275,568			Total expenditure 284,410
22,563			Net (additions)/withdrawals from dealings with members 17,347
48,921	12		Management expenses 55,317
71,484			Net (additions)/withdrawals including fund management expenses 72,664
			Returns on investments
(92,287)	13	(109,811)	Investment income
(492,310)	14	433,307	Profit and losses on disposal of investments and changes in the value of investments
4,647		3,503	Taxes on income
(579,950)			Net returns on investments 326,999
(508,466)			Net (increase)/decrease in the net assets available for benefits during the year 399,663
(6,518,822)			Opening net assets as at 1 April (7,027,288)
(7,027,288)			Closing net assets as at 31 March (6,627,625)

Net Asset Statement

The table below shows the Essex Pension Fund Net Asset Statement as at 31 March 2020 and 31 March 2019:

31 March 2019		31 March 2020	
£000	Note	£000	£000
	14		
	Investments		
	Investment assets		
404,594	Fixed interest securities	400,724	
4,064,304	Equities	3,530,936	
391,041	Index linked securities	285,066	
383,250	Property	429,285	
226,626	Property unit trusts	165,452	
321,530	Private Equity	340,352	
356,015	Infrastructure	392,964	
212,357	Timber	234,178	
118,654	Private Debt	135,587	
365,608	Other managed funds	425,244	
11,216	Derivative contracts	31	
145,961	Cash/deposits	250,164	
7,995	Other investment balances	9,393	
7,009,151			6,599,376
	Investment liabilities		
(10,798)	Derivative contracts	(31)	
(209)	Other investment balances	(1,400)	
(11,007)			(1,431)
6,998,144	Total net Investments		6,597,945
	15		
	Long term debtors		
1,587	Contributions due from employers		539
	15		
	Current assets and liabilities		
	Current Assets		
14,775	Cash		16,749
21,560	Contributions due from employers and other current assets		21,808
7,036,066			6,637,041
	Current liabilities		
(8,778)	Unpaid benefits and other current liabilities		(9,416)
7,027,288	Net assets of the scheme available to fund benefits at the end of the reporting period		6,627,625

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at note 19.

Notes to the Accounts

1 Description of the Fund

1.1 General Description of the Fund

Under the Local Government Pension Scheme (LGPS) (Administration) Regulations 2008, Essex County Council is required to maintain a pension fund.

The Essex Pension Fund (“the Fund”) is part of the Local Government Pension Scheme and is administered by Essex County Council (“the Administering Authority”) which is the reporting entity for this pension fund.

Established by the Local Government Superannuation Regulations 1974 the scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

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

The Fund is a contributory defined benefit pension scheme to provide pensions and other benefits for its Essex County Council employees and those other Scheduled Bodies within its area. It is also empowered to admit the employees of certain other bodies, town and parish councils, educational establishments, contractors providing services transferred from scheduled bodies and community interest bodies. The Fund does not provide pensions for teachers, for whom separate arrangements exist. Uniformed police and fire staff are also subject to separate pension arrangements.

The Council has delegated its pension functions to the Essex Pension Fund Strategy Board (PSB) and Investment Steering

Committee (ISC). Responsibility for the administration and financial management of the Fund has been delegated to the Executive Director, Finance and Technology along with the Director for Essex Pension Fund.

Independent investment managers have been appointed to manage the investments of the Fund. The Fund also invests in private equity, infrastructure and timber through the use of limited partnerships. The ISC oversees the management of these investments and meets regularly with the investment managers to monitor their performance against agreed benchmarks. The ISC in turn reports to the Essex Pension Fund Strategy Board. The Fund’s Investment Strategy Statement is contained in Section 6 of this report.

Regional Asset Pools

In response to the Government’s guidance and criteria on pooling investments issued in 2015, the Essex Pension Fund are working collaboratively with ten other like-minded LGPS Funds under the name of ACCESS (A Collaboration of Central, Eastern and Southern Shires).

In 2018 a joint procurement was undertaken by ACCESS for a passive provider, UBS Asset Management was appointed as the preferred provider. In addition, in March 2018 Link Solutions Limited (Link) was appointed to act as operator of the ACCESS’s Authorised Contractual Scheme (ACS). As at 31 March 2020 Link had launched 15 sub funds.

At the end of 2017/18 Essex Pension Fund had transitioned £1,945m of its passive assets from Legal and General to ACCESS’s new provider, UBS Asset Management. During 2018/19 a further £1,532m had been invested into sub funds managed by Link

Notes to the Accounts

Solutions Limited. No new assets were transitioned in 2019/20.

It is anticipated that during 2020/21 further investment will be made into the ACS managed by Link.

1.2 Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme, or make their own personal arrangements outside the scheme.

Organisations participating in the Essex Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are around 700 active employer organisations within Essex Pension Fund including the county council itself.

Membership details are set out below:

31 March 2019 Restated		31 March 2020
52,524	Contributors	57,498
73,827	Deferred pensioners	69,857
42,405	Pensioners	44,682
168,756		172,037

Prior year membership data has been restated to reflect the final membership position following the Actuarial Valuation carried out as at 31 March 2019.

1.3 Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund 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 2020.

Employees can also opt to pay a reduced contribution. This is commonly referred to as the “50/50 option”. At any-time an active member can opt to pay half of their normal contribution. This option results in the pension built up during this time being reduced by half. Employee contributions are matched by employers’ contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019. Full details can be found in Section 4 and on the website www.essexpensionfund.co.uk

1.4 Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with inflation.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Essex Pension Fund website www.essexpensionfund.co.uk and Section 3 of this report.

Notes to the Accounts

2 Basis of Preparation

The financial statements have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 issued by CIPFA which is based upon International Financial Reporting Standards (IFRS) as amended for UK public sector.

The financial statements summarise the Fund's transactions for the financial year ended 31 March 2020 and its position as at 31 March 2020. They report the net assets available to pay pension benefits they do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. However, a statement calculating the Fund's Actuarial present value of promised retirement benefits (IAS26) as at 31 March 2020 using IAS19 methodology is included in the notes to the accounts and can be found in Note 19. The actuarial position of the scheme as at 31 March 2019 is dealt with in Section 4 (the report of the consulting actuary) and these statements should be read in conjunction with them.

The accounts are prepared on a going concern basis.

3 Accounting Policies

Fund Account – Revenue Recognition

3.1 Contribution income

Normal Contributions (also referred to as Primary Contributions), both from the members and from the employer, are accounted for on an accruals basis as follows:

- Employee contributions rates are set in accordance with LGPS regulations using

common percentage rates for all schemes which arise according to pensionable pay.

- Employer contributions are set at the percentage rate recommended by the Fund Actuary in the payroll period to which it relates.

Employer deficit funding contributions (also referred to as Secondary Contributions) are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund Actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and financial strain contributions are accounted for in the period in which the liability arises. Any amounts due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

3.2 Transfers to and from other schemes

Transfer values represent the amount received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Scheme Regulations (see Notes 9 and 11).

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 scheme benefits are accounted for on a receipts basis and included in transfers in (Note 9).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Notes to the Accounts

3.3 Investment income

Dividend income

Dividend income is recognised in the Fund Account on the date the shares are quoted ex-dividend. Any amounts not received by 31 March are disclosed in the Net Asset Statement as other investment balances due. Investment income also includes withholding tax where this cannot be recovered.

Interest Income

Interest income is recognised in the Fund Account on an accruals basis, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Income from other investments

Income from other investments is accounted for on an accruals basis. Any amount not received by the end of the financial year is disclosed in the Net Asset Statement under other investment balances.

Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amounts not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

Property related income

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents based on the future amount of a factor that

changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

Change in market value of investments

The change in market value of investments during the year is recognised as income and comprises all realised and unrealised profits and losses during the year.

Fund Account – Expense Items

3.4 Benefits payable

Under the regulations, retirees can receive a lump sum retirement grant in addition to their annual pension. Pension and lump sum retirement grants are accounted for from the date of retirement. When a member chooses to take a greater retirement grant in return for a reduced pension, these lump sums are accounted for on an accruals basis from the date that the option is exercised. Any amounts due but not paid are disclosed in the Net Asset Statement as current liabilities, providing that payment has been approved.

Other benefits are accounted for on the date the member leaves the Fund or upon death.

3.5 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 proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

As Essex County Council is the Administering Authority for the Fund, VAT input tax is recoverable on all Fund

Notes to the Accounts

activities including expenditure on investment and property expenses.

3.6 Management expenses

The Fund discloses its pension fund management expenses where possible, in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

Administrative expenses

All administrative expenses are accounted for on an accrual's basis. All staff costs of administration part of the function are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Investment management expenses

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. For the investment managers who manage the main asset classes of the Fund these are broadly based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. With the investment managers who manage the alternative assets the fees are generally calculated on a commitment basis.

Some of the Fund's investments are via pooled vehicles. In the majority of cases the investment manager deducts its management fees directly i.e. the Fund are not invoiced for these costs. The gross up of management fees are offset through the change in market value of these investments.

Where an investment manager's fee invoice has not been received by the balance sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2019/20, £1.735m of fees is based on such estimates (2018/19: £2.412m). A creditor has been raised and the actual invoice amount is shown within current liabilities.

The costs of the Pension Fund Investment function are charged direct to the Fund along with any direct running costs. Transaction costs, transition costs and custody fees are included within investment management expenses.

The cost of obtaining investment advice from external consultants is included in governance and oversight.

Net Asset Statement

3.7 Financial Assets

Financial assets are included in the Net Asset Statement on a fair value basis (with the exception of cash and debtors, which have been dealt with on an amortised cost basis) as at the financial year end date of 31 March. The financial asset is recognised in the Net Asset Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in fair value of the asset are recognised by the Fund in the Fund Account.

Notes to the Accounts

The values of investments as shown in the Net Asset Statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 13). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted where possible the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016). Each type of investment, in consultation with the Fund's Investment Managers have been assessed and a single level has been applied based on their overall characteristics.

3.8 Valuation of investments

The value of investments as shown in the Net Asset Statement has been determined as follows:

3.9 Market quoted investments

In the majority of cases, market quoted equity investments for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

3.10 Unquoted investments

The fair value of investments for which market quotations are not readily available are determined as follows:

Unquoted private equity investments

For unquoted equity and private equity limited partnerships, investments are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers. In 2019/20, these are mainly valued as at 31 December 2019, in accordance with the guidelines issued by the British Venture Capital Association or equivalent body. As such an estimate of the

valuation at 31 March 2020 has been made. The 31 December valuation is adjusted for payments made to, and received from, the private equity managers in the period 1 January to 31 March 2020. In addition to the above treatment, the Fund, using information supplied by the Fund's private equity manager has made a further adjustment to reflect the last quarter's market volatility arising from the Covid-19 crisis. The Fund reduced the market value of private equity by 4.95% based on a regression analysis model of historical quarterly private equity fund valuations against relevant public market indices.

Other unquoted investments

Investments in unquoted property, private debt, timber and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund managers and are based on industry guidelines and standards set by the constituent documents of the pool or the management agreement. These investments are based on 31 March 2020 valuations.

3.11 Unit trust and managed funds

Unit trusts and managed funds are valued at bid prices provided by the relevant fund managers, which reflect the market value of the underlying investments. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

3.12 Fixed interest investments

The value of fixed interest investments in the Fund's investment portfolio are recorded at net market value based on their current yield i.e. excludes interest earned but not paid over at the Fund year-end, which is included separately within accrued investment income and disclosed within

Notes to the Accounts

Note 13

3.13 Direct Property Investments

Direct property investments have been valued on a fair value basis as at 31 March 2020, by Frank Knight, Chartered Surveyors in accordance with the Royal Institute of Chartered Surveyors' (RICS) valuation standards 2017 which incorporates the International Valuation Standards and the RICS UK National Supplement effective from January 2019. The valuer's opinion of market value and existing use value was primarily derived using comparable recent market transactions on arm's-length terms, where available, and appropriate valuation techniques (the Investment Method), such as the use of estimated future rental yields and rental values. Due to the unprecedented set of circumstances arising from the Covid-19 the Valuers have stated that valuations as at 31 March 2020 are reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation – Global Standards.

3.14 Derivatives

Derivatives financial instruments are used to manage exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

3.15 Dividend, Interest and Foreign Currency

Dividend, interest, purchases and sales of investments in foreign currencies have been accounted for using spot market rates as at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

3.16 Cash and Cash Equivalents

Cash comprises of cash in hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

3.17 Additional Voluntary Contribution

The Essex Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. AVCs are not included in the accounts in accordance with Section 4 (1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016 but are disclosed for information in Note 15.

The AVC providers to the Fund are The Equitable Life Assurance Society, Prudential and Standard Life.

The AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in these arrangements each receive an annual statement confirming the amounts held in their account and the movements in the year.

The Fund relies on individual contributors to check that deductions made on their behalf are accurately reflected in the statements provided by the AVC providers.

4 Critical judgements in applying accounting policies

In applying the accounting policies set out above, the Fund has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Notes to the Accounts

The critical judgements made in the Fund Accounts are:

Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuation are agreed with the actuary and are summarised in the Statement by Consulting Actuary shown in Section 4 of this report. This estimate is subject to significant variances based on changes to the underlying assumptions.

As permitted under IAS26, the Fund has opted to disclose the actuarial present value of the promised retirement benefits by way of a note to the Net Asset Statement. This is shown in Note 19.

5 Assumptions made about the future and other major sources of estimation uncertainty.

The Fund Accounts contains estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Net Asset Statement at 31 March 2020 for which there is a significant risk of material adjustment the forthcoming financial year are as follows:

Item	Uncertainties	Approximate effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits *	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance:
		A 0.1% p.a. decrease in the discount rate assumption would result in an increase in the pension liability of £116m.
		An increase of the CPI assumption by 0.1% p.a. increases the value of liabilities by approximately £18m
		A 0.5% p.a. increase in the long-term rate of salary increase would increase the value of liabilities by approximately £55m.
		Increasing the long-term rate of improvement used in the mortality projection by 0.25% p.a. would increase the liability by approximately £50m.

Notes to the Accounts

Item	Uncertainties	Approximate effect if actual results differ from assumptions
Property	<p>Direct Property Property valuation is performed by independent external valuers, in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards. Valuation techniques are used to determine the carrying amount of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels, changes in market process, changes in volume of sales and purchases or the discount rate could affect the fair value of property.</p> <p>Material Uncertainty The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the UK, market activity is being impacted in all sectors. As at the valuation date, the Fund considers that it can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that the Fund is faced with an unprecedented set of circumstances on which to base a judgement. The Fund's valuation(s) is / are therefore reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, the Fund has been recommended to keep the valuation of the properties within this portfolio under frequent review.</p>	<p>The effect of variations in the factors supporting the valuation could result in an increase or decrease in the value of:</p> <p>- directly held property by +/- 20% an increase or decrease of £79.585m, on current value of £397.925m. (Note 20.1 and 20.4)</p>

Notes to the Accounts

Item	Uncertainties	Approximate effect if actual results differ from assumptions
Property	<p>Pooled property funds and global property Valuation techniques are used to determine the carrying amount of pooled property funds and global property. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data. Uncertainties including changes in rental growth, covenant strength for existing tenancies, discount rate could affect the fair value of property investments.</p> <p>Material Uncertainty The impact of the outbreak of the Novel Coronavirus (COVID-19), and the resulting material valuation uncertainty, disclosed above for Direct Property, is also relevant to the pooled property funds, valued at £165.452m at 31 March 2020.</p>	<p>The effect of variations in the factors supporting the valuation could result in an increase or decrease in the value of:</p> <ul style="list-style-type: none"> - pooled property funds by +/- 20% an increase or decrease of £33.090m, on current value of £165.452m. (Note 20.1 and 20.4) - global held property by +/- 14.2% an increase or decrease of £4.453m, on current value of £31.360m. (Note 20.1 and 20.4)
Private equity / infrastructure / timber/private debt	<p>There is a degree of estimation involved in the valuation of these assets. Uncertainties including changes in market activity, credit risks, expected cash flows, discount rates used can impact valuations. Due to the increased uncertainty caused by the Novel Coronavirus (COVID-19), we reduced the market value of private equity by 4.95% based on a regression analysis model of historical quarterly private equity fund valuations against relevant public market indices.</p>	<p>The total private equity/ infrastructure/timber and private debt investments in the financial statements are £1,103m. There is a risk that these investments may be under or overstated in the accounts, totalling an increase/decrease of £88.636m. (Notes 20.1 and 20.4)</p>

* Results are taken from the 2019 Actuarial Valuation

Notes to the Accounts

6 Events after the reporting date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Events taking place after the date of authorisation for issue are not reflected in the financial statements.

7 Accounting Standards Issued, Not Adopted

The International Accounting Standards Board (IASB) has issued International Financial Reporting Standard 16 Leases (IFRS16) which, when adopted, will require the Fund to recognise most of the assets it has secured the use of through a lease arrangement on its Net Asset Statement as 'right of use' assets, together with the corresponding lease liabilities. This differs from the current practice of only recognising the assets and liabilities associated with the finance leases entered into by the Fund on its Net Asset Statement. It has been anticipated that IFRS16 would be adopted in 2020/21, but implementation has now been deferred to the 2021/22 financial year.

8. Contributions Receivable

Contributions receivable from employers are set out below:

8.1 By category

2018/19		2019/20
£000		£000
57,799	Employee's normal contributions	60,772
	Employers' contributions	
146,065	Normal contributions	154,216
30,313	Deficit recovery contributions	33,141
5,609	Augmentation contributions	4,363
181,987	Total employer contributions	191,720
239,786	Total	252,492

The terminology used in the Actuarial Report for employer contribution categories have now been changed as follows:

- Employer normal contributions – Primary contributions
- Deficit contribution – Secondary contributions
- Employer augmentation relates to payments for the cost of early retirements.

Notes to the Accounts

8.2 By type

2018/19			2019/20	
Member	Employer		Member	Employer
£000	£000		£000	£000
15,475	49,525	Administering Authority	15,919	49,882
38,890	119,077	Scheduled Bodies	41,331	128,494
1,908	8,682	Community Admission Bodies	1,888	8,030
1,205	3,654	Transferee Admission Bodies	1,302	4,175
321	1,049	Resolution Bodies	332	1,139
57,799	181,987	Total	60,772	191,720

9 Transfers in from other schemes

2018/19		2019/20
£000		£000
10,796	Individual transfers	12,253
10,796	Total	12,253

During 2019/20 and 2018/19 no group transfers from other schemes were received.

10 Benefits Payable

By type

2018/19			2019/20		
Pensions	Commutation of pensions & lump sum	Lump sum death benefits	Pensions	Commutation of pensions & lump sum	Lump sum death benefits
£000	£000	£000	£000	£000	£000
71,791	12,831	1,355	74,960	10,720	1,898
108,880	20,611	3,745	115,408	25,594	4,618
12,194	2,395	62	12,945	2,582	220
7,039	2,119	432	7,735	2,073	412
707	378	5	821	161	30
200,611	38,334	5,599	211,869	41,130	7,178

Notes to the Accounts

11 Payments to and on account of leavers

2018/19		2019/20
£000		£000
687	Refunds of contributions	900
33	State scheme premiums	20
	Transfer out	
19,381	Group transfers	--
10,923	Individual transfers	23,313
31,024	Total	24,233

In 2019/20 no bulk group transfers were made. In 2018/19 a bulk transfer of £19.381m was made in respect of Epping College to London Pension Fund Authority following a college merger.

12 Management Expenses

12.1 By Type

2018/19		2019/20
£000		£000
2,860	Administration costs	3,299
44,372	Investment management expenses	50,522
1,689	Oversight and governance	1,496
48,921	Total	55,317

ACCESS ongoing costs were £74,000 for 2019/20 (£116,000 in 2018/19). These costs are shown under oversight and governance costs line of the above note.

In 2019/20 external audit costs were £40,000 of which £12,000 was rechargeable and relates to work undertaken to provide assurance for scheduled bodies on IAS19 accounting disclosures (£30,000 and £6,000 respectively in 2018/19).

12.2 Investment Management Expenses

2018/19		2019/20
£000		£000
43,201	Management fees	49,454
388	Custody fees	779
783	Transaction costs	289
44,372	Total	50,522

Custody fees are made up of fees paid to the Fund's Global Custodian, Northern Trust and other out of pocket custody expenses. These were £303,000 and £476,000 in 2019/20 respectively (£304,000 and £84,000 in 2018/19).

Notes to the Accounts

Investment transaction costs of £289,000 were paid in 2019/20 (£783,000 in 2018/19). These were made up of transactions that have gone through the custody account of £565,000 and for the first year an adjustment has also been made for any further costs reported by the Fund's Investment Managers in their Cost Transparency Initiative (CTI) returns, these amounted to a reimbursement back to the Fund of £276,000.

The Fund in 2018/19 also incurred transition costs of £240,000 as a result of moving assets into sub funds managed by Link Solutions Limited, the ACCESS Pool Operator. No transition costs were incurred in 2019/20.

13 Investment Income

13.1 By Type

2018/19 £000		2019/20 £000
32,488	Dividends from equity	26,991
-	Dividends from equity pooled funds	20,962
2,505	Private equity Income	2,182
17,301	Infrastructure/timberland Income	16,362
10,100	Managed fund income	15,790
7,926	Income from pooled property investments	7,611
13,976	Net rent from property	12,394
2,204	Interest from cash deposits	3,132
2,142	Other	903
88,642	Total investment income showing net property rent	106,327
	Add back:	
3,645	Property operating expenses	3,484
92,287	Total investment income showing gross property rent	109,811

In line with best practice guidelines, the note that accompanies investment income requires the Fund to show rent from property net of other property income and operating property expenses. However, rent from property which is included under 'investment income' in the Fund Account is shown on a gross basis.

13.2 Investment property net rental

2018/19 £000		2019/20 £000
17,214	Rental Income from investment property	15,738
-	Other property income	140
(3,535)	Direct operating expenses arising from investment property	(3,484)
13,679	Total	12,394

Notes to the Accounts

13.3 Contracted rental receivable

The table below shows the contractual amount of rental income due to the Fund as at 31 March:

2018/19		2019/20
£000		£000
15,733	Within one year	16,406
45,826	Between one and five years	53,461
47,553	Beyond five years	53,774
109,112	Total	123,641

The above disclosure has been reduced by a loss allowance of 3.2% per annum (1.5% per annum as at 31 March 2019) reflecting the Fund's expected loss from late or non-recovery of rents from tenants. This is based on Fund information for the year to 31 March 2020.

13.4 Movement in the fair value of investment properties

	Freehold	Leasehold	Total
	£000	£000	£000
Fair value at 1 April 2018	323,385	70,500	393,885
Additions	7,870	12,295	20,165
Disposals	(44,507)	-	(44,507)
Net gain/loss on fair value	16,232	(2,525)	13,707
Fair value at 31 March 2019	302,980	80,270	383,250
Additions	73,841	1,092	74,933
Disposals	(39,809)	-	(39,809)
Net gain/loss on fair value	(13,182)	(7,267)	(20,449)
Fair value at 31 March 2020	323,830	74,095	397,925

Notes to the Accounts

14 Investments

14.1 Value of investments by fund manager

The value of investments held by each manager on 31 March was as follows:

31 March 2019			31 March 2020	
£'000	%		£'000	%
Investments managed inside the ACCESS Pool				
507,346	7.2	Link Asset Solutions - Long Term Global Growth Fund	590,709	9.0
535,454	7.7	Link Asset Solutions - Global Dividend Fund	447,157	6.8
489,312	7.0	Link Asset Solutions - Global Equity Fund	424,991	6.4
2,044,941	29.2	UBS Asset Management	1,753,616	26.6
3,577,053	51.1	Investments managed inside the ACCESS Pool	3,216,473	48.8
Investments managed outside ACCESS Pool				
121,851	1.7	Alcentra Ltd	135,587	2.0
669,887	9.6	Aviva Investors	636,671	9.6
184	-	Baillie Gifford and Co	121	-
335,403	4.8	Stewart Investors (formerly First State)	259,410	3.9
404,594	5.8	Goldman Sachs Asset Management International	400,724	6.1
347,233	5.0	Hamilton Lane	381,870	5.8
85,597	1.2	IFM Investors	92,174	1.4
73,075	1.0	JP Morgan Asset Management	69,605	1.1
959	-	Longview Partners	307	-
587,732	8.4	Marathon Asset Management Ltd	367,906	5.6
364,778	5.2	M&G Investments Alpha Opportunities	425,244	6.4
1	-	M&G Investments Infracapital	1	-
830	-	M&G Investments Financing Fund	-	-
201,580	2.9	Partners Group Management II S.à r.l (Infrastructure)	231,184	3.5
-	-	Partners Group Management II S.à r.l (Global Property)	31,360	0.5
216,998	3.1	Stafford Timberland Limited	242,689	3.7
10,389	0.2	Other*	106,619	1.6
3,421,091	48.9	Investments managed outside ACCESS Pool	3,381,472	51.2
6,998,144	100.0	Total	6,597,945	100.0

* The large balance held under Other was mainly due to £81m cash being held on a temporary basis, to finance an investment being made by the Fund on 1 April 2020.

Notes to the Accounts

14.2 Reconciliation of movements in investments and derivatives for the year ended 31 March 2020

2019/20	2019/20 Movement						Value at 31 March 2020 £000
	Value at 1 April 2019 £000	Purchases £000	Net Transfers £000	Sale Proceeds £000	In Market Value Change £000	Cash Movement £000	
Fixed interest securities							
UK quoted	404,594	-	-	(693)	(3,177)	-	400,724
Equities	4,064,304	264,165	-	(332,770)	(464,763)	-	3,530,936
UK quoted	65,343	7,416	-	(18,447)	(12,634)	-	41,678
Overseas quoted	812,994	156,495	-	(307,286)	(104,298)	-	557,905
UK unit life assurance policies	247,248	25,500	16,000	-	(53,675)	-	235,073
Overseas unit life assurance policies	809,471	49,501	(16,000)	-	(91,363)	-	751,609
Global unit life assurance policies	597,136	-	-	-	(115,322)	-	481,814
ACCESS pooled global equity funds	1,532,112	25,253	-	(7,037)	(87,471)	-	1,462,857
Index linked securities (unit life assurance policies)	391,041	-	-	(100,000)	(5,975)	-	285,066
Properties	609,876	109,439	-	(93,888)	(30,690)	-	594,737
UK properties (freehold)	302,980	73,841	-	(39,809)	(13,182)	-	323,830
UK properties (leasehold)	80,270	1,092	-	-	(7,267)	-	74,095
Global Property	-	30,725	-	(181)	816	-	31,360
Property unit trusts	226,626	3,781	-	(53,898)	(11,057)	-	165,452
Private equity	321,530	51,753	-	(87,505)	54,574	-	340,352
UK unquoted	4	-	-	-	-	-	4
Overseas unquoted	321,526	51,753	-	(87,505)	54,574	-	340,348
Infrastructure	356,015	26,358	-	(19,967)	30,558	-	392,964
UK unquoted	1	-	-	-	-	-	1
overseas unquoted	356,014	26,358	-	(19,967)	30,558	-	392,963
Timber (Overseas unquoted)	212,357	16,242	-	(3,780)	9,359	-	234,178
Private Debt	118,654	41,268	-	(20,254)	(4,081)	-	135,587
UK unquoted	30,404	-	-	(143)	(4,569)	-	25,692
Overseas unquoted	88,250	41,268	-	(20,111)	488	-	109,895
Other managed funds							
UK unquoted	365,608	84,937	-	(2,508)	(22,793)	-	425,244

Notes to the Accounts

2019/20	2019/20 Movement						Value at 31 March 2020 £000
	Value at 1 April 2019 £000	Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000	Cash Movement £000	
Cash							
Cash deposits held at the custodian/ other	145,961	-	-	(3,424)	3,424	104,203	250,164
Sterling	83,669	-	-	-	-	101,996	185,665
Foreign currency	62,292	-	-	(3,424)	3,424	2,207	64,499
	6,989,940	594,162	-	(664,789)	(433,564)	104,203	6,589,952
Derivative forward foreign currency contracts	418	481	-	(1,156)	257	-	-
	6,990,358	594,643	-	(665,945)	(433,307)	104,203	6,589,952
Other investment balances							
Assets	7,995						9,393
Amounts receivable for sales of investments	60						1,664
Investment income due	7,892						7,269
Amounts receivable in respect of global liquidity fund	43						460
Liabilities	(209)						(1,400)
Amounts payable for purchase of investments	(56)						(1,207)
Investment withholding tax payable	(153)						(193)
	6,998,144						6,597,945

The change in market value includes all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments since 1 April.

Notes to the Accounts

14.3 Reconciliation of movements in investments and derivatives for the year ended 31 March 2019

2018/19	2018/19 Movement						Value at 31 March 2019 £000
	Value at 1 April 2018 £000	Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000	Cash Movement £000	
Fixed interest securities							
UK quoted	242,167	160,000	-	-	2,427	-	404,594
Equities	3,955,138	404,715	-	(633,427)	337,878	-	4,064,304
UK quoted	134,666	7,972	(54,523)	(27,142)	4,370	-	65,343
Overseas quoted	1,838,222	282,901	(864,903)	(600,574)	157,348	-	812,994
UK unit life assurance policies	239,889	-	-	-	7,359	-	247,248
Overseas unit life assurance policies	774,160	5,020	-	-	30,291	-	809,471
Global unit life assurance policies	496,794	85,000	-	-	15,342	-	597,136
Global unit trusts	471,407	1,714	(496,834)	(4,045)	27,758	-	-
ACCESS pooled global equity funds	-	22,108	1,416,260	(1,666)	95,410	-	1,532,112
Index linked securities	433,664	6	-	(63,000)	20,371	-	391,041
Properties	618,353	28,544	-	(49,096)	12,075	-	609,876
UK properties (freehold)	323,385	7,870	-	(44,507)	16,232	-	302,980
UK properties (leasehold)	70,500	12,295	-	-	(2,525)	-	80,270
Property unit trusts	224,468	8,379	-	(4,589)	(1,632)	-	226,626
Private equity	299,451	52,988	-	(88,892)	57,983	-	321,530
UK unquoted	7	-	-	-	(3)	-	4
Overseas unquoted	299,444	52,988	-	(88,892)	57,986	-	321,526
Infrastructure	297,756	66,434	-	(49,681)	41,506	-	356,015
UK unquoted	1	-	-	-	-	-	1
overseas unquoted	297,755	66,434	-	(49,681)	41,506	-	356,014
Timber (Overseas unquoted)	109,869	98,955	-	(10,895)	14,428	-	212,357
Private Debt	106,570	24,515	-	(15,217)	2,786	-	118,654
UK unquoted	29,676	-	-	(136)	864	-	30,404
Overseas unquoted	76,894	24,515	-	(15,081)	1,922	-	88,250

Notes to the Accounts

2018/19	2018/19 Movement						
	Value at 1 April 2018 £000	Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000	Cash Movement £000	Value at 31 March 2019 £000
Other managed funds							
UK unquoted	264,399	105,015	-	(1,529)	(2,277)	-	365,608
Cash							
Cash deposits held at the custodian/other	149,108	-	-	(5,133)	5,133	(3,147)	145,961
Sterling	85,487	-	-	-	-	(1,818)	83,669
Foreign currency	63,621	-	-	(5,133)	5,133	(1,329)	62,292
	6,476,475	941,172	-	(916,870)	492,310	(3,147)	6,989,940
Derivative forward foreign currency contracts *	(27,570)						418
Other investment balances							
Assets	36,703						7,995
Amounts receivable for sales of investments	30,932						60
Investment income due	5,771						7,892
Amounts receivable in respect of global liquidity fund							43
Liabilities	(5,095)						(209)
Amounts payable for purchase of investments	(3,971)						(56)
Investment withholding tax payable	(143)						(153)
Amounts payable in respect of global liquidity fund	(981)						-
	6,480,513						6,998,144

Investment managers operate in global markets and need to transact in different currencies in order to settle trades.

Notes to the Accounts

14.4 Analysis of pooled investments representing 5% or more of net assets

The Fund holds the following investment in unit trusts/pooled vehicles at 31 March which are in excess of 5% of the value of the Fund:

31 March 2019			31 March 2020	
£000	%		£000	%
507,346	7.2	Link Fund Solutions LTGG Fund	590,709	9.0
597,136	8.5	UBS Asset Management Life All World Equity Tracker Hedged	481,814	7.3
535,454	7.7	Link Fund Solutions Global Dividend Fund	447,157	6.8
364,778	5.2	M&G Alpha Opportunity Fund	425,244	6.4
489,312	7.0	Link Fund Solutions Global Equity Fund	424,991	6.4
404,594	5.8	Goldman Sachs Strategic Absolute Fund	400,724	6.1
370,615	5.3	UBS Asset Management Life USA Equity Tracker Hedged	333,557	5.0
391,041	5.6	UBS Asset Management Life Over 5 Year Index Tracker	285,066	4.3

15 Current Assets and Liabilities

Current Assets

15.1 Analysis of current assets

31 March 2019		31 March 2020	
£000		£000	£000
Cash Balances			
627	Cash at bank	1,737	
14,148	Cash on short term deposits within 3 months	15,012	
14,775			16,749
Debtors and payments in advance			
4,475	Contributions due – employees	4,811	
15,213	Contributions due – employers	15,524	
1,872	Sundry debtors	1,473	
21,560			21,808
36,335	Total		38,557

15.2 Analysis of long-term debtors by type

31 March 2019		31 March 2020	
£000		£000	
1,514	Other employer contributions due		228
73	Reimbursement of life time allowances		311
1,587	Total		539

Notes to the Accounts

Introduced in 2016 the lifetime allowance limits the amount of pension that can be paid by an individual pensioner without incurring an extra tax charge. Responsibility falls to the pensioner; however, the Fund offers the facility to pay all/some of the tax upfront on the individual's behalf and are reimbursed by additional pension deductions over time. A long-term debtor of £311,000 has been raised in 2019/20 in this regard (£73,000 in 2018/19).

Current Liabilities

15.3 Analysis of current liabilities

31 March 2019 £000		31 March 2020 £000
	Unpaid benefits and other current liabilities	
(791)	Contributions due – employers	(1,460)
(2,674)	Investment manager fees payable	(1,883)
(5,295)	Benefits payable	(5,139)
(18)	Other	(934)
(8,778)	Total	(9,416)

15.4 Contingent Liabilities and Contractual Commitments

As at 31 March 2020 the Fund had a commitment to contribute a further £1,192m to its existing partnership investments, including private equity, infrastructure, private debt and timber (£512.585m as at 31 March 2019). The amounts called by these funds are irregular in both size and timing over a period of between five to ten years from the date of each original commitment.

16 Additional Voluntary Contributions (AVC) Investments

A summary of the information provided by Equitable Life, Prudential and Standard Life to the Fund is shown in the table below.

16.1 Reconciliation of movements in AVC Investment for the year ended 31 March

2018/19 £000		2019/20 £000
7,302	Value of AVC fund at beginning of year	8,416
1,982	Employees contributions	1,569
247	Investment income and change in market value	(191)
(1,115)	Benefits paid and transfers out	(1,011)
8,416		8,783

Notes to the Accounts

16.2 Analysis of AVC investments by Provider

2018/19 £000	2019/20 £000
50 Utmost (formerly Equitable Life)	64
3,768 Prudential	4,651
4,598 Standard Life	4,068
8,416	8,783

17 Related Party Transactions

The Fund is required to disclose material transactions with bodies or individuals that have the potential to control or influence the Fund, or to be controlled or influenced by the Fund. The intention in making this disclosure is to make explicit the extent to which the Fund might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to negotiate freely with the Fund.

