

Essex Pension Fund Annual Report & Accounts 2013/14



Essex County Council



Contents

Introduction & Overview

- 4 • Chairman's Foreword
- 5 • Introduction
- 7 • Fund Trends and Financial Summary

Section 1: Governance Arrangements

- 9 • Who manages and runs the Essex Pension Fund
- 11 • Fund Management Structure and other Professional Organisations
- 13 • Business Plan 2013/2014 and 2014/2015

Section 2: Investments

- 22 • Investment Strategy Overview
- 24 • Investment Decisions
- 27 • Investment Performance 2013/14

Section 3: Administration

- 31 • Membership Summary
- 31 • Key Service Standards for Scheme Members
- 32 • Scheme Details
- 35 • Participating Employers of the Fund

Section 4: Scheme Actuary

- 45 • Statement by Consulting Actuary 2010 Actuarial Valuation
- 47 • Essex Pension Fund Contribution Rates Schedule – Actuarial Valuation 2010
- 57 • Statement by Consulting Actuary 2013 Actuarial Valuation
- 58 • Essex Pension Fund Contribution Rates Schedule – Actuarial Valuation 2013

Section 5: Statement of Accounts

- 76 • Responsibilities for the Statement of Accounts
- 77 • Fund Account
- 78 • Net Asset Statement
- 79 • Notes to the Accounts
- 127 • Statement by External Auditors

Section 6: Other Information

- 129 • Statement of Investment Principles
- 165 • Funding Strategy Statement
- 190 • Governance Policy and Compliance Statement
- 201 • Administration Strategy
- 207 • LGPS Knowledge and Skills Training Strategy
- 214 • Communications Policy
- 222 • Glossary
- 226 • Contact Points



Fund of the Year (Above £2 billion)

Introduction and Overview

Chairman's foreword



The Local Government Pension Scheme is in a continual cycle of change and reform and the year 2013/14 saw some key developments.

The membership of both the Essex Pension Fund Board and the Investment Steering Committee (ISC) reflects the outcomes of the local government elections in May 2013. I would like to record my appreciation to outgoing Members for their hard work and commitment during their period in office. We also welcomed new Members who have had both a busy and fulfilling year.

Much of the Board's focus was on the 2013 Actuarial Valuation process. It was encouraging to see an increase in funding level to 80%. Mindful of the broader financial circumstances in which employers operate, the Board approved a Funding Strategy that aimed – where possible - to offer options to employers that included a degree of stability in the contributions payable.

In light of the detailed assessment of Fund liabilities that forms part of the triennial Valuation results, the ISC commissioned an Asset Liability Study to assess the alignment of the Investment Strategy to the Valuation results / Funding Strategy. This concluded that

the respective strategies were consistent with one another – and this is now reflected as a measure within the Board's scorecard.

The Fund's investment performance was 9.2% for 2013/14 which compares favourably with the WM Local Authority average of 6.4%. As part of maintaining the investment strategy the ISC appointed two new global equity managers: Longview and M&G.

The Government's reform programme featured throughout the year on both Board & ISC agendas. Responses were submitted to the discussion paper on governance reform and the Call for Evidence on structural reform. The Fund also actively participated in the consultations on draft regulations for the new 2014 Career Average Revalued Earnings (CARE) Scheme which became effective from 1 April 2014. The Board noted that delays in the Transitional Regulations would have a negative operational impact – and I wrote to the Local Government Minister to highlight our concerns.

I am particularly delighted to be able to report that the Fund's efforts have been recognised externally. In December the Fund won "Pension Scheme of the Year (above £2bn) 2013" at the Local Government Chronicle investments awards. Furthermore in May the Fund won "Public Sector Scheme of the Year 2014" at the Professional Pensions awards. I would therefore like to express my thanks to the Members, officers and all whose work contributed to Fund's ongoing success.

Cllr Rodney L Bass

Chairman of the Essex Pension Fund Board and Investment Steering Committee

Introduction

2013/14 has a good claim to be the Essex Pension Fund's busiest year to date. It saw both key developments and the commencement of work in areas that will shape the Fund's future.

Essex Pension Fund Board

In May 2013 the County Council elections saw changes to the membership of the Essex Pension Fund Board – the full details are set out in the Governance Arrangements section on page 9-10. An ongoing programme of training is in place for Board Members – in line with the CIPFA Knowledge & Skills Framework.

Actuarial Valuation & Funding Strategy

The 2013 Valuation was the Fund's first following the appointment of Barnett Waddingham as Fund Actuary. A combination of good investment returns and the use of an economic model (rather than a gilts based model) to determine the discount rate saw a rise in the funding level to 80%. In very broad terms the Fund has assets of £4bn and liabilities of £5bn at the valuation date of 31 March 2013.

The Essex Fund has over 550 employers. The Funding Strategy set the framework for the employer contributions for 2014/15, 2015/16 and 2016/17 and is set out in Section 6. In developing the Strategy our ongoing dialogue with employers was supplemented by Forums targeted for specific groups of employers (i.e. tax raising bodies and Colleges & Universities).

The Funding Strategy was shared with employers for comment as part of the consultation process and included, where possible, options that allowed for a degree of stability in the employer contributions. With the agreement of the Actuary, employers were also offered the opportunity to pay deficit at either the start of each year, or at the start of the three

year period. This aligns payment options with the funding arrangements for local authorities and a number of tax raising bodies within the County have decided to adopt this approach.

Academies

At the time of writing it remains unclear on the Government's intention regarding Academy pooling. It was for this reason that the Board decided to defer implementing the outcomes of the 2013 Valuation for Academies until a review is made of the situation later this year.

New administration software

At the start of 2014, the Board reviewed options for the replacement/upgrade of the current administration software that is central to so much of what we do. After due consideration, the decision was made to proceed with the procurement of Civica's software, UPM, via the procurement framework that has been established by colleagues at Kent County Council with assistance from nine other LGPS Funds including Essex. We very much look forward to working with Civica in the future, and place on the record our thanks to Aquilaheywood for their partnership over many years.

LGPS 2014

Much of the year was spent making arrangements for the transition to the new CARE benefit arrangements which replaced the previous final salary on 1 April 2014. Preparations were hampered by the delay in publication of the Transitional Regulations – a matter which was the Board's highest rated risk. These Regulations were not laid until 10

March 2014 and meant it was not possible for all of the necessary software changes to be readied in time. Whilst this does not prevent us from completing our work, a greater reliance on manual calculations will have an impact on our turnaround times.

Investment

In keeping with the trend of recent years, the Fund assets again closed the year at a new high. The investment return of 9.2% was a key contributor to the final value of £4.337bn. Further details of the mandates and performance are contained within the investment report in Section 2.

In addition to monitoring the investment strategy during the year, the Investment Steering Committee (ISC) appointed two new global equity managers Longview & M&G and commissioned an asset liability study as part of the Actuarial valuation process. Following consultation the ISC also approved a reformatted Statement of Investment Principles. This revised layout can be seen in Section 6 and incorporates the Statement of Compliance with the Myners principles.

Following the last year's consultation on structural reform a consultation was launched in May 2014 on proposals regarding greater use of passive management and the Collective Investment Vehicles (CIVs). We watch developments on CIVs with interest but remain of the firm view that both active management and passive management have a future in how the LGPS invests and manages its risks.

Local Pension Boards

Whilst at the time of writing final details are awaited on governance reform, it is certain that a new Local Pension Board will be required from April 2015 – although the precise form it will take is still to be confirmed. The new Board is set to be in addition to the current Board and ISC and fulfils the requirements of the Public Service Pension Act 2013 as applied to the LGPS.

Communications

Maintaining a dialogue with over 120,000 individual scheme members and over 550 employers remains at the heart of what we do. We continue to implement our strategy of face to face communications with Employer Forums, roadshows, workshops & presentations but also communicate by way of newsletters, website and provide an annual benefit statement to both active and deferred members. We are always seeking ways to increase the variety and frequency of the Fund's communications and are anticipating introducing online pensions to scheme members and employers over the course of the next 12 months.



Pictured above are:
Sara Maxey, Employer Relationship Manager; Margaret Lee, Executive Director for Corporate Services & Customer Operations; Cllr Norman Hume, Deputy Chairman of the Essex Pension Fund Board; Jody Evans, Head of Essex Pension Fund; David Tucker, Employer Liaison Manager and Kevin McDonald, Director for Essex Pension Fund.

Fund Trends

A summary of the Fund's key trends is shown below:

	2009/10	2010/11	2011/12	2012/13	2013/14
Value at 31 March (£000)	3,084,874	3,414,012	3,519,647	3,958,473	4,337,374
Number of Contributors	43,728	43,351	42,315	45,001	49,516
Contributions (£000)	204,046	223,459	210,146	225,015	213,641
Number of Pensioners	29,165	30,612	32,269	33,873	35,254
Benefits Paid (£000)	161,196	177,342	179,809	194,563	203,058

Financial Summary

A brief financial summary over the last 5 years is shown below:

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Value of fund at start of year	2,224,807	3,084,874	3,414,012	3,519,647	3,958,473
Revenue Account for year:					
Contributions	204,046	223,459	210,146	225,015	213,641
Investment and other income	72,464	76,829	75,050	84,649	73,787
Benefits and other expenses	(195,364)	(212,113)	(210,251)	(226,009)	(239,001)
	81,146	88,175	74,945	83,655	48,427
Increase (decrease) in market value of investments in year	778,921	240,963	30,690	355,171	330,474
Increase (decrease) in fund during year	860,067	329,138	105,635	438,826	378,901
Value of fund at end of year	3,084,874	3,414,012	3,519,647	3,958,473	4,337,374

SECTION 1

GOVERNANCE ARRANGEMENTS

Who Manages and Runs the Essex Pension Fund?

The County Council's functions as administering authority are delegated to the Essex Pension Fund Board (the Board), the Investment Steering Committee (ISC) and its officers.

The Essex Pension Fund Board (The 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 2013/14 is detailed below:

Board Representatives 2013/14

County Councillors

Until 13 May 2013

R. L. Bass B.A., F.C.I.B. (Chairman)
D. M. Finch (Deputy Chairman)
J. F. Aldridge
N. J. Hume
M. C. Lager
M. Mackrory
S. Barker (Conservative substitute)

From 14 May 2013

R. L. Bass B.A., F.C.I.B. (Chairman)
N.J. Hume (Deputy Chairman)
S. Barker
K. Clempner
N. Le Gresley
J. Whitehouse
J. Spence (Conservative substitute)
K. Bobbin (Labour Group substitute)
M. Mackrory (Liberal Democrat substitute)
J Huntsman (UKIP substitute)

Representative of Scheme Members

K. Blackburn (UNISON)

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

Cllr. J. P. F. Archer (Maldon District Council)
Cllr. P. A. Challis O.B.E. (Castle Point Borough Council)

Representatives of Unitary Councils

Cllr. M. Healy (Thurrock Council)
(until 13 May 2013)
Cllr. G. Rice (Thurrock Council)
(from 14 May 2013)
Cllr. B Kelly (Southend-on-Sea Borough Council) (until 13 May 2013)
Cllr. A. Moring (Southend-on-Sea Borough Council) (from 14 May 2013)

Representatives of Police & Crime

C. Garbett (Essex Police & Crime Commissioner)

Representative of Essex Fire Authority

Cllr. E. C. Johnson (Essex Fire Authority)
(until 13 May 2013)
Cllr. M. Danvers (Essex Fire Authority)
(from 14 May 2013)

Representative of Smaller Employing Bodies

J. Moore (The Billericay School)

Independent Governance & Administration Adviser to the Board

B. Mack, Hymans Robertson

Fund Actuary

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

Investment Steering Committee (ISC) 2013/14

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 2013/14 were:

ISC Representatives 2013/14

County Councillors

Until 13 May 2013

R. L. Bass B.A., F.C.I.B. (Chairman)

D. M. Finch (Vice Chairman)

J. F. Aldridge

N. J. Hume

M. C. Lager

M. Mackrory

S. Barker (Conservative substitute)

From 14 May 2013

R. L. Bass B.A., F.C.I.B. (Chairman)

N.J. Hume (Vice Chairman)

S. Barker

K. Clempner

N. Le Gresley

J. Whitehouse

J. Spence (Conservative substitute)

K. Bobbin (Labour Group substitute)

M. Mackrory (Liberal Democrat substitute)

J. Huntman (UKIP substitute)

Observers

J.P.F. Archer (representing Employers)

K. Blackburn (representing Members)

Independent Advisers to the ISC

K.D. Neale C.P.F.A.

