

# Essex Pension Fund Annual Report & Accounts 2020/2021

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## Chairman Foreword

*It is my pleasure, as Chairman of the Essex Pension Fund Strategy Board (PSB) and the Investment Steering Committee (ISC) to introduce the Essex Pension Fund Report and Accounts for 2020/21. It has been a year like no other. I have witnessed an extremely challenging time for everyone involved with the Fund and the delivery of the Service as we all adapt to the new world, post Covid 19.*



As I reported to you last year the Fund value fell sharply following the news on 11 March 2020 that the World Health Organisation had declared a worldwide pandemic, causing significant disruption to businesses, the economy and the wellbeing of people worldwide. However, I am pleased to report that the Fund value whilst experienced initial volatility during the first half of the financial year has made a remarkable recovery in which an investment return achievement of over **30%** for the year resulted in the Fund's assets rising to **c£8.7bn** – a record high. The Fund's resilience attributable to a clear set of strategic objectives which were under difficult circumstances successfully delivered and the decision by the Investment Steering Committee (ISC) to continue to press ahead with the de-risking programme.

With the successful enactment of the Fund's Business Continuity Plan at the end of March 2020, staff have continued to work remotely in the delivery of the Service to all its membership and stakeholders. With the support of dedicated skeleton team of staff attending the office has enabled payments to be made and post to be processed with minimal disruption.



**Governance** – The change in legislation and the digital resources made available by the Council have enabled my fellow Board and Committee Members to continue with the Fund's schedule of meetings during the year albeit virtually, ensuring that key decisions were still discussed and ratified.

During the year key Fund Policy documents were reviewed including the Knowledge and Skills Strategy setting out a full programme of training for the PSB and ISC, in order to allow its Members to acquire the detailed knowledge necessary to exercise their responsibilities effectively.

With the introduction of the Pensions Regulator (TPR) Single Modular Code on the horizon and the pending guidance expected from the Department for Levelling Up, Housing and Communities (DLUHC) around the Scheme Advisory Board (SAB) Good Governance Project, the PSB will need to revisit, drawing on the assistance of the Essex Pension Fund Advisory Board (PAB) the Governance arrangements around the Fund to ensure it continues to provide a best in class service.



**Funding** – The number of Employers within the Fund has continued to rise with an additional 37 new admissions in 2020/21. Further work has been undertaken by the PSB regarding the Fund's Funding Strategy Statement with the inclusion of an Employer Ill Health Policy and more recently the development of an Employer Flexibilities Policies.







**Investments** – In tandem with the outcome of the Actuarial Valuation an Asset Liability Study was commissioned, and in light of its findings the ISC agreed to continue to press ahead with the programme of de-risking which will see the level of equities within the portfolio reduce from its current target of 50% to 45%. It also highlighted that the improvement with the Funding level over the last few Valuation cycles there was further scope for the Fund to de-risk in the future whilst still being able to achieve its return objectives.

As part of this de-risking programme, the ISC have agreed further increases in the Fund’s strategic allocation to infrastructure and timber of an additional **4%** and **2%** taking the total allocation to **10%** and **4%** per cent respectively. This decision has seen the Fund’s investments in sustainable timber and renewable energy increase from **5.1%** per cent as at 31 March 2020 to **6.1%** as at 31 March 2021. It is expected as commitment is drawn down over the next few years the Fund’s exposure will continue to rise. Direct investment in fossil fuels has also been steadily decreasing: as at 31 March 2021 it was **0.05%** compared to **0.22%** as at 30 September 2015.

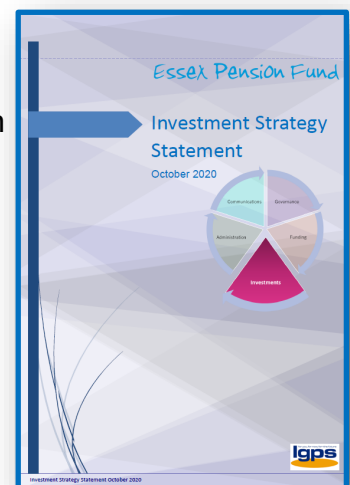
The ISC continued to dedicate substantial time and commitment to the subject of Responsible Investment (RI). Following a full stakeholder consultation during the summer the revised Investment Strategy Statement was subsequently published. Initial work has commenced with the review of the Fund’s investment mandates around the alignment with the Fund’s RI Policy and Priorities. The outcome of this work will inform the ISC as to how the RI Policy will be implemented in terms of assets held, monitored and measured going forward.

The Fund is committed to working collaboratively with others. To this end, it recently joined the Local Authority Pension Fund Forum, a voluntary shareholder engagement group for local government pension funds and continues its work with the ACCESS Pool and its local authorities as part of its commitment in this regard. It has also given the commitment to develop a set of Climate Change Policy Objectives and Metrics and work towards becoming a signatory to the Financial Reporting Council’s (FRC) new UK Stewardship Code over the forthcoming year.

The ISC have reviewed its arrangements with both its Institutional Investment Consultant and Independent Investment Adviser. The Fund look forward to continuing its partnership with Hymans Robertson and Mark Stevens over the coming year.



I have continued to represent Essex on the ACCESS Joint Committee (AJC) and support the AJC in my role as Vice-Chairman. Despite the challenges this year has brought, a further seven sub funds were launched by ACCESS’s Pool Operator, Link Asset Solutions taking the number to twenty-two, with more planned over the coming months. Solutions have been established in regard to pooling the illiquid assets of the funds and work is well underway in procuring an Implementation Adviser to assist with this important work. Further Pooling Guidance by DLUHC is imminent and we wait and see as to how this may impact. 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.

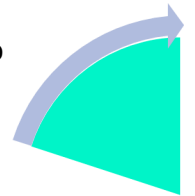
Link Fund Solutions (ACCESS's Operator) have now launched 15 sub funds, and more are planned throughout 2020. The appointment of an Interim Director for the Access Support Unit in August 2019 enabled ACCESS to drive forward with the Pooling agenda. To date, Essex has approximately 50% of our assets invested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



**Administration** – The Team overseeing the administration of scheme benefits and systems development are braced for the impact of several large-scale legislative changes. The PSB recognise the significant impact this will have on staff resources over the medium term and are supportive of the Fund appropriately resourcing to ensure that it is able to continue to fulfil its statutory duties.

The Fund continues to progress its digital aspirations with the continued roll out of its web-based online portal tool with the implementation of a new look Employer Online, enabling employers to review and update staff member details. Initial take up has been encouraging with a third of employers currently utilising the system with more joining every month. Despite the challenges this year has brought this has not stopped the Fund being able to deliver the full range of services to over **172,000** Fund members and paying its **44,000** pensioners.

**Communications** – Digital communications continue to be progressed. A review of all the Fund's communications and use of media has been undertaken to ensure it continues to be fit for purpose and is able to adapt to our future stakeholder's needs. With this the development of webinar training and virtual pension surgeries for those with more complicated scenarios has enabled the customer facing areas of the Pensions Team to continue to deliver the right service to the right people at the right time. I am pleased to announce that the Fund during 2021 will also be launching its own social media channel.



*In closing I would like to thank the Members of the PSB, ISC and PAB for their continued commitment, in what has been a challenging year. Furthermore, I would also like to thank the many people who work for and on behalf of the Essex Pension Fund for their contribution during 2020/21.*

**Cllr Susan Barker**

*Chairman of the Essex Pension Fund Strategy Board  
& Investment Steering Committee  
Vice Chairman of the ACCESS Joint Committee*



# Officer Introduction

***“Having worked for the Fund for many years and witnessed significant changes over this time whether it be the many iterations and even changes to the scheme, the ever-increasing scrutiny and governance around the Fund’s activities or the introduction of Investment Pooling I have never witnessed a year like it”.***



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

Whilst the outbreak of the pandemic caused a period of great uncertainty at the start of the year, I was amazed by how well the team of Officers supporting the Fund was able to quickly adapt to their new world of remote working and the challenges that brought with minimum impact to the delivery of services.

## Work of the Essex Pension Fund

At the heart of everything the Fund does are our **170,000** members. What the pandemic did do was accelerate some initiatives the Fund was in the process of implementing and fast track the Fund’s digital transformation aspirations.

The rollout of Retire and Employer Online functionality has enabled our customers the ability to self-service. Last year, **61** Employers were successfully onboarded, completing over **4,500** processes and a further **1,600** processes using Retire Online. Member Online has also continued to grow strength to strength. With a take up of around **36%**, exceeding the national average, the Fund saw a further **12,500** members register. The successful implementation of the online self-service functionality will allow the Fund to concentrate our efforts on continuing to deliver the best in class customer experience for all of our Stakeholders.

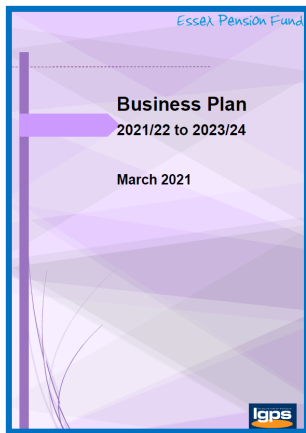
The pandemic did not stop the Fund interacting with our Members, whilst it halted the opportunity to meet face to face to discuss individual’s personal pension circumstances, the implementation of new technology has allowed the Fund to remain connected with our members with the launch of virtual pension surgeries, offering virtual face to face one to one meetings. This has been a great triumph, and the Fund will look to continue to offer this as a complementary facility for our Members.

The Fund has taken the opportunity to see how it can effectively enhance its two-way communication with its many stakeholders, by reviewing the user experience and medium for delivery. From developing a ‘**roadmap to retirement**’ which will be issued to all prospective retirees to totally revamping its method of feedback, moving away from all encumbering annual Employer and Scheme Member surveys to a more target based, event driven model focusing on small number of key questions.

The digital resources availability 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 and provided a platform to continue the Fund’s training commitment with initiative interactive sessions and dedicated training and workshop days.







The Fund was able to deliver on all forty-two areas of activity as set out in its Business Plan for the year. This included reviewing many of the Fund's Policies and developing some new ones as well as retendering several of the Fund's Service Suppliers.

The adoption of the Fund's Investment Strategy Statement in October 2020 is the start of an intensive journey for all involved with the Fund's management and governance, demonstrating the Fund's commitment to responsible investment, with the ultimate aim to next year becoming a signatory to the new Financial Reporting Council's UK Stewardship Code, cementing the Fund's aspirations in this area.

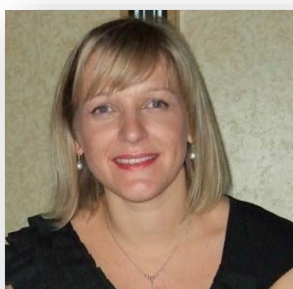


Whilst the outcome of McCloud judgement is now known, the Fund is still awaiting legislative changes, however, in anticipation of this a team of Officers have been working effectively with the Fund's Employers to collate historic information in preparation. An initial assessment is that as many as quarter of the Fund's membership may be impacted in some way and their records will need to be reviewed and reassessed, and for most, the likely outcome will result in little to no financial impact. The maintenance of accurate and complete data is paramount, to this end, a dedicated team continue to work with the Fund's **700** active Employers to receive information in a more timely manner resulting in the Fund implementing the facility for our Employers to submit monthly rather than yearly returns.

### Statement from the Executive Director, Corporate Services

The impact of all these projects has necessitated us to review the Officer resource within the Team to ensure it remains fit for purpose, enabling it to carry out its statutory obligations whilst achieving the Fund's objectives and all areas of activities set out in the Pension Fund's Business Plan. Whilst we recognise that the current Officer structure put in place a few years ago is streamlined and focuses on key areas of delivery we cannot underestimate the challenges that the Fund will face in the short to medium term. In recognition of this a plan has been put in place to ensure that appropriate resources will be made available via a combination of workplace initiatives like Kickstart, Appendices, Graduates and fixed term contracts as and when required.

To conclude, I would like to take this opportunity to thank the outstanding contribution that the team of Officers supporting the many stakeholders and activities of the Fund make. In addition, I would also like to congratulate Jody Evans on being appointed permanently to the role of Director for Essex Pension Fund and lastly to express my gratitude on behalf of everyone associated with the Fund to Kevin McDonald, for his many years of service to the Fund, we wish him well in his new role as the permanent Director for the ACCESS Support Unit.



**Nicole Wood**

Executive Director, Corporate Services

# 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.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b>Value of fund at start of year</b>	<b>5,037,104</b>	<b>6,031,053</b>	<b>6,518,883</b>	<b>7,027,288</b>	<b>6,627,625</b>
<b>Restatement of opening balance</b>			<b>(61)</b>		
<b>Adjusted net assets as at 1 April</b>			<b>6,518,822</b>		
<b>Revenue Account for year:-</b>					
Members and employers contributions	224,356	276,118	239,786	252,492	313,726
Transfers in and other income	14,185	13,032	13,219	14,571	23,759
Benefits payable	(225,305)	(230,023)	(244,544)	(260,177)	(257,308)
Payments to and on account of leavers	(12,948)	(12,266)	(31,024)	(24,233)	(11,120)
<b>Net additions/(withdrawals) from dealing with members</b>	<b>288</b>	<b>46,861</b>	<b>(22,563)</b>	<b>(17,347)</b>	<b>69,057</b>
Management expenses	(36,645)	(44,545)	(48,921)	(55,317)	(58,191)
<b>Net additions/(withdrawals) including fund management expenses</b>	<b>(36,357)</b>	<b>2,316</b>	<b>(71,484)</b>	<b>(72,664)</b>	<b>10,866</b>
Investment income	85,320	96,614	92,287	109,811	96,539
Taxes on Income	(2,571)	(3,965)	(4,647)	(3,503)	(4,236)
Profit and losses on disposal of investments and changes in market value of investments	947,557	392,865	492,310	(433,307)	2,008,342
<b>Increase (decrease) in fund during year</b>	<b>993,949</b>	<b>487,830</b>	<b>508,466</b>	<b>(399,663)</b>	<b>2,111,511</b>
<b>Value of fund at end of year</b>	<b>6,031,053</b>	<b>6,518,883</b>	<b>7,027,288</b>	<b>6,627,625</b>	<b>8,739,136</b>

The fund has increased in value in 4 of the last 5 financial years (overall increase March 2017 to March 2021 – 44.9%). 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.

	2016/17	2017/18	2018/19 Restated	2019/20	2020/21
<b>Value at 31 March (£000)</b>	6,031,053	6,518,883	7,027,288	6,627,625	8,739,136
<b>Number of Contributors</b>	59,954	66,449	52,524	57,498	54,568
<b>Contributions (£000)</b>	224,356	276,118	239,786	252,492	313,726
<b>Number of Pensioners</b>	39,106	40,528	42,405	44,682	46,210
<b>Benefits Paid (£000)</b>	225,305	230,023	244,544	260,177	257,308

The number of contributors has decreased by 9.0% over the last five years, and the number of pensioners have increased by 18.2% 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 2020/21 financial year.

Quarter	April- June	July- September	October- December	January- March
Percentage employers received on time	98.5%	98.2%	97.9%	98.6%
Percentage employers received late	1.5%	1.8%	2.1%	1.4%
Percentage cash received on time	99.8%	99.8%	99.8%	99.9%
Percentage cash received late	0.02%	0.02%	0.02%	0.01%

During 2020/2021 one employer was fined for late payment, and one employer fined for the late provision of their remittance return.

### 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	£33,439.23	£18,341.39	£11,983.04	£3,114.80
2019-20	£48,882.05	£30,272.16	£4,908.35	£13,701.54
2020-21	£35,812.22	£18,645.14	148.96	£17,018.12



# 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 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 2020/21 Essex Pension Fund received cost transparency information from all fund managers (though not all templates were provided in time for the Fund to reflect all direct costs in the Statement of Accounts ). Six fund managers 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 2020/21

	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			
<b>Management fees</b>	8.766	-	8.766	30.162	-	30.162	<b>38.928</b>	-	<b>38.928</b>
<b>Performance Fees</b>	-	-	-	12.958	-	12.958	<b>12.958</b>	-	<b>12.958</b>
<b>Asset pool shared costs</b>	-	-	-	-	-	-	-	-	-
<b>Transaction Costs</b>									
Taxes and stamp duty	-	-	-	0.115	-	0.115	<b>0.115</b>	-	<b>0.115</b>
Broker commission	0.248	-	0.248	0.615	-	0.615	-	<b>1.558</b>	<b>1.558</b>
Implicit costs	-	1.019	1.019	-	(0.831)	(0.831)	-	<b>0.188</b>	<b>0.188</b>
Entry/exit charges	-	-	-	-	-	-	-	-	-
Indirect transaction costs	-	1.397	1.397	-	0.161	0.161	<b>0.863</b>	-	<b>0.863</b>
Other Transaction Costs	-	-	-	-	-	-	-	-	-
<b>Custody</b>	-	-	-	0.343	-	0.343	<b>0.343</b>	-	<b>0.343</b>
<b>Other</b>									
Stock lending	-	-	-	-	-	-	-	-	-
Other costs	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9.014</b>	<b>2.416</b>	<b>11.430</b>	<b>44.193</b>	<b>(0.670)</b>	<b>43.523</b>	<b>53.207</b>	<b>1.746</b>	<b>54.953</b>

# 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 line with ECC's arrangements for managing risks and 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, Officer Working Group and reported to the Joint Committee. The Risk Register covers all aspects of ACCESS activity including pool governance, the ACS operator, sub-fund establishment and implementation and ESG/RI.

### **Systems of internal control**

ECC's statement of accounts, including the accounts of the Fund, is subject to external audit by BDO LLP 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 2020/21.

Fund Manager	Audit Opinion – Internal Controls	Action taken by Fund
UBS Asset Management	Qualified - due to three control objectives not being met (though overall the auditors have stated that in all material aspects, the controls are working). The three controls, relating to Maintaining Financial and Other Records, 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
Alcentra Ltd	Unqualified	None
Aviva Investors	Unqualified	None
Goldman Sachs Asset Management International	Unqualified	None
Hamilton Lane	Unqualified	None
IFM Investors	Unqualified	None
J.P. Morgan Asset Management	Unqualified	None
Link Asset Solutions Ltd	Unqualified	None
Marathon Asset Management Ltd	Unqualified	None

## Risk Management and Internal Controls

Fund Manager	Audit Opinion – Internal Controls	Action taken by Fund
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
Stewart Investors (formerly First State)	Unqualified	None
<b>Custodian</b>		
Northern Trust	Unqualified	None







# ACCESS POOL ANNUAL REPORT

March 2021



**ACCESS**

Effective • Collective • Investment

# ACCESS Annual Report as at 31 March 2021

*“As Chairman of the ACCESS Joint Committee, I am pleased to introduce the latest Annual Report for our pool.*

*The backdrop to 2020/21 remained the COVID-19 pandemic, which continues to shape our world. The strength of the partnership between each of the eleven Authorities has been the foundation of how ACCESS has been able to adjust and respond to these challenging circumstances.*

*The year saw further substantial progress in the pooling of active listed assets, with seven new sub-funds being launched by Link Fund Solutions, the Operator of the ACCESS Authorised Contractual Scheme (ACS). As at 31 March 2021 a total of **£20.4bn** on behalf of all eleven ACCESS Authorities was invested within 22 ACS sub-funds across global equity, UK equity, fixed income and diversified growth.*

*For passive assets, ACCESS Authorities jointly procured the services of UBS in 2017, and a total of **£11.1bn** was being managed at the end of year.*

*In January 2021, the Joint Committee agreed the approach ACCESS will take to implement pooled arrangements for alternative / non-listed assets. This will cover the four areas set out below:*

- *Private Equity*
- *Private Debt*
- *Infrastructure*
- *Property*

*Having undertaken framework procurements, the ACCESS Joint Committee also confirmed the appointment of two key advisers during the year. In November 2020 we welcomed Engine MHP as our Communications partner, and, in January 2021, Minerva were appointed to conduct a review of the pool’s Responsible Investment guidelines and advise on future reporting requirements.*

*Finally, a review of the size and scope of the ACCESS Support Unit was undertaken resulting in the establishment of two additional FTE positions to further support both the development and ongoing work of the Pool”.*



# ACCESS

Effective • Collective • Investment

# ACCESS Annual Report as at 31 March 2021

## At a glance



## Background

ACCESS (A Collaboration of Central, Eastern and Southern Shires) is made up of eleven 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 (West Northamptonshire from 1 April 2020); 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.

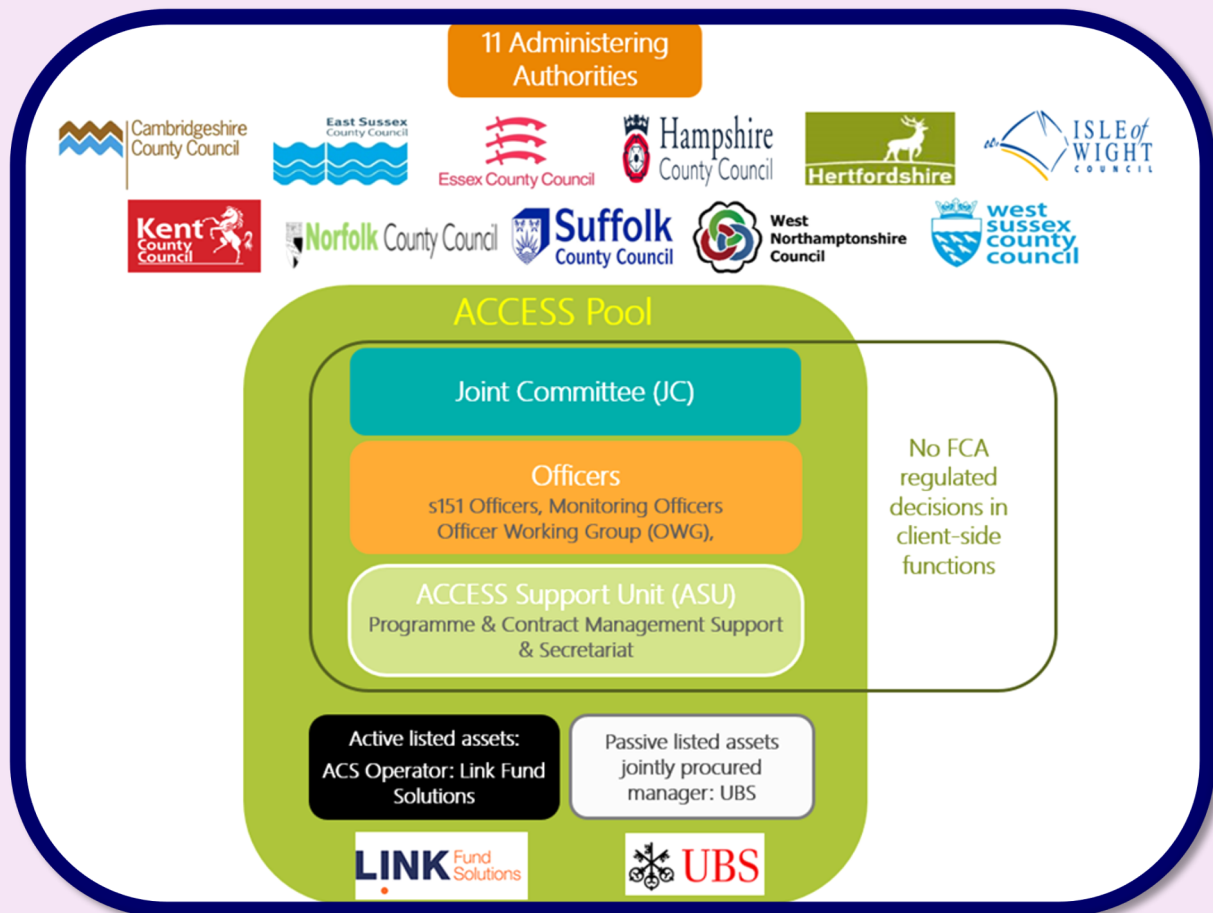
Collectively as at 31 March 2021, the ACCESS Authorities have total assets of **£56 billion** (of which **57%** has been pooled) serving **3,400** employers with **1.1 million** members including **300,000** pensioners



# ACCESS Annual Report as at 31 March 2021

## Governance

An extract from the ACCESS governance model is shown below:



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 Joint Committee also reviews ongoing performance.

# ACCESS Annual Report as at 31 March 2021

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

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

The Officer Working Group consists of officers with specialist LGPS investment skills, 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 and supplier relationship, administration and technical support services. 2020/21 saw the approval of two additional roles to increase support capacity of the ASU which is hosted by Essex County Council. Appointments were made to these positions in March 2021 and July 2021. These roles are also supplemented with additional technical support from Officers within the ACCESS Authorities.

## The Operator: Link Fund Solutions

Appointed in 2018 Link Fund Solutions Ltd provide the 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.

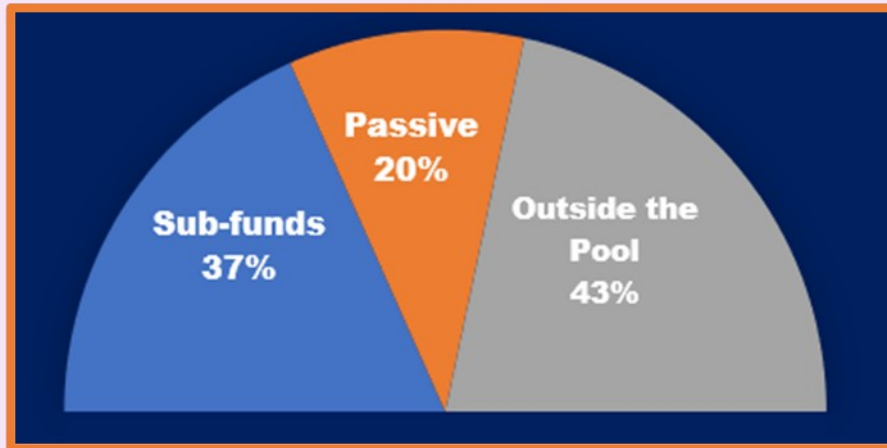
## Progress on Pooling

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 exceeding the assets pooled by **£4 billion** and the savings by **£6 million**.



# ACCESS Annual Report as at 31 March 2021

As at 31 March 2021, **57%** of assets have been pooled:



## Pooled Assets

As at 31 March 2021 ACCESS has the following assets pooled:

Pooled Investments	£ Billion
Passive Investments	11.125
UK Equity Funds	2.159
Global Equity Funds	14.676
UK Fixed Income	2.085
Diversified Growth	1.465
<b>Total Pooled Investments</b>	<b>31.510</b>

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 2020/21

- Approval and launch of a range of sub-funds reflecting the strategic asset allocation needs of the ACCESS Funds.
- Provision of updates of progress of pooling to Government.
- Appointment of Engine MHP to review and advise in the further development of the Communications Policy.
- Appointment of Minerva to provide advice and guidance to develop Environmental, Social and Governance and Responsible Investment guidelines for ACCESS.



# ACCESS Annual Report as at 31 March 2021

- In conjunction with Link Fund Solutions, held the second investor day for Elected members and officers of the individual Authorities. There were presentations by Link Fund Solutions as the ACS operator and Northern Trust as the depositary.
- Determined an approach to pooling and managing the illiquid assets covering private equity, private debt, infrastructure and property.
- Additional resources appointed to the ASU to support the activities of the ACCESS Pool.

## 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.
- Finalise and implement the Environmental, Social and Governance and Responsible Investment guidelines for ACCESS.
- 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 2020/21 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 eleven Authorities. 2020/21 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.





# ACCESS Annual Report as at 31 March 2021

	2020 – 2021		2020 – 2021	
	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	863	1,079	3,071	3,548
Operator & Depositary Costs	3,672	4,077	7,304	6,577
<b>Total Costs</b>	<b>4,535</b>	<b>5,156</b>	<b>12,873</b>	<b>14,024</b>
<b>Pool Fee Savings</b>	<b>21,747</b>	<b>13,600</b>	<b>42,262</b>	<b>32,050</b>
<b>Net Savings Realised</b>	<b>17,212</b>	<b>8,444</b>	<b>29,389</b>	<b>18,026</b>

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 2020/21 fee savings have been calculated using the CIPFA price variance methodology and based on the average asset values over the year. 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 (DLUHC) submission whilst delivering an enhanced level of 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 environmental 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 has reviewed its own ESG/RI guidelines to reflect both the requirements of the Authorities and the expectations associated with this fundamental aspect of institutional investment. Minerva have been appointed as part of this review to provide advice on guidelines and implementing these in a pooling environment.



Environmental

Social

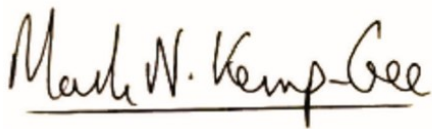
Governance

# ACCESS Annual Report as at 31 March 2021

Minerva will also provide advice on future appropriate reporting requirements to provide transparency to stakeholders, monitor adherence to the Guidelines and inform discussion on ESG/RI matters.

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 **868** meetings on **11,351** resolutions.



## Mark Kemp-Gee

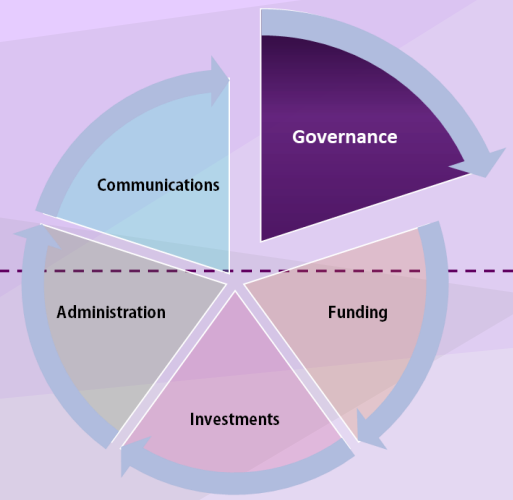
Cllr Mark Kemp-Gee - Chairman, ACCESS Joint Committee



# 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 87 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.

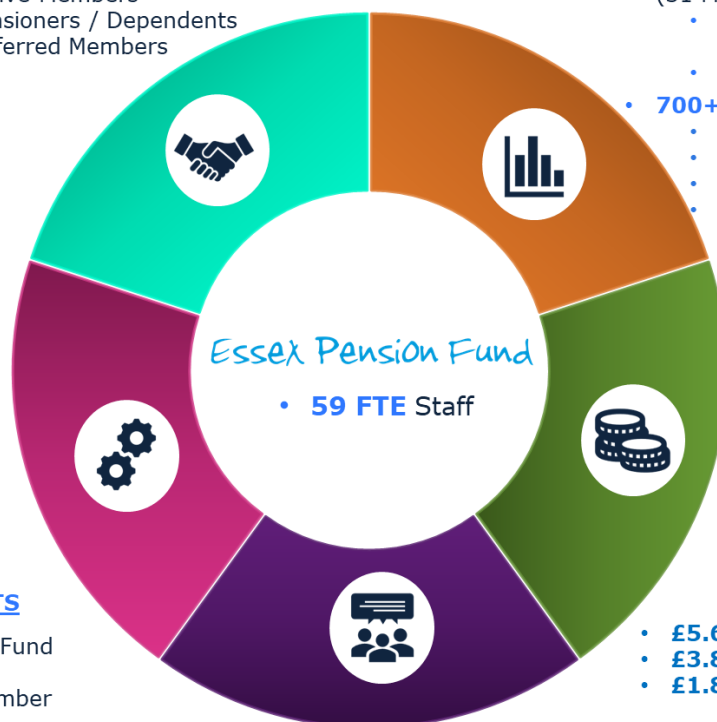
## Key Facts

### FUND MEMBERSHIP

- **172,037** Members (31 March 2020)
  - **57,498** Active Members
  - **44,682** Pensioners / Dependents
  - **69,857** Deferred Members

### FUNDING/EMPLOYERS

- **96.2%** Interim Funding Level (31 March 2020)
  - **£6.90bn** Assets (based on a smoothed 6-month average)
  - **£7.17bn** Liabilities
- **700+** Employers, including:
  - Administering Authority (ECC)
  - Tax Raising Bodies
  - Admission Bodies
  - Academies



### INVESTMENTS

- **c£6.6bn** Value of Fund (31 March 2020)
- **ACCESS Pool** member

### FINANCIAL

- **£5.65M** Total Budget
- **£3.83M** Operational Budget
- **£1.82M** Third Party Contractor Expenses\*

### GOVERNANCE

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

\*This excludes Investment related management fees and expenses

Key facts above are taken from the 2021/22—2023/24 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 2020/21 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. B. Massey (from May 2020 to 28 August 2020)  
Cllr. L. Scordis  
Cllr. C. Souter  
Cllr. A. Davies (Labour Substitute)  
Cllr. M. Durham (Conservative Substitute)

### 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

# Who Manages and Runs the Fund

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

## **Representative of Other Employing Bodies**

R. Hadley (Chelmer Housing Partnership)

## **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 2020/21 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. M Durham (from 1 May 2020) (Conservative substitute)

### **Independent Advisers to the ISC**

M. Stevens

### **Institutional Investment Consultants to the ISC**

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

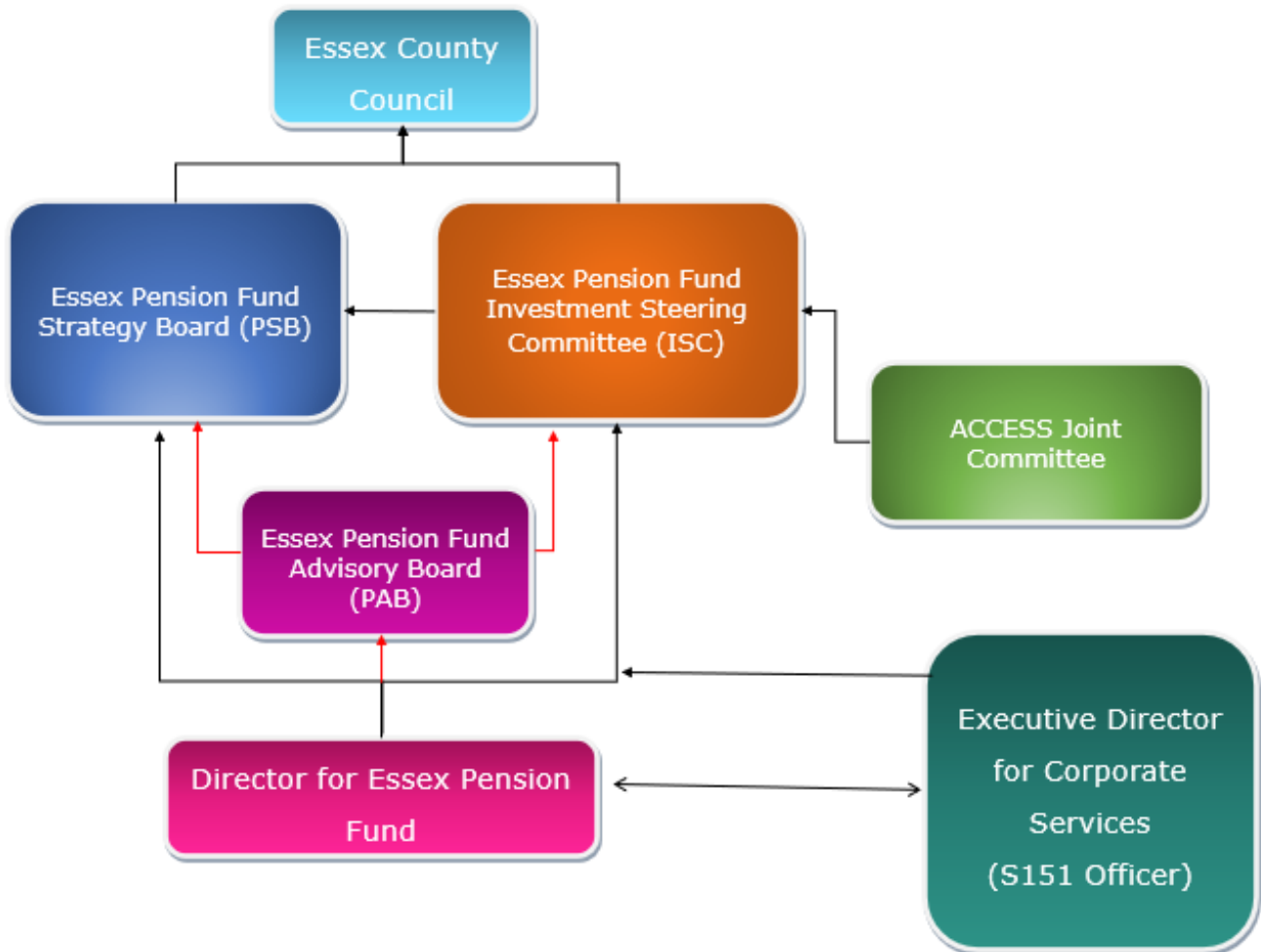
M. Woodman C.F.A. Hymans Robertson LLP



# Who Manages and Runs the Fund

## 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:

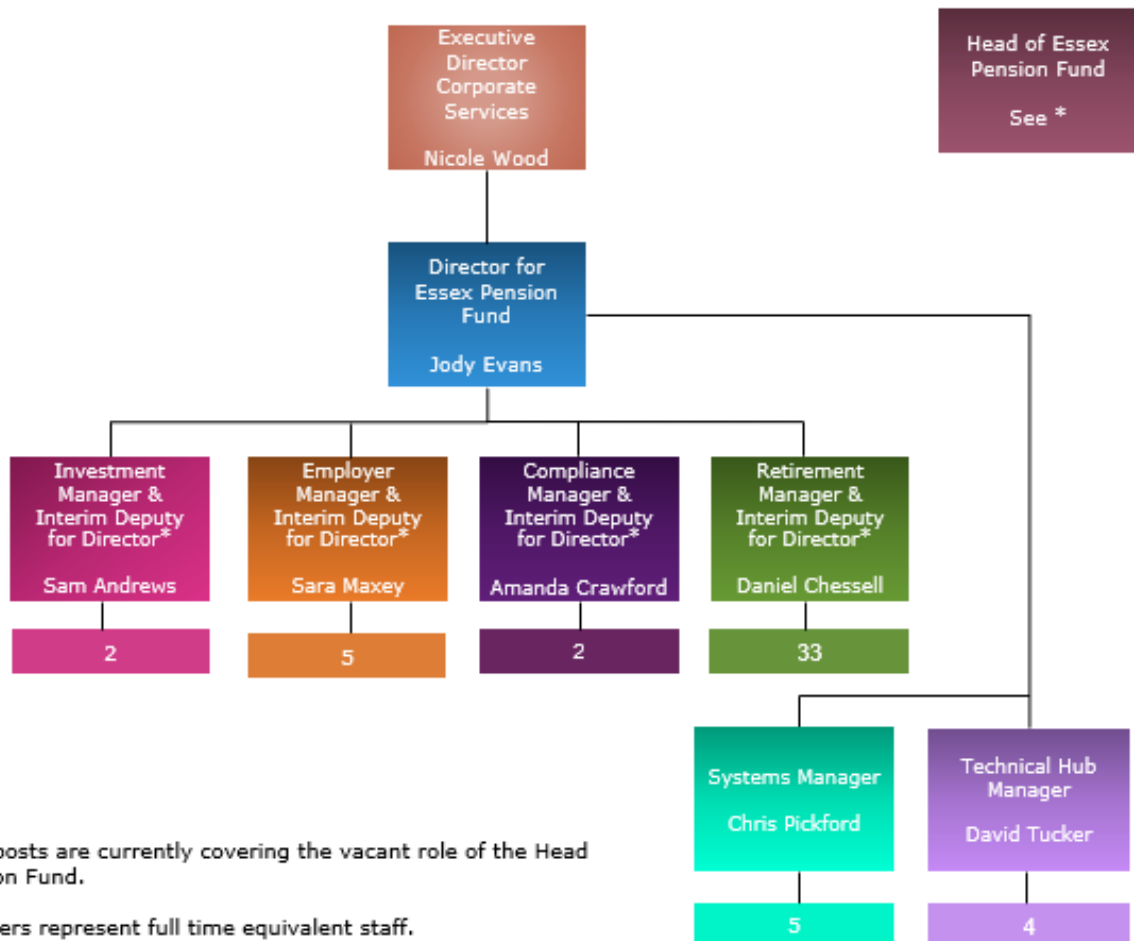


# Who Manages and Runs the Fund

## 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, Corporate Services alongside the 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:



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

\*\*Numbers represent full time equivalent staff.