17.1 Administration of the Fund

The Essex Pension Fund is administered by Essex County Council.

The Council incurred gross costs of £3.298m in 2019/20, of which £545,000 was outstanding at 31 March 2020 (£3.001m in 2018/19, of which £448,000 was outstanding at 31 March 2019) 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 Fund and contributed £49.882m to the Fund in 2019/20 (£49.525m in 2018/19). No significant amounts were owing to the Fund as at the end of the year.

The Fund has in place a separate bank account arrangement with the County Council. Surplus cash is invested by the County Council treasury management team on the sterling money market, in accordance with the Essex Pension Fund Treasury Management Strategy as agreed by the Essex Pension Fund Investment Steering Committee on 28 March 2019. This service is provided to the Fund at a cost of £28,000 (£27,000 in 2018/19).

During the year to 31 March 2020, the Pension Fund had an average investment balance of £21.097m (£31.296m in 2018/19) earning £110,000 interest (£176,000 in 2018/19).

17.2 Governance

Under IAS24 'Related Party Disclosures' it is a requirement that material transactions with related parties, not disclosed elsewhere, should be included in a note to the financial statements. During the year each member of the Essex Pension Board and Investment Steering Committee are required to declare their interests at each meeting. None of the Essex Pension Strategy Board Members, Investment Steering Committee Members or Senior Officers undertook any material transactions with the Essex Pension Fund. There were no material contributions due from the employer bodies at the end of the year that remained outstanding after the due date for payment.

Notes to the Accounts

17.3 Members of the LGPS

Essex County Council administers the LGPS for its own employees and numerous other bodies. Under legislation introduced in 2003/04, Councillors were also entitled to join the Pension Fund. However, under new legislation introduced from 1 April 2015 the entitlement of Councillors to join the Pension fund has now been removed. After the local County elections of May 2017 all active Councillors membership changed to deferred. Those Members of the Essex Pension Fund Strategy Board and Investment Steering Committee who, during 2019/20, were also members of the LGPS are listed below.

County Councillors

S. Barker
M. Maddocks
A. Davies
A. Erskine

Representative of Scheme Employers

C. Riley

Representative of Scheme Members

S. Child

Representative of Smaller Employing Bodies

J. Moore

From 1 April 2015 pension funds were required to establish a local Pensions Board under section 5 of the Public Service Pensions Act 2013 and Local Government Pension Scheme Regulations 2013. Members of this Board (Essex Pension Fund Advisory Board), who, during 2019/20, were also members of the LGPS are listed below:

Representative of Scheme Employers

J. Durrant
S. Walsh

Representative of Scheme Members

A. Coburn
P. Hewitt *Until Jun 2019*
D. Hurst
S. Roberts *From Sept 2019*
J. Sheehy *From Sept 2019*

Notes to the Accounts

The employees of Essex County Council who held key positions in the financial management of the Essex Pension Fund during 2019/20 and were also members of the Fund were the Executive Director for Corporate and Customer Services and Director for the Essex Pension Fund up until 31 July 2019, the Executive Director, Finance and Technology, the Interim Director for Essex Pension Fund and three personnel covering the Head of Essex Pension Fund position from 1 August 2019.

During 2019/20 approximately 2% of the Executive Director for Corporate and Customer Services and Executive Director, Finance and Technology time was spent on the Pension Fund, with the other officers spending 100% of their time in this way.

The short-term benefits (pay) associated with the time spent by these staff working on the Fund and the current service cost i.e. the increase in the value of the Fund's future pension liabilities arising out of the employees on-going membership of the Fund are shown below:

2018/19 £000		2019/20 £000
161	Short-term benefits	145
105	Current service costs	153
266		298

18 Agency Services

The Essex Pension Fund pays discretionary awards to former employees of current and former employers' of the Fund. The amounts paid are not included within the Fund Account but are provided as a service and are fully reclaimed from the employers. The sums are disclosed below:

2018/19 £000		2019/20 £000
1,456	Administering Authority	1,443
5,209	Scheduled Bodies	5,166
138	Community Admission Bodies	89
2	Resolution Bodies	2
20	Former Employers	20
6,825		6,720

19 Actuarial Present Value of Promised Retirement Benefit

The contributions payable for 2019/20 were determined by the Actuarial Valuation 2016.

19.1 Actuarial Valuation 2019

In line with the Local Government Pension Scheme Regulations 2013 the Fund's Actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period.

Notes to the Accounts

An Actuarial Valuation of the Essex Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023.

Actuarial Approach

Market conditions and the underlying investment performance of the Fund's assets will have a direct impact on the funding position, a smoothed value is used by the Fund's Actuary, Barnett Waddingham.

The Actuary's approach adopted at the 2019 Actuarial Valuation included the following features:

- financial assumptions such as inflation and the discount rate are based on smoothed market indicators from around the valuation date, specifically over the six-month period from 1 January 2019 to 30 June 2019. The discount rate is based on the expected investment return from the Fund's assets.
- the market value of assets at 31 March 2019 is then adjusted to also be smoothed over the same six-month period so that a consistent comparison can be made with the liabilities.
- the smoothed assets also include a 5% volatility reserve deduction which may be used in the instance for future adverse experience to help achieve stability.

The Valuation was carried out using the projected unit actuarial method. Full details of the actuarial assumptions are contained within the full Valuation Report that is available from www.essexpensionfund.co.uk, but the main financial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	Financial assumptions	
	2016	2019
Rate of Return	5.10%	4.50%
Rate of discount	5.10%	4.50%
Short term pay increase	CPI to 31 March 2020	n/a
Long term pay increase	3.90%	3.60%
Rate of increase to pensions in payment	2.40%	2.60%
Pension increases on Guaranteed Minimum Pension (GMP)	<p>Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increases. For members that reach SPA after this date, we have assumed that Funds will be required to pay the entire inflationary increases.</p>	

Notes to the Accounts

The assumed life expectancy from age 65 is as follows:

		31 March	
		2016 Years	2019 Years
Life Expectancy from age 65			
Retiring today			
	Males	22.3	21.7
	Females	24.8	23.7
Retiring in 20 years			
	Males	24.5	23.1
	Females	27.2	25.1

The assets were assessed at market value.

On the basis of the assumptions adopted, the Valuation revealed that the value of the Fund's assets of £6,711m represented 97% of the Funding Target liabilities of £6,917m at the valuation date (an increase from 89% as at 31 March 2016). This was based on a smoothing adjustment of 100.5% applied to the market value of the assets less the 5% volatility reserve.

The valuation also showed that a primary contribution rate of 20.0% of Pensionable Pay per annum was required from employers (16.3% as at 31 March 2016). The primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

In practice, each individual employer's position is assessed separately, and the contributions required are set out in section 4 of this publication. In addition to the certified contributions, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The next triennial actuarial valuation of the Fund is currently due as at 31 March 2022. Based on the results of this valuation, the contributions payable by the individual employers will be revised with effect from 1 April 2023.

Funding Strategy

The Funding Strategy adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Different approaches adopted in implementing contribution increases and deficit recovery periods are as determined through the FSS consultation process.

The funding objectives of the Fund are:

- to prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement;
- to recognise in drawing up its Funding Strategy, the desirability of employer contribution rates that are as stable as possible;
- to manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives;

Notes to the Accounts

- to maintain liquidity in order to ensure benefits can be met as and when they fall due over the lifetime of the Fund;
- to adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers and ultimately the taxpayer from an employer defaulting on its pension obligations to minimise unrecoverable debt on termination of employer participation; and
- to have consistency between the investment strategy and funding strategy; and to maximise returns within reasonable risk parameters.

19.2 IAS 19 Actuarial present value of promised retirement benefits

Many of the Fund's employers comply with the accounting disclosure requirements of either IAS 19 or FRS 102. These accounting standards specify the approach taken when calculating liabilities for disclosure in an employer's annual accounts, they do not determine the employer contribution.

Employer contributions are determined via the Actuarial Valuation as described above.

19.3 IAS 26 – Total Fund: Actuarial present value of promised retirement benefits

Separate to the Actuarial Valuation, IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed. For this purpose, the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used in the Actuarial Valuation for funding purposes.

In order to assess the present value of the Fund's obligation on this basis, the Actuary, allowing for the different financial assumptions required under IAS 19 has used a roll forward approach in valuing the Fund's liabilities which were last calculated at the triennial actuarial valuation as at 31 March 2019.

Liabilities are valued using a discount rate based on corporate bond yields.

An estimate of the Fund's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

The duration of the Fund's liabilities is the weighted average time to pay each future expected cashflow for each member. This is based on the data from the last actuarial valuation. The Fund's liability duration as at 31 March 2020 is 20 years which in turn means a discount rate of 2.35% per annum (2.40% as at 31 March 2019).

McCloud/Sargeant ruling

Two employment tribunal cases in respect of the Judicial and Firefighter Pension Scheme were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public services pension schemes from 1 April 2015.

The claimants challenged the transitional protection arrangements on the grounds of direct age

Notes to the Accounts

discrimination, equal pay and indirect gender and race discrimination. The rulings of both cases were appealed to the Employment Appeal Tribunal and subsequently to the Court of Appeal.

In December 2018, the Court of Appeal ruled that the transitional protections gave rise to unlawful discrimination. In June 2019 the Government was denied permission to appeal the decision to the Supreme Court.

The result of the ruling has far reaching consequences for all public services pension schemes including the Local Government Pension Scheme as there is now a requirement to compensate eligible members for any discrimination suffered as a result of the transitional protections. The Government Actuaries Department (GAD) have undertaken a high-level cost analysis of the potential impact on total liabilities. The remedy remains uncertain. A public consultation is expected in 2020/21 with proposed changes to remove discrimination by extension of protections. The Actuary applying GAD's scenario analysis estimated that the impact on the total liabilities at 31 March 2019 was 0.8% of liabilities, which equated to £79.328m.

In regard to 2019/20 an allowance was made for the potential impact of the McCloud & Sargeant judgement in the results provided to the Fund at the last accounting date as stated above and is already included in the starting position. This allowance is incorporated in the roll forward approach and is remeasured at the accounting date along with the normal LGPS liabilities.

The value of the Fund's promised retirement benefits as at 31 March 2020 was £9,259m (£9,805m as at 31 March 2019). Key financial assumptions used are:

31 Mar 2019		31 Mar 2020
%	Assumption	%
2.40	Discount rate	2.35
2.40	Pension increases	1.90
3.90	Salary increases	2.90

The Key demographic assumptions used (life expectations from age 65) are as follows:

Life Expectancy from age 65		31 March	
		2016 Years	2019 Years
Retiring today	Males	21.3	21.8
	Females	23.6	23.7
Retiring in 20 years	Males	22.9	23.2
	Females	25.4	25.2

Notes to the Accounts

20 Fair Value — Basis of Valuation

20.1 Fair Value Hierarchy

The valuation of assets and liabilities has been classified into three levels, according to the quality and reliability of information used to determine fair values.

20.1.1 Level 1

Assets and liabilities at Level 1 are those where the fair value are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Assets classified as Level 1 comprise of equities, quoted fixed securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investments is based on bid market quotation of the relevant stock exchange.

20.1.2 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 significantly on observable market data.

20.1.3 Level 3

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

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

The value of the investment in private equity is based on valuations provided by the general partners to the private equity funds in which the Essex Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IRRS and US GAAP. Valuations are usually undertaken annually at the end of December with unaudited valuations provided by the general partner as at 31 March.

The valuations of infrastructure and timber are based on net asset value provided by the fund manager.

The table below sets the valuation basis used. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information:

Notes to the Accounts

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Stewart Investors/ Marathon Asset Management Ltd	Market quoted equities	Level 1	Published Bid Market Price.	N/A	N/A
Link Asset Solutions	Pooled global equities funds	Level 1	Net Asset Value / Bid Market Price.	Net Asset Values.	N/A
Goldman Sachs Asset Management International	Fixed interest securities	Level 1	Fixed interest securities are valued at a market value based on current yields.	Net Asset Values.	N/A
UBS Asset Management	Equities/ Indexed linked life assurance policies	Level 2	Valuation technique with quoted prices for similar assets.	Price of recent transactions for identical input.	Significant change in economic circumstances or time lapse since the transaction took place.
M&G Investments Alpha Opportunities	Other managed funds	Level 2	The prices are published reflecting the NAV at each dealing point but are not exchange traded.	Price of recent transactions for identical input.	Significant change in economic circumstances or time lapse since the transaction took place.
All	Forward foreign exchanged contracts	Level 2	Market exchange rates at year end.	Price of recent transactions for identical instrument.	Risk of an exchange rate changing between the transaction date and the subsequent settlement date volatility of the exchange rates during the hedge period.

Notes to the Accounts

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Aviva Investors	Direct Property	Level 3	Direct Property independently valued by Knight Frank LLP in accordance with the current editions of Royal Institute of Chartered Surveyors' (RICS) Valuation - Global Standards, which incorporate the International Valuations Standards, and the RICS UK National Supplement. Valuation derived from using comparable recent market transactions on arm's length terms, where available, and other appropriate techniques such as the use of rental yields and rental values.	Pricing inputs are unobservable and include situations where there is little market activity. Estimated rental growth, covenant strength for existing tenancies, Discount rate Land/building valuation surveys	Valuations are reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation - Global Standards. Asset values can range between (+/-20%) , significant changes in yield movement (+/-10%) and estimated rental value movement (+/-10%) have been identified as key sensitivities. These risks also reflect the increased uncertainty due to the possible impact of Novel Coronavirus (COVID-19) and its impact on the property market.
Partners Group Management II Sea r.l	Global property	Level 3	Assets are based on valuations received from the Managers which are determined in accordance with the last know NAV and adjusted for subsequent capital calls and distributions and other relevant information provided.	Pricing inputs are unobservable and include situations where there is little market activity. Estimated rental growth, covenant strength for existing tenancies, Discount rate Land/building valuation surveys	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market process and volume of sales and purchases. Assets values can range between (+14.2% / -14.2%)

Notes to the Accounts

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Aviva Investors	Property unit trusts	Level 3	Assets are based on valuations received from the Managers which are determined in accordance with the last known NAV and adjustment for subsequent capital calls and distributions and other relevant information provided by the real estate fund	Pricing inputs are unobservable and include situations where there is little market activity. Estimated rental growth, covenant strength for existing tenancies, Discount rate Land/building valuation surveys	The following sensitivities have been identified Asset values can range between +/-20% Significant changes in yield movement (+/-10%) and estimated rental value movement (+/-10%) have been identified as key sensitivities These risks also reflect the increased uncertainty due to the possible impact of Novel Coronavirus (COVID-19) and its impact on the property market

Notes to the Accounts

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Hamilton Lane	Private Equity	Level 3	Investments in private equity funds are valued based on the Fund's share of the net assets, using the latest financial statements published by the respective fund managers in accordance with the appropriate industry guidelines. Limited partnerships are valued at Fair value based on the net asset value ascertained from periodic valuations provided by those controlling the partnership. The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns.	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic product, inflation, interest rates, discount rates, adjustments to current prices for similar assets, valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to gross domestic product, inflation, interest rates, and discount rates. Due to the increased uncertainty caused by the Novel Coronavirus (COVID-19), we reduced the market value of private equity by 4.95% based on a regression analysis model of historical quarterly private equity fund valuations against relevant public market indices. Asset values can range between (+15%/-15%)

Notes to the Accounts

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Partners Group Management II S.à r.l	Infrastructure	Level 3	Investments in the funds are valued based on the Fund's share of the net assets Audited valuations are carried out annually on the investments. The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic product, inflation, interest rates, discount rates, tax rates, Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) and adjustments to current prices for similar assets, valuation techniques	Valuations can be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, fair value adjustments, discount factors used, EBITDA and recent transaction prices. Asset values can range between (+4.1% /-4.1%)

Notes to the Accounts

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
JP Morgan Asset Management	Infrastructure	Level 3	Investments are valued based on the Fund's share of the net assets Audited valuations are carried out annually on the investments. The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns.	Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic product, inflation, interest rates, discount rates, tax rates, Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) and adjustments to current prices for similar assets, valuation techniques	Valuations can be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows and fair value adjustments, changes in interest rates, inflation, discount rate, price weaknesses As a result assets values can range between (+5.1% /-5.8%)

Notes to the Accounts

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
IFM Investors	Infrastructure	Level 3	<p>The investments are valued based on the Fund's share of the net assets.</p> <p>Audited valuations are carried out annually on the investments. The net assets value of the funds are determined using the valuation techniques such as discounted cash flows, earning multiples etc, and these use the inputs detailed in the next two columns.</p>	<p>Management's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, gross domestic products, inflation, interest rates, discount rates, tax rates, Earnings Before Interest, Taxes Depreciation and Amortisation (EBITDA) and adjustments to current prices for similar assets, valuation techniques</p>	<p>Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's reporting date. Key sensitivities identified are changes in gross domestic product, base rates, inflation and discount rates. Asset values can range between (+2.5/-2.5%)</p>

Notes to the Accounts

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Stafford Timberlands Limited	Timber	Level 3	Valuation technique is based on accepted valuation techniques and standards that include discounted cashflow and multiple earnings	Management's cash flow projections, estimates of growth expectations, discount rates, Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA), adjustments to current prices for similar assets, valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's reporting date by changes to expected cash flows earning multiple and discount rates used in the discounted cash flow analysis. Asset values can range between (+5%/-5%)
Alcentra Ltd	Private debt	Level 3	Net Asset Value Market approach using comparable trade multiples. They include comparison to recent arm's length transactions, reference to other instruments that are sustainably the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation	These techniques may include a number of assumptions relating to variables such as management cash flow projections, credit risk, interest rates, EBITDA, direct lending loans values, discount rates, marketability	Material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, EBITDA multiple, and discount rates used (e.g. discounts offered for lack of marketability). Asset values can change between (+7.2%/-7.2%)

Notes to the Accounts

The following table provides an analysis of the assets and liabilities of the pension fund grouped into Level 1 to 3 based on the level at which the fair value is observable.

Values as at 31 March 2019			Values as at 31 March 2020		
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Quoted market prices	Using observable inputs	Significant unobservable inputs	Quoted market prices	Using observable inputs	Significant unobservable inputs
£000	£000	£000	£000	£000	£000
	Restated	Restated			
			Financial assets		
			Fair value through profit and loss		
2,823,039	2,421,720	1,144,897	2,472,558	2,178,836	1,152,133
2,823,039	2,421,720	1,144,897	2,472,558	2,178,836	1,152,133
			Non Financial assets		
			Fair value through profit and loss		
			473,533		
			545,685		
			Financial liabilities		
			Fair value through profit and loss		
(209)	(10,798)	-	(1,400)	(31)	-
(209)	(10,798)	-	(1,400)	(31)	-
			Total net assets per level		
2,822,830	2,410,922	1,618,430	2,471,158	2,178,805	1,697,818
			Net Investment Assets		
			6,852,182		
			6,347,781		

Financial Assets (Level 2 and Level 3) have been restated in the Prior Year. This is due to Property Unit Trusts originally being categorised as Level 2 assets when they should have been categorised as Level 3 assets. As a result, the tables in Notes 20.3 and 20.4 have also been restated as well.

20.2 Transfers between hierarchy levels

No reclassifications were made as at 31 March 2020 or as at 31 March 2019.

Notes to the Accounts

20.3 Reconciliation of fair value measurements within Level 3

2019/20	Value at 1	2019/20 Movement					Value at 31
	April 2019	Transfer to level 3	Purchases	Sale Proceeds	Unrealised profit/loss	Realised profit/loss	March 2020
	£000 Restated	£000	£000	£000	£000	£000	£000
Properties	609,876	-	109,439	(93,888)	(51,404)	20,714	594,737
UK properties (freehold)	302,980	-	73,841	(39,809)	(13,329)	147	323,830
UK properties (leasehold)	80,270	-	1,092	-	(7,267)	-	74,095
Global properties	-	-	30,725	(181)	816	-	31,360
Property unit trusts	226,626	-	3,781	(53,898)	(31,624)	20,567	165,452
Private equity	321,530		51,753	(87,505)	(3,395)	57,969	340,352
UK unquoted	4	-	-	-	-	-	4
Overseas unquoted	321,526	-	51,753	(87,505)	(3,395)	57,969	340,348
Infrastructure	356,015		26,358	(19,967)	29,059	1,499	392,964
UK unquoted	1	-	-	-	-	-	1
Overseas unquoted	356,014	-	26,358	(19,967)	29,059	1,499	392,963
Timber (Overseas unquoted)	212,357		16,242	(3,780)	9,169	190	234,178
Private debt	118,654		41,268	(20,254)	(5,133)	1,052	135,587
UK unquoted	30,404	-	-	(143)	(4,569)	-	25,692
Overseas unquoted	88,250	-	41,268	(20,111)	(564)	1,052	109,895
	1,618,432	-	245,060	(225,394)	(21,704)	81,424	1,697,818

Property unit trusts Value at 1 April 2019 have been restated, please see Note 20.1 for details.

20.4 Sensitivity of assets valued at Level 3

In consultation with its institutional consultants, Hyman Robertson, and the Fund's investment managers an analysis of historical data and expected return movements during the accounting periods in question was undertaken. The fund as determined that the valuation methods described in note 20.3 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 as at 31 March 2020.

Notes to the Accounts

Value at 31 Mar 2019				Value at 31 Mar 2020			
Assessed valuation	Value on increase	Value on decrease		Assessed valuation	Value on increase	Value on decrease	
£000 range (+/-)	£000	£000		£000 range (+/-)	£000	£000	
Restated	Restated	Restated					
383,250	10.0%	421,575	344,925	397,925	20.0%	477,510	318,340
-	10.0%	-	-	31,360	14.2%	35,813	26,907
226,626	10.0%	249,289	203,963	165,452	20.0%	198,542	132,362
321,530	15.0%	369,760	273,301	340,352	15.0%	391,405	289,299
356,015	7.5%	382,716	329,314	392,964	4.1%	409,076	376,852
212,357	5.0%	222,975	201,739	234,178	5.0%	245,887	222,469
118,654	12.6%	133,604	103,704	135,587	7.2%	145,349	125,825
1,618,432		1,779,919	1,456,946	1,697,818		1,903,582	1,492,054

Prior year values for Property unit trusts have been restated, please see Note 20.1 for details.

The assessed valuation ranges shown in the above table were provided by the relevant fund managers, with the exception of:

Global property and Private debt - In the absence of: information from the fund managers, valuation range was based on percentages supplied by Hymans Robertson.

Infrastructure – The valuation range is a weighted average of the information provided by the three individual Infrastructure managers and their strategic allocations.

Further information on the assessed valuation ranges can be found in Note 20.1.

21. Financial instruments

21.1 Classification of financial instructions

The following table analyses the carrying amounts of financial assets and liabilities by category and Net Assets Statement headings.

Statutory debtors and creditors are excluded from the financial instrument note and only contractual debtors and creditors are shown.

The debtor figure of £22.347m as at 31 March 2020 (£23.147m as at 31 March 2019) excludes

Notes to the Accounts

statutory debtors of £21.958m (£22.895m as at 31 March 2019).

The creditor figure of £9.416m as at 31 March 2020 (£8.778m as at 31 March 2019) excludes statutory creditors of £6.599m (£6.086m as at 31 March 2019).

In addition, assets held by the Fund on a direct basis for example direct property and infrastructure has also been excluded for the below note as they are not financial instruments.

31 March 2019			Asset type	31 March 2020		
Fair value Through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000		Fair value Through Profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Financial assets						
404,594	-	-	Fixed interest securities	400,724	-	-
4,064,304	-	-	Equities	3,530,936	-	-
391,041	-	-	Index linked securities	285,066	-	-
226,626	-	-	Property unit trusts	165,452	-	-
321,530	-	-	Private equity	340,352	-	-
265,731	-	-	Infrastructure	276,564	-	-
212,357	-	-	Timber	234,178	-	-
118,654	-	-	Private debt	135,587	-	-
365,608	-	-	Other managed funds	425,244	-	-
11,216	-	-	Derivative contracts	31	-	-
-	160,736	-	Cash deposits	-	266,913	-
7,995	-	-	Other investment balances	9,393	-	-
-	252	-	Debtors	-	389	-
6,389,656	160,988	-		5,803,527	267,302	-
Financial liabilities						
(10,798)	-	-	Derivative contracts	(31)	-	-
(209)	-	-	Other investments balances	(1,400)	-	-
-	-	(2,692)	Creditors	-	-	(2,817)
(11,007)	-	(2,692)		(1,431)	-	(2,817)
6,378,649	160,988	(2,692)	Balance at the end of the year	5,802,096	267,302	(2,817)
	6,536,945		Total			6,066,581

Notes to the Accounts

21.2 Net gains and losses on financial instruments

Assets held by the Fund on a direct basis for example direct property and direct infrastructure has also been excluded from the below note.

The net gains and losses differ from the Fund Account by gains and losses of assets held directly. The gains and losses of these assets were £96,000 as at 31 March 2020 (£31.689m as at 31 March 2019).

Gain/(loss) as at 31 Mar 2019 £000		Gain/(loss) as at 31 Mar 2020 £000
Financial assets		
455,488	Fair value through profit and loss	(436,635)
5,133	Amortised cost unrealised gains	3,424
<u>460,621</u>	Total	<u>(433,211)</u>

22 Nature and extent of risks arising from financial instruments

22.1 Risk and risk management

The Fund's primary long-term risk is that the Fund 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 of the Fund's investments. The Fund achieves this through asset diversification to reduce its exposure to a variety of financial risks: market risk; price risk; currency risk; interest rate risk and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cashflow. The Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's overall risk management strategy rests with the Essex Pension Fund Strategy Board (PSB). Risk management policies are established to identify and analyse the risks faced by the Fund's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

22.2 Market risk

Market risk is the possibility that financial loss might occur as a result of fluctuations in equity and commodity prices, interest rates and foreign exchange. The level of risk exposure depends on market conditions, expectation of future price and yield movements and the asset mix.

Market risk is inherent in the investments that the Fund makes. To mitigate market risk the investments are made in a diversified pool of asset classes and investment approaches to ensure a risk adjusted balance between categories. The Fund takes formal advice from its institutional investment consultant (Hymans Robertson LLP) along with the Fund's independent adviser and the portfolio is split between a number of managers and investment strategies with different benchmarks and performance targets. Full details can be found in the Investment

Notes to the Accounts

Strategy Statement shown in section 6 of this report and is also available from the website www.essexpensionfund.co.uk. Investment risk and strategy are regularly reviewed by the ISC.

22.3 Other price risk

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 those arising from interest rate risk or foreign exchange risk) whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. 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 level of volatility will vary by asset class and over time. The Fund has some diversification in the asset classes in which it invests, which seeks to reduce the correlation of price movements between different asset types, while employing specialist investment managers to best deploy capital in line with the Funds overall strategy.

22.4 Other price risk sensitivity analysis

In consultation with its institutional consultants, Hyman Robertson, an analysis of historical data and expected return movements during the accounting periods in question was undertaken. The table below shows the potential price movements deemed possible for the accounting period 2020/21 and 2019/20. The prior year figures have been restated to reflect the removal of non-financial assets.

The percentages shown below are broadly consistent with a movement of one standard deviation in the value of the Fund's assets and assumes that all other variables foreign exchange rates and interest rates remain unchanged.

31 Mar 19		31 Mar 20	
Potential Market movement		Potential Market movement	
%	Asset type	%	
0.5%	Cash	0.3%	
8.86%	UK fixed interest securities	8.0%	
16.6%	UK equities	27.5%	
16.9%	Overseas equities	28.0%	
7.2%	UK index linked bonds	7.4%	
14.3%	Pooled property unit trusts	14.2%	
28.3%	Private equity	28.4%	
11.8%	Infrastructure funds	11.1%	
11.8%	Timber	20.1%	
12.8%	Private debt	7.2%	
11.8%	Other managed funds	11.1%	

Had the market price of the Fund investments increased/ (decreased) in line with the above assumptions the change in the net assets available to pay benefits would have been as follows:

Notes to the Accounts

31st March 2019 £000 Restated	Percentage change %	Value increase £000	Value decrease £000	Asset type	31st March 2020 £000	Percentage change %	Value increase £000	Value decrease £000
160,736	0.5%	161,540	159,932	Cash and equivalents	266,913	0.3%	267,714	266,112
				Investment portfolio assets				
				UK fixed interest securities	400,724	8.0%	432,782	368,666
404,594	8.86%	440,441	368,747	UK equities	41,678	27.5%	53,139	30,217
65,343	16.6%	76,190	54,496	Overseas equities	557,905	28.0%	714,118	401,692
812,994	16.9%	950,390	675,598	UK equities unit insurance policies	235,073	27.5%	299,718	170,428
247,248	16.6%	288,291	206,205	Overseas equities insurance policies	751,609	28.0%	962,060	541,158
809,471	16.9%	946,272	672,670	Global equities insurance policies	481,814	28.0%	616,722	346,906
597,136	16.9%	698,052	496,220	ACCESS pooled global equity funds	1,462,857	28.0%	1,872,457	1,053,257
1,532,112	16.9%	1,791,039	1,273,185	UK index linked life assurance policies	285,066	7.4%	306,161	263,971
391,041	7.2%	419,196	362,886	Property unit trusts	165,452	14.2%	188,946	141,958
226,626	14.3%	259,034	194,218	Private equity	340,352	28.4%	437,012	243,692
321,530	28.3%	412,523	230,537	Infrastructure	276,564	11.1%	307,263	245,865
265,731	11.8%	297,087	234,375	Timber	234,178	20.1%	281,248	187,108
212,357	11.8%	237,415	187,299	Private debt	135,587	7.2%	145,349	125,825
118,654	12.8%	133,842	103,466	Other managed funds	425,244	11.1%	472,446	378,042
365,608	11.8%	408,750	322,466	Net derivative assets	-	-	-	-
418	-	418	418	Total assets available to pay benefits	6,061,016		7,357,135	4,764,897
6,531,599		7,520,480	5,542,718					

Notes to the Accounts

22.5 Interest rate risk

The Fund invests in financial assets for the primarily purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk primarily impacts on the valuation of the Funds' bond holdings and to a lesser degree the return it receives on cash held. The Fund has three bond mandates one passive bond mandate with UBS Asset Management and two bond mandates with M&G Investments (M&G) and Goldman Sachs Asset Management (GSAM) which their exposure is actively managed. In addition, the fund has an investment in a private debt mandate.

The Fund's direct exposure to interest rate movements as at 31 March 2020 and 31 March 2019 are shown below. The underlying assets are shown at their fair value.

Asset value as at 31 Mar 2019			Asset value as at 31 Mar 2020	
£000	Asset type		£000	
145,961	Cash and cash equivalents		250,164	
14,775	Cash balances		16,749	
404,594	Fixed interest securities		400,724	
391,041	Index-linked securities		285,066	
118,654	Private debt		135,587	
1,075,025	Total assets		1,088,290	

22.6 Interest rate sensitivity analysis

Interest rates have remained constant, but this is not always the case and can vary. As a result, any variation in interest rates affects the level of income achievable and the value of the net assets of the Fund to pay benefits. The Fund's institutional consultants, Hymans Robertson have undertaken a sensitivity analysis and advised that it is reasonable in today's climate that a movement increase/(decrease) of not more than 1% on a year to year basis is possible based on past experience.

The table below shows the effect in the year on the net assets available to pay benefits of an increase/(decrease) of 1% change in interest rates assuming all other factors remain unchanged.

Asset value as at 31 Mar 2019	Impact of 1% increase	Impact of 1% decrease	Asset type	Asset value as at 31 Mar 2020	Impact of 1% increase	Impact of 1% decrease
£000	£000	£000		£000	£000	£000
145,961	145,961	145,961	Cash and cash equivalents	250,164	250,164	250,164
14,775	14,775	14,775	Cash balances	16,749	16,749	16,749
404,594	400,548	408,640	Fixed interest securities	400,724	396,717	404,731
391,041	391,041	391,041	Index-linked securities	285,066	285,066	285,066
118,654	117,467	119,841	Private debt	135,587	134,231	136,943
1,075,025	1,069,792	1,080,258	Total change in assets available	1,088,290	1,082,927	1,093,653

Notes to the Accounts

The above analysis demonstrates that a 1% change in interest rates will only impact the fair value of fixed interest and private debt, interest received would be unaffected.

A 1% movement of interest rates on index linked securities would not impact the fair value and would have a negligible effect on interest received.

22.7 Currency risk

Currency risk is the extent to which the fair value of future cash flows of a financial asset/liability will fluctuate due to changes in exchange rates. The Fund is exposed to currency risk on all assets that are denominated in any currency other than sterling its reporting currency. To reduce the volatility associated with fluctuating currency rates (currency risk) the Fund invests in hedged overseas regional index funds via its passive provider UBS Asset Management

The following table summarises the Fund's currency exposure as at 31 March 2020 and 31 March 2019:

31 Mar 2019		31 Mar 2020
£000	Asset type	£000
812,994	Overseas equities quoted	557,905
809,471	Overseas unit life assurance policies	751,609
597,136	Global unit life assurance policies	481,814
1,532,112	ACCESS pooled global equity funds	1,462,857
	- Global property	31,360
321,526	Overseas private equity	340,348
356,014	Overseas infrastructure	392,963
212,357	Overseas timber	234,178
88,250	Overseas private debt	109,895
62,292	Foreign currency	64,499
4,792,152	Total overseas assets	4,427,428

22.8 Currency risk sensitivity analysis

In consultation with the Fund's institutional consultant, Hymans Robertson the Fund considers the likely volatility associated with exchange rate movements to be in the region of 13% (13% as at 31 March 2019) (approximately one standard deviation) assuming other factors remain constant.

The table below shows the effect of a 13% (13% as at 31 March 2019) strengthening/weakening of the pound against the investments the Fund holds in various other currencies. The increase/ (decrease) on the net assets of the Fund are as follows:

Notes to the Accounts

Asset value as at 31 Mar 2019 £000	Change in year in the net assets to pay benefits			Asset type	Asset value as at 31 Mar 2020 £000	Change in year in the net assets to pay benefits		
	+13%	-13%				+13%	-13%	
	£000	£000	£000			£000	£000	£000
812,994	918,683	707,305		Overseas equities quoted	557,905	630,433	485,377	
809,471	914,702	704,240		Overseas unit life assurance	751,609	849,318	653,900	
597,136	674,764	519,508		policies	481,814	544,450	419,178	
1,532,112	1,731,287	1,332,937		Global unit life assurance	1,462,857	1,653,028	1,272,686	
-	-	-		policies	31,360	35,437	27,283	
321,526	363,324	279,728		ACCESS pooled global equity	340,348	384,593	296,103	
356,014	402,296	309,732		funds	392,963	444,048	341,878	
212,357	239,963	184,751		- Global property	234,178	264,621	203,735	
88,250	99,723	76,778		Overseas private equity	109,895	124,181	95,609	
62,292	70,390	54,192		Overseas infrastructure	64,499	72,884	56,114	
				Overseas timber				
				Overseas private debt				
				Foreign currency				
				Total change in assets				
4,792,152	5,415,132	4,169,173		available	4,427,428	5,002,993	3,851,863	

22.9 Credit risk

Credit risk is the possibility that the counterparty to a transaction or a financial instrument might fail in its obligation to pay amounts due to the Pension Fund resulting in a financial loss. The market value of investments reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The Fund is exposed to credit risk in all its operational activities through forward currency contracts, derivative positions (futures) and treasury management activities. However, the selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

22.10 Commercial

Commercial credit risk also arises with those organisations that pay monies over to the Fund (debtors) as part of the administration function, principally contributions from employers and transfers in from other registered pension schemes.