Institutional Investment Consultants to the ISC

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

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

Essex County Council Officers and Others

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 for Corporate Services & Customer Operations 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.

Executive Director for Corporate Services & Customer Operations

M. Lee C.P.F.A.

Director for Essex Pension Fund

K. McDonald B.A., C.P.F.A

Head of Essex Pension Fund

J. Evans

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.

Fund Managers

Equity	
Manager	Mandate
Baillie Gifford & Co.	Global Equities
FIL Pensions Management	Global Equities (terminated November 2013)
First State Investment Management (UK) Ltd	Global Emerging Markets Equities
Legal and General Investment Management	Global Equities (Passive)
Longview Partners	Global Equities (commenced November 2013)
Marathon Asset Management Ltd	Global Equities
M&G Investments	Global Equities (commenced November 2013)

Bonds	
Manager	Mandate
Goldman Sachs Asset Management	Corporate Bonds
Legal and General Investment Management	Index Linked Bonds (Passive)
M & G Investments	Corporate Bonds

Property	
Manager	Mandate
Aviva Investors Global Services Ltd	Direct & Indirect Property

Alternatives	
Manager	Mandate
Legal and General Investment Management	Passive Currency Overlay
Mellon Capital Management Corporation	Active Currency (terminated May 2013)
Hamilton Lane (UK) Ltd	Private Equity
M & G Investments	Infrastructure
Partners Group Management II S.à r.l.	Infrastructure
Stafford Timberland Limited	Timber
RWC Partners (formerly known as Hermes Focus Asset Management Ltd)	Shareholder Activism

Other organisations providing services to the Fund

Service	Organisation
Administration software provider	Aquilaheywood
Auditors	EY
AVC provider	The Equitable Life Assurance Society Prudential The Standard Life Assurance Company
Custodian	The Northern Trust Company
Solicitors	Essex County Council – Legal Services Nabarro Nathanson

Essex Pension Fund Business Plan 2013/14

Proposed actions for Business Plan 2014/15

Governance

Objectives:

- Provide a high quality service whilst maintaining value for money
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
- Evolve and look for new opportunities that may be beneficial for our stakeholders, particularly the Fund's beneficiaries, ensuring efficiency at all times
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- Understand and monitor risk and compliance
- Continually measure and monitor success against our objectives

Actions:

Action	How will this be achieved?	Officer managing action*	Progress as at March 2014	2014/2015 Business Plan
1. Annual business plan will be put in place.	2013/14 business plan actions presented to 6 March 2013 Board for approval.	DfEPF & HoEPF	Complete	Draft 2014/15 business plan actions presented to 5 March 2014 Board for approval.
2. Further roll out of training and training needs assessments.	Training & training needs Specific provision will be made for any new Board Members. assessments will continue in 2013/14.	IGAA	Complete	Training & training needs. assessments will continue in 2014/15.
3. Board members' knowledge centre	A web based facility for Members to replace the handbook will be identified and put in place.	HoEPF	Complete	Shadow training to be offered to Board Members to maximize usage.

Action	How will this be achieved?	Officer managing action*	Progress as at March 2014	2014/2015 Business Plan
4. Annual review of governance policy	Review governance policy to ensure it is relevant and up to date, including the governance compliance statement.	DfEPF, HoEPF & IGAA	Complete.	Scheduled for September 2014
5. Annual review of Pension Fund Board	Review the effectiveness of the Pension Fund Board and the services supplied to it.	GTM and IGAA	Complete.	A further review is planned for July 2014
6. Procurement of Independent Governance Adviser	The Board will consider its approach to this matter in 2014/2015	DfEPF & HoEPF	In progress	The procurement will be completed during 2014/2015
7. Implement the requirements of the Public Sector Pension Act 2013	Respond to consultation on draft Governance regulations Agree & implement required changes to Governance arrangements	DfEPF, HoEPF & IGAA	Action commencing in 2014/15 Not applicable for 2013/14	On-going action during 2014/15

Investments

Objectives:

- To maximise the returns from investments within reasonable risk parameters
- To ensure the Fund is properly managed
- Ensure investment issues are communicated appropriately to the Fund's stakeholders

Actions:

Action	How will this be achieved?	Officer managing action*	Progress as at March 2014	2014/2015 Business Plan
8. Review of asset allocation	Review of asset allocation as part of the strategy & structure deliberations at the ISC strategy meetings. 4 July 2013 and 24 February 12 ISC.	DfEPF	Complete	Review to take place in July 2014 and February 2015
9. Implement any review of investment allocation arrangement	Implement the decisions taken at the February 2013 ISC strategy meeting.	DfEPF	Complete appointment of Global Equity managers.	Implement as required any changes
10. To review investment management fees	Ensure that fee monitoring arrangements form part of the annual review of performance.	DfEPF	Complete	Scheduled for July 2014 strategy review
11. Review the Statement of Investment Principles (SIP)	Annual Review of SIP – to include review of Statement of Compliance on Investment Decision Making	DfEPF	Complete	To be reviewed after July 2014

Action	How will this be achieved?	Officer managing action*	Progress as at March 2014	2014/2015 Business Plan
12. Procurement of Independent Investment Adviser	The current arrangement ceases in July 2015. The ISC will consider its approach to this matter in 2014/2015	DfEPF	Action commencing in 2014/15 Not applicable for 2013/14	Scheduled for 2014/15
13. Participate in the consultation on LGPS structural reform	Respond to consultation on draft options for the structure of LGPS in England & Wales	DfEPF	Although work on this took place during 2013/14, including response to the Call for Evidence, this is a new measure in the Business Plan.	On-going action during 2014/15

Funding

Objectives:

- Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities 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 have consistency between the investment strategy and funding strategy
- To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives
- Maintain liquidity in order to meet projected net cash-flow outgoings
- Minimise unrecoverable debt on termination of employer participation

Actions:

Action	How will this be achieved?	Officer managing action*	Progress as at March 2014	2014/2015 Business Plan
14. Review Funding Strategy Statement	In conjunction with the Actuarial Valuation and in discussion with the Actuary, a revised FSS will be drafted, consulted upon and finalised 2013/14.	DfEPF and HoEPF	Complete	The Funding Strategy Statement will be reviewed in conjunction with the results of the 2014 interim review
15. Actuarial Valuation as at 31 March 2013	A triennial valuation will be commissioned. Progress reports will be brought to the Board and the results shared with employing bodies.	DfEPF and HoEPF	Complete	Action ceasing in 2013/14 Not applicable for 2014/15
16. Interim Review as at 31 March 2014.	An interim review of the Fund as at 31 March 2014 will be commissioned from the Actuary.	DfEPF and HoEPF	Action commencing in 2014/15 Not applicable for 2013/14	The result of the interim review will be considered at the September 2014 Pensions Board meeting

Action	How will this be achieved?	Officer managing action*	Progress as at March 2014	2014/2015 Business Plan
17. Employer participation	Employer participation and membership of the Essex Pension Fund will be monitored on an on-going basis	DfEPF and HoEPF	Complete	On-going monitoring to continue throughout 2014/15.

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
- Data is protected to ensure security and authorised use only

Actions:

Action	How will this be achieved	Officer managing action*	Progress as at March 2014	2014/2015 Business Plan
18. New 2014 LGPS	Pending outcomes review and put in place a plan to deliver any requirements (e.g. revised processes, systems, etc).	HoEPF	In progress	Developments will continue to be monitored and brought to the Board's attention during 2014/15
19. Complete the annual end of year data exercise as at 31 March	Complete year end accounting, gather information from employer and update Axise, and produce annual benefit statements.	HoEPF	Complete for 31 March 2013.	Required as part of the preparation for the 31 March 2014 interim review.

Action	How will this be achieved	Officer managing action*	Progress as at March 2014	2014/2015 Business Plan
20. Administration Strategy	The Administration Strategy will be monitored during 2013/14.	HoEPF	In progress	To be monitored & reviewed during 2014/15.
21. Integration of Pensions Services and Investment Team	The final stages of the new structure's implementation will be completed during 2013/14.	DfEPF and HoEPF	Complete	Action ceasing in 2013/14 Not applicable for 2014/15
22. Auto Enrolment – Work based Pensions	Monitor developments and maintain dialogue with Pension Fund employers throughout the process of auto enrolment implementation. (Staggered staging dates apply to all employers – depending on size – between 2012 and 2016)	HoEPF	In progress – Approximately 30 Fund employers are expected to have staging dates during the 2013/14	Monitoring of auto enrolment will continue during 2014/15.
23. Implementation of new administration system	A project plan to be in place to deliver a new system by 31 December 2014	HoEPF	In progress – The contract with the new provider was signed in early February. This is the first key milestone. Implementation planning is currently underway.	To continue through 2014/2015

Communications

Objectives:

- Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally
- Ensure our communications are simple, relevant and have impact
- Deliver information in a way that suits all types of stakeholder
- Aim for full appreciation of the pension scheme benefits and changes to the scheme by all scheme members, prospective scheme members and employers

Actions:

Action	How will this be achieved?	Officer managing action*	Progress as at March 2014	2014/2015 Business Plan
24. New 2014 LGPS	Pending outcomes, review and put in place a plan to deliver any communication requirements including delivery of key messages	HoEPF	In progress – Tim Hazelwood from LGE presented to an employer road-show held at Anglia Ruskin University on 29 November 2013. All Employers were invited.	Will continue during 2014/2015
25. Actuarial Valuation & Funding Strategy	The draft Funding Strategy and Valuation results will be shared with Employers. A series of Employer Forums are planned for autumn 2013.	DfEPF and HoEPF	Complete	Action ceasing in 2013/14 Not applicable for 2014/15
26. Monitor Communications Policy	The communications policy will be monitored during 2013/2014	HoEPF	On-going	To continue during 2014/2015.