# 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

# Business Plan 2021-2024

## The Fund's Priorities

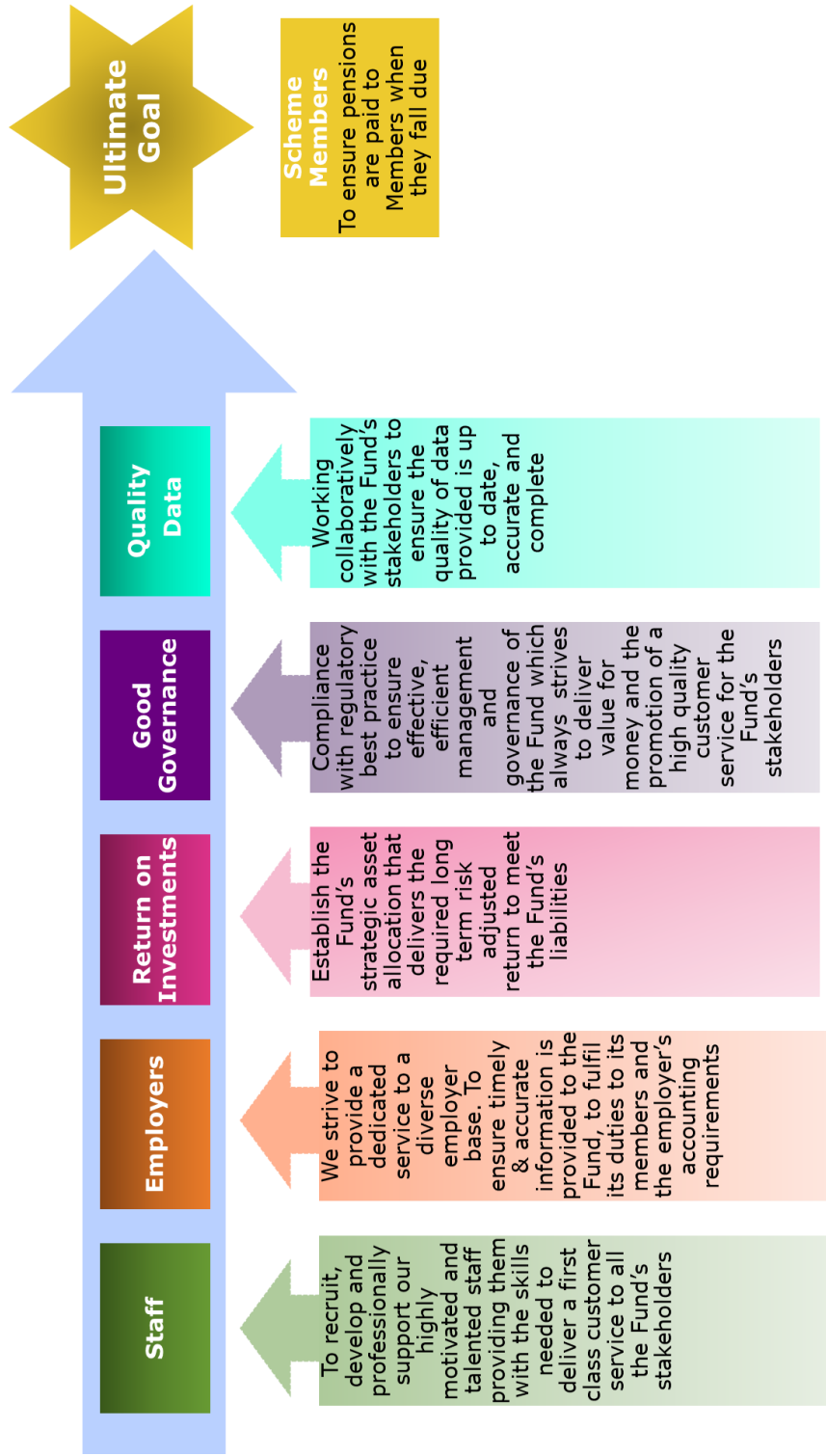
The Fund's priorities for the three years 2021/22 to 2023/24 are linked to the five key areas of business: Governance; Funding; Investments; Administration; and Communications. The following sections outline: the Fund's objectives; area of activity, including strategic Business as Usual (BAU); financial; staff resource and third party support requirements; and training required to deliver the outcomes of the Business Plan.



# Business Plan 2021-2024

## Strategic Goals of the Fund

The strategic goals of the Fund are detailed below:



# Business Plan 2021-2024

## 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 2021-2024

Area of Activity including strategic BAU	2021/22	2022/23	2023/24
<b>Policies and Publications</b>			
Business Plan & Budget	Annual	Annual	Annual
Risk Management Strategy	-	-	Review
Governance Policy and Compliance Statement	-	-	Review
Terms of Reference for PSB/ISC/PAB	Annual	Annual	Annual
Policy for the Recording and Reporting Breaches of the law	-	-	Review
Conflict of Interest Policy	-	Review	-
Members' knowledge and understanding - Knowledge and Skills Strategy	Implement	-	Review
Members' knowledge and understanding - Training Plan and Training Needs Analysis	Implement	-	Review
Business Continuity Policy	Implement	-	-
Business Continuity Plan (including Cyber security) and Testing	Ongoing	Ongoing	Ongoing
Annual Statement of Accounts including compliance with CIPFA requirements	Annual	Annual	Annual
Stakeholder Strategy	Develop	Implement	Review
<b>Reviews</b>			
Fund's Strategic Objectives	-	Review	-
Governance Review and Effectiveness Survey	Implement	Review	-
LGPS Reform	Ongoing	Ongoing	Ongoing
AVC Review	Commence	Implement (if required)	-
<b>Procurements</b>			
Independent Governance & Administration Adviser (IGAA) Review	Review	-	Review

# Business Plan 2021-2024

## 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*
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
<b>Total</b>	<b>4.70</b>

\* 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 LLP - Institutional Investment Consultant (IIC)
Mark Stevens - Independent Investment Adviser (IIA)

## Budget

To deliver the above activities in 2021/22, the budget allocated for third party support is £180k.

# Business Plan 2021-2024

## Training

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

Training	2021/22	2022/23	2023/24
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	Implement	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Relevant TPR Toolkit Modules	-	Biennial	-
Relevant CIPFA Modules	-	Biennial	-
PLSA LA Conference	Annual	Annual	Annual
LGPS Governance Conference	Annual	Annual	Annual
Attendance at CIPFA training days for Board Members	As required	As required	As required
Any other Governance training as necessary	As required	As required	As required

## 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). However, it is expected to include a requirement to publish an Annual Governance Compliance Statement.
- The Pensions Regulator (TPR)
  - ◊ TPR expect Fund's to comply with the guidance set out in its Codes of Practice. Through continuous assessment, the Fund ensures adherence to the Code(s) which drives continuous monitoring and improvement. TPR is radically reviewing its Codes, amalgamating them into a new Single Modular Code expected during 2021, which will require a fundamental review of the Fund's compliance.

# Business Plan 2021-2024

## 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 timescales 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; and
- 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 2021-2024

Area of Activity including strategic BAU	2021/22	2022/23	2023/24
<b>Policies and Publications</b>			
Funding Strategy Statement (including Flexibilities Policies)	As required	Triennial	As required
<b>Reviews</b>			
Actuarial Valuation (including review of assumptions)	-	Triennial	Implement
Interim Funding review	Annual	-	Annual
Employing Authority discretions and delegations	As required	As required	As required
Employer Risk Review	As required	Triennial	As required
Longevity Analysis of Fund	-	Triennial	-
McCloud Preparation/Implementation	Implement*	Ongoing	Ongoing
Employer Training Webinars	Implement	-	-
<b>Procurements</b>			
Actuarial Contract review	-	-	Review

\*Pending Regulatory Change

## 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*
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
<b>Total</b>	<b>6.00</b>

\*These are estimated figures and are subject to change.



# Business Plan 2021-2024

## Support from Third Party Suppliers

### External Third Party Support

Barnett Waddingham LLP - Fund Actuary

Hymans Robertson LLP - Institutional Investment Consultant (IIC)

## Budget

To deliver the above activities in 2021/22, the budget allocated for third party support is £150k.

## Training

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

Training	2021/22	2022/23	2023/24
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	Implement	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Actuarial Valuation training	-	Triennial	-
Funding Strategy Statement training	-	Triennial	-
Interim Valuation training	Annual	-	Annual
Any other Employer/Funding training as necessary	As required	As required	As required
Employer Forum/Webinar	As required	As required	As required

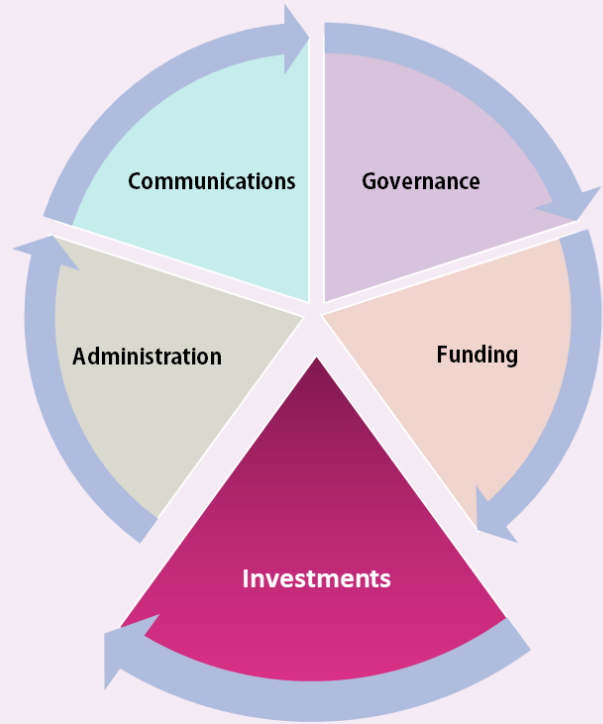
# Business Plan 2021-2024

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## On the Horizon

- McCloud / Goodwin
  - ◇ Due to the court cases and resulting scheme changes, 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 the outcome of the McCloud case, providing understanding and training to Employers and Committee/Board members on the impact.
- Employer Flexibilities Policies
  - ◇ New Flexibilities have been introduced to the Regulations allowing for: revisions to Scheme Employer contributions between Valuations; spreading of exit payments; and deferred debt agreements.
  - ◇ The Fund will prepare Employer Flexibilities Policies following the issue of Statutory Guidance.

## 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 2021-2024

Area of Activity including Strategic BAU	2021/2022	2022/23	2023/24
<b>Policies and Publications</b>			
Investment Strategy Statement review including Responsible Investment (RI) Policy	-	-	Triennial
Investment Managers Engagement Strategy	Develop/Implement	-	-
<b>Reviews</b>			
Treasury Management Strategy	Annual	Annual	Annual
Strategic Asset Allocation	Biannual	Biannual	Biannual
Asset/Liability Study	-	-	Triennial
ACCESS collaboration	Ongoing	Ongoing	Ongoing
Individual Manager review (on an exceptional basis)	Quarterly	Quarterly	Quarterly
CEM Benchmarking/Cost Transparency	Annual	Annual	Annual
Signatory of the Financial Reporting Council (FRC) UK 2020 Stewardship Code	Develop / Implement	Annual	Annual
Annual review of all investment managers' compliance with the Fund's RI and Stewardship Policy	Commence	Implement	Review
Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures (TCFD))	Develop	Implement	-
<b>Procurements</b>			
Institutional Investment Consultant procurement	Implement	-	-
Institutional Investment Consultant – CMA review	Annual	Annual	Annual
Independent Investment Adviser review	-	-	Review
Global Custody procurement	Implement	-	-
External RI Adviser Exploration	Commence	-	-

# Business Plan 2021-2024

## 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*
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
<b>Total</b>	<b>3.00</b>

\*These are estimated figures and are subject to change.

## Support from Third Party Suppliers

### External Third Party Support

Hymans Robertson LLP - Institutional Investment Consultant (IIC)

Mark Stevens - Independent Investment Adviser (IIA)

Northern Trust - The Fund's Global Custodian

Barnett Waddingham LLP - Fund Actuary

## Budget

To deliver the above activities in 2021/22, the budget allocated for third party support is £810k\*.

\*includes participation within ACCESS

# Business Plan 2021-2024

## Training

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

Training	2021/22	2022/23	2023/24
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	Implement	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Bitesize Training by Asset Class	Quarterly	Quarterly	Quarterly
Investment Strategy Statement Training	-	-	Triennial
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
Treasury Management (Cash Flow) Training	As required	As required	As required
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	As required	As required	As required



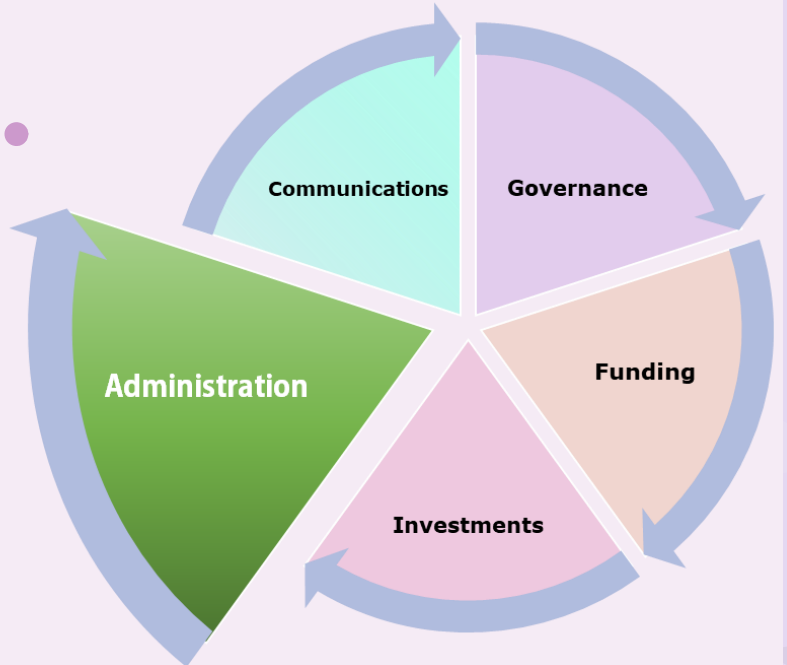
# Business Plan 2021-2024

## 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.
  - ◇ DLUHC is expected to issue further Pooling Guidance during 2021/22 which may impact on the current arrangements.
- 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 Scheme Act
  - ◇ The Pension Schemes Act currently being introduced by the Government creates a legislative framework to support the recommendations of the Task Force on Climate related Financial Disclosures (TCFD).
  - ◇ In line with the TCFD recommendations, private schemes with assets of £1bn or more will be required to prepare and publish a report disclosing how the scheme complies with the TCFD recommendations annually. DLUHC is expected to consult on the specific LGPS requirements that this will introduce.

# Business Plan 2021-2024

## 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 2021-2024

Area of Activity including Strategic BAU	2021/22	2022/23	2023/24
<b>Policies and Publications</b>			
Administration Strategy	Review*	-	-
<b>Review</b>			
LGPS Reform – Planning for Administration changes	Ongoing	Ongoing	Ongoing
Pensions Single payments**	Commence	Implement	-
Greater Digitalisation of the Fund including Member Online, Employer Online and Retire Online	Ongoing	Ongoing	Implement
Administering Authority Discretions	-	Review	-
McCloud Preparation/Implementation	Implement*	Ongoing	Ongoing
Monthly Returns Digital Transformation	Commence	Review	-
TPR Data Improvement Plan	Review	Ongoing	Ongoing

\*Pending Regulatory Change

\*\*Dependent on the new ECC Corporate Systems project being implemented

## 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*
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
<b>Total</b>	<b>43.50</b>

\*These are estimated figures and are subject to change.

# Business Plan 2021-2024

## Support from Third Party Suppliers

### External Third Party Support

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

## Budget

To deliver the above activities in 2021/22, the budget allocated for third party support is £680k.

## Training

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

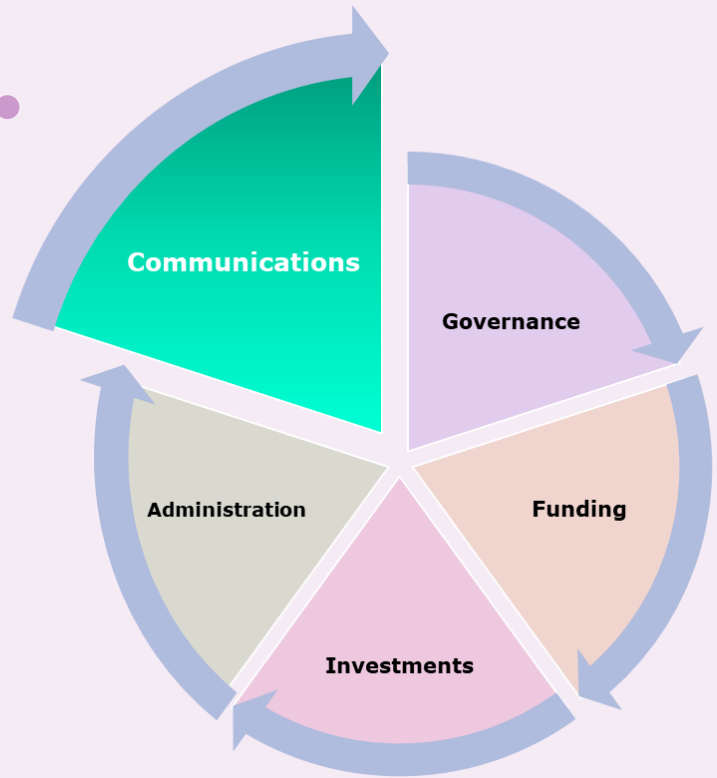
Training	2021/22	2022/23	2023/24
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	Implement	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Road Shows / Surgeries	Ongoing	Ongoing	Ongoing
Annual Return Workshops	As required	As required	As required
Employer Online Workshops	As required	As required	As required
Any other administration / regulatory training as necessary	As required	As required	As required

# Business Plan 2021-2024

## 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 data held is up to date, accurate and complete.
- McCloud / Goodwin / Cost Cap
  - ◇ Due to the court cases and resulting scheme changes, benefits will need to be retrospectively recalculated for thousands of members, which will increase the volume of work for the Fund and will impact costs. It will also impact Employers in having to check and provide missing data. Also, the Cost Cap mechanism was paused because of McCloud but the Government has indicated it will re-run the Cost Cap mechanism once remedy for McCloud has been decided. This could mean further retrospective scheme changes, in addition to those required as a result of McCloud and Goodwin.
- Pensions Dashboard
  - ◇ The Pension Schemes Act currently being introduced by the Government creates a legislative framework to support the introduction of pension dashboards. Onboarding to dashboards is not expected to start until 2023 but schemes will need to make sure that their data is consistent with the required data standards.

## 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 2021-2024

Area of Activity including Strategic BAU	2021/22	2022/23	2023/24
<b>Policies and Publications</b>			
Communications Policy	-	Review	-
Stakeholder Strategy	Develop	Implement	Review
<b>Reviews</b>			
LGPS Reform	Ongoing	Ongoing	Ongoing
Greater Digitalisation of the Fund including the exploration of Electronic Communications	Ongoing	Ongoing	Ongoing
McCloud Implications	Ongoing	Ongoing	Ongoing
Social Media Channel	Implement	-	-
Review of website*	Commence	Implement	Review
Annual Benefit Statements	Annual	Annual	Annual
Fund Surveys	-	Review	-

\*Realignment of timetable due to Covid-19

## 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*
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
<b>Total</b>	<b>1.80</b>

\*These are estimated figures and are subject to change.

# Business Plan 2021-2024

## Support from Third Party Suppliers

### External Third Party Support

Aon - Independent Governance Administration Adviser (IGAA)

Barnett Waddingham LLP - Fund Actuary

Hymans Robertson LLP - Institutional Investment Consultant (IIC)

## Budget

To deliver the above activities in 2021/22, the budget allocated is included in Operational Budget.

## Training

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

Training	2021/22	2022/23	2023/24
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	Implement	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Ad hoc Communications Training	Ongoing	Ongoing	Ongoing
Media training	As required	-	-

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

# Business Plan 2021-2024

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## On the Horizon

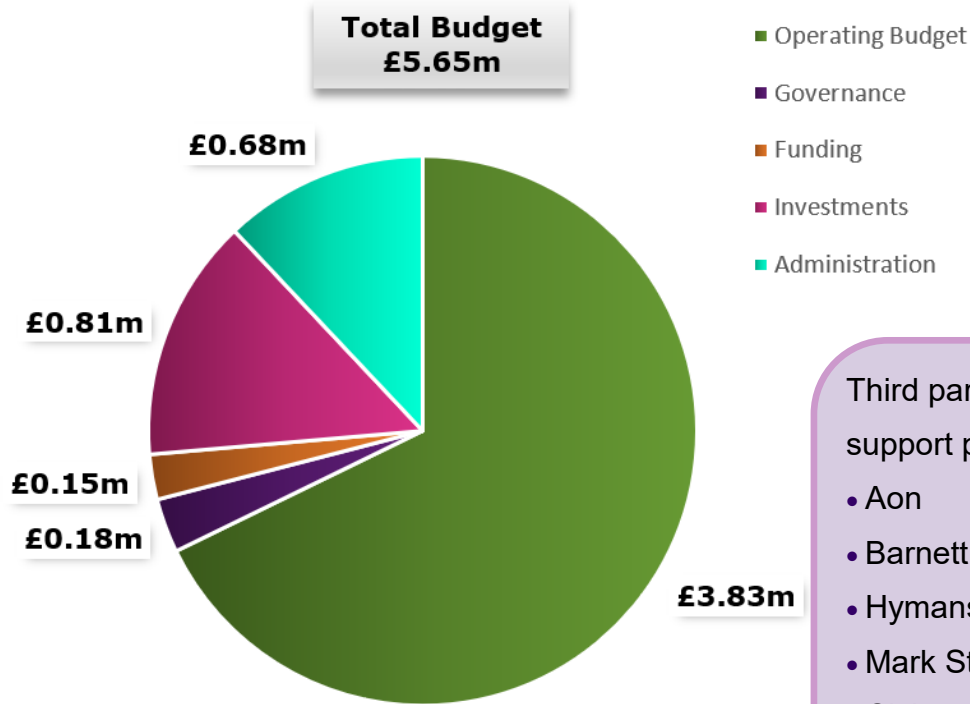
- McCloud / Goodwin
  - ◇ Due to the court cases and expected retrospective changes to benefits, significant communications work will be needed to keep Scheme Members and Employers informed about the changes and the timetable for implementation. This could require significant staff resource and additional printing costs depending on the timing and complexity of the outcome of McCloud for the LGPS.
- Pensions Dashboard
  - ◇ The Pension Schemes Act currently being introduced by the Government creates a legislative framework to support the introduction of pension dashboards.
  - ◇ Onboarding to dashboards is not expected to start until 2023, and it will 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 2021-2024

## Additional Information

### Budget

The 2021/22 operational and third party supplier support budget is shown below:



Third party suppliers/  
support provided by:

- Aon
- Barnett Waddingham
- Hymans Robertson
- Mark Stevens
- Civica
- Northern Trust
- Adare
- Faraday Tracing Bureau

\*Investments excludes Investment Management Fees and associated expenses

# Business Plan 2021-2024

## Key Policy Documents

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



[www.essexpensionfund.co.uk](http://www.essexpensionfund.co.uk)

- Administration Strategy
- Annual Report & Accounts
- Business Continuity Policy
- Communications Policy
- Conflict of Interest Policy
- Funding Strategy Statement
- Governance Policy & Compliance Statement
- Investment Strategy Statement
- Knowledge and Skills Strategy
- Policy for Recording and Reporting Breaches of the law
- Risk Strategy

## Further Information

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

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

**Email:** *Compliance.team@essex.gov.uk*

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

# 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"> <li>• Training needs analysis</li> <li>• Review the revised training strategy</li> </ul>	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*
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
<b>Total</b>	<b>4.70</b>

## 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*
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
<b>Total</b>	<b>6.00</b>

\* 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

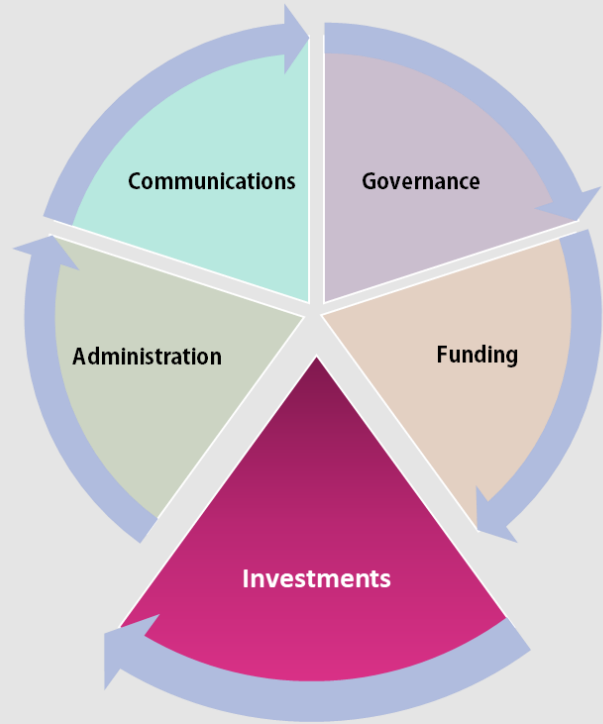
# Business Plan 2020-2023

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## 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 review	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 Responsible Investment (RI) Policy	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*
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
<b>Total</b>	<b>3.00</b>

\* 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

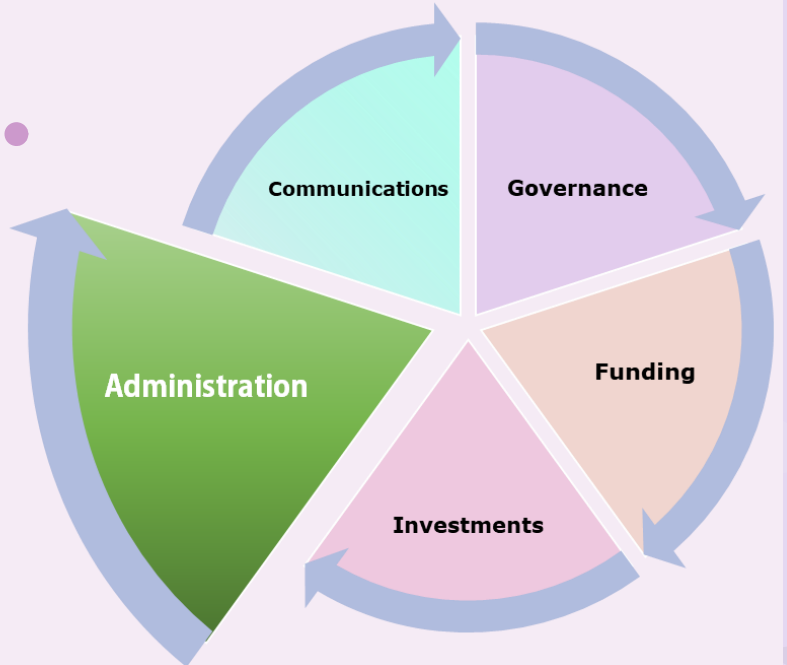
Training	2020/21	2021/22	2022/23
LAPFF Members Meetings	Quarterly	Quarterly	Quarterly
LAPFF Annual Conference	Annual	Annual	Annual
LGC Investments and Pensions Summit	Annual	Annual	Annual
LGC Investment Seminar	Annual	Annual	Annual
Investment & Training Seminar	As required	As required	As required
ACCESS 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*
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
<b>Total</b>	<b>43.50</b>

\* 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

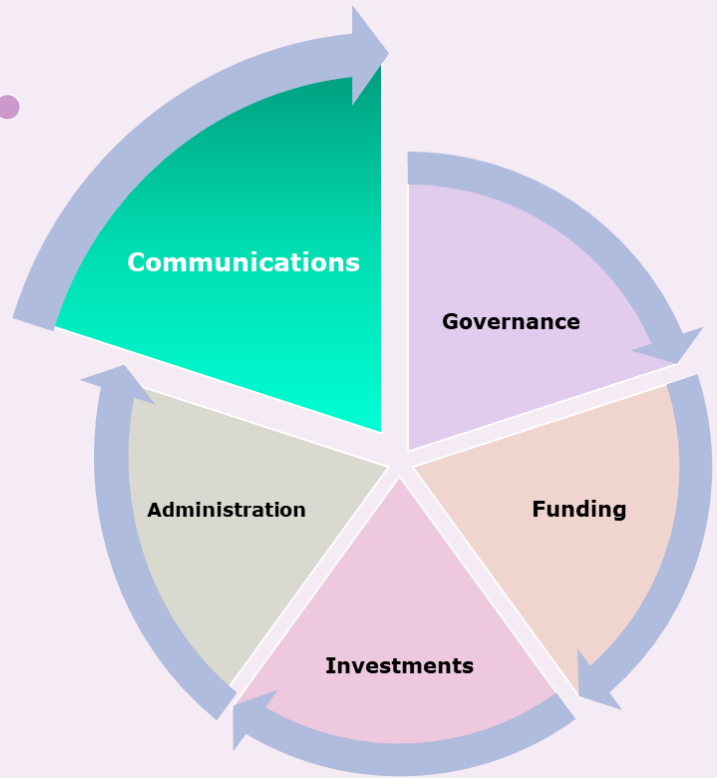
# Business Plan 2020-2023

## 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*
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
<b>Total</b>	<b>1.80</b>

\* 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

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## On the Horizon

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

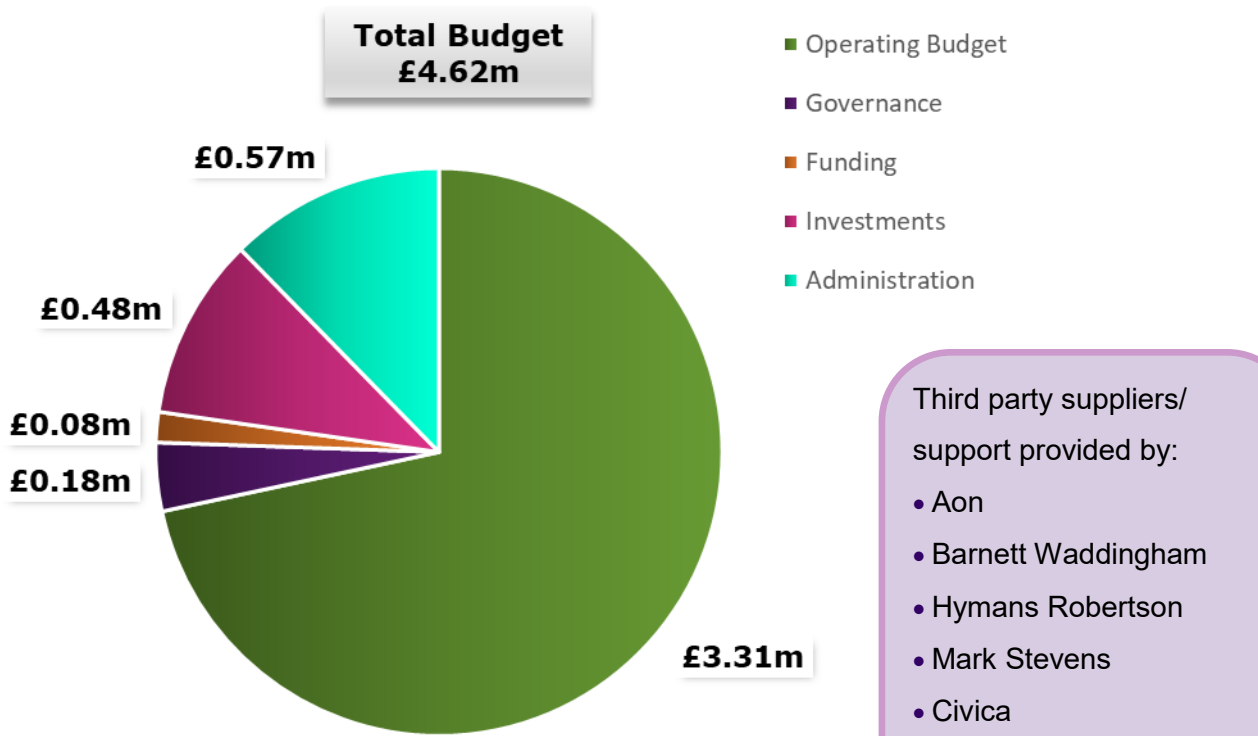
- McCloud
  - ◇ Due to the court case and expected retrospective changes to benefits, significant communications work will be needed to keep scheme members and employers informed about the changes and the timetable for implementation. This could require significant staff resource and additional printing 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](http://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

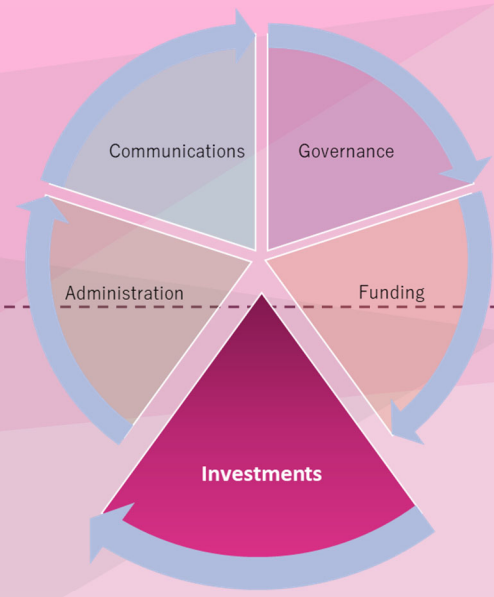
## Further Information

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

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

**Email:** [Compliance.team@essex.gov.uk](mailto:Compliance.team@essex.gov.uk)

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

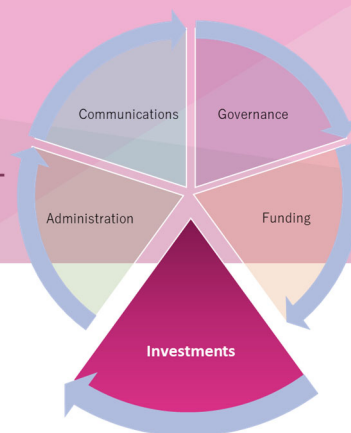


## SECTION 2

# 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 2020 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 outcome of the 2019 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 agreed that the derisking programme put in place a few years ago remained appropriate and that the ISC should continue to press ahead with Stage 3, targeting 45% equities, as suitable alternative investment opportunities arise over the next two to three years. The findings also highlighted that there was scope for the ISC to further consider reducing the Fund's equity exposure.

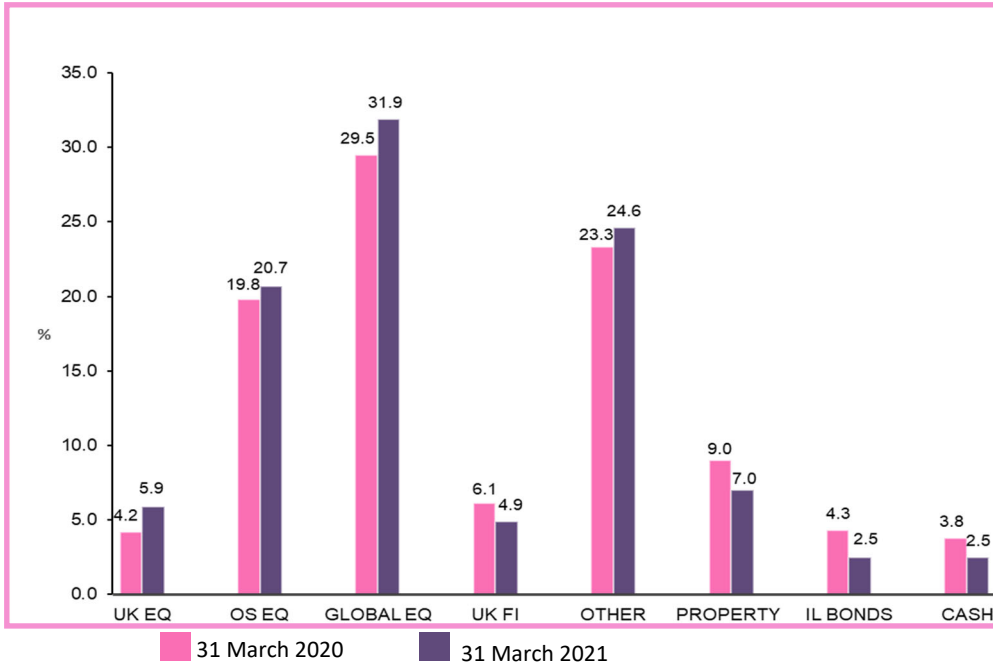
The table below shows the strategic allocation following the completion of Stage One and Two of the derisking programme and the Stage Three target allocation that the Fund is moving towards reconfirmed at the January 2021 ISC meeting.

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

## Portfolio Distribution at 31 March

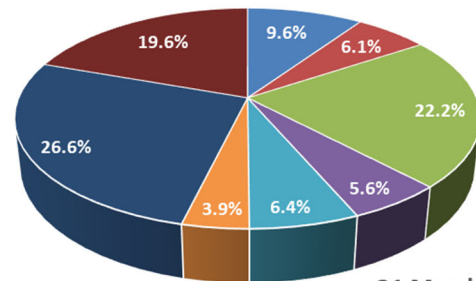
The graphs below show the change in the Fund's actual portfolio distribution between the main asset classes as at 31 March over the last two years.

# Investment Strategy



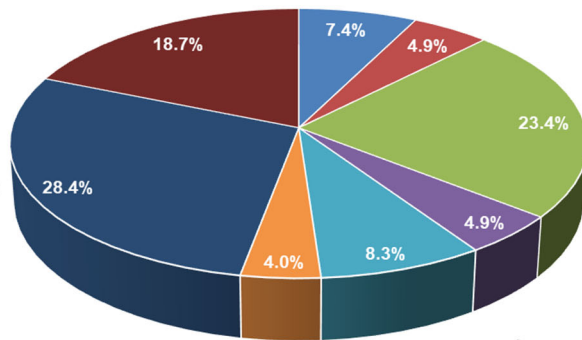
The graphs show the change in the Fund's actual portfolio distribution between the main asset classes as at 31 March over the last two years.

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



31 March 2020

- Aviva Investors
- GSAM
- Link Solutions Limited
- Marathon
- M&G Alpha Opps
- Stewart Investors



31 March 2021

## Investment Decisions



During the year the Fund continued to work with its partnering Funds of ACCESS and whilst no new investments were made the Fund continues to explore with its partnering funds how best ACCESS can assist the Fund in implementing its investment strategy. To this end the Fund is working with ACCESS in regard to an emerging market and active bond solution which it is hoped will go live in 2021/21.

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 2020/21 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 2020/21.

### 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 recent Asset Liability study undertaken it was reconfirmed that the Fund should continue to reduce its equity allocation as and when suitable alternative opportunities arise.

The strength of the equity market in the second half of the year following the volatility caused by the pandemic left the Fund's equity allocation out of kilter, as such the ISC had to again look at the overweight position of its equity allocation, trimming the Link Long Term Global Growth Fund overweight position, redirecting the proceeds to the underweight bond allocation.

### Largest 10 Equity Holdings of the Fund as at 31 March 2021

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

	Market Value 31 March 2021 £m	Proportion of the net assets of the fund %
UNILEVER PLC	17.1	0.2
TATA CONSULTANCY	16.5	0.2
UNI-PRESIDENT ENTERPRISES	14.7	0.2
JOHNSON & JOHNSON	13.9	0.2
ORACLE CORPORATION	12.2	0.1
FOMENTO ECONOMICO MEXICANO	11.9	0.1
KOC HOLDING	10.6	0.1
ALPHABET INCORPORATED	9.8	0.1
BANCO BILBAO VIZAYA ARGENTARIA	9.8	0.1
TECH MAHINDRA	9.6	0.1
<b>Total</b>	<b>126.1</b>	<b>1.4</b>

# 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 took the opportunity to top up the M&G mandate that had fallen behind target using proceeds from rebalancing the Link Long Term Global Growth Equity Fund. The ISC took the decision that under the current climate it was happy to hold an overweight position with M&G mandate.

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

Its been a different year for the Fund's property mandates particular in the retail and office sector as businesses at the start of the financial year were instructed to close their doors and move to home working.

Despite the challenges that the Covid pandemic has brought, the property mandate managed by Aviva continued to be restructured. The focus continues to be on larger holdings in fewer targeted markets where there is conviction that economic and demographic fundamentals will deliver long-term sustainable returns complemented with investment in indirect property to access those parts of the real estate market requiring more specialist management . To this end the Fund committed to acquire **£20m** of units in Octopus Health Care Fund and **£25m** in Aviva Investors Perpetual Capital Fund and completed the sale of **five** smaller properties totalling c£30.0m.