Except in certain bulk transfer cases, the Fund does not apply service credits in respect of transfers in until cash settlement is made.

Monthly receipt of contributions is closely monitored by the Employer team. In addition, member records are updated throughout the year with any new information provided to them. At the end of the financial year employers are required to provide Essex Pension Fund with an annual

Notes to the Accounts

return which is used to reconcile both member information and the contributions paid over in the year by both the employee and the employer.

The Funding Strategy Statement requires safeguards to be in place on all new admission agreements to protect the Fund from an employer default, through a guarantee from a tax backed scheme employer for any new body. An analysis of debtor balances at 31 March 2020 is provided in Note 15.

22.11 Bonds

Credit risk will also be considered by the Fund's bond managers in their portfolio construction. A bond is a saleable debt instrument issued by a corporation, government or other entity, the instrument may be purchased direct from the issuer or in the secondary market.

In addition to the passive manager, UBS, the Fund has two active bond managers M&G and GSAM, the former also manage a financing fund which is in wind up.

Both M&G and GSAM manage pooled assets against a LIBOR plus benchmark. At 31 March 2020, the average credit quality of the M&G bond mandate was BBB+ rated (BBB+ rated as at 31 March 2019). The portfolio had suffered six defaults since inception, one was within the financial year ended 31 March 2020 and none 31 March 2019.

The portfolio managed by GSAM as at 31 March 2020 had an average credit quality of AAA (AA+ rated as at 31 March 2019) and has suffered 12 defaults since inception none as at 31 March 2020 and one within the financial year ended 31 March 2019.

22.12 Cash held on deposit and current accounts

Cash managed internally

The Fund has operated a separate bank account since 1 April 2010 with Lloyd's Bank plc, which is also banker to the Administering Authority. The bank holds an A+ (A+ as at 31 March 2019) long term credit rating with Standard and Poor. Cash is invested with Lloyd's and is placed with institutions on the Administering Authority's approved counter-party list. The management of cash is carried out by the Treasury Management function of the Administering Authority in accordance with the Treasury Management Policy and Strategy approved by the Essex Pension Fund Investment Steering Committee (ISC). The ISC have approved the management of cash in accordance with the policies and practices followed by the Administering Authority for its own investments as outlined in the CIPFA Code of Practice for Treasury Management in the Public Services. The Administering Authority sets detailed credit criteria having taken independent advice and has maximum exposure limits to any single institution. Details of such are shown in the tables below.

At 31 March 2020, £16.749m (£14.775m as at 31 March 2019) was under management by the Administering Authority's Treasury Management Team. Over the last five financial years the Pension Fund has no experience of default or uncollectible deposits.

Cash managed externally

The majority of the cash held by the Fund's custodian; Northern Trust is swept overnight to one of two AAA rated money market funds. As at 31 March 2020, the total balance held in Sterling and US dollar AAA money market funds was £224.984m with a smaller balance of £25.180m held in the Northern Trust current account (£117.940m and £28.021m as at 31 March 2019

Notes to the Accounts

respectively). The use of money market funds provides an underlying diversification of counterparty and avoids exposure to a single institutional balance sheet, in this case the custodian.

The table below provides a breakdown of where the Pension Fund cash is managed:

31 March 2019			31 March 2020		
Rating	£000		Rating	£000	
Cash managed externally					
Cash held on deposit					
AAA	66,717	BNP Paribas Investment Partners	AAA	96,022	
AAA	<u>51,223</u>	Northern Trust	AAA	<u>128,962</u>	
	117,940			224,984	
Cash held in Current Account					
AA-	28,021	Northern Trust	AA-	25,180	
	145,961	Total cash managed externally		250,164	
Cash managed internally					
Cash held on fixed term					
AA	5,000	Thurrock Council	AA	-	
	-	Peterborough Council	AA	5,006	
Cash held on deposit					
AAA	-	Blackrock	AAA	10,000	
AA-	4,092	HSBC	AA-	3	
A	-	Santander UK	A	1	
AA-	5,055	Svenska Handelsbanken	AA-	3	
Cash held in Current Account					
A+	628	Lloyds Bank plc	A+	1,736	
	<u>14,775</u>	Total cash managed internally		<u>16,749</u>	
	160,736	Total		266,913	

Notes to the Accounts

The following table summarises the maximum exposure to credit risk of the cash held with Northern Trust and other financial institutions. This is now reflected in the pension fund financial statements.

31 March 2019		31 March 2020	Maximum limit per Financial Institution	Historical risk of default	Estimated maximum exposure to Default and uncollectability
£000		£000	£000	%	£000
	Cash managed externally				
	Deposit with bank and other financial institutions				
117,940	AAA Rated	224,984	80,000	0.04%	90
28,021	AA Rated	25,180		0.02%	5
145,961	Total cash managed externally	250,164			95
	Cash managed internally				
	Deposit with bank and other financial institutions				
-	AAA Rated	10,000	10,000	0.04%	4
14,147	AA Rated	5,012	7,500	0.02%	1
628	A Rated	1,737	5,000	0.05%	1
14,775	Total cash managed internally	16,749			6
160,736	Total cash	266,913			101

Whilst the Fund has a cash limit of £80 million for financial institutions within the Treasury Management Strategy, there is a facility to exceed the limit on a temporary basis when redeploying assets.

22.13 Liquidity risk

Liquidity risk is the possibility that the Fund might not have adequate cash resources available to meet its financial commitments as they fall due.

The ISC reviews its strategy on a yearly basis and where necessary takes steps to ensure that the Fund has adequate readily realisable resources to meet its financial commitments. The majority of the Fund's investments are quoted on major stock markets and are in readily realisable form. The Fund also has an allocation to alternative investments, which are relatively illiquid.

Notes to the Accounts

In 2017 the ISC took the decision to de-risk reducing its equity allocation from 60% to 50% as a result the strategic allocation to alternatives will increase from 27% to 37% as and when opportunities arise. The Fund is relatively immature with almost as many contributors as pensioners, dependants and deferred pensioners. In consequence the Fund has a neutral cash flow and is able to pay benefits from contributions and income received. As the Fund is not in the position of a forced seller, i.e. it does not need to sell assets in order to pay benefits, it is considered appropriate to hold such illiquid investments to increase diversification, minimise risk and improve long-term investment performance.

The Fund as at 31 March 2020 had immediate access to its pension fund cash holdings held internally and externally of £266.913m (£160.736m as at 31 March 2019). These monies are in primarily in the whole invested on an overnight basis on the money market.

Officers of the Fund prepare periodic cashflow forecasts to understand and manage the timing of the Funds cashflows. The Investment Strategy Statement outlines the appropriate strategic level of cash balances that the Fund can hold. More detail can be found in Section 6.

22.14 Custody

Northern Trust are the global custodian with responsibility for safeguarding the assets of the Fund. As at 31 March 2020 Northern Trust had \$10.8 trillion of assets under custody (31 March 2019, \$8.2 trillion) and had a credit rating of AA- (31 March 2019, AA-). Monthly reconciliations are performed between the underlying records of the custodian and all investment managers and partnerships of the Fund.

22.15 Post Balance Sheet Events

The Statement of Accounts was certified by the Executive Director, Finance and Technology on 30 June 2020. Events taking place after this date were not reflected in the financial statements or notes.

Statement by External Auditors

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF ESSEX PENSION FUND

Opinion on the consistency of the pension fund financial statements with the Statement of Accounts

We have examined the pension fund financial statements for the year ended 31 March 2020, which comprise the fund account, the net assets statement and the related notes.

In our opinion, the pension fund financial statements are consistent with the Statement of Accounts of Essex County Council for the year ended 31 March 2020.

We have not considered the effects of any events between the date we signed our report on the Statement of Accounts, 30 November 2020, and the date of this report.

Respective responsibilities of the Executive Director, Finance and Technology and the auditor

As explained more fully in the Responsibilities for the Statement of Accounts in the Statement of Accounts, the Executive Director, Finance and Technology is responsible for the preparation of the Statement of Accounts, which comprise the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that the financial statements give a true and fair view. The Essex County Council is required to publish a pension fund Annual Report that includes the pension fund financial statements.

Our responsibility is to report to you our opinion on the consistency of the pension fund financial statements within the pension fund Annual Report with the pension fund financial statements in the Statement of Accounts of Essex County Council.

We also read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information consists only of the sections titled as Introduction and Overview, Governance Arrangements, Investments, Administration, Scheme Actuary and Additional Information.

We conducted our work in accordance with Auditor Guidance Note 07 Auditor Reporting issued by the National Audit Office. Our report on the Essex County Council's Statement of Accounts describes the basis of our opinions on those financial statements.

Use of our report

This report is made solely to the members of Essex County Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Responsibilities of the

Statement by External Auditors

Audited Body and Responsibility of the Auditor within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members, as a body, for our audit work, for this report, or for the opinions we have formed.



David Eagles

For and on behalf of **BDO LLP**, Appointed Auditor

Ipswich, UK

1 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

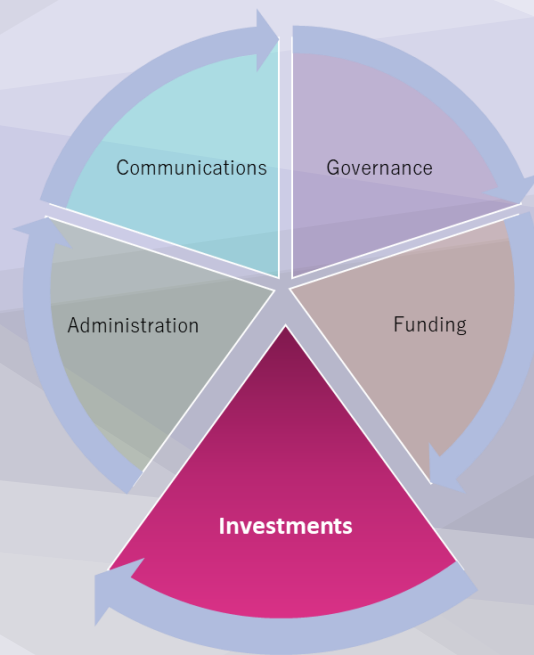
SECTION 6

OTHER
INFORMATION



Essex Pension Fund Investment Strategy Statement

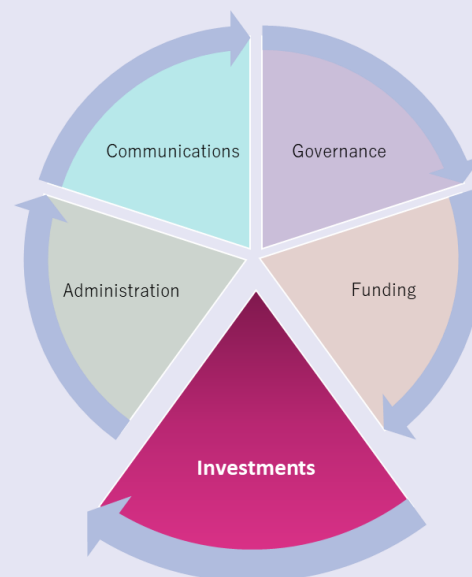
October 2020



Essex Pension Fund

Investment Strategy Statement

CONTENTS



Introduction and background	Page 205
Investment strategy and the process for ensuring suitability of investments	Page 205
Risk Measurement and Management	Page 209
Asset Pooling	Page 210
Environmental, Social & Governance Considerations	Page 212
Appendix A – Responsibilities	Page 215
Appendix B – Core Investment Beliefs	Page 218
Appendix C – Funding Strategy and Structure	Page 222
Appendix D – Fund Manager Mandates and Objectives	Page 223
Appendix E – RI Investment Beliefs	Page 225
Appendix F – Statement of Compliance: Six Myners Principles of good investment practice	Page 227
Definition of Terms	Page 233

Essex Pension Fund

Investment Strategy Statement

Introduction and background

This is the Investment Strategy Statement (the “Statement”) of the Essex Pension Fund, which is administered by Essex County Council (the “Scheme Manager”) as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the “2016 Regulations”) in accordance with the guidance issued by Secretary of State.

Essex County Council is the Administering Authority for the Fund under the Regulations. In 2008, a Pension Board was established to exercise on behalf of Essex County Council all the powers and duties of the Council in relation to its functions as Administering Authority of the Essex Pension Fund, except where they have been specifically delegated by the Council to another Committee or an Officer. Responsibility for setting and monitoring investment strategy has been specifically delegated to the Essex Pension Fund Investment Steering Committee (“ISC”). Responsibility for the day to day management of the Fund has been delegated to the Section 151 Officer (“S151O”) and the Director for Essex Pension Fund.

This statement has been prepared by the ISC having taken appropriate advice from the Fund’s Institutional Investment Consultant, Hymans Robertson LLP, and its Independent Investment Adviser, Mark Stevens. The responsibilities of relevant parties are set out in appendix A.

The Statement is subject to periodic review at least every three years and from time to time on any material change in investment policy or other matters as required by law. The ISC has consulted on the content of this Statement with its stakeholders. The Statement is also subject to review by the Essex Pension Fund Advisory Board (PAB) which was established as the Local Pension Board for Essex in accordance with section 5 of the Public Service Pension Act 2013 and Part 3 of the LGPS Regulations 2013.

Investment strategy and the process for ensuring suitability of investments

Fund Objective

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The funding objective adopted for the Essex Pension Fund is to ensure that the assets of the Pension Fund, when taken in conjunction with future contributions, are sufficient to ensure that all future pension and retirement benefits will be fully covered by the Fund's assets when they fall due.

This primary objective has been converted to a number of funding objectives, as set out in the Fund’s Funding Strategy Statement (FSS).

Essex Pension Fund

Investment Strategy Statement

The purpose of the FSS is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the desirability of maintaining as nearly constant employer contribution rates as possible as defined in Regulation 62 (5) of the LGPS regulations 2013;
- to ensure that the regulatory requirements to set contributions so as to ensure the solvency and long-term cost efficiency of the fund are met; and
- to take a prudent longer-term view of funding those liabilities.

The funding position will be reviewed by the Essex Pension Fund Strategy Board (PSB) at each triennial actuarial valuation, with interim reviews occurring in the years between triennial valuations.

Funding Level

The Funding level of the Pension Fund is the value of the Fund's assets expressed as a percentage of the Fund's liabilities at the most recent actuarial valuation of the Fund. The Funding level at March 2019 was 97% (March 2016 was 89%). The Funding Strategy provides for the Fund to return to a fully funded position over a period of 12 years. In accordance with the Funding Strategy Statement, the PSB determined the rate of contributions payable by each of the employers in the Fund for the three years starting 1 April 2020.

Investment Beliefs

The Committee has adopted core investment beliefs covering the four following areas:

- Long Term Approach;
- Diversification;
- Benchmarks; and
- Active vs Passive Management.

Details are set out in appendix B.

Investment Strategy

The Fund is maturing and analysis has been undertaken to forecast when new contributions (employees and employers including the secondary rate) are not enough to meet all benefit payments falling due. This is normal for a pension scheme and reflects the purpose of the Fund (accumulate monies and then pay it out in benefits).

In order to meet the short to medium term cashflow requirements, the Investment Steering Committee at its 23 February 2015 meeting agreed to realise income from its UK passive assets and Aviva's property portfolio.

Realised income may be held in cash short term in order to meet a proportion of benefit payments.

Essex Pension Fund

Investment Strategy Statement

The initial requirements are small (c. 0.5% of total Fund assets) and is expected to be more than met by the income on assets. There should be no need to disinvest the capital value of any asset currently for cashflow purposes. The time at which the sale of assets for cashflow purposes will become a requirement will be subject to periodic review.

The Fund is therefore still in a position to target a predominantly growth-based strategy, with the aim of maximising asset growth in the long term within agreed risk levels, which takes into account liquidity requirements.

There is also diversification between different asset classes to manage risk levels and better ensure that the value of the Pension Fund, when taken in conjunction with current expectations of future contributions, is sufficient to ensure that all future pension and retirements benefits will be fully covered by the Fund's assets when they fall due, whilst managing the Fund within the ISC's risk appetite.

Asset Allocation

In 2017, the Fund undertook an Asset/Liability Study following the results of the 2016 Actuarial Valuation. The conclusion of the Study found that the Fund had a high probability of achieving the Fund's Funding objectives and this could continue to be maintained at a lower risk by reducing its equity allocation and increasing its allocation into diversifying income generating alternative assets. The ISC have agreed a strategic medium-term plan whereby its equity allocations will be trimmed as and when suitable opportunities arise to reallocate to alternative assets.

The Fund is moving towards an 84% allocation to 'growth' (equities and alternatives) assets in order to meet the long-term funding assumptions set out in the 2019 actuarial valuation.

The Fund's investments are allocated across a range of asset classes. The largest allocation is to equities which also accounts for the majority of the investment risk taken by the Fund. Over the long term, equities are expected to outperform other liquid asset classes, particularly bonds. Allocation to asset classes other than equities and bonds allows the Fund to gain exposure to other forms of return which can help to reduce the overall volatility of the portfolio. These assets are in the main lower correlated (do not necessarily follow the direction) to equities and are expected to generate returns broadly similar over the long term and so allocation to these can maintain the expected return and assist in the management of volatility.

The 16% allocation to bonds is designed to manage overall levels of funding volatility within agreed levels.

Investment Allocation

The Committee has translated its objectives into a suitable strategic asset allocation benchmark and structure for the Fund (set out in appendix C), taking into account both the liability structure and the objectives set out above. The Fund benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

Essex Pension Fund

Investment Strategy Statement

The Committee monitors investment strategy relative to the agreed asset allocation benchmark. In addition to on-going monitoring, the investment strategy is formally reviewed every six months at Committee meetings set aside for that purpose. Furthermore, specific consideration is given to investment strategy in the light of information arising from each triennial actuarial valuation.

Investment managers

The Committee utilises a number of active and passive investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business. The Committee has commenced using the ACCESS Pool solutions to meet its strategic objectives migrating its assets into ACCESS Authorised Contractual Scheme (ACS).

The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. Fund benchmarks are continually kept under periodic review. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles and a mix of asset types across a range of geographies in order to provide diversification of returns.

The managers appointed, and the mandates they manage, are detailed in appendix C. This includes the investments made via the ACCESS pool. Appendix D details the objectives and investment rationale of the mandates.

Types of investment to be held

The investment managers are required to comply with LGPS investment regulations. The Fund may invest in quoted and unquoted securities of UK and overseas markets, including equities, fixed interest and index linked bonds, cash, property, commodities, infrastructure, timber and loans either directly, through pooled funds or via partnership agreements.

The Fund may also make use of contracts for difference and other derivatives either directly or in pooled funds when investing in these products, for the purpose of efficient portfolio management or to hedge specific risks. The Committee considers all of these classes of investment to be suitable in the circumstances of the Fund.

Currency hedging

To reduce the volatility associated with fluctuating currency rates (currency risk), the Fund utilises hedged versions of the overseas equity indices which are managed by the Fund's passive manager.

Investment Managers have discretion to utilise currency hedging for risk management purposes.

Essex Pension Fund

Investment Strategy Statement

Risk measurement and management

Risk

The Fund is exposed to a number of risks which pose a threat to the Fund meeting its objectives. These risks are set out and monitored as part of the Fund's formal Risk Register. In summary, the principal risks affecting the Fund and mitigations are:



Funding risks:

- Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting Fund liabilities. The risk that unexpected inflation increases the pension and benefit payments and the Fund assets do not grow fast enough to meet the increased cost.
- Changing demographics – The risk that longevity improves and other demographic factors change resulting in increased Fund liabilities, reduced solvency levels and increased employer contributions.
- Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting Fund liabilities.

Asset risks:

- Concentration – The risk that significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity – The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Manager underperformance – The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

Other provider risks:

- Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the ISC takes professional advice and considers the appointment of specialist transition managers.
- Custody risk - The risk of losing economic rights to Fund assets, when held in custody or when being traded.
- Credit default - The possibility of default of a counterparty in meeting its obligations.

Mitigations:

In general terms, the risks are managed via a combination of:

- The appointment of professional advisers to assist the ISC in managing these risks;
- Agreed processes and guidelines for consideration and monitoring of the investments;
- Specific limits on individual investments;
- Ensuring the expected return from the Investment Strategy is consistent with the assumptions made by the Actuary in valuing the Fund;

Essex Pension Fund

Investment Strategy Statement

- Assessments of the levels of risk taken by the Fund;
- Diversification across asset classes and managers; and
- Regular review and monitoring of investment manager performance.

Expected return on investments

Over the long term, the overall level of investment return is expected to exceed the rate of return assumed by the Actuary in valuing the Fund and setting funding requirements.

Realisation of investments

The majority of assets held within the Fund may be realised quickly if required. The Committee monitors both the level of liquid assets and the liquidity requirements of the Fund.

Asset pooling

Overview

The Fund is one of eleven participating Fund's in the ACCESS Pool (A Collaboration of Central, Eastern & Southern Shires) along with Cambridgeshire, East Sussex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, Suffolk and West Sussex.



All eleven funds are committed to collaboratively working together to meet the government's criteria for pooling and have signed an Inter-Authority Agreement to underpin their partnership. This is currently in the process of being reviewed by the ACCESS Authorities.

The proposed structure and basis on which the ACCESS Pool will operate in order to meet the Government's criteria was set out in the July 2016 submission to Government. A copy of the submission and the progress made against the timetable is available on the ACCESS website at www.accesspool.org

The participating authorities have a clear set of objectives and principles that will drive decision-making and help shape the design of the Pool. These underpin the design of the project plan that the ACCESS Funds are working towards.

In 2018 a joint procurement was undertaken by ACCESS for a passive provider, UBS Asset Management was appointed as the preferred provider. In addition, in March 2018 Link Solutions Limited (Link) was appointed to act as operator of the ACCESS's Authorised Contractual Scheme (ACS).

Assets to be invested inside the Pool

The Fund's intention is to invest its assets through the ACCESS Pool as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government.

Essex Pension Fund

Investment Strategy Statement

The key criteria for assessment of Pool solutions will be as follows:

1. That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund.
2. That there is a clear financial benefit to the Fund in investing in the solution offered by the Pool, should a change of provider be necessary.

The Fund is monitoring developments with a view to transitioning liquid assets across to the Pool when suitable sub-funds to meet the Fund's Investment Strategy requirements are in place. As at 31 March 2020, the Fund had around 50% of its assets invested in the ACCESS pool, invested in global equity sub-funds and passive regional equity and index linked bond pooled funds.

The Essex Pension Fund is working towards the expectation that over time all investments will be pooled with the exception of direct property and operational cash. The table below sets out the rationale.

Assets to be invested outside the Pool

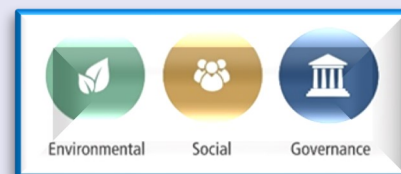
Asset Class	Manager	Strategic Allocation %	Reason for not investing in the ACCESS Pool
Direct Property	Aviva Investors	Up to 10%	<ul style="list-style-type: none"> • Investment manager skill is a major determinant of returns. The availability of quality investment managers for a large mandate is untested • The portfolio has been built to specific risk and return requirements • Portfolio designed to account for target holding sizes, to reflect the total portfolio size and achieve the required level of diversification • Moving holdings to part of a bigger direct portfolio would have significant cost implications such as Stamp Duty Land Tax (SDLT) • To reshape the portfolio to meet new objectives would be inconsistent with the value for money criteria • Project Pool analysis showed that increasing direct mandate size does not result in incremental cost savings
Operational Cash	In-house	n/a	A reasonable level of operational cash will be required to maintain efficient administration of scheme. This will be held in house as ECC will need to manage cashflow to meet statutory liabilities, including monthly pension payroll payments.

Essex Pension Fund

Investment Strategy Statement

Any assets not currently invested in the ACCESS Pool will be reviewed at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money.

Environmental, Social & Governance Considerations



Fiduciary duty

The fundamental responsibility of the Fund is to ensure that it has adequate monies available to pay pensions as they fall due. This objective must be achieved in a cost-effective way for members, employers and the taxpayer. Moreover, in reaching decisions, the Fund must comply with its fiduciary responsibilities.

Responsible Investment (RI) Policy

The ISC recognises that environmental, social and governance (ESG) factors (including those related to climate risk) can influence long term investment performance and the ability to achieve long term sustainable returns. To this end the Committee identified four key headline responsible investment beliefs, with a number of sub beliefs sitting underneath these headings. The Committee in formulating the Responsible Investment Policy below have incorporated the Fund's investment beliefs articulated in appendix E.

Investment Strategy

1. The RI Policy should be integral to the investment strategy and not considered in isolation.
2. The Fund should minimise exposure to securities where environmental or social aspects could be financially detrimental to the portfolio.
3. Investments expected to deliver positive environmental or social benefit are encouraged as long as they are not expected to dilute overall returns.

Engagement and Voting

4. The ISC will only exclude stocks in limited or specific instances but will actively encourage engagement and work collaboratively with other investors to increase the impact of engagement.

Managers/implementation

5. The ISC will seek to implement mandates in line with its RI Policy.
6. ESG factors should (amongst others) be an integral component in the consideration of investment in a stock by active managers.
7. For passive allocations, in choosing the reference benchmark, careful consideration will be given to the ESG aspects of that benchmark. Although it is recognised that the passive manager has no choice of stocks within the benchmark index, the passive manager will be expected to actively engage with companies held to the benefit of the Fund and its members.
8. The ISC will seek to utilise mandates in line with its RI Policy and expects these to be made available via the ACCESS Pool.

Essex Pension Fund

Investment Strategy Statement

Monitoring/governance

9. The ISC will monitor and challenge their providers on their ESG implementation and any intended changes over time.
10. The ISC will take a long-term view on RI, including the direction of travel as well as the current implementation.

Collaborative working

In line with their belief and policy to work collaboratively with other pension funds to increase the strength of its voice in RI matters, the Committee agreed at its November 2019 meeting to join Local Authority Pension Fund Forum ('LAPFF') as part of a drive to work collaboratively with others on RI issues.

Priority for RI consideration and engagement

The Committee recognises that there are a range of interested parties all of whom will have differing interests in the Fund and as such have identified the following areas which it expects the Fund's investment managers to treat as priorities when engaging with companies invested in on the Fund's behalf:

- Climate change
- Resource scarcity
- Pollution
- Weapons
- Remuneration
- Labour Practices
- Employee relations
- Company governance
- Manage board structure
- Gender diversity

Exercise of voting rights

Assets outside the ACCESS Pool

The Fund has instructed its investment managers to vote in accordance with their in-house policies and practices within the framework of the ISC's agreed policies which has been shared with the investment managers as set out above.

Assets inside the ACCESS Pool

The ACCESS pool has formulated a voting guidance which it expects each of the underlying investment managers managing sub funds on its behalf to comply with or when this is not the case to provide an explanation.

The Fund fully supports the UK Stewardship Code and requires those of its investment managers who hold shares on its behalf to comply with it or to provide the ISC with an explanation of why it is not appropriate to do so, in the exercise of the mandate that they have been given, and how they will instead achieve and demonstrate the same level of responsible share ownership.

Essex Pension Fund

Investment Strategy Statement

The majority of the Fund's investment managers are signatories to the UK Stewardship Code and have all gained a Tier 1 status (demonstrating a good quality and transparent description of their approach to stewardship and explanations of an alternative approach where necessary).

Engagement

The Fund expects its investment managers to take account of social, environmental and ethical considerations in the selection, retention and realisation of investments as an integral part of the normal investment research and analysis process. The Fund also expects its investment managers to be engaged with companies held on all matters in regard to Good Stewardship. The Fund believes taking account of such considerations forms part of the investment managers' normal fiduciary duty.

Ongoing Monitoring

The Committee actively monitors the Fund's investment managers' approaches. As part of this regular manager monitoring, the ISC will challenge their managers on how they consider and manage all financial risks faced by their investments, including those that arise from ESG considerations. The Committee also strives to improve and develop their knowledge and understanding on how ESG factors will impact the Fund's investments in the future.

Stock Lending

The policy on stock lending (below) reflects the nature of the mandates awarded to investment managers by the ISC, which include both pooled and segregated mandates:

Assets within the ACCESS Pool

The Fund participates in ACCESS's stock lending programme for investments under ACCESS Pool governance.

Segregated Investments

The Fund does not participate in stock lending schemes nor allow its stock to be lent.

Pooled Investments

In regard to the Fund's pooled investments, where the Fund is buying units in a pooled vehicle, stock lending is outside the control of the Fund and undertaken at the discretion of the pooled fund manager.

Essex Pension Fund

Investment Strategy Statement

Appendix A – Responsibilities

ISC Responsibilities

- to approve and review the asset allocation benchmark for the Fund;
- to determine, review and monitor the Fund's aims, objectives, policies, strategies and procedures relating to investment of the Fund's assets including the Investment Strategy Statement and any environmental, social and governance matters;
- to appoint and terminate Investment Managers (in relation to non-pooled assets), Custodians and Advisers to the Fund solely relating to investment matters;
- In relation to the LGPS ACCESS Pension Fund Pool;
 - a) to consider pooling matters including recommendations by the ACCESS Joint Committee;
 - b) to determine the transition of the assets held by Essex Pension Fund in relation to the Pool and the funds or sub-funds operated by the Operator;
 - c) to appoint the elected councillor for Essex County Council to the Joint Committee as and when required;
 - d) to advise the representative on the Joint Committee on such matters as may be required;
 - e) to monitor the performance of the LGPS ACCESS Pool and its Operator and recommending actions to the ACCESS Joint Committee or ACCESS Support Unit, as appropriate;
 - f) to receive and consider reports from the LGPS ACCESS Joint Committee and the Operator;
 - g) to undertake any other decisions or matters relating to the operation or management of the LGPS ACCESS Pool as may be required.
- to assess the quality and performance of each Investment Manager and the relevant ACCESS Operator annually in conjunction with Essex Pension Fund investment advisers and the Section 151 Officer;
- to monitor compliance of the investment arrangements with the Investment Strategy Statement;
- to monitor and review the Fund's compliance with the LGPS Scheme Advisory Board adopted Code of Transparency and UK Stewardship Code;
- to assess the risks assumed by the Fund at a global level as well as on a manager by manager basis;
- to approve and to review annually the content of the Pension Fund Treasury Management Strategy; and
- to submit quarterly reports on its activities to the Pension Strategy Board.



Essex Pension Fund

Investment Strategy Statement

Section 151 Officer ('S151O') Responsibilities

- To manage the Pension Fund including the power to seek professional advice and to devolve day-to-day handling of the Fund to professional advisers within the scope of the Pensions Regulations.
- To provide a training plan for the members of the ISC (and the Strategy and Advisory Boards).

Custodian Responsibilities

- To safeguard all segregated assets (excluding direct property holdings, unitised holdings and cash held separately with either the Administering Authority or investment managers) within the Fund and ensure that all associated income is collected, including dividends and tax reclaims. Also, to ensure that corporate actions affecting the securities are dealt with, including rights issues, bonus issues and acquisitions.
- To provide regular statements of transactions, corporate actions, income and asset valuations as required by the Administering Authority.
- To report to the ISC in person on the assets of the Fund if required.
- To inform the Fund of any areas of concern which arise in its dealings with investment managers.
- To report the performance of the Fund's assets.

External Advisers

- To provide advice to the Fund on investment strategy, asset allocation, benchmark selection and design, investment management structure, legislative changes impacting on the Fund and current emerging issues.
- To prepare and present a report, based on information supplied by the Fund's custodian, on the annual investment performance of the Fund.
- To carry out on behalf of the Fund, when required, the functions of manager selection and manager monitoring.
- To carry out asset/liability modelling studies when required.
- To provide expert commentary on the economy and investment market.
- To attend and advise at all meetings of the ISC and all meetings arranged between its officers, advisers and managers.
- To assist the ISC in its annual review of asset allocation, investment management structure, Investment Strategy Statement and Funding Strategy Statement.

Independent Investment Adviser

- To assist the Officers of the Fund in the determination of agendas and papers for the meetings of the ISC.
- In consultation with the Officers of the Fund, to identify investment issues of strategic importance to the Fund and arrange for their consideration by the ISC e.g. asset allocation, and investment, management structure.

Essex Pension Fund

Investment Strategy Statement

- In conjunction with the Officers of the Fund, to keep under review the individual investment managers and where necessary put forward proposals for their management, including where appropriate their dismissal.
- To assist the Officers of the Fund, where requested, in manager searches and other Fund procurement exercises.
- To assist the ISC in keeping under review its statutory publications.
- When requested by the Officers, to attend and participate in monitoring, reviewing and briefing meetings arranged with investment managers, limited partners etc.

Audit Responsibilities

The Fund is subject to review by both the County Council's External Auditors BDO LLP and internally by Internal Audit.

The Pension Fund financial statements contained in the Council's Annual Statement of Accounts present fairly:

- the financial transactions of its Pension Fund during the year; and
- the amount and disposition of the Fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

The External Auditor audits the Pension Fund financial statements and gives their opinion, including:

- whether they present fairly the financial position of the Pension Fund and its expenditure and income for the year in question; and
- whether they have been prepared properly in accordance with relevant legislation and applicable accounting standards;

In carrying out their audit of the financial statements, auditors will have regard to the concept of materiality.

Additionally, the Council must prepare a Pension Fund annual report which should contain the Pension Fund Account and Net Asset Statements with supporting notes and disclosures. External Audit will review the annual report as a whole and the accounts contained in it and then report:

- whether the accounts contained in the annual report are consistent with the financial statements on which the audit opinion was given; and
- that other information in the annual report is not inconsistent with the financial statements on which the audit opinion was given.

Internal Audit carry out a programme of work designed to reassure the S151O that Fund investment systems and records are properly controlled to safeguard the Fund's assets.

Essex Pension Fund

Investment Strategy Statement

Appendix B - Core Investment Beliefs

Long term approach

Local authority (LA) funds take a long-term view of investment strategy

This is largely based on covenant. Unlike the private sector, the covenant underlying the Fund is effectively gilt-edged. This means that short term volatility of returns can be acceptable in the pursuit of long-term gain. Whilst there is a need to consider stability of contributions, at current maturity levels and with deficits spread over 12 years, it is largely the future service rate which is expected to drive instability. One of the best ways to avoid this is to build in margins over the long term. More recently, the ISC has noted the increasing maturity of the Fund and potential change in cashflow position on the horizon. It is therefore also taking this into consideration in decision making.

Over the long term, equities are expected to outperform other liquid asset classes, particularly bonds

Given the above, there is a preference for a significant allocation to equities in the Fund as over the long-term as they are expected (but not guaranteed) to outperform other asset classes.