Key:

DfEPF: Director for Essex Pension Fund
 HoEPF: Head of Essex Pension Fund
 GTM: Governance Team Manager

IGAA: Independent Governance & Administration Adviser

SECTION 2

INVESTMENTS

Investment Strategy Overview

Each year the ISC reviews the Fund's investment strategy over the prior 12 months and formulates its future strategy going forward. The 2013 yearly review took place at the meeting held in July 2013. Central to the review was the discipline of ensuring that the Fund's investment strategy remained consistent with the funding strategy.

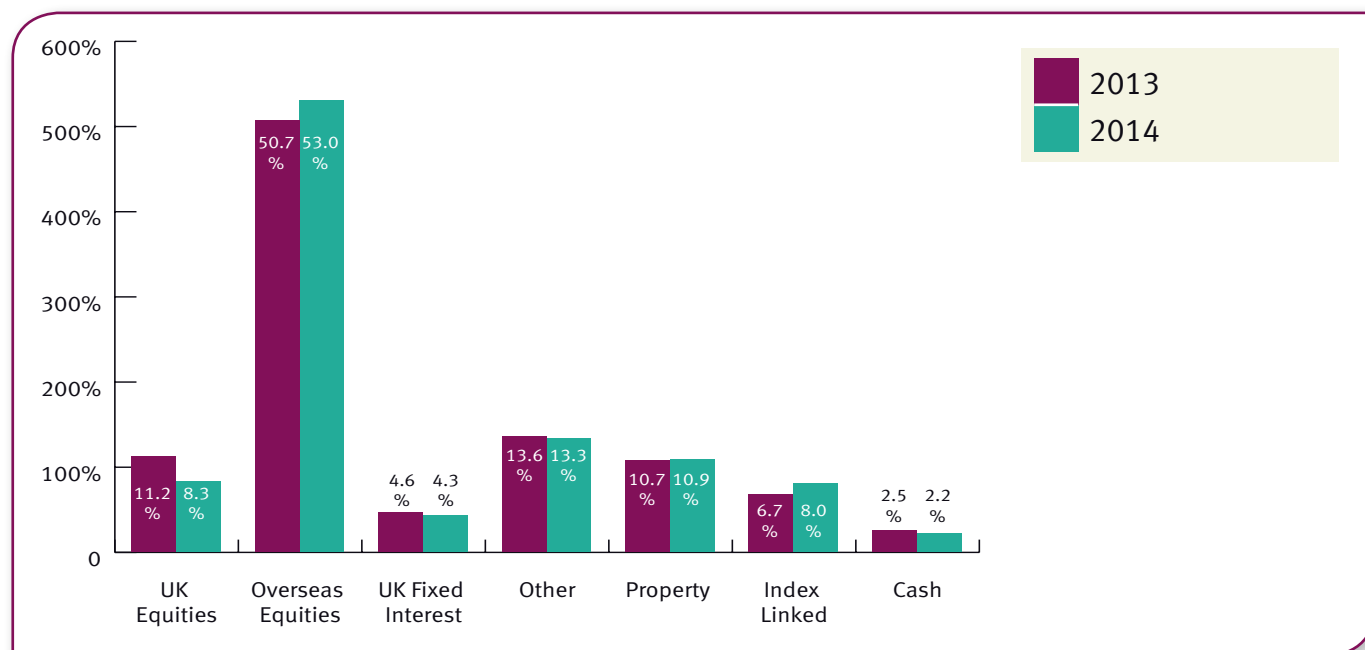
The strategy adopted for 2013/14 was very much focused on a reviewing the equities allocation of the Fund, in particular of whether the strategy continues to be relevant in light of the changing dynamics of the Fund expected over the coming years, whilst consolidating the other classes invested in by the Fund.

The table below shows the strategic allocation benchmark as at 31 March 2014, as agreed at its February meeting.

Equities			Bonds			Alternatives			
Manager		Target %	Manager		Target %	Manager		Target %	
UK	LGIM	6.0	Index-linked gilts	LGIM	2.5	Property	Aviva	12.0	
Regional	LGIM	16.0		GSAM	5.5	Private equity	Hamilton Lane	4.0	
Global	Marathon	35.0	M&G			5.5	Infrastructure	M&G	6.0
	M&G		-	-	-	Partners Group			
	Longview		-	-	-	Timber		Stafford	2.0
	Baillie Gifford		-	-	-	Loans		M&G	0.5
	RAFI		-	-	-	-		-	-
Emerging	First State	5.0	-	-	-	-	-	-	
Total		62.0	Total		13.5	Total		24.5	

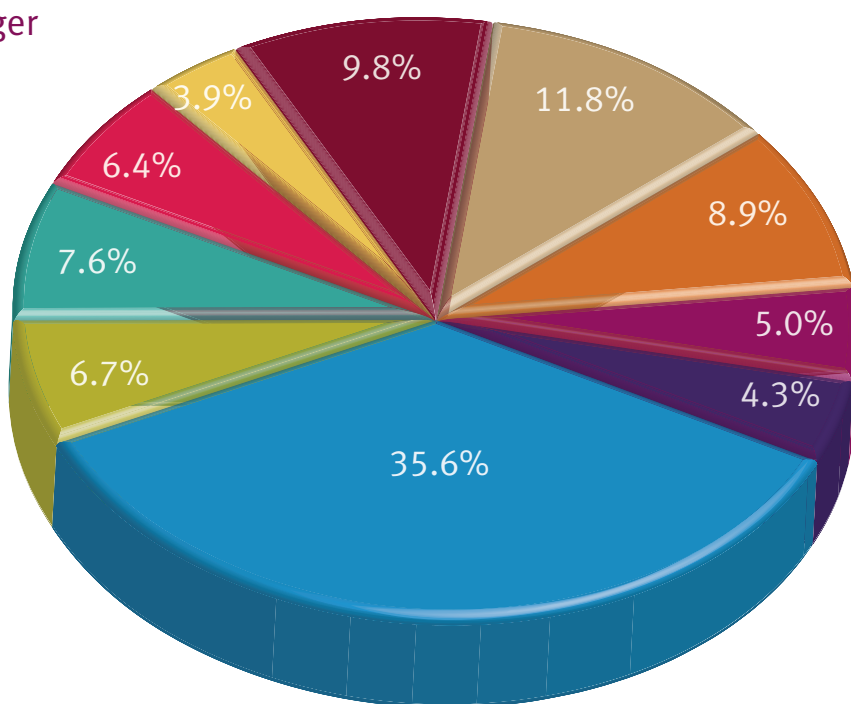
Portfolio Distribution at 31 March

The graph below show the change in the Fund's actual portfolio distribution between the main asset classes as at 31 March 2013 and 31 March 2014.



Value of Fund under Management by Fund Manager

The following graph shows the proportion of the Fund under management by Fund Manager as at 31 March 2014.



Investment Decisions

The following outlines key strategic decisions that the ISC have made during 2013/14 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 2013/14.

Equity

During 2012/13, the Committee commissioned that a review be undertaken of the global equity portfolio of the Fund. The Committee agreed as part of its review to commence a manager selection process, in order to populate a global equity manager framework from which an appointment would be made to replace the vacant mandate left by Alliance Bernstein.

During the course of the year the Committee terminated Fidelity's mandate. Longview Partners and M&G Investments were both appointed to manage global equity mandates each having 7% of the Fund's assets.

The Committee also reviewed the mandate that Legal and General manage. A decision was taken to allocate 7% to a RAFI fundamental index approach to offset some of the growth style bias following the termination of the Alliance Bernstein portfolio and to diversify some of the biases in market cap indices already held.

Largest 10 Equity Holdings of the Fund as at 31 March 2014

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

	Market Value £m	% of Net Assets (%)
Amazon.com Inc	30.69	0.7
Tencent Holdings Ltd	29.84	0.7
Adr Baidu Inc Sponsered Adr	28.58	0.7
Google Inc	25.99	0.6
Illumina Inc Com	25.47	0.6
Inditex Eur0.15	19.06	0.4
Kering	16.24	0.4
Oracle Corp Com	15.60	0.4
Intuitive Surgical Inc Com New	14.99	0.3
Unilever Plc Ord Gbp0.031111	14.82	0.3
Total	221.28	5.1

Bonds

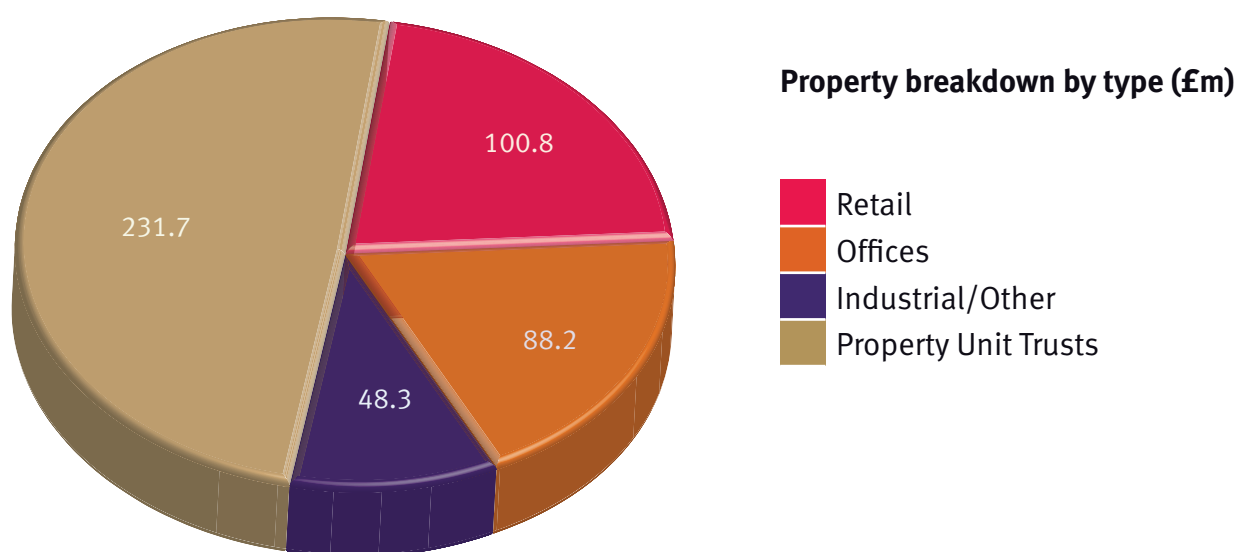
The outperformance of equities compared to bonds during the year resulted in an overweight position. Rebalancing was undertaken by L&G's swing mandate which resulted in the Index Linked Gilt mandate being significantly overweight relative to the Funds other bond mandates. During 2013/14 the Committee agreed to rebalance the bond mandates back to their strategic allocation.

Property

6 new properties were purchased during 2013/14. However, £25m was still to be drawn down from the £80m additional funding agreed in back in 2010/11.

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

The graph below provides detail of the type of property in which the Fund invests whilst the second table provides detail of the Fund's 5 largest direct properties held as at 31 March.



		Market Value at 31 March 2014 £m
Office	48/49 Chancery Lane	17.400
Office	55 – 57 Dean Street, London	13.900
Retail	734-736 Seven Sisters Road, London	11.500
Retail	971 Great West Road, Brentford	11.300
Office	Oriel House, 26 The Quadrant, Richmond	11.025

Alternatives

Infrastructure

During 2013/14 the ISC agreed a further commitment of 2% (£74m) to Partners 2012 indirect fund.