In respect of the new global property arrangement the ISC put in place in 2018/19 with Partners Group whilst good progress was made initially in back end of Q4 2020 no new drawdowns were made during 2020/21.

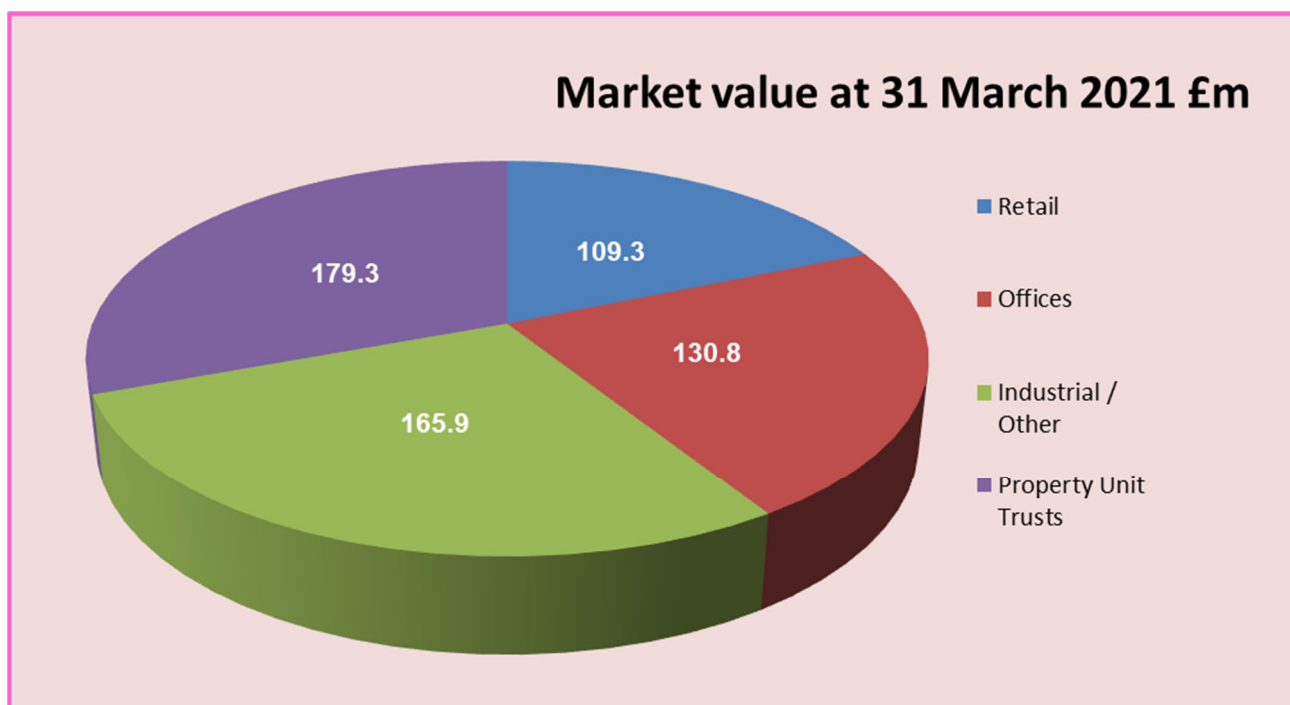
More details in respect of the Fund's UK property portfolio is shown below.



Stylus, 116 Old Street, London

## 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	63.50
Industrial	Orpington Gateway, Cray Avenue, Orpington, Kent	46.50
Offices	201 Deansgate, Manchester, Lancashire	33.40
Offices	Kett House, Station Road, Cambridge	27.50
Industrial	Stylus, 112-116 Old Street, London	24.40

### 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

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The ISC in 2019 made the decision 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 and 100% of JPMorgan was drawn down in 2020/21. Good progress continued to be made in drawing down commitment to the various Partners vintages.

## Private Equity

The Fund has invested in this asset class for twenty years. As at 31 March 2021, 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 during 2020/21 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. Seven partnerships wound up and distributed back remaining capital whilst five new partnerships were invested in during the year taking the number of active private equity partnerships to ninety.

## 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 in 2019/20. Due to the swift deployment of getting the funds committed into the ground over the last few years and maintaining its allocation of 2% the ISC 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. At the end of the year good progress had been made with over 25% of the commitment drawn down and less than 2% of the original commitments remained.

## 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 continued to make steady funding progression during the year.

As part of its de-risking programme the ISC undertook a procurement exercise in 2020 to appoint a new direct lending manager to complement the existing European focused strategy managed by Alcentra. The outcome of the procurement was the appointment of Permira to manage a 2.5% mandate on a more global basis.

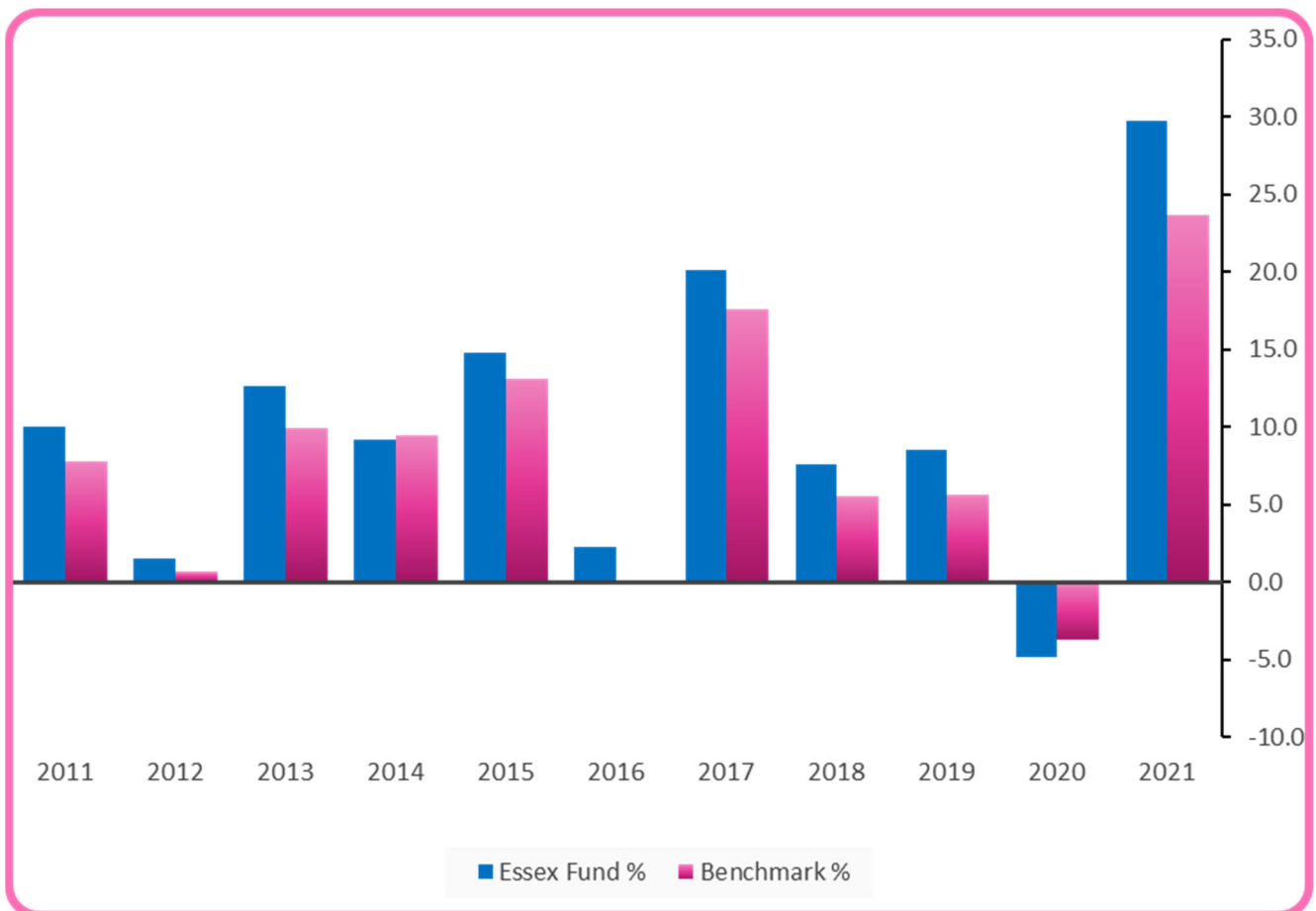
## Investment Performance 2020-21

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

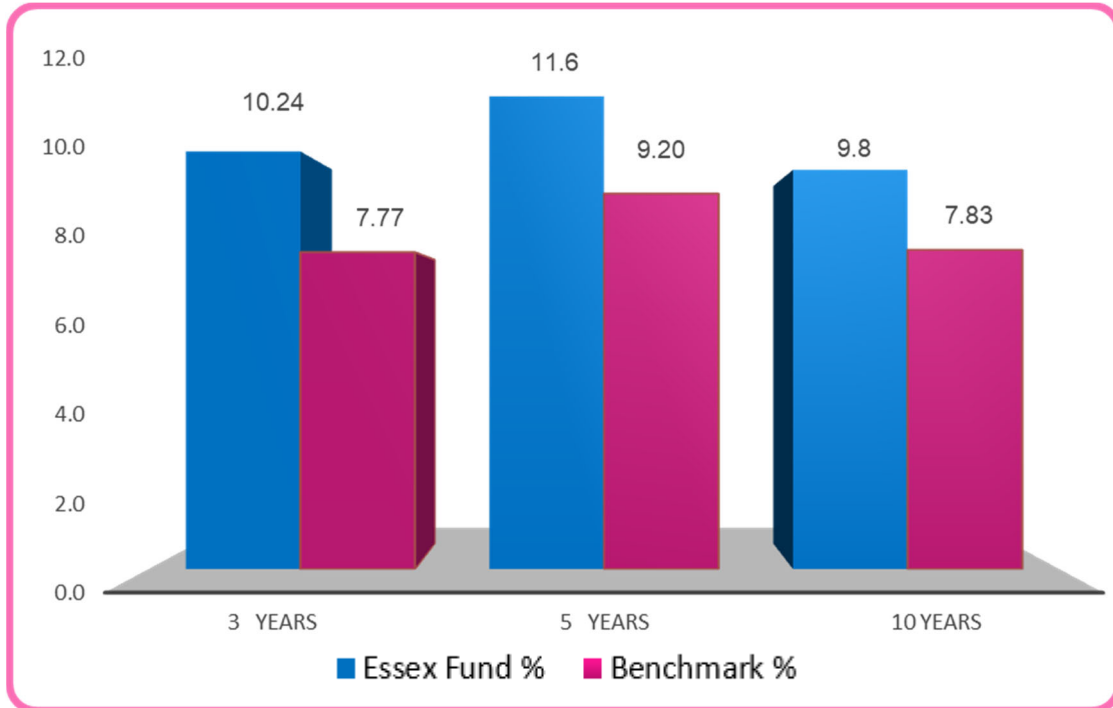
The graph below shows the relative performance of the Essex Pension Fund. The overall return on the Fund for 2019/20 was **29.7%** compared to the customised benchmark of **23.7%**.



2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
10.0	1.5	12.6	9.2	14.8	2.2	20.1	7.6	8.5	-4.8	29.7
7.8	0.7	9.9	9.5	13.1	-0.1	17.6	5.5	5.6	-3.8	23.7

# Investment Performance 2020-21

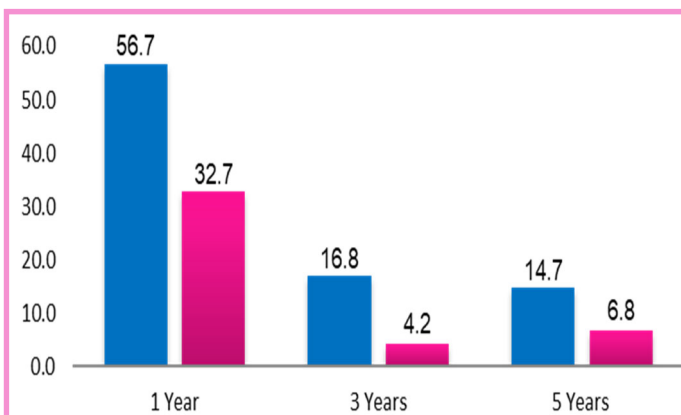
The below table shows the long term performance of the Fund and the variation against the benchmark.



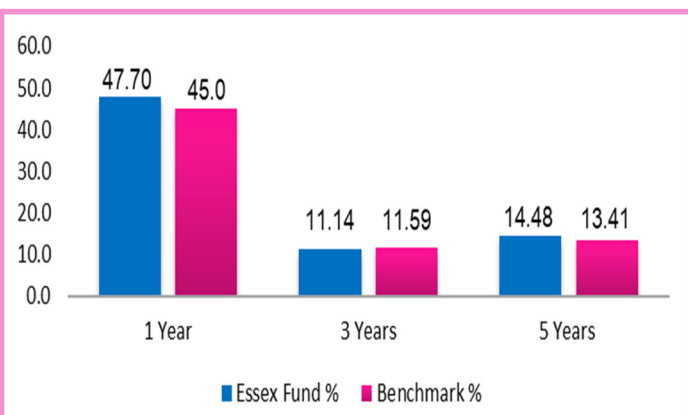
## Returns by Asset Class

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 2020-21

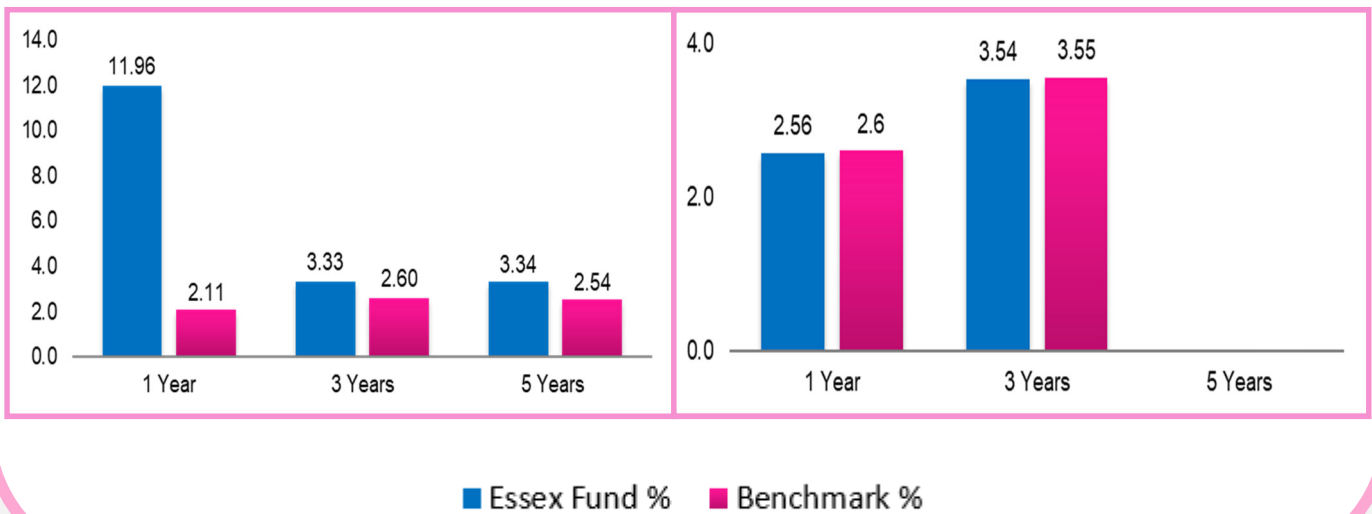
## Returns by Asset Class

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

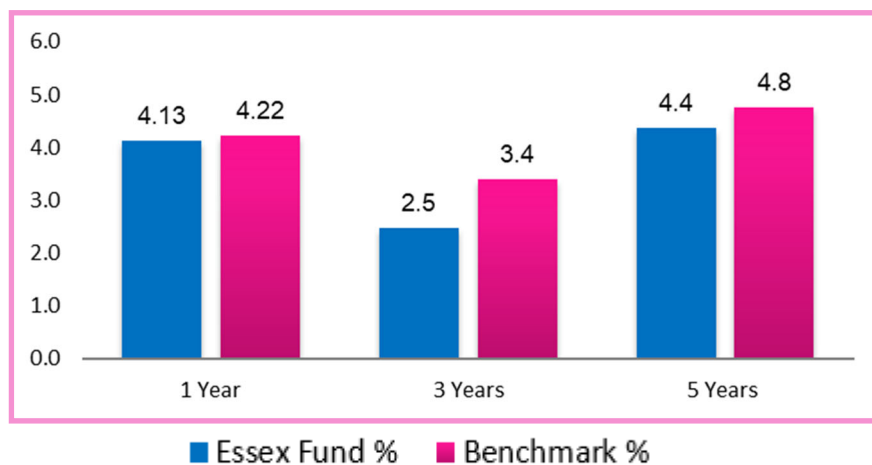
### Bonds

### Index Linked Bonds :

data unavailable for 5 years



### Property

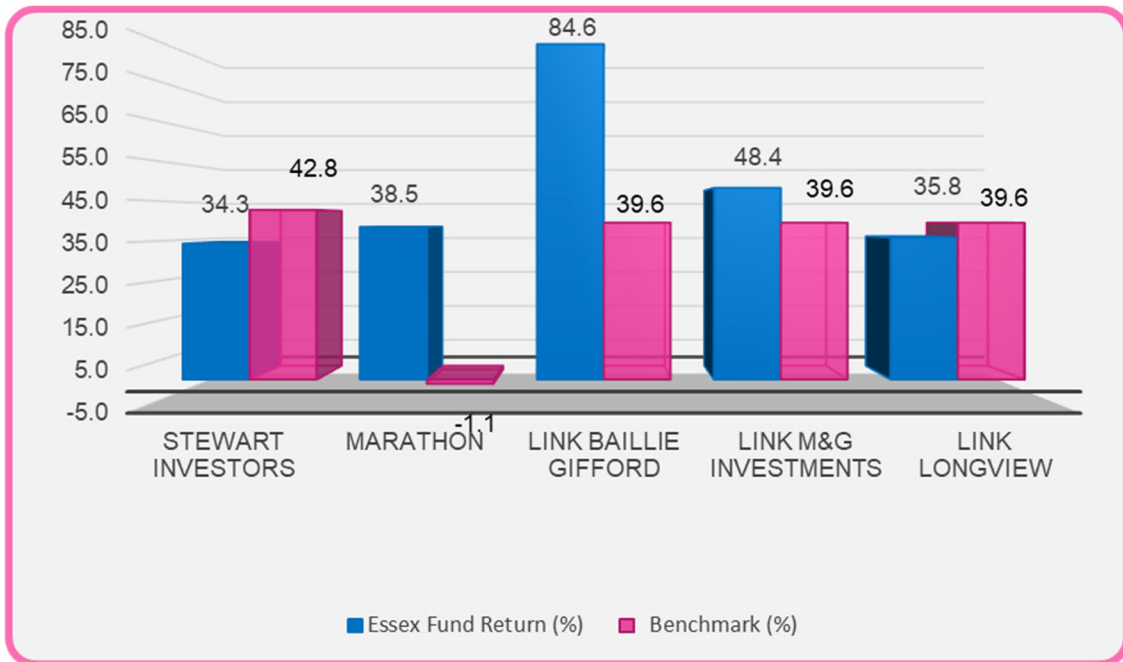


# Investment Performance 2020-21

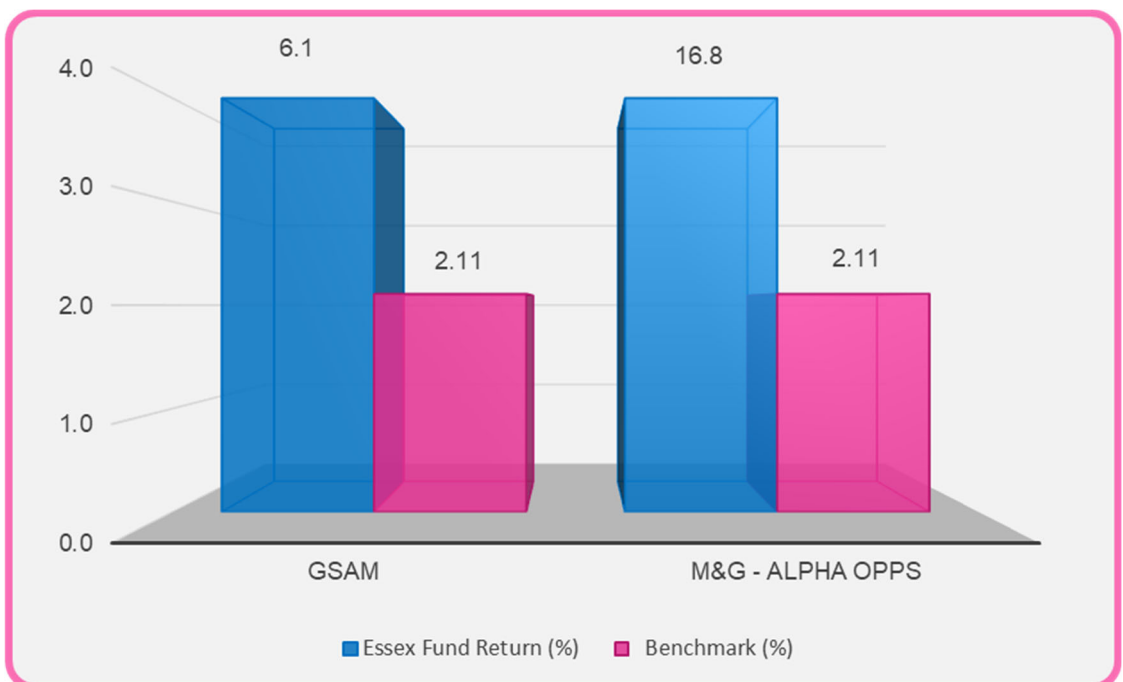
## Equity and bond performance by fund manager

The following graphs show the performance of each Equity and Bond mandate compared to their benchmark for the year ended 31 March 2021

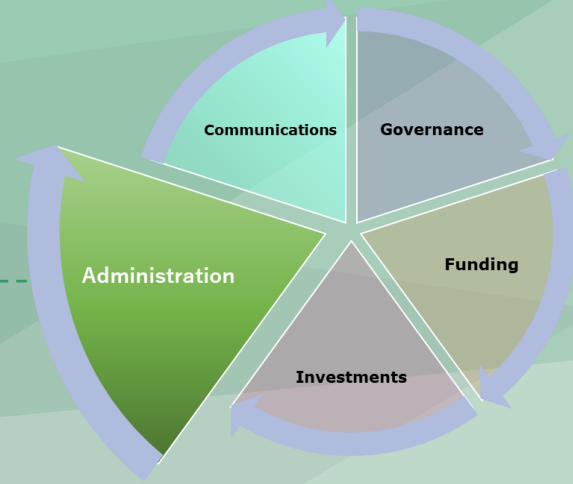
### Equity Managers



### Bond Managers







SECTION 3

# Administration



## Membership Summary

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

31 March 2020		31 March 2021
57,498	Contributors	54,568
44,682	Pensioners	46,210
69,857	Deferred pensioners	68,914
<b>172,037</b>	<b>Total</b>	<b>169,692</b>

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

The table below breaks down membership by employer as at 31 March:

31 March 2020		31 March 2021
<b>702</b>	<b>Number of Employers in scheme</b>	<b>702</b>
	<b>Number of Contributors in scheme</b>	
14,954	County Council	13,713
42,544	Other Employers	40,855
<b>57,498</b>	<b>Total</b>	<b>54,568</b>
	<b>Number of Pensioners</b>	
17,559	County Council	17,946
27,123	Other Employers	28,264
<b>44,682</b>	<b>Total</b>	<b>46,210</b>
	<b>Number of Deferred pensioners</b>	
29,187	County Council	28,415
40,670	Other Employers	40,499
<b>69,857</b>	<b>Total</b>	<b>68,914</b>

# Membership Summary

In 2020-21 there have been 3,026 new pensions paid, which are analysed below:

Retirement Type	Number of Retirements
Ill Health	83
Normal	1,076
Early	1,867
<b>Total</b>	<b>3,026</b>

## 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	2018/19 KPI (%)	2019/20 KPI (%)	2020/21 KPI (%)
Letter detailing transfer in quote issued within 10 working days	88.7	90.1	91.3
Letter detailing transfer out quote issued within 10 working days	88.9	95.2	95.7
Letter detailing process of refund and payment made within 10 working days	96.2	92.8	95.1
Letter notifying estimated retirement benefit amount within 15 working days (Active)	*	98.4	98.4
Letter notifying estimated retirement benefit amount within 15 working days (Deferred)	*	97.2	97.0
Letter notifying estimated retirement benefit amount within 15 working days (Total)	98.3	97.5	97.5
Letter notifying actual retirement benefit amount within 15 working days (Active)	*	99.3	99.3

## Key service standards for scheme members

Type of work	2018/19 KPI (%)	2019/20 KPI (%)	2020/21 KPI (%)
Letter notifying actual retirement benefit amount within 15 working days (Deferred)	*	98.3	98.4
Letter notifying actual retirement benefit amount within 15 working days (Total)	*	98.8	98.8
Letter acknowledging death of active / deferred / pensioner member within 5 working days	99.8	99.9	99.9
Letter notifying the amount of dependents benefits within 10 working days	97.6	98.1	98.3
Process and pay lump sum retirement grant within 15 working days (Active)	*	99.2	99.2
Process and pay lump sum retirement grant within 15 working days (Deferred)	*	98.3	98.6
Process and pay lump sum retirement grant within 15 working days (Total)	99.2	98.7	99.0



## Key service standards for scheme members

Type of work	2018/19 KPI (%)	2019/20 KPI (%)	2020/21 KPI (%)
Letter detailing cash equivalent value and other benefits for a divorce quote within 45 days	*	96.7	97.0
Letter detailing cash equivalent value and application of Pension Sharing Order for a divorce settlement within 15 days	*	92.3	92.3
Send notification of joining the LGPS to new scheme member within 40 days	*	99.2	99.7
Process and pay lump sum retirement grant for deferred into payment within 15 working days	*	98.3	98.6
Calculate and notify deferred benefits within 30 working days	90.0	78.7	90.2

\* Data not available for 2018/19

## Scheme Details

Essex Pension Fund administers the Local 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.

### 1. 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 scheme membership and pensionable pay (normally the pensionable pay 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.

## 2. Ill Health Retirement

A member with at least 2 years membership who:

- 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
- as a result of ill-health or infirmity of mind or body, is not immediately capable of undertaking any gainful employment.
- and 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.

## 3. 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.

## 4. 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 75<sup>th</sup> 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

## 5. 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

## 6. Death after Retirement for members retiring after 31 March 2014\*

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

## 7. 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.*

## 8. 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](http://www.essexpensionfund.co.uk).

The Director for 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](mailto:pensionenquiries@essex.gov.uk)).

# Participating Employers of the Fund

## Administering Authority

Essex County Council

## Scheduled

Anglia Ruskin University  
Basildon District Council  
Braintree District Council  
Brentwood Borough Council  
Castle Point Borough Council  
Chelmsford City Council  
Chelmsford FE College  
Colchester Borough Council  
Colchester Borough Homes Ltd  
Colchester Institute  
Epping Forest District Council  
Essex Chief Constable  
Essex Fire Authority  
Harlow College  
Harlow District Council  
Maldon District Council  
Police and Fire Crime Commissioner  
Rochford District Council  
South Essex College  
South Essex Homes Ltd  
Southend-On-Sea Borough Council (excluding schools)  
Tendring District Council  
The Sixth Form College Colchester  
Thurrock Borough Council (excluding schools)

USP College

Uttlesford District Council

Writtle Agricultural College

## Academies

Abbots Hall Primary School  
Abbotsweld Primary Academy  
Academies Enterprise Trust  
Acorn Academy  
Alderton Infant School  
Alderton Junior School  
Alec Hunter  
Alton Park Academy  
Anglo European Academy  
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  
Beckers Green  
Belchamp St Paul C Of E Primary School  
Belfairs Community College Academy  
Belmont Castle Academy  
Benyon

## Participating Employers of the Fund

Berlesduna Academy Trust  
Billericay Academy  
Blenheim Primary School & Children's Centre  
BMAT  
Bocking Primary School  
Bonnygate Primary School  
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  
Buckhurst Hill Community School  
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

Cherry Tree Academy (Colchester)  
Cherry Tree Primary School (Basildon)  
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  
Columbus Academy  
Cooks Spinney Academy  
Cornelius Vermuyden School  
Corryingham Primary School  
Crays Hill Primary School  
Cressing Primary School  
Darlinghurst  
Davenant Foundation Academy  
De Vere Primary School  
Debden C of E Primary Academy  
Debden Park High Academy  
Deneholm Primary School  
Dilkes Primary Academy  
Diocese of Chelmsford Vine Schools  
Doddinghurst C of E Junior School  
East Tilbury Primary And Nursery  
Eastwood Academy

## Participating Employers of the Fund

Elm Hall Primary School  
Endeavour Coop Academy  
Epping St John's C of E School  
Epping Upland C of E School  
Fairhouse Primary School  
Fawbert & Barnard's Primary School  
Feering C of E Primary School  
Felmore Primary School  
Finchingfield St John' s C of E Primary Academy  
Flitch Green Academy  
Ford End C of E Primary  
Forest Hall School  
Freshwaters Academy  
Friars Primary School & Nursery  
Gable Hall Academy  
Giffards Primary School  
Gilberd Academy  
Glebe Primary School  
Gosfield Community Primary School  
Graham James Primary Academy  
Great Baddow High Academy  
Great Berry Academy  
Great Chesterford Primary Academy  
Great Clacton C of E Junior School  
Great Wakering Primary Academy  
Greensted Infant School & Nursery  
Greensted Junior Academy  
Greensward Academy

Greenways Primary School  
Grove Wood Primary School  
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  
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

## Participating Employers of the Fund

Hockley Primary School

Holland Park Academy

Holt Farm Junior School

Holy Cross Catholic Primary South Ockendon

Holy Cross RC Primary Academy

Holy Family Catholic Primary School, Benfleet

Holy Family Catholic Primary School, Witham

Home Farm Primary School

Honywood Community Academy

Horndon on the Hill C of E Primary School

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 Primary School

Lee Chapel Primary Academy

Leigh Beck Infant & Nursery Academy

Leigh Beck Junior School

Limes Farm Infant School

Little Parndon Academy

Little Thurrock Primary School

Longwood Primary Academy

Lubbins Park

Lyons Hall Primary School Academy



## Participating Employers of the Fund

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  
Merrylands Primary School  
Messing Primary School  
Mildmay Infant and Nursery School  
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  
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  
Pear Tree Mead Academy  
Pemberley Academy  
Perryfields Infant School  
Perryfields Junior School  
Philip Morant Academy  
Phoenix Primary School & Nursery  
Plumberow Primary Academy  
Plume Academy

## Participating Employers of the Fund

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  
Ravens Academy  
Rayleigh Primary Academy  
Rayne Primary And Nursery School  
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 Church of England Primary School  
Roydon Primary School (Academy)  
Runwell Primary Academy  
Ryedene Primary School  
Sacred Heart Catholic Primary School

Saffron Walden High Academy  
Sandon Academy  
Seax Trust  
Shalford Primary School  
Shaw Primary Academy  
Shenfield High Academy  
Shenfield St Marys  
Shoeburyness Academy  
Sigma Trust  
Silver End Academy  
Sir Frederick Gibberd College  
Sir Martin Frobisher Academy  
Somers Heath Primary  
South Benfleet Primary Academy  
South West Essex Community Education Trust  
Southchurch High School  
Southend East Community Academy Trust  
Southend High For Boys Academy  
Southend High Girls Academy  
Southminster C of E Primary School  
Southview Primary School  
St Albans RC Primary Academy  
St Andrews C of E Primary School, Halstead  
St Andrews C of E Primary School (Great Yeldham)  
St Andrews Primary School, Weeley  
St Bernards High Academy  
St Cedds  
St Christopher Academy

## Participating Employers of the Fund

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, Harwich

St Joseph's Catholic Primary School, Canvey  
Island

St Lukes RC Academy, Harlow

St Margaret's C of E Primary School Bowers  
Clifford

St Marks West Essex Academy

St Martins High Academy

St Mary's C of E Primary, South Woodham  
Ferrers

St Mary's Catholic School, Tilbury

St Marys Primary Academy, Kelvedon

St Nicholas C of E Primary School, Tillingham

St Nicholas School

St Osyth C of E Primary School

St Peter's Catholic Primary, Billericay

St Pius X Catholic Primary School

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 Waldon

St Thomas More High Academy

St Thomas Of Canterbury Catholic Primary  
School, Grays

Stambridge Primary School

Stanford-Le-Hope Primary

Stanway Academy

Stapleford Abbotts Primary Academy

Staples Road Primary School

Steeple Bumpstead Primary School

Stewards Academy

Stifford Clays

Stisted Primary Academy

Sutton House Academy

Sweyne Park Academy

Tabor Science Academy

Takeley Primary School

Tany's Dell Primary School

Templars Academy

Temple Sutton Primary School

Tendring Tech College Academy

Thameside Primary Academy

The Appleton Academy

The Beaulieu Park School

The Bromfords Academy

## Participating Employers of the Fund

The Chelmsford Learning Partnership  
The Deanes School  
The Downs Primary School & Nursery  
The Fitzwimarc School  
The Gateway Academy  
The Ockendon Academy  
The Pioneer School  
The Ramsey Academy, Halstead  
The Willows Primary School  
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 School  
Tolleshunt D'Arcy St Nicholas C of E Primary School  
Treetops School  
Tudor Court Primary Academy  
Two Village C of E Primary  
Tyrrells Primary Academy  
Unity Primary Academy  
Victory Park Academy  
Waltham Holy Cross Primary School  
Warren Primary School  
Water Lane Primary Academy  
Waterman Primary School

West Hatch High Academy  
West Leigh Junior  
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  
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

## Participating Employers of the Fund

BMAT STEM (formerly Sir Charles Kao)  
Gateway Primary Free School  
Grove House School  
Harris Primary Academy Mayflower  
Harris Academy Riverside Free School  
Ongar Academy  
Orsett Heath Academy  
Southend YMCA Community Free School  
Thames Park Secondary School

### **Community Admission Body**

Ardleigh Reservoir Committee  
Braintree District Museum Trust  
Brentwood Community Transport  
Brentwood Leisure Trust (ceased 28/10/2020)  
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  
Eastlight Community Homes (formally Greenfields Comm Housing Ltd)  
Epping Forest Community Transport  
Essex Association of Local Councils  
Essex Partnership University NHS Foundation Trust

Harlow District Sports Trust  
Hatfield Peverel Day Nursery  
Impulse Leisure (ceased 31/07/2020)  
ITEC Learning Technologies Ltd  
Moat Housing Group Ltd  
Orchestras Live  
Phoenix Group Homes  
Race Equality Foundation  
Rochford Housing Association  
Safer Places  
Social Care Institute For Excellence  
The Community Council Of Essex  
The Trading Standards Institute  
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

## Participating Employers of the Fund

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 (ceased 30/11/2020)  
Galleywood Infants School  
Great Dunmow Primary School  
Great Easton C of E Primary  
Great Totham School  
Hamilton Primary School  
Hare Primary  
Harlow Fields School  
Hazelmere Infant School & Nursery  
Hazelmere Junior  
Henham and Ugley Primary  
Holland Haven Primary School  
Howbridge Infants School  
Kingswood Primary  
Lawford Primary School  
Leverton Primary  
Lexton Springs School  
Mersea Island Primary School  
Millfield Primary School  
Milton Hall Primary School  
Parsons Heath C of E Primary  
Queen Boudica Primary School

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  
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  
Walton Primary School

### **Transferee Admission Body**

Action Industrial Cleaning, North Crescent  
APCOA  
Aramark  
Ashlyn Healthcare Ltd

## Participating Employers of the Fund

Barnardos	Harrison Catering Academy Ltd (Tabor)
Catering Academy Ltd	Hertfordshire NHS Trust
Catering Academy Ltd ,Stifford Clays	Idverde Ltd (formerly English Landscapes)
Churchill (Boswells Acad Trust)	Juniper
Churchill Contract Service Ltd (ECC/ Woodlands)	L & L Cleaning Services Ltd (Ghyllgrove Infants)
Churchill Contract Services Ltd (New Rickstones Academy)	Let's Do Business
Dovercourt Healthcare Ltd	Lewis & Graves Partnership Ltd (Chase High) (ceased 31/08/2020)
Ecocleen Services Ltd (Ramsey)	Lewis & Graves Partnership Ltd (Thorpedene Primary) (ceased 31/03/2019)
Ecocleen Services Ltd (Richard De Clare)	Longfield Healthcare Ltd
ECS Ltd Reablement South East	Mears Limited
Edwards and Blake Ltd (ceased 31/12/2020)	Mitie Security Limited
Elite Cleaning Services Ltd (Mayflower Primary)	Mitie Technical Fm Ltd
Elite Cleaning Services Ltd (Montgomerie Jnr)	Morgan Sindall Property Services
Essex Cares Ltd	Pabumum Ltd
Essex Community Support Limited	Paragon Group (UK) Ltd
Essex Community Support Mid	Pinnacle F M
Essex Community Support North East	Places for People Leisure Ltd
Essex Community Support South West	Ridge Crest Cleaning Services
Essex Community Support West	Ringway Jacobs Limited
Essex Equipment Service Ltd	Riverside Truck Rental Ltd Basildon
Essex Inclusion And Employment	RM Education - Columbus ICT
Everyone Health Ltd	Schools Office Services Ltd
Family Action (ceased 16/06/2020)	Servest (ceased 30/06/2020)
Fusion Lifestyle	Skanska (Cornelius) (ceased 30/09/2020)
Goldenley Healthcare Ltd	Skanska (Woodlands School)
H Q Theatres Ltd	SLM Charitable Trust (LM)



## Participating Employers of the Fund

SLM Charitable Trust (SV)  
SLM Health & Fitness (LM)  
SLM Health & Fitness (SV)  
Sweyne Healthcare Ltd (ceased 21/04/2020)  
The Partyman Company Limited  
Updata Infrastructure (UK) Ltd  
Vecteo (ceased 31/08/2020)  
Uttlesford Norse Services Ltd

### Academy Pooled

Birkin Cleaning Services Ltd (Fitzwimarc School)  
Cater Link Ltd (St Thomas More)  
Pabulum Ltd (Chase High)  
Pabulum Ltd (Bournemouth Park)  
L & L Cleaning Services Ltd (Silver End)  
Elite Cleaning Services Ltd (Kings Road)  
Lewis & Graves Partnership Ltd (Mayflower)  
RM Education AET (IT Services)  
Atlas Cleaning Ltd  
Pabulum Ltd (Portico)  
Town and Country Cleaners LTD (No ADMIN)  
Ridge Crest Cleaning Services Limited (Colchester Academy)  
Ridge crest BMAT  
Sansum Solutions Group Limited  
J&J Cleaning  
Ridge Crest Cleaning Services (Richmond Avenue)

### Resolution Body

Colchester Amphora Trading Ltd  
Colchester Commercial (Holdings) Ltd  
Essex Shared Services Ltd  
HTS (Property and Environment) Ltd  
North Essex Garden Communities Ltd (ceased 31/08/2020)  
Southend Care Ltd  
Althorne Parish Council (joined 01/09/2020)  
Ardleigh Parish Council  
Ashingdon Parish Council (joined 01/06/2020)  
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  
Canewdon Parish 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



## Participating Employers of the Fund

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  
Hawkwell Parish Council  
Herongate and Ingrave Parish Council  
Heybridge Parish Council  
Hockley Parish Council  
Hullbridge Parish Council  
Ingatestone & Fryerning Parish Council  
Kelvedon Hatch Parish Council (joined 14/08/2020)  
Kelvedon Parish Council  
Leigh On Sea Town Council  
Little Canfield Parish Council (ceased 31/03/2020)

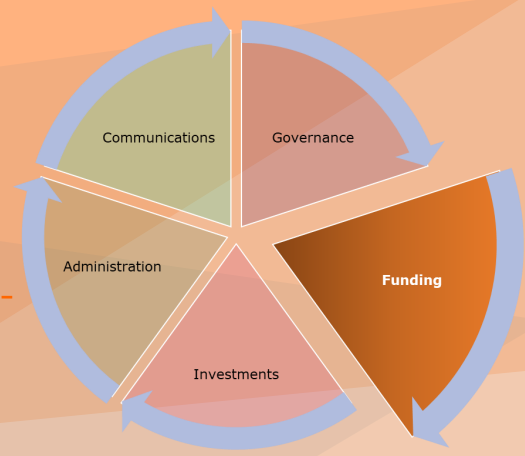
Little Clacton Parish Council  
Little Waltham Parish Council  
Little Yeldham Parish Council  
Loughton Town Council  
Maldon Town Council  
Mistley Parish Council  
Myland Community Council  
Nazeing Parish Council  
North Weald Parish Council  
Ongar Town Council  
Pebmarsh Parish Council (joined 01/07/2020)  
Pleshey Parish Council  
Purleigh Parish Council  
Qualis Management Ltd  
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

## Participating Employers of the Fund

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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 (ceased  
30/04/2020)  
Witham Town Council  
Wivenhoe Town Council  
Wormingford Parish Council  
Writtle Parish Council





## 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 £6.711bn 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 £6.917bn 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
<b>Total</b>	<b>6,917</b>
Surplus (deficit)	(206)
<b>Fund Level</b>	<b>97%</b>

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%
<b>Total primary rate</b>	<b>20.0%</b>

# 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	
<b>Major tax raising bodies</b>					
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	
<b>Other scheduled bodies (Further and higher education bodies, housing associations etc.)</b>					
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	
<b>Designated bodies</b>					
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	
<b>Other admission bodies (typically used to be CABs)</b>					
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	
<b>Contractors</b>					
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	
<b>Town and parish councils</b>					
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	
<b>Town and parish councils</b>					
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	
<b>Academies</b>					
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	
<b>Contractors</b>					
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	
<b>Town and parish councils</b>					
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	
<b>Academies</b>					
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

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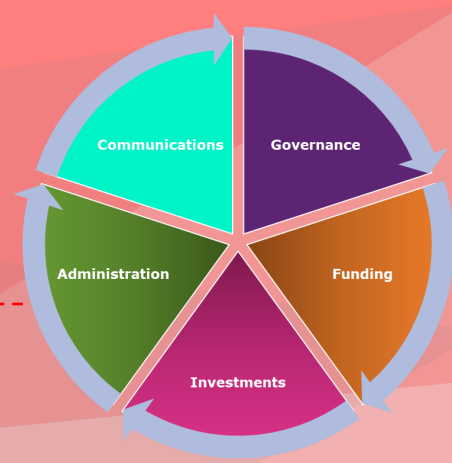
Therefore, although the falls in equity and corporate bond markets have been significant, the ongoing funding position under our model will not have fallen to the same extent, as the model helps to mitigate some of the impact of extreme events.