Allocations to asset classes other than equities and bonds expose the Fund to other forms of risk premium

Investors with a long-term investment horizon and little need for immediate liquidity can use this to their benefit as it offers the ability to capture the illiquidity premium on many asset classes, such as private equity and infrastructure.

Diversification

Diversification into alternative asset classes (including property) is also expected to reduce overall volatility of the Fund's funding level

Given that the returns from different asset classes are expected to be delivered in different cycles (i.e. not be directly correlated with equity returns), the use of alternative assets can reduce overall volatility in the delivery of Fund returns without leading to a significant reduction in overall expected return, therefore increasing efficiency.

In the context of LA funds (open, long duration, not maturing quickly and with high equity content), an allocation to bonds does not offer a match to liabilities, but additional diversification.

Where bonds are not used for liability matching purposes, an allocation to these assets can be beneficial from an overall risk/return perspective improving the overall efficiency of the Fund. The corollary to this is that bond benchmarks do not necessarily have to reflect the nature and duration of the liabilities (see benchmark section below) but should be set to provide managers with the sufficient scope to add value.

Essex Pension Fund

Investment Strategy Statement

The overweight to UK equities in most UK pension funds is historic and loosely based on currency exposures, rather than a preference for the UK market

Although historically the UK may have benefited from better corporate governance, and therefore a higher return, increasingly the rest of the world is catching up and UK equities are not expected to outperform overseas equities over the long term. Given the concerns over market concentration in the UK market and an increased opportunity set overseas a move towards increased overseas allocation relative to the UK seems appropriate. Concerns about currency risk can be addressed by a separate currency hedging programme.

Benchmarks

Where appropriate, benchmarks should represent the full opportunity set

For example, for a global equity mandate, a market capitalisation (“market cap”) weighted benchmark reflects a passive allocation to the market (analogous to investing in a passive equity mandate and investing in each stock according to its size). It therefore reflects the investable universe of stocks available and represents the starting point for an equity benchmark.

To some extent market cap weighted indices reflect past winners, so should be treated with caution

The regional exposures in the World Index are a function of the relative market cap of the regional stock markets. In turn, these are a function of the size of the economy as a whole and how well companies have performed in that economy. One measure of the size of the economy could be its overall contribution to global GDP. However, as has been seen in the UK, many companies in the market have little exposure to the domestic economy and, again, this should not be adhered to too slavishly. At the total fund level a fixed weights regional benchmark is therefore preferred in order to maintain an appropriate level of diversification across markets. This is particularly the case when the allocations are maintained by a passive “swing” manager.

Emerging market economies may be expected to outperform over the long term as the economy develops and the risk premium falls

As emerging markets develop both politically and economically, become more robust and less dependent on the fortunes of a small number of developed economies (such as the US), the risk of investing in these countries should decrease. The return demanded by investors for investing in these ‘riskier’ countries will therefore fall reflecting the increased security. This reduction in required return would tend to lead to a systematic increase in stock prices. As a result, a strategic allocation to emerging markets of at least the market cap weight if not slightly above is favoured.

Bond benchmarks do not need to reflect the nature and duration of the liabilities

As discussed in the diversification section above, if bonds are not held for liability matching purposes, benchmarks should be set in order to maximise the scope for adding value.

Essex Pension Fund

Investment Strategy Statement

Active versus passive management

Passive management is appropriate for obtaining a low-cost allocation to efficient markets

Where markets offer little scope for adding value through active management (such as individual allocations to UK equities, US equities and gilts) passive management is preferred as a low-cost way of accessing the market. This does not include emerging markets where the risk inherent in the market (although improving as stated above) and inefficiency of the market lends itself to active management.

Active management is appropriate where a market is relatively inefficient offering opportunities for active managers to add value

Where markets offer substantial scope for added value active management would seem appropriate as a way of increasing overall expected return (after fees) without significantly increasing the overall level of volatility in the funding level.

Constraints on active managers reduce their ability to add value

Active managers should not be unnecessarily constrained (within appropriate risk limits) and should be given the maximum scope to implement their active views. There is therefore a preference for unconstrained mandates e.g. unconstrained global equity mandates and unconstrained bond mandates such as M&G's LIBOR plus approach. This also suggests that, within reason, managers' requests for additional scope should be acceded to.

A degree of diversification of managers improves the efficiency of the overall structure (i.e. improves the expected return per unit of risk)

Active manager performance is expected to be cyclical and therefore by appointing a number of managers the delivery of returns is expected to be less volatile. However, too much diversification can lead to expensive index tracking.

A rigorous approach to active manager selection improves the chance of appointing an active manager who will add value over the long-term

An active manager must outperform their benchmark after fees to add value. The selection of an active manager must assess more than just past performance and look into the infrastructure supporting the performance including; business and ownership, philosophy and process, people, risk controls and fees.

The Fund does not have the governance structure in place to take tactical views and market timing is very difficult

Both timing investments into the market and taking tactical views are very difficult given the governance structure in place and the time taken to agree and implement decisions. Where possible these decisions are left to professional investment managers who are closer to the market and can implement tactical views in a more timely fashion. This highlights the importance of not unnecessarily constraining active managers and providing them with appropriate scope.

Essex Pension Fund

Investment Strategy Statement

The assessment of active management performance should be taken with a long-term view and take account of the market environment in which returns are delivered

Active management is cyclical and periods of underperformance from investment managers should be expected so the structure should be such that when the market cycle is unfavourable for some managers it is favourable for others and vice versa. This is expected to deliver added value over the long-term whilst smoothing the overall performance at the total Fund level. Churning of managers leads to additional costs; however, where the ISC no longer views an investment manager's prospects as positive over the long-term, action should be implemented as soon as possible due to the potential downside risk.

Essex Pension Fund

Investment Strategy Statement

Appendix C – Fund Strategy and Structure

Summary

The table below shows the target strategic allocation of the Fund:

Equities			Bonds			Alternatives		
	Manager	Target %		Manager	Target %		Manager	Target %
UK	UBS	3.7	Index-linked gilts	UBS	2.0	Property	Aviva	10.0
Regional	UBS	11.3		GSAM	5.5		Partners Group	4.0
Global	Link - M&G	6.3	Active Cash plus	M&G	5.5	Private equity	Hamilton Lane	4.0
	Link – Longview	6.3		New manager *	3.0	IFM	3.0	
	Link - Baillie Gifford	6.3				Infrastructure	JP Morgan	3.0
	RAFI	7.3			Partners Group	4.0		
Emerging	Stewart	3.8			Timber	Stafford	4.0	
						Alcentra	2.5	
						Direct lending	New manager *	2.5
						New manager *	2.0	
Total		45.0	Total		16.0	Total		39.0

* The Fund will in the first instance look to work with the ACCESS pool to provide a suitable solution

Essex Pension Fund

Investment Strategy Statement

Appendix D – Fund Manager Mandate Objectives

Active/ Passive	Mandate	% of Fund	Manager	Benchmark	Investment Objectives	Investment Restrictions
Passive	Regional Equity Indexes	15.0%	UBS Asset Management	FTSE Regional	Match BM gross of fees over rolling 3 -year period	May not invest in unlisted Securities
Passive	Global Equity	7.3%	UBS Asset Management	FTSE RAFI AW 3000	Match BM gross of fees over rolling 3 -year period	May not invest in unlisted Securities
Active	Global Equity	6.3%	Link Asset Solutions - LP ACCESS Long Term Global Growth Fund	MSCI AC World Index	BM + 3%, gross of fees, per annum over rolling 5- year Periods	Discretionary mandate
Active	Global Equity	6.3%	Link Asset Solutions – LP ACCESS Global Equity Fund	MSCI AC World Index	BM + 3%, gross of fees, per annum over rolling 3- year Periods	Discretionary mandate
Active	Global Equity	6.3%	Link Asset Solutions – LP ACCESS Global Dividend Fund	MSCI AC World Index	BM + 3%, gross of fees, per annum over rolling 3- year Periods	Discretionary mandate
Active	Emerging Equity	3.8%	Stewart Investors	MSCI EM Index	BM + 4%, gross of fees, per annum over rolling 3- year periods	Discretionary mandate
Passive	Index Linked Bonds	2.0%	UBS Asset Management	FTSE Act. Gov't Securities Index-Linked Over 5 Years Index	Match BM gross of fees over rolling 3 -year period	n/a

Essex Pension Fund

Investment Strategy Statement

Active/ Passive	Mandate	% of Fund	Manager	Benchmark	Investment Objectives	Investment Restrictions
Active	Fixed Interest	5.5%	Goldman Sachs Asset Management	1-month Libor	BM +2%p.a.	n/a
Active	Fixed Interest	5.5%	M&G Investment	1-month Libor	BM +2%p.a.	n/a
Active	Fixed Interest	3.0%	Not yet assigned*	TBC	TBC	TBC
Active	UK Property	10.0%	Aviva Investors	IPD PPFI All Balanced Funds Index	BM +1% p.a.	Target allocation of Direct 75% Indirect 25% No direct investment in the County of Essex
Active	Global Property	4.0%	Partners Group	IRR	9% p.a.	n/a
Active	Private Equity	4.0%	Hamilton Lane	MSCI World PME Index	BM +3% p.a.	Prior approval to be sought for co-investments
Active	Infrastructure	3.0%	IFM Investors	Absolute	BM + 8% p.a.	n/a
Active	Infrastructure	3.0%	JPMorgan	Absolute	BM + 8% p.a.	n/a
Active	Infrastructure	4.0%	Partners Group	Absolute	BM + 8% p.a.	n/a
Active	Timber	4.0%	Stafford Capital Partners	IRR	BM + 8% p.a.	n/a
Active	Direct Lending	2.5%	Alcentra Limited	IRR	8% p.a.	n/a
Active	Direct Lending	4.5%	Not yet assigned*	TBC	TBC	TBC

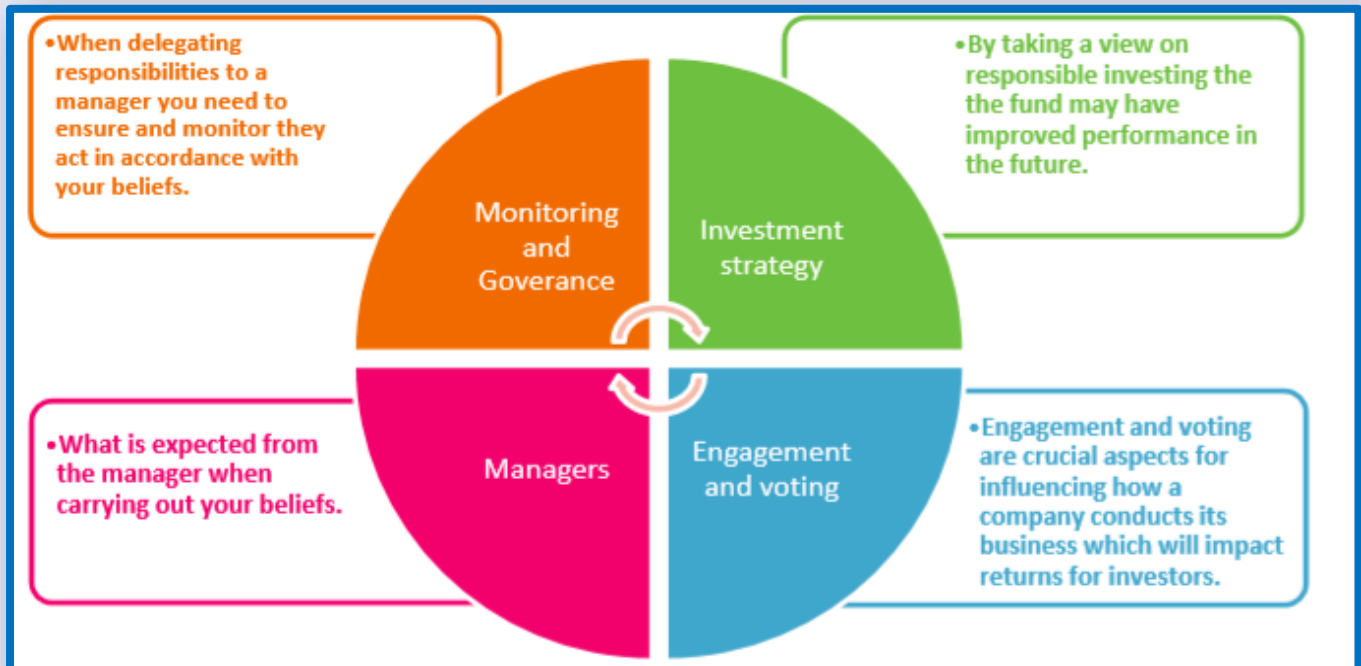
* The Fund will in the first instance look to work with the ACCESS pool to provide a suitable solution

Essex Pension Fund

Investment Strategy Statement

Appendix E – RI Investment Beliefs

The Committee have articulated a set of RI investment beliefs based on the four key headline beliefs below:



Investment strategy (IS)

1. Having a responsible investment policy could lead to better financial outcomes.
2. Having a responsible investment policy could lead to better outcomes for society.
3. Long term, businesses with more sustainable practices should outperform.
4. Allowing for the impact of ESG issues has many dimensions to it.
5. The Fund should avoid/limit exposure to securities where environmental or social aspects will be financially detrimental to the portfolio.
6. Environmental and social investing only needs to not be detrimental to returns.
7. Poor management of ESG risks has led to financially material losses in the past and is expected to do so in the future.
8. ESG is a factor, but not the only factor in choosing investments.

Engagement and voting (EV)

1. Engagement in a company is more effective than disinvesting from the company.
2. Engagement and voting are influential and can be effective in changing behaviour and improving the Fund's performance as well as having a positive impact on the environment/society.
3. Collaboration with other investors gives the Fund a stronger voice.

Essex Pension Fund

Investment Strategy Statement

Managers (M)

1 Passive managers

- 1.1. The only influence an investor has on a passive manager is the choice of benchmark and level of engagement.
- 1.2. The choice of benchmark is important as it defines the investment portfolio.
- 1.3. The Fund should be an active owner seeking to influence behaviour in investee companies.
- 1.4. The Fund should consider alternative indices that reflect ESG factors.
- 1.5. The direction of travel of the investee companies is even more important than their current scoring on ESG factors.

2 Active managers

- 2.1. The social cost of companies will eventually need to be self-financed.
- 2.2. Managers should try as far as possible to price in the potential future impact of ESG risk in asset selection.
- 2.3. Active managers can take into account forward-looking metrics better than passive managers.
- 2.4. The Fund's investment managers should embed the consideration of ESG factors into their investment process and decision making, taking into account the direction of travel and not only current scoring.

Monitoring and Governance (MG)

1. The ISC should not rely on the Pool for leadership on ESG issues.
2. The ISC should expect the Pool to be able to implement investments in line with its RI policy.
3. The Fund needs to engage and challenge managers on integrating ESG issues in their investment process in line with the RI policy.
4. An RI policy focussed on improving financial outcomes will be to the benefit of Fund stakeholders.
5. It is best to engage stakeholders on the overall approach to managing the Fund rather than on RI policy only.
6. ESG factors should be incorporated into manager reporting in due course.

Essex Pension Fund

Investment Strategy Statement

Appendix F – Statement of Compliance: the six Myners principles of good investment practice

Description of Principle	Essex Pension Fund's position	Future actions
<p>1. Effective decision making</p> <p>Administering Authorities should ensure that:</p> <ul style="list-style-type: none"> Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation <p>and</p> <ul style="list-style-type: none"> Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest. 	<p>Responsibility for approval and review of the Investment Strategy of the Essex Pension Fund has been delegated to the Investment Steering Committee (ISC). Every quarter, the ISC reports its activity to the Essex Pension Fund Strategy Board (the Strategy Board), the body with overall responsibility for the Essex Pension Fund.</p> <p>The day to day running of the Fund has been delegated to the S1510. The ISC is supported by the S1510, the Director for Essex Pension Fund and other Fund officers.</p> <p>Institutional investment advice to the ISC and Fund Officers is commissioned from Hymans Robertson. Furthermore, the Fund is supported by Mark Stevens, the independent investment adviser.</p> <p>An on-going programme of training for Members of the ISC and Strategy Board is in place based on the CIPFA Knowledge & Skills Framework. The Training Strategy is periodically reviewed to ensure it is fit for purpose. Member training is also recorded and feeds into the scorecard which is reported to the Strategy Board on quarterly basis.</p> <p>Fund Officers hold relevant qualifications and maintain appropriate on-going professional development (CPD).</p> <p>The Essex Pension Fund is a member of the CIPFA Pensions Network.</p>	<p>On-going Member and Fund officer training.</p>

Essex Pension Fund

Investment Strategy Statement

Description of Principle	Essex Pension Fund's position	Future actions
<p>2. Clear objectives</p> <p>An overall investment objective(s) should be set for the fund that takes account of the scheme liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be communicated to advisers and investment managers.</p>	<p>The Funding Strategy Statement (FSS) and Investment Strategy Statement (ISS) set out the Essex Pension Fund's primary funding and investment objectives.</p> <p>Specific investment objectives are in place for each mandate in the portfolio, and these are regularly monitored by the ISC.</p> <p>The Strategy Board has also agreed and reviews periodically a series of objectives across five areas: Governance, Investment, Funding, Administration & Communications. Progress against objectives is monitored regularly by the Fund's scorecard. These objectives include:</p> <ul style="list-style-type: none"> • Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise; • Maximise the returns from investments within reasonable risk parameters; • Manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption, where necessary, of employer specific funding objectives; • Recognise in drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible; and • Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally. 	<p>Continual monitoring and review of objectives.</p>

Essex Pension Fund

Investment Strategy Statement

Description of Principle	Essex Pension Fund's position	Future actions
<p>3. Risk & liabilities</p> <ul style="list-style-type: none"> In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of their liabilities. These include the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk. 	<p>Following each triennial valuation, the ISC re-assess the investment strategy in light of the updated information on the structure of liabilities. Asset / Liability studies have been used in the past.</p> <p>Whilst it is accepted that investment underperformance due to certain market conditions can occur, the ISC measures active managers against longer term benchmark outperformance targets.</p> <p>The strength of covenant of participating employers is considered in the formulation of the FSS.</p> <p>The admission of new employers into the Fund is not granted unless appropriate guarantees are put in place.</p> <p>Investment risks are highlighted within the ISS. A Register of risks of not achieving each of the Funds objectives is maintained and reviewed on a quarterly basis.</p>	<p>The ISC is scheduled to consider an asset liability study based on the outcomes of the 2019 Valuation, in 2020.</p>

Essex Pension Fund

Investment Strategy Statement

Description of Principle	Essex Pension Fund's position	Future actions
<p>4. Performance assessment</p> <p>Arrangements should be in place for the formal measurement of investments, fund managers and advisers.</p> <p>Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members.</p>	<p>The performance of the Fund and fund managers is monitored each quarter by the ISC, and all fund managers are held to account through meetings with the ISC and/or the Fund's officers and advisers.</p> <p>Performance data is provided by a specialist provider, independent from the fund managers.</p> <p>The Fund's contracts with its advisers are market tested when appropriate.</p> <p>An effectiveness review of both the Strategy Board and ISC is undertaken periodically with the outcome of this review reported back to the Strategy Board. Included are an assessment of both the Strategy Board & ISC's effectiveness and that of the support received from Fund Officers and Advisers.</p> <p>As part of the Competition and Markets Authority (CMA) requirement the Fund in November 2019 set strategic objectives for its Institutional Investment Advisers, Hymans Robertson which they will be measured against using established long-term investment objectives for the Fund as the basis. Progress will be monitored periodically, and a formal assessment undertaken on an annual basis.</p> <p>Strategy Board & ISC attendance and training outcomes are measured in the quarterly scorecard.</p>	<p>A further effectiveness review is scheduled for 2020/21</p> <p>A formal assessment is scheduled for Q4 2020/21</p>

Essex Pension Fund

Investment Strategy Statement

Description of Principle	Essex Pension Fund's position	Future actions
<p>5. Responsible ownership</p> <p>Administering authorities should:</p> <p>Adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.</p> <p>Include a statement of the authority's policy on responsible ownership in the Statement of Investment Principles.</p> <p>Report periodically to members on the discharge of such responsibilities.</p>	<p>The Institutional Shareholders' Committee Statement of Principles has been superseded by the Financial Reporting Council's (FRC) UK Stewardship Code and it is now the standard for the investment management industry</p> <p>The Fund's Investment Strategy Statement includes the following:</p> <p><i>"The Fund fully supports the UK Stewardship Code and requires those of its investment managers who hold shares on its behalf to comply with it or to provide the ISC with an explanation of why it is not appropriate to do so, in the exercise of the mandate that they have been given, and how they will instead achieve and demonstrate the same level of responsible share ownership."</i></p> <p>Investment Manager reports circulated to ISC Members include details of voting records.</p>	<p>Undertake a review of the revised UK Stewardship Code</p>

Essex Pension Fund

Investment Strategy Statement

Description of Principle	Essex Pension Fund's position	Future actions
<p>6. Transparency & reporting</p> <p>Administering authorities should:</p> <p>Act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives;</p> <p>and</p> <p>Provide regular communication to members in the form they consider most appropriate.</p>	<p>Each quarterly meeting of the Board includes a review of the Fund's Business Plan and Risk Register. Furthermore, a detailed scorecard is used to monitor progress against the stated objectives. Agenda papers are published on the internet and the meetings are open to the public.</p> <p>An Employers' Forum is held periodically either in person or by use of webinar technology and includes presentations from the Board Chairman, Fund Officers and Advisers as well as the opportunity for questions to be raised.</p> <p>The Fund's website is www.essexpensionfund.co.uk and includes the:</p> <ul style="list-style-type: none"> • 3 Year Business Plan • Annual Report and Accounts • Funding Strategy Statement • Investment Strategy Statement • Governance Policy and Compliance Statement; and • Communications Policy <p>Individual scheme members receive newsletter updates throughout the year in addition to annual benefit statements.</p>	

Essex Pension Fund

Investment Strategy Statement

Definition of Terms

AAF0106	Internal Control report undertaken by an external auditor
ACCESS	A Collaboration of Central, Eastern and Southern Shires
ACS	Authorised Contractual Scheme
BDO LLP	Binder Dijker Otte & Co
CIPFA	Chartered Institute of Public Finance and Accountancy
CPD	Continuing Professional Development
CPI	Consumer Price Index
ECC	Essex County Council, Administering Authority of Essex Pension Fund also known as Scheme Manager
ESG	Environmental, Social & Governance
FRC	Financial Reporting Council
FSS	Funding Strategy Statement
FTSE	Financial Times Stock Exchange
GDP	Gross Domestic Product
IPD PPFI	Pooled Property Fund Index
IRR	Internal Rate of Return
ISC	Investment Steering Committee
ISS	Investment Strategy Statement
LA	Local Authority
LAPFF	Local Authority Pension Fund Forum
LGPS	Local Government Pension Scheme
LIBOR	London Inter-Bank Offer Rate
MiFiD II	Markets in Financial Instruments Directive
MSCI AC	Morgan Stanley Capital Index All Countries
MSCI EM	Morgan Stanley Capital Index Emerging Markets
OECD	Organisation for Economic Cooperation and Development
PAB	Essex Pension Fund Advisory Board
PSB	Essex Pension Fund Strategy Board
S151O	Section 151 Officer
SDLT	Stamp Duty Land Tax
SIP	Statement of Investment Principles

Essex Pension Fund

Funding Strategy Statement

March 2020



Essex Pension Fund

Funding Strategy Statement

Contents



	Page
Introduction	237
Purpose of FSS in policy terms	238
Funding objectives and purpose of the Fund	238
Responsibilities of the key parties	239
Solvency and target funding levels	241
Link to investment policy	250
Identification of risks and counter-measures	251
Monitoring and review	251
Appendix A - Actuarial assumptions	253

This Statement has been prepared by Essex County Council (the Administering Authority) to set out the funding strategy for the Essex County Council Pension Fund (the Fund), in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (as amended) and the guidance paper issued in August 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Panel.

Essex Pension Fund

Funding Strategy Statement

1. Introduction

The Local Government Pension Scheme Regulations 2013 (as amended) provide the statutory framework from which the Administering Authority is required to prepare a Funding Strategy Statement (FSS). The key requirements for preparing the FSS can be summarised as follows:

- After consultation with all relevant interested parties involved with the Fund the Administering Authority will prepare and publish their funding strategy;
- In preparing the FSS, the Administering Authority must have regard to:-
 - the guidance issued by CIPFA for this purpose;
 - the Investment Strategy Statement (ISS) for the Fund published under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016; and
 - the Public Services Pensions Act 2013 section 13(4)
- The FSS must be revised and published whenever there is a material change in the policy on the matters set out in either the FSS or the ISS.



Benefits payable under the Local Government Pension Scheme (the Scheme) are guaranteed by statute and therefore the pensions promise is secure. The FSS addresses the issue of managing the need to fund those benefits over the long term, whilst at the same time, facilitating scrutiny and accountability through improved transparency and disclosure.

The Scheme is a defined benefit scheme under which the benefits are specified in the governing legislation (the Local Government Pension Scheme Regulations 2013). The required levels of employee contributions are also specified in the Regulations.

Employer contributions are determined in accordance with the Regulations (principally Administration Regulation 62) which require that an actuarial valuation is completed currently every three years by the Actuary appointed by the Fund, including a rates and adjustments certificate. Contributions to the Fund should be set so as to “secure its solvency”, whilst the Actuary must also have regard to the desirability of maintaining as nearly constant a rate of contribution as possible. The Actuary must have regard to the FSS in carrying out the valuation.

The Fund’s employers and the Fund Actuary, Barnett Waddingham LLP, have been consulted on the contents of this statement.

Essex Pension Fund

Funding Strategy Statement

2. Purpose of the Funding Strategy Statement in policy terms

Funding is defined as the making of advance provision to meet the cost of accruing benefit promises. Decisions taken regarding the approach to funding will therefore determine the rate or pace at which this advance provision is made. Although the Regulations specify the fundamental principles on which funding contributions should be assessed, implementation of the funding strategy is the responsibility of the Administering Authority, acting on the professional advice provided by the Fund's Actuary.

The purpose of this FSS is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the desirability of maintaining as nearly constant employer contribution rates as possible as defined in Regulation 62(5) of the LGPS Regulations 2013;
- to ensure that the regulatory requirements to set contributions so as to ensure the solvency and long-term cost efficiency of the fund are met; and
- to take a prudent longer-term view of funding those liabilities.

The intention is for this strategy to be both cohesive and comprehensive for the Fund as a whole, recognising that there will be conflicting objectives that need to be balanced and reconciled. Whilst the position of individual employers must be reflected in the statement, it must remain a single strategy for the Administering Authority to implement and maintain with its focus at all times on those actions which are in the best long-term interests of the Fund.

3. Funding Objectives and purpose of the Fund

The funding objectives of the Fund are:

- to prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement;
- to recognise in drawing up its funding strategy, the desirability of employer contribution rates that are as stable as possible;
- to manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives;
- to maintain liquidity in order to ensure benefits can be met as and when they fall due over the lifetime of the Fund;
- to adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers and ultimately the taxpayer from an employer defaulting on its pension obligations to minimise unrecoverable debt on termination of employer participation; and to have consistency between the investment strategy and funding strategy; and
- to maximise returns within reasonable risk parameters.



Essex Pension Fund

Funding Strategy Statement

The purpose of the Fund is to:

- Receive monies in respect of contributions, transfer values and investment income; and
- to maximise the returns from investments within reasonable risk parameters;
- pay out monies in respect of scheme benefits, transfer values, costs, charges and expenses, as defined in the Local Government Pension Scheme Regulations 2013 (as amended) the Local Government Pension Scheme and in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

In developing the funding strategy, the administering authority should also have regard to the likely outcomes of the review carried out under Section 13(4)(c) of the Public Service Pensions Act 2013. Section 13(4)(c) requires an independent review of the actuarial valuations of the LGPS funds; this involves reporting on whether the rate of employer contributions set as part of the actuarial valuations are set at an appropriate level to ensure the solvency of the Fund and the long-term cost efficiency of the Scheme so far as relating to the Fund. The review also looks at compliance and consistency of the actuarial valuations.

4. Responsibilities of the key parties

Although a number of parties, including investment fund managers, investment advisers and external auditors, have responsibilities to the Fund, the key parties for the strategy are seen as the Administering Authority, each individual employer and the Fund Actuary.

The Administering Authority is required to:

- operate a pension fund in accordance with the LGPS Regulations;
- collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in the LGPS Regulations;
- invest the Fund's assets in accordance with the Investment Strategy Statement;
- pay from the Fund the relevant entitlements as stipulated in the LGPS Regulations;
- ensure that cash is available to meet liabilities as and when they fall due;
- take measures as set out in the Regulations to safeguard the Fund against the consequences of employer default;
- manage the actuarial valuation process in consultation with the Fund Actuary;
- prepare and maintain an FSS and an Investment Strategy Statement (ISS), both after consultation with interested parties;
- monitor all aspects of the Fund's performance and funding and amend the FSS/ ISS when necessary;
- effectively manage any potential conflicts of interests arising from its dual role as both fund administrator and scheme employer; and
- enable the local pension board to review the valuation process as set out in their terms of reference.

Essex Pension Fund

Funding Strategy Statement

Each Employer should:

- deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate in accordance with the LGPS regulations (Regulation 9);
- pay over all contributions, including their own as determined by the Fund Actuary and set out in the rates and adjustments certificate, promptly within 19 days of the end of the month in which the amount was deducted from earnings;
- develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits or other additional costs such as additional strain on the Fund due to unreduced early retirement, in accordance with agreed policies and procedures;
- notify the Administering Authority promptly of all changes to active membership or, other changes proposed, which affect future funding;
- pay any exit payments on ceasing participation in the Fund; and
- complete year end procedures in a timely manner as set out by the Fund.

The Fund Actuary should:

- prepare valuations, including the setting of employers' contribution rates at a level to ensure solvency and long-term cost efficiency after agreeing assumptions with the Administering Authority and having regard to the FSS and the LGPS Regulations;
- prepare advice and calculations in connection with bulk transfers and funding aspects of individual benefit-related matters such as pension strain costs, ill health retirement costs, compensatory costs etc;
- provide advice and valuations on the exiting of employers from the Fund;
- provide advice and valuations to the Administering Authority relating to new employers, including recommending the level of bonds or other forms of security required to protect the Fund against the financial effect on the Fund of employer default;
- assist the administering authority in assessing whether employer contributions need to be revised between valuations as required by the regulations;
- ensure that the administering authority is aware of any professional guidance or other professional requirements which may be of relevance to his or her role in advising the fund; and
- provide advice on other actuarial matters affecting the financial position of the Fund.

Essex Pension Fund

Funding Strategy Statement

5. Solvency issues and target funding levels

To meet the requirements of the LGPS Regulations, the Administering Authority's long-term funding objective is to achieve and then maintain assets equal to 100% of projected accrued liabilities. The actuarial assumptions to be used in the calculation of the funding target are set out in the Appendix.

Under Section 13(4) (c) of the Public Service Pensions Act 2013 The Government Actuary's Department (GAD) (as the person appointed by the responsible authority) must, following an actuarial valuation, report on whether the rate of employer contributions to the Fund are set at an appropriate level to ensure the solvency of the Fund and long term cost efficiency of the LGPS.



The key elements of the funding strategy include:

- the long-term aim is to achieve 100% and maintain funding of pension liabilities;
- favourable investment performance can play a valuable role in achieving adequate funding over the longer term;
- to ensure the appropriate level of contributions are received to ensure solvency of the Fund;
- to minimise fluctuations in employers' contributions in order to assist them with their financial planning and to meet their financial responsibilities to the Fund where it is prudentially appropriate;
- although the membership profile has matured slightly since the last valuation in 2016, the Fund can still take a long term perspective in setting the investment strategy;
- the Fund has a large number of employing bodies with different characteristics including size and strength of covenant.

The effective date of the current actuarial valuation of the Fund is 31 March 2019. The results of the valuation indicate that overall the assets of the Fund represented 97% of projected accrued liabilities at the valuation date based on the assumptions set out in the Appendix.

The Administering Authority after due consideration of all the information available to it, including consultation with the Fund Actuary and other interested parties, has adopted the following objectives to achieve the funding target:

- set employers' contribution rates to achieve and maintain 100% funding of liabilities in the long term;

Essex Pension Fund

Funding Strategy Statement

- employer contribution rates will be made up of two separate elements:
 - primary rate, as a percentage of pensionable pay, to meet the costs of future service (payable no later than the 19th day of the month following the month of relevant payroll run); and
 - secondary rate, an amendment to the primary rate, expressed in most instances as a cash sum or in the case of pooled employers this is expressed as a percentage of contribution due, to recover any shortfall or reduce any surplus revealed by the actuarial valuation (payable as detailed in this Funding Strategy Statement) or to help with maintaining stability of contributions;
- where an employer has an ongoing funding level above 100%, and cessation is on a 'minimum risk basis', payment towards the cessation debt will commence;
- the Fund will for the purpose of administration, the calculation of contribution rates and for the setting of maximum deficit recovery periods, continue to deal with town and parish councils (T&PC) as a pooled group;
- all Essex Academies participate within a single funding pool;
- the Fund will set deficit recovery periods for the T&PC and Academies that as far as possible, are likely to reduce the level of deficit during the inter-valuation period if all of the Actuary's assumptions prove correct.

A Town or Parish Council may defer a cessation valuation if the last member leaves the scheme but the Town or Parish Council is intending to offer the scheme to a new employee. This will be in agreement with the Fund and any deficit payments, as calculated by the Actuary, due by the Town or Parish Council must continue to be paid during the suspension period. Any suspension period will be time-limited and at the discretion of the Fund. Once the T&PC has an active member, the pooled contribution rate will be paid.

If there are no active members at the end of the suspension period or a Pool Member chooses to close scheme participation to new employees, then a cessation valuation will be carried out to determine an exit payment/credit and that employer would no longer be a Member of the Pool. This will protect the remaining Pool Members from the change of employer characteristics which apply after closure. If a T&PC becomes insolvent and is unable to meet their pension liabilities, then the Fund will, in the first instance, secure any payments required to meet these liabilities from any guarantor. If there is no guarantor, then these liabilities will fall to the T&PC pool.

- the administering authority may by written notice ('a suspension notice') to an exiting employer suspend that employer's liability to pay an exit payment for a period of up to 3 years subject to conditions in Local Government Pension Scheme regulation 64(2a-c).

Essex Pension Fund

Funding Strategy Statement

- schools, including former grant maintained schools (but excluding Academies), will be treated as part of the local authority within whose area of responsibility they fall for the purpose of setting contribution rates and deficit recovery periods; any discretions in respect of these matters will fall to the local authority;
- in the event of an Academy conversion, the Fund Actuary will undertake a calculation of the assets and liabilities attributable to the preceding school(s). These assets and liabilities will then be migrated from the Local Authority to the Academy pool. Once in the Academy pool, the converted Academy will be allocated notional assets equal to the funding level of the pool;
- we will set objective and maximum deficit recovery periods for the remaining employers
 - the agreed deficit recovery periods will be set at levels that safeguard the interests of the Fund by having regard to the Fund's judgement of the strength of covenant and the financial stability of individual employers;
 - individual employers will, at the discretion of the Fund and the Fund's Actuary, be able to increase their deficit recovery period up to the maximum deficit recovery period, subject to providing assurance of greater strength of covenant and financial stability. (e.g. guarantor employer consent, provision of a bond, a deposit, a parent company guarantee or other surety);

Whilst a deficit exists, annual contributions will not normally be reduced. This may result in a shorter deficit recovery period than described above.