Private Equity

In 2013/14 the Fund invested in 8 new partnerships taking the number of private equity partnerships to 55. Of these, 8 partnerships have now drawn down their full commitment. The ISC is committed to increasing its commitment to private equity in the future and reinforced this at its February meeting when it was agreed to Hamilton Lane's programme of £50m new commitments per annum to achieve a 4% allocation to this asset class.

Loans

There has been no strategic change in this asset class the Fund remains at full commitment.

Active Currency

At the end of 2012/13 a review was made of where investing in such an asset class was still appropriate in the current market climate i.e. low interest rate environment. As a result of this review Mellon's mandate was determined in May 2013.

Shareholder Activism

The decision was taken in 2009 to dis-invest from this asset class. As at 31 March 2014, the Fund's only investment in this asset class was a small investment in a side pocket of the Hermes UK Specialist Focus Fund.

Timber

The Committee agreed a further 1% (£55m) to Stafford Timberland's II Fund. As at the end of March 2014 no drawdowns had been made. However, the outstanding commitment for the original investment stood at £10.5m.

Other Investments

Further research was commissioned in 2013/14 on other types of asset classes as part of a potential widening of the alternatives portfolio. One area the Committee is keen to investigate further is illiquid debt opportunity.



Investment Performance 2013/14

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 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

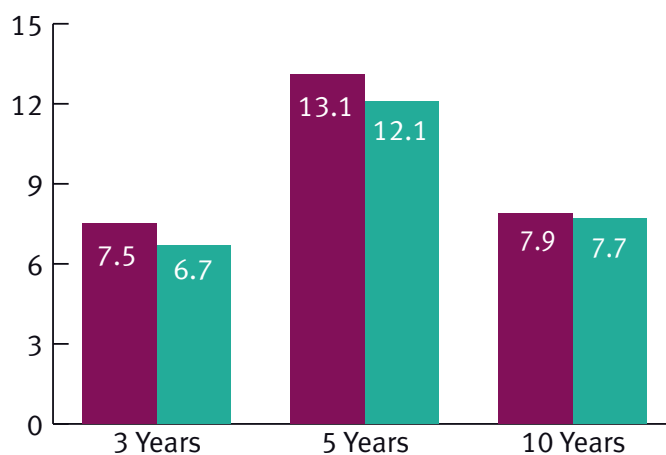
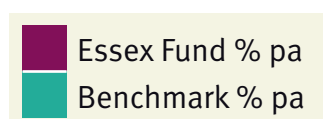
The graph below shows the relative performance of the Essex Pension Fund over the last 10 years. The overall return on the Fund for 2013/14 was 9.2% compared to the customised benchmark of 9.5%. For comparison the WM Local Authorities average fund return for the same period was 6.4%

Annual Investment Returns



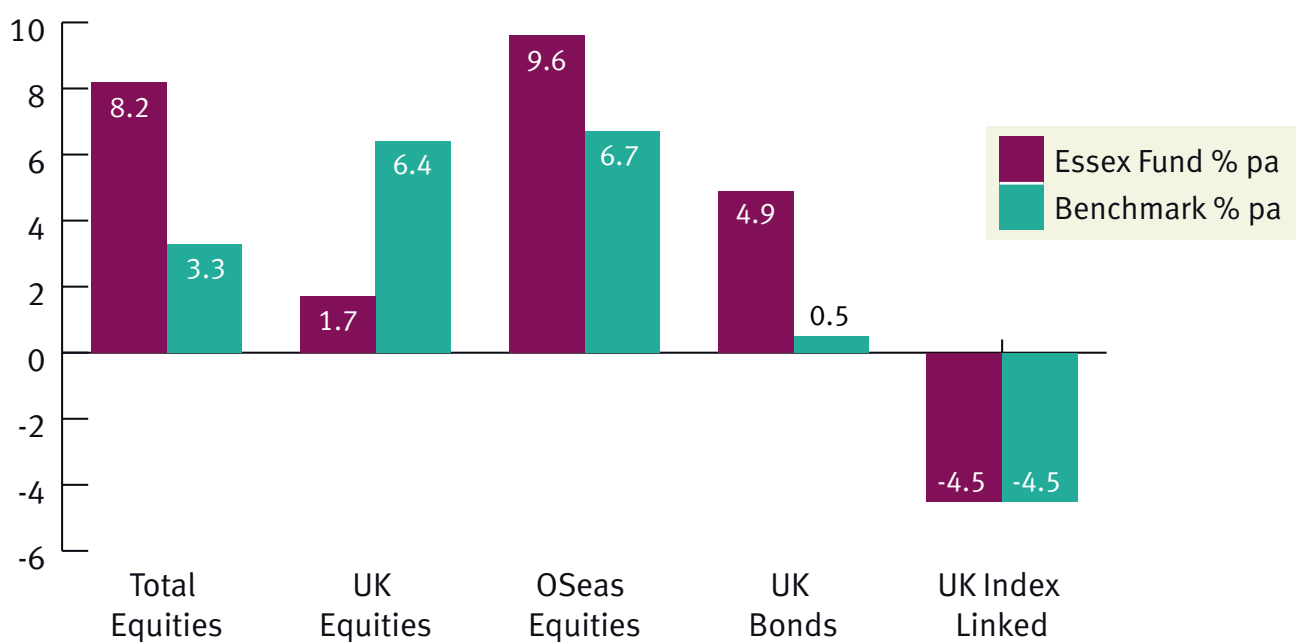
Long Term Performance Comparisons

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



Returns by Asset Class for 2013/14

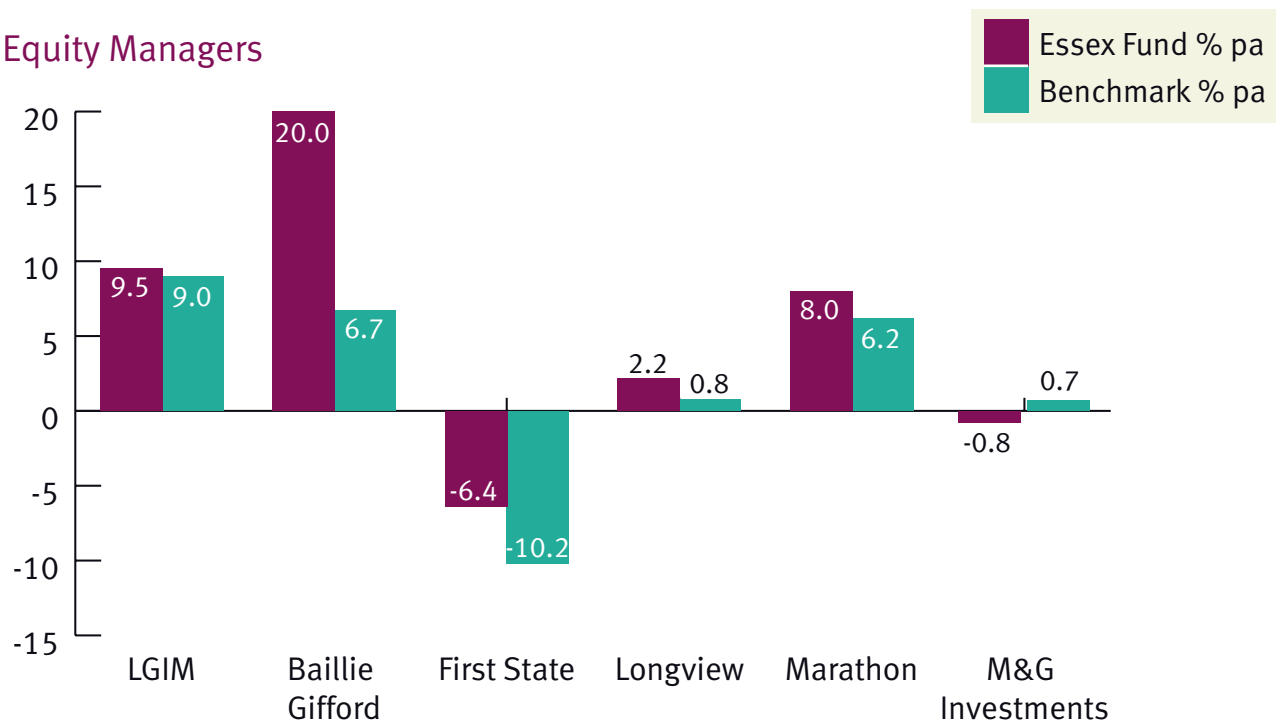
The analysis set out below shows the returns by asset class for 2013/14:



Equity and Bond Performance by Fund Manager

The following graphs shows the performance of each Equity and Bond Mandate compared to their benchmark for the year ended 31 March 2014.

Equity Managers



Bond Managers



SECTION 3

ADMINISTRATION

Membership Summary

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

	2012/13	2013/14 provisional
County Council	18,209	19,281
District/Unitary Councils	9,576	10,409
Other Employing Bodies	17,216	19,826
Total Contributors	45,001	49,516
Retired Employees	28,975	30,219
Dependants	4,898	5,035
Total Pensioners	33,873	35,254
Deferred Pensioners *	42,092	43,693

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

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	Maximum Turnaround Time	Actual Achieved 2012/13	Actual Achieved 2013/14
Letter detailing transfer in quote*	10 working days	90.4	96.3
Letter detailing transfer out quote*	10 working days	90.0	97.8
Process refund and issue payment voucher	5 working days	85.8	95.3
Letter notifying retirement benefit amount - estimates	10 working days	95.7	97.3
Letter notifying actual retirement benefits and issue of payment voucher for lump sum retirement grant	5 working days	95.4	96.3
Letter acknowledging death of active / deferred / pensioner member	5 working days	99.1	99.5
Letter notifying amount of dependant's benefits	5 working days	95.9	95.7
Calculate and notify deferred benefits	10 working days	83.3	98.3

Note: The above measures reflect the reports that are passed to the Pension Board on an annual basis, and also the CIPFA benchmarking.

The turnaround times for transfers have been affected in 2012/13 due to delays in the provision of revised government actuary department factors, which is outside of our control.

Scheme Details

Essex County Council administers the Local Government Pension Scheme for its own employees, those of the 14 City/District/Borough/Unitary Councils and numerous other bodies. The scheme excludes provision for teachers, fire-fighters and police officers, for whom separate arrangements exist. Benefits are prescribed by, and the Essex Pension Fund is invested in accordance with, the provisions of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The rate of member contributions is between 5.25% and 7.5% of pensionable pay. The rate of employer contributions is set at each triennial valuation of the Essex Pension Fund.

1. Benefits

Brief details of some of the principal benefits available to members of the Local Government Pension Scheme are listed below.

Benefits will normally be based on two factors: length of service during which contributions have been paid to the scheme, known as “Membership”, and the salary on which those contributions were paid (normally the last 12 months of membership). This is commonly known as “Final Pay”.

i) Annual Pension

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

Final Pay x 1/80 x Membership up to 31st March 2008

Final Pay x 1/60 x Membership from 1st April 2008

The pension will receive a cost of living increase each April in accordance with 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 31st March 2008

(There is no automatic lump sum for Membership from 1st April 2008)

iii) Conversion of Pension

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

2. Ill Health Retirement

A member with at least 3 months membership retired:

- (1) on the grounds that his/her ill-health or infirmity of mind or body renders him/her permanently incapable of performing the duties of their job, and
- (2) that they have a reduced likelihood of obtaining any gainful employment before their normal retirement age of 65.