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, Corporate Services.
- 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 Corporate Services Responsibilities

The Executive Director , Corporate Services 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, Corporate Services 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 Services Certificate

I certify that the Statement of Accounts on pages 161 to 213 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 2021 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, Corporate Services*



## Fund Account

The table below shows the Essex Pension Fund Account for the year ended 31 March 2021 and 31 March 2020:

2019/20		2020/21	
£000	Note	£000	£000
		<b>Dealing with members and others directly involved in the Fund</b>	
		<b>Income</b>	
			Contributions receivable
(60,772)	9	(64,677)	Member contributions
(191,720)	9	(249,049)	Employers' contributions
(12,253)	9	(21,226)	Transfers in from other Pension Funds
(2,318)		(2,533)	Other income
<b>(267,063)</b>			<b>(337,485)</b>
		<b>Total income</b>	
		<b>Expenditure</b>	
			Benefits payable
211,869	9	219,711	Pensions
41,130	9	30,649	Commutation of pensions & lump sum retirement benefits
7,178	9	6,948	Lump sum death benefits
24,233	9	11,120	Payments to and on account of Leavers
<b>284,410</b>			<b>268,428</b>
		<b>Total expenditure</b>	
<b>17,347</b>			<b>(69,057)</b>
		<b>Net (additions)/withdrawals from dealings with members</b>	
55,317	11		58,191
<b>72,664</b>			<b>(10,866)</b>
		<b>Net (additions)/withdrawals including fund management expenses</b>	
			Returns on investments
(109,811)	10	(96,539)	Investment income
433,307	12	(2,008,342)	Profit and losses on disposal of investments and changes in the value of investments
3,503		4,236	Taxes on income
<b>326,999</b>			<b>(2,100,645)</b>
		<b>Net returns on investments</b>	
399,663			<b>(2,111,511)</b>
		<b>Net (increase)/decrease in the net assets available for benefits during the year</b>	
<b>(7,027,288)</b>			<b>(6,627,625)</b>
		<b>Opening net assets as at 1 April</b>	
<b>(6,627,625)</b>			<b>(8,739,136)</b>
		<b>Closing net assets as at 31 March</b>	

# Net Asset Statement

The table below shows the Essex Pension Fund Net Asset Statement as at 31 March 2021 and 31 March 2020:

31 March 2020		31 March 2021	
£000	Note	£000	£000
	<b>12</b>	<b>Investments at market value</b>	
		Investment assets	
		Pooled Investments	
400,724		Fixed interest securities	425,110
1,468,496		Equities - Unit life assurance policies	2,322,874
1,462,857		Equities - ACCESS pooled global equity funds	2,044,184
285,066		Index linked securities	222,663
165,452		Property unit trusts	179,292
425,244		Other managed funds	722,751
599,583		Equities - Market Quoted Equities	751,629
429,285		Property	436,570
340,352		Private equity	409,514
392,964		Infrastructure	607,190
234,178		Timber	244,419
135,587		Private debt	152,808
31		Derivative contracts	156
250,164		Cash/deposits	206,044
9,393		Other Investment balances	10,090
<b>6,599,376</b>			<b>8,735,294</b>
		Investment liabilities	
(31)		Derivative contracts	(156)
(1,400)		Other investment balances	(60,598)
<b>(1,431)</b>			<b>(60,754)</b>
<b>6,597,945</b>		<b>Total net Investments</b>	<b>8,674,540</b>
	<b>14</b>	<b>Long term debtors</b>	
539		Contributions due from employers	526
	<b>14</b>	<b>Current assets and liabilities</b>	
		Current Assets	
16,749		Cash	49,467
21,808		Contributions due from employers and other current assets	23,467
<b>6,637,041</b>			<b>8,748,000</b>
		Current liabilities	
(9,416)		Unpaid benefits and other current liabilities	(8,864)
<b>6,627,625</b>		<b>Net assets of the scheme available to fund benefits at the end of the reporting period</b>	<b>8,739,136</b>

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 3.

# Notes to the Accounts

## 1 Background

### 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. A complete list of the employers participating in the Fund is contained in Section 4 of this report. 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, Corporate Services 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 2021 Link had launched 22 sub funds.

At the end of 2017/18 Essex Pension Fund had transitioned £1.945bn of its passive assets from Legal and General to ACCESS’s new provider, UBS Asset Management.



# Notes to the Accounts

During 2018/19 a further £1.532bn had been invested into sub funds managed by Link Solutions Limited. No new assets were transitioned in 2019/20 or 2020/21.

It is anticipated that during 2021/22 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 702 active employer organisations within Essex Pension Fund including the county council itself.

Membership details are set out below:

31 March 2020		31 March 2021
57,498	Contributors	54,568
69,857	Deferred pensioners	68,914
44,682	Pensioners	46,210
<b>172,037</b>		<b>169,692</b>

## 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 2021.

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](http://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](http://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 2020/21 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 2021 and its position as at 31 March 2021. 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 2021 using IAS19 methodology is included in the notes to the accounts and can be found in Note 3. 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 Actuarial Valuation

The contributions payable for 2020/21 and 2019/20 were determined by the 2019 and 2016 Actuarial Valuations respectively.

### 3.1 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.

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.

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](http://www.essexpensionfund.co.uk), but the main financial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

## Notes to the Accounts

	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><b>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.</b></p>	

The assumed life expectancy from age 65 is as follows:

Life Expectancy from age 65		31 March	
		2016 Years	2019 Years
<b>Retiring today</b>	Males	22.3	21.7
	Females	24.8	23.7
<b>Retiring in 20 years</b>	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 **£6.711bn** represented **97%** of the Funding Target liabilities of **£6.917bn** at the valuation date. 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 an average 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.

# Notes to the Accounts

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;
- 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.

## 3.2 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.

## 3.3 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

## Notes to the Accounts

at the triennial actuarial valuation as at 31 March 2019.

Although the post mortality tables adopted are consistent with those for the most recent valuation, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model (CMI\_2020) which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI.

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 2021 is **20 years** which in turn means a discount rate of **2.00%** per annum (2.35% as at 31 March 2020). 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).

In order to assess the value of the benefit obligations, the actuary has updated the actuarial assumptions (see below) from those used for funding purposes.

31 Mar 2020		31 Mar 2021
£000		£000
(9,258,581)	Present value of the defined benefit obligation	(11,989,111)
6,613,778	Fair value of Fund assets (bid value)*	8,739,136
<b>(2,644,803)</b>	<b>Net Liability</b>	<b>(3,249,975)</b>

\*Based on IAS26 report (unaudited)

Please note, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 triennial funding valuation (Note 3.1).

Key financial assumptions used are:

31 Mar 2020		31 Mar 2021
%	Assumption	%
2.35	Discount rate	2.00
1.90	Pension increases	2.80
2.90	Salary increases	3.80

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

Life Expectancy from age 65	31 March	
	2020	2021
	Years	Years
<b>Retiring today</b>		
Males	21.8	21.6
Females	23.7	23.6
<b>Retiring in 20 years</b>		
Males	23.2	22.9
Females	25.2	25.1



# Notes to the Accounts

## **Mcloud/Sargeant ruling**

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 therefore is already included in the starting position. This allowance is therefore incorporated in the roll forward approach and is remeasured at the accounting date along with the normal LGPS liabilities.

## **4 Accounting Policies**

### **4.1 Fund Account – Revenue Recognition**

#### **4.1.1 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.

#### **4.1.2 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).

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.

#### **4.1.3 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

# Notes to the Accounts

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.

## 4.2 Fund Account – Expense Items

### 4.2.1 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.

### 4.2.2 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.

# Notes to the Accounts

## 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 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 2020/21, **£2.036m** of fees is based on such estimates (2019/20: £1.735m). 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.

## 4.3 Net Asset Statement

### 4.3.1 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.

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 12). 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



# Notes to the Accounts

(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.

## 4.3.2 Valuation of investments

The value of investments as shown in the Net Asset Statement has been determined as outlined in the following paragraphs.

### 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.

### 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 2020/21, many of these are valued as at 31 December 2020, 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 2021 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 2021.

In addition to the above treatment, the Fund, using market value estimate information supplied by the Fund's private equity manager has made a further

adjustment to reflect the last quarter's estimated market change.

#### 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 on the whole based on 31 March 2021 valuations.

### Unit trust and managed funds

These 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.

### Fixed interest investments

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 Note 12).

### Direct Property Investments

Direct property investments have been valued on a fair value basis as at 31 March 2021, by Knight Frank, Chartered Surveyors in accordance with the current edition of the Royal Institute of Chartered surveyors' (RICS) Valuation—Global Standards, which incorporate the International Valuation Standards and RICS UK National Supplement. The valuer's opinion of market value and

## Notes to the Accounts

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 pandemic 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. For the valuations as at 31 March 2021 the valuers have reverted back to normal valuation techniques, and the 'material valuation uncertainty' has been removed.

### 4.3.3 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.

### 4.3.4 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.

### 4.3.5 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 13.

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.

## 5 Critical judgements in applying accounting policies

In applying the accounting policies set out within Note 4, the Fund has had to make certain judgements about complex transactions or those involving uncertainty about future events. 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

## Notes to the Accounts

updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with International Accounting Standard (IAS) 19. 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 Assets Statement. This is shown in Note 3.

### 6 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 Assets Statement at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Approximate effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits*	<p>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.</p> <p>Please note the uncertainties disclosed in this table do not have an impact on the amounts recognised in the Net Asset Statement.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance:</p>
		<p>A 0.1% p.a. decrease in the discount rate assumption would result in an increase in the pension liability of £243m.</p>
		<p>A 0.1% increase in the Pensions and deferred revaluations would result in an increase in the pension liability of £221m.</p>
		<p>A 0.1% increase in the long-term rate of salary increase would increase the value of liabilities by approximately £20m.</p>
		<p>Increasing the life expectancy assumptions by +1 year would increase the liability by approximately £562m.</p>
		<p>Please note that because the liability associated with the actuarial present value of promised retirement benefits is not recognised in the Fund's financial statements, the changes in assumptions referred to above have no impact on amounts recognised in the Net Assets.</p>

## Notes to the Accounts

Item	Uncertainties	Approximate effect if actual results differ from assumptions
Property	<p style="text-align: center;"><b>Direct Property</b></p> <p>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>The outbreak of COVID-19 continues to affect real estate markets globally. Nevertheless, as at the valuation date (31 March 2021) property markets have converted back to normal functioning again. Accordingly, the property valuation is not reported as being subject to 'material value uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards.</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 +/- 10% an increase or decrease of £40.585m, on current value of £405.850m. (Notes 17.1 and 17.4).</p>
	<p><b>Pooled property funds and global property</b></p> <p>Valuation techniques are used to determine the carrying amount of pooled property funds and global property. Where 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 the property investments.</p> <p>The outbreak of COVID-19 continues to affect real estate markets globally. Nevertheless, as at the valuation date (31 March 2021) property markets have converted back to normal functioning again. Accordingly, the property valuation is not reported as being subject to 'material value uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards.</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>- pooled property funds by +/- 10% an increase or decrease of £17.929m, on current value of £179.292m. (Notes 17.1 and 17.4)</p> <p>- global held property by +/- 14.2% an increase or decrease of £4.326m, on current value of £30.720m. (Notes 17.1 and 17.4)</p>

## Notes to the Accounts

Item	Uncertainties	Approximate effect if actual results differ from assumptions
Private equity / infrastructure / timber/private debt	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.	The total private equity/ infrastructure/timber and private debt investments in the financial statements are £1,414m. There is a risk that these investments may be under or overstated in the accounts, totalling an increase/decrease of £117.108m. (Notes 17.1 and 17.4)

\* Results taken from the 2021 Actuary IAS26 Report

### 7 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:

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

The Statement of Accounts was certified by the Executive Director, Corporate Services on 26 January 2024. Events taking place after the date were not reflected in the financial statements or notes.

### Valuations relating to Russia/Belarus/Ukraine Investments

Please note that the Investment valuations as at 31 March 2021 include investments in Russia/Belarus and Ukraine. Prior to the beginning of the conflict the Fund has minimal exposure to investments in Russia/Belarus and Ukraine. The value of the investments was **£11.360m** as at 31 March 2021 (**0.13%** of the Fund).

### 8 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 2021/22, but implementation will be effective from 1 April 2024. The impact of this new standard has not yet been determined for the Fund.

# Notes to the Accounts

## 9 Member activities

### 9.1 Pension benefits payable

2019/20				2020/21		
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
74,960	10,720	1,898	Administering Authority	76,956	8,312	2,188
115,408	25,594	4,618	Scheduled Bodies	120,444	18,856	4,486
12,945	2,582	220	Community Admission Bodies	13,256	1,870	188
7,735	2,073	412	Transferee Admission Bodies	8,213	1,496	86
821	161	30	Resolution Bodies	842	115	-
<b>211,869</b>	<b>41,130</b>	<b>7,178</b>	<b>Total</b>	<b>219,711</b>	<b>30,649</b>	<b>6,948</b>

### 9.2. Contributions Receivable

Contributions receivable from employers are set out below:

#### 9.2.1 By category

2019/20		2020/21
£000		£000
<b>60,772</b>	<b>Employee's normal contributions</b>	<b>64,677</b>
	<b>Employers' contributions</b>	
154,216	Normal contributions	194,738
33,141	Deficit recovery contributions	52,094
4,363	Augmentation contributions	2,217
<b>191,720</b>	<b>Total employer contributions</b>	<b>249,049</b>
<b>252,492</b>	<b>Total</b>	<b>313,726</b>

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

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



# Notes to the Accounts

## 9.2.2 By type

2019/20			2020/21	
Member	Employer		Member	Employer
£000	£000		£000	£000
15,919	49,882	Administering Authority	17,337	59,575
41,331	128,494	Scheduled Bodies	43,897	176,748
1,888	8,030	Community Admission Bodies	1,785	7,544
1,302	4,175	Transferee Admission Bodies	1,313	3,905
332	1,139	Resolution Bodies	345	1,277
<b>60,772</b>	<b>191,720</b>	<b>Total</b>	<b>64,677</b>	<b>249,049</b>

The large rise in the employer contributions in 2020/21 is due to it being the first year that the new employers rates, set by the 2019 actuarial valuation, have been applied.

## 9.3 Payments to and on account of leavers

2019/20		2020/21
£000		£000
900	Refunds of contributions	1,294
20	State scheme premiums	-
	Transfer out	
23,313	Individual transfers	9,826
<b>24,233</b>	<b>Total</b>	<b>11,120</b>

In 2020/21 and 2019/20 no bulk group transfers were made.

## 10 Investment Income

### 10.1 By Type

2019/20		2020/21
£000		£000
26,991	Dividends from equity	15,239
20,962	Dividends from equity pooled funds	22,912
2,182	Private equity Income	3,223
16,362	Infrastructure/timberland Income	24,075
15,790	Managed fund income	7,673
7,611	Income from pooled property investments	3,350
12,394	Net rent from property	14,447
3,132	Interest from cash deposits	852
903	Other	796
<b>106,327</b>	<b>Total investment income showing net property rent</b>	<b>92,597</b>
	Add back:	
3,484	Property operating expenses	3,942
<b>109,811</b>	<b>Total investment income showing gross property rent</b>	<b>96,539</b>

## Notes to the Accounts

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.

### 10.2 Investment property net rental

2019/20 £000		2020/21 £000
15,738	Rental Income from investment property	18,184
140	Other property income	235
(3,484)	Direct operating expenses arising from investment property	(3,942)
<b>12,394</b>	<b>Total</b>	<b>14,477</b>

Please note, no contingent rents have been included in the Fund Account as income for the year.

## 11 Management Expenses

### 11.1 By Type

2019/20 £000		2020/21 £000
3,299	Administration costs	3,680
50,522	Investment management expenses	53,207
1,496	Oversight and governance	1,304
<b>55,317</b>	<b>Total</b>	<b>58,191</b>

ACCESS ongoing costs were **£78,000** for 2020/21 (2019/20: £74,000). These costs are shown under oversight and governance costs line of the above note.

In 2020/21 external audit costs were **£40,000** of which **£7,000** was rechargeable and relates to additional fees for work undertaken to provide assurance for scheduled bodies on IAS 19 accounting disclosures (£28,000 and £12,000 respectively in 2019/20).



# Notes to the Accounts

## 11.2 Investment Management Expenses

2019/20	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled Investments				
Fixed Interest Securities	2,800	-	171	2,971
Equities - Unit life assurance policies	568	-	-	568
Equities - ACCESS pooled global equity funds	7,038	-	-	7,038
Index linked securities	-	-	-	-
Property unit trusts	1,279	-	-	1,279
Other managed funds	1,647	-	200	1,847
Equities - Market Quoted Equities	4,581	-	365	4,946
Property	3,342	-	-	3,342
Global property	347	-	-	347
Private equity	6,022	7,135	(447)	12,710
Infrastructure	6,777	3,293	-	10,070
Timber	1,334	185	-	1,519
Private Debt	1,571	1,311	-	2,882
Other investment management costs	224	-	-	224
	<b>37,530</b>	<b>11,924</b>	<b>289</b>	<b>49,743</b>
Custody Fees				779
<b>Total</b>				<b>50,522</b>

2020/21	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled Investments				
Fixed Interest Securities	2,799	-	203	3,002
Equities - Unit life assurance policies	606	-	-	606
Equities - ACCESS pooled global equity funds	8,160	-	248	8,408
Index linked securities	22	-	-	22
Property unit trusts	440	-	-	440
Other managed funds	1,983	-	183	2,166
Equities - Market Quoted Equities	3,979	-	344	4,323
Property	3,786	-	-	3,786
Global property	2,072	(166)	-	1,906
Private equity	5,404	2,397	-	7,801
Infrastructure	6,487	9,251	-	15,738
Timber	1,371	271	-	1,642
Private Debt	1,598	1,205	-	2,803
Other investment management costs	221	-	-	221
	<b>38,928</b>	<b>12,958</b>	<b>978</b>	<b>52,864</b>
Custody Fees				343
<b>Total</b>				<b>53,207</b>

## Notes to the Accounts

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 **£301,000** and **£42,000** in 2020/21 respectively (£303,000 and £476,000 in 2019/20).

### 12 Investments

#### 12.1 Value of investments by fund manager

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

31 March 2020			31 March 2021	
£m	%		£m	%
<b>Investments managed inside the ACCESS Pool</b>				
591	<b>9.0</b>	Link Asset Solutions - Long Term Global Growth Fund	765	<b>8.8</b>
447	<b>6.8</b>	Link Asset Solutions - Global Dividend Fund	663	<b>7.6</b>
425	<b>6.4</b>	Link Asset Solutions - Global Equity Fund	616	<b>7.1</b>
1,753	<b>26.6</b>	UBS Asset Management	2,486	<b>28.7</b>
<b>3,216</b>	<b>48.8</b>		<b>4,530</b>	<b>52.2</b>
<b>Investments managed outside ACCESS Pool</b>				
136	<b>2.0</b>	Alcentra Ltd	153	<b>1.8</b>
637	<b>9.6</b>	Aviva Investors	647	<b>7.5</b>
259	<b>3.9</b>	Stewart Investors (formerly First State)	346	<b>4.0</b>
401	<b>6.1</b>	Goldman Sachs Asset Management International	425	<b>4.9</b>
382	<b>5.8</b>	Hamilton Lane	442	<b>4.9</b>
92	<b>1.4</b>	IFM Investors	177	<b>2.0</b>
70	<b>1.1</b>	JP Morgan Asset Management	208	<b>2.4</b>
368	<b>5.6</b>	Marathon Asset Management Ltd	428	<b>4.9</b>
425	<b>6.4</b>	M&G Investments Alpha Opportunities	723	<b>8.3</b>
231	<b>3.5</b>	Partners Group Management II S.à r.l (Infrastructure)	224	<b>2.6</b>
31	<b>0.5</b>	Partners Group Management II S.à r.l (Global Property)	31	<b>0.4</b>
243	<b>3.7</b>	Stafford Timberland Limited	244	<b>2.8</b>
107	<b>1.6</b>	Other*	97	<b>1.1</b>
<b>3,382</b>	<b>51.2</b>		<b>4,145</b>	<b>47.8</b>
<b>6,598</b>	<b>100.0</b>	<b>Total</b>	<b>8,675</b>	<b>100.0</b>

\*The large balance held under Other as at 31 March 2021 was mainly due to £60m cash being held on a temporary basis, to finance an investment being settled by the Fund on 1 April 2021. The large balance held as at 31 March 2020 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

### 12.2 Investments by asset type

The tables below provide an analysis of investment assets by type and show the movements in the market value of the investments, including profits and losses realised on the sales of investments:

2019/20	Value at 1 April 2019 £000	2019/20 Movement					Value at 31 March 2020 £000
		Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000	Cash Movement £000	
<b>Total Pooled Investments</b>	<b>4,573,836</b>	<b>188,972</b>	<b>-</b>	<b>(164,136)</b>	<b>(390,833)</b>	<b>-</b>	<b>4,207,839</b>
Fixed interest securities	404,594	-	-	(693)	(3,177)	-	400,724
Equities - Unit life assurance policies	1,653,855	75,001	-	-	(260,360)	-	1,468,496
Equities - ACCESS pooled global equity funds	1,532,112	25,253	-	(7,037)	(87,471)	-	1,462,857
Index linked securities	391,041	-	-	(100,000)	(5,975)	-	285,066
Property unit trusts	226,626	3,781	-	(53,898)	(11,057)	-	165,452
Other managed funds	365,608	84,937	-	(2,508)	(22,793)	-	425,244
<b>Equities - Market Quoted Equities</b>	<b>878,337</b>	<b>163,911</b>	<b>-</b>	<b>(325,733)</b>	<b>(116,932)</b>	<b>-</b>	<b>599,583</b>
<b>Property</b>	<b>383,250</b>	<b>105,658</b>	<b>-</b>	<b>(39,989)</b>	<b>(19,634)</b>	<b>-</b>	<b>429,285</b>
<b>Private equity</b>	<b>321,530</b>	<b>51,753</b>	<b>-</b>	<b>(87,505)</b>	<b>54,574</b>	<b>-</b>	<b>340,352</b>
<b>Infrastructure</b>	<b>356,015</b>	<b>26,358</b>	<b>-</b>	<b>(19,967)</b>	<b>30,558</b>	<b>-</b>	<b>392,964</b>
<b>Timber</b>	<b>212,357</b>	<b>16,242</b>	<b>-</b>	<b>(3,780)</b>	<b>9,359</b>	<b>-</b>	<b>234,178</b>
<b>Private Debt</b>	<b>118,654</b>	<b>41,268</b>	<b>-</b>	<b>(20,254)</b>	<b>(4,081)</b>	<b>-</b>	<b>135,587</b>
<b>Cash</b>							
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
Derivative forward foreign currency contracts	6,989,940	594,162	-	(664,788)	(433,565)	104,203	6,589,952
	418	481	-	(1,156)	257	-	-
	<b>6,990,358</b>	<b>594,643</b>	<b>-</b>	<b>(665,944)</b>	<b>(433,308)</b>	<b>104,203</b>	<b>6,589,952</b>

## 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	
<b>Other Investment balances</b>							
Assets	<b>7,995</b>						<b>9,393</b>
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	<b>(209)</b>						<b>(1,400)</b>
Amounts payable for purchase of investments	(56)						(1,207)
Investment withholding tax payable	(153)						(193)
Amounts payable in respect of global liquidity fund	-						-
	<b>6,998,144</b>						<b>6,597,945</b>

## Notes to the Accounts

2020/21	2020/21 Movement						Value at 31 March 2021 £000
	Value at 1 April 2020 £000	Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000	Cash Movement £000	
<b>Total Pooled Investments</b>	<b>4,207,839</b>	<b>427,387</b>	<b>-</b>	<b>(417,903)</b>	<b>1,699,551</b>	<b>-</b>	<b>5,916,874</b>
Fixed interest securities	400,724	-	-	(794)	25,180	-	425,110
Equities - Unit life assurance policies	1,468,496	137,000	-	-	717,378	-	2,322,874
Equities - ACCESS pooled global equity funds	1,462,857	55,863	-	(338,358)	863,822	-	2,044,184
Index linked securities	285,066	-	-	(75,000)	12,597	-	222,663
Property unit trusts	165,452	14,708	-	(1,768)	900	-	179,292
Other managed funds	425,244	219,816	-	(1,983)	79,674	-	722,751
<b>Equities - Market Quoted Equities</b>	<b>599,583</b>	<b>160,035</b>	<b>-</b>	<b>(223,075)</b>	<b>215,086</b>	<b>-</b>	<b>751,629</b>
<b>Property</b>	<b>429,285</b>	<b>30,408</b>	<b>-</b>	<b>(31,921)</b>	<b>8,798</b>	<b>-</b>	<b>436,570</b>
<b>Private equity</b>	<b>340,352</b>	<b>55,360</b>	<b>-</b>	<b>(61,299)</b>	<b>75,101</b>	<b>-</b>	<b>409,514</b>
<b>Infrastructure</b>	<b>392,964</b>	<b>274,636</b>	<b>-</b>	<b>(77,931)</b>	<b>17,521</b>	<b>-</b>	<b>607,190</b>
<b>Timber</b>	<b>234,178</b>	<b>34,128</b>	<b>-</b>	<b>(10,970)</b>	<b>(12,917)</b>	<b>-</b>	<b>244,419</b>
<b>Private Debt</b>	<b>135,587</b>	<b>22,887</b>	<b>-</b>	<b>(15,695)</b>	<b>10,029</b>	<b>-</b>	<b>152,808</b>
<b>Cash</b>							
Cash deposits held at the custodian/other	250,164	-	-	4,827	(4,827)	(44,120)	206,044
Sterling	185,665	-	-	-	-	(40,131)	145,534
Foreign currency	64,499	-	-	4,827	(4,827)	(3,989)	60,510
	<b>6,589,952</b>	1,004,841	-	(833,967)	2,008,342	(44,120)	<b>8,725,048</b>
Derivative forward foreign currency contracts		13	-	(13)	-	-	-
	<b>6,589,952</b>	1,004,854	-	(833,980)	2,008,342	(44,120)	<b>8,725,048</b>

## Notes to the Accounts

2020/21	2020/21 Movement						Value at 31 March 2021 £000
	Value at 1 April 2020 £000	Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000	Cash Movement £000	
<b>Other Investment balances</b>							
Assets	<b>9,393</b>						<b>10,090</b>
Amounts receivable for sales of investments	1,664						847
Investment income due	7,269						9,243
Amounts receivable in respect of global liquidity fund	460						-
Liabilities	<b>(1,400)</b>						<b>(60,598)</b>
Amounts payable for purchase of investments	(1,207)						(60,107)
Investment withholding tax payable	(193)						(214)
Amounts payable in respect of global liquidity fund	-						(277)
	<b>6,597,945</b>						<b>8,674,540</b>

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

### 12.3 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 2020			31 March 2021	
£000	%		£000	%
481,814	7.3	UBS Asset Management Life All World Equity Tracker Hedged	835,605	9.6
590,709	9.0	Link Fund Solutions LTGG Fund	764,863	8.8
425,244	6.4	M&G Alpha Opportunity Fund	722,751	8.3
447,157	6.8	Link Fund Solutions Global Dividend Fund	663,391	7.6
424,991	6.4	Link Fund Solutions Global Equity Fund	615,930	7.1
333,557	5.0	UBS Asset Management Life USA Equity Tracker Hedged	488,740	5.6
400,724	6.1	Goldman Sachs Strategic Absolute Fund	425,110	4.9

# Notes to the Accounts

## 12.4 Property Holdings

### Rent receivable from operating leases

The table below shows the rent receivable from operating leases due to the Fund as at 31 March:

2019/20		2020/21
£000		£000
16,948	Within one year	14,020
55,228	Between one and five years	46,927
55,552	Beyond five years	49,101
<b>127,728</b>	<b>Total</b>	<b>110,048</b>

The above disclosure has been restated to remove the loss allowance adjustment that had previously been applied to 2019/20.

### Movement in the fair value of investment properties

	Freehold	Leasehold	Total
	£000	£000	£000
<b>Fair value at 1 April 2019</b>	<b>302,980</b>	<b>80,270</b>	<b>383,250</b>
Additions	73,841	1,092	74,933
Disposals	(39,809)	-	(39,809)
Net gain/loss on fair value	(13,182)	(7,267)	(20,449)
<b>Fair value at 31 March 2020</b>	<b>323,830</b>	<b>74,095</b>	<b>397,925</b>
Additions	2,710	27,698	30,408
Disposals	(23,845)	(6,170)	(30,015)
Net gain/loss on fair value	19,655	(12,123)	7,532
<b>Fair value at 31 March 2021</b>	<b>322,350</b>	<b>83,500</b>	<b>405,850</b>

## 13 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.

## Notes to the Accounts

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

2019/20 £000		2020/21 £000
8,416	Value of AVC fund at beginning of year	8,783
1,569	Employees contributions	1,546
(191)	Investment income and change in market value	(504)
(1,011)	Benefits paid and transfers out	(1,186)
<b>8,783</b>		<b>8,639</b>

### 13.2 Analysis of AVC investments by Provider

2019/20 £000		2020/21 £000
64	Utmost (formerly Equitable Life)	64
4,651	Prudential*	4,651
4,068	Standard Life	3,924
<b>8,783</b>		<b>8,639</b>

\*The Prudential were not able to confirm their Fund's balance as at 31 March 2021 at the time of the accounts being drafted. This is due to impact of Covid 19 on their operations, and a new system implementation. Therefore the 2019/20 balance is being used until more up to date is available.

## 14 Current Assets and Liabilities

### 14.1 Analysis of current assets

31 March 2020 £000		31 March 2021 £000	
	<b>Cash Balances</b>		
1,737	Cash at bank	1,469	
15,012	Cash on short term deposits within 3 months	47,998	
<b>16,749</b>			<b>49,467</b>
	<b>Debtors and payments in advance</b>		
4,811	Contributions due – employees	5,250	
15,524	Contributions due – employers	17,540	
1,473	Sundry debtors	677	
<b>21,808</b>			<b>23,467</b>
<b>38,557</b>	<b>Total</b>		<b>72,934</b>



# Notes to the Accounts

## 14.2 Analysis of long-term debtors by type

31 March 2020 £000	31 March 2021 £000
228 Other employer contributions due	199
311 Reimbursement of life time allowances	327
<b>539 Total</b>	<b>526</b>

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 or part of the tax upfront on the individual's behalf and are reimbursed by additional pension deductions over time. A long-term debtor of **£327,000** has been raised in 2020/21 in this regard (£311,000 in 2019/20).

## 14.3 Analysis of current liabilities

31 March 2020 £000	31 March 2021 £000
<b>Unpaid benefits and other current liabilities</b>	
(1,460) Contributions due – employers	(648)
(1,883) Investment manager fees payable	(2,763)
(5,139) Benefits payable	(5,047)
(934) Other	(406)
<b>(9,416) Total</b>	<b>(8,864)</b>

## 14.4 Contingent Liabilities and Contractual Commitments

As at 31 March 2021 the Fund had a commitment to contribute a further **£1.089bn** to its existing partnership investments, including private equity, infrastructure, private debt and timber (£1.192bn as at 31 March 2020). 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.

## 15 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.

### 15.1 Administration of the Fund

The Essex Pension Fund is administered by Essex County Council.

The Council incurred gross costs of **£3.437m** in 2020/21, of which **£7,000** was outstanding at 31 March 2021 (£3.298m in 2019/20, of which £545,000 was outstanding at 31 March 2020) in relation

## Notes to the Accounts

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 **£59.575m** to the Fund in 2020/21 (£49.882m in 2019/20). 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 24 March 2021. This service is provided to the Fund at a cost of **£28,000** (£28,000 in 2019/20).

During the year to 31 March 2021, the Pension Fund had an average investment balance of **£47.121m** (£21.097m in 2019/20) earning **£57,000** interest (£110,000 in 2019/20).

### 15.2 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.

### 15.3 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 2020/21, were also members of the LGPS are listed below.

#### County Councillors

S. Barker  
M. Maddocks

#### Representative of Scheme Employers

C. Riley

#### Representative of Scheme Members

S. Child

## Notes to the Accounts

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 2020/21, were also members of the LGPS are listed below:

### Representative of Scheme Employers

J. Durrant  
S. Walsh

### Representative of Scheme Members

A. Coburn  
D. Hurst  
S. Roberts  
J. Sheehy

The employees of Essex County Council who held key positions in the financial management of the Essex Pension Fund during 2020/21 and were also members of the Fund were the Executive Director, Corporate Services, the Director for Essex Pension Fund and three personnel covering 20% each of the Head of Essex Pension Fund role.

During 2020/21 approximately 2% of the Executive Director, Corporate Services 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:

2019/20 £000	2020/21 £000
145 Short-term benefits	137
153 Current service costs	106
<b>298</b>	<b>243</b>

## 16 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:

2019/20 £000	2020/21 £000
1,443 Administering Authority	1,389
5,166 Scheduled Bodies	5,026
89 Community Admission Bodies	86
2 Resolution Bodies	2
20 Former Employers	19
<b>6,720</b>	<b>6,522</b>

# Notes to the Accounts

## 17 Fair Value - Basis of Valuation

### 17.1 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.

- **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.
- **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.
- **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:

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

## Notes to the Accounts

Fund Manager	Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuations
Link Asset Solutions	Pooled global equities funds	Level 1	Net Asset Value / Bid Market Price.	N/A	N/A
Goldman Sachs Asset Management International	Quoted Fixed interest securities	Level 1	Fixed interest securities are valued at a market value based on current yields.	N/A	N/A
UBS Asset Management	Equities/ Indexed linked life assurance policies	Level 2	Average of broker prices.	Price of recent transactions for identical instrument.	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 instrument.	Significant change in economic circumstances or time lapse since the transaction took place.
Stewart Investors/ Marathon Asset Management Limited	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	<p>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.</p>	<p>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.</p>	<p>The following sensitivities have been identified. Asset values can range between <b>(+/-10%)</b>, comprising significant changes in yield movement <b>(+/-5%)</b> and estimated rental value movement <b>(+/-5%)</b> have been identified as key sensitivities. The outbreak of COVID-19 continues to affect real estate markets globally. Nevertheless, as at the valuation date property markets have converted back to normal functioning again. Accordingly, the valuation is not reported as being subject to 'material value uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards.</p>

## 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	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 <b>(+14.2% / - 14.2%)</b>
Aviva Investors	Property unit trusts	Level 3	Assets are based on valuations received from the Managers which are determined in accordance with the last know 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 <b>(+/-10%)</b> , comprising significant changes in yield movement <b>(+/-5%)</b> and estimated rental value movement <b>(+/-5%)</b> have been identified as key sensitivities. The outbreak of COVID-19 continues to affect real estate markets globally. Nevertheless, as at the valuation date property markets have converted back to normal functioning again. Accordingly, the valuation is not reported as being subject to 'material uncertainty as defined by VPS 3 and VPGA 10 of the RICS Valuation—Global Standards.



## 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. Asset values can range between <b>(+15%/-15%)</b> .



## 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 <b>(+5.3% /-5.3%)</b> .

## 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 <b>(+7.0% / -5.7%)</b> .

## 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	The 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 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.	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 <b>(+6/-6%)</b> .

## 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	The investments are valued based on the Fund's share of the net assets value. The net assets value are determined using 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 <b>(+5%/-5%)</b> .
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 <b>(+4.6%/-4.6%)</b> .

## 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 2020			Values as at 31 March 2021		
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
			<b>Financial assets</b>		
2,472,558	2,178,836	1,152,133	3,231,013	3,268,444	1,471,572
<b>2,472,558</b>	<b>2,178,836</b>	<b>1,152,133</b>	<b>3,231,013</b>	<b>3,268,444</b>	<b>1,471,572</b>
			<b>Non Financial assets</b>		
		545,685			558,221
			<b>Financial liabilities</b>		
(1,400)	(31)	-	(60,598)	(156)	-
<b>(1,400)</b>	<b>(31)</b>	<b>-</b>	<b>(60,598)</b>	<b>(156)</b>	<b>-</b>
<b>2,471,158</b>	<b>2,178,805</b>	<b>1,697,818</b>	<b>3,170,415</b>	<b>3,268,288</b>	<b>2,029,793</b>
			<b>Total net assets per level</b>		
			<b>6,347,781 Net Investment Assets</b>		
			<b>8,468,496</b>		

### 17.2 Transfers between hierarchy levels

No reclassifications were made as at 31 March 2020 or as at 31 March 2021.

### 17.3 Reconciliation of fair value measurements within Level 3

	Value at 1	2020/21 Movement					Value at 31
	April 2020	Transfer to level 3	Purchases	Sale Proceeds	Unrealised profit/loss	Realised profit/loss	March 2021
	£000	£000	£000	£000	£000	£000	£000
<b>Properties</b>	<b>594,737</b>	-	<b>45,116</b>	<b>(33,689)</b>	<b>12,921</b>	<b>(3,223)</b>	<b>615,862</b>
UK properties (freehold)	323,830	-	2,710	(23,845)	15,092	4,563	322,350
UK properties (leasehold)	74,095	-	27,698	(6,170)	(10,642)	(1,481)	83,500
Global properties	31,360	-	-	(1,906)	1,266	-	30,720
Property unit trusts	165,452	-	14,708	(1,768)	7,205	(6,305)	179,292

## Notes to the Accounts

	Value at 1	2020/201 Movement					Value at 31
	April 2020	Transfer to level 3	Purchases	Sale Proceeds	Unrealised profit/loss	Realised profit/loss	March 2021
	£000	£000	£000	£000	£000	£000	£000
<b>Private equity</b>	<b>340,352</b>		<b>55,360</b>	<b>(61,299)</b>	<b>39,889</b>	<b>35,212</b>	<b>409,514</b>
UK unquoted	4	-	-	-	(4)	-	-
Overseas unquoted	340,348	-	55,360	(61,299)	39,893	35,212	409,514
<b>Infrastructure</b>	<b>392,964</b>		<b>274,636</b>	<b>(77,931)</b>	<b>(5,013)</b>	<b>22,534</b>	<b>607,190</b>
UK unquoted	1	-	-	-	-	-	1
Overseas unquoted	392,963	-	274,636	(77,931)	(5,013)	22,534	607,189
<b>Timber (Overseas unquoted)</b>	<b>234,178</b>		<b>34,128</b>	<b>(10,970)</b>	<b>(13,071)</b>	<b>154</b>	<b>244,419</b>
<b>Private debt</b>	<b>135,587</b>		<b>22,887</b>	<b>(15,695)</b>	<b>10,268</b>	<b>(239)</b>	<b>152,808</b>
UK unquoted	25,692	-	-	(127)	6,891	-	32,456
Overseas unquoted	109,895	-	22,887	(15,568)	3,377	(239)	120,352
	<b>1,697,818</b>	-	<b>432,127</b>	<b>(199,584)</b>	<b>44,994</b>	<b>54,438</b>	<b>2,029,793</b>

### 17.4 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 17.1 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 2021.