Essex Pension Fund

Funding Strategy Statement

Objective and maximum deficit recovery periods for active employers (i.e. those employers with active members)

Category	Employer	Example	Objective	Maximum
A	Scheduled - major tax raising bodies	District Council, Fire Authority, Police	2016 deficit recovery period less three years	21 years
C	Scheduled - other 2	Further & Higher education corporations	average remaining working life	12 years
D	Scheduled - other 2	Further & Higher education corporations providing evidence of financial security to the satisfaction of the Essex Pension Fund	2016 deficit recovery period less three years	21 years
F	Transferee admission	Contractor	contract length	contract length
G	community admission 1	Voluntary not for profit charities, housing associations	average remaining working life	average remaining working life
H	community admission 2	Employer providing evidence of financial security to the satisfaction of Essex Pension Fund	average remaining working life	12 years
Pooled employers				
B	Academies			20 years
E	Resolution	Town & Parish Council		21 years

1. The draft maximum deficit recovery periods are designed, where appropriate, to stabilise the amount of deficit contributions payable. It is not designed to allow for a reduction in contributions.

2. In addition, migrations may be adopted to allow for affordability and stability of contributions as well as for transition to revised policies.

3. The provision of financial security for Category H employers could include the agreement and provision of a guarantee by a Category A employer.

4. While a deficit exists, annual contributions will not generally be reduced. This may result in a shorter deficit recovery period than the objective.

5. Contributions are subject to the certification of the Actuary.

Essex Pension Fund

Funding Strategy Statement

- The 2020/21, 2021/22 and 2022/23 deficit amounts certified for each employer will reflect one of the following:
 - i. the actuarially assessed value of the annual deficit or respective payment to cessation paid in twelve equal instalments monthly in arrears with each payment being due by the 19th day of the following month; or
 - ii. the actuarially assessed value of the annual deficit or payment to cessation paid in one lump sum payment prior to 30 April of the specified year; or
 - iii. the actuarially assessed value of i) or ii) for all three years paid in 36 or 3, respectively, equal instalments; or
 - iv. the actuarially assessed value of paying the deficit for three years in one lump sum payment prior to 30 April 2020.
- Individual employers retain the freedom to:
 - make a lump sum payment prior to 1 April 2020, following agreement with the administering authority. The annual deficit amounts certified for financial years 2020/21, 2021/22 and 2022/23 will reflect the actuarially assessed value of making this payment, either utilising the payment over the three years or over the deficit recovery period;
 - decide to repay their share of the deficit over a shorter period should they so choose; and
 - make additional payments to the Fund over and above the minimum employer contribution rates certified.

In determining the deficit recovery period(s) the Administering Authority has had regard to:

- the responses made to the consultation with employers on the FSS principles;
- the need to balance a desire to attain the target as soon as possible, against the major increases in the level of employers' contributions which a shorter period would require;
- section 13 of the Public Service Pensions Act 2013 to ensure employer contributions are set at an appropriate level to ensure the solvency of the Fund; and
- the Administering Authority's views on the strength of the participating employers' covenants in achieving the objective.

Where an employer allows an early retirement, for any reason other than ill health, that produces a strain on the Fund cost, payment of the strain is to be met in the form of an immediate lump sum to the Fund.

Essex Pension Fund

Funding Strategy Statement

Where an existing payment plan exists and the employer is ceasing, full settlement will be required of any outstanding amounts before the final cessation date.

In all cases, the administering authority reserves the right to apply a different approach as its sole discretion, taking into account the risk associated with an employer in proportion to the Fund as a whole.

Levels of ill health will be monitored and will normally be reflected in assumptions at triennial valuations or sooner if deemed necessary.

Employers that are able to and have closed the Scheme to new members or have had no new members in the previous two years to 31 March 2019, will have their employer contribution rate assessed on a closed basis at the triennial valuation.

Where an employer is able to and closes the Scheme to new members, between valuations, the employer contribution rate may be reassessed on a closed basis and a revised certificate issued.

Pooling of individual employers

The policy of the Fund is that each individual employer should be responsible for the costs of providing pensions for its own employees who participate in the Fund. Accordingly, contribution rates are set for individual employers to reflect their own particular circumstances.

However, certain groups of individual employers are pooled for the purposes of determining contribution rates to recognise common characteristics.

The funding pools adopted for the Fund at the 2019 valuation were all pooled for past and future service and are summarised in the table below.

Essex Pension Fund

Funding Strategy Statement

Pool	Notes
Essex Schools (ECC, schools including former GM schools)	Essex County Council pay primary rate and secondary contributions as monetary amounts while schools pay a total rate.
Southend Schools (Southend BC, Schools including former GM schools)	Southend-On-Sea Borough Council pay primary rate and secondary contributions as monetary amounts while schools pay a total rate.
Thurrock Schools (Thurrock BC, Schools including former GM schools)	Thurrock Borough Council pay primary rate and secondary contributions as monetary amounts while schools pay a total rate.
Academies	All academies in the pool are being stepped towards paying the same total contribution rate.
Police	Police and Fire Crime Commissioner and Essex Chief Constable pay the same primary rate and an equivalent secondary rate (as a percentage of payroll) as monetary payments.
Town & Parish Councils	All T&Ps pay the same contribution rate. Those T&Ps in a suspension period will pay equivalent secondary contributions as monetary payments.
SLM	All SLM contracts in the pool pay the same total rate.
Essex Cares	All Essex Cares contracts in the pool pay the same total rate.

The main purpose of pooling is to produce more stable employer contribution levels, although recognising that ultimately there will be some level of cross-subsidy of pension cost amongst pooled employers.

Where the Fund identifies a group of employers with similar characteristics and potential merits for pooling, it is possible to form a pool for these employers. Advice should be sought from the Fund Actuary to consider the appropriateness and practicalities of forming the funding pool.

Conversely, the Fund may consider it no longer appropriate to pool a group of employers. This could be due to divergence of previously similar characteristics or an employer becoming a dominant party in the pool (such that the results of the pool are largely driven by that dominant employer). Where this scenario arises, advice should be sought from the Fund Actuary.

Essex Pension Fund

Funding Strategy Statement

Funding pools should be monitored on a regular basis, at least at each actuarial valuation, in order to ensure the pooling arrangement remains appropriate.

Termination of an employer's participation in the Scheme

When a Scheme employer exits the Fund and becomes an exiting employer, as required under the Regulations the Fund Actuary will be asked to carry out an actuarial valuation in order to determine the liabilities in respect of the benefits held by the exiting employer's current and former employees. The Fund Actuary is also required to determine the exit payment due from the exiting employer to the Fund or the exit credit payable from the Fund to the exiting employer.

Any deficit in the Fund in respect of the exiting employer will be due to the Fund as a single lump sum payment, unless it is agreed by the Administering Authority and the other parties involved that an alternative approach is permissible. For example:

- in certain circumstances, subject to satisfactory surety, a formal plan may be agreed between the Fund, the Fund Actuary and the Employer, and if applicable the Transferor Scheme Employer, to manage payment of deficit up to and beyond the termination date;
- the assets and liabilities relating to the employer may transfer within the Fund to another participating employer;
- the employer's exit may be deferred subject to agreement with the Administering Authority, for example if it intends to offer Scheme membership to a new employee within six months of the last active member departing (employer payments will continue in the interim period to be agreed with the Fund); or
- in the case of charities the Fund and the Fund Actuary will work to achieve the best approach available without any detrimental impact to the running of the charity, providing an agreed payment plan to recover any cessation amounts due.

Similarly, any surplus in the Fund in respect of the exiting employer may be treated differently to a payment of an exit credit, subject to the agreement between the relevant parties and any legal documentation.

In assessing the value of the liabilities attributable to the exiting employer, the Fund Actuary may adopt differing approaches depending on the employer and the specific details surrounding the employer's cessation scenario.

For example, if there is no guarantor in the Fund willing to accept responsibility for the residual liabilities of the exiting employer, then those liabilities are likely to be assessed on a "minimum risk" basis leading to a higher exit payment being required from (or lower exit credit being paid to) the employer, in order to extinguish their liabilities to the Fund and to reduce the risk of these liabilities needing to be met by other participating employers in future.

Essex Pension Fund

Funding Strategy Statement

If it is agreed that another employer in the Fund will accept responsibility for the residual liabilities, then the assumptions adopted will be consistent with the current ongoing funding position, but additional prudence may be included in order to take into account potential uncertainties and risk e.g. due to adverse market changes, additional liabilities arising from regulatory or legislative change and political/economic uncertainties. The additional level of prudence will be set by considering the distribution of funding levels under a large number of economic scenarios, with the aim being to gain a reasonable level of confidence that the Fund will be able to meet its benefits obligations to the relevant members in future.

Exit Credits Policy

Exiting employers must supply evidence of any pension risk taken by them in the contractual agreement arrangements, to assist in the correct application of the exit credit process.

In determining the exit credit, the Fund and the Fund Actuary will take account of the following:

- where no risk is borne by the employer any credit will fall to the letting authority or guarantor;
- consideration will be given to the level of primary and secondary contributions paid into the fund when assessing a cap on any exit credit;
- Where an exit credit is payable, the Regulations require an exit credit payment to be made “within six months of the exit date or such longer time as the administering authority and the exiting employer may agree” Where data from the exiting employer is received after the exiting date, the Administering Authority will seek to agree with the exiting employer a deadline date of six months from when all data is received or longer if the situation requires and;
- an exit credit will not be paid if, the Administering Authorities view, there is sufficient risk that a deficit may arise post cessation and that this deficit will fall to other employers in the Fund.

Any other relevant factors will be considered by the Administering Authority and legal advice sought where appropriate.

New admissions to the Fund

- All transferee admission bodies (i.e. contractors delivering services to scheme employers) will be accepted for admission into the Fund so long as all the necessary regulatory requirements for admission are satisfied, including those covering the assessment of the requirement for and provision of security to the satisfaction of the administering authority.

Essex Pension Fund

Funding Strategy Statement

- In the case of a transferee admission body, or any participating employer acting as guarantor in the case of non-transferee admission bodies, implementation of an alternative funding basis or approach (including on termination) will be subject to agreement from the relevant guarantor body/scheme employer. Any special funding arrangements between the scheme employer and transferee admission body should be covered by the commercial arrangements, i.e. outside the Fund and not part of the admission agreement.
- Other admission bodies will be accepted for participation in the Fund, on a case by case consideration of the merits of admission and the associated risks to the Fund. In accordance, with regulatory requirements, a bond, indemnity or guarantee will be required for all admission bodies, to the satisfaction of the administering authority.
- In the case where a contractor wishes to offer a broadly comparable scheme, rather than apply to become an admission body of the Fund, standardised bulk transfer terms will be offered via the Actuary's Letter. The letter will be structured so as to target an asset transfer to the contractor's Broadly Comparable scheme such that it is equivalent to 100% of the past service liabilities reserved for by the Fund in respect of the transferring members' accrued service as at the date of transfer. The Fund will only agree to any variations in the standard in exceptional circumstances and with the prior agreement of the transferring scheme employer.

6. Link to investment policy

Funding and investment strategy are inextricably linked. The Investment Steering Committee (ISC) has been delegated with responsibility for investment strategy. The key investment objectives are *“to ensure the investment strategy is consistent with the funding objectives”* and *“to maximise investment returns within reasonable risk parameters”*. The ISC determines investment strategy after taking professional advice.



Investment Strategy

The Funds Investment Strategy Statement is available from www.essexpensionfund.co.uk under forms and publications.

In setting the investment strategy the ISC takes account of both the current funding level and the relative maturity profile of the Fund (the relative proportion of liabilities in respect of active, deferred and pensioner members). The asset allocation determined by the ISC sets the proportion of assets to be invested in equities, bonds and alternative assets. The resulting structure reflects the ISC's views on the appropriate balance between maximising the long-term return on investments and minimising risk. The strategy is set for the long term but reviewed regularly.

Essex Pension Fund

Funding Strategy Statement

Asset Split

The Fund does not account for each employer's assets separately. The Fund's Actuary is required to apportion the assets of the Fund between the employers at each valuation.

Consistency with Funding Basis

In the opinion of the Actuary, the current funding policy is consistent with both the investment strategy of the Fund, and the requirement to take a "prudent longer term view" of the funding of liabilities.

As at 31 March 2019 the discount rate used, in order to calculate the current value of future pension benefits payable is 4.5%.

7. Identification of risks and counter-measures

Awareness of the risks that may impact on the funding strategy and expectations of future solvency is crucial to determining the

appropriate measures to mitigate those risks. The funding of defined benefits is by its nature uncertain. The funding strategy is based on both financial and demographic assumptions. These assumptions are specified in the actuarial valuation report. When actual experience is not in line with the assumptions adopted, a surplus or shortfall will emerge at the next actuarial valuation and beyond. This may require a subsequent contribution adjustment to bring the funding back into line with the target.

At the time of drafting this FSS, it is still unclear how the impact of the McCloud/Sargent judgement will affect current and future LGPS benefits. Detail on how this has been allowed for in the 2019 valuation is given in the Appendix.

The Administering Authority has itself undertaken an exercise to identify those risks that are specific to the Fund and the measures to be taken to counter those risks.

The Funds full risk register is available from www.essexpensionfund.co.uk.

8. Monitoring and Review

In preparing this statement, the Administering Authority and the Essex Pension Fund Board has taken advice from Barnett Waddingham, the Fund Actuary, and has also consulted with its institutional investment advisers Hymans Robertson, and its independent investment adviser Mark Stevens.

A full review of this statement will occur no less frequently than every three years, to coincide with completion of the current full actuarial valuation cycle. Any review will take account of the then current economic conditions and will also reflect any legislative changes.



Essex Pension Fund

Funding Strategy Statement

The Administering Authority will monitor the progress of the funding strategy between full actuarial valuations. If considered appropriate, the funding strategy will be reviewed (other than as part of the current triennial valuation process), for example:

- if there has been a significant change in market conditions and/or deviation in the progress of the funding strategy;
- if there have been significant changes to Fund membership, or LGPS benefits;
- if there have been changes to the circumstances of any of the employing authorities to such an extent that they impact on or warrant a change in the funding strategy; and
- if there have been any significant special contributions paid into the Fund.

Essex Pension Fund

Funding Strategy Statement

Appendix A

Detailed assumptions used in calculating the funding target

At the time of drafting this FSS, it is still unclear how the impact of the McCloud/Sargent judgement will affect current and future LGPS benefits. As part of the Fund's 2019 valuation, in order to cover the risk of member benefits being uplifted and becoming more expensive, the potential impact of McCloud was included in the prudence allowance in the discount rate assumption. As the remedy is still to be decided the cost cannot be calculated with any certainty. However, the Fund Actuary expects the cost is likely to be less than the impact of reducing the discount rate assumption by 0.1%.

Essex Pension Fund

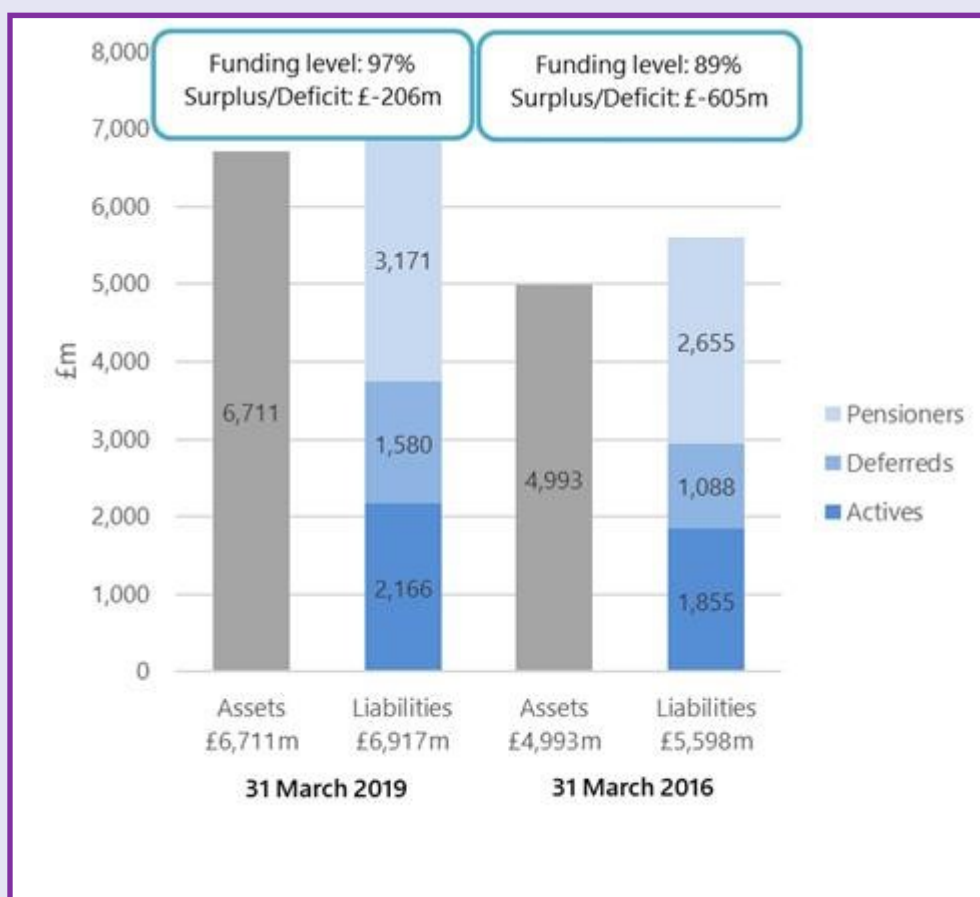
Funding Strategy Statement

Financial Assumptions	Assumption used for the 2019 valuation	Assumptions used for the 2016 valuation
Market date	31 March 2019	31 March 2016
CPI inflation	2.6% p.a.	2.4% p.a.
Salary increases		
<i>Short-term</i>	n/a	CPI to 31 March 2020
<i>Long-term</i>	3.6% p.a.	3.9% p.a.
Discount rate	4.5% p.a.	5.1% p.a.
Pension increases on GMP	Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increases. For members that reach SPA after this date, we have assumed that Funds are required to pay the entire inflationary increases	
Demographic Assumptions	Assumption used for 2019 valuation	Assumptions used for the 2016 valuation
Post-retirement mortality	Male / Female	Male / Female
<i>Member base tables</i>	S3PA	S2PA
<i>Member mortality multiplier</i>	110% / 115%	105% / 100%
<i>Dependant base tables</i>	S3DA	S2PA
<i>Dependant mortality multiplier</i>	95% / 105%	105% / 100%
<i>Projection model</i>	CMI 2018	CMI 2015
<i>Long-term rate of improvement</i>	1.25% p.a.	1.5% p.a.
<i>Smoothing parameter</i>	7.5	n/a
<i>Initial addition to improvements</i>	0.5% p.a.	n/a
Retirement assumption	Weighted average of each tranche retirement age	
Pre-retirement decrements	GAD 2019 scheme valuation with no salary scale, 50% IH decrement, 105% of pre-	GAD 2013 scheme valuation
50:50 assumption	Member data	Member data
Commutation	50% of maximum	50% of maximum
% members with qualifying dependant	75% / 70%	75% / 70%
Age difference	Males are 3 years older	Husbands are 3 years older

Essex Pension Fund

Funding Strategy Statement

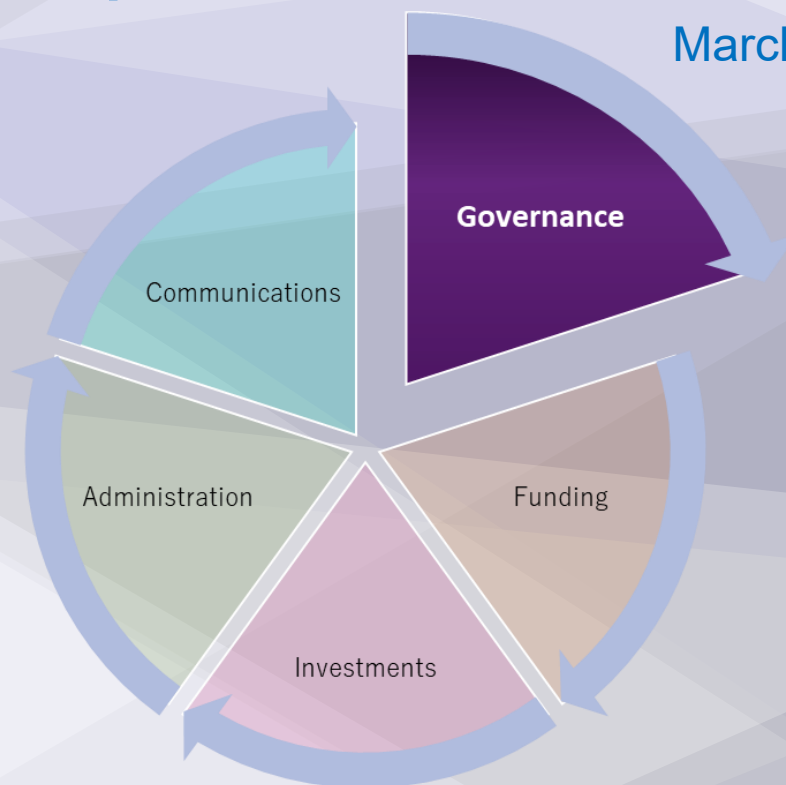
Past service funding position	Proposed basis 31 March 2019 £m	Previous valuation 31 March 2016 £m
Smoothed asset value	6,711	4,993
Past service liabilities		
Actives	2,166	1,855
Deferred pensioners	1,580	1,088
Pensioners	3,171	2,655
Total Liabilities	6,917	5,598
Surplus (Deficit)	-206	-605
Funding level	97%	89%



Essex Pension Fund

Governance Policy and Compliance Statement

March 2020



Essex Pension Fund

Governance Policy and Compliance Statement

Introduction and Legal Requirements

Essex County Council is the Administering Authority responsible for maintaining and managing the Essex Pension Fund on behalf of its stakeholders; the scheme members and employers participating in the Fund. These responsibilities are primarily set out in Local Government Pension Scheme (LGPS) Regulations.

Flexibility is provided for each Administering Authority to determine their own governance arrangements. However, the LGPS Regulations (regulation 55 of the LGPS Regulations 2013) require each Administering Authority to prepare, publish and maintain a governance policy and compliance statement setting out whether the Administering Authority delegates its functions, or part of its functions to a committee, a sub-committee or an officer of the authority, and if so:

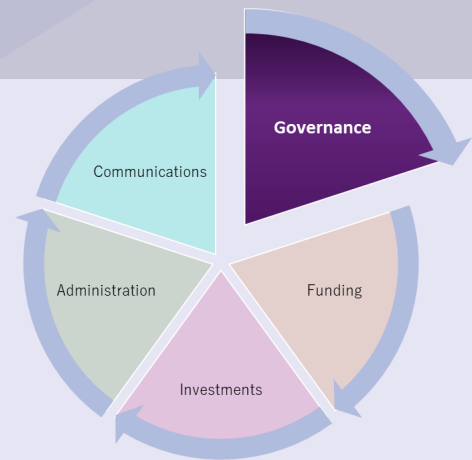
- a. the terms, structure and operational procedures of the delegation;
- b. the frequency of any committee or sub-committee meetings;
- c. whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
- d. the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not comply, the reasons for not complying; and
- e. details of the terms, structure and operational procedures relating to the local pension board.

Each Administering Authority is required to:

- a. keep the statement under review;
- b. make such revisions as are appropriate following a material change in respect of any of the matters mentioned in points a. to e. above; and
- c. if revisions are made, publish the statement as revised.

In reviewing and making revisions to the statement, the Administering Authority must consult such persons as it considers appropriate.

This document is the Governance Policy and Compliance Statement for Essex Pension Fund that has been prepared to meet the requirement of the LGPS Regulations. The Governance Compliance Statement noted in point d. above is included as Appendix A.



Essex Pension Fund

Governance Policy and Compliance Statement

About the Essex Pension Fund ('the Fund')

Essex Pension Fund

Under the Regulations, Essex County Council is required to maintain a pension fund ("the Fund") for its employees and those of other Scheme Employers within its area.

Essex County Council therefore administers the Fund for its own employees and those of the 14 Borough, City, District and Unitary Councils, and numerous other bodies. In total there are over 700 separate employers participating in the Fund. The Fund does not provide pensions for teachers, fire-fighters and police officers, for whom separate arrangements exist but includes administrative and support staff for those organisations.

Membership Summary as 31 March 2019 Triennial Valuation

Active Members	55,564
Pensioners/Dependants	42,430
Deferred Members*	70,832
Total	168,826

* Deferred pensioners are former active members who have chosen not to transfer their pension rights but retain their pension rights in the Fund until they are due for payment.

Aims and Objectives

In relation to the governance of the Fund we will aim to:

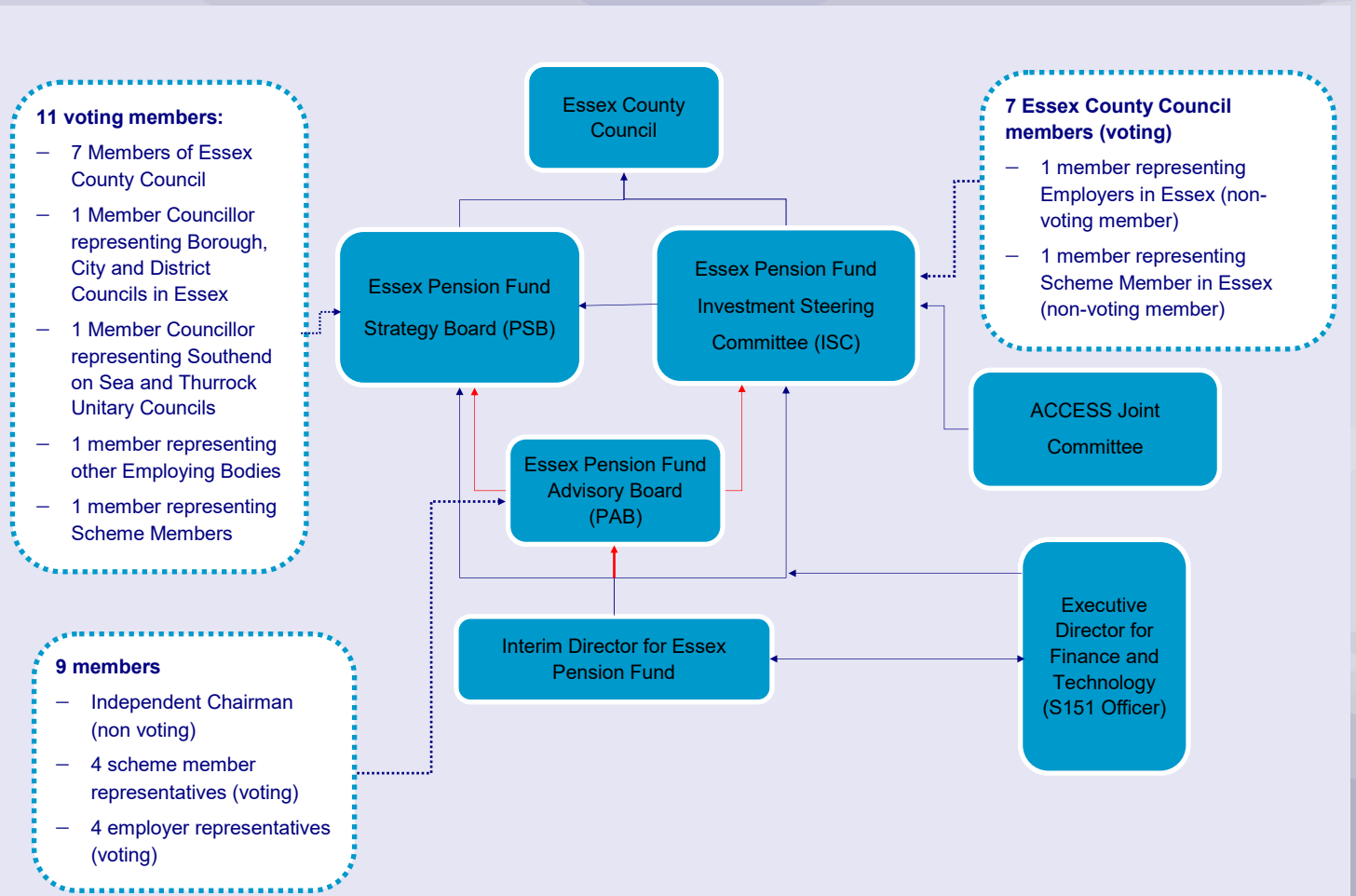
- Provide a high-quality service whilst maintaining value for money;
- Ensure compliance with the LGPS regulations, other relevant legislation and the Pensions Regulator's Codes of Practice;
- Ensure the Fund is managed, and its services delivered by people who have the appropriate knowledge and expertise;
- Evolve and look for new opportunities, ensuring efficiency at all times;
- Act with integrity and be accountable to our stakeholders;
- Understand and monitor risk and compliance;
- Continually measure and monitor success against our objectives; and
- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.

Governance Structure

The Fund's governance structure is illustrated below. This structure relates to the Administering Authority responsibilities only. Essex County Council is also an employer within the Fund. A separate governance structure and Scheme of Delegation is in place in relation to Essex County Council's employer pension responsibilities:

Essex Pension Fund

Governance Policy and Compliance Statement



Full details of the delegations from Essex County Council as Administering Authority are available from <https://www.essex.gov.uk/our-constitution>. A summary of each of the key Boards and delegations are set out opposite:

Essex Pension Fund

Governance Policy and Compliance Statement

Pension Strategy Board (PSB)

Membership

There are 11 members including:

All Voting Members*	How Nominated or Appointed	Term of office
7 Members of the Council	Appointed by the Council	1 year as appointed at the annual meeting of the Council or as changed from time to time by the Constitution.
1 Member Councillor representing Borough, City and District Councils in Essex	Nominated by Essex Borough and District Leaders/Chief Executives	4 years from the relevant Borough, City and District Council elections.
1 Member Councillor representing Southend on Sea and Thurrock Unitary Councils	Nominated jointly by and from either Southend-on-Sea and Thurrock Councils	4 years from the relevant Unitary Council elections.
1 member representing other Employing Bodies	Nominated by other employers at the employer forum or such other process as agreed by the Chairman and the Director for the Fund and must be in the employment of or hold office in relation to a Fund employer	6 years from date of appointment.
1 member representing Scheme Members	Nominated by Unison and must be a member of the Fund	6 years from date of appointment.

**voting is subject to other provisions within this document.*

The Constitution does not permit non-Essex County Council members to have substitutes.

Term of office

The term of office may be extended by up to six months if considered necessary for the purpose for the appointment process, for example, due to the timing of local authority elections, with the agreement of the Director for Essex Pension Fund.

Any Board member may be re-appointed for further terms following the appropriate appointment process. A member may resign by giving notice to the Director for Essex Pension Fund and shall cease to be qualified to be a member of the PSB if they cease to hold the office or employment which qualifies them for the role.

Essex Pension Fund

Governance Policy and Compliance Statement

Role

The role of the Board will include the following specific functions:

- (i) to monitor and oversee the work of the Fund ISC through its quarterly reports;
- (ii) to ensure the proper administration of the Fund, including compliance with the LGPS and other legislation, ensuring that it delivers best value and compliance with statutory and non-statutory best practice guidance where considered appropriate;
- (iii) to determine, review and monitor the Fund's aims, objectives, strategies, compliance statements and procedures relating to the funding strategy, including approving its Funding Strategy Statement;
- (iv) to make arrangements for the actuarial valuation, ongoing monitoring of liabilities and to undertake any asset/liability and other relevant studies as required;
- (v) to determine, review and monitor the Fund's policy in regard to employer admission and cessation arrangements;
- (vi) to determine, review and monitor the Fund's other aims, objectives, policies, strategies, compliance statements and procedures for the overall management of the Fund, including but not limited to administration, communications and governance;
- (vii) to determine how the various Administering Authority discretions are operated for the Fund;
- (viii) to agree Administering Authority responses to consultations by Central Government, professional and other bodies;
- (ix) to consider any views expressed by employing organisations and staff representatives;
- (x) to both appoint and terminate the appointment of the Fund's advisers, including actuaries, governance advisers and specialist lawyers (where required) and periodically to review those arrangements;
- (xi) to agree the Fund's business plans and monitor progress against them;
- (xii) to consider the Fund's financial statements and to approve an Annual Report on the activities of the Fund in line with legislation and guidance; and
- (xiii) to agree a Knowledge and Skills Policy and ensure its requirements are adhered to.

No matters relating to Essex County Council's responsibilities as an employer participating in the Fund are delegated to the PSB.

Essex Pension Fund

Governance Policy and Compliance Statement

Investment Steering Committee (ISC)

There are 9 Members of the Investment Steering Committee.

All ISC Members shall be drawn from PSB membership as follows:

Members	How Nominated or Appointed
7 Members of the Council (voting members)	All Council members of the PSB
1 member representing Employers in Essex (non-voting member)	The Member of the PSB nominated by Essex Borough, City and District Leaders/Chief Executives
1 member representing Scheme Members (non-voting member)	The Member of the PSB nominated to represent Scheme Members

The Chairman and Vice-Chairman of the ISC shall be the Chairman and Vice-Chairman of the PSB respectively.

Role and Function

- (i) to approve and review the asset allocation benchmark for the Fund;
- (ii) to determine, review and monitor the Fund's aims, objectives, policies, strategies and procedures relating to investment of the Fund's assets including the Investment Strategy Statement and any environmental, social and governance matters;
- (iii) to appoint and terminate Investment Managers (in relation to non-pooled assets), Custodians and Advisers to the Fund solely relating to investment matters;
- (iv) In relation to the LGPS ACCESS Pension Fund Pool;
 - a) to consider pooling matters including recommendations by the ACCESS Joint Committee;
 - b) to determine the transition of the assets held by the Fund in relation to the Pool and the funds or sub-funds operated by the Operator;
 - c) to appoint the elected Councillor for Essex County Council to the Joint Committee as and when required;
 - d) to advise the representative on the Joint Committee on such matters as may be required;
 - e) to monitor the performance of the LGPS ACCESS Pool and its Operator and recommending actions to the ACCESS Joint Committee or ASU, as appropriate;
 - f) to receive and consider reports from the LGPS ACCESS Joint Committee and the Operator;
 - g) to undertake any other decisions or matters relating to the operation or management of the LGPS ACCESS Pool as may be required.

Essex Pension Fund

Governance Policy and Compliance Statement

- (v) to assess the quality and performance of each Investment Manager and the relevant ACCESS Operator annually in conjunction with the Fund investment advisers and the Section 151 Officer;
- (vi) to monitor compliance of the investment arrangements with the Investment Strategy Statement;
- (vii) to monitor and review the Fund's compliance with the LGPS Scheme Advisory Board adopted Code of Transparency and UK Stewardship Code;
- (viii) to assess the risks assumed by the Fund at a global level as well as on a manager by manager basis;
- (ix) to approve and to review annually the content of the Pension Fund Treasury Management Strategy; and
- (x) to submit quarterly reports on its activities to the PSB.