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

If it is considered that the member will 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. Deferred Benefits

Leavers with at least 3 months membership, who are not entitled to receive immediate payment, are awarded a deferred benefit. This is normally paid at age 65 but provisions exist for early payment in certain circumstances. Leavers

after 31 March 1998 also have the option to defer payment beyond age 65 but their pension must be brought into payment before their 75th birthday. Alternatively, it may be possible to transfer the cash equivalent value of the deferred benefit to another pension arrangement. Deferred benefits receive cost of living increases each April in accordance with Pensions Increase (Review) Orders.

4. Death in Service

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

5. Death after Retirement

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

6. Death in Deferment

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

*A cohabiting partner can only be nominated if the scheme member was an active (contributing) member on or after 1 April 2008.

A modified scheme prescribed by the Local Government Pension Scheme Regulations 1997 is available for councillors of authorities who's Independent Remuneration Panel has taken a decision to allow them the option to be members. The rate of member contributions is 6% of pensionable allowances and the rate of employer contributions is set at each triennial valuation of the Essex Pension Fund.

Councillors

1. Benefits

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

Benefits will normally be based on two factors: length of service during which contributions have been paid to the scheme, known as "Membership", and the average of the allowances on which those contributions were paid over the total period of membership. This is commonly known as "Career Average Pay".

i) Annual Pension

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

Career Average Pay x 1/80 x
Membership

The pension will receive a cost of living increase each April in accordance with Pensions Increase (Review) Orders.

ii) Lump Sum

The calculation of the tax-free lump sum is based on the following formula:-

Career Average Pay x 3/80 x
Membership

iii) Conversion of Pension

All councillor members can exchange pension for an additional lump sum subject to HM Revenue and Customs limits.

2. Ill Health Retirement

A member with at least 3 months membership retired:

on the grounds that they have become permanently unable (until their 65th birthday) to perform the duties of their office because of ill-health or infirmity of mind or body
will receive immediate payment of a pension payable for life and a lump sum.

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

3. Deferred Benefits

Leavers with at least 3 months membership, who are not entitled to receive immediate payment, are awarded a deferred benefit. This is normally paid at age 65 but provisions exist for early payment in certain circumstances. They also have the option to defer payment beyond age 65 but their pension must be brought into payment before their 75th birthday. Alternatively, it may be possible to transfer the cash equivalent value of the deferred benefit to another (non LGPS) pension arrangement. Deferred benefits receive cost of living increases each April in accordance with Pensions Increase (Review) Orders.

4. Death in Service

A lump sum death grant of 2 times career average pay is payable, regardless of the length of membership. In addition, pensions are payable for life to surviving spouses or civil partners. Dependent children under the age of 18, or 23 if in continuing full-time education or training, also qualify for a pension.

5. Death after Retirement

Spouse's, civil partner's and dependant children's pensions are payable as above.

If death occurs before the pension has been in payment for 5 years, the balance is paid as a lump sum death grant.

6. Death in Deferment

A lump sum death grant equal to the deferred retirement lump sum is payable. In addition, spouse's, civil partner's and dependant children's pensions are payable as above.

SCHEME DETAILS AFTER 1 APRIL 2014

From 1 April 2014, the 2008 scheme has been replaced by a new career average revalued earnings (care) scheme. The benefits detailed above remain in place for membership up to 31 March 2014 but the new care benefits will be applied to membership after this date.

Following the introduction of the new scheme, Councillors can no longer join the LGPS and existing Councillor Members will not be able to make any contributions beyond the end of their current term of office.

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

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

Tax Reference No: 747 39028 69475
Pension Scheme Tax Reference: PSTR
00328636RV

Formally known as the Registered Fund No.

Participating Employers of the Fund

Tax Raising

Essex County Council
 Basildon Borough Council
 Braintree District Council
 Brentwood Borough Council
 Castle Point Borough Council
 Chelmsford City Council
 Colchester Borough Council
 Epping Forest District Council
 Harlow District Council
 Maldon District Council
 Rochford District Council
 Southend On Sea Borough Council
 Tendring District Council
 Thurrock Borough Council
 Uttlesford District Council

Scheduled

Anglia Ruskin University
 Colchester Borough Homes Ltd
 Essex Fire Authority
 Essex Police and Crime Commissioner
 Essex Probation Committee
 Valuation Tribunal Service
 South Essex Homes Ltd
 Chelmsford Fe College
 Colchester Institute
 The Sixth Form College Colchester
 Epping Forest College
 Harlow College
 Palmer's College
 Seevic College
 South Essex College
 Writtle Agricultural College

Schools

Church Langley
 Fawbert & Barnards Primary School
 Harlow Fields School
 Jerounds Community Infants
 Lawford Mead County Junior School
 Hazelmere Junior
 Henham and Ugley Primary
 Sheering CofE Primary
 St James' CE Primary School Harlow
 Tany's Dell Primary School
 The Downs Primary School
 The King Henry Moore Primary School
 Kingswode Hoe Primary
 Mildmay Infant
 Mildmay Junior
 Parsons Heath CE Primary
 Pear Tree Mead Primary
 St Peters CE Primary South Weald
 St Thomas of Canterbury Infant, Brentwood
 St Thomas of Canterbury Junior, Brentwood
 Trinity Dell Primary
 Water Lane Primary School
 Dunmow St Mary's Primary School
 Great Dunmow Primary School
 Arthur Bugler Infants School
 Arthur Bugler Juniors School
 Elmwood Primary School
 Northlands Junior School
 North Crescent Primary School

Katherines Primary School
 Great Totham School
 Castle View School
 Deanes School
 Fitzwimarc School
 St Andrews Junior School (Hatfield Peverel)
 Cecil Jones High School
 Holland Park Primary School
 Elmstead Market Primary School
 Holland Haven Primary School
 Millfield Primary School
 Rodings Primary School
 St Katherine's CofE Primary School
 St Mary's CofE Primary School
 St Osyth CofE Primary School
 Takeley Primary School
 Leverton Infants School
 Leverton Junior School
 Brentwood County High School
 Broomfield Primary School
 Buttsbury Infants School
 Cathedral School
 Beauchamps School
 Waltham Holy Cross Infants School
 Kingswood Infants School
 Kingswood Junior School
 St John Fisher RC Primary School
 Thaxted Primary School
 Collingwood Primary School
 Hockley Primary School
 Lawford Primary School

St Benedicts College
Walton Primary School
Chase Lane Primary School
Prince Avenue Primary School
St Helen's RC Infant School
Alderman Blaxill School
Thomas Willingale Primary School
Upshire Primary School
Mersea Island Primary School
Wyburns Primary School
Earls Colne Primary School
Milton Hall Primary School
Engaines Primary School
Rochford Primary School
Endeavour School
Howbridge Infants School
St Andrews Primary School (North Weald)
Brinkley Grove Primary School
Horndon on the Hill Primary School
Eastwood Primary School
Grove Wood Primary School
Northwick Park Primary & Nursery School

Academies

Abbots Hall Primary School (conversion date 01/05/2013)
Academies Enterprise Trust (conversion date 01/04/2013)
Alec Hunter (conversion date 01/04/2013)

Anglo European School (conversion date 01/12/2011)
Appleton School, The (conversion date 01/04/2011)
Ashingdon Primary School (conversion date 01/09/2011)
Basildon Lower Academy (conversion date 01/09/2009)
Basildon Upper Academy (conversion date 01/09/2009)
Beacon Hill Academy (conversion date 01/09/2012)
Belfairs Community College (conversion date 01/06/2012)
Belmont Castle Academy (conversion date 01/12/2012)
Benyon primary Academy (conversion date 01/04/2013)
Billericay School (conversion date 01/07/2011)
Boswells School, The (conversion date 01/02/2012)
Briscoe Primary School (conversion date 01/09/2012)
Bromfords School and Sixth Form College, The (conversion date 01/01/2013)
Burnt Mill School (conversion date 01/12/2011)

Burrsville Infant School (conversion date 01/12/2013)
Buttsbury Junior School (conversion date 01/05/2011)
Cann Hall Primary School (conversion date 01/11/2012)
Chelmer Valley High School (conversion date 01/08/2011)
Chelmsford High School for Girls (conversion date 01/01/2011)
Clacton Coastal Academy (conversion date 01/04/2012)
Clacton County Academy (conversion date 01/04/2012)
Colchester Academy (conversion date 01/09/2010)
Colchester High School for Girls (conversion date 01/10/2011)
Colchester Royal Grammar School (conversion date 01/01/2012)
Colne Community School, The (conversion date 01/09/2011)
Columbus School and College (conversion date 01/05/2012)
Cooks Spinney Academy (conversion date 01/12/2013)

Corringham Primary School (conversion date 01/10/2013)	Great Clacton C of E Junior (conversion date 01/03/2014)	Heybridge Primary School (conversion date 01/12/2012)
Cornelius Vermuyden School (conversion date 01/11/2013)	Greensted Junior School (conversion date 01/09/2012)	Hilltop Junior School (conversion date 01/08/2011)
Darlinghurst Academy (conversion date 01/01/2014)	Greensward Academy (conversion date 01/09/2008)	Hockerill Anglo-European College (conversion date 01/02/2011)
Davenant Foundation School, The (conversion date 01/04/2011)	Gt Chesterford Academy (conversion date 01/10/2011)	Holy Cross Primary School (conversion date 01/08/2011)
Debden Park (conversion date 01/04/2011)	Hadleigh Infants School (conversion date 01/08/2011)	Honywood Community School (conversion date 01/05/2011)
Dilkes Academy (conversion date 01/12/2012)	Hadleigh Junior School (conversion date 01/09/2011)	Hutton All Saints CofE Primary School (conversion date 01/12/2011)
East Tilbury Infant School & Nursery (conversion date 01/04/2012)	Hamford County Primary School (conversion date 01/04/12)	Hylands School (conversion date 01/08/2011)
East Tilbury Junior School (conversion date 01/04/2012)	Harris Academy Chafford Hundred Campus (conversion date 01/10/2011)	James Hornsby High (conversion date 01/10/2012)
Eastwood High School (conversion date 17/08/2011)	Harris Primary Academy Chafford Hundred (conversion date 01/07/2012)	Jotmans Hall Primary School (conversion date 01/08/2011)
Flitch Green Academy (conversion date 01/04/2011)	Harwich & Dovercourt Academy (conversion date 01/03/2012)	Kenningtons Primary School (conversion date 01/09/2012)
Freshwaters Academy (conversion date 01/09/2013)	Hassenbrook Academy Trust (conversion date 01/09/2011)	Kents Hill Infant (conversion date 01/09/2011)
Gable Hall School (conversion date 01/07/2011)	Hedingham Secondary School (conversion date 01/01/2013)	Kents Hill Junior (conversion date 01/11/2011)
Gilberd School (conversion date 01/03/2012)	Herringham Primary School (conversion date 01/11/2012)	Kingsmoor Primary School (conversion date 01/12/2012)
Great Baddow High School (conversion date 01/07/2011)		King Edmund School, The (conversion date 01/07/2011)
Great Berry School (conversion date 01/08/2011)		King Edward VI Grammar School (conversion date 01/04/2011)