## Notes to the Accounts

Value at				Value at			
31 Mar	Assessed	Value on	Value on	31 Mar	Assessed	Value on	Value on
2020	valuation	increase	decrease	2021	valuation	increase	decrease
£000	range (+/-)	£000	£000	£000	range (+/-)	£000	£000
<b>397,925</b>	20.0%	477,510	318,340	<b>405,850</b>	10.0%	446,435	365,265
							Freehold and leasehold properties
<b>31,360</b>	14.2%	35,813	26,907	<b>30,720</b>	14.2%	35,082	26,358
							Global property
<b>165,452</b>	20.0%	198,542	132,362	<b>179,292</b>	10.0%	197,221	161,363
							Property unit trusts
<b>340,352</b>	15.0%	391,405	289,299	<b>409,514</b>	15.0%	470,941	348,087
							Private equity
<b>392,964</b>	4.1%	409,076	376,852	<b>607,190</b>	6.0%	643,621	570,759
							Infrastructure
<b>234,178</b>	5.0%	245,887	222,469	<b>244,419</b>	5.0%	256,640	232,198
							Timber (Overseas unquoted)
<b>135,587</b>	7.2%	145,349	125,825	<b>152,808</b>	4.6%	159,837	145,779
							Private debt
<b>1,697,818</b>		<b>1,903,582</b>	<b>1,492,054</b>	<b>2,029,793</b>		<b>2,209,777</b>	<b>1,849,809</b>

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 base strategic allocations.

Further information on the assessed valuation ranges can be found in Note 17.1.

### 18. Financial instruments

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

#### 18.1 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 **£23.993m** as at 31 March 2021 (£22.347m as at 31 March 2020) excludes statutory debtors of **£23.597m** (£21.958m as at 31 March 2020).

## Notes to the Accounts

The creditor figure of **£8.864m** as at 31 March 2021 (£9.416m as at 31 March 2020) excludes statutory creditors of **£5.695m** (£6.599m as at 31 March 2020).

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 2020				31 March 2021			
Fair value Through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000	Asset type	Fair value Through Profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000	
<b>Financial assets</b>							
Pooled Investments							
400,724	-	-	Fixed interest securities	425,110	-	-	
1,468,496	-	-	Equities - Unit life assurance policies	2,322,874	-	-	
1,462,857	-	-	Equities - ACCESS pooled global equity funds	2,044,184	-	-	
285,066	-	-	Index linked securities	222,663	-	-	
165,452	-	-	Property unit trusts	179,292	-	-	
425,244	-	-	Other managed funds	722,751	-	-	
599,583	-	-	Equities - Market Quoted Equities	751,629	-	-	
340,352	-	-	Private equity	409,514	-	-	
276,564	-	-	Infrastructure	485,539	-	-	
234,178	-	-	Timber	244,419	-	-	
135,587	-	-	Private debt	152,808	-	-	
31	-	-	Derivative contracts	156	-	-	
-	266,913	-	Cash deposits	-	255,511	-	
9,393	-	-	Other investment balances	10,090	-	-	
-	389	-	Debtors	-	396	-	
<b>5,803,527</b>	<b>267,302</b>	-		<b>7,971,029</b>	<b>255,907</b>	-	
<b>Financial liabilities</b>							
(31)	-	-	Derivative contracts	(156)	-	-	
(1,400)	-	-	Other investments balances	(60,598)	-	-	
-	-	(2,817)	Creditors	-	-	(3,169)	
<b>(1,431)</b>	-	<b>(2,817)</b>		<b>(60,754)</b>	-	<b>(3,169)</b>	
<b>5,802,096</b>	<b>267,302</b>	<b>(2,817)</b>	<b>Balance at the end of the year</b>	<b>7,910,275</b>	<b>255,907</b>	<b>(3,169)</b>	
			<b>6,066,581</b>			<b>8,163,013</b>	<b>Total</b>



# Notes to the Accounts

## 18.2 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 **£26.209m** as at 31 March 2021 (£96,000 loss as at 31 March 2020)

Gain/(loss) 2019/20 £000		Gain/(loss) 2020/21 £000
	<b>Financial assets</b>	
(436,635)	Fair value through profit and loss	1,986,960
3,424	Amortised cost unrealised gains	(4,827)
<b>(433,211)</b>	<b>Total</b>	<b>1,982,133</b>

## 19 Nature and extent of risks arising from financial instruments

### 19.1 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.

### 19.2 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 Strategy Statement shown in section 6 of this report and is also available from the website

[www.essexpensionfund.co.uk](http://www.essexpensionfund.co.uk). Investment risk and strategy are regularly reviewed by the ISC.

## Notes to the Accounts

### 19.3 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.

### 19.4 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 2021/22 and 2020/21. The percentages shown in the following table 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.

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

## Notes to the Accounts

31st March 2020 £000	Percentage change %	Value increase £000	Value decrease £000	Asset type	31st March 2021 £000	Percentage change %	Value increase £000	Value decrease £000
266,913	0.3%	267,714	266,112	Cash and equivalents	255,511	0.3%	256,278	254,744
				Investment portfolio assets				
400,724	8.0%	432,782	368,666	UK fixed interest securities	425,110	7.5%	456,993	393,227
41,678	27.5%	53,139	30,217	UK equities	46,565	16.7%	54,341	38,789
557,905	28.0%	714,118	401,692	Overseas equities	705,064	17.4%	827,745	582,383
				UK equities unit				
235,073	27.5%	299,718	170,428	insurance policies	374,439	16.7%	436,970	311,908
				Overseas equities				
751,609	28.0%	962,060	541,158	insurance policies	1,112,830	17.4%	1,306,462	919,198
				Global equities				
481,814	28.0%	616,722	346,906	insurance policies	835,605	17.4%	981,000	690,210
				ACCESS pooled global equity funds				
1,462,857	28.0%	1,872,457	1,053,257	UK index linked life assurance policies	2,044,184	17.4%	2,399,872	1,688,496
285,066	7.4%	306,161	263,971	Property unit trusts	222,663	7.5%	239,363	205,963
165,452	14.2%	188,946	141,958	Private equity	179,292	14.2%	204,751	153,833
340,352	28.4%	437,012	243,692	Infrastructure	409,514	28.5%	526,225	292,803
276,564	11.1%	307,263	245,865	Timber	485,539	9.5%	531,665	439,413
234,178	20.1%	281,248	187,108	Private debt	244,419	21.0%	295,747	193,091
135,587	7.2%	145,349	125,825	Other managed funds	152,808	4.6%	159,837	145,779
425,244	11.1%	472,446	378,042	Net derivative assets	722,751	9.5%	791,412	654,090
-	-	-	-		-	-	-	-
<b>6,061,016</b>		<b>7,357,135</b>	<b>4,764,897</b>	<b>Total assets available to pay benefits</b>	<b>8,216,294</b>		<b>9,468,661</b>	<b>6,963,927</b>

## Notes to the Accounts

### 19.5 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 2021 and 31 March 2020 are shown below. The underlying assets are shown at their fair value.

Asset value as at 31 Mar 2020			Asset value as at 31 Mar 2021	
£000	Asset type		£000	
250,164	Cash and cash equivalents		206,044	
16,749	Cash balances		49,467	
400,724	Fixed interest securities		425,110	
285,066	Index-linked securities		222,663	
135,587	Private debt		152,808	
<b>1,088,290</b>	<b>Total assets</b>		<b>1,056,092</b>	

### 19.6 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 2020					Asset value as at 31 Mar 2021			
£000	Impact of 1% increase £000	Impact of 1% decrease £000	Asset type	£000	Impact of 1% increase £000	Impact of 1% decrease £000	£000	
250,164	250,164	250,164	Cash and cash equivalents	206,044	206,044	206,044	206,044	
16,749	16,749	16,749	Cash balances	49,467	49,467	49,467	49,467	
400,724	396,717	404,731	Fixed interest securities	425,110	420,859	429,361	429,361	
285,066	285,066	285,066	Index-linked securities	222,663	222,663	222,663	222,663	
135,587	134,231	136,943	Private debt	152,808	151,280	154,336	154,336	
<b>1,088,290</b>	<b>1,082,927</b>	<b>1,093,653</b>	<b>Total change in assets available</b>	<b>1,056,092</b>	<b>1,050,313</b>	<b>1,061,871</b>		

## 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.

### 19.7 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 2021 and 31 March 2020:

31 Mar 2020		31 Mar 2021
£000	Asset type	£000
557,905	Overseas equities quoted	705,064
751,609	Overseas unit life assurance policies	1,112,830
481,814	Global unit life assurance policies	835,605
1,462,857	ACCESS pooled global equity funds	2,044,184
31,360	Global property	30,720
340,348	Overseas private equity	409,514
392,963	Overseas infrastructure	607,189
234,178	Overseas timber	244,419
109,895	Overseas private debt	120,352
64,499	Foreign currency	60,510
<b>4,427,428</b>	<b>Total overseas assets</b>	<b>6,170,387</b>

### 19.8 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 **9.8%** (13% as at 31 March 2020) (approximately one standard deviation) assuming other factors remain constant.

The table below shows the effect of a **9.8%** (13% as at 31 March 2020) 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 2020 £000	Change in year in the net assets to pay benefits		Asset type	Asset value as at 31 Mar 2021 £000	Change in year in the net assets to pay benefits	
	+13% £000	-13% £000			+9.8% £000	-9.8% £000
557,905	630,433	485,377	Overseas equities quoted	705,064	774,160	635,968
751,609	849,318	653,900	Overseas unit life assurance	1,112,830	1,221,887	1,003,773
481,814	544,450	419,178	policies	835,605	917,494	753,716
1,462,857	1,653,028	1,272,686	Global unit life assurance	2,044,184	2,244,514	1,843,854
31,360	35,437	27,283	policies	30,720	33,731	27,709
340,348	384,593	296,103	ACCESS pooled global equity	409,514	449,646	369,382
392,963	444,048	341,878	funds	607,189	666,694	547,684
234,178	264,621	203,735	Global property	244,419	268,372	220,466
109,895	124,181	95,609	Overseas private equity	120,352	132,146	108,558
64,499	72,884	56,114	Overseas infrastructure	60,510	66,440	54,580
			Overseas timber			
			Overseas private debt			
			Foreign currency			
			<b>Total change in assets</b>			
<b>4,427,428</b>	<b>5,002,993</b>	<b>3,851,863</b>	<b>available</b>	<b>6,170,387</b>	<b>6,775,084</b>	<b>5,565,690</b>

### 19.9 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.

#### 19.9.1 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 return which is used to reconcile both member information and the contributions paid over in the



## Notes to the Accounts

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 2021 is provided in Note 14.

### 19.9.2 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 2021, the average credit quality of the M&G bond mandate was **BBB** rated (BBB+ rated as at 31 March 2020). The portfolio had suffered seven defaults since inception, one was within the financial year ended 31 March 2021 and one within the financial year ended 31 March 2020.

The portfolio managed by GSAM as at 31 March 2021 had an average credit quality of **AA** (AAA rated as at 31 March 2020) and has suffered 14 defaults since inception, two within the financial year ending 31 March 2021 and none within the financial year ended 31 March 2020.

### 19.9.3 Custody

Northern Trust are the global custodian with responsibility for safeguarding the assets of the Fund. As at 31 March 2021 Northern Trust had \$11.5 trillion of assets under custody (31 March 2020, \$10.8 trillion) and had a credit rating of AA- (31 March 2020, AA-). Monthly reconciliations are performed between the underlying records of the custodian and all investment managers and partnerships of the Fund.

### 19.10 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 2020) 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.

## Notes to the Accounts

At 31 March 2021, **£49.467m** (£16.749m as at 31 March 2020) 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 2021, the total balance held in Sterling and US dollar AAA money market funds was **£191.575m** with a smaller balance of **£14.469m** held in the Northern Trust current account (£224.984m and £25.180m as at 31 March 2020 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 2020			31 March 2021	
Rating	£000		Rating	£000
<b>Cash managed externally</b>				
Cash held on deposit				
AAA	96,022	BNP Paribas Investment Partners	AAA	76,420
AAA	<u>128,962</u>	Northern Trust	AAA	<u>115,155</u>
	<b>224,984</b>			<b>191,575</b>
Cash held in Current Account				
AA-	<u>25,180</u>	Northern Trust	AA-	<u>14,469</u>
	<b>250,164</b>	<b>Total cash managed externally</b>		<b>206,044</b>
<b>Cash managed internally</b>				
Cash held on fixed term				
AA	-	Essex County Council	AA	16,000
AA	5,006	Peterborough Council	AA	-
Cash held on deposit				
AAA	10,000	Blackrock	AAA	6,998
AA-	3	HSBC	A+	4,999
A	1	Santander UK	A	4,998
AAA	-	LGIM	AAA	9,995
AA-	3	Svenska Handelsbanken	AA-	5,009
Cash held in Current Account				
A+	<u>1,736</u>	Lloyds Bank plc	A+	<u>1,468</u>
	<b>16,749</b>	<b>Total cash managed internally</b>		<b>49,467</b>
	<b>266,913</b>	<b>Total</b>		<b>255,511</b>



## 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 2020		31 March 2021	Maximum limit per Financial Institution	Historical risk of default	Estimated maximum exposure to Default and uncollectability
£000		£000	£000	%	£000
	<b>Cash managed externally</b>				
	Deposit with bank and other financial institutions				
224,984	AAA Rated	191,575	120,000	0.04%	77
25,180	AA Rated	14,469		0.02%	3
<b>250,164</b>	<b>Total cash managed externally</b>	<b>206,044</b>			<b>80</b>
	<b>Cash managed internally</b>				
	Deposit with bank and other financial institutions				
10,000	AAA Rated	16,993	10,000	0.04%	7
5,012	AA Rated	21,009	7,500	0.02%	2
1,737	A Rated	11,465	5,000	0.05%	3
<b>16,749</b>	<b>Total cash managed internally</b>	<b>49,467</b>			<b>12</b>
<b>266,913</b>	<b>Total cash</b>	<b>255,511</b>			<b>92</b>

Whilst the Fund has a cash limit of **£120m** for each financial institution within the Treasury Management Strategy, there is a facility to exceed the limit on a temporary basis when redeploying assets.

### 19.11 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

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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 2021 had immediate access to its pension fund cash holdings held internally and externally of **£255.511m** (£266.913m as at 31 March 2020). 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.

## Statement by External Auditors

### INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF ESSEX PENSION FUND ON THE PENSION FUND FINANCIAL STATEMENTS OF ESSEX PENSION FUND INCLUDED WITHIN THE PENSION FUND ANNUAL REPORT

#### **Opinion**

We have examined the pension fund financial statements for the year ended 31 March 2021 included within the Pension Fund Annual Report, which comprise the Fund Account, the Net Assets Statement and the related notes, including the summary of significant accounting policies.

In our opinion, the pension fund financial statements are consistent, in all material respects, with the audited Statement of Accounts of Essex County Council for the year ended 31 March 2021.

We have not considered the effects of any events between the date we signed our report on the Statement of Accounts, 31 January 2024, and the date of this report.

#### **Respective responsibilities of the Executive Director, Corporate Services and the auditor**

As explained more fully in the Responsibilities for the Statement of Accounts in the Statement of Accounts, the Executive Director, Corporate Services is responsible for the preparation of the pension fund's 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 2020/21, and for being satisfied that the financial statements give a true and fair view. 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 the members of Essex County Council our opinion on the consistency of the pension fund financial statements within the Pension Fund Annual Report with 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 Statement of Accounts of Essex County Council describes the basis of our opinions on those financial statements.

# Statement by External Auditors

## 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 Audited Body and Responsibility of the Auditor within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2020. 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.

DocuSigned by:  
*Ciaran McLaughlin*  
9127333EED9F416...

**Ciaran McLaughlin**  
**Key Audit Partner**

For and on behalf of **BDO LLP**, Appointed Auditor  
Ipswich, UK  
16 February 2024

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



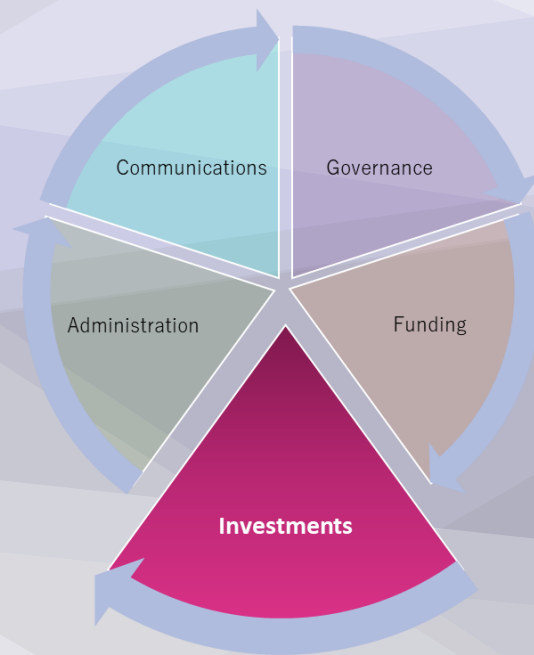
SECTION 6

OTHER  
INFORMATION



# Essex Pension Fund Investment Strategy Statement

October 2020

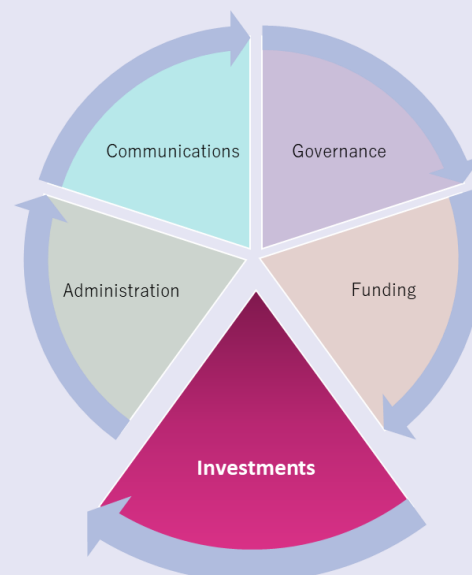




# Essex Pension Fund

## Investment Strategy Statement

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# 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 necessary 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 Governments 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](http://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"> <li>• Investment manager skill is a major determinant of returns. The availability of quality investment managers for a large mandate is untested</li> <li>• The portfolio has been built to specific risk and return requirements</li> <li>• Portfolio designed to account for target holding sizes, to reflect the total portfolio size and achieve the required level of diversification</li> <li>• Moving holdings to part of a bigger direct portfolio would have significant cost implications such as Stamp Duty Land Tax (SDLT)</li> <li>• To reshape the portfolio to meet new objectives would be inconsistent with the value for money criteria</li> <li>• Project Pool analysis showed that increasing direct mandate size does not result in incremental cost savings</li> </ul>
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.

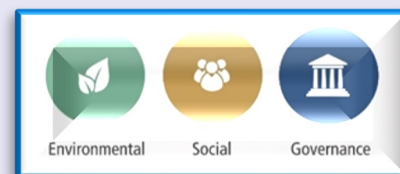


# Essex Pension Fund

## 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

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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

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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

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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
	UBS	11.3		GSAM	5.5		Partners Group	4.0
Global	Link - M&G	6.3	Active Cash plus	M&G	5.5	Private	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
<b>Total</b>		<b>45.0</b>	<b>Total</b>		<b>16.0</b>	<b>Total</b>		<b>39.0</b>

\* 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

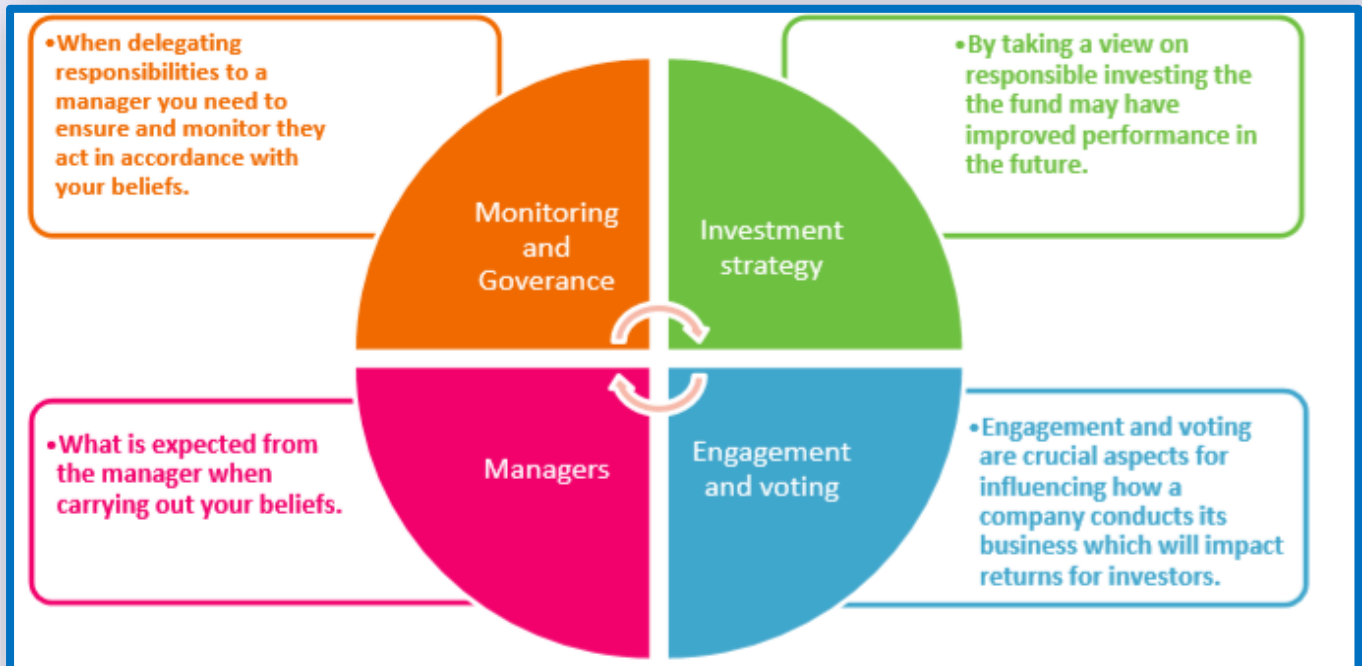
\* The Fund will in the first instance look to work with the ACCESS pool to provide a suitable solution

# 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

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### 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><b>1. Effective decision making</b></p> <p>Administering Authorities should ensure that:</p> <ul style="list-style-type: none"> <li>Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.</li> </ul>	<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 &amp; 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><b>2. Clear objectives</b></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 &amp; Communications. Progress against objectives is monitored regularly by the Fund's scorecard. These objectives include:</p> <ul style="list-style-type: none"> <li>• Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;</li> <li>• Maximise the returns from investments within reasonable risk parameters;</li> <li>• Manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption, where necessary, of employer specific funding objectives;</li> <li>• Recognise in drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible; and</li> <li>• Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally.</li> </ul>	<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><b>3. Risk &amp; liabilities</b></p> <ul style="list-style-type: none"> <li>In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of their liabilities.</li> <li>These include the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk.</li> </ul>	<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><b>4. Performance assessment</b></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 &amp; 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 &amp; 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><b>5. Responsible ownership</b></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><b>6. Transparency &amp; reporting</b></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 <a href="http://www.essexpensionfund.co.uk">www.essexpensionfund.co.uk</a> and includes the:</p> <ul style="list-style-type: none"> <li>• 3 Year Business Plan</li> <li>• Annual Report and Accounts</li> <li>• Funding Strategy Statement</li> <li>• Investment Strategy Statement</li> <li>• Governance Policy and Compliance Statement; and</li> <li>• Communications Policy</li> </ul> <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

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*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 19<sup>th</sup> 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.

### Contribution reviews between actuarial valuations

It is anticipated for most Scheme employers that the contribution rates certified at the formal actuarial valuation will remain payable for the period of the rates and adjustments certificate. However, there may be circumstances where a review of the contribution rates payable by an employer (or a group of employers) under Regulation 64A is deemed appropriate by the administering authority.

A contribution review may be requested by an employer or be required by the administering authority. The review may only take place if one of the following conditions are met:

- (i) it appears likely to the administering authority that the amount of the liabilities arising or likely to arise has changed significantly since the last valuation;
- (ii) it appears likely to the administering authority that there has been a significant change in the ability of the Scheme employer or employers to meet the obligations of employers in the Scheme; or
- (iii) a Scheme employer or employers have requested a review of Scheme employer contributions and have undertaken to meet the costs of that review. A request under this condition can only be made if there has been a significant change in the liabilities arising or likely to arise and/or there has been a significant change in the ability of the Scheme employer to meet its obligations to the Fund.

Guidance on the administering authority's approach considering the appropriateness of a review and the process in which a review will be conducted is set out in the Fund's separate Contribution review. This includes details of the process that should be followed where an employer would like to request a review.

Once a review of contribution rates has been agreed, unless the impact of amending the contribution rates is deemed immaterial by the Fund Actuary, then the results of the review will be applied with effect from the agreed review date, regardless of the direction of change in the contribution rates.

# Essex Pension Fund

## Funding Strategy Statement

Note that where a Scheme employer seems likely to exit the Fund before the next actuarial valuation then the administering authority can exercise its powers under Regulation 64(4) to carry out a review of contributions with a view to providing that assets attributable to the Scheme employer are equivalent to the exit payment that will be due from the Scheme employer. These cases do not fall under the separate contribution review policy.

With the exception of any cases falling under Regulation 64(4), the administering authority will not accept a request for a review of contributions where the effective date is within 12 months of the next rates and adjustments certificate.

### **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 on the next page.

# 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.

### Managing Exit Payments

Where a cessation valuation reveals a deficit and an exit payment is due, the expectation is that the employer settles this debt immediately through a single cash payment. However, should it not be possible for the employer to settle this amount, providing the employer puts forward sufficient supporting evidence to the administering authority, the administering authority may agree a deferred debt agreement (DDA) with the employer under Regulation 64(7A) or a debt spreading agreement (DSA) under Regulation 64B.

Under a DDA, the exiting employer becomes a deferred employer in the Fund (i.e. they remain as a Scheme employer but with no active members) and remains responsible for paying the secondary rate of contributions to fund their deficit. The secondary rate of contributions will be reviewed at each actuarial valuation until the termination of the agreement.



# Essex Pension Fund

## Funding Strategy Statement

Under a DSA, the cessation debt is crystallised and spread over a period deemed reasonable by the administering authority having regard to the views of the Fund Actuary.

Whilst a DSA involves crystallising the cessation debt and the employer's only obligation is to settle this set amount, in a DDA the employer remains in the Fund as a Scheme employer and is exposed to the same risks as active employers in the Fund (e.g. investment, interest rate, inflation, longevity and regulatory risks) meaning that the deficit will change over time.

Guidance on the administering authority's policy for entering into, monitoring and terminating a DDA or DSA is set out in the Fund's separate DSA and DDA policies document. This includes details of when a DDA or a DSA may be permitted and the information required from the employer when putting forward a request for a DDA or DSA.

### 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.
- 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.



# Essex Pension Fund

## Funding Strategy Statement

### Employer Ill health and Death in Service Policy

To help mitigate the financial implications of unexpected additional ill-health and death in service costs on employers, the Fund has considered the options available. The implementation of a self-insurance mechanism provides protection to small and medium sized employers against potentially significant strain costs arising from ill-health early retirements or deaths in service.

The Policy is effective from 1 April 2020, to support contribution stability for the appropriate employers that participate in the Fund. The self-insurance mechanism is achieved through creating a pool of assets (the self-insurance reserve) that will be used to match the increase in an employer's liability as a result of an ill-health retirement or death in service. Contributions to the pool are based on the existing assumption for ill-health and death in service liability exposure adopted by the Fund actuary for the most recent actuarial valuation. This arrangement is subject to review at subsequent actuarial valuations and will operate as follows:

- The self-insurance ill-health and death in service arrangement applies to all employers (both existing and new) with less than 1,000 active members as at the valuation date or date of commencement, if later.
- A defined percentage of contributions or "premiums" are paid by the employers covered by the Policy and held in the self-insurance reserve which is tracked separately by the Fund actuary in the valuation calculations.
- These premiums are taken from the employer's current primary rate. The premium for 2020/21 to 2022/23 is expected to be less than 1% p.a. and will be determined based on recent past combined experience of this group of employers. No additional contributions are required from employers to create the self-insurance reserve.
- The self-insurance reserve is then used to meet the strain costs arising from ill health Tier 1 & 2 only and death in service benefits in respect of active members only. The increase in liabilities is matched with a transfer of assets from the reserve so that there is no initial impact on the deficit position for employers participating in the self-insurance arrangement. The increase in liabilities will be calculated using the ongoing funding assumptions and therefore the transfer of assets will match only on this basis. This means a deficit could arise when providing accounting disclosure or on the exit of an employer.
- The annual premiums are set in line with the average annual expected ill-health and death in service costs based on the funding assumptions. At each formal tri-ennial valuation, the self-insurance reserve is set to zero and any excess assets redistributed to the appropriate employers in line with payroll. The premium is reviewed as part of the tri-ennial valuation but should be reviewed more frequently if actual experience is materially different from expected.

# Essex Pension Fund

## Funding Strategy Statement

- In the event of adverse experience over the valuation period any shortfall in the self-insurance reserve will be met by the appropriate employers. The Actuary will adjust future premiums to recover any shortfall over a reasonable time period to enable premiums to remain as stable as possible for employers. Over time the reserve is therefore intended to be self-funding and smooth out fluctuations in the contribution requirements for those employers in the arrangement.
- Premiums will be adjusted for any changes in LGPS benefits or Regulations that impact these benefits. The premiums will be included in the certified employer rates at each tri-ennial valuation or in the initial contribution rate for any new employers participating in the Fund.
- The Fund reserves the right to remove an employer from participating in the policy where there is evidence of moral hazard or where they are in breach of the Regulations.

### 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](http://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](http://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-retirement mortality table	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

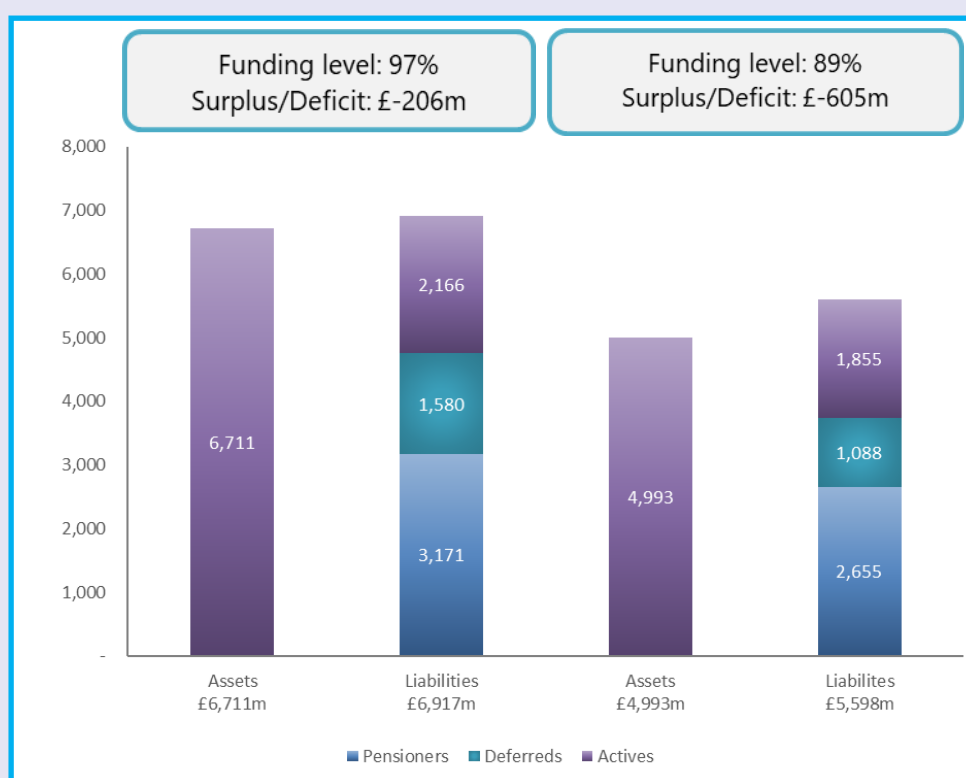
# Essex Pension Fund

## Funding Strategy Statement

### Note 1

The derivation of the CPI assumption at the 2019 valuation was to firstly take the smoothed observation of the 20 year point on the Bank of England RPI curve and then reduce this by 1% to allow for the “formula effect” – the effect of the different measurement techniques used for RPI and CPI. In November 2020 the Government announced that the measurement of RPI will be changed from 2030 which will effectively remove the formula effect from that date. To reflect this change, the adjustment has been reduced to 0.8% to be further reviewed at the next valuation due as at 31 March 2022.

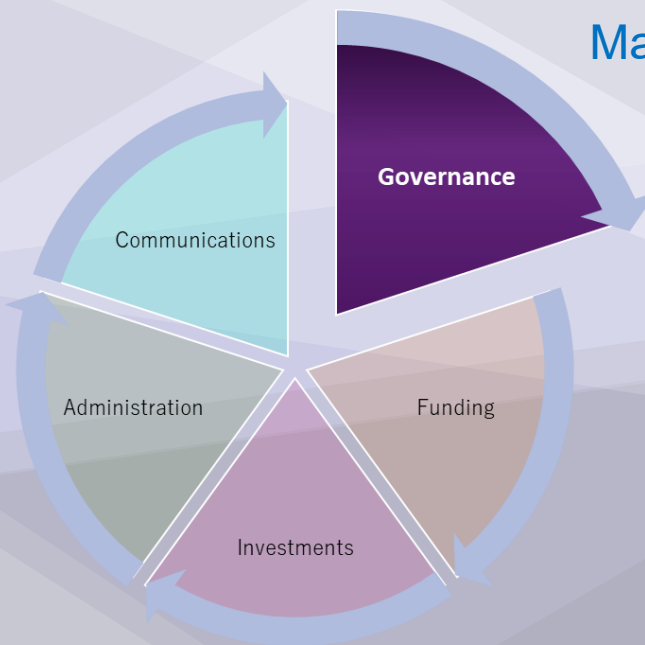
Past service funding position	Proposed basis 31 March 2019 £m	Previous valuation 31 March 2016 £m
<b>Smoothed asset value</b>	<b>6,711</b>	<b>4,993</b>
<b>Past service liabilities</b>		
Actives	2,166	1,855
Deferred pensioners	1,580	1,088
Pensioners	3,171	2,655
<b>Total Liabilities</b>	<b>6,917</b>	<b>5,598</b>
<b>Surplus (Deficit)</b>	<b>-206</b>	<b>-605</b>
<b>Funding level</b>	<b>97%</b>	<b>89%</b>



# 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 Annex A.

### About the Essex Pension Fund ('the 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

# Essex Pension Fund

## Governance Policy and Compliance Statement

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 2020	
Active Members	57,498
Pensioners/Dependants	44,682
Deferred* Members	69,857
<b>Total</b>	<b>172,037</b>

\* 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.

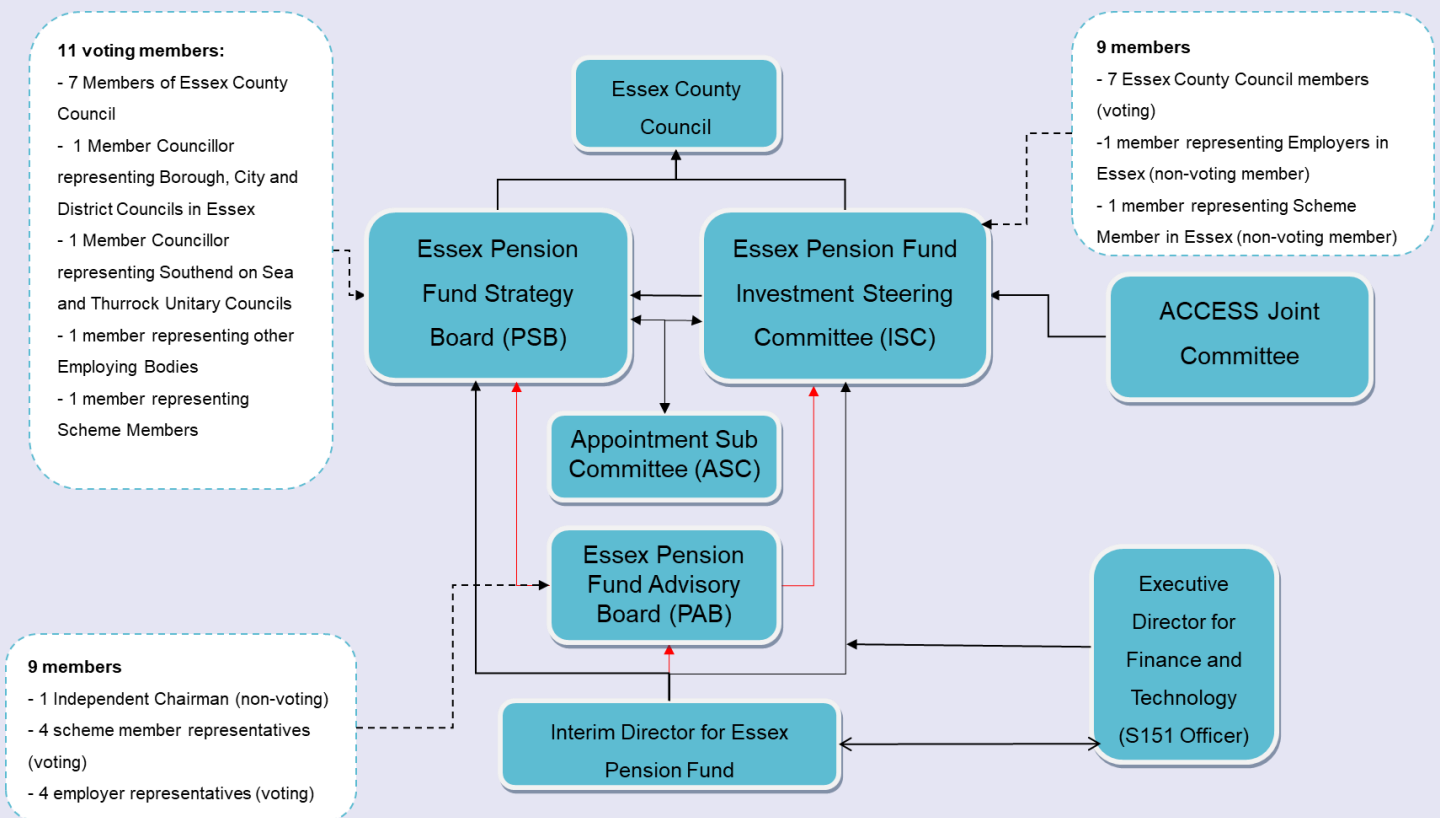
# Essex Pension Fund

## Governance Policy and Compliance Statement

### 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:

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/Committee and delegations are set out below:



### Decision Making Bodies

The Fund's Decision Making Bodies are the Essex Pension Fund Strategy Board (PSB) and the Investment Steering Committee (ISC). The decisions these bodies are required to make are detailed within the Role and Function sections overleaf.

# Essex Pension Fund

## Governance Policy and Compliance Statement

### Essex Pension Fund Strategy Board

#### Membership

There are 11 Members of the Essex Pension Fund Strategy Board (PSB) 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.

#### Quorum

A meeting of the PSB shall only be quorate when:

- i) At least 4 members are present, and
- ii) At least 3 of the members present are Essex County Council members.