Pension Advisory Board (PAB) (Local Pensions Board)

Membership

The Board shall consist of 9 members and be constituted as follows:

- a. 4 employer representatives made up of one from each of the following groups of employers in the Fund:
 - Essex County Council (an elected member);
 - the District, City and Borough Councils of Essex (an elected member);
 - Southend on Sea and Thurrock Unitary Authorities (an elected member); and
 - all other employers.
- b. 4 scheme member representatives of which:
 - one will be nominated by the trade unions; and
 - the rest will be drawn from the total Fund's active, deferred and pensioner membership.
- c. 1 independent Chairman.

Term of Office

- a. Employer representative appointments will expire after a period of four years from the date of establishment of the PAB or the date of their appointment if later. This period may be extended to up to six years if agreed by the Director for Essex Pension Fund. It will automatically cease if the individual is no longer in the employment of that employer, no longer holds office in relation to that employer or is no longer an elected member of that employer, as appropriate.

Essex Pension Fund

Governance Policy and Compliance Statement

- b. Scheme member representative appointments will expire after a period of four years from the date of establishment of the PAB or the date of their individual appointment if later. This period may be extended to up to six years if agreed by the Director for Essex Pension Fund. It will automatically cease if the individual is no longer a trade union representative or representative of Fund members (in accordance with the criteria set by the Appointments Panel).
- c. The Independent Chairman's appointment will expire after a period of four years from the date of establishment of the PAB or the date of their individual appointment if later. This period may be extended to up to six years if agreed by the Appointments Panel.
- d. Any Board member, including the Independent Chairman, may be re-appointed for further terms following an appointment process.

Remit

The Board:

- a) shall assist the Scheme Manager with such matters as the LGPS regulations and guidance may specify;
- b) shall be a “critical friend” to the PSB and the ISC;
- c) may provide oversight of decisions made by the PSB and ISC to ensure that due process has been followed;
- d) may review any decision made by or on behalf of the Scheme Manager or any action taken by the Scheme Manager;
- e) shall comment on and assist in identifying and managing breaches of the law in relation to Fund matters;
- f) at the invitation of the PSB, may also undertake other tasks, including (but not limited to):
 - assisting the PSB by reviewing aspects of the performance of the Fund – for example by reviewing the risk management arrangements within the Fund (although the PSB will remain accountable for risk management);
 - reviewing administration standards or performance or review efficacy of Fund member and employer communications;
 - reviewing published policies to ensure they remain fit for purpose and are complete;
 - reviewing Fund annual reports;
 - being part of any consultation process with the purpose of adding value to that process based on, for example, their representation of employers and Fund members; and
 - discussing strategic matters such as communications where requested by the PSB.

Essex Pension Fund

Governance Policy and Compliance Statement

- g) at the shall provide such information as is requested to other bodies including but not limited to the LGPS Scheme Advisory Board and the Pensions Regulator (tPR) and provide an annual report of the work of the Board to the Scheme Manager;
- h) will prepare a record of each meeting which will normally be published no later than 12 working days following the meeting using the appropriate systems of the Scheme Manager; and
- i) must provide a record of each meeting to the following PSB meeting and may make reports and recommendations to the PSB insofar as they relate to the role of the Board (see "Reporting and Escalation").

The Board is not a decision-making body in relation to the management of the EPF but makes recommendations to assist in such management. The Fund's management powers and responsibilities which have been, and may be, delegated by the Council to committees, sub-committees and officers of the Council, remain solely the powers and responsibilities of those committees, sub-committees and officers. The Board operates independently of the PSB.

Delegations to Senior Officers

To the Director, Essex Pension Fund:

- (i) To be responsible for the day to day operational management of Fund matters including ensuring arrangements for investment of assets and administration of contributions and benefits, excluding matters delegated to the PSB or ISC;
- (ii) To agree the terms and payment of bulk transfers to and from the Fund;
- (iii) To decide any other Fund related urgent matter, that might otherwise be considered by the PSB or ISC, after consultation with the Chairman of the PSB.

Note: The Director, Essex Pension Fund is not empowered to change the managers of the Fund.

Executive Director, Finance and Technology (S151 Officer):

To be responsible for providing advice and proposing recommendations to the PSB, ISC and the Director for Essex Pension Fund, and to appoint Essex County Council's officers to the ACCESS Officer Working Group as and when required.

Note: The Executive Director, Finance and Technology is not empowered to change the managers of the Fund or, unless the Chief Executive agrees, to agree the early termination of the employment of any Executive Director or the Monitoring Officer.

Essex Pension Fund

Governance Policy and Compliance Statement

Director, Legal and Assurance:

To discharge the functions of the Council with respect to the pension's complaints procedure.

ACCESS Joint Committee

The ACCESS¹ Joint Committee is composed as follows:

- Cambridgeshire County Council
- East Sussex County Council
- Essex County Council
- Hampshire County Council
- Hertfordshire County Council
- Isle of Wight Council
- Kent County Council
- Norfolk County Council
- Northamptonshire County Council
- Suffolk County Council
- West Sussex County Council



The Joint Committee within the ACCESS pool is made up of the 11 Chairs of the pension committees of the 11 participating LGPS funds. There are two other bodies that are part of this structure; the Officer Working group comprised of officers advising the Joint Committee and the ASU², providing business support functions.

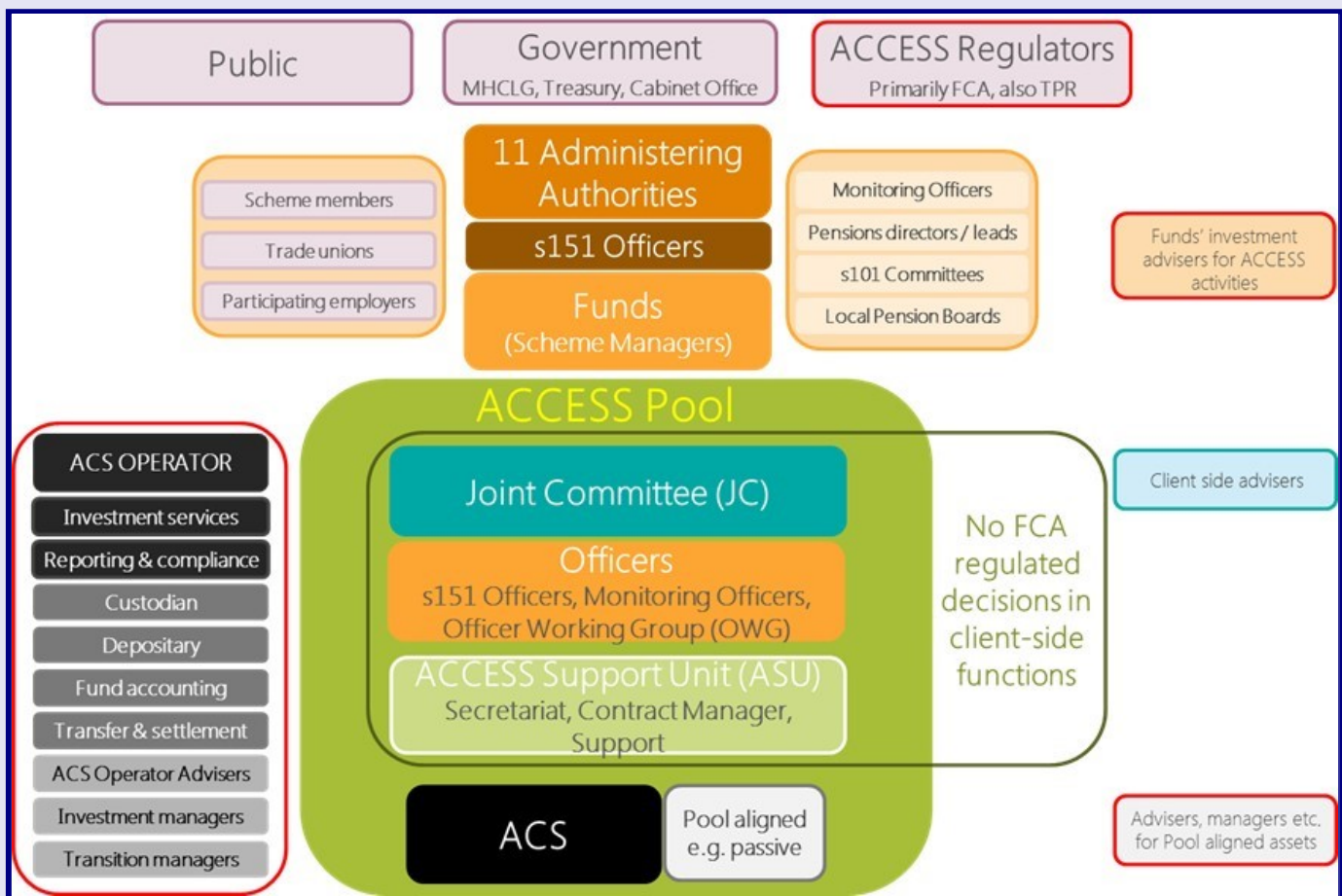
The following diagram details the structure:

¹. A collaboration of central, eastern and southern shires, formed by 11 LGPS Funds, in response to the Government's investment reform criteria.

². Employees of any Council employed at the request of the Joint Committee wholly or mainly for the purposes of implementing the 'agreement' of the Pool.

Essex Pension Fund

Governance Policy and Compliance Statement



The functions that have been delegated to the ACCESS Joint Committee are as follows:

Functions in relation to the Operator³:

- i. Specifying Operator services: Deciding, in consultation with the Councils, the specification of services and functions that the Operator will be required to deliver including the sub-funds and classes of investments required to enable each Council to execute its investment strategy;
- ii. Procuring the Operator: agreeing the method and process for the procurement and selection of the Operator;
- iii. Appointing the Operator: Making a recommendation to the Councils as to the identity of the Operator and the terms upon which the Operator is to be appointed;
- iv. Reviewing the Performance of the Operator: Keeping the performance of the Operator under constant review and making arrangements to ensure that the Joint Committee is provided with regular and sufficient reports from the Officer Working Group to enable it to do so including but not limited to:

³ The person appointed by the Councils from time to time to provide the Services

Essex Pension Fund

Governance Policy and Compliance Statement

- a. the performance of the Operator against its contractual requirements and any other performance measures such as any Service Level Agreement (SLA) and key performance indicators (KPIs) and Officer Working Group recommendations on any remedial action;
 - b. sub-fund investment performance;
 - c. investment and operational costs including the annual review of investment manager costs; and
 - d. performance against the strategic business plan agreed by the Councils.
- v. Managing the Operator: The Joint Committee shall:
- a. make recommendations to the Councils on the termination or extension of the Operator Contract; and
 - b. make decisions about any other action to be taken to manage the Operator Contract including the giving of any instruction or the making of any recommendation to the Operator including but not restricted to recommendations on investment managers (within any regulatory constraints that may apply).
- vi. Appointment of Advisers:
- a. the Joint Committee may appoint such professional advisers on such terms as it thinks fit. Any procurement of advisers must comply with the constitution of the Authority designated to undertake the procurement and that Authority will enter into a contract with the appointed adviser on behalf of the Authorities; and
 - b. the Joint Committee shall decide which tasks shall be performed by the ASU and which Council shall manage the ASU including the employment arrangements for employees in the ASU.

Functions in relation to Management of Pool Assets:

- vii. The Joint Committee shall make recommendations to the Councils on the strategic plan for transition of assets that are to become Pool Assets.

Functions Concerning Pool Aligned Assets:

- viii. Making recommendations to the Councils about Pool Aligned Assets (including proposals concerning the migration of investments-such as passive investments via life fund policies to become Pool Aligned Assets) in accordance with this Agreement⁴ or any other delegation to the Joint Committee by the Councils.

Functions concerning Business Planning and Budget:

- ix. Make recommendations to the Councils about the annual strategic business plan for the Pool;

⁴ The Agreement to cooperate in the pooling of LGPS Investments signed by 11 Councils of the JC July 2017.

Essex Pension Fund

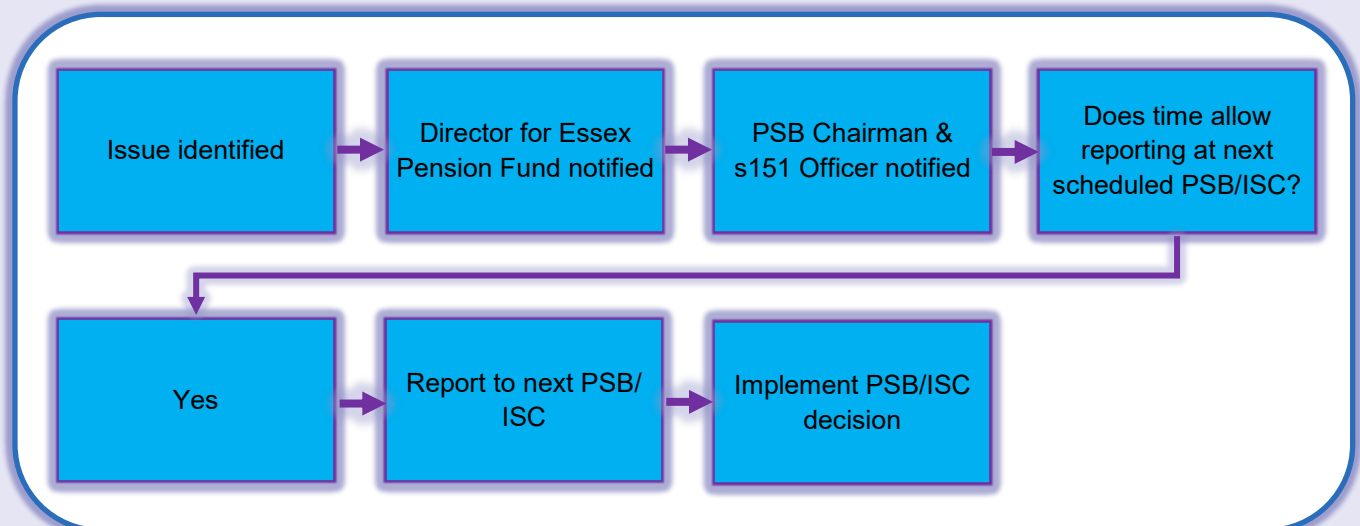
Governance Policy and Compliance Statement

- x. Determine the budget necessary to implement that plan and meet the expenses of under taking the Specified Functions (insofar as they will not be met by individual transaction costs paid by Councils to the Operator) in accordance with Schedule 5 hereof;
- xi. Keep the structures created by the Agreement under review from time to time and make recommendations to the Councils about:
 - a. the future of the Pool;
 - b. any changes to the Agreement; and
 - c. as to the respective merits of continuing to procure operator services by means of a third party or by creation of an operator owned by the Councils.
- xii. The Joint Committee is required to commence the first review of the Agreement by the second anniversary of its first meeting;
- xiii. The Joint Committee is required to undertake a review of the Pool and the Agreement:
 - a. to be completed 18 months before the expiry of each and every Operator Contract including as a result of the exercise of any option to terminate the Operator Contract;
 - b. whenever a Council gives notice of withdrawal under clause 12 of the agreement.

The Fund's decision-making process

The majority of decisions required to be made by the PSB or ISC are tabled sufficiently in advance to allow members to receive appropriate briefings and make the decision within the normal meeting cycle.

Therefore the following process is used when there is time to allow a decision to be made at the next scheduled ISC / PSB:

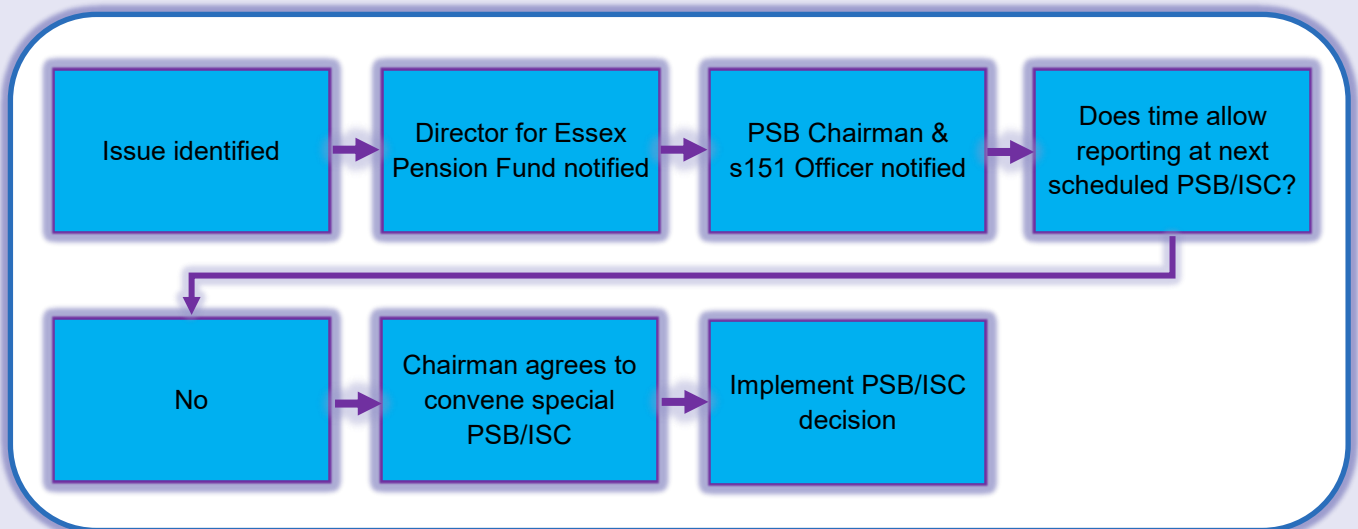


Essex Pension Fund

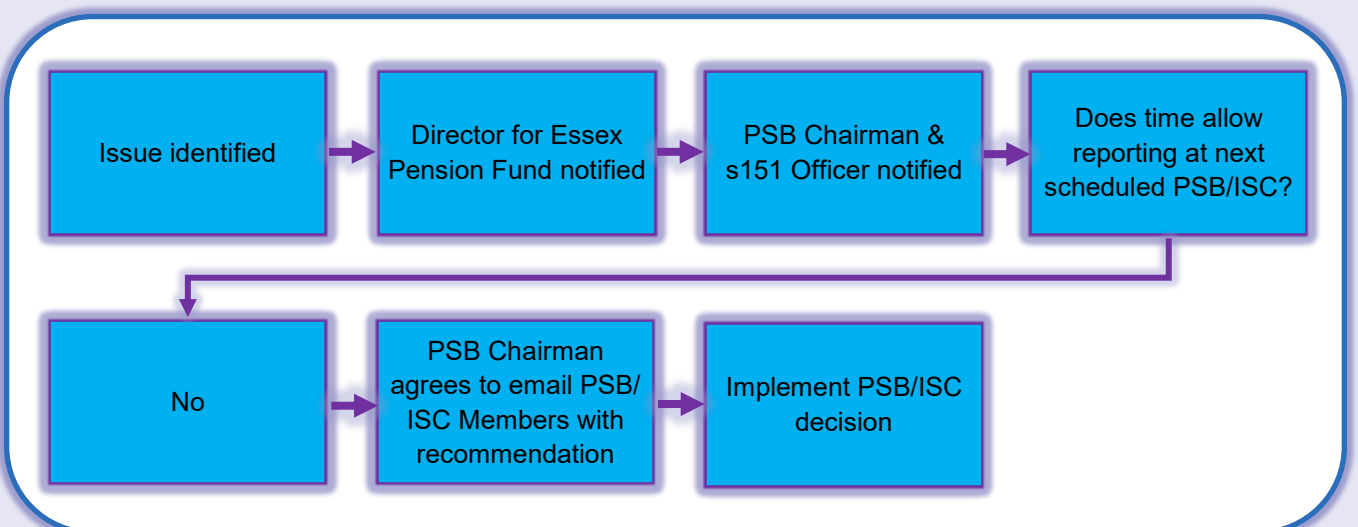
Governance Policy and Compliance Statement

However, the Fund recognises that good governance requires that on occasion the PSB or ISC can respond to urgent matters by taking decisions promptly outside of the normal meeting cycle. On such occasions the following processes may be adopted.

The process to be used when the Chairman agrees to convene a special PSB / ISC meeting:
The process when there is neither the time for the next scheduled meeting or to convene a special PSB/ ISC meeting:



The process when there is neither the time for the next scheduled meeting or to convene a special PSB / ISC meeting and the Chairman agrees to email PSB / ISC members with the recommendation:



Essex Pension Fund

Governance Policy and Compliance Statement

Training

Essex County Council recognises that effective management, administration and decision making can only be achieved where those involved have the requisite knowledge and skills. Accordingly, in relation to the management of the Fund, we adopt the key recommendations of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

This means we will ensure that we have formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant LGPS and related knowledge and skills for those responsible for management, administration and decision-making relating to the Fund. These policies and practices will be guided by reference to the framework of knowledge and skills defined within the CIPFA Pensions Finance Knowledge and Skills Frameworks.

The Fund's Knowledge and Skills Policy can be found on the Fund's website – <https://www.essexpensionfund.co.uk/essex-pension-fund/about-us/forms-and-publications/>.

The Fund will report on an annual basis how well this Policy has been adhered to throughout the financial year as part of the Fund's Annual Report and Accounts.

In addition, in accordance with the ACCESS Inter Authority Agreement, the ACCESS Joint Committee is required to ensure that members appointed to the Joint Committee undertake training to acquire and maintain knowledge and skills relevant to the performance of their duties.

Conflicts of Interest

Conflicts of interest have always existed for those with LGPS Administering Authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an elected member of an employer participating in the LGPS or as an adviser to more than one LGPS Administering Authority. Further any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of the Fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document within a policy how any such conflicts or potential conflicts are to be managed.

The Fund's Conflict of Interest Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Fund whether directly or in an advisory capacity. The Policy is established to guide the PSB members, PAB members, ISC members, officers and advisers. It aims to ensure that those individuals do

Essex Pension Fund

Governance Policy and Compliance Statement

not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

The Policy can be found on the Fund's website –

<https://www.essexpensionfund.co.uk/essex-pension-fund/about-us/forms-and-publications/>.

Monitoring Governance of the Essex Pension Fund

The Fund's governance objectives will be monitored on a regular basis. Specific measures and targets are agreed by the PSB and contained in the Fund's scorecard which is regularly reported to the PSB and PAB.

Key Risks

The key risks to the delivery of this Policy are outlined below. The PSB and ISC, will monitor these and other key risks and consider how to respond to them:



- Various regulatory risks impacting on investments, funding and administration;
- Inadequate, inaccurate, or misrepresented management information leads to financial loss or reputation damage; and
- A lack of expertise, insufficient knowledge and maintenance of the PSB, ISC and PAB arising out of high turnover and/or changes within the LGPS benefit structure, regulations and associated directives/deliverables.

Best Practice Compliance Statement

As required by LGPS Regulations the statement in Appendix A compares the Fund's current governance arrangements with the best practice guidance issued by the Secretary of State for Housing, Communities and Local Government. As can be seen, the Fund is fully compliant with all requirements.

Approval, Review and Consultation

The governance arrangements of the Fund were reviewed in 2019 following consultation with the PSB, ISC and PAB. This version of the Governance Policy and Compliance Statement was approved at the PSB on 04 March 2020. It will be formally reviewed and updated at least every three years or sooner if the governance arrangements or other matters included within it merit reconsideration.

Essex Pension Fund

Governance Policy and Compliance Statement

Further Information

If you require further information about anything in or related to this Governance Policy and Compliance Statement, please contact:

Amanda Crawford, Compliance Manager, Essex Pension Fund

Email - amanda.crawford@essex.gov.uk

Jody Evans, Interim Director for Essex Pension Fund

Email - jody.evans@essex.gov.uk

Essex Pension Fund
Seax House
County Hall
Chelmsford
Essex
CM1 1QH

Essex Pension Fund

Governance Policy and Compliance Statement

Appendix A - Governance and Compliance Statement: Section 101 Committees

As can be seen from the table below, the Fund's governance arrangements in respect of the PSB and ISC are fully compliant with the most recent guidance issued by the Secretary of State for Housing, Communities and Local Government (issued in 2008):

Description of Principle	Essex Pension Fund's Position	Level of Compliance
A - Structure		
<p>a) the Management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council</p>	<p>The PSB was established as the Essex Pension Fund Board in 2008, changing its name on 1 April 2015 following the formation of the PAB. Its Terms of Reference were updated on 8 October 2019. It is an overarching body to oversee the functions of the Council as Administering Authority of the Fund, except where they have been specifically delegated to another committee or officers.</p> <p>Its functions include determining, reviewing and monitoring the Fund's aims and objectives relating to funding, investments, administration, communications and governance strategies, ensuring the proper administration of the Fund including compliance with legislation, and agreeing the Fund's business plans and financial statements.</p>	Fully compliant
<p>b) that representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or Secondary committee established to underpin the work of the main committee</p>	<p>Membership of the PSB is drawn from the Council as well as other scheme employers and member representatives. All representatives have full voting rights and receive appropriate training and development.</p>	Fully compliant

⁵ At the time the guidance was issued the Ministry of Housing, Communities and Local Government was named the Department for Communities and Local Government.

Essex Pension Fund

Governance Policy and Compliance Statement

Description of Principle	Essex Pension Fund's Position	Level of Compliance
A - Structure		
c) that where a secondary committee or panel has been established, the structure ensures effective communication across both levels	In addition to the PSB the Fund has also put in place an ISC. The role of the ISC is to oversee and approve all matters related to the Fund's investments. This includes determining, reviewing and monitoring the aims and objectives of the investment strategy such as deciding asset allocation, and assessing the quality and performance of each Investment Manager and the ACCESS Operator. A report on the business of the ISC is put to every PSB.	Fully compliant
d) that where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel	Membership of the ISC is drawn from the Council representatives of the PSB, all of which have full voting rights as well as employer and member representatives from the PSB (non-voting member).	Fully compliant
B - Representation		
a) that all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: (i) employing authorities (including non-scheme employers, e.g. admitted bodies); (ii) scheme members (including deferred and pensioner scheme members); (iii) independent professional observers; (iv) expert advisers (on an ad hoc basis).	<p>The terms of reference of both the PSB and the ISC set out the representation on those committees, including how they are appointed and the term of office. This representation covers all types of Scheme Employer as well as scheme members as follows:</p> <ul style="list-style-type: none"> • 1 Member Councillor representing Borough, City and District Council in Essex; • 1 Member Councillor representing Southend on Sea and Thurrock Unitary Councils; • 1 member representing other Employing Bodies (which includes admitted bodies) • 1 member representing Scheme Members <p>In addition, the PSB has appointed an Independent Governance and Administration Adviser to assist the PSB and its officers.</p> <p>Other advisers and experts, such as the Fund Actuary, regularly attend PSB.</p>	Fully compliant

Essex Pension Fund

Governance Policy and Compliance Statement

Description of Principle	Essex Pension Fund's Position	Level of Compliance
B - Representation		
b) that where lay member sits on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights	All members of the PSB and ISC are treated equally in terms of provision of meeting papers, opportunity to contribute (full voting rights on the PSB) and knowledge and skills training.	Fully compliant
C - Selection and Role of Lay Members		
a) that committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee	This is clearly set out in the Terms of Reference of both the PSB and ISC. These were reviewed in October 2019 and shared with all PSB and ISC members. The role of members is also part of their induction and ongoing training.	Fully compliant
b) that at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda	A declaration of interests is a standard agenda item at all PSB and ISC meetings. In addition, the Fund has its own Conflicts of Interest Policy that explains the process that all PSB and ISC members must follow to manage any potential or actual conflicts of interest.	Fully compliant
D - Voting		
the policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees	All members of the PSB have full voting rights. While voting rights of the ISC is limited to the County Council Members only, this reflects the fact that ultimately it is the County Council that has the legal responsibility to pay all benefits from the Fund.	Fully compliant

Essex Pension Fund

Governance Policy and Compliance Statement

Description of Principle	Essex Pension Fund's Position	Level of Compliance
E - Training/ Facility Time/ Expenses		
<p>a) that in relation to the way in which statutory and related decisions are taken by the Administering Authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process</p>	<p>The Fund has put in place a comprehensive knowledge and skills training strategy in place, which covers all aspects of the CIPFA knowledge and skills framework.</p> <p>The training strategy was established to aid members of the PSB and the ISC in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to challenge and act effectively within the decision-making responsibility put upon them. In addition, the Fund has developed a full training strategy and plan, which ensures the Fund is managed, and its services delivered, by people who have the appropriate knowledge and expertise and that they act with integrity and accountability to all stakeholders and decisions, ensuring they are robust and well-based.</p> <p>All costs associated with the attendance of training/ conferences away from County Hall for all Board/ Committee members that are relevant and within the training strategy plan are met by the Fund. Participating employers are also encouraged to allow facilities' time where relevant.</p>	Fully compliant
<p>b) that where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum</p>	<p>The document sets out the strategy agreed by the PSB concerning the training and development of all the members of the PSB and the ISC, and the officers of the Fund responsible for its management. It applies equally to all members on the PSB and ISC.</p>	Fully compliant
<p>c) that the Administering Authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken</p>	<p>A log of attendance at all training events is maintained by the Administering Authority and a training plan is agreed as part of the Fund's Business Plan each year and updated throughout the year as necessary.</p>	Fully compliant

Essex Pension Fund

Governance Policy and Compliance Statement

Description of Principle	Essex Pension Fund's Position	Level of Compliance
F - Meetings Frequency		
a) that an Administering Authority's main committee or committees meet at least quarterly	The PSB meet a minimum of four times a year.	Fully compliant
b) that an Administering Authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits	The ISC meet a minimum of four times a year. Meetings of both the PSB and ISC are arranged so that outputs from the ISC are available to the PSB in a timely manner.	Fully compliant
c) that administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented		Not applicable
G - Access		
that subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee	All members of the PSB and ISC are provided the same documentation and reports which ensures equal access.	Fully compliant

Essex Pension Fund

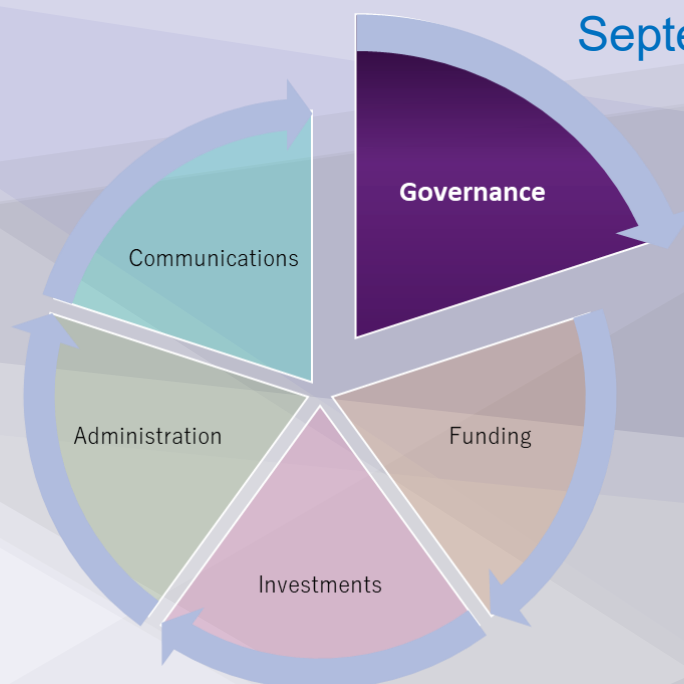
Governance Policy and Compliance Statement

Description of Principle	Essex Pension Fund's Position	Level of Compliance
H - Scope		
that administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	The role of the PSB is to consider all aspects of the management and administration of the Fund. While certain day-to-day responsibilities have been delegated to officers and investment decisions to the ISC, via the Council's scheme of delegation, the PSB's remit includes determining, reviewing and monitoring the Fund's aims, objectives, policies, strategies, compliance statements and procedures for the overall management of the Fund including administration, funding, investments, communications and governance.	Fully compliant
I - Publicity		
that administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements	Full details of the governance arrangements of the Fund are contained within this Governance Policy and Compliance Statement as well as additional detail being included within the Fund's Annual Report, both of which are available on the Fund's website www.essexpensionfund.co.uk . The majority of the PSB and ISC reports are also available on Essex County Council's website - https://cmis.essex.gov.uk/essexcmis5/Committees.aspx .	Fully compliant

Essex Pension Fund

Essex Pension Fund Advisory Board Annual Report

September 2020



Essex Pension Fund Advisory Board

Annual Report 2019/20

Introduction

This is the fifth Annual Report of the Essex Pension Fund Advisory Board, covering the period from 1 April 2019 until 31 March 2020.

Roles and Functions

The Essex Pension Fund Advisory Board (PAB) has been established as the Local Pension Board for Essex in accordance with section 5 of the Public Service Pension Act 2013 and Part 3 of the Local Government Pension Scheme (LGPS) Regulations 2013.



The remit of the PAB includes assisting the Administering Authority as Scheme Manager:

- to secure compliance with the LGPS regulations and any other legislation relating to governance and administration of the LGPS;
- to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator (tPR).

The establishment of the PAB was approved by ECC in February 2015 with the following membership:

- 4 Employer representatives made up of ECC (1), Borough/City/District (1), Unitary (1), Other Employers (1);
- 4 Scheme Member representatives of which 1 has been nominated by the trade unions and the rest drawn from the total scheme membership;
- 1 Independent non-voting Chairman.

A web link to the papers detailing the establishment of the PAB can be found within the 4 March 2015 Essex Pension Fund Strategy Board (PSB) Meeting [Documents](#).

The PAB's full Terms of Reference was reviewed by Essex Pension Fund Officers during 2019 in consultation with the Independent Governance and Administration Adviser (IGAA). The revised Terms of Reference was subsequently approved by Essex County Council (ECC) at the October 2019 Full Council meeting and can be found within the [ECC Constitution](#).

The PAB met three times during the period covered by this report: on 5 June 2019; 25 September 2019 and 15 January 2020.

In addition to these meetings, PAB Members were invited to attend as Observers at:

- four meetings of the PSB (the Fund's s101 Committee) which took place on 3 July 2019, 11 September 2019, 18 December 2019 and 4 March 2020;
- four meetings of the ISC (the Fund's s101 sub-committee) which took place on 26 June 2019, 17 July 2019, 27 November 2019 and 19 February 2020.

Essex Pension Fund Advisory Board

Annual Report 2019/20

Membership

During the period covered by this report the PAB had 9 Members. They represented Employer and Scheme Member Representatives and an Independent Chairman.

The membership of the PAB as at 31 March 2020 was as follows:

Independent Chairman (1)	
Nicola Mark	Head of Norfolk Pension Fund
Scheme Member Representatives (4)	
Andrew Coburn	Pensioner, Ex County Council, UNISON (Vice Chairman)
Vacant Position (until 24 September 2019)	-
Paul Hewitt (until 24 September 2019)	Deferred Member, Southend Borough/Harlow District Council
Debs Hurst	Active Member, Chelmsford College
James Sheehy (from 25 September 2019)	Active Member, Witham Town Council
Stuart Roberts (from 25 September 2019)	Active Member, Shenfield High Academy
Employer Representatives (4)	
James Durrant	Essex Fire Authority
Councillor Terry Cutmore	Rochford District Council
Councillor Shane Hebb	Thurrock Borough Council
Councillor Simon Walsh	Essex County Council

Attendance at PAB meetings during 2019/20 was 78%.