King Harold Business & enterprise Academy (conversion date 01/11/2010)	Newlands Spring Primary School (conversion date 01/08/2012)	Potter Street primary School (conversion date 01/09/2013)
King John School (conversion date 01/04/2011)	Newport Free Grammar School (conversion date 01/09/2012)	Purfleet Primary School (conversion date 01/04/2013)
Kingston Primary (conversion date 01/08/2011)	Notley Green Primary School (conversion date 01/11/2012)	Purford Green (conversion date 01/01/2013)
Kirby Primary Academy (conversion date 01/10/2013)	Notley High School (conversion date 01/08/2011)	Quarry Hill Academy (conversion date 01/07/2013)
Lee Chapel Primary School (conversion date 01/08/2011)	Ockendon School, The (conversion date 01/01/2011)	Ramsey Academy, Halstead (conversion date 01/09/2013)
Maltings Academy (conversion date 01/09/2008)	Ormiston Park Academy (conversion date 01/04/2011)	Ravens Academy (conversion date 01/09/2013)
Manningtree High School (conversion date 01/03/2012)	Ormiston Rivers Academy (conversion date 01/09/2011)	RA Butler Infants (conversion date 01/10/2010)
Mark Hall School (conversion date 01/09/2013)	Our Lady Immaculate RC Primary School (conversion date 01/05/2012)	RA Butler Junior (conversion date 01/10/2010)
Mayflower High School (conversion date 01/08/2011)	Passmores School (conversion date 01/09/2011)	Robert Drake Primary School (conversion date 01/08/2011)
Messing Primary School (conversion date 01/09/2013)	Philip Morant School and College, The (conversion date 01/11/2011)	Rolph Church of England Primary (conversion date 01/01/2014)
Moulsham High School & Humanities College (conversion date 01/07/2011)	Pioneer School, The (conversion date 01/06/2012)	Roydon Primary School (conversion date 01/12/2013)
Moulsham Infants (conversion date 01/07/2011)	Plumberow Primary School (conversion date 01/09/2011)	Runwell Primary (conversion date 01/08/2011)
Moulsham Junior School (conversion date 01/04/2012)	Plume School, The (conversion date 01/01/2012)	Saffron Walden High School (conversion date 01/06/2011)
New Rickstones Academy (conversion date 01/09/2008)		Sandon School (conversion date 01/08/2011)
		Shaw Primary (conversion date 01/02/2013)
		Shenfield High School (conversion date 01/02/2012)

Shoeburyness School (conversion date 01/12/2011)	St Martin's School (conversion date 01/07/2011)	Thurstable School (conversion date 01/08/2011)
South Benfleet Primary School (conversion date 01/08/2011)	St Mary's Kevledon (conversion date 01/03/2013)	Tyrrells School (conversion date 01/11/2011)
Southend High School (Boys) (conversion date 01/02/2011)	St Teresa's RC Primary School Colchester (conversion date 01/07/2012)	Ursuline Convent School (conversion date 01/10/2012)
Southend High School for Girls (conversion date 01/11/2010)	St Teresa's Catholic Primary School Basildon (conversion date 01/12/2013)	West Hatch High School (conversion date 01/06/2011)
Stanford le hope Primary (conversion date 01/06/2013)	St Thomas More High School (conversion date 17/08/2011)	Westborough Academy (conversion date 01/09/2010)
St Albans Catholic Primary School (conversion date 01/08/2011)	St Thomas More RC Primary School (conversion date 01/08/2011)	Westcliff High school for Boys (conversion date 01/04/2011)
St Andrews Weeley (conversion date 01/11/2013)	Southminster C of E Primary School (conversion date 01/11/2013)	Westcliff High School for Girls (conversion date 01/03/2011)
St Bernards High School (conversion date 01/08/2011)	Stanway School (conversion date 01/03/2012)	Westerings Primary School (conversion date 01/09/2011)
St Christopher School (conversion date 01/04/2012)	Stewards Academy (conversion date 01/10/2011)	Westwood Primary (conversion date 01/08/2011)
St Clare's School (conversion date 01/09/2011)	Stisted (conversion date 01/10/2011)	Whitehall Academy (Previously Coppins Green School)(conversion date 01/09/2012)
St Helen's Junior School (conversion date 01/08/2011)	Tabor Science (conversion date 01/01/2013)	Wickford C of E Infant School (conversion date 01/12/2011)
St Helena School (conversion date 01/03/2012)	Tendring Technology College & VI Form (conversion date 01/08/2011)	William De Ferrers School (conversion date 01/04/2011)
St Lukes RC Academy (conversion date 01/08/2013)	Thameside Primary (conversion date 01/09/2012)	William Edwards School (conversion date 01/08/2011)
St Marks West Essex Catholic Schools (conversion date 01/08/2011)	Thomas Lord Audley (conversion date 01/03/2012)	Woodside Academy (conversion date 01/12/2012)
	Thriftwood School (conversion date 01/10/2011)	

Woodville Primary
School (conversion date
01/12/2013)

Free/Studio Schools

Becket Keys School Free
School
NCB Studio School
Tendring Enterprise Studio
School

Designated Body

Barnston Parish Council
Billericay Town Council
Birchanger Parish Council
Blackmore Parish Council
Bradwell with Pattiswick
Parish Council
Brightlingsea Town Council
Broomfield Parish Council
Buckhurst Hill Parish Council
Burnham On Crouch Town
Council
Canvey Island Town Council
Chappel Parish Council
(rejoined October 2013)
Chigwell Parish Council
Coggeshall Parish Council
Danbury Parish Council
Epping Town Council
Frinton & Walton Town Council
Galleywood Parish Council
Great Baddow Parish Council
Great Dunmow Town Council
Great Notley Parish Council
Great Wakering 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
Leigh On Sea Town Council
Little Yeldham Parish Council
Loughton Town Council
Maldon Town Council
Marks Tey Parish Council
Myland Community Council
North Weald (Bassett) Parish
Council
Ongar Town Council
Rayleigh Town Council
Runwell Parish Council
Saffron Walden Town Council
Sandon Parish Council
Sible Hedingham Parish
Council
South Hanningfield Parish
Council
South Woodham Ferrers Town
Council
Springfield Parish Council
St Osyth Parish Council
Stambridge Parish Council
Stansted Mountfitchet Parish
Council
Stanway Parish Council
Thaxted Parish Council
Tiptree Parish Council
Wakes Colne Parish Council
Waltham Abbey Town Council
West Horndon Parish Council

West Mersea Town Council
Witham Town Council
Wivenhoe Town Council
Writtle Parish Council

Community Admission Body

Ardleigh Reservoir Committee
Basildon Women's Aid
Brentwood Community
Transport
Brentwood Leisure Trust
Cambridge Access Validating
Agency
Care Quality Commission
Castle Point Citizen's Advice
Bureau
Central Essex Community
Service Community Interest
Company
Chalmers Housing
Partnership
Chelmsford Citizens Advice
Bureau
Chelmsford Community
Transport Ltd
Chelmsford Council For
Voluntary Services
Colchester And Tendring
Woman's Refuge (Ceased
March 2014)
Essex Association Of Local
Councils
Essex Commercial Services Ltd
Essex County Scout Council
Essex Joint Branch Board
Of The Police Federation Of
England And Wales

Greenfields Community Housing Ltd
Hamilton Lodge Trust Ltd
Harlow Community Transport
Harlow District Sports Trust
Harwich Connexions Transport Co-op Ltd
Home group
Impulse Leisure
Intec Learning Technologies Ltd
Moat Housing Group Ltd
North Essex Partnership University NHS Foundation Trust (joined October 2013)
Open College Network Eastern Region
Orchestras Live
Phoenix Group Homes
Race Equality Foundation
Rainbow Services (Harlow)
Rochford Housing Association Limited
The Rural Community Council Of Essex
Safer Places
The SLM Community Leisure Charitable Trust
Social Care Institute For Excellence
SOS Domestic Abuse Projects
The Inclusion Trust
Thurrock Community Leisure Ltd
Thurrock Lifestyle Solutions
Trading Standard Institute
University Of Essex
Worthing Homes Ltd
Hatfield Peeler Day Nursery

Transferee Admission Body

Alpha print (Colchester) Limited
Ashley Healthcare Limited
Axis Europe Plc
Barnyards
Catering Academy Ltd (joined September 2013)
Alcoa Parking Services (UK) Ltd
Churchill Contract Services Limited
Churchill Contract Services Ltd - Thurrock (joined July 2012)
Corporate Document Services
Dovercourt Healthcare Limited
Elmy Landscapes (ceased May 2013)
English Landscapes Maintenance Limited
Essex Cares Limited
Essex Community Support Limited
Essex Employment And Inclusion Limited
Essex Equipment Service Ltd
Essex Community Support Ltd (Re Reablement Mid Essex)
Essex Community Support Ltd (Re Reablement North East Essex)
Essex Community Support Ltd (Re Reablement South East Essex)
Essex Community Support Ltd (Re Reablement South West Essex)

Essex Community Support Ltd (Re Reablement West Essex)
Europa Facilities Management Limited
Fusion Lifestyle
Goldenley Healthcare Limited
H Q Theatres Ltd
Kier Services Limited
Kier Harlow Limited
Longfield Healthcare Limited
MCCH Society Limited
Mears Limited (joined February 2013)
Mitie Technical Facilities Management Ltd
Mitie Security Limited
Morrison Facilities Services Ltd
Nightingale Cleaning Limited
Ph Jones Limited
The Partyman Company Limited
Pinnacle FM Limited
Ringway Jacobs Limited
Riverside Truck Rental Limited - Colchester
Riverside Truck Rental Limited - Basildon
RM Education Plc
Rushcliffe Care
Serco Public Services Limited
Skanska Rashleigh Weatherfoil Ltd (Castle View School)
Skanska Rashleigh Weatherfoil Ltd (Columbus)
Skanska Rashleigh Weatherfoil Ltd (Cornelius)

Skanska Rashleigh
Weatherfoil Ltd (Woodlands
School) (joined January 2014)
Slm Charitable Trust (LM)
Slm Charitable Trust (SV)
Slm Health & Fitness (LM)
Slm Health & Fitness (SV)
Spurgeons
Sweyne Healthcare Limited
The Papworth Trust
Updata Infrastructure (UK) Ltd
University College London
(joined May 2013)
Vehicle Lease And Service
Limited
WRVS Food Services Ltd
Westminster Drugs Project
(ceased September 13)

Bodies with no current contributors

Age Concern Essex
Alfred McAlpine Contruction Ltd
Anglian Water Authority
Association of Public Service
Finance Officers
Basildon College
Basildon Community Housing
Association
Basildon DVC (Commission
for New Town)
Blackwater Housing
Association
Braintree College
Braintree, Dunmow & Witham
Joint Sanitary Committee
Bramston Sports Centre
Brentwood High House Hostel