# Essex Pension Fund

## Governance Policy and Compliance Statement

### 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 PSB 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.

### Role and Function

The PSB will exercise on behalf of the Council all of 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 to an Officer. Its principal aim is to consider pensions matters with a view to safeguarding the interests of all pension fund Members. In doing so, the PSB will take account of advice from the Director for Essex Pension Fund and the Fund's professional Advisers.

The role of the PSB will include the following specific functions:

- (i) to monitor and oversee the work of the Fund Investment Steering Committee (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;

# Essex Pension Fund

## Governance Policy and Compliance Statement

- (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 Strategy and ensure its requirements are adhered to.
- No matters relating to Essex County Council's responsibilities as an Employer participating in the Essex Pension Fund are delegated to the PSB.

### Investment Steering Committee

#### Membership

There are 9 Members of the Investment Steering Committee (ISC).

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

All ISC Members shall be drawn from PSB membership as follows:

The Chairman and Vice-Chairman of the ISC shall be the Chairman and Vice-Chairman of the PSB respectively.

#### Quorum

A meeting of the ISC shall only be quorate when:

- i) At least 4 members are present, and
- ii) At least 3 of the members present are Essex County Council members.

# Essex Pension Fund

## Governance Policy and Compliance Statement

### 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 ISC 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 ISC if they cease to hold the office or employment which qualifies them for the role.

### 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 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 (ISC Chairman) to the Joint Committee as and when required with the ISC Vice Chairman able to deputise in their absence;
  - 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.
- (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;



# Essex Pension Fund

## Governance Policy and Compliance Statement

- (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.

### Essex Pension Fund Advisory Board (Local Pensions Board)

#### Membership

The Essex Pension Fund Advisory Board (PAB) shall consist of 9 Members and be constituted as follows:

Members	How Nominated or Appointed
4 Employer 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)
	all other Employers
4 Scheme Member representatives of which:	one will be nominated by the trade unions
	the rest will be drawn from the total Fund's active, deferred and pensioner membership
1 Independent Chairman	through appointment process



# Essex Pension Fund

## Governance Policy and Compliance Statement

### Quorum

A meeting of the PAB shall only be quorate when:

i) 4 Members are present including at least the Chairman or Vice-Chairman, 1 Employer representative and 1 Scheme Member representative.

A meeting that is (or becomes at any point) inquorate will only continue if the Chairman (or Vice-Chairman) decides it should and in relation to items of business as agreed by the Chairman (or Vice-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.
- 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.

### Role and Function (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;

# Essex Pension Fund

## Governance Policy and Compliance Statement

- 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.
- g) 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 within the full Terms of Reference").

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.

# Essex Pension Fund

## Governance Policy and Compliance Statement

### 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, Corporate Services (S151 Officer):

To be responsible for providing advice and proposing recommendations to the PSB, ISC and the Director, 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, Corporate Services is not empowered to change the managers of the Fund or, unless the Chief Executive agrees.

#### Director, Legal and Assurance:

To discharge the functions of the Council with respect to the pension's complaints procedure.

#### Responsibilities of other relevant parties

The responsibilities of other relevant parties are set out in Annex B.

# Essex Pension Fund

## Governance Policy and Compliance Statement

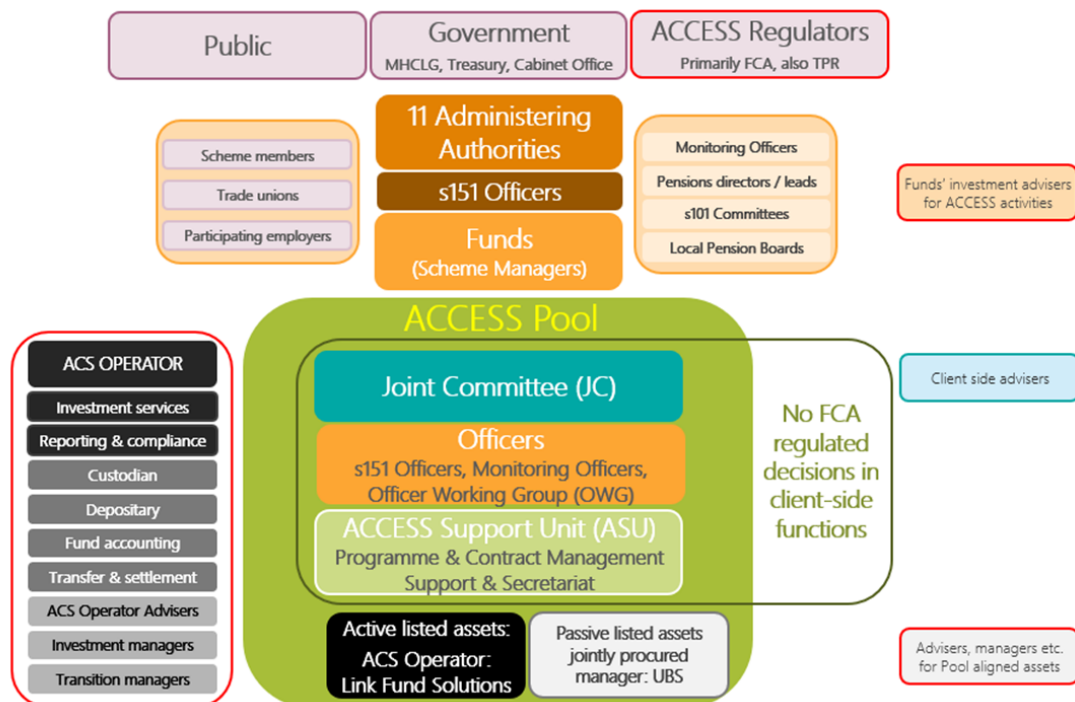
### ACCESS Joint Committee

The ACCESS<sup>1</sup> 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 ACCESS Support Unit (ASU)<sup>2</sup>, providing business support functions.

The following diagram details the structure:



<sup>1</sup>A collaboration of central, eastern and southern shires, formed by 11 LGPS Funds, in response to the Government's investment reform criteria. <sup>2</sup>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:

### Operating the Pool and taking Advice:

- i. The Joint Committee shall consult with and consider the advice of the Section 151 Officers Group (and, where requested, the Monitoring Officers and from appropriate professional advisers) in discharging its functions, recording, if appropriate, where such advice is not followed and the rationale for not doing so. It may decide to procure such professional advisers on such terms as it thinks fit. Accordingly, any procurement of advisers must comply with the constitution of the Council designated to undertake the procurement and that Council will enter into a contract with the appointed adviser on behalf of the Councils.
- ii. The Joint Committee shall decide which functions shall be performed by the ASU.
- iii. The Joint Committee shall at all times have regard to the principles set out in Schedule 1.

### Functions in relation to the Operator(s)<sup>3</sup>:

- i. Specifying Operator services: deciding, in consultation with the Councils, the specification of Services and functions that each 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 an Operator: agreeing the method and process for the procurement and selection of one or more Operators;
- iii. Appointing an Operator: making a recommendation to the Councils as to the identity of each Operator and the terms upon which each Operator is to be appointed;
- iv. Reviewing the Performance of an Operator: keeping the performance of each Operator under review and making arrangements to ensure that the Joint Committee is provided with regular and sufficient reports from the ASU to enable it to do so including but not limited to:
  - a. the performance of an Operator against its contractual requirements and any other performance measures such as any Service Level Agreement (SLA) and key performance indicators (KPIs) and officer 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(s): The Joint Committee shall:

<sup>3</sup>The person appointed by the Councils from time to time to provide the Services.

# Essex Pension Fund

## Governance Policy and Compliance Statement

- a. make recommendations to the Councils on the termination or extension of the Operator Agreement(s);
- b. make decisions about any other action to be taken to manage an Operator Agreement including the giving of any instruction or the making of any recommendation to the relevant Operator including but not restricted to recommendations on investment managers (within any regulatory constraints that may apply); and
- c. make recommendations to the Councils about appropriate arrangements to replace an Operator Agreement on its termination.

### Functions in relation to Management of Pool Assets:

- vi. 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:

- vii. The Joint Committee shall make recommendations to the Councils about Pool Aligned Assets in accordance with this Agreement or any other delegation to the Joint Committee by the Councils.
- viii. Specifying services of Pool Aligned Assets Provider(s): deciding, in consultation with the Councils, the specification of Services which any Pool Aligned Assets Provider will be required to deliver including the sub-funds and classes of investments required to enable each Council to execute its investment strategy.
- ix. Procuring a Pool Aligned Assets Provider: agreeing the method and process for the procurement and selection of one or more Pool Aligned Assets Providers.
- x. Appointing Pool Aligned Assets Providers: making a recommendation to the Councils as to the identity of each Pool Aligned Assets Provider and the terms upon which each Pool Aligned Assets Provider is to be appointed.
- xi. Reviewing the Performance of a Pool Aligned Assets Provider: keeping the performance of each Pool Aligned Assets Provider under review and making arrangements to ensure that the Joint Committee is provided with regular and sufficient reports from the ASU to enable it to do so including but not limited to:
  - a. the performance of a Pool Aligned Assets Provider against its contractual requirements and any other performance measures such as any Service Level Agreement ("**SLA**") and key performance indicators ("**KPIs**") and officer recommendations on any remedial action;
  - b. investment performance of the Pool Aligned Assets Vehicle(s) or sub-funds, as appropriate;

# Essex Pension Fund

## Governance Policy and Compliance Statement

- c. investment and operational costs including the annual review of investment manager costs;
- d. performance against the strategic business plan agreed by the Councils.

### Functions concerning Business Planning and Budget:

- xii. Having taken into account of any advice from the Section 151 Officers Group (or, where relevant, recording the rationale for not following such advice), the Joint Committee shall:
  - a. make recommendations to the Councils about the annual strategic business plan for the Pool;
  - b. determine the budget necessary to implement that plan and meet the expenses of undertaking 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;
  - c. keep the structures created by the Agreement under review from time to time and make recommendations to the Councils about:
    - i. the future of the Pool;
    - ii. any changes to this Agreement; and
    - iii. 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.

### Functions concerning communications:

- xiv. The Joint Committee may agree a protocol for communications in respect of the Pool with third parties, including the LGPS Scheme Advisory Board, other LGPS Administering Authorities, press and relevant Government departments.

### Review of this Agreement:

- xiii. The Joint Committee is required to undertake a review of this Agreement:
  - a. to be completed 18 months before the expiry of each and every Operator Agreement, including as a result of the exercise of any option to terminate an Operator Agreement;
  - b. whenever a Council gives notice of withdrawal under clause 12 of this agreement; or
  - c. at such times as a Council may request under clause 11 (*Variation of this Agreement*).



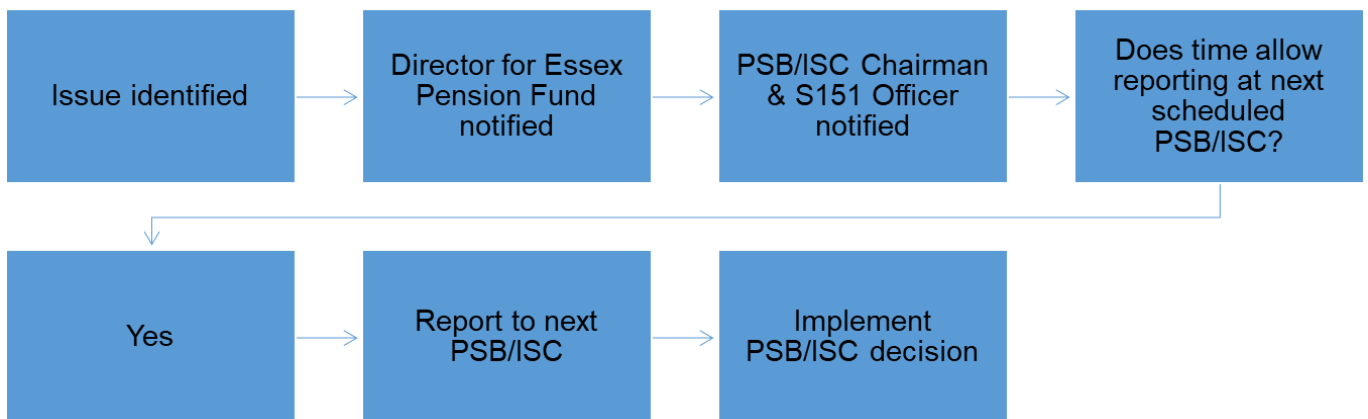
# Essex Pension Fund

## Governance Policy and Compliance Statement

### The Fund's decision-making process

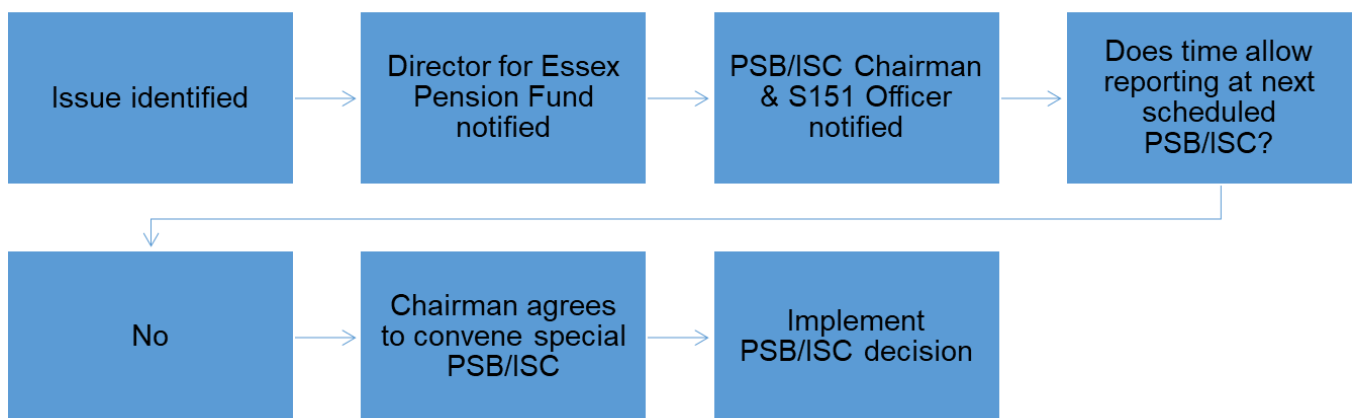
The majority of decisions required to be made by the PSB or ISC are tabled sufficiently in advance to allow members to receive appropriate briefings and make the decision within the normal meeting cycle.

Therefore, the following process is used when there is time to allow a decision to be made at the next scheduled ISC / PSB:



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:

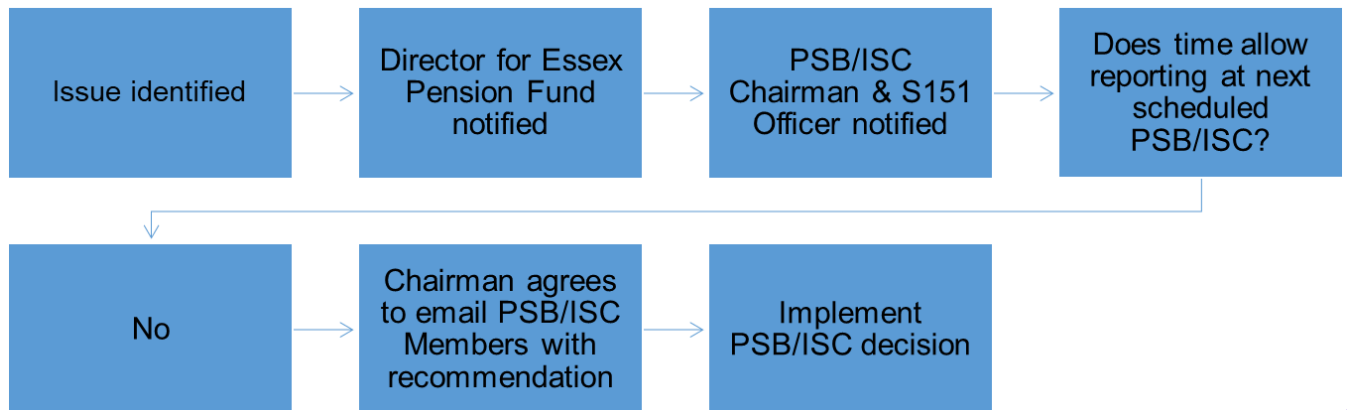




# Essex Pension Fund

## Governance Policy and Compliance Statement

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:



### 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, PSB, ISC and PAB Members, Scheme Member and Employer representatives 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 the Fund will strive to achieve those through the use of a two-year rolling Training Plan together with regular monitoring and reporting.

The Fund's Knowledge and Skills Strategy can be found on the Fund's website – <https://www.essexpensionfund.co.uk/resources/knowledge-and-skills-strategy-for-board-committee-members/>

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.

# Essex Pension Fund

## Governance Policy and Compliance Statement

### 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, ISC Members, PAB Members, Officers and Advisers. It aims to ensure that those individuals do 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/resources/conflict-of-interest-policy/>

### 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 Business Plan and Scorecard which is regularly reported to the PSB and PAB.

### Key Risks

The key risks to the delivery of this Policy are contained within the Fund's Risk Register which can be found on the Fund's website - <https://www.essexpensionfund.co.uk/resources/risk-strategy-2020/> along with the Fund's approach to Risk Management which is documented within the Fund's Risk Strategy.

# Essex Pension Fund

## Governance Policy and Compliance Statement

### Best Practice Compliance Statement

As required by LGPS Regulations the statement in Annex 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

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 17 March 2021. 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.

### 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](mailto:Amanda.crawford@essex.gov.uk)

Jody Evans, Director for Essex Pension Fund  
Email - [Jody.evans@essex.gov.uk](mailto:Jody.evans@essex.gov.uk)

Essex Pension Fund  
Seax House  
County Hall  
Chelmsford  
Essex  
CM1 1QH

Governance Policy and Compliance Statement

**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<sup>4</sup> (issued in 2008):

Description of Principle	Essex Pension Fund’s Position	Level of Compliance
<b>A - Structure</b>		
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	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 is reviewed on an annual basis. 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.  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.	Fully compliant
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	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.	Fully compliant

Governance Policy and Compliance Statement

Description of Principle	Essex Pension Fund's Position	Level of Compliance
<p>c) that where a secondary committee or panel has been established, the structure ensures effective communication across both levels</p>	<p>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.</p>	<p>Fully compliant</p>
<p>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</p>	<p>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).</p>	<p>Fully compliant</p>
<p><b>B - Representation</b></p>		
<p>a) that all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> <li>(i) employing authorities (including non-scheme employers, e.g. admitted bodies);</li> <li>(ii) scheme members (including deferred and pensioner scheme members);</li> <li>(iii) independent professional observers;</li> <li>(iv) expert advisers (on an ad hoc basis).</li> </ul>	<p>The Terms of Reference of both the PSB and the ISC set out the representation on 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"> <li>• 1 Member Councillor representing Borough, City and District Council in Essex;</li> <li>• 1 Member Councillor representing Southend on Sea and Thurrock Unitary Councils;</li> <li>• 1 Member representing other Employing Bodies (which includes admitted bodies); and</li> <li>• 1 Member representing Scheme Members.</li> </ul> <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 meetings.</p>	<p>Fully compliant</p>

Governance Policy and Compliance Statement

Description of Principle	Essex Pension Fund's Position	Level of Compliance
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
<b>C - Selection and Role of Lay Members</b>		
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 are reviewed on an annual basis and are shared with all PSB and ISC Members at the first meeting of the municipal year.  The role of Members is covered by 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	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
<b>D - Voting</b>		
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

Governance Policy and Compliance Statement

Description of Principle	Essex Pension Fund's Position	Level of Compliance
<b>E - Training / Facility Time / Expenses</b>		
<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 Strategy, which 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.</p> <p>The Knowledge and Skills 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 two-year rolling Training 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 Knowledge and Skills Strategy are met by the Fund. Participating Employers are also encouraged to allow facilities' time where relevant.</p>	<p>Fully compliant</p>
<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 Knowledge and Skills Strategy agreed by the PSB concerning the training and development of, and applied equally to, all the Members of the PSB and the ISC.</p>	<p>Fully compliant</p>



Governance Policy and Compliance Statement

Description of Principle	Essex Pension Fund's Position	Level of Compliance
c) that the Administering Authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken	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.	Fully compliant
<b>F - Meetings - Frequency</b>		
a) that an Administering Authority's main committee or committees meet at least quarterly	As part of normal practice, the PSB meet a minimum of four times a year in accordance with their Terms of Reference.	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 quarterly reports are presented to the PSB at each meeting.	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
<b>G - Access</b>		
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.  In addition, all documentation is provided to the PAB.	Fully compliant



Governance Policy and Compliance Statement

Description of Principle	Essex Pension Fund's Position	Level of Compliance
<b>H - Scope</b>		
<p>that administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements</p>	<p>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 Governance, Funding, Investments, Administration and Communications.</p>	<p>Fully compliant</p>
<b>I - Publicity</b>		
<p>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</p>	<p>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 <a href="http://www.essexpensionfund.co.uk">www.essexpensionfund.co.uk</a>. All non-exempt reports of the PSB and ISC are also available on Essex County Council's website - <a href="https://cmis.essex.gov.uk/essexcmis5/Committees.aspx">https://cmis.essex.gov.uk/essexcmis5/Committees.aspx</a>.</p> <p>All other Policies and Strategies are available on the website.</p>	<p>Fully compliant</p>

## Governance Policy and Compliance Statement

### Responsibilities of other relevant parties

#### 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 S151 Officer that the following areas have sound systems on internal control in place:

- administering of the pension fund;
- making pension payroll payments;
- funding;
- investments; and
- the fund's overarching governance and decision-making processes.

## Governance Policy and Compliance Statement

**External Advisers**

- i) Independent Governance and Administration Adviser
- To prepare for, attend and participate in, meetings of the PSB, PAB and other meetings with Board Members and Fund Officers.
  - To provide guidance on the proper governance and administration of the Fund.
  - To provide advice on best practice and compliance with requirements under relevant guidance, legislation and regulations.
  - To prepare and deliver training and/or presentations to various forums.
  - To assist Fund Officers in the development of governance and administration systems.
  - To provide the tools required to facilitate good governance subject to further agreement where required.
  - To review in house administration systems where required.
  - To provide advice on technical aspects of the LGPS where required.
  - To liaise with other professionals (actuary, legal advisers etc.) where required.
  - To understand the implications of the LGPS Asset Pooling agenda.
- ii) Fund Actuary
- To carry out triennial valuations of the Fund.
  - To carry out interim reviews of the Fund.
  - To provide actuarial support on outsourcings, insourcings and statutory transfers and the winding up of admitted bodies.
  - To produce the information required to enable the employing bodies in the Fund to meet their obligations under IAS19.
  - To provide ad hoc actuarial work.
  - To monitor AVC arrangements.
  - To provide advice on the effects of changes in legislation and developments in the pension field.
  - To assist the Fund in the assessment, monitoring and strengthening of employer covenant and risk profile.

## Governance Policy and Compliance Statement

## iii) Institutional Consultant 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.

## iv) Independent Investment Adviser

- To assist in the determination, preparation and writing where appropriate of agendas, papers and presentations for the meetings of the ISC and Officer and Adviser (O&A) meetings.
- To identify investment issues of strategic importance to the Fund and arrange for their consideration by the ISC e.g. asset allocation, investment, management structure.
- To keep under review the individual investment managers and where necessary put forward proposals for their management, including where appropriate their dismissal.
- To prepare commentary on investment managers performance to be included within the Investment Tables report presented to the ISC.
- To actively assist and prepare reports to enable the Fund to become a signatory to the Financial Reporting Council's 2020 Stewardship Code by March 2022.
- To actively assist in the development and review of the Fund's Engagement Plan relating to investment managers Responsible Investment and Good Stewardship.
- To actively assist and participate with the Fund when requested, in manager searches and other Fund procurement exercises.

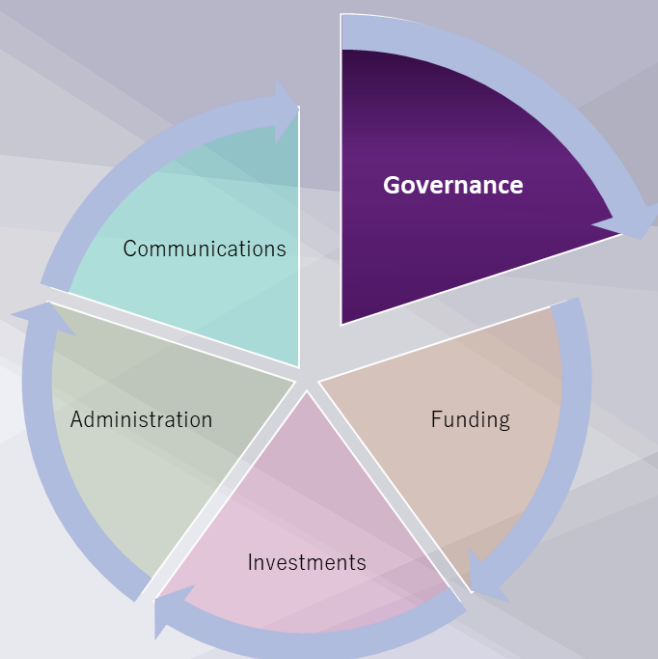
## Governance Policy and Compliance Statement

- To assist the ISC in keeping under review its Investment Strategy Statement (including the Fund's Responsible Investment Policy), Funding Strategy Statement and the Asset Liability Study work thereafter.
- When requested by the Fund Officers, attend and participate in monitoring, reviewing and briefing meetings arranged with Investment Managers, limited partners etc. provide briefing note of the meetings for the ISC as and when required.
- To produce and present bite size investment training and thought pieces as and when appropriate.
- To assist in the research, preparation and writing of specific one-off investment related projects as and when required.
- The provision of an annual report detailing the work undertaken for the year by the Independent Investment Adviser.
- Establish a set of mutually agreeable objectives which will be measured on an annual basis.
- To actively participate in all ISC, O&A and training sessions.

*Essex Pension Fund*

# Essex Pension Fund Advisory Board Annual Report

June 2021



# Essex Pension Fund Advisory Board

## Annual Report 2020/21

### Introduction

This is the sixth Annual Report of the Essex Pension Fund Advisory Board, covering the period from 1 April 2020 until 31 March 2021.

### Roles and Functions

The Essex Pension Fund Advisory Board (PAB) has been established as the Local Pensions 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 (regulations 106 to 109).

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 Essex County Council (ECC) in February 2015 with the following membership:

- 4 Employer representatives made up of ECC (1), Borough/City/District (1), Unitary (1), Other Employing Bodies (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 04 March 2015 Essex Pension Fund Strategy Board (PSB) Meeting [Documents](#).

The PAB's full Terms of Reference (TOR's) is reviewed periodically as part of the Governance and Compliance Statement and was last reviewed by the PSB at their meeting in March 2021. The TOR's can be found within the [ECC Constitution](#).

The PAB met three times during the period covered by this report: on 23 September 2020; 16 December 2020 and 17 March 2021. Due to the COVID-19 Pandemic and no legislation being in place at the time to allow for meetings to take place virtually the meeting scheduled for 17 June 2020 was cancelled.

In addition to these meetings, PAB Members were invited to attend as Observers at:

- three meetings of the PSB (the Fund's s101 Committee) which took place in the mornings on 23 September 2020; 16 December 2020 and 17 March 2021.
- four meetings of the Investment Steering Committee (ISC) (the Fund's s101 sub-committee) which took place on 21 July 2020, 21 October 2020, 20 January 2021 and 24 March 2021.



# Essex Pension Fund Advisory Board

## Annual Report 2020/21

### 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 2021 was as follows:

Independent Chairman (1)	
Nicola Mark	Independent
Scheme Member Representatives (4)	
Andrew Coburn	Pensioner, Ex County Council, UNISON (Vice Chairman )
Debs Hurst	Active Member, Chelmsford College
Stuart Roberts	Active Member, Shenfield High Academy
James Sheehy (until 22 February 2021)	Active Member, Witham Town Council
Vacant Position (from 23 February 2021)	-
Employer Representatives (4)	
James Durrant	Essex Police, Fire and Crime Commissioner Fire and Rescue Authority
Councillor Shane Hebb	Thurrock Borough Council
Councillor Simon Walsh	Essex County Council
Councillor Terry Cutmore (until 02 April 2020)	Rochford District Council
Councillor Martin Bracken (from 11 June 2020)	Chelmsford City Council

### Attendance

Attendance at PAB meetings during 2020/21 was 81%.

### 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 2020/21

The Essex Pension Fund (“the Fund”) follows the Fund’s Conflict of Interest Policy in addition to ECC’s Code of Conduct for the management of potential conflicts in order to ensure that they do not become actual conflicts. All Members of the PAB are familiar with these policies.

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 2013<sup>1</sup> requires that members of Local Pensions Boards have an appropriate level of knowledge and understanding in order to carry out their role. Any individual appointed to a Local Pensions 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 Pensions 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 Pensions Board Members is appropriate for the purposes of enabling the individual to properly exercise the functions of a Member of the Local Pensions Board.

### Degree of Knowledge and Understanding

Members of the Local Pensions 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.

<sup>1</sup> The Public Service Pensions Act 2013 made amendments to the Pensions Act 2004 (see s248A)

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

### 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 Pensions 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.

### Knowledge and Skills Strategy

PSB, ISC and PAB Members, Scheme Member and Employer representatives 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 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 will strive to achieve those through the use of a two-year rolling Training Plan together with regular monitoring and reporting.

The approach of the Knowledge and Skills Strategy is summarised below:

- Training credits will be awarded to each PAB Member where training events (approved / recommended by the Fund) has been undertaken either in person or by virtual means;
- PAB Members are expected to complete relevant CIPFA and TPR modules applicable to their role;
- A Training Needs Analysis will be undertaken once every two-years to determine areas for further training and reviewed periodically;
- 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 Three-Year Business Plan.

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 2020/21

Date of meeting	Topics Covered
<p><b>23 September 2020</b></p>	PAB Terms of Reference
	PAB Annual Report
	Review of the Investment Strategy Statement (ISS) and the consultation process
	<p>PSB Update covering:</p> <ul style="list-style-type: none"> <li>• Actuarial Valuation;</li> <li>• Essex Pension Fund Three Year Business Plan 2020/21 to 2022/23;</li> <li>• Pension Fund Activity (Business Plan, Budget, Scorecard and Risk Management);</li> <li>• Essex Pension Fund Policies (Conflict of Interest Policy, Governance Policy and Compliance Statement and Communication Policy);</li> <li>• Scheme Advisory Board (SAB) Good Governance Project;</li> <li>• Cessation Payment Plan;</li> <li>• Pooling;</li> <li>• The work of Internal Audit in relation to the Fund;</li> <li>• The work of External Audit in relation to the Fund; and</li> <li>• LGPS Regulatory Reform.</li> </ul>
<p><b>16 December 2020</b></p>	The Fund's Business Continuity Policy and Business Continuity Planning arrangements.
	<p>PSB Update covering:</p> <ul style="list-style-type: none"> <li>• Government Consultations (McCloud and 95k Cap);</li> <li>• Pension Fund Activity (Business Plan, Budget, Scorecard, and Risk Management);</li> <li>• The work of External Audit in relation to the Fund;</li> <li>• 2020 Actuarial Interim Review;</li> <li>• Employer Ill Health &amp; Death in Service Policy); and</li> <li>• Pooling.</li> </ul>
	PAB Review of the Fund's Business Continuity Arrangements
	PAB Review of the Fund's Annual Surveys
<p><b>17 March 2021</b></p>	The Pensions Regulator - Code of Practice 14
	<p>PSB Update covering:</p> <ul style="list-style-type: none"> <li>• Pension Fund Activity (Business Plan, Budget, Scorecard and Risk Management);</li> <li>• Essex Pension Fund Policies and Publications (Essex Pension Fund Three - Year Business Plan and 2021/22 Budget, Governance Policy and Compliance Statement and Essex Pension Fund Business Continuity Policy and Plan);</li> </ul>

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date of meeting	Topics Covered
17 March 2021	<ul style="list-style-type: none"><li>• LGPS and Other Pension Reform; and</li><li>• Pooling.</li></ul>
	Governance Review and Effectiveness Survey
	PAB Training Needs Analysis Feedback Session

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 including:

- CIPFA LGPS Local Pensions Board Spring Seminar;
- CIPFA LGPS Local Pensions Board Autumn Seminar;
- CIPFA McCloud Implementation Workshop;
- LGPS Update;
- Aon Cyber Risk;
- LGA Fundamentals:
  - ◊ Governance and Oversight of the LGPS;
  - ◊ Investment Framework of the LGPS; and
  - ◊ The Legal Structure of the LGPS.

In addition, Fund Officers hosted a virtual Training Day for all Boards and Committee Members during November 2020 which covered:

- Fund Governance;
- History of the LGPS;
- Digitalisation - Member Online;
- Funding Facts;
- History of the Fund's Investment Portfolio; and
- Administration Facts and Figures.

Details of observing at PSB and ISC meetings and training events (internal and external) are recorded throughout the year.

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

### 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.

This year the PAB has fulfilled its role in the following ways:

Date	Area	Action
<b>All meetings</b>	Decisions of the PSB and the ISC	The PAB's meetings are based on the items considered at meetings of the PSB and the ISC.
<b>23 September 2020</b>	Notes of the Previous Meeting	<b>Resolved:</b> The Board approved the Notes from the previous meeting and noted the updates provided.
	PAB Terms of Reference	<b>Resolved:</b> The Board noted the PAB Terms of Reference for inclusion within the ECC Constitution.
	Appointment of Vice Chairman	<b>Resolved:</b> The Secretariat invited Board Members to make nominations for the appointment of the Vice Chairman. Following a unanimous decision, Andrew Coburn was re-appointed as Vice Chairman.
	PAB Annual Report	<b>Resolved:</b> The Board noted the report.
	Investment Strategy Statement (ISS)	<b>Resolved:</b> The Board noted the content of the report as part of the Fund's stakeholder consultation process.
	PSB Meetings 04 March 2020 and 23 September 2020 - Scheme Advisory Board (SAB) Good Governance Project	<b>Action:</b> Officers to reassess the Fund against the SAB Good Governance Phase II recommendations and bring back to a future Board meeting.

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date	Area	Action
<b>23 September 2020</b>	PSB Meetings 04 March 2020 and 23 September 2020 - Update on Pension Fund Activity	<p><b>Action:</b></p> <p>That a Task and Finish Group be set up to review the Fund's Annual Surveys, in particular the Employer Survey and communication around it and that a report be brought back to the 16 December 2020 meeting.</p> <p><b>Resolved:</b></p> <p>The Board noted the report, presentations and updates that were reviewed by the PSB.</p>
	Business Continuity Update	<p><b>Resolved:</b></p> <p>The Board noted the report and update.</p>
	Papers provided to the PAB	<p><b>Resolved:</b></p> <p>The Board noted the update in relation to papers provided to the PAB since their last meeting.</p>
	Schedule of Future Meetings and Events	<p><b>Resolved:</b></p> <p>The Board noted the update.</p>
<b>16 December 2020</b>	Notes of the previous meeting	<p><b>Resolved:</b></p> <p>The Board approved the Notes from the previous meeting and noted the updates provided.</p>
	PSB Meeting 16 December 2020	<p><b>Resolved:</b></p> <p>The Board noted the papers reviewed by the PSB.</p>
	PAB Review of the Fund's Business Continuity Arrangements	<p><b>Action:</b></p> <p>Business Continuity Plan (BCP) to incorporate the discussions including the penetration test conductor and the inclusion of a Communication Strategy.</p> <p><b>Resolved:</b></p> <p>After review of the Fund's Business Continuity Policy and Plan, the Board noted its development and next steps.</p>

# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date	Area	Action
16 December 2020	PAB review of the Fund's Annual Surveys	<b>Resolved:</b> The Board agreed to put forward to the PSB at their 17 March 2021 meeting its views that the Fund move away from the annual issue of Employer and Scheme Member surveys and implement a target based, event driven model asking fewer questions and utilising various methods (digital, paper, postcards etc).
	The Pensions Regulator Code of Practice	<b>Resolved:</b> The Board noted the report and update.
	Papers provided to the PAB	<b>Resolved:</b> The Board noted the update in relation to papers provided to the PAB since their last meeting.
	Schedule of Future Meetings and Events	<b>Resolved:</b> The Board noted the update.
17 March 2021	Notes of the previous meeting	<b>Resolved:</b> The Board approved the Notes from the previous meeting and noted the updates provided.
	PSB Update	<b>Action:</b> On receipt of a resignation, it was agreed that Fund Officers on behalf of the Board would write to James Sheehy thanking him for his contribution and service to the Board. <b>Resolved:</b> The Board noted the papers reviewed by the PSB.
	Papers provided to the PAB	<b>Action:</b> It was agreed that Fund Officers would reach out to the seminar organisers to try and obtain a copy of the checklist used to measure Board Member performance and if successful would forward on to the Board. <b>Resolved:</b> The Board noted the content of the report in relation to papers provided to the PAB since



# Essex Pension Fund Advisory Board

## Annual Report 2020/21

Date	Area	Action
17 March 2021	Governance Review and Effectiveness Survey	<b>Resolved:</b> Following an Interactive Training Session from the IGAA the Board noted the positive findings from the survey and that these findings, along with the outcome of the PSB Members own assessment of their effectiveness, would be analysed and reported to the Board at a future meeting.
	PAB - Training Needs Analysis Feedback Session	<b>Resolved:</b> The Board noted the update and next steps.
	Schedule of Future Meetings and Events	<b>Resolved:</b> The Board noted the content of the report.

### Review of the Fund's Business Continuity Arrangements:

At the September 2019 PSB meeting, the PAB were asked to assist Fund Officers in the review the Fund's Business Continuity Arrangements.

Following the ECC decision during 2019 to change to a new Business Continuity system, the Fund commenced the development of its own Business Continuity Policy. In addition the development of the Fund's standalone Business Continuity Plan which included Business Impact Assessments, Disaster Recovery Plans and a Testing Schedule.

The work continued throughout 2020 with regular updates being reported to the PAB. The PAB provided closing recommendations for the Policy and Plan at their December 2020 meeting and the final versions were presented to the PSB at their March 2021 meeting which were subsequently approved.

### Review of the Fund's Annual Surveys:

At the September 2020 PSB meeting, the PSB agreed to delegate the review of the approach to the Fund's Annual Surveys to the PAB. As a result it was suggested that a Task and Finish Group be created to include Fund Officers, the Independent Governance and Administration Adviser, the Other Employing Bodies Representative on the PSB and two PAB Members.

The PAB agreed the Membership of the Task and Finish Group at their September 2020 meeting. The Group then proceeded to meet on three occasions to carry out the review on: 01 October 2020, 03 November 2020 and 26 November 2020.

The Group reached consensus that the Fund should move to a more targeted approach with surveys being shorter and sent using various methods. This recommendation was accepted by the PSB at the March 2021 meeting.



# Essex Pension Fund Advisory Board

## Annual Report 2020/21

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Full agendas and notes 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](#)

### Future Dates of Meetings

The PAB agreed to the following provisional meeting dates for 2021/22:

- 07 July 2021;
- 22 September 2021;
- 15 December 2021; and
- 23 March 2022.