Conflicts of Interest

The Public Service Pensions Act 2013 requires that a member of a pension board does not have a conflict of interest. A conflict is defined as “a financial or other interest which is likely to prejudice a person’s exercise of functions as a member of the pension board”. The Act is clear that actual membership of the LGPS is not in and of itself a conflict of interest, so would not preclude a Scheme Member from serving on the PAB.

Essex Pension Fund Advisory Board

Annual Report 2019/20

The Essex Pension Fund (“the Fund”) follows the ECC Code of Conduct Policy for the management of potential conflicts in order to ensure that they do not become actual conflicts and all Members of the PAB are familiar with this Policy. In addition, Fund Officers have recently developed an Essex Pension Fund Conflict of Interest Policy which was approved by the PSB at their 4 March 2020 meeting. This Policy will be used to manage all future potential conflicts effective from 1 April 2020.

In addition, declarations of interest are a standing item on all PAB agendas and any interests noted by Members are recorded so that action can be taken to exclude the conflicted individual from proceedings where necessary.

PAB Member Training

The Public Service Pensions Act 2013¹ requires that members of Local Pension Boards have an appropriate level of knowledge and understanding in order to carry out their role. Any individual appointed to a Local Pension Board must be conversant with:

- the regulations of the LGPS, including historical regulations and transitional provisions, to the extent that they still affect members; and
- any document recording policy about the administration of the scheme.

Local Pension Board Members must also have knowledge and understanding of:

- the law relating to pensions; and
- such other matters as may be prescribed in other legislation.

The degree of knowledge and understanding required by Local Pension Board Members is appropriate for the purposes of enabling the individual to properly exercise the functions of a Member of the Local Pension Board.

Degree of Knowledge and Understanding

Members of the Local Pension Board are expected to be conversant with the rules of the LGPS and the policies of the Fund. “Being conversant with” implies a working knowledge of what is relevant to the subject under discussion. A PAB Member should have an understanding of what is relevant to their role and be able to identify and challenge a failure to comply with:

- the LGPS Regulations;
- other legislation relating to the governance and administration of the scheme;
- requirements imposed by tPR; and
- any failure to meet the standards and expectations set out in any relevant [code of practice](#) issued by tPR.

¹ The Public Service Pensions Act 2013 made amendments to the Pensions Act 2004 (see s248A)

Essex Pension Fund Advisory Board

Annual Report 2019/20

Areas of Knowledge and Understanding

The areas in which the PAB would be expected to be conversant include, but are not limited to:

- Scheme approved policies (e.g. managing conflicts of interest, reporting breaches of the law or record keeping);
- Risk assessment and management;
- Scheme booklets and other members communications;
- The role of Local Pension Board Members and the Scheme Manager;
- Policies in relation to the exercise of discretions;
- Communications with scheme members and employers;
- Key policy documents on administration, funding and investment.

Training Strategy

The Members adhere to the Fund's Strategy on how Members of the PSB, the ISC and the PAB will achieve full compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Knowledge and Skills Framework and tPR's Code of Practice and acquires the knowledge and skills necessary to carry out their functions. Members of the PAB fully endorsed the Strategy and re-iterated their commitment to knowledge and skills.

The approach of the Training Strategy is summarised below:

- Credits are awarded for attendance at formally arranged training sessions and other relevant events which increase knowledge of the LGPS;
- PAB Members are expected to complete tPR's on-line toolkit designed to provide a sound understanding of the roles and responsibilities of public service pension board members;
- Assessments of Member's knowledge and skills are used to determine areas for further training. Fund Officers maintain a record of the credits obtained by each individual Member;
- The approach to training is flexible, in order to recognise the ever-changing landscape of the LGPS;
- Training is delivered in a way that complements the activities set out in the Fund's Business Plan.

However, it should be noted that Fund Officers are reviewing the Training Strategy for PSB, ISC and PAB Members and it is envisaged that the new Training Strategy will be implemented during 2020/21.

This year the PAB has covered the following topics, of which appropriate training was provided within formal PAB meetings:

Essex Pension Fund Advisory Board

Annual Report 2019/20

Date of meeting	Topics Covered
05 June 2019	PAB Terms of Reference Review
	Review of Revised Risk Register
	Latest Development LGPS
	LGPS Pooling
25 September 2019	PSB Meetings 03 July and 11 September 2019: <ul style="list-style-type: none">Officer Changes within Essex Pension FundPAB Membership ReviewRisk RegisterActuarial Triennial ValuationCharging PolicyBusiness Continuity
	Good Governance Phase I Survey
	LGPS Pooling
15 January 2020	PSB Meeting 18 December 2019: <ul style="list-style-type: none">Good Governance Report Phase IIActuarial Triennial Valuation Update
	PAB Review
	TPR Code of Practice 14
	Business Continuity
	Pooling

In addition, the opportunity has been made available for Members of the PAB to attend training sessions outside of PAB meetings, including training sessions which have taken place within PSB or ISC meetings. A number of PAB Members also attended externally run events: the LGPS Annual Governance Conference; and the LGPS Local Pension Board Seminar.

Details of observing at PSB and ISC meetings and training events (internal and external) are recorded throughout the year.

Outcomes and recommendations

Decisions about the running of the Fund are made by the PSB and ISC which are delegated to carry out that function by ECC in its capacity as the Administering Authority for the Fund.

The role of the PAB is to assist the Administering Authority to ensure compliance and to make recommendations to improve the efficient and effective administration and governance of the pensions function.

Essex Pension Fund Advisory Board

Annual Report 2019/20

This year the PAB has fulfilled its role in the following ways:

Date	Area	Action
All meetings	Decisions of the PSB and the ISC	The PAB's meetings are based on the items considered at meetings of the PSB and the
05 June 2019	Notes of the Previous Meeting	Resolved:
	PAB Terms of Reference	Resolved: The Board noted the Terms of Reference as
	Appoint Vice Chairman	Resolved: The Board noted the appointment of the Interim
	PAB Annual Report	Action: A sentence to be added referring to training and the appointment of the new Independent Governance & Administration Adviser (IGAA). Resolved:
	PSB Meeting 06 March 2019	Resolved:
	Papers provided to PAB	Resolved: The Board noted the distribution of papers pro-
	Update on PAB Membership Review	Resolved:
	PAB Terms of Reference Review	Resolved: The Board discussed, noted and considered the
Review of Revised Risk Register	Action: <ul style="list-style-type: none"> Fund Officers to look into the presentation and inclusion of the key for future meetings. IGAA to review the risks that refer to the training process for PAB members. Resolved: The Board noted the update and report.	

Essex Pension Fund Advisory Board

Annual Report 2019/20

Date	Area	Action
05 June 2019	Latest Development LGPS	<p>Action:</p> <ul style="list-style-type: none"> PAB to agree response to Scheme Advisory Board (SAB) Local Pension Board Survey once it is issued. The approach was discussed as the deadline will be before the next meeting of the PAB. <p>Resolved:</p> <p>The Board noted the update and action point.</p>
	Pooling Update	<p>Resolved:</p> <p>The Board noted the progress to date.</p>
25 September 2019	Appointment of Vice Chairman	<p>Resolved:</p> <p>After a show of hands Andrew Coburn was subsequently elected for the role of the Vice-Chairman.</p>
	Notes of the Previous Meeting	<p>Resolved:</p> <p>The Board noted the updates.</p>
	PSB Meetings 03 July and 11 September 2019	<p>Action:</p> <p>The Fund to provide a further breakdown of the trend analysis from publication of the Charging Policy at a future meeting.</p> <p>Action:</p> <p>The Fund to provide an update on Business Continuity at the next meeting.</p> <p>Resolved:</p> <p>The Board noted the report, presentations and updates.</p>
	Good Governance Survey	<p>Resolved:</p> <p>The Board noted the report and update.</p>

Essex Pension Fund Advisory Board

Annual Report 2019/20

Date	Area	Action
25 September 2019	SAB Pension Board Survey	<p>Action:</p> <p>Compliance Manager to start compiling responses on publication of the survey and to obtain further comments / amendments from the Board, providing a joint response.</p> <p>Resolved:</p> <p>The Board noted the report and update.</p>
	Papers provided to PAB	<p>Action:</p> <p>Compliance Manager to expand this paper to include the main subject(s) discussed at the PSB/ISC meetings.</p> <p>Resolved:</p> <p>The Board noted the report</p>
	Schedule of Future Meetings	<p>Action:</p> <p>Compliance Manager to provide the Board with details on the Annual Governance Conference.</p> <p>Resolved:</p> <p>The Board noted the update.</p>
	Pooling Update	<p>Resolved:</p> <p>The Board noted the progress to date.</p>
	Closing Remarks	<p>Action:</p> <p>The Chairman notified the Board that they would have sight of the Fund's new Business Plan at their next meeting.</p>
15 January 2020	Notes of the Previous Meeting	<p>Resolved:</p> <p>The Board noted the updates provided.</p> <p>Action:</p> <p>The Interim Director for Essex Pension Fund to establish with Cllr Hebb trend breakdown approach during 2020/21.</p>
	PSB Meeting 18 December 2019	<p>Resolved:</p> <p>The Board noted the report, presentations and updates.</p>
	PAB Review	<p>Resolved:</p> <p>The Board noted the report and update.</p>

Essex Pension Fund Advisory Board

Annual Report 2019/20

Date	Area	Action
15 January 2020	The Pension Regulator (tPR) – Code of Practice 14	<p>Resolved:</p> <p>The Board noted the report.</p> <p>Action:</p> <p>An update on the progress of the Singular Modular Code to be brought to a future meeting.</p>
	Business Continuity	<p>Resolved:</p> <p>The Board noted the report and update.</p> <p>Actions:</p> <ul style="list-style-type: none"> • Fund Officers to resolve all outstanding issues within the Business Continuity Plan (BCP); • IGAA to conduct a quality assurance check on the Fund’s BCP and Testing Schedule; and • Full BCP and Testing Schedule to be presented to the Board at a future meeting.
	Scheme Advisory Board (SAB) Pension Board Survey	<p>Resolved:</p> <p>The Board noted the update.</p> <p>Action:</p> <p>Compliance Manager to start compiling responses on publication of the survey and to obtain further comment / amendments from the Board to provide a joint response.</p>
	Papers provided to PAB	<p>Action:</p> <p>Compliance Manager to provide the Board with SAB communications when they become available.</p> <p>Resolved:</p> <p>The Board noted the update.</p>
	Pooling Update	<p>Resolved:</p> <p>The Board noted the progress to date.</p>

Essex Pension Fund Advisory Board

Annual Report 2019/20

Full agendas and minutes for all PAB meetings can be found on the ECC website under the Committees section of Your Council, or by following the link below:

[Essex Pension Fund Advisory Board](#)

Review of the PAB

A review of the PAB was undertaken during 2019/20 which included:

- Terms of Reference;
- Membership; and
- Number and timings of meetings.

The PAB's revised Terms of Reference was agreed by ECC at their Full Council meeting on 08 October 2019.

The Membership review of the PAB saw the extension of the independent Chairman for two years, two new Scheme Member representatives and the re-appointment of the Essex Fire Authority Employer representative.

In addition, a review of the number and timings of the PAB meetings was carried out which resulted in the PAB meetings aligning with the PSB and therefore being conducted on the same day as PSB meetings and holding four meetings each year.

A review of the PAB's effectiveness is due to be undertaken by the Fund's IGAA at the end of 2020/21.

Future Dates of Meetings

The PAB agreed to the following meeting dates for 2020/21 which will be kept under review:

- 17 June 2020 (this meeting was subsequently cancelled due to the Covid19 Pandemic);
- 23 September 2020;
- 16 December 2020; and
- 17 March 2021.

Nicola Mark Independent Chairman

Andrew Coburn, Vice Chairman

Essex Pension Fund Advisory Board
July 2020



DRAFT

Essex Pension Fund

Knowledge and Skills Strategy for Board/Committee Members

September 2020

Background and Introduction

This is the Knowledge and Skills Strategy for the Essex Pension Fund (the “Fund”) which details the knowledge and skills strategy for Members of the Essex Pension Fund Strategy Board (PSB), Investment Steering Committee (ISC) and Pension Advisory Board (PAB).

This Knowledge and Skills Strategy has been established to aid PSB, ISC and PAB Members in performing and developing personally in their individual roles, with the ultimate aim of ensuring the Fund is managed by individuals who have appropriate levels of knowledge and skills.

This strategy has been developed covering the five key areas of the Fund:



Aims and Objectives

The aims and objectives of this strategy is to:

- Ensure the Fund is managed and its services delivered by people who have appropriate levels of knowledge and expertise;
- Ensure Board/Committee Members receive the right training to give them the required knowledge to enable robust decision-making;
- Ensure training is delivered at the right time in the most effective way; and
- Ensure refresher training takes place at the most relevant time to ensure the knowledge level of Members is appropriately maintained.

To whom this Strategy applies

In accordance with the Council's Constitution, Essex Pension Fund Board and Committee Members are expected to attend regular training sessions in order to maintain an appropriate level of knowledge and skills to perform their roles effectively.

This Knowledge and Skills Strategy applies to all members of the PSB, ISC and PAB, including Substitute Members, Scheme Member and Employer representatives.

Senior Officers within the Essex Pension Fund Management Team, the Director for Essex Pension Fund and the Executive Director Finance and Technology (Section 151 Officer) will also be required to have appropriate knowledge and skills relating to their role which is captured in separate knowledge and skills strategy for Officers.

Knowledge and Skills Strategy

DRAFT

Knowledge and Skills Requirements

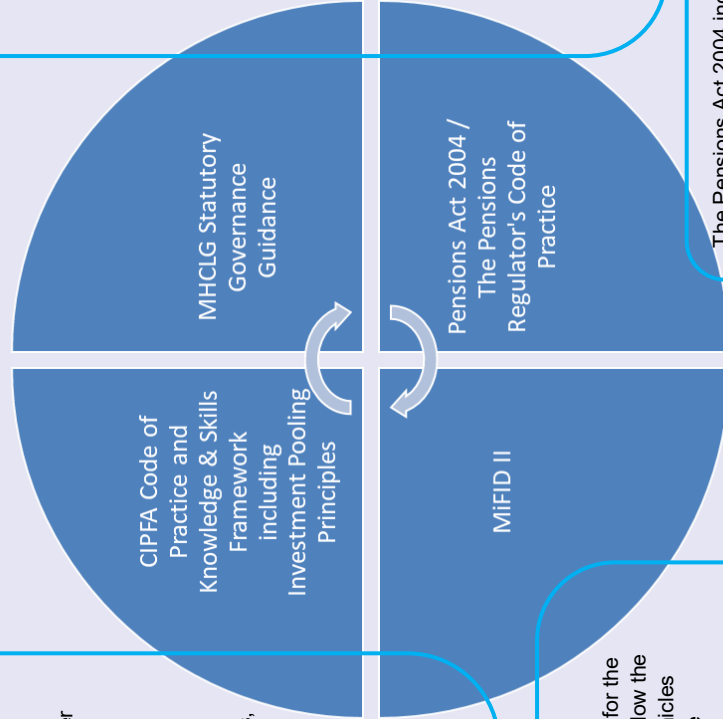
Chartered Institute of Public Finance and Accountancy (CIPFA) launched a Code of Practice and technical guidance for Representatives on Pension Fund Committees (PSB/ISC) and Local Pension Board (PAB) Members within knowledge and skills frameworks.

The Frameworks detail the knowledge and skills required for those involved in the management and decision making of LGPS funds. They cover eight areas of knowledge and skills identified as the core requirements including areas such as legislation, governance, administration, investment matters and actuarial matters.

CIPFA's guidance highlights that, with the introduction of investment pooling arrangements, comes a need for a wider range of knowledge. The guidance supplements the existing CIPFA Knowledge and Skills framework and specifies that LGPS funds will need to ensure elected members who are members of the oversight committee (ACCESS Joint Committee (AJC)) have a more in-depth level of knowledge in relation to investment pooling arrangements.

The implementation of Markets in Financial Instruments Directive (MiFID II) led to the need for the Fund to be opted up to professional status to allow the Fund to continue to access the full range of vehicles and managers needed to meet the needs of the Investment Strategy.

As part of this process the Fund had to provide evidence that PSB/ISC Members had an appropriate level of knowledge and that adequate governance arrangements were in place. In order to maintain this status, the Fund will need to continue to demonstrate the competency of existing and new PSB/ISC Members and this Knowledge and Skills Strategy will support that aim.



MHCLG Statutory Governance Guidance states:

- That where lay members sit on a main or secondary Committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.
- In line with the Myerns Principles, Members of formal Committees who take investment decisions should have sufficient expertise to be able to evaluate critically any advice they take.
- The Administering Authority must report on the extent to which training facilities are extended to lay members sitting on either main or secondary LGPS Committees.
- That in relation to the way in which statutory and related decisions are taken by the Administering Authority, there is a clear policy on training in respect of Members involved in the decision-making process.
- That where such a policy exists it applies to all members of committees, sub-committees, advisory panels or any other form of secondary forum.
- That the Administering Authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.

The Pensions Act 2004 includes a requirement for Local Pension Board members to have a degree of knowledge and understanding appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Local Pension Board (PAB). This is expanded on in the Pension Regulator's Code of Practice.

Application to the Essex Pension Fund

PSB, ISC and PAB Members are expected to maintain an appropriate level of knowledge and skills to perform their role effectively, and to meet the requirements of overriding legislation, statutory and professional guidance.

All Board/Committee members will receive appropriate training to fill any knowledge gaps identified and must seek to maintain their knowledge.

The Fund fully supports the use of the CIPFA Code of Practice on LGPS Knowledge and Skills, and its associated Frameworks, and tPR's Code of Practice, as well as understanding the need for appropriate knowledge and skills to allow professional status to be awarded for MiFID II purposes. The Fund adopts the principles and requirements of these, and this Knowledge and Skills Strategy highlights how the Fund will strive to achieve those through the use of a two-year rolling Training Plan together with regular monitoring and reporting.

DRAFT

Knowledge and Skills Strategy

Delivery

The Fund recognises that attaining and maintaining relevant knowledge and skills is a continual process for PSB/ISC Members and PAB Members, and that training is a key element of this process. The Fund has, therefore, developed an example of a two-year rolling Training Plan based on the following key elements and is provided at Appendix A to this strategy.

Induction Training

- On joining the PSB, ISC or PAB, a new Member will be provided with electronic documentation to assist in providing a basic understanding of the Fund, e.g. the Fund's three-year Business Plan, Annual Report and Policies.
- Within 3 months of appointment, a new Member will also receive formal Induction Training carried out by Fund Officers as part of a one-to-one briefing or, if there is more than one new member, in-house training.
- In addition, an individual training plan will be developed to assist each PSB/ISC Member and PAB Member in achieving, within 12 months of assessment, their identified individual training requirements (captured by the completion of the Training Needs Analysis).

Individual Training Needs Analysis

- An individual training needs analysis has been developed for the main roles of PSB/ISC Members and PAB Members customised appropriately to the key areas in which they should be proficient. This will include all the areas highlighted within CIPFA Knowledge and Skills Frameworks.
- Training will be required in relation to each of these areas and will be delivered in the most effective way e.g. one-to-one briefing, training days or Bitesize Training for all Members as part of a Board/Committee meeting.

General Awareness

- An example of the draft Training Plan has been developed to ensure appropriately timed training is provided in relation to hot topic areas, such as a high risk area or an area of change for the Fund. An example of this would be Valuation training leading up to the Valuation process.
- This training will usually be delivered through PSB, ISC or PAB meetings as bitesize training to effectively cover the required topic and to aid decision-making where applicable.

Bitesize Training

- PSB/ISC Members and PAB Members are expected to maintain a reasonable knowledge of ongoing developments and current issues, which will allow them to have a good level of general awareness of pension related matters appropriate for their roles and which may not be specific to the Fund.
- This training will be covered throughout the 24 month period and an assessment will be made on how the training is most effectively delivered, either through: in-house training days provided by Fund Officers and/or external Advisers / Suppliers; training as part of meetings (bitesize training) provided by Fund Officers and/or external Advisers; external training events; circulation of reading material; attendance at seminars and conferences offered by industry-wide bodies; attendance at meetings and events with the Fund's investment managers and advisers; links to on-line training and webinars; and access to the Essex Pension Fund website where useful Fund specific material will be available.

Monitoring Knowledge and Skills

In order to identify whether we are meeting the objectives of this strategy we will:

- 1) Compare and report on attendance at training based on the following:
 - Induction training – ensuring initial induction training is completed by new Members within 3 months of appointment;
 - Individual Training Needs Analysis (for new Members) – ensuring a training needs analysis is undertaken for each new Member within 3 months of appointment with the identified training requirements delivered within 12 months of assessment;
 - Individual Training Needs Analysis (for existing Members) – ensuring a training needs analysis is undertaken for each individual at least once every two years with the identified training delivered within 12 months of the assessment;
 - EPF in-house training – ensuring attendance by at least 80% of the required PSB/ISC/PAB Members at planned EPF training days and Bitesize Training sessions as part of Board/Committee meetings;
 - General Awareness – each PSB/ISC Member and PAB Member achieving the required training credits within a two-year rolling period.

- 2) Ask our Independent Governance and Administration Adviser to assist in the annual evaluation on the governance of the Fund each year, a key part of which will focus on the delivery of the requirements of this strategy.

Key Risks

The key risks to the delivery of this strategy are contained within the Fund's Risk Register which can be found on the [essexpensionfund.co.uk](https://www.essexpensionfund.co.uk) website.

Reporting

The following information will be included in the PSB, ISC and PAB meeting Agenda Packs on an annual basis:

- The training provided / attended in the previous year at an individual level; and
- The results of the measurements identified above.

In addition, quarterly reporting through the Fund's Scorecard will be provided to the PSB and PAB at each meeting in regard to the progress in achieving the above.

Furthermore, at each PSB, ISC and PAB meetings, Members will be provided with details of forthcoming seminars, conferences and other relevant training events that are on the horizon.

Approval, Review and Consultation

This Knowledge and Skills Strategy was approved on 23 September 2020 by the PSB. It will be formally reviewed and updated by the PSB at least every three years or sooner if the training arrangements or other matters included within it merit reconsideration.

Further Information

If you require further information about this strategy, please contact:

Amanda Crawford, Compliance Manager, Essex Pension Fund

Email – Amanda.crawford@essex.gov.uk

Jody Evans, Interim Director for Essex Pension Fund

Email – Jody.evans@essex.gov.uk

Essex Pension Fund
Seax House
County Hall
Chelmsford
Essex
CM1 1QH

Proposed Delivery Methods								
Topic	One-to-One Briefing with an Officer	Members' Briefing Notes	Bitesize Training	In-house Training Events / Workshops	External Conferences & Training Seminars	E-Learning / Webinars	KSF / tPR area(s)	Frequency
General Training								
General overview of LGPS – Induction / Refresher:	✓	▪	▪	✓	▪	✓	KSF1, KSF2, tPR1	Within 3 months of appointment
• Member's Role								
Members individual needs on specific areas arising during the year	✓	✓	✓	✓	✓	✓	Multiple	As and when required
Governance related Training								
<ul style="list-style-type: none"> • LGPS Landscape • Administering Authority • S151 Officer • Employers • PSB • Scheme Employer / Scheme Member Board Representatives • ISC • PAB • Three-year Business Plan • Performance measurement (Scorecard) • Risk Management • Fund responsibilities / Policies • Accounts and audit regulations • Role of internal and external audit • 3rd Party Service Providers • Procurement process for Independent Governance & Administration Adviser 	✓	✓	✓	✓	✓	✓	KSF1, KSF2, KSF4, KSF5, KSF6, tPR1, tPR2, tPR7	Within 24 rolling months

Proposed Delivery Methods								
Topic	One-to-One Briefing with an Officer	Members' Briefing Notes	Bitesize Training	In-house Training Events / Workshops	External Conferences & Training Seminars	E-Learning / Webinars	KSF / tPR area(s)	Frequency
Funding related Training <ul style="list-style-type: none"> •Funding principles and preparing for the Actuarial Valuation •Valuation basics •Role of the PSB and PAB •Purpose of the Valuation / Funding Strategy Statement •Last Actuarial Valuation overview •Whole Fund and Employer results Contribution stability •Funding Strategy •Employer Risk / Employer specific Funding Objectives •Experience from recent Valuations •Markets (asset returns and yields) •Longevity experience •Interim Valuation •3rd Party Service Providers •Procurement process for Actuary 	✓	✓	✓	✓	✓	✓	KSF5, KSF7, KSF8	Within 24 rolling months

Proposed Delivery Methods								
Topic	One-to-One Briefing with an Officer	Members' Briefing Notes	Bitesize Training	In-house Training Events / Workshops	External Conferences & Training Seminars	E-Learning / Webinars	KSF / tPR area(s)	Frequency
Investment related Training								
<ul style="list-style-type: none"> • Investment Strategy Statement • Responsible Investment • Bitesize Training by Asset Class • Asset / Liability Study Training • Review of Investment Manager Fees / Cost Transparency • Cash Flow Training • Asset Pooling (ACCESS) • Investment Performance measurement • Safeguarding the Fund's Assets • Role of the Global Custodian • 3rd Party Service Providers • Procurement process for Institutional Investment Consultants • Procurement process for Independent Investment Adviser • Procurement process for Investment / Fund Managers 	✓	✓	✓	✓	✓	✓	KSF5, KSF6, KSF7, CIP, MIFID	Within 24 rolling months

Proposed Delivery Methods								
Topic	One-to-One Briefing with an Officer	Members' Briefing Notes	Bitesize Training	In-house Training Events / Workshops	External Conferences & Training Seminars	E-Learning / Webinars	KSF / tPR area(s)	Frequency
Administration and Communications related Training								
<ul style="list-style-type: none"> • Fund Administration • Pension Discretions / LGPS Discretions and Policies • Government Consultations • Joining • Contributions • Benefits including tax • Transfers • Retirement and lump sum • Increasing Benefits • Annual Allowance • Lifetime Allowance • 3rd Party Service Providers • Procurement Process for Administration System provider 	✓	✓	✓	✓	✓	✓	KSF1, KSF3, KSF5, tPR3, tPR4, tPR5, tPR6	Within 24 rolling months

Key

CIPFA Knowledge and Skills Framework (KSF): Pensions Legislation KSF1, Public Sector Governance KSF2, Pensions Administration KSF3, Pension Accounting and Auditing Standards KSF4, Financial Services Procurement and Relationship Management KSF5, Investment Performance and Risk Management KSF6, Financial Markets and Products Knowledge KSF7, Actuarial Methods, Standards and Practice KSF8.

CIPFA Investment Pooling (CIP): CIP

The Pensions Regulator (TPR) Toolkit: Conflicts of Interest tPR1, Managing Risk and Internal Controls tPR2, Maintaining Accurate Member Data tPR3, Maintaining Accurate Member Data tPR3, Maintaining Member Contributions tPR4, providing information to Members and others tPR5, Resolving Internal Disputes tPR6, Reporting Breaches of the Law tPR7.

MIFID II: MIFID II

DRAFT

DRAFT

Essex Pension Fund

Knowledge and Skills Strategy for Board/Committee Members

September 2020

Background and Introduction

This is the Knowledge and Skills Strategy for the Essex Pension Fund (the “Fund”) which details the knowledge and skills strategy for Members of the Essex Pension Fund Strategy Board (PSB), Investment Steering Committee (ISC) and Pension Advisory Board (PAB).

This Knowledge and Skills Strategy has been established to aid PSB, ISC and PAB Members in performing and developing personally in their individual roles, with the ultimate aim of ensuring the Fund is managed by individuals who have appropriate levels of knowledge and skills.

This strategy has been developed covering the five key areas of the Fund:



Aims and Objectives

The aims and objectives of this strategy is to:

- Ensure the Fund is managed and its services delivered by people who have appropriate levels of knowledge and expertise;
- Ensure Board/Committee Members receive the right training to give them the required knowledge to enable robust decision-making;
- Ensure training is delivered at the right time in the most effective way; and
- Ensure refresher training takes place at the most relevant time to ensure the knowledge level of Members is appropriately maintained.

To whom this Strategy applies

In accordance with the Council's Constitution, Essex Pension Fund Board and Committee Members are expected to attend regular training sessions in order to maintain an appropriate level of knowledge and skills to perform their roles effectively.

This Knowledge and Skills Strategy applies to all members of the PSB, ISC and PAB, including Substitute Members, Scheme Member and Employer representatives.

Senior Officers within the Essex Pension Fund Management Team, the Director for Essex Pension Fund and the Executive Director Finance and Technology (Section 151 Officer) will also be required to have appropriate knowledge and skills relating to their role which is captured in separate knowledge and skills strategy for Officers.

Knowledge and Skills Strategy

DRAFT

Knowledge and Skills Requirements

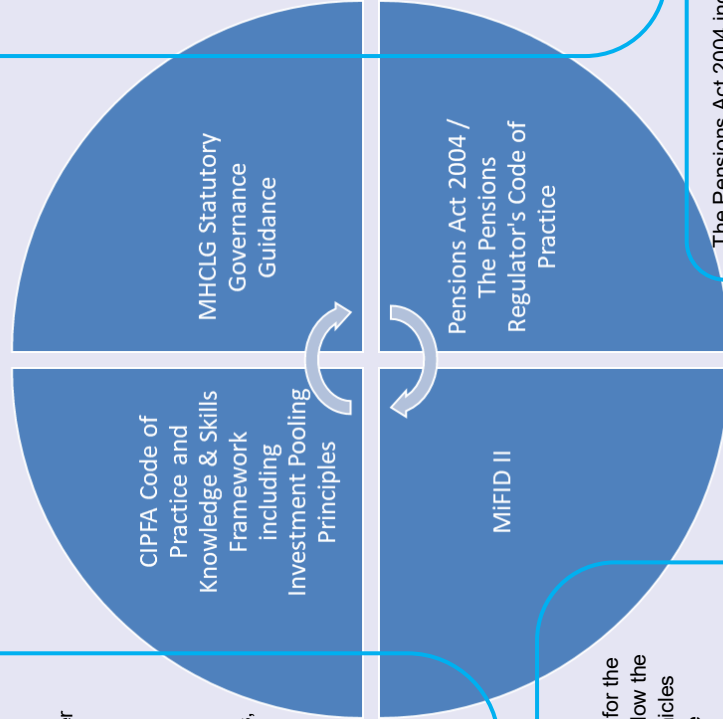
Chartered Institute of Public Finance and Accountancy (CIPFA) launched a Code of Practice and technical guidance for Representatives on Pension Fund Committees (PSB/ISC) and Local Pension Board (PAB) Members within knowledge and skills frameworks.

The Frameworks detail the knowledge and skills required for those involved in the management and decision making of LGPS funds. They cover eight areas of knowledge and skills identified as the core requirements including areas such as legislation, governance, administration, investment matters and actuarial matters.

CIPFA's guidance highlights that, with the introduction of investment pooling arrangements, comes a need for a wider range of knowledge. The guidance supplements the existing CIPFA Knowledge and Skills framework and specifies that LGPS funds will need to ensure elected members who are members of the oversight committee (ACCESS Joint Committee (AJC)) have a more in-depth level of knowledge in relation to investment pooling arrangements.

The implementation of Markets in Financial Instruments Directive (MiFID II) led to the need for the Fund to be opted up to professional status to allow the Fund to continue to access the full range of vehicles and managers needed to meet the needs of the Investment Strategy.

As part of this process the Fund had to provide evidence that PSB/ISC Members had an appropriate level of knowledge and that adequate governance arrangements were in place. In order to maintain this status, the Fund will need to continue to demonstrate the competency of existing and new PSB/ISC Members and this Knowledge and Skills Strategy will support that aim.



MHCLG Statutory Governance Guidance states:

- That where lay members sit on a main or secondary Committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.
- In line with the Myerns Principles, Members of formal Committees who take investment decisions should have sufficient expertise to be able to evaluate critically any advice they take.
- The Administering Authority must report on the extent to which training facilities are extended to lay members sitting on either main or secondary LGPS Committees.
- That in relation to the way in which statutory and related decisions are taken by the Administering Authority, there is a clear policy on training in respect of Members involved in the decision-making process.
- That where such a policy exists it applies to all members of committees, sub-committees, advisory panels or any other form of secondary forum.
- That the Administering Authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.

The Pensions Act 2004 includes a requirement for Local Pension Board members to have a degree of knowledge and understanding appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Local Pension Board (PAB). This is expanded on in the Pension Regulator's Code of Practice.

Application to the Essex Pension Fund

PSB, ISC and PAB Members are expected to maintain an appropriate level of knowledge and skills to perform their role effectively, and to meet the requirements of overriding legislation, statutory and professional guidance.

All Board/Committee members will receive appropriate training to fill any knowledge gaps identified and must seek to maintain their knowledge.

The Fund fully supports the use of the CIPFA Code of Practice on LGPS Knowledge and Skills, and its associated Frameworks, and tPR's Code of Practice, as well as understanding the need for appropriate knowledge and skills to allow professional status to be awarded for MiFID II purposes. The Fund adopts the principles and requirements of these, and this Knowledge and Skills Strategy highlights how the Fund will strive to achieve those through the use of a two-year rolling Training Plan together with regular monitoring and reporting.

DRAFT

Knowledge and Skills Strategy

Delivery

The Fund recognises that attaining and maintaining relevant knowledge and skills is a continual process for PSB/ISC Members and PAB Members, and that training is a key element of this process. The Fund has, therefore, developed an example of a two-year rolling Training Plan based on the following key elements and is provided at Appendix A to this strategy.

Induction Training

- On joining the PSB, ISC or PAB, a new Member will be provided with electronic documentation to assist in providing a basic understanding of the Fund, e.g. the Fund's three-year Business Plan, Annual Report and Policies.
- Within 3 months of appointment, a new Member will also receive formal Induction Training carried out by Fund Officers as part of a one-to-one briefing or, if there is more than one new member, in-house training.
- In addition, an individual training plan will be developed to assist each PSB/ISC Member and PAB Member in achieving, within 12 months of assessment, their identified individual training requirements (captured by the completion of the Training Needs Analysis).

Individual Training Needs Analysis

- An individual training needs analysis has been developed for the main roles of PSB/ISC Members and PAB Members customised appropriately to the key areas in which they should be proficient. This will include all the areas highlighted within CIPFA Knowledge and Skills Frameworks.
- Training will be required in relation to each of these areas and will be delivered in the most effective way e.g. one-to-one briefing, training days or Bitesize Training for all Members as part of a Board/Committee meeting.

General Awareness

- An example of the draft Training Plan has been developed to ensure appropriately timed training is provided in relation to hot topic areas, such as a high risk area or an area of change for the Fund. An example of this would be Valuation training leading up to the Valuation process.
- This training will usually be delivered through PSB, ISC or PAB meetings as bitesize training to effectively cover the required topic and to aid decision-making where applicable.