Brightlingsea Harbour
Committee
Business Link (Essex) Ltd
Central Council for Education
& Training in Social Work
Centre for Education &
Training Health Visitors
Chelmsford Environment
Partnership
Clacton & Harwich Education
Action Zone
Colchester MIND
Colchester Transport Ltd
Colchester Youth Arts
Partnership
Connaught Partnership Ltd
Crouch Harbour Authority
East Anglian Regional
Examination Board
East Basildon Education
Action Zone
East of England Tourist Board
Eastern Orchestral Board
Eastwood Infants School
Eastwood Junior School
Elm Park (Ardleigh) Ltd
English National Board of
Nursing & Midwifery
Essex & Suffolk Water
Company
Essex Careers & Business
Partnership
Essex County Association for
the Blind
Essex Economic Partnerships
Essex Federation of
Congregational Women's
Homes

Essex Joint Crematorium
Committee
Essex Magistrates Courts
Committee
Essex Physically Handicapped
Association
Essex River Authority
Essex Water Company
Exwaste Ltd
Family Service Units
Federation of Public
Passenger Transport
Employees
Furtherwick Park School, The
Great Yeldham Prish Council
Grove Infants School
Grove Junior School
Harlow Co-op Development
Agency
Harlow Council Employees
Social Club
Harlow Council for Voluntary
Services
Harlow Development
Corporation
Harlow ITEC - Termiante
February 2010
Harlow Renaissance Ltd
Harlow Theatre Trust
Harlow Trade Union Centre
Harwich Connexions Transport
Co-operative Ltd
Harwich Port Health Authority
HBS Business Services Group
Ltd
King Edward VI Alms House,
Saffron Walden
Lambourne Parish Council
Little Thurrock Primary School

Marks Tey Parish Council
 Mid Essex Primary Care Trust
 (previously Witham, Braintree
 & Halstead Care Trust)
 National Board of Nursing ,
 Midwifery & Health Visitors,
 Scotland
 National Institute for Social
 Work
 Northwick Park Infants School
 Northwick Park Junior School
 Nursing & Midwifery Council
 Palace Theatre Trust
 Personal Social Services
 Council
 Renaissance Southend Ltd
 Saffron Walden Almshouses

Saffron Walden Museum
 Society
 Saffron Walden Training
 College
 South East England Virtual
 Education Action Zone
 South East Essex College of
 Arts & Technology
 South East Essex Technology
 Centre
 South Essex Local Valuation
 Panel
 Southend Association of
 Voluntary Services
 Southend Association of
 Voluntary Services
 Southend Education Action
 Zone
 Southend Transport Ltd

Thames Water Utilities Ltd
 Thameside Windows Ltd
 Thurrock and Basildon College
 Thurrock College
 Tollesbury Parish Council
 Torrells GM School
 Towngate Theatre
 Trans Vol
 Veolia Environmental
 Services (UK) PLC (previously
 Cleanaway Ltd)
 Veolia Water East Ltd
 Welsh National Board of
 Nursing, Midwifery & Health
 Visitors
 Westcliff Theatre & Art Centre
 Windyridge Management
 Committee

SECTION 4

SCHEME ACTUARY

This is the statement required under Regulation 34(1)(d) of The Local Government Pension Scheme (Administration) Regulations 2008.

Actuarial Valuation 2010

An actuarial valuation of the Essex Pension Fund was carried out as at 31 March 2010 to determine the contribution rates with effect from 1 April 2011 to 31 March 2014. The results of the valuation are contained in our report dated 31 March 2011. A schedule of contribution rates payable can be found on page 47.

On the basis of the assumptions adopted, the valuation revealed that the value of the Fund's assets of £3,085 million represented 71% of the Funding Target liabilities of £4,319 million at the valuation date. The valuation also showed that a common rate of contribution of 12.2% 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.

Adopting the same method and assumptions as used for assessing the Funding Target the deficit could be eliminated by an average additional contribution rate of 9.2% of Pensionable Pay for 20 years. This would imply an average employer contribution rate of 21.4% of Pensionable Pay in total. In practice, each individual employer's position is assessed separately and the contributions required are set out in our report dated 31 March 2011 (also listed in the attached schedule). 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 funding plan 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 valuation was carried out using the projected unit actuarial method. Full details of the actuarial assumptions are contained in our report dated 31 March 2010, but the main financial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	For past service liabilities (Funding Target)	For future service liabilities (Common Contribution Rate)
Rate of discount:		
- pre retirement	7.0% per annum	6.75% per annum
- post retirement	5.5% per annum	6.75% per annum
Rate of pay increases:	4.5% per annum	4.5% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension):	3.0% per annum	3.0% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2013. Based on the results of this valuation, the contributions payable by the individual employers will be revised with effect from 1 April 2014.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

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

In order to assess the value of the benefits on this basis, we have used the same actuarial assumptions as those used for funding purposes, other than the discount rate where we have used a rate of 5.6% per annum both before and after retirement, rather than the rates as outlined above. We have also used valuation methodology in connection with ill-health and death benefits which is consistent with IAS 19. On this basis, the value of the Fund's promised retirement benefits as at 31 March 2010 was £4,720 million.

We have also carried out similar calculations as at the previous actuarial valuation date of 31 March 2007, using the same actuarial assumptions as those used for funding purposes at that date, other than the discount rate where we have used a rate of 5.4% per annum both before and after retirement. On this basis, the value, for IAS 26 purposes, of the Fund's promised retirement benefits at that date was £4,213 million.

Paul Middleman

Fellow of the Institute and Faculty of Actuaries
Mercer Limited
June 2011

Essex Pension Fund – Contribution Rates Schedule – Actuarial Valuation 2010

Employer number	Employers	2011/12		2012/13		2013/14	
		Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)
1	Essex County Council (excluding schools)	0.1% plus £19,810,000	12.3% plus £19,810,000	0.1% plus £19,810,000	12.3% plus £19,810,000	0.1% plus £19,810,000	12.3% plus £19,810,000
	Schools - Essex CC area	7.7%	19.9%	7.7%	19.9%	7.7%	19.9%
2	Basildon District Council	-0.3% plus £2,705,000	11.9% plus £2,705,000	-0.3% plus £2,826,725	11.9% plus £2,826,725	-0.3% plus £2,953,928	11.9% plus £2,953,928
3	Braintree District Council	0.5% plus £1,527,700	12.7% plus £1,527,700	0.5% plus £1,596,447	12.7% plus £1,596,447	0.5% plus £1,668,287	12.7% plus £1,668,287
4	Brentwood Borough Council	-0.2% plus £1,318,000	12.0% plus £1,318,000	-0.2% plus £1,377,310	12.0% plus £1,377,310	-0.2% plus £1,439,289	12.0% plus £1,439,289
5	Castle Point Borough Council	0.8% plus £932,700	13.0% plus £932,700	0.8% plus £974,700	13.0% plus £974,700	0.8% plus £1,018,600	13.0% plus £1,018,600
6	Chelmsford Borough Council	0.0% plus £1,860,300	12.2% plus £1,860,300	0.0% plus £1,860,300	12.2% plus £1,860,300	0.0% plus £1,860,300	12.2% plus £1,860,300
7	Colchester Borough Council	-0.4% plus £2,162,000	11.8% plus £2,162,000	-0.4% plus £2,259,290	11.8% plus £2,259,290	-0.4% plus £2,360,958	11.8% plus £2,360,958
8	Epping Forest District Council	0.8% plus £1,651,000	13.0% plus £1,651,000	0.8% plus £1,725,295	13.0% plus £1,725,295	0.8% plus £1,802,933	13.0% plus £1,802,933
9	Harlow District Council	0.1% plus £2,769,000	12.3% plus £2,769,000	0.1% plus £2,893,605	12.3% plus £2,893,605	0.1% plus £3,023,817	12.3% plus £3,023,817
10	Maldon District Council	-0.4% plus £657,000	11.8% plus £657,000	-0.4% plus £686,565	11.8% plus £686,565	-0.4% plus £717,460	11.8% plus £717,460
11	Rochford District Council	0.0% plus £765,333	12.2% plus £765,333	0.0% plus £765,333	12.2% plus £765,333	0.0% plus £765,333	12.2% plus £765,333
12	Southend on Sea Borough Council (excluding schools)	0.3% plus £5,289,900	12.5% plus £5,289,900	0.3% plus £5,527,946	12.5% plus £5,527,946	0.3% plus £5,776,703	12.5% plus £5,776,703
	Schools - Southend on Sea BC area	9.8%	22.0%	9.8%	22.0%	9.8%	22.0%

Employer number	Employers	2011/12		2012/13		2013/14	
		Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)
13	Tendring District Council	0.7% plus £1,653,000	12.9% plus £1,653,000	0.7% plus £1,653,000	12.9% plus £1,653,000	0.7% plus £1,653,000	12.9% plus £1,653,000
14	Thurrock Borough Council (excluding schools)	0.0% plus £4,109,667	12.2% plus £4,109,667	0.0% plus £4,109,667	12.2% plus £4,109,667	0.0% plus £4,109,667	12.2% plus £4,109,667
	Schools - Thurrock BC area	8.2%	20.4%	8.2%	20.4%	8.2%	20.4%
15	Uttlesford District Council	0.8% plus £420,192	13.0% plus £420,192	0.8% plus £439,101	13.0% plus £439,101	0.8% plus £458,860	13.0% plus £458,860
605	Alphaprint Ltd	2.2% plus £900	14.4% plus £900	2.2% plus £900	14.4% plus £900	2.2% plus £900	14.4% plus £900
84	Anglia Ruskin University	-1.7% plus £1,379,800	10.5% plus £1,379,800	-1.7% plus £1,379,800	10.5% plus £1,379,800	-1.7% plus £1,379,800	10.5% plus £1,379,800
586	Ashlyn Healthcare Ltd	1.0% plus £6,400	13.2% plus £6,400	1.0% plus £6,700	13.2% plus £6,700	1.0% plus £7,000	13.2% plus £7,000
640	Basildon Lower Academy	-1.0% plus £65,500	11.2% plus £65,500	-1.0% plus £68,400	11.2% plus £68,400	-1.0% plus £71,500	11.2% plus £71,500
641	Basildon Upper Academy	-0.8% plus £163,800	11.4% plus £163,800	-0.8% plus £171,200	11.4% plus £171,200	-0.8% plus £178,900	11.4% plus £178,900
566	Braintree District Leisure Community Association Ltd	-1.6% plus £64,500	10.6% plus £64,500	-1.6% plus £67,400	10.6% plus £67,400	-1.6% plus £70,500	10.6% plus £70,500
606	Braintree Womens Aid	4.1% plus £4,600	16.3% plus £4,600	4.1% plus £4,800	16.3% plus £4,800	4.1% plus £5,000	16.3% plus £5,000
644	Brentwood Community Transport	1.9%	14.1%	1.9%	14.1%	1.9%	14.1%
558	Care Quality Commission	4.1% plus £127,900	16.3% plus £127,900	4.1% plus £133,600	16.3% plus £133,600	4.1% plus £139,700	16.3% plus £139,700