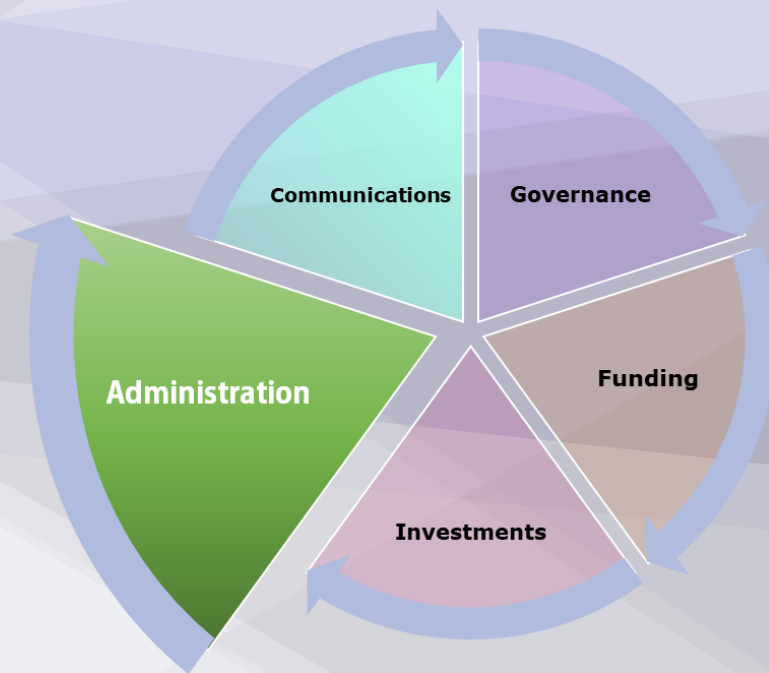
*Nicola Mark, Independent Chairman*

*Andrew Coburn, Vice Chairman*

**Essex Pension Fund Advisory Board**  
**June 2021**

# Essex Pension Fund Administration Strategy

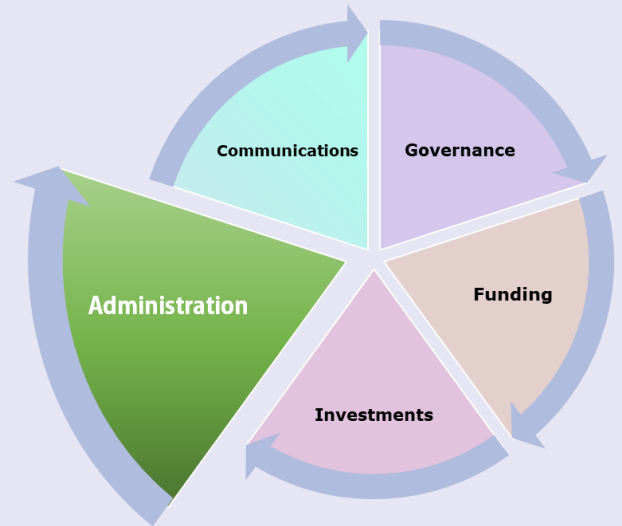
December 2018



# Essex Pension Fund

## Administration Strategy

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# Essex Pension Fund

## Administration Strategy

### 1. Introduction and Regulatory Context

- 1.1 This is the pension administration strategy of the Essex Pension Fund (“the Fund”) in relation to the Local Government Pension Scheme (LGPS) in Essex. The strategy is kept under review and revised to reflect changes to LGPS regulations and Fund policies. This document sets out a framework by way of outlining the policies and performance standards to be achieved to enable provision of a cost-effective and high quality pension administration service.
- 1.2 The Local Government Pension Scheme (LGPS) Regulations 2013 allow Pension Fund Administering Authorities to prepare a Pension Administration Strategy (“the Strategy”) for the sole purpose of improving the administrative processes within their LGPS Fund. In discharging their roles and responsibilities under these regulations, the Fund and Scheme employers (“employers” or “employer”) are also required to comply with any pertinent overriding legislation and take appropriate recognition of any regulatory guidance or Code of Practice issued by The Pension Regulator.
- 1.3 The 1st April 2015 represented a key milestone in the governance arrangements of the Local Government Pension Scheme. From this date the Pensions Regulator took responsibility for setting standards of administration and governance on all administrative aspects of the scheme, whilst recently established Local Pension Boards will play an independent scrutiny role to ‘assist’ the Fund with its ‘regulatory compliance, effective and efficient administration and governance’.
- 1.4 The Fund has revised its March 2013 strategy to ensure the Governance and administration requirements of The Pension Regulator (“TPR”) are properly addressed as they fall to the Fund and employers.

### 2. Aims and objectives

2.1 To ensure that we are administering the scheme correctly and we continue to improve and enhance the service we offer, the Fund has set the following administration objectives:

- Deliver a high-quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need .
- Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount .



# Essex Pension Fund

## Administration Strategy

- Data is protected to ensure security and authorised use only .

The Fund has also set the following communications objective:

- Aim for full appreciation of the pension scheme benefits and changes to the scheme by all scheme members, prospective scheme members and employers.

2.2 The aims of this strategy are to:

- Provide a high quality pension service to members
- Set out the quality and performance standards expected of the Fund and its scheme employers; and
- Promote good working relationships and improve efficiency between the Fund and its scheme employers.

2.3 The efficient delivery of the benefits of the scheme is reliant upon effective administrative procedures being in place between the Fund and scheme employers, most notably for the timely exchange of accurate information in relation to scheme members.

2.4 This strategy sets out the expected levels of performance of the Fund and the scheme employers and provides details about the monitoring of performance levels and the action(s) that might be taken where standards are not met by employers and/or when persistent non-compliance occurs.

2.5 The **specific objectives** of this strategy are to ensure that:

- The Fund and employers are aware of, and understand, their respective roles and responsibilities under the LGPS Regulations
- The Fund operates in accordance with LGPS Regulations and is aligned with The Pensions Regulator in demonstrating compliance and scheme governance.
- Communication processes are in place to enable both the Fund and Employers to proactively and responsively engage with each other and other partners.
- Accurate records are maintained for the purpose of calculating pensions entitlements and employer liabilities, ensuring all information and data is communicated accurately, on a timely basis and in a secure and compliant manner
- The Fund and Scheme employers have appropriate skills, and that guidance/training is in place, to deliver a high-quality service and effectively contribute to the changing pensions agenda.

# Essex Pension Fund

## Administration Strategy

- Standards are set and monitored for the delivery of specified activities in accordance with Regulations and minimum standards as set out.
- Administrative services are developed and delivered digitally where possible in order to streamline processes and maximise efficient use of resources .

### 3. Roles & responsibilities

#### 3.1 Scheme Employer responsibilities

**3.1.1** Each Scheme employer shall nominate a person who will act as the Fund's primary contact. There may be up to three further contacts for finance, contributions, payroll etc.

**3.1.2** Authorised officers should sign all documents and/or instructions received from an employer. In signing a document the authorised officer is not merely certifying that the form comes from the employer stated, but also that the information being provided is correct. Consequently, if an authorised officer is certifying information that someone else has compiled, for example leaving information including a final salary pay, career average pay, assumed pay, (s)he should satisfy him/herself that the information is correct.

Nb. the authorised officer cannot sign a document/form which in respect of their own LGPS membership – these should be signed by a more senior authorised officer/chair of the council etc.

**3.1.3** It is the employer's responsibility to ensure that the authorised officer and contact details held by the Fund are correct, and to notify the Fund of changes to either immediately.

**3.1.4** The employer must ensure the nominated primary contact (and other key staff) is aware of its Scheme employer duties and keeps up to date with guidance issued by the Fund.

**3.1.5** The employer must ensure it retains a good level of LGPS knowledge and has a succession plan in place in case the nominated primary contacts leaves.

**3.1.6** During the year the employer should provide the required data and notifications to the Fund, with 90% compliance or better. Persistent failure by an employer to meet the required performance standards could result in any additional costs to the Fund being recovered from the employer – see Section 5.6.

**3.1.7** The employer must comply with its obligations under Data Protection Law (see the Fund's 'Memorandum of Understanding for Employers – compliance with Data Protection Law'), including the secure transfer of members' personal data.

**3.1.8** Summary of Scheme employer responsibilities This section outlines the key responsibilities of Scheme employers, what employers are required to do and by when. It is focussed on the key activities and should not be viewed as an exhaustive list; employers have a statutory duty to provide the Fund with all information necessary to enable the Fund to administer the scheme. Employers are expected to achieve at least 90% compliance with the expectations.



# Essex Pension Fund

## Administration Strategy

Function/task	Expectation	
<b>1)</b>	<b>General</b>	
1.1	<b>Confirm nominated representative(s)</b> to receive information from the Fund via the submission of a completed contacts form	Within 30 days of change or becoming a Scheme employer
1.2	<b>Appoint a person (the adjudicator) to consider disputes</b> under stage 1 of the pension internal dispute process (IDRP) and provide full up to date contact details to the Fund	Within 30 days of becoming a scheme employer or following the resignation of the current adjudicator
1.3	<b>Formulate, publish and keep under review policies</b> in relation to all areas where the employer may exercise a discretion within the LGPS	A copy of the policy document is to be submitted to the Fund within 30 days of the change in policy
1.4	<b>Distribute any information</b> provided by the Fund to scheme members/potential scheme members (e.g. scheme benefits or benefit statement production)	In a timely manner as required
<b>2)</b>	<b>New Starters</b>	
2.1	<b>Decide who is eligible</b> for LGPS membership (and the date from which membership of the LGPS starts)	On joining (or at point becomes eligible if later)
2.2	<b>Determine rate of employee contributions</b>	For the first pay period in which the employee joins the LGPS
2.3	<b>Notify EPF</b> of new joiner via spreadsheet or online portal	By end of month following the date joined (e.g. by the end of May if joined in April)
2.4	<b>Provide new employees, who are eligible for the LGPS, with details about the LGPS</b> This may be in the form of providing a copy of the Key Facts leaflet and/or directing them to the Fund's website	With 30 days of commencing eligible employment
<b>3)</b>	<b>Contributions</b>	
3.1	<b>Remit employer and employee contributions</b> to the Fund and Complete monthly remittance form containing detail of the contributions payment.	By 19th of the following month ( <b>both</b> payment and form)

# Essex Pension Fund

## Administration Strategy

Function/task		Expectation
3.2	<b>Implement changes to employer contribution rates</b> as instructed by the Fund at the date specified by the Fund's actuary	In line with the Rates & Adjustment Certificate as per the valuation or on commencement as a scheme employer
3.3	<b>Ensure and arrange for the correct deduction of employee contributions</b> from a member's pensionable pay and throughout their membership in the scheme (including any periods of leave)	As required, typically monthly
3.4	<b>Manage the deduction of all additional contributions</b> or amend such deductions, as appropriate	As required
3.5	Arrange for the <b>deduction of AVCs</b> and payment over of contributions to the AVC provider(s) and inform the Fund as required	As required, typically monthly
3.6	<b>Make additional fund payments in relation to</b> early payment of benefits from flexible, redundancy or business efficiency retirement or where a member retires early with employer's consent, or the employer 'switches on' the 85 year rule, and a <b>financial strain cost</b> arises	Within 30 days of receipt of invoice from the Fund
3.7	<b>Refund contributions through the payroll</b> to any employee who <b>opts out</b> of the scheme <b>with less than 3 months</b> membership	From the next pay period after receiving the employee's request to opt out
<b>4) During Membership</b>		
4.1	Move employees into the <b>50:50 section</b> or Main section	From the next pay period after receiving the employee's election
4.2	Move employee back into the <b>Main section</b>	If the employee is in the 50/50 section and either goes onto no pay due to sickness or injury or passes the member's automatic re-enrolment date, the employee must be moved back into the main section from the beginning of the next pay period if they are still on nil pay at that time.
4.3	<b>Notify EPF of changes</b> affecting pension entitlement via monthly spreadsheets or online portal	By end of month following the date of change (e.g. by the end of May if the change occurred in April)



# Essex Pension Fund

## Administration Strategy

Function/task	Function/task	Expectation
<b>5)</b>	<b>Early Leavers</b>	
5.1	<b>Early leavers (non-retirement)</b> notify EPF via forms EPF1 + EPF68 or online portal	By end of month following the date of leaving or opting out of the scheme.
<b>6)</b>	<b>Retirements</b>	
6.1	<b>Advance notification of retirement</b> form EPF1a (or via online portal)	Form EPF1a should be sent to the Fund as soon as the retirement date is known
6.2	<b>Notification of retirement</b> forms EPF1 + EPF68 (or via online portal)	Forms EPF1 + EPF68 (& EPF142 for ECC if applicable) should be sent to the Fund as early as possible but, in any event, no later than 10 working days after the member's final payroll has run
6.3	<b>Early Retirement at member's choice</b>	If the Fund receives forms EPF1 + EPF68 for a member who has left their employment and is age 55+ we will process as a potential retirement and offer the member early payment of pension benefits. Therefore, leaver forms should be sent to the Fund as early as possible but no later than 10 working days after the member's final payroll has run
6.4	<b>Ill Health Retirement notification</b> notify EPF via forms EPF1 + EPF68 (or via online portal)	Form EPF1a should be sent to the Fund as soon as the retirement date is known. Forms EPF1 & EPF68 should be sent to the Fund as early as possible but no later than 10 working days after the member's final payroll has run
6.5	<b>Flexible retirement notification</b>	Forms EPF1 & EPF68 should be sent to the Fund as early as possible but no later than 10 working days after the member's final payroll has run accompanied by a covering letter confirming the number of hours p.w. to be worked in the continuing job
<b>7)</b>	<b>Contracting out of services</b>	
7.1	<b>Contact the Fund to discuss the pension implications of the contracting out of services</b> which will involve a TUPE transfer of staff to another organisation.	Immediately if contracting out of services is being considered as a possibility and certainly before making any decisions to contract out services

# Essex Pension Fund

## Administration Strategy

Function/task Function/task		Expectation
7.2	<b>Notify the Fund of the intention to contract out of services</b> which will involve a TUPE transfer of staff to another organisation by completing TUPE 1 form to instruct the actuary	At least 6 weeks before going out to tender
7.3	Work with the Fund to <b>arrange for an admission agreement to be put in place</b> when contracting out a service, and assist in ensuring it is complied with	In advance of the date of contract (admission agreement must be completed and signed before the contract signing)
7.4	Notify the Fund if the employer ceases to admit new scheme members or is considering terminating membership of the Fund	During exploratory discussions or as soon as the decision is made
<b>8) Year-end data return</b>		
8.1	Provide the Fund with a year-end data return to 31 March each year. Because of the critical nature of this data for statutory reporting and annual benefit statement production, there is a separate charging policy for late and/or inaccurate returns – see Appendix 1	An accurate return to be submitted in the approved format no later than 30 April.

### 3.2 The Fund's responsibilities

This section outlines the key responsibilities of the Fund, what the Fund will do and by when. It is focussed on the key activities which scheme employers and scheme members are involved in and should not be viewed as an exhaustive list. See section 4.2 for a list of key tasks which are benchmarked annually against other LGPS Funds and are reported to the Essex Pension Fund Strategy Board ("Pension Strategy Board").

#### 3.2.1 General duties and responsibilities

Function/task		Expectation
<b>1) General information</b>		
1.1	Regularly review the Fund's pensions administration strategy and consult with all scheme employers	In advance of the policy being adopted
1.2	Regularly review the Fund's funding strategy statement at each triennial valuation, following consultation with scheme employers and the Fund's actuary	Publish by 31 March following the valuation date or as otherwise required

# Essex Pension Fund

## Administration Strategy

Function/task Function/task		Expectation
1.3	Regularly review the Fund's communication policy	Annual review and publish within 30 days of the policy being agreed by the Pensions Strategy Board
1.4	Regularly review the Fund's governance and compliance statement	Publish by 30 September, following the year-end or within 30 days of the policy being agreed by the Pensions Strategy Board
1.5	Publish the Fund's annual report and accounts	By 1 December, following the year-end
1.6	Publish the Fund's final audited and approved accounts	By 31 July following the year-end
<b>2) Contribution requirements</b>		
2.1	Consult with employers on the outcomes of the triennial valuation	At least two months in advance of the signing of the final rates and adjustment certificate
2.2	Notify employers of contribution requirements for three years effective from the April following the actuarial valuation date	On or before 1st April following final issue of rates and adjustments certificate by the actuary
2.3	Notify new scheme employers of their contribution requirements	Within six weeks of receipt of the notification of admission application or commencement as a scheme employer
<b>3) Support for employers</b>		
3.1	Provide support for employers through: <ul style="list-style-type: none"> <li>• a dedicated helpline</li> <li>• written guidance and communications; and</li> <li>• face to face meetings</li> </ul>	Dedicated helpline: Monday-Thursday 8.30am-5.00pm Friday 8.30am-4.30pm Written communication as per the Fund's communication policy Employer forum held at least annually
3.2	Organise and provide coaching sessions on the scheme employer role	In accordance with the Fund's communications policy
3.3	Notify scheme employers and scheme members of changes to the scheme rules	As per disclosure requirements
3.4	Provide a facility for employers to submit data via a web portal	Employers being on boarded regularly from 2017/18 onwards
3.5	Production and maintenance of an IDRPs employer guide	On an ongoing basis

# Essex Pension Fund

## Administration Strategy

Function/task		Expectation
3.6	Issue postings queries to employers re year-end data return (validation stage)	Accepted or Rejected email sent to employer within 7 days
3.7	Query list sent to employer requesting information re year-end data return (processing stage)	Query list sent to employer within 20 working days of return being accepted at validation stage
<b>4)</b>	<b>Member information and general administration</b>	
4.1	Produce annual benefit statements for active members as at 31 March and deferred members as at pensions increase date in April	By 31 August following the year-end
4.2	Produce annual benefit statements for deferred members as at pensions increase date in April	By 30 June following pensions increase date
4.3	Produce and issue pension savings statements each year to members who have exceeded their standard annual allowance	By the end of the tax year, 6 October (provided receipt of all relevant information from the scheme employer)
4.4	Issue P60s to pensioners and beneficiaries	By 31 May following the year-end
4.5	Publish and keep up to date all forms required for completion by scheme members or employers	Within 30 days from any revision
4.6	Letters/e-mails from members (or member's representatives)	Answer or acknowledge within 5 working days

### 3.2.2 Performance measurement and key tasks

The Fund monitors its performance against the following tasks and a number of the key tasks are also benchmarked annually against industry standard performance indicators. The benchmarking also compares the Fund's performance against other LGPS Funds as part of the CIPFA benchmarking club. The Fund's performance against these key tasks, and its performance comparative to other Funds, is reported to the Pension Strategy Board and is included in the Fund's annual report & accounts.

The table below set out the Fund's performance indicators in relation to processing scheme member records and benefits and the separate table on page 12 sets out the key performance indicators which are benchmarked annually.

The Fund aims to maintain performance at 100% in respect of annual benefit statements, 95% in respect of key performance indicators and 90% in respect of other performance indicators.

# Essex Pension Fund

## Administration Strategy

Performance Area		Measurement
<b>1)</b>	<b>New joiners &amp; changes</b>	
1.1	Set up a new starter and provide statutory notification	<p><b>Portal submissions</b> Within 5 working days of receipt of correct data file from employer</p> <p><b>Spreadsheet submissions</b> By 15th working day of the month if correct data received by 7th working day of the month; or By 15th working day of the following month if correct data received after the 7th working day of the month</p>
1.2	Changes to a member's details	Within 20 working days of receipt of notification from employer
<b>2)</b>	<b>Transfers</b>	
2.1	Transfer-in quotations processed	Within 10 working days of receipt of all the required information
2.2	Transfer notification of transferred-in membership to be notified to the scheme member	Within 10 working days of receipt of payment
2.3	Transfer-out quotations processed	Within 10 working days of receipt of all the required information
2.4	Transfer-out payments processed	Within 20 working days of receipt of all the required information
2.5	Provision of estimate for divorce purposes	Within 15 working days of written request
<b>3)</b>	<b>Additional contributions</b>	
3.1	Notify the scheme employer of any scheme member's election to pay additional pension contributions (APCs), including all required information to enable deductions to commence	Within 10 working days of receipt of election from a scheme member
3.2	Process scheme member requests to pay/ amend/ cease additional voluntary contributions (AVCs)	Within 5 working days of receipt of request from a scheme member

# Essex Pension Fund

## Administration Strategy

Performance Area		Measurement
<b>4)</b>	<b>Leavers</b>	
4.1	Notify members of their deferred options	Within 10 working days of receipt of the leaver notification
4.2	Deferred benefits calculated	Within 10 working days of receipt of all necessary information
4.3	Deferred benefits processed for payment following receipt of election	Within 5 working days from receipt of all necessary information
4.4	Refund payments	Within 5 working days from receipt of all necessary information
<b>5)</b>	<b>Retirements</b>	
5.1	Provision of retirement options to members	Within working 10 days of the later of (i) the member's leaving date or (ii) receipt of all necessary documentation
5.2	New retirement benefits processed for payment following receipt of election	Lump-sum payment within 5 working days of receipt of all necessary documentation First pension payment on next available payroll run
5.3	Changes to bank details made	By next payroll cut-off date
<b>6)</b>	<b>Deaths</b>	
6.1	Acknowledgement of a death	Within 5 working days of receiving the notification.
6.2	Notification of benefits payable to dependents will be issued	Within 5 working days of receiving the required information
6.3	Payment of death lump-sum will be made	Within 10 working days of receipt of all the required information
<b>7)</b>	<b>Customer service</b>	
7.1	Calls received to the customer helpline to be answered	85% of calls received to the customer helpline to be answered within 5 rings
7.2	Calls received to the employer helpline to be answered	85% of calls received to the employer helpline to be answered within 5 rings
7.3	Provide an answer or acknowledgement to scheme members/scheme employers/personal representatives/dependents and other authorised persons	Within 10 working days from receipt of enquiry

# Essex Pension Fund

## Administration Strategy

### Key tasks

The following key tasks are benchmarked annually against the performance other LGPS Funds as part of the CIPFA benchmarking club. The Fund's performance against these key tasks, and its performance comparative to other Funds, is reported to the Pension Strategy Board and is also included in the Fund's annual report & accounts.

Performance Area		Standard
1	Non-LGPS transfer in quotations processed	10 working days
2	Non-LGPS transfer out quotations processed	10 working days
3	Refund payments made	5 working days
4	Deferred benefits calculated	10 working days
5	Estimate of retirement benefits processed	10 working days
6	Actual retirement benefits processed	5 working days
7	Process and pay lump sum retirement grant	5 working days
8	Notification of a death processed	5 working days
9	Dependants' pensions processed for payment	5 working days

### 4. Achieving the Objectives

There are currently in excess of 700 employers in the Fund differing in size, structure and capability which represents a significant logistical challenge to the management of information, processes and services within the Fund. The number of employers in the Fund continues to grow as does the demand for more accurate and timely information. We need to comply with the expectations and demands of scheme members and the data requirements of ever increasing scrutiny both at a local and national level. Furthermore, the Pensions Regulator has introduced higher levels of compliance and the Fund will be required to demonstrate heightened governance and administrative efficiency.

There are four key elements necessary to achieving the Fund's administrative objectives:

#### (a) Communications

The Fund aims to provide clear, relevant, accurate, accessible and timely information to all stakeholders. To this end, the Funds' communications strategy is already well developed providing a wide range of solutions for all parties. However, with the increasing number of scheme employers and membership creating an increased need for information, the Fund is developing its communications strategy, embracing technology to enable both member and employer online



# Essex Pension Fund

## Administration Strategy

access to the administration system.

### **(b) Training and Engagement**

The objectives of the Fund have always been to keep stakeholders informed of new developments providing guidance, training and workshops for employers and the Fund's staff alike when new Regulations are implemented or are under consideration.

Additionally, guidance and training are offered on an ongoing basis to new scheme employers or relevant new HR/Payroll staff. With this in mind, it is important that both employers and the Fund ensure that their staff have the right level of skills and knowledge to support any changes, starting with a sound foundation of existing regulations and administrative processes.

Notwithstanding future changes, there is an ongoing need to continuously maintain the quality of member records and the administrative processes by improving the quality of information received from employers.

The Fund's guidance and training aims are therefore:-

- To ensure that relevant staff within each employer have sufficient knowledge and skills to effectively discharge administrative processes by working with Employers' Human Resources, Payroll and other staff to identify relevant skills and knowledge gaps and provide appropriate guidance and training;
- To ensure that employers are fully aware of the risks involved in poor administration and maintenance of member pension records and if they fail to discharge their discretionary functions;
- To support the implementation of new technology within the Fund enabling greater self-service for the employer and streamlined administration;
- To continually develop the technical skills and competencies of the Fund's staff and retain knowledge in the application of historic regulations.

The Fund will provide guidance and training for employers' relevant staff, to build up and maintain a level of professional expertise which together with the employer's own systems and processes, will enable employers to deliver information required by the Fund to efficiently administer the Scheme.

The primary contact at the employer has an important role to play in ensuring both they and other relevant staff (or their successor) build up and retain sufficient knowledge and skills to enable the employer to comply with its statutory LGPS duties..

### **(c) Information & Communications Technology**

As part of its digital ambitions, the Fund has invested in upgraded software which has the facility to enable employers to submit data online, via a web portal enabling employers to review and update their staff's individual member records or notify the Fund of changes in their employment details.



# Essex Pension Fund

## Administration Strategy

This development allows employers to submit certain changes, notifications and requests online, including Joiners, 50/50 switches, Changes of Address, Changes of Personal Circumstances, Changes of Hours and Breaks in Service, Early Leaver Notifications, Estimate Requests, General Queries, Leaver Notifications, Maternity Commencement and Return and Opt outs within 3 months.

At the time of publication, over 200 employers have been successfully on boarded and on boarding continues on a monthly basis; the ambition is to eventually have all Fund employers submitting data electronically via the portal.

### **(d) Performance standards**

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the scheme. The scheme itself sets out a number of requirements for the administering authority or scheme employers to provide information to each other, scheme members and prospective scheme members, dependants, other pension arrangements or other regulatory bodies.

The locally agreed performance standards, covered in Section 3 above, cover all aspects of the administration of the scheme and, where appropriate, go beyond the overriding legislative requirements.

The administering authority and scheme employers will ensure that all functions/ tasks are carried out to agreed quality standards. In this respect the standards to be met are:

work to be completed and submitted in the required format and/or on the appropriate forms;  
information to be legible and accurate;

- communications to be in a plain language style;
- information provided to be checked for accuracy by an appropriately trained member of staff before submission;
- information submitted to be appropriately authorised; and
- actions carried out, or information provided, within the timescales set out in this strategy document.

For the avoidance of doubt “accuracy” in this Strategy is defined as when we have received a completed form/data with no gaps in mandatory areas and with no information which is either contradictory within the document or which we need to query.

The timeliness relates to a date of event being either the date the member started or left the Fund or any other material change that affects a scheme member’s pension record.

## **5. Procedures for ensuring compliance**

**5.1** Ensuring compliance is the responsibility of the administering authority and scheme employers.

# Essex Pension Fund

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We will work closely with all scheme employers to ensure compliance with all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation, or in this Administration Strategy.

- 5.2 We will also work with employers to ensure that overall quality and timeliness is continually improved. Various means will be employed, to ensure such compliance and service improvement, seeking views from as wide an audience as possible. These include:

### Performance monitoring

- 5.3 The employer should monitor its own performance against its scheme employer duties & responsibilities and seek to improve its performance where it is not achieving the required level of performance.
- 5.4 The Fund will also monitor the employer's performance against the agreed performance levels and will work closely with employers in identifying any areas of poor performance, provide the opportunity for necessary training and development and put in place appropriate processes to improve the level of service delivery in the future.
- 5.5 The Fund will also monitor its own performance against its administering authority duties and responsibilities. The Fund participates each year in the CIPFA Benchmarking Club to measure its performance against other LGPS Funds and performance against key performance indicators are reported to the Pension Strategy Board and included in the Fund's annual report & accounts.

### Unsatisfactory performance

- 5.6 Where persistent and ongoing failure occurs and no improvement is demonstrated by an employer, and /or unwillingness is shown by the employer to resolve the identified issue(s), the following sets out the steps we will take in dealing with the situation in the first instance;
- The Fund will contact and/or meet with the employer to discuss the area(s) of poor performance and how they can be addressed.
  - An improvement plan will be agreed setting out the improvements required and a timescale for achieving those improvements.
  - Where no improvement has been demonstrated by the employer within the agreed timescale, or where there has been a failure to take agreed action by the employer, the Fund will issue a formal written notice to the employer setting out the area(s) of poor performance that has been identified, the steps taken to resolve those area(s) and giving notice that the additional costs may now be reclaimed.
  - The Fund will clearly set out the calculations of any loss or additional costs resulting to the Fund, taking account of time and resources in resolving the specific area of poor performance; and
  - The Fund make a claim against the scheme employer, setting out the reasons for doing so, in accordance with the Regulations.

# Essex Pension Fund

## Administration Strategy

### 6) Work not included in the administration charge (and for which the Fund will make an additional charge)

The following table details work which the Fund may do for scheme employers, but which is not covered by the administration charge. This may be because there is no statutory requirement for the Fund to do the work or because not all employers require the work to be done. As such work is not included in the administration charge, the following additional charges will apply:

Description of Activity	Work done which is not covered by Admin Charge	Additional charge
<b>IAS19/FRS17 production</b> for accounts	All work relating to IAS19/FRS17 production for accounts Nb. this is in addition to the Actuary's charges	£150-£600 depending on no. of members Additional officer time can be charged for additional auditor enquiries.
<b>Late payment of contributions</b> (Ees/Ers/deficit) & late submission of return	Receipt of income late - regulations require within 19 days of end of the month.	£60 for late payment (includes part payment being paid late, e.g. deficit) £60 for late submission of return
<b>Spreading of Pension Strain cost</b> – category A employers only (major tax raising bodies)	All related accounting and reconciliation work	£225 per case Nb. if subsequently chooses to make capital payment to pay off strain, no further charge will Apply
<b>Working out average hours</b> for a scheme member	Working out average hours for a Scheme member (an employer duty)	£20 per member/per scheme year
<b>Coding changes</b> for CAYs/ teachers compensation	Input new code on pension payroll	£100 < 100 members £150 100-250 members £200 > 250 members

# Essex Pension Fund

## Administration Strategy

Description of Activity	Work done which is not covered by Admin Charge	Additional charge
<b>Early Retirement Estimates</b> (1 <sup>st</sup> for that member in the calendar year)	Accelerated turnaround time	A charge will usually only be made if, in the Fund's view, excessive requests are being made by a scheme employer: 2 - 3 week turnaround – No charge 1 - 2 week turnaround - £25 per estimate < 1 week turnaround - £50 per estimate
<b>Early Retirement Estimates</b> (Additional requests in calendar year)	Provision of additional early retirement estimates	A charge will usually only be made if, in the Fund's view, excessive requests are being made by a scheme employer: 2 - 3 week turnaround – £25 per estimate 1 - 2 week turnaround - £50 per estimate < 1 week turnaround - £75 per estimate
<b>Bulk early retirement estimates</b> E.g. Running report to capture pension, lump sum, strain for everyone over age 55	Bulk early retirement estimates	3 week turnaround - £650

# Essex Pension Fund

## Administration Strategy

Description of Activity	Work done which is not covered by Admin Charge	Additional charge
<b>TUPE &amp; Outsourcings</b> - Admission body process (including re-lets)	<p>Any work relating to a Fund employer tendering or outsourcing a service, TUPE transferring staff and contractor/community body entering into admission agreement with the Fund.</p> <p>Nb. this is in addition to the Actuary's report fee</p>	<p>Charge is 25% of the actuary's fee for the risk and contribution report.</p> <p>Charge includes:</p> <ul style="list-style-type: none"> <li>• Generic guidance of the process</li> <li>• Provision of standard draft agreements</li> <li>• Reasonable cleansing of records</li> <li>• Providing data to the Actuary</li> <li>• Liaising with the Actuary</li> <li>• 60 minutes of officer support &amp; guidance by phone, e-mail or in person</li> <li>• Sealing of agreements by ECC</li> <li>• Provision of copy of sealed agreements to all parties</li> <li>• Amendment of UPM records</li> </ul> <p>Any additional work necessary, such as amendments to the standard draft admission agreement, will be chargeable at £50 - £100 per hour depending on which officer does the work</p>
<b>Academy conversions/free schools</b>	<p>Any work relating to the conversion of a school to Academy status or the setting up of a free school.</p> <p>Nb. this is in addition to the Actuary's report fee.</p>	<p>15% of the Actuary's fee</p>
<b>Bond Review</b>	<p>Any work in relation to reviewing a bond level</p> <p>Nb. this is in addition to the Actuary's report fee.</p>	<p>15% of the Actuary's fee</p>
<b>Internal fund transfers</b>	<p>Any work in relation to an internal transfer of members between employers in the Fund</p> <p>Nb. this is in addition to the Actuary's report fee.</p>	<p>15% of the Actuary's fee</p>

# Essex Pension Fund

## Administration Strategy

Description of Activity	Work done which is not covered by Admin Charge	Additional charge
<b>Non- standard Actuarial work</b>	Non-standard actuarial work instigated by, or because of the actions of, the Employer – e.g. bespoke requests Nb. this is in addition to the Actuary's report fee.	15% of the Actuary's fee
<b>Cessation work</b> when an employer exits the Fund	All work in relation to the cessation of an employer exiting the Fund Nb. this is in addition to the Actuary's report fee.	20% of the Actuary's fee
<b>Accelerating work -</b> Employer asking for work to be done quicker than normal agreed turnaround times	Prioritising work over other work	Charge will depend on how many cases to be accelerated and how quickly turnaround is required
<b>Assistance with wording</b> of the employer's communications or policies etc	Writing/Re-writing employer communication	Chargeable at £50 - £100 per hour depending on which officer does the work

Nb. Any charges shown as a cash amount will be reviewed periodically and any revised charges published in an updated version of this Strategy.

# Essex Pension Fund Administration Strategy

## APPENDIX 1

### YEAR-END DATA RETURNS

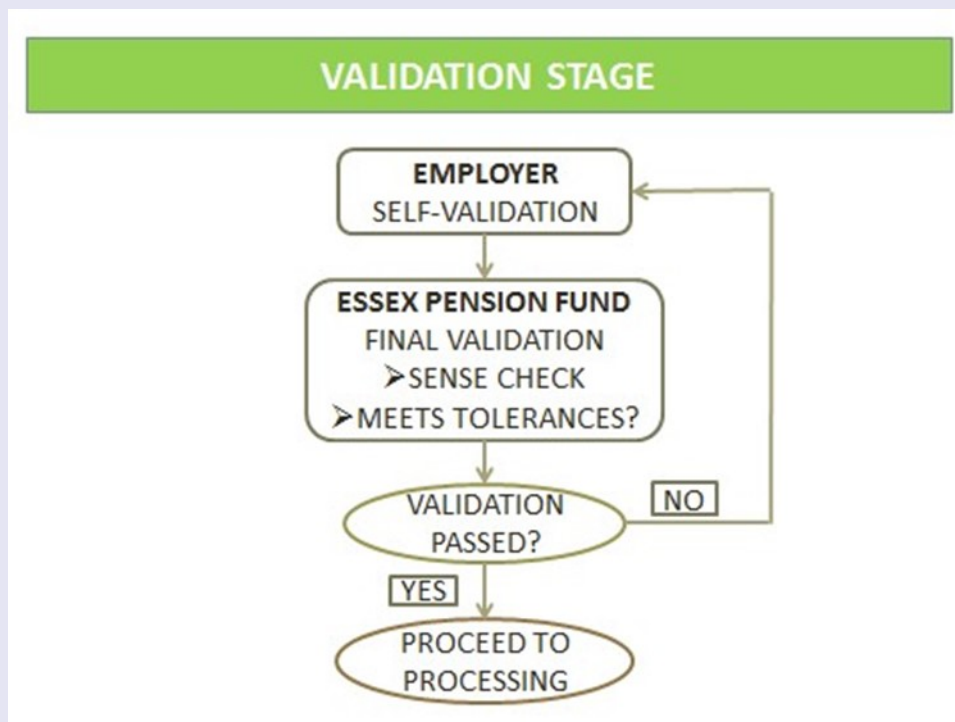
#### Policy on charging for late and/or inaccurate returns

Effective date: 19/12/2018 Updated: 19/12/2018 to include September 2018 CPI

- If a return is late and/or contains errors, or data omissions are identified, then charges can be incurred by an employer at both the Validation stage and at the Processing stage.
- Any charges incurred by employers for either stage will be invoiced at the end of the year-end data return exercise.

Details of the two acceptance stages are outlined below;

*Nb. all dates are following the year-end, e.g. 30 April means 30 April 2018 for the 2017/18 return, 30 April 2019 for the 2018/19 year-end and so on.*





# Essex Pension Fund

## Administration Strategy

- Employers will be expected to undertake many of the formatting and tolerance checks themselves, by using the self-validation facility built into the year-end data return spreadsheet, before they submit their return.
- Any return submitted with Red or Amber validation errors without explanatory comments, or not submitted on the correct layout provided for the year in question, will be rejected and returned to be corrected and resubmitted.
- Correctly submitted returns will then be subject to additional validation and tolerance checks by officers which must be passed before the return can be accepted and proceed to the Processing stage. **No charge** if;

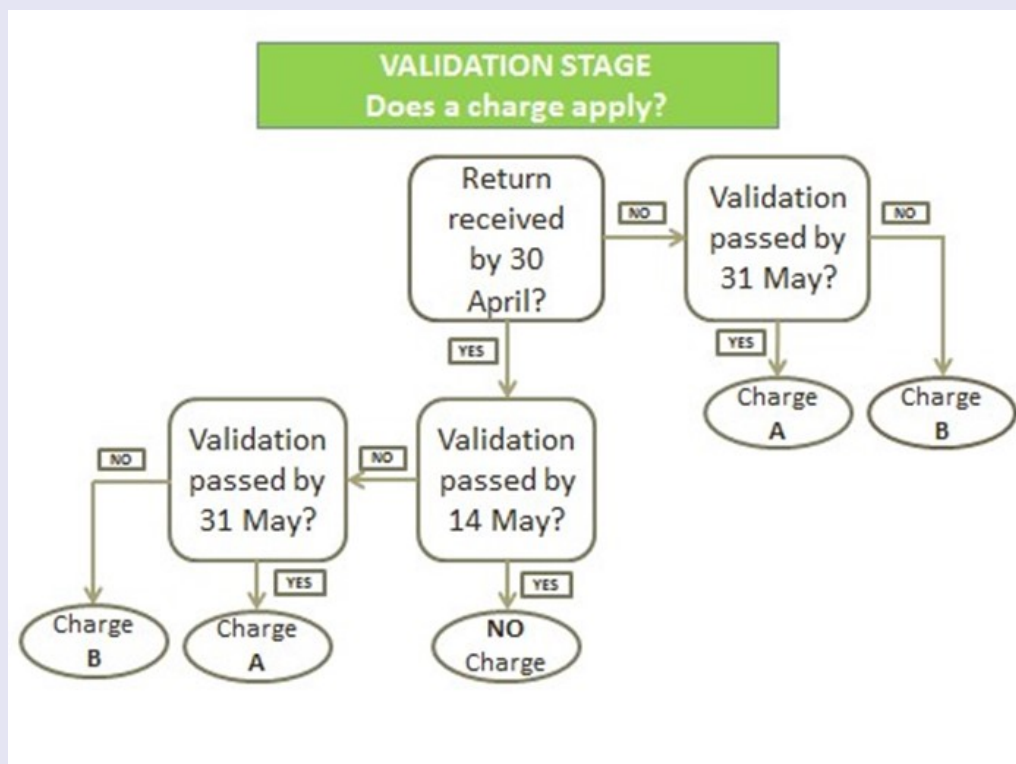
- the return is received by the deadline of 30 April and passes the validation and tolerance checks by 14 May

### Charge A if;

- the return is received by 30 April and passes the validation and tolerance checks after 14 May but by 31 May, or
- the return is received after 30 April but is received and passes the validation and tolerance checks by 31 May.

### Charge B if;

- the return is received after 30 April but by 31 May and does not pass the validation and tolerance checks by 31 May, or
- the return is received after 31 May.