Bitesize Training

- PSB/ISC Members and PAB Members are expected to maintain a reasonable knowledge of ongoing developments and current issues, which will allow them to have a good level of general awareness of pension related matters appropriate for their roles and which may not be specific to the Fund.
- This training will be covered throughout the 24 month period and an assessment will be made on how the training is most effectively delivered, either through: in-house training days provided by Fund Officers and/or external Advisers / Suppliers; training as part of meetings (bitesize training) provided by Fund Officers and/or external Advisers; external training events; circulation of reading material; attendance at seminars and conferences offered by industry-wide bodies; attendance at meetings and events with the Fund's investment managers and advisers; links to on-line training and webinars; and access to the Essex Pension Fund website where useful Fund specific material will be available.

Monitoring Knowledge and Skills

In order to identify whether we are meeting the objectives of this strategy we will:

- 1) Compare and report on attendance at training based on the following:
 - Induction training – ensuring initial induction training is completed by new Members within 3 months of appointment;
 - Individual Training Needs Analysis (for new Members) – ensuring a training needs analysis is undertaken for each new Member within 3 months of appointment with the identified training requirements delivered within 12 months of assessment;
 - Individual Training Needs Analysis (for existing Members) – ensuring a training needs analysis is undertaken for each individual at least once every two years with the identified training delivered within 12 months of the assessment;
 - EPF in-house training – ensuring attendance by at least 80% of the required PSB/ISC/PAB Members at planned EPF training days and Bitesize Training sessions as part of Board/Committee meetings;
 - General Awareness – each PSB/ISC Member and PAB Member achieving the required training credits within a two-year rolling period.

- 2) Ask our Independent Governance and Administration Adviser to assist in the annual evaluation on the governance of the Fund each year, a key part of which will focus on the delivery of the requirements of this strategy.

Key Risks

The key risks to the delivery of this strategy are contained within the Fund's Risk Register which can be found on the [essexpensionfund.co.uk](https://www.essexpensionfund.co.uk) website.

Reporting

The following information will be included in the PSB, ISC and PAB meeting Agenda Packs on an annual basis:

- The training provided / attended in the previous year at an individual level; and
- The results of the measurements identified above.

In addition, quarterly reporting through the Fund's Scorecard will be provided to the PSB and PAB at each meeting in regard to the progress in achieving the above.

Furthermore, at each PSB, ISC and PAB meetings, Members will be provided with details of forthcoming seminars, conferences and other relevant training events that are on the horizon.

Approval, Review and Consultation

This Knowledge and Skills Strategy was approved on 23 September 2020 by the PSB. It will be formally reviewed and updated by the PSB at least every three years or sooner if the training arrangements or other matters included within it merit reconsideration.

Further Information

If you require further information about this strategy, please contact:

Amanda Crawford, Compliance Manager, Essex Pension Fund

Email – Amanda.crawford@essex.gov.uk

Jody Evans, Interim Director for Essex Pension Fund

Email – Jody.evans@essex.gov.uk

Essex Pension Fund
Seax House
County Hall
Chelmsford
Essex
CM1 1QH

Proposed Delivery Methods									
Topic	One-to-One Briefing with an Officer	Members' Briefing Notes	Bitesize Training	In-house Training Events / Workshops	External Conferences & Training Seminars	E-Learning / Webinars	KSF / tPR area(s)	Frequency	
General Training									
General overview of LGPS – Induction / Refresher:	✓	▪	▪	✓	▪	✓	KSF1, KSF2, tPR1	Within 3 months of appointment	
• Member's Role									
Members individual needs on specific areas arising during the year	✓	✓	✓	✓	✓	✓	Multiple	As and when required	
Governance related Training									
<ul style="list-style-type: none"> • LGPS Landscape • Administering Authority • S151 Officer • Employers • PSB • Scheme Employer / Scheme Member Board Representatives • ISC • PAB • Three-year Business Plan • Performance measurement (Scorecard) • Risk Management • Fund responsibilities / Policies • Accounts and audit regulations • Role of internal and external audit • 3rd Party Service Providers • Procurement process for Independent Governance & Administration Adviser 	✓	✓	✓	✓	✓	✓	KSF1, KSF2, KSF4, KSF5, KSF6, tPR1, tPR2, tPR7	Within 24 rolling months	

Proposed Delivery Methods								
Topic	One-to-One Briefing with an Officer	Members' Briefing Notes	Bitesize Training	In-house Training Events / Workshops	External Conferences & Training Seminars	E-Learning / Webinars	KSF / tPR area(s)	Frequency
Funding related Training <ul style="list-style-type: none"> •Funding principles and preparing for the Actuarial Valuation •Valuation basics •Role of the PSB and PAB •Purpose of the Valuation / Funding Strategy Statement •Last Actuarial Valuation overview •Whole Fund and Employer results Contribution stability •Funding Strategy •Employer Risk / Employer specific Funding Objectives •Experience from recent Valuations •Markets (asset returns and yields) •Longevity experience •Interim Valuation •3rd Party Service Providers •Procurement process for Actuary 	✓	✓	✓	✓	✓	✓	KSF5, KSF7, KSF8	Within 24 rolling months

Proposed Delivery Methods								
Topic	One-to-One Briefing with an Officer	Members' Briefing Notes	Bitesize Training	In-house Training Events / Workshops	External Conferences & Training Seminars	E-Learning / Webinars	KSF / tPR area(s)	Frequency
Investment related Training								
<ul style="list-style-type: none"> • Investment Strategy Statement • Responsible Investment • Bitesize Training by Asset Class • Asset / Liability Study Training • Review of Investment Manager Fees / Cost Transparency • Cash Flow Training • Asset Pooling (ACCESS) • Investment Performance measurement • Safeguarding the Fund's Assets • Role of the Global Custodian • 3rd Party Service Providers • Procurement process for Institutional Investment Consultants • Procurement process for Independent Investment Adviser • Procurement process for Investment / Fund Managers 	✓	✓	✓	✓	✓	✓	KSF5, KSF6, KSF7, CIP, MIFID	Within 24 rolling months

Proposed Delivery Methods								
Topic	One-to-One Briefing with an Officer	Members' Briefing Notes	Bitesize Training	In-house Training Events / Workshops	External Conferences & Training Seminars	E-Learning / Webinars	KSF / tPR area(s)	Frequency
Administration and Communications related Training								
<ul style="list-style-type: none"> • Fund Administration • Pension Discretions / LGPS Discretions and Policies • Government Consultations • Joining • Contributions • Benefits including tax • Transfers • Retirement and lump sum • Increasing Benefits • Annual Allowance • Lifetime Allowance • 3rd Party Service Providers • Procurement Process for Administration System provider 	✓	✓	✓	✓	✓	✓	KSF1, KSF3, KSF5, tPR3, tPR4, tPR5, tPR6	Within 24 rolling months

Key

CIPFA Knowledge and Skills Framework (KSF): Pensions Legislation KSF1, Public Sector Governance KSF2, Pensions Administration KSF3, Pension Accounting and Auditing Standards KSF4, Financial Services Procurement and Relationship Management KSF5, Investment Performance and Risk Management KSF6, Financial Markets and Products Knowledge KSF7, Actuarial Methods, Standards and Practice KSF8.

CIPFA Investment Pooling (CIP): CIP

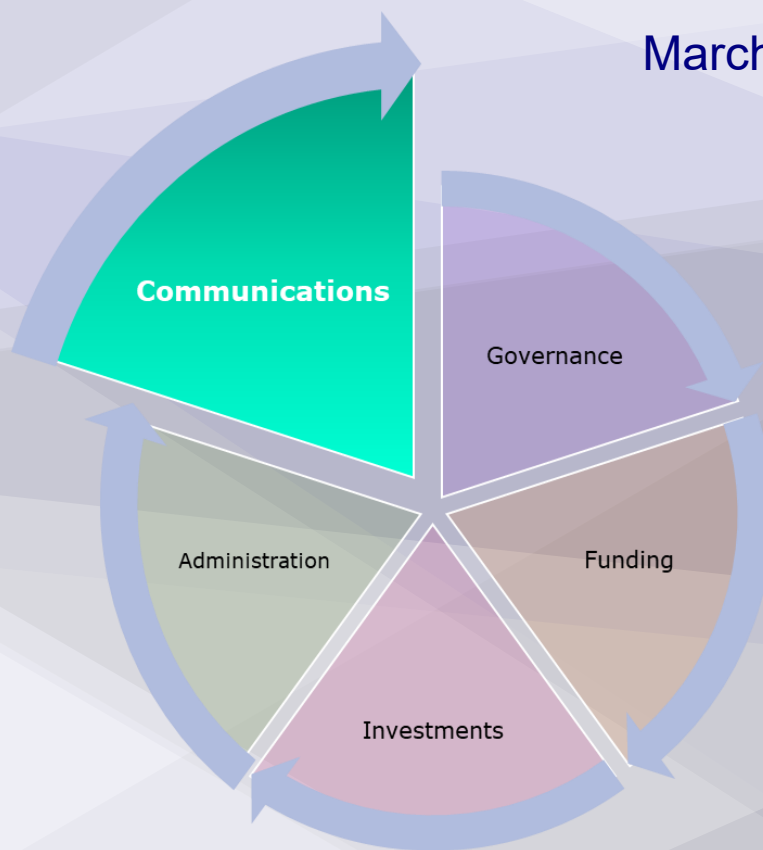
The Pensions Regulator (TPR) Toolkit: Conflicts of Interest tPR1, Managing Risk and Internal Controls tPR2, Maintaining Accurate Member Data tPR3, Maintaining Accurate Member Data tPR3, Maintaining Member Contributions tPR4, providing information to Members and others tPR5, Resolving Internal Disputes tPR6, Reporting Breaches of the Law tPR7.

MIFID II: MIFID II

DRAFT

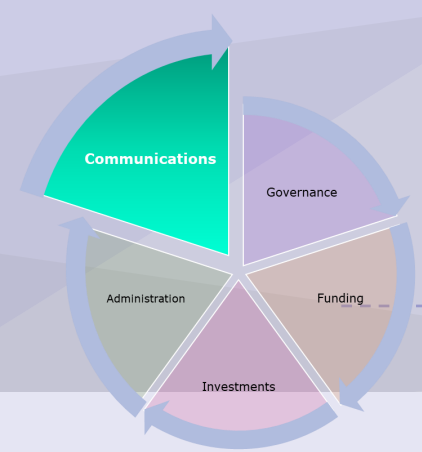
Essex Pension Fund Communications Policy

March 2020



Essex Pension Fund

Communication Strategy



Introduction

This Policy provides an overview of how the Essex Pension Fund communicates with its full range of stakeholders and how the Fund measures the success of its Communication Strategy. It also outlines the Fund's plans to move towards more digital communications. This Policy should be read in conjunction with the 'Communication Plan' which is detailed in Appendix A of this document.

Essex County Council is the Administering Authority responsible for maintaining and managing the Essex Pension Fund on behalf of its stakeholders; the scheme members and employers participating in the Fund. These responsibilities are primarily set out in Local Government Pension Scheme (LGPS) Regulations. We work with over 650 employers across the county to provide pensions to over 168,000 scheme members.

This Policy has been developed in accordance with the LGPS Regulations 2013 (Regulation 61) and will be reviewed every three years and updated sooner if the communications arrangements or other matters included within it merit reconsideration.

Key Stakeholders

We have varied audience groups with whom we communicate, including:

- Scheme members (active, deferred, pensioner and dependant members) and their representatives;
- Prospective members and members who have opted out;
- Employers and prospective employers;
- Essex Pension Fund Strategy Board (PSB), Investment Steering Committee (ISC) and Essex Pension Fund Advisory Board (PAB);
- Pension Fund Staff; and
- Other interested groups including, HM Revenue & Customs (HMRC), the Ministry for Housing, Communities and Local Government (MHCLG), the Pensions Regulator (tPR), the Scheme Advisory Board (SAB), the Local Government Association (LGA), National LGPS Technical Group (Technical Group), South East Counties Superannuation Officers Group (SECSOG) and advisers to the Fund.

Objectives

To ensure that we are communicating effectively with our audiences and that we continue to develop and enhance the service we offer, we have set the following communication objectives:

- Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally;
- Ensure our communications are useful and easy to follow;
- Deliver information in a way that suits all types of stakeholder including providing more accessibility through greater use of technology; and
- Aim for full appreciation of the pension scheme benefits and changes to the Scheme by all scheme members, prospective scheme members and employers.

Essex Pension Fund

Communication Strategy

Measuring whether we meet our Communication Objectives

We will monitor our success against our communication objectives by analysing and measuring the responses to the scheme member and employer surveys, and monitoring usage of Member Online, Pensions Online and the Fund's website.

Specific measures and targets are agreed by the PSB and contained in the Fund's Scorecard which is regularly reported to the PSB and PAB.

General Communication

When considering how to communicate with our stakeholders we take into account the intended audience to ensure that our messages are delivered in a useful and easy to follow manner. This may involve using more than one method of communication based on the intended audience, albeit the Fund will aim to use digital communications where appropriate to do so given the efficiencies and ease of access it provides, as well as it being more environmentally friendly. We tailor our communication to the recipient's needs, making sure that our messages are clear, consistent and use plain English.

We deliver our communication using the most appropriate method and will continue to develop our digital platforms to encourage greater accessibility to our service for all stakeholders. Scheme members will be able to elect not to receive electronic communications. In such cases if the Fund is required to provide information this will be provided in paper form.

Each of our communications have a clear purpose and fit into our overall communications plan, so that they are cost effective.

The Fund actively seeks feedback from each of our audiences to continually review, enhance and improve our communication methods. This feedback is both obtained through the annual survey of scheme members and employers as well as on an ad-hoc basis.

The Fund also adheres to other legislative requirements, including the General Data Protection Regulations, Freedom of Information Act and pension disclosure legislation.

Visual Identity

The Fund understands that brand recognition is a valuable asset for pension funds, and will work to develop our own visual identity, alongside Essex County Council's existing brand, in order to influence how our stakeholders, relate to us.

Pension funds having their own style and brand results in communications which have greater impact, and that are instantly recognisable as pension related.

Essex Pension Fund

Communication Strategy

Accessibility

The Fund is committed to ensuring that all stakeholders are able to access our services equally and recognises that some individuals may require information to be provided in specific formats. While demand for alternative formats remains low at present, the Fund is able to issue documents in braille, large print or audio format on request.

We are also continuing to develop our website www.essexpensionfund.co.uk to ensure that it meets the World Wide Web Consortium Accessibility Guidelines (version 2) “Double A” standard by 31 August 2020, in line with the recommended benchmark for all public sector websites.

Social Media

The Fund recognises the growing importance for organisations to have an online presence and is currently in the process of developing a corporate LinkedIn profile and YouTube channel.

The LinkedIn account will primarily be used to raise our online profile in a business to business environment, promoting the Fund’s innovations and achievements, and helping build relationships with other LGPS funds and professional bodies within the pensions industry.

Our YouTube channel will be used to deliver online learning and development content for scheme employers, increasing accessibility and reducing the economic and environmental impact of attending face to face training events.

Delivery of Communications

The communications will be delivered from existing resources and overseen by a dedicated Communications Analyst working as part of the Technical Hub.

The Fund will work with an external provider with regards to the printing and mailing of certain bulk communications, such as annual benefit statements.

Key Messages and Communication Channels

The following table shows the approach to stakeholder communication and the key messages that the Fund wishes to deliver.

Essex Pension Fund

Communication Strategy

Stakeholder	Communication	Key Message
Active Members	<ul style="list-style-type: none"> • Website • Member Online • Prime Newsletter • Annual Benefit Statement • Scheme Literature • General Correspondence • Telephone Helpline • Pensions Roadshows 	<ul style="list-style-type: none"> • Your pension is a valuable benefit. • It is important that you understand how the LGPS works. • Make sure you are saving enough for retirement. • It is important that you understand the impact of any changes in legislation. • Your employer pays in to help you save for your retirement. • Remember you have other benefits that come with your pension.
Potential Scheme Members including Opt Outs	<ul style="list-style-type: none"> • Scheme information and guides • Website • General Correspondence • Telephone Helpline • Prime Newsletter • Pensions Roadshows 	<ul style="list-style-type: none"> • It is important that you understand the impact of any changes in legislation including Pension Reform and Automatic Enrolment. • The LGPS is a good way to save for your retirement. • Your employer pays in to help you save for your retirement. • Most scheme members get tax relief on the contributions they pay into the LGPS. • Remember that other benefits come with the pension.
Deferred Scheme Members	<ul style="list-style-type: none"> • Website • Member Online • Deferred Newsletter • Annual Benefit Statement • Scheme Literature • General Correspondence • Telephone Helpline 	<ul style="list-style-type: none"> • Your pension is a valuable benefit. • Make sure you are saving enough for retirement. • Keep your details up to date. • You need to understand how your pension worked when you left. • It is important to understand how the LGPS works now, and the impact of any changes in legislation. • Understand the implications of transferring out of the Scheme. • We will tell you if anything changes.
Pensioner Members	<ul style="list-style-type: none"> • Website • Member Online • Pay Advices and P60s • Pensions Increase Advices • General Correspondence • Telephone Helpline • 'Your Time' Newsletter 	<ul style="list-style-type: none"> • Keep your details up to date. • We are here to help with any questions you might have. • You will continue to get your pension no matter what changes happen. • Remember to phone the tax office with any tax queries you have. • Remember you have other benefits with your pension.

Essex Pension Fund

Communication Strategy

Stakeholder	Communication	Key Message
Dependant Members	<ul style="list-style-type: none"> • Website • Member Online • Pay Advices and P60s • Pensions Increase Advices • General Correspondence • Telephone Helpline • 'Your Time' Newsletter 	<ul style="list-style-type: none"> • Keep your details up to date. • We are here to help with any questions you might have. • Remember to phone the tax office with any tax queries you have.
Employers	<ul style="list-style-type: none"> • Website • Pensions Administration Strategy • Pensions Online • Employer Guide • Employer Newsletter • Email Alerts • Report and Accounts • Employer Meetings • Employer Forum • Training Workshops 	<ul style="list-style-type: none"> • You have a responsibility to provide employees with information about the LGPS. • You need to understand how the Scheme works and the effect of any changes that happen. • The LGPS is a valuable benefit for members and you need to help educate them to understand the changes and the impact. • You have a responsibility to inform the Fund of any changes to scheme members circumstances. • You have a responsibility to provide the Fund with data in respect of your employees and to comply with your LGPS employer responsibilities as outlined in the Fund's Administration Strategy.

- Under Regulation the Fund is unable to provide specific financial pension advice in relation to individual member enquiries.

Essex Pension Fund

Communication Strategy

Communicating with our Members

The Fund uses a variety of methods to communicate with scheme members, and differentiates between active, deferred and pensioner (including dependant) members when delivering key messages to each specific audience groups.

Scheme members can nominate representatives that the Fund will communicate with on their behalf, subject to the provision of an appropriate letter of authority signed by the scheme member.

We want all scheme members and their representatives to be able to access our services easily and therefore employ a range of media to educate them about the LGPS and their pension benefits, delivered in a clear and easily understood way to ensure that members can make informed decisions about their benefits.

Scheme Literature – A range of literature including scheme guides and factsheets are produced by the Fund and is supplied to both employing bodies and to scheme members directly. Copies of all scheme literature is available on our website www.essexpensionfund.co.uk

Annual Benefit Statements – We provide personalised statements to active and deferred scheme members (where the address is known) every year. The statements are posted to the member's home address and are available digitally on Member Online. We are working towards digital being the default method for distributing these statements.

Newsletters – We will issue newsletters specifically tailored to active, deferred and pensioner members annually. The contents cover current pension topics within the LGPS and wider pensions industry, along with important repeated messages. Additional newsletters may be issued to update members on important matters as they occur.

Website – Our website www.essexpensionfund.co.uk includes extensive information and guides about the LGPS, and also contains factsheets, forms and up to date news about the Fund's activities and achievements.

Member Online – The Fund has established an online facility (known as Member Online) which allows members to securely access their pension records, including viewing annual benefit statements and payslips, as well as letting them amend details, such as their contact information. It will be rolled out on a phased basis and it is expected to be available to all members by 31 March 2021.

Telephone Helpline – A dedicated telephone helpline (0333 0138384) is provided for scheme members and is widely publicised in scheme literature.

General Correspondence – The Fund uses both surface mail and e-mail (pensionenquiries@essex.gov.uk) to receive and send correspondence.

Essex Pension Fund

Communication Strategy

Face to Face Meetings – The Fund operates an open-door policy, and members are welcome to visit pension fund staff at our offices in County Hall during normal office hours.

Member Roadshows – The Fund promotes the Scheme by hosting a number of roadshows for current and prospective members at key locations across the county every year, offering drop in sessions to answer queries or presentations on specific topics.

Pay Advices and P60s – We issue pay advices to pensioner members every April, May and September plus if there is a change to the member's net pension of more than £5.00 or a tax code change. The pay advices are also used to convey important generic messages to pensioners.

Communicating with Employers

To assist employers, the Fund has a range of communication materials and methods that aims to increase their understanding of pension issues and help them fulfil their responsibilities as scheme employers. By working together, we are able to provide a better service to our members.

Employer Team – The Fund includes a dedicated Employer Team who liaise with scheme employers on all matters from bringing new employers and members into the Fund, reporting information to the Fund and fulfilling their regulatory requirements, to advising employers of the correct process for retiring employees.

Pensions Administration Strategy – This strategy provides an overview of how the Fund and scheme employers will work together to achieve a high-quality service. It aims to set out the quality and performance standards expected of the Fund and its scheme employers and to promote good working relationships and improve efficiency between the Fund and its employers.

Employer Website – The Fund website has a section for scheme employers. This holds resources such as employers' guidance, scheme employer newsletters and links to LGPS circulars and bulletins.

Employer Guidance – The Fund has produced and maintains a variety of guidance to assist scheme employers to understand their role. This guidance is supplemented by the LGA guides for HR and for Payroll which are accessible on the Fund's website and on the www.lgpsregs.org website.

Scheme Employer Newsletter – The Fund produces a newsletter for scheme employers covering current issues, scheme changes and administration issues. This is sent to employers electronically by email.

E-mail Alerts – The Fund sends a number of e-mail alerts to employers throughout the year with important pension related news and information.

Report and Accounts – The Report and Accounts are produced annually and made available on the Fund's website.

Essex Pension Fund

Communication Strategy

Employer meetings or other ad hoc meetings – The Fund holds a number of employer meetings at the offices of main employers in the Fund to which all Fund Employers are invited. The Fund also attends meetings with employers either at the request of the employer or if it has identified a need. These are usually to keep employers up to date with LGPS developments and to offer training and assistance to the employer to help them to carry out their pension obligations.

Employer Forum – The Fund holds an employer forum each year which focuses on funding, valuation and administrative aspects of the fund and any developments in the scheme including identifying the likely impact of scheme changes. The Fund is trialling delivering the forum via a webinar to increase accessibility for employers.

Training Workshops – The Fund offers training to all scheme employers on the LGPS and their role in administering the Scheme. Training covers the full range of administrative and regulatory activities and is tailored to the needs of the particular employer. The Fund is investigating the provision of training modules via its own YouTube channel to increase accessibility for employers.

Pensions Online - The Fund is currently developing an online platform which allows employers to update their employee's pension records electronically. Selected employers are currently trialling the system and it will be open to all employers by 31 March 2021. Employers will be able to provide us with information relating to new scheme members, notify us of changes in hours or breaks in service, as well as providing leaving details in a safe and secure way, while delivering increased cost efficiency. We anticipate that Pensions Online will eventually provide a secure online hub where employers will be able to locate all necessary resources, information and correspondence from the Fund and its use will become compulsory for all employers.

Communicating with Prospective Members

The Fund works with employers to promote the LGPS and reduce the number of members opting out of the scheme, particularly after automatic enrolment.

Scheme Information / Guide – All prospective scheme members must be given basic information about the LGPS. The Fund requires employers to provide all employees information about the scheme and to provide either a hard copy of the short scheme guide or direct them to an electronic version, when they become eligible to join the scheme. The Fund's website has a section 'I am thinking of joining' which summarises the main benefits provided by the LGPS.

Website – The Fund has established an extensive website www.essexpensionfund.co.uk containing scheme details, leaflets, guides and forms etc. There are also links to other organisations relevant to scheme members.

'Prime' newsletter - We will issue a newsletter to members of the Fund at least once a year, the contents of which will cover current pension topics within the LGPS and the pensions industry in general.

Essex Pension Fund

Communication Strategy

Employers are encouraged to make the newsletter available to all of their eligible staff regardless of whether or not they are currently contributing to the scheme.

Pensions Roadshow – The Fund stages a number of pension roadshows at the offices of main employers in the Fund to which the employees of all Fund employers are invited. These events are not just aimed at scheme members but also at eligible employees who are not currently contributing to the scheme.

Communicating with PSB, ISC and PAB members

Essex Pension Fund is run by Essex County Council (ECC), the Administering Authority for the LGPS in Essex. The governance arrangements centre on the three bodies; PSB, ISC and PAB.

The Fund works closely with the PSB, ISC and PAB to ensure that they are fully informed on pensions matters and have sufficient knowledge to fulfil their duties and responsibilities, including providing ongoing training for committee and board members.

The PSB, ISC and PAB each meet on a quarterly basis, and details of upcoming meetings, including the public meeting packs provided to the PSB, ISC and PAB members, can be found on the Essex County Council's website.

Communicating with Pension Fund Staff

It is important that our staff are kept informed about the Fund's aims, achievements and the progression of the Business Plan. They should also be knowledgeable about the LGPS and aware of important changes within the overall pensions industry.

Staff members are able to access technical information via websites, a centralised database and through both internal training opportunities and external training events. Updates are provided to staff using a range of methods including by email, via a bi-monthly newsletter, pension surgeries and face to face meetings with the Fund's Technical Hub and Management Team.

Key Risks

The key risks (as set out in the Fund's Risk Register) are outlined below. The Senior Management Team led by the Director for Essex Pension Fund work with the PSB and PAB to monitor these and other risks and consider how best to respond to them:

- Issuing incorrect or inaccurate communications leading to a lack of understanding and/or complaints;
- Information delivered in a way that is not appropriate for members or employers, e.g. too complex, not relevant or in an unsuitable format;

Essex Pension Fund

Communication Strategy

- Communications are not customised to specific needs and/or are overly complicated resulting in lack of understanding by all stakeholders;
- Poor quality or lack of communications can lead to lack of understanding by all stakeholders.

Approval, Review and Consultation

This version of the Communications Policy was approved at the PSB on 04 March 2020. It will be formally reviewed and updated at least every three years or sooner if the communications arrangements or other matters included within it merit reconsideration.

Further Information

If you require further information about anything in or related to this Communications Policy, please contact:

David Tucker, Technical Hub Manager, Essex Pension Fund
Email – David.tucker@essex.gov.uk

Jody Evans, Interim Director for Essex Pension Fund
Email - Jody.evans@essex.gov.uk

Essex Pension Fund
Seax House
County Hall
Chelmsford
Essex
CM1 1QH

Essex Pension Fund

Communication Strategy

Appendix A – Communication Plan

Method	Audience	Format	Frequency
Annual Benefit Statements	Active Members Deferred Members	Paper version posted to home address. Electronic version via Member Online.	Annually
'Prime' Newsletter	Active Members	Paper version posted to home address (included with ABS). Available on website.	Annually, plus additional newsletters after major scheme changes.
Deferred Newsletter	Deferred Members	Paper version posted to home address (included with ABS). Available on website.	Annually, plus additional newsletters after major scheme changes.
'Your Time' Newsletter	Pensioner Members	Newsletter sent to those pensioners we hold an e-mail address for. Available on website.	Annually, plus additional newsletters after major scheme changes.
Pay Advices	Pensioner Members	Paper version posted to home address. Member Online.	April, May and September, plus after change in net value of more than £5 or tax code change.
Pension Increase Letters	Pensioner Members	Paper version posted to home address. Member Online.	Annually
P60s	Pensioner Members	Paper version posted to home address. Member Online.	Annually
Member Roadshow	Active and Prospective Members	Face to Face	On request
Drop in Service	All	Face to Face	Always available
Factsheets and Scheme Guides	All	Website	Always available
Website	All		Always available
Phone	All		Always available

Essex Pension Fund

Communication Strategy

Method	Audience	Format	Frequency
Employer Workshops	Employers	Face to Face and/or Webinar	On request
Pension Fund Report and Accounts	All	Website	Annually
Employers Guide	Employers	Website E-mail	Always available
Pensions Administration Strategy	Employers	Website	Always available (reviewed at least every 3 years)
Pension Fund Valuation Reports	Employers	Website E-mail	Always available
Employers Forum	Employers	Face to Face and/or Webinar	Annually
Employer newsletter	Employers	Website E-mail	Annually

Glossary

Accrued Interest – Interest earned on a bond since the last interest payment date. If the stock is sold, the accrued interest is paid (gross of tax) to the seller at the time of the transaction in addition to the clean price of the stock.

Active Management – A style of investment management where the fund manager aims to outperform a benchmark by superior asset allocation, market timing or stock selection (or a combination of these).

Actuary – An independent consultant who advises the County Council on the financial position of the fund. Every three years the actuary reviews the assets and liabilities, of the fund and produces the actuarial valuation which recommends the employers contribution rates.

Additional Voluntary Contributions (AVC) – An option available to individuals to secure additional pension benefits by making regular payments in addition to employee contributions already payable.

Admission Bodies – Bodies whose staff can become members of the Pension Fund by virtue of an admission agreement made between the Authority and relevant body.

Annualised Return – The rate of return for any given period expressed as the equivalent average return per year.

Asset Allocation – The apportionment of a fund's assets between asset classes and/or world markets. The long-term strategic asset allocation of a fund will reflect the fund's investment objectives. In the short term, the fund manager can aim to add value through tactical asset allocation decisions.

Benchmark – A yardstick against which the investment policy or performance of a fund manager can be compared.

Bond – A certificate of debt issued by a company, government, or other institutions. A bondholder is a creditor of the issuer and usually receives interest at a fixed rate. Also referred to as fixed interest securities.

Cash – Cash is defined as cash instruments (e.g. money market deposits) and cash in bank and at hand.

Convertible Stock – Stock which gives the holder the right, but not the obligation, to convert all or part of the holding into another stock or stocks on specified dates and on specified terms.

Corporate Governance – This is the system by which companies are run, and the means by which they are responsive to their shareholders, employees and society.

Custody – Safe-keeping of securities by a financial institution. The custodian keeps a record of a client's investments and may also collect income, process tax reclaims and provide other services, according to the clients instructions.

Currency Trading- Buying and Selling world currencies.

Deferred Pension – The pension benefit payable from normal retirement age to a member of the Fund who has ceased to contribute as a result of leaving employment or opting out of the pension scheme before the state retirement age.

Derivatives – Are financial instruments whose value derives from an underlying asset. Futures/Forwards are among the most common.

Glossary

Dividend – The part of a company's after tax earning which is distributed to the shareholders in the form of cash or shares. The directors of the company decide how much dividend is to be paid and when. The dividend is neither automatic nor guaranteed for ordinary shareholders.

Emerging Equity Markets – There are about 80 stock markets around the world of which 22 markets are generally considered to be mature, the rest are classified under the heading of emerging markets.

Equities – Ordinary shares in UK and Overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Exchange Traded – Contract traded on a regulated exchange where the contract terms are standardised by the exchange so that the underlying asset, quantity, expiration date and strike price are known in advance.

Fixed Interest Securities – Investments in mainly government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange in the meantime.

Futures – Contracts to buy or sell specific quantities of a commodity or financial instrument at a specified price with delivery set at a specified time in the future.

Gilts, Gilt-edged Securities – The familiar name given to sterling, marketable, securities (or bonds) issued by the British Government.

Income Distribution – Usually referred to unit trusts, the distribution of income to unit holders in strict proportion to the number of units held at the ex-dividend date (units brought after this date will not generate a dividend).

Indexed Linked – Bonds on which the interest and ultimate capital repayment are recalculated on the basis of changes in the Retail Price Index.

Listing – For shares (or bonds) to be traded officially on a stock market they need to be listed. Essentially, this is an endorsement from the market authorities that the securities and their issuer meet certain criteria.

Margin Account – When a futures contract is first opened, an initial margin payment is made into an account held by the Clearing House. This is intended to represent the maximum gain or loss on the contract, based on current market volatility. Each subsequent day, every open contract is valued to reflect the market movements, the scheme may be required to make an additional payment or receive a repayment.

Mandate – The agreement between a client and investment manager laying down how the fund is to be managed. May include performance targets by reference to a benchmark.

Market Value – The price at which an investment can be bought or sold at a given date.

Mature Equity Markets – Countries which include the United Kingdom, United States and Japan are commonly referred to as having mature markets. These markets have an established economy and knowledge is freely available.

Glossary

Maturity – End of the life of a fixed interest security at which point it is repaid.

Ordinary shares – Securities, which represent an ownership, interest in a company.

Over the Counter Contracts – Two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange.

Passive Management – A style of investment management that seeks to attain performance equal to market or index returns.

Private Debt – An obligation that enables the issuing party to raise funds by promising to repay a lender in accordance with terms of a contract. These assets do not have an active secondary market in which they can be traded. Types of debt instruments include notes, bonds certificates, mortgages, leases or other agreements between a lender and a borrower.

Property unit trusts (PUTS) – Pooled investment vehicles that enable investors to hold a stake in a diversified portfolio of properties.

Resolution Bodies – Scheme employers with the power to decide if an employee or group of employees can belong to the scheme.

Retirement under the “Rule of 85” – Where an employer consents to the early payment of retirement benefits after age 50, the member’s age and pensionable service totalling at least 85, and where other reasons for retirement do not apply.

Return – The total gain from holding an investment over a given period, including income and increase (decrease) in market value.

Scheme Employers – Local Authorities and other similar bodies whose staff automatically qualify to become members of the pension fund.

Specialist Management – A fund management arrangement whereby a number of managers each concentrate on a different asset class. A specialist fund manager is concerned primarily with stock selection within the specialist asset class. Asset allocation decisions are taken by the trustees, their consultants or a specialist tactical asset allocation manager.

Transaction Costs - Those costs associated with managing a portfolio, notably brokerage costs and taxes.

Transferee Admission Bodies - An external body contracted to provide services or assets in connection with the exercise of a function of the Local Authority.

Transfers to/from other schemes - These are sums paid to or received from other pension schemes and relate to the current value of past contributions which transfer with a member when changing employment.

Unit Trust - A pooled fund in which investors can buy and sell units on an on-going basis.

Unquoted Securities - Shares which are dealt in the market but which are not subject to any listing requirements and are given no official status.

Unrealised Gains/(losses) - The increase/ (decrease) at year-end in the market value of investments held by the fund since the date of their purchase.

This information is issued by:

**Essex County Council
Essex Pension Fund**

Contact us:

**pensionenquiries@essex.gov.uk
www.pensionfund.co.uk
01245 431912**

Essex Pension Fund
Essex County Council
County Hall, Chelmsford
Essex, CM1 1LX

Sign up to Keep Me Posted

Email updates:

Essex.gov.uk/keepmeposted



Essex_CC



Facebook.com/essexcountycouncil

The information contained in this document can be translated, and/or made available in alternative formats, on request.

Published October 2020.