Employer number	Employers	2011/12		2012/13		2013/14	
		Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)
547	Central Parking System of the UK Ltd (Southend)	3.3% plus £14,700	15.5% plus £14,700	3.3% plus £15,300	15.5% plus £15,300	3.3% plus £16,000	15.5% plus £16,000
553	Chelmer Housing Partnership	-0.5% plus £495,600	11.7% plus £495,600	-0.5% plus £517,900	11.7% plus £517,900	-0.5% plus £541,200	11.7% plus £541,200
149	Chelmsford College	0.2% plus £109,267	12.4% plus £109,267	0.2% plus £109,267	12.4% plus £109,267	0.2% plus £109,267	12.4% plus £109,267
637	Clacton Coastal Academy	-0.6% plus £107,900	11.6% plus £107,900	-0.6% plus £112,800	11.6% plus £112,800	-0.6% plus £117,800	11.6% plus £117,800
181	Colchester Academy	-0.6% plus £86,700	11.6% plus £86,700	-0.6% plus £90,600	11.6% plus £90,600	-0.6% plus £94,700	11.6% plus £94,700
100	Colchester Borough Homes Ltd	-0.4% plus £74,300	11.8% plus £74,300	-0.4% plus £77,700	11.8% plus £77,700	-0.4% plus £81,200	11.8% plus £81,200
148	Colchester Institute	-1.4% plus £457,400	10.8% plus £457,400	-1.4% plus £457,400	10.8% plus £457,400	-1.4% plus £457,400	10.8% plus £457,400
152	Colchester Sixth Form College	1.1% plus £57,767	13.3% plus £57,767	1.1% plus £57,767	13.3% plus £57,767	1.1% plus £57,767	13.3% plus £57,767
622	Corporate Document Services Ltd	1.0% plus £1,800	13.2% plus £1,800	1.0% plus £1,900	13.2% plus £1,900	1.0%	13.2%
589	Dovercourt Healthcare Ltd	3.9% plus £25,000	16.1% plus £25,000	3.9% plus £26,200	16.1% plus £26,200	3.9% plus £27,300	16.1% plus £27,300
560	Elmy Landscapes Ltd	3.4% plus £300	15.6% plus £300	3.4% plus £400	15.6% plus £400	3.4% plus £400	15.6% plus £400
646	English Landscapes Maintenance Ltd	1.1%	13.3%	1.1%	13.3%	1.1%	13.3%
151	Epping Forest College	-0.3% plus £128,900	11.9% plus £128,900	-0.3% plus £134,700	11.9% plus £134,700	-0.3% plus £140,800	11.9% plus £140,800
633	Essex Cares Ltd	-5.0%	7.2%	-5.0%	7.2%	-5.0%	7.2%

Employer number	Employers	2011/12		2012/13		2013/14	
		Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)
636	Essex Community Support Ltd	-3.3%	8.9%	-3.3%	8.9%	-3.3%	8.9%
635	Essex Equipment Service Ltd	-2.4%	9.8%	-2.4%	9.8%	-2.4%	9.8%
66	Essex Fire Authority	-0.9% plus £531,333	11.3% plus £531,333	-0.9% plus £531,333	11.3% plus £531,333	-0.9% plus £531,333	11.3% plus £531,333
634	Essex Inclusion and Employments	-4.6%	7.6%	-4.6%	7.6%	-4.6%	7.6%
25	Essex Police Authority	-2.0% plus £2,279,367	10.2% plus £2,279,367	-2.0% plus £2,279,367	10.2% plus £2,279,367	-2.0% plus £2,279,367	10.2% plus £2,279,367
627	Essex Police Federation	3.0% plus £2,500	15.2% plus £2,500	3.0% plus £2,600	15.2% plus £2,600	3.0% plus £2,700	15.2% plus £2,700
26	Essex Probation Committee	-1.5% plus £739,333	10.7% plus £739,333	-1.5% plus £739,333	10.7% plus £739,333	-1.5% plus £739,333	10.7% plus £739,333
625	Europa FM Ltd	0.9% plus £115,800	13.1% plus £115,800	0.9% plus £121,100	13.1% plus £121,100	0.9% plus £126,500	13.1% plus £126,500
548	General Social Care Council	-2.2% plus £303,700	10.0% plus £303,700	-2.2% plus £317,400	10.0% plus £317,400	-2.2% plus £331,700	10.0% plus £331,700
587	Goldenley Healthcare Ltd	2.6% plus £12,200	14.8% plus £12,200	2.6% plus £12,700	14.8% plus £12,700	2.6% plus £13,300	14.8% plus £13,300
618	Greenfields Community Housing Ltd	tbc	tbc	tbc	tbc	tbc	tbc
630	Greensward Academy	-0.9% plus £143,300	11.3% plus £143,300	-0.9% plus £149,700	11.3% plus £149,700	-0.9% plus £156,400	11.3% plus £156,400
607	H Q Theatres Ltd	-2.6% plus £13,300	9.6% plus £13,300	-2.6% plus £13,900	9.6% plus £13,900	-2.6% plus £14,500	9.6% plus £14,500
	Hockerill Anglo-European College	0.1% plus £64,800	12.3% plus £64,800	0.1% plus £67,700	12.3% plus £67,700	0.1% plus £70,700	12.3% plus £70,700

Employer number	Employers	2011/12		2012/13		2013/14	
		Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)
165	Harlow College	-0.7% plus £205,900	11.5% plus £205,900	-0.7% plus £215,200	11.5% plus £215,200	-0.7% plus £224,900	11.5% plus £224,900
645	Harlow Community Transport	-2.2%	10.0%	-2.2%	10.0%	-2.2%	10.0%
624	Head Office Cleaning Services	1.5% plus £49,100	13.7% plus £49,100	1.5%	13.7%	1.5%	13.7%
	King Harold	tbc	tbc	tbc	tbc	tbc	tbc
610	Kier Harlow Ltd	1.4% plus £321,300	13.6% plus £321,300	1.4% plus £335,800	13.6% plus £335,800	1.4% plus £350,900	13.6% plus £350,900
590	Longfield Healthcare Ltd	3.8% plus £27,200	16.0% plus £27,200	3.8% plus £28,400	16.0% plus £28,400	3.8% plus £29,700	16.0% plus £29,700
632	Maltings Academy	0.3% plus £65,400	12.5% plus £65,400	0.3% plus £68,300	12.5% plus £68,300	0.3% plus £71,400	12.5% plus £71,400
543	May Gurney (Construction) Ltd	tbc	tbc	tbc	tbc	tbc	tbc
639	MCCH Society Ltd	-12.2%	0.0%	-12.2%	0.0%	-12.2%	0.0%
568	Mid Essex Primary Care Trust	tbc	tbc	tbc	tbc	tbc	tbc
611	Moat Housing Group	-1.4% plus £25,300	10.8% plus £25,300	-1.4% plus £26,400	10.8% plus £26,400	-1.4% plus £27,600	10.8% plus £27,600
631	New Rickstones Academy	-1.7% plus £64,600	10.5% plus £64,600	-1.7% plus £67,500	10.5% plus £67,500	-1.7% plus £70,500	10.5% plus £70,500
617	Orchestras Live	-0.5% plus £20,000	11.7% plus £20,000	-0.5%	11.7%	-0.5%	11.7%
638	Ormiston Park Academy	-0.4% plus £45,100	11.8% plus £45,100	-0.4% plus £47,200	11.8% plus £47,200	-0.4% plus £49,300	11.8% plus £49,300
629	P H Jones Ltd	2.7% plus £13,500	14.9% plus £13,500	2.7% plus £14,100	14.9% plus £14,100	2.7% plus £14,700	14.9% plus £14,700

Employer number	Employers	2011/12		2012/13		2013/14	
		Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)
161	Palmers College	0.1% plus £67,100	12.3% plus £67,100	0.1% plus £67,100	12.3% plus £67,100	0.1% plus £67,100	12.3% plus £67,100
621	Pinnacle F M	-0.1% plus £8,300	12.1% plus £8,300	-0.1% plus £8,700	12.1% plus £8,700	-0.1% plus £9,100	12.1% plus £9,100
246	RA Butler Infants Academy	1.5% plus £5,000	13.7% plus £5,000	1.5% plus £5,200	13.7% plus £5,200	1.5% plus £5,400	13.7% plus £5,400
237	RA Butler Juniors Academy	0.9% plus £19,000	13.1% plus £19,000	0.9% plus £19,900	13.1% plus £19,900	0.9% plus £20,800	13.1% plus £20,800
614	Rochford Community Housing	1.4% plus £45,300	13.6% plus £45,300	1.4% plus £47,300	13.6% plus £47,300	1.4% plus £49,300	13.6% plus £49,300
602	Rushcliffe Care	1.9% plus £24,700	14.1% plus £24,700	1.9% plus £25,800	14.1% plus £25,800	1.9% plus £26,900	14.1% plus £26,900
162	SEEVIC College	-1.1% plus £56,900	11.1% plus £56,900	-1.1% plus £59,400	11.1% plus £59,400	-1.1% plus £62,200	11.1% plus £62,200
552	Serco Solutions	0.3% plus £2,200	12.5% plus £2,200	0.3% plus £2,300	12.5% plus £2,300	0.3% plus £2,400	12.5% plus £2,400
601	SLM	-2.4% plus £32,500	9.8% plus £32,500	-2.4% plus £33,900	9.8% plus £33,900	-2.4% plus £35,400	9.8% plus £35,400
549	Social Care Institute for Excellence	tbc	tbc	tbc	tbc	tbc	tbc
141	Southend High School Girls	-0.6% plus £51,800	11.6% plus £51,800	-0.6% plus £54,100	11.6% plus £54,100	-0.6% plus £56,500	11.6% plus £56,500
274	South Essex College	-1.0% plus £346,600	11.2% plus £346,600	-1.0% plus £362,300	11.2% plus £362,300	-1.0% plus £378,600	11.2% plus £378,600
597	South Essex Homes Ltd	0.6% plus £194,300	12.8% plus £194,300	0.6% plus £203,100	12.8% plus £203,100	0.6% plus £212,200	12.8% plus £212,200

Employer number	Employers	2011/12		2012/13		2013/14	
		Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)
613	St Georges Community Housing	-0.3% plus £125,900	11.9% plus £125,900	-0.3% plus £131,500	11.9% plus £131,500	-0.3% plus £137,500	11.9% plus £137,500
594	Sweyne Healthcare Ltd	0.5% plus £5,800	12.7% plus £5,800	0.5% plus £6,100	12.7% plus £6,100	0.5% plus £6,300	12.7% plus £6,300
609	The Gateway Academy	-1.5% plus £35,000	10.7% plus £35,000	-1.5% plus £36,500	10.7% plus £36,500	-1.5% plus £38,200	10.7% plus £38,200
647	The Papworth Trust	8.8%	21.0%	8.8%	21.0%	8.8%	21.0%
539	Thurrock Community Leisure Ltd	-0.4% plus £43,700	11.8% plus £43,700	-0.4% plus £45,700	11.8% plus £45,700	-0.4% plus £47,700	11.8% plus £47,700
580	Thurrock Thames Gateway Development Corporation	tbc	tbc	tbc	tbc	tbc	tbc
56	University of Essex	3.9% plus £1,573,000	16.1% plus £1,573,000	3.9% plus £1,573,000	16.1% plus £1,573,000	3.9% plus £1,573,000	16.1% plus £1,573,000
623	Vehicle Lease and Service Ltd	0.3% plus £1,500	12.5% plus £1,500	0.3% plus £1,600	12.5% plus £1,600	0.3% plus £1,700	12.5% plus £1,700
583	Vertex	-0.6% plus £309,800	11.6% plus £309,800	-0.6% plus £323,800	11.6% plus £323,800	-0.6% plus £338,300	11.6% plus £338,300
575	Warden Housing Association