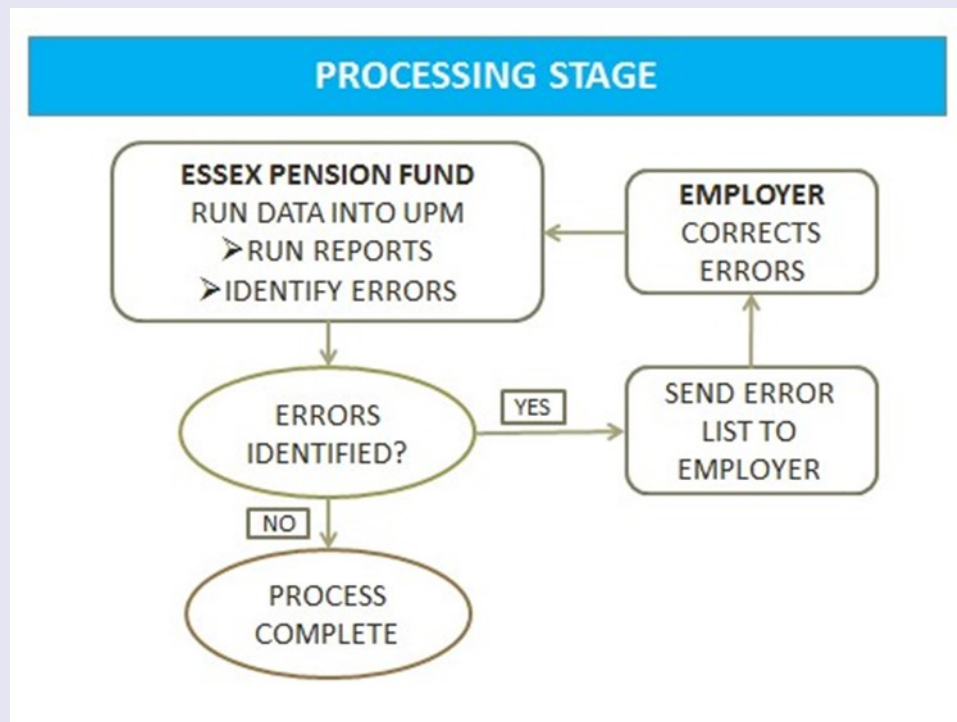
# Essex Pension Fund

## Administration Strategy

**Table 1: Validation stage charges**

<b>Number of Active members at 31<sup>st</sup> March</b>	<b>Validation Charge A</b>	<b>Validation Charge B</b>
<b>1 to 25</b>	£211	£422
<b>26 to 50</b>	£370	£738
<b>51 to 75</b>	£475	£949
<b>76 to 100</b>	£581	£1,160
<b>101 to 250</b>	£1,055	£2,109
<b>251 to 500</b>	£2,215	£4,430
<b>501 to 1,000</b>	£2,901	£5,801
<b>1,001 to 5,000</b>	£5,801	£11,602
<b>5,001 to 10,000</b>	£10,020	£20,040
<b>10,001 to 15,000</b>	£15,821	£31,642
<b>15,001 to 20,000</b>	£23,731	£47,462
<b>20,000+</b>	£31,642	£63,283
If a return is not submitted by 31 May then Charge B will apply		
These charges will be increased each year by September's Consumer Prices Index (CPI) annual inflation figure		

# Essex Pension Fund Administration Strategy



- Data provided on the return is run into the administration system to identify any errors on the individual data lines (e.g. missing starter or leaver notifications).
- If any errors/omissions/queries are identified, a list of these will be sent to the employer and the employer will be given 14 calendar days to rectify the errors/omissions/queries.
- If the errors/omissions/queries are not rectified within 14 calendar days from notification by the Fund, there will be a Stage 2 charge.
- The Processing charge will be based on the number of errors, omissions and queries in the list sent to the employer and the level of charges is shown in Table 2.
- If completely correct data is not received within 28 calendar days from notification by the Fund, the charge will be doubled.

# Essex Pension Fund

## Administration Strategy

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### Additional Charges

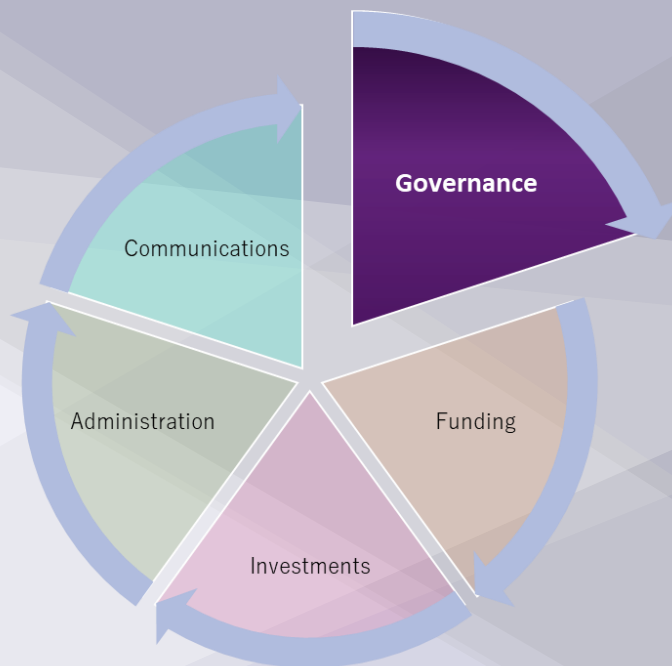
Additional charges will be incurred by an employer if a correct return is submitted too late;

- to be included in the annual benefit statements (ABS) run, or
- for correct data to be included in the annual submission/return to the Actuary, Government Actuary's Department or the LGPS Scheme Advisory Board.

Also, if the Fund should incur a fine from the Pensions Regulator as a result of an employer action or inaction then the employer will be required to reimburse the Fund for the amount of the fine.

*Essex Pension Fund*  
**Knowledge and Skills  
Strategy for Board/  
Committee Members**

December 2020



# Essex Pension Fund

## Knowledge and Skills Strategy for Board/Committee Members

### 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.

All references in this document to “PSB, ISC and PAB Members” includes Substitute Members.

This Strategy has been developed covering the five key areas of the Fund:



# Essex Pension Fund

## Knowledge and Skills Strategy for Board/Committee Members

### 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, Scheme Member and Employer representatives.

Senior Officers within the Essex Pension Fund Management Team, the Director for Essex Pension Fund and the Executive Director Corporate Services (Section 151 Officer) will also be required to have appropriate knowledge and skills relating to their role which is captured in a separate knowledge and skills strategy for Officers.

# Essex Pension Fund

## Knowledge and Skills Strategy for Board/Committee Members

### Knowledge and Skills Requirements

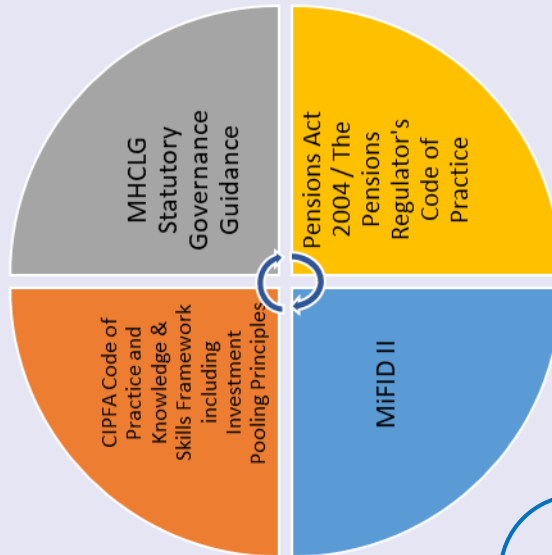
Chartered Institute of Public Finance and Accountancy (CIPFA) launched a Code of Practice and Technical Guidance for Representatives on Pension Fund Committees (PSB/ISC) and Local Pension Board (PAB) Members within knowledge and skills frameworks.

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 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.



[DLUHC Statutory Governance Guidance](#) states:

- That where 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 Pensions Regulator Code of Practice](#).

# Essex Pension Fund

## Knowledge and Skills Strategy for Board/Committee Members

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### **Application to the Essex Pension Fund**

PSB, ISC and PAB Members, Scheme Member and Employer representatives 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.



# Essex Pension Fund

## Knowledge and Skills Strategy for Board/Committee Members

### 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 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 month's 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.

#### Bitesize Training

- A 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.

#### General Awareness

- 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.

# Essex Pension Fund

## Knowledge and Skills Strategy for Board/Committee Members

### 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 2 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 [www.essexpensionfund.co.uk](http://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.

# Essex Pension Fund

## Knowledge and Skills Strategy for Board/Committee Members

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### Approval, Review and Consultation

This Knowledge and Skills Strategy was approved on 16 December 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

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Jody Evans, Director for Essex Pension Fund

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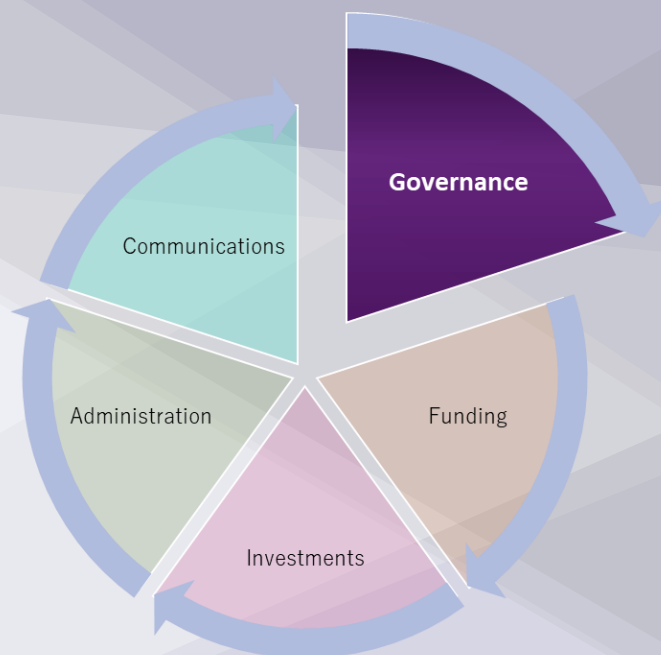
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# Essex Pension Fund

## Training Plan for Board/ Committee Members

December 2020



# Essex Pension Fund

## Training Plan for Board/Committee Members

### Objective

The objective of this Training Plan is to deliver informative and relevant training to the Essex Pension Fund Strategy Board (PSB), Investment Steering Committee (ISC) and Essex Pension Fund Advisory Board (PAB) Members, on a two-year rolling programme to enable efficient and effective decision-making and oversight of the Fund's processes.

References in this document to "PSB, ISC and PAB Members" include Substitute Members in all cases, except under Training Credits.

### Delivery Methods

The delivery of training will be carried out through the following channels:

- One-to-one briefing with a Fund Officer;
- Members' briefing notes as part of Boards/Committee Agenda Packs;
- Bitesize Training - delivered during Boards/Committee meetings;
- In-house training events / workshops - delivered by Fund Officers and/or Advisers;
- External Conferences and Seminars; and
- E-learning and Webinars.

### 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;
- Within three month's of appointment, a formal Induction Training session will be carried out by Fund Officers; and
- Completion of a Training Needs Analysis to assist in the development of an individual training plan and the Boards/Committee training plans.

The formal Induction Training Session will cover:

- Governance Structure including the role of the:
  - Administering Authority;
  - S151 Officer; and
  - PSB/ISC/PAB Members including Scheme Employer and Scheme Member representatives.
- LGPS Landscape;
- Actuarial Valuation;
- Funding Strategy;
- Investment Strategy;
- ACCESS—Investment Pooling;
- Administration of the Fund; and
- How the Fund communicates with its stakeholders.

# Essex Pension Fund

## Training Plan for Board/Committee Members

### Training Credits

Training credits will be awarded to each Board/Committee Member where training events (approved / recommended by the Fund) has been undertaken either in person or by virtual means.

Method of attaining credit	No. of credits awarded for Members who are on both PSB and ISC	No. of credits awarded for PSB only Members and PSB / ISC Substitute Members	No. of credits awarded for PAB Members
Training within meetings	1 credit per meeting		
Fund Specific Training Days	2 credits for a full day's attendance 1 credit for a half day's or less attendance		
Completion of any relevant module of the CIPFA Knowledge and Skills Framework	1 credit per module passed and valid for 2 years		
Completion of any relevant module or subject within The Pensions Regulators (TPR) Code of Practice	1 credit per module passed and valid for 2 years		
Attendance at an approved conference, seminar or external training event / meetings	2 credits for a full day's attendance 1 credit for a half day's or less attendance		
Expected number of credits to be achieved within a 2-year rolling period	<u>18 credits</u>	<u>12 credits</u>	

### Training Plan

The Training Plan has been developed in totality and is detailed below. However, there will be some subject areas that will not be relevant to all Members.



### Training Plan

## 1. Governance



### Linked to:

### Training Need

### Training Title

<p>Governance Structure Overview</p>	<p>An understanding of the Fund's Governance Structure including the roles of: the Administering Authority; S151 Officer; Monitoring Officer, Senior Officers within the Fund, PSB/ISC/PAB Members including Scheme Employer and Scheme Member Representatives</p>	<ul style="list-style-type: none"> <li>• Induction / Refresher Training</li> <li>• Governance Policy and Compliance Statement</li> <li>• Conflicts of Interest Policy</li> <li>• The recording and reporting of Breaches of the Law</li> </ul>
<p>Regulations</p>	<p>An understanding of the wider pensions and LGPS Landscape including the LGPS Regulations, DLUHC, Scheme Advisory Board (SAB), Pensions Ombudsman, TPR and Regulatory Reform (current topics include McCloud, £95K Cap, Cost Cap etc)</p> <p>Awareness of relevant statutory guidance and the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Pension Regulator's Code of Practice.</p>	<ul style="list-style-type: none"> <li>• Current LGPS Regulations</li> <li>• Historic LGPS Regulations</li> <li>• CIPFA Training Modules</li> <li>• TPR Code of Practice</li> </ul>
<p>Policies</p>	<p>An understanding of the Fund's Policies, Strategies and Publications</p>	<ul style="list-style-type: none"> <li>• Business Plan</li> <li>• Governance Policy and Compliance Statement</li> <li>• Risk Strategy</li> </ul>
<p>Financials</p>	<p>The statutory requirements for the compliance with Account and Audit Regulations including the roles of Internal and External Audit</p>	<ul style="list-style-type: none"> <li>• Annual Report and Accounts</li> <li>• Audit Regulations</li> </ul>
<p>Procurement</p>	<p>The Procurement for 3<sup>rd</sup> Party Service Providers e.g. Independent Governance &amp; Administration Adviser; Administration Software Provider; Investment Consultants etc</p>	<ul style="list-style-type: none"> <li>• LGPS National Frameworks</li> <li>• Public Procurement Regulations</li> </ul>



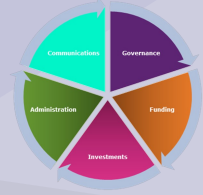
### Training Plan

## 2. Funding



Training Title	Training Need	Linked to:
Triennial Valuation	An understanding of the Triennial Valuation and Interim Valuation processes and the role of the Fund Actuary including the setting of employer contributions	<ul style="list-style-type: none"> <li>The latest Actuarial Valuation Report</li> <li>Public Service Pensions (valuations and employer cost cap) Directions 2014</li> <li>Annual Interim Review</li> </ul>
Funding Strategy	An understanding of the Essex Pension Fund's Funding Strategy	<ul style="list-style-type: none"> <li>Funding Strategy Statement</li> <li>LGPS Regulations 2013</li> <li>Government Actuary Department (GAD) S13</li> </ul>
Employer Risk	An understanding of the different types of employer including employer risk, eg. employer covenant, and the requirements for employer specific Funding Objectives	<ul style="list-style-type: none"> <li>The latest Actuarial Valuation Report</li> <li>Funding Strategy Statement</li> </ul>
Employing Authority Discretions	The requirements for Employing Authority Discretions and Delegations	<ul style="list-style-type: none"> <li>The latest Actuarial Valuation Report</li> <li>Funding Strategy Statement</li> </ul>
Accounting Standards	How the Fund communicate IAS19/FRS102 requirements to Employers	<ul style="list-style-type: none"> <li>Accounting Standards</li> <li>Communications Policy</li> <li>The Fund's Annual Report and Accounts</li> <li>Audit reports</li> </ul>





### Training Plan

## 3. Investments



Training Title	Training Need	Linked to:
Investment Strategy	An understanding of the Fund's Investment Strategy including the Fund's Responsible Investment Policy	<ul style="list-style-type: none"> <li>Investment Strategy Statement</li> <li>Responsible Investment Policy</li> <li>Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016</li> </ul>
Cost Transparency	How the Fund review Investment Manager Fees through CEM Benchmarking as part of Cost Transparency	<ul style="list-style-type: none"> <li>Cost Transparency Initiative</li> </ul>
Investment Performance	How the Fund carry out Investment Performance measurement	<ul style="list-style-type: none"> <li>Investment Strategy Statement</li> </ul>
Asset Management	An understanding of the Fund's Cash Flow arrangements including: the Safeguarding of the Fund's Assets; the Role of the Global Custodian; and Treasury Management	<ul style="list-style-type: none"> <li>Treasury Management Strategy</li> <li>ACCESS Pooling</li> <li>Investment Strategy Statement</li> </ul>
Pooling	An understanding of the Investment Pooling Collaboration and the Fund's role within the ACCESS Pool including the roles and responsibilities of the various parties involved within ACCESS	<ul style="list-style-type: none"> <li>Inter-Authority Agreement</li> <li>Investment Strategy Statement</li> </ul>
Regulations	Awareness of relevant statutory guidance and Chartered Institute of Public Finance and Accountancy (CIPFA) Investment Pooling Principles and Markets in Financial Instruments Directive (MiFID II)	<ul style="list-style-type: none"> <li>Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016</li> <li>CIPFA Training Modules</li> <li>MiFID II Directive</li> </ul>



### Training Plan

## 4. Administration



Training Title	Training Need	Linked to:
Administration Strategy	An understanding of the Fund's Administration Strategy and other areas including: Eligibility and Contributions; Additional Voluntary Contributions (AVCs); Transfers and Increasing Benefits; Retirement Benefits; and Annual and Lifetime Allowances	<ul style="list-style-type: none"> <li>• Administration Strategy</li> <li>• Automatic Enrolment</li> <li>• Internal Dispute Resolution Procedure (IDRP)</li> <li>• Annual Allowance Legislation</li> <li>• AVCs in the LGPS</li> <li>• Retirement Planning</li> </ul>
Regulations	Regulatory impacts on the Fund in regard to the wider pensions and LGPS Landscape – Regulatory Reform (including McCloud, £95K Cap, Cost Cap etc)	<ul style="list-style-type: none"> <li>• Historic LGPS Regulations</li> <li>• Current LGPS Regulations</li> </ul>
Discretions	The requirements for Administering Authority Discretions and what these mean for the Fund	<ul style="list-style-type: none"> <li>• Administering Authority Policy on Discretions</li> </ul>
Digital Transformation	An understanding of the Fund's ambition for greater Digitalisation of the Fund and Digital Transformation and delivery methods and what this involves	<ul style="list-style-type: none"> <li>• Business Plan</li> <li>• Communications Policy</li> </ul>



### Training Plan

## 5. Communications



Training Title	Training Need	Linked to:
Communications	How communications impacts on every area of the Fund's work and how this links into the Fund's Communications Policy	<ul style="list-style-type: none"> <li>Communications Policy</li> </ul>



### Conferences and Seminars

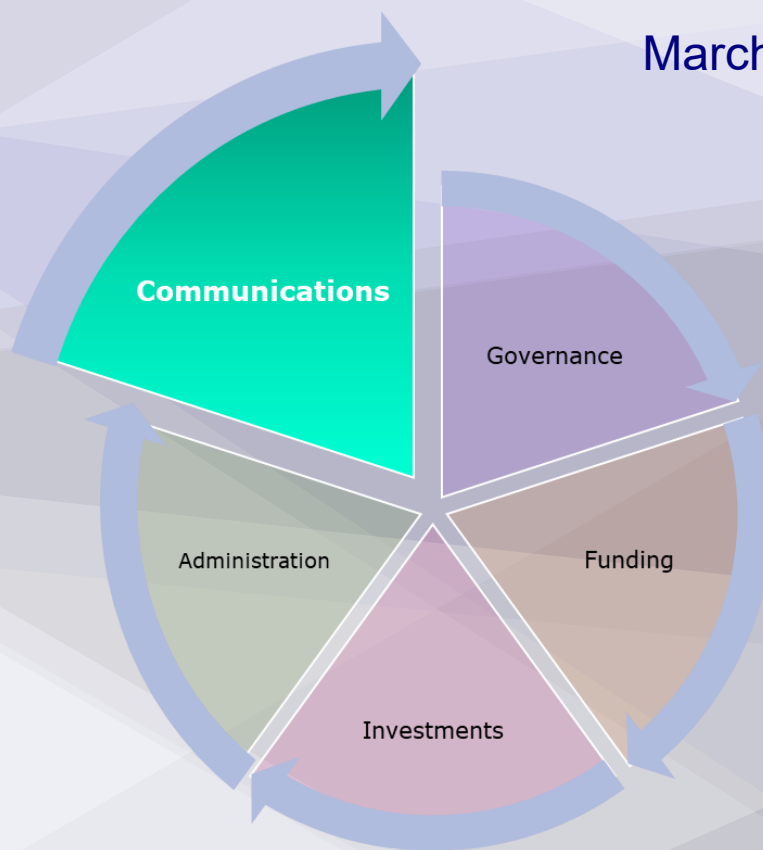
Examples of Board/Committee Conferences is detailed below:

Conference / Seminar	Time of year / frequency	Board / Committee
LGA Annual LGPS Governance Conference	January / Annual	PSB / PAB
LGC Investment Seminar	February / Annual	ISC
CIPFA Local Pension Board Training	February and October / Biannual	PAB
ACCESS Investor Days	April and October / Biannual	ISC
PLSA LA Conference	May / Annual	PSB
LGC Investments & Pension Summit	September / Annual	ISC
Investment & Training Seminar	October / Triennial	ISC
LGA LGPS Fundamentals	October – December / Annual (3x1 day sessions Induction/Refresher)	PSB / ISC / PAB
LAPFF Members Meetings	Quarterly	ISC Chairman / Vice Chairman
LAPFF Annual Conference	December / Annual	ISC Chairman / Vice Chairman



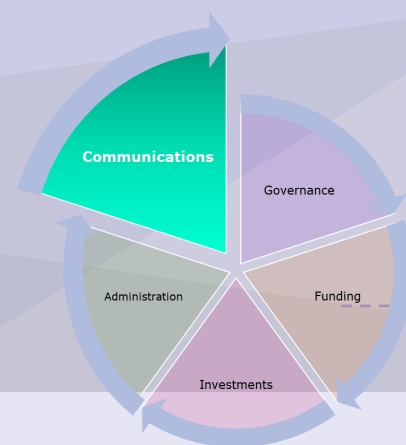
# Essex Pension Fund Communications Policy

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 Department for Levelling Up, Housing and Communities (DLUHC), 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

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### 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](http://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"> <li>• Website</li> <li>• Member Online</li> <li>• Prime Newsletter</li> <li>• Annual Benefit Statement</li> <li>• Scheme Literature</li> <li>• General Correspondence</li> <li>• Telephone Helpline</li> <li>• Pensions Roadshows</li> </ul>	<ul style="list-style-type: none"> <li>• Your pension is a valuable benefit.</li> <li>• It is important that you understand how the LGPS works.</li> <li>• Make sure you are saving enough for retirement.</li> <li>• It is important that you understand the impact of any changes in legislation.</li> <li>• Your employer pays in to help you save for your retirement.</li> <li>• Remember you have other benefits that come with your pension.</li> </ul>
Potential Scheme Members including Opt Outs	<ul style="list-style-type: none"> <li>• Scheme information and guides</li> <li>• Website</li> <li>• General Correspondence</li> <li>• Telephone Helpline</li> <li>• Prime Newsletter</li> <li>• Pensions Roadshows</li> </ul>	<ul style="list-style-type: none"> <li>• It is important that you understand the impact of any changes in legislation including Pension Reform and Automatic Enrolment.</li> <li>• The LGPS is a good way to save for your retirement.</li> <li>• Your employer pays in to help you save for your retirement.</li> <li>• Most scheme members get tax relief on the contributions they pay into the LGPS.</li> <li>• Remember that other benefits come with the pension.</li> </ul>
Deferred Scheme Members	<ul style="list-style-type: none"> <li>• Website</li> <li>• Member Online</li> <li>• Deferred Newsletter</li> <li>• Annual Benefit Statement</li> <li>• Scheme Literature</li> <li>• General Correspondence</li> <li>• Telephone Helpline</li> </ul>	<ul style="list-style-type: none"> <li>• Your pension is a valuable benefit.</li> <li>• Make sure you are saving enough for retirement.</li> <li>• Keep your details up to date.</li> <li>• You need to understand how your pension worked when you left.</li> <li>• It is important to understand how the LGPS works now, and the impact of any changes in legislation.</li> <li>• Understand the implications of transferring out of the Scheme.</li> <li>• We will tell you if anything changes.</li> </ul>
Pensioner Members	<ul style="list-style-type: none"> <li>• Website</li> <li>• Member Online</li> <li>• Pay Advices and P60s</li> <li>• Pensions Increase Advices</li> <li>• General Correspondence</li> <li>• Telephone Helpline</li> <li>• 'Your Time' Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>• Keep your details up to date.</li> <li>• We are here to help with any questions you might have.</li> <li>• You will continue to get your pension no matter what changes happen.</li> <li>• Remember to phone the tax office with any tax queries you have.</li> <li>• Remember you have other benefits with your pension.</li> </ul>

# Essex Pension Fund

## Communication Strategy

Stakeholder	Communication	Key Message
Dependant Members	<ul style="list-style-type: none"> <li>• Website</li> <li>• Member Online</li> <li>• Pay Advices and P60s</li> <li>• Pensions Increase Advices</li> <li>• General Correspondence</li> <li>• Telephone Helpline</li> <li>• 'Your Time' Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>• Keep your details up to date.</li> <li>• We are here to help with any questions you might have.</li> <li>• Remember to phone the tax office with any tax queries you have.</li> </ul>
Employers	<ul style="list-style-type: none"> <li>• Website</li> <li>• Pensions Administration Strategy</li> <li>• Pensions Online</li> <li>• Employer Guide</li> <li>• Employer Newsletter</li> <li>• Email Alerts</li> <li>• Report and Accounts</li> <li>• Employer Meetings</li> <li>• Employer Forum</li> <li>• Training Workshops</li> </ul>	<ul style="list-style-type: none"> <li>• You have a responsibility to provide employees with information about the LGPS.</li> <li>• You need to understand how the Scheme works and the effect of any changes that happen.</li> <li>• The LGPS is a valuable benefit for members and you need to help educate them to understand the changes and the impact.</li> <li>• You have a responsibility to inform the Fund of any changes to scheme members circumstances.</li> <li>• 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.</li> </ul>

- 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](http://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](http://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](mailto:pensionenquiries@essex.gov.uk)) to receive and send correspondence.

# Essex Pension Fund

## Communication Strategy

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**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](http://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](http://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

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- 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:

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# 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



# Essex Pension Fund Glossary

March 2020



# Glossary

Term	Definition
<b>Access Pool</b>	A Collaboration of Central, Eastern, and Southern Shires (ACCESS) is a collaborative partnership between 11 Local Government Pension Scheme (LGPS) Administering Authorities working together collectively to invest assets to significantly reduce investment costs whilst maintaining investment performance.
<b>ACCESS Support Unit (ASU)</b>	A team of five Officers established in 2018 to support the ACCESS Pool.
<b>Accrued Interest</b>	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.
<b>Active Management</b>	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).
<b>Actuarial Valuation</b>	This is a formal fund Valuation also known as the Triennial Valuation which is carried out every three years by an Actuary. The purpose of an Actuarial Valuation is to set appropriate contribution rates for each Employer in the Fund for a period of three years, as required under Regulation 62 of the LGPS Regulations.
<b>Actuary</b>	Appointed by the Essex Pension Fund Strategy Board (PSB) utilising the LGPS National Framework Procurement Process, an independent consultant, who carries out a full Actuarial Valuation of the Fund and recommends appropriate Employer contribution rates every three years. They also provide advice and support on Funding matters and primarily the Funding Strategy.
<b>Additional Voluntary Contributions (AVC)</b>	An option available to Scheme Members to provide additional pension benefits by making regular additional payments.
<b>Administering Authority</b>	A local authority which has responsibility for managing all aspects of an LGPS fund, e.g. Essex County Council (ECC) for Essex Pension Fund (EPF).

# Glossary

Term	Definition
<b>Admission Bodies</b>	Bodies (Employers) whose staff can become Members of the Pension Fund by virtue of an admission agreement made between the Authority and relevant Body.
<b>Annual Allowance (AA)</b>	The amount of all members' pension pots can grow by each year with the benefit of tax relief.
<b>Annualised Return</b>	The rate of return for any given period expressed as the equivalent average return per year.
<b>Appointment Sub Committee (ASC)</b>	This Committee can be established by the approval of the Essex Pension Fund Strategy Board (PSB) or Investment Steering Committee (ISC) as and when required to carry out the Procurement Process to appoint Advisers to the Fund, investment managers and where appropriate Scheme Employers and Members to the PAB.
<b>Asset Allocation</b>	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.
<b>Assets</b>	Types of assets include equities, bonds, property, and cash.
<b>Automatic Enrolment</b>	A Government initiative whereby Employers are required to automatically enrol eligible workers/new starters into the relevant Pension Scheme and contribute to it. The worker can decide to opt out of the Pension Scheme; however, the Employer is required to re-enrol them back into the Scheme every three years. The onus is on the worker/new starter to decide whether to remain in the scheme or opt out on each occasion.
<b>Benchmark</b>	A yardstick against which the investment policy or performance of a fund manager can be compared.
<b>Bond</b>	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.
<b>Business as Usual (BAU)</b>	An ongoing and unchanging state of affairs despite difficulties or disturbances.

# Glossary

Term	Definition
<b>Cash</b>	Cash is defined as cash instruments and cash in bank and at hand.
<b>Chartered Institute of Public Finance and Accountancy (CIPFA)</b>	Professional accountancy body for people in public finance. CIPFA members working throughout the public services and other bodies where public money needs to be effectively and efficiently managed, can study and attain a CIPFA qualification.
<b>Codes of Practice (COP)</b>	The Pensions Regulator's codes of practice give practical guidelines on how to comply with the legal requirements of pensions regulations.
<b>Consumer Price Index (CPI)</b>	The official measure of inflation of consumer prices in the United Kingdom. This is the measure used to increase (every April) the value of pension for active, deferred and any pension in payment from the Scheme. The adjustment ensures the pension keeps up with the cost of living.
<b>Convertible Stock</b>	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.
<b>Corporate Governance</b>	The system of rules, practices, and processes by which the Fund is directed and controlled. Corporate governance ensures that the Fund has appropriate decision-making processes and controls in place so that the interests of all Scheme Members, Employers and employees are balanced.
<b>Currency Trading</b>	The Buying and Selling of world currencies.
<b>Custody</b>	The 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 client's instructions.
<b>Deferred Pension</b>	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 normal retirement age.
<b>Department for Levelling Up, Housing and Communities (DLUHC)</b>	The Central Government Department which is responsible for the strategic management and policy making regarding the LGPS in England and Wales.

# Glossary

Term	Definition
<b>Derivatives</b>	Financial Instruments whose value derives from an underlying asset. Futures/Forwards are among the most common.
<b>Dividend</b>	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 a company decide how much dividend is to be paid and when. The dividend is neither automatic nor guaranteed for ordinary shareholders.
<b>Emerging Equity Markets</b>	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.
<b>Equities</b>	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.
<b>Essex County Council (ECC)</b>	The County Council that governs the non-metropolitan county of Essex consisting of 14 District, Borough, City and Unitary Councils in Essex who provide services like school, roads, adult's and children's social care. ECC is the Administering Authority responsible for maintaining and managing the Essex Pension Fund on behalf of the Scheme Members and Employers participating in the Fund.
<b>Essex Pension Fund (EPF)</b>	Is one of eighty-seven funds which make up the LGPS in England and Wales. It is one of the largest LGPS funds in the country with over 700 separate Employing Bodies contributing to the Fund together with their employee's contributions. Which in turn are invested and the assets used to provide pension benefits.
<b>Essex Pension Fund Investment Steering Committee (ISC)</b>	The Sub-Committee of the Essex Pension Fund Strategy Board (PSB) and consists of the 7 ECC elected Council Members (including Chairman) that sit on the PSB along with 2 Observers (1 Scheme Member (UNISON) and 1 Scheme Employer) who also sit of the PSB. The ISC: approves and reviews the asset allocation benchmark for the Fund; appoints, monitors, and terminates Investment Managers; reviews and monitors the Fund's aims, objectives, Policies, Strategies, and procedures relating to the investment of the Fund's assets.



# Glossary

Term	Definition
<b>Essex Pension Fund Advisory Board (PAB)</b>	The PAB was approved by ECC in February 2015 to assist the Administering Authority as Scheme Manager to secure compliance with the LGPS regulations and other legislation relating to Governance and Administration of the LGPS. It acts as a “critical friend” to the PSB and ISC and consists of 9 Members (4 Employer Representatives, 4 Scheme Member Representatives, and 1 Independent non-voting Chairman).
<b>Essex Pension Fund Strategy Board (PSB)</b>	The PSB ensures the proper Governance and Administration of the Fund in all aspects and monitors and oversees the work of the ISC. It consists of 7 elected ECC Members along with 4 Representatives of the Scheme (1 Member representing District, City, and Borough Councils in Essex, 1 Member representing Unitary Councils in Essex, 1 Member representing Scheme Members nominated by UNISON, and 1 Member representing Other Employing Bodies).
<b>Exchange Traded</b>	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.
<b>Financial Reporting Standard (FRS)</b>	One of a set of rules created by the Accounting Standards Board that state how a company’s financial information has to be shown, e.g. FRS102 relates to Annual Pension Accounting Reporting within an Employer’s Accounts.
<b>Financial Statements</b>	The term used for the Fund’s Annual Accounts.
<b>Financial Times Stock Exchange (FTSE)</b>	The FTSE Group is a financial organization that specializes in the management of asset exchanges and creating index offerings for the global financial markets.
<b>Fixed Interest Securities</b>	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.
<b>Funding Strategy Statement (FSS)</b>	The purpose of the FSS is to establish a clear and transparent fund-specific strategy which would identify how employers' pension liabilities are best met going forward.

# Glossary

Term	Definition
<b>Futures</b>	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.
<b>Gilt-edged Securities (Gilts)</b>	Are bonds, debt securities issued by the British Government.
<b>Government Actuary's Department (GAD)</b>	Advise Government on policy initiatives and are appointed to review LGPS Actuarial Valuations under Section 13 (Public Services Pensions Act 2013) to ensure compliance, consistency, solvency, and long-term cost efficiency.
<b>Her Majesty's Revenue and Customs (HMRC)</b>	Is a non-ministerial department of the UK Government responsible for the collection of taxes, that pays for the UK's public services and help families and individuals with financial state support. The administration of other regulatory regimes, e.g. Customs and Excise, National Insurance, Value Added Tax.
<b>Income Distribution</b>	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).
<b>Independent Governance and Administration Adviser (IGAA)</b>	Appointed by the PSB utilising the LGPS National Frameworks Procurement Process to provide the Fund with guidance on proper Governance and Administration, in addition, identifying areas for improvement, providing advice on best practices, compliance, preparation, and delivery of training and presentations.
<b>Independent Investment Adviser (IIA)</b>	Appointed by the ISC to advise the Fund and provide an independent view of strategic matters regarding the Fund's investments.
<b>Index-Linked</b>	Bonds on which the interest and ultimate capital repayment are recalculated based on changes in the Retail Price Index.
<b>Institutional Investment Consultant (IIC)</b>	Appointed by the ISC utilising the LGPS National Framework Procurement Process to provide advice on all investment related matters including strategy, asset allocation, benchmarking, manager performance and

# Glossary

Term	Definition
<b>Internal Disputes Resolution Procedure (IDRP)</b>	A formal complaint procedure, required by legislation, to adjudicate on Employee/Member complaints regarding their pension rights which cannot be resolved with the Pension Fund or Employer in the first instance.
<b>International Accounting Standards (IAS)</b>	The purpose of these standards is to ensure that the financial centres of the world, which have become more interconnected than ever, can use a global financial reporting framework that ensures effective regulation of financial markets. In regard to the Fund IAS 19 relates to Annual Pension Accounting Reporting within an Employer's Accounts and IAS 26 relates to the Annual Pension Accounting Reporting within the Pension Fund's Accounts.
<b>Investment Strategy Statement (ISS)</b>	Statement detailing the Fund's Investment Strategy including asset allocation, risks, and mitigations and Environmental, Social and Governance (ESG) considerations.
<b>Liability</b>	The obligation to pay future pensions.
<b>Lifetime Allowance (LTA)</b>	This is the total value of all pension benefits one can have without triggering an excess benefits tax charge. One of two controls imposed by HMRC. At the time of first drawing, one's pension benefits, the capital value of the pension benefits is calculated by multiplying the annual pension by 20 and adding any automatic lump sum. The result is then compared to the LTA limit applying on the date benefits are drawn and a tax charge will be applicable if the LTA is exceeded.
<b>Liquid Assets</b>	Something one owns that can quickly and simply be converted into cash while retaining its market value.
<b>Liquidity</b>	Ability to sell a stock quickly without affecting its market price.
<b>Listing</b>	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.
<b>Local Government Association (LGA)</b>	The National Membership Body for Local Authorities which works on behalf of Member Councils to support, promote, and improve Local Government.

# Glossary

Term	Definition
<b>Local Government Pension Scheme (LGPS)</b>	The LGPS is a statutory, occupational, defined benefit pension scheme for public sector workers with benefits set out in law making it very safe and secure. Any changes to the LGPS scheme regulations must be passed through Parliament before they can be implemented by the Administering Authority.
<b>Local Government Pension Scheme Regulations</b>	Secondary Legislation relating to the LGPS, namely LGPS Regs 2008, LGPS 2013, LGPS Regs 2014, The Management of Investment Funds are contained in LGPS Regs 2016. There are other wider legislations, e.g., Finance Act 2004.
<b>Mandate</b>	The agreement between a client and investment manager laying down how the Fund is to be managed. This may include performance targets by reference to a benchmark.
<b>Margin Account</b>	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.
<b>Markets in Financial Instruments Directive (MiFID II)</b>	European Union comprehensive set of rules on investment services and activities aimed at making financial markets more efficient, resilient, and transparent and at strengthening the protection of investors. The Fund adopts the principles and requirements of the MiFID II and have 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. This is highlighted in the Knowledge and Skills Strategy with a two-year Training Plan.
<b>Market Value</b>	The price at which an investment can be bought or sold at a given date.
<b>Mature Equity Markets</b>	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.
<b>Maturity</b>	End of the life of a fixed interest security at which point it is repaid.

# Glossary

Term	Definition
<b>Ordinary Shares</b>	Securities, which represent an ownership, interest in a company.
<b>Over the Counter Contracts</b>	Two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange.
<b>Passive Management</b>	A style of investment management that seeks to attain performance equal to market or index returns.
<b>Private Debt</b>	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.
<b>Property unit trusts (PUTS)</b>	Pooled investment vehicles that enable investors to hold a stake in a diversified portfolio of properties.
<b>Rebalancing</b>	Purchase and sale of assets to achieve target allocations.
<b>Resolution Bodies</b>	Scheme Employers with the power to decide if an employee or group of employees can belong to the Scheme, e.g. Town and Parish Councils.
<b>Retail Price Index (RPI)</b>	A measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a representative sample of retail goods and services. Future CPI inflation assumptions are derived from market implied RPI inflation.
<b>Return</b>	The total gain from holding an investment over a given period, including income and increase (decrease) in market value.
<b>Scheme Advisory Board (SAB)</b>	It is a body set up under Section 7 of the Public Service Pensions Act 2013 and the LGPS Regulations 110-113 and its functions are to provide advice to the Secretary of State on the desirability of making changes to the Scheme and to provide advice to Administering Authorities and Local Pension Boards in relation to the effective and efficient administration and management of the Scheme and any connected Scheme and their Pension Funds. It is funded via a Statutory levy on LGPS Administering Authorities.

# Glossary

Term	Definition
<b>Scheme Employers</b>	Employers which are able to bring their staff into the LGPS.
<b>Specialist Management</b>	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.
<b>Terms of Reference (TOR)</b>	The scope and limitations of an activity or area of knowledge. The TORs for the PSB, ISC and PAB defines their roles and functions for the Fund.
<b>The Pensions Regulator (TPR)</b>	The Pensions Regulator is responsible for regulating the Governance and Administration of Pension Schemes and setting Codes of Practice and guidance for Schemes to follow.
<b>Training Needs Analysis (TNA)</b>	Method to identify the training requirements for new and existing members to the ISC, PSB and PAB Committees. Whereby, individual training plans are developed to meet the objectives as detailed in the Knowledge and Skills Strategy.
<b>Transaction Costs</b>	Those costs associated with managing a portfolio, notably brokerage costs and taxes.
<b>Transferee Admission Bodies</b>	An external Body contracted to provide services or assets in connection with the exercise of a function of the Local Authority, which has entered into an admission agreement with the Fund to allow transferred staff to remain in the LGPS.
<b>Transfers to/from other schemes</b>	A transfer value received into the LGPS is the total cash sum needed to be able to provide a Scheme Member with a guaranteed annual pension for life upon their retirement. A transfer can be made to or from a defined benefit and defined contribution pension arrangement.
<b>Unit Trust</b>	A pooled fund in which investors can buy and sell units on an on-going basis.

# Glossary

Term	Definition
<b>Unquoted Securities</b>	Shares which are dealt in the market, but which are not subject to any listing requirements and are given no official status.
<b>Unrealised Gains/Losses</b>	The increase/decrease at year-end in the market value of investments held by the fund since the date of their purchase.
<b>Volatility</b>	A measure or risk based on ups and downs of stock/portfolio over a period of time.

## Further Information

If you require further information about this Glossary, please contact:

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Published November 2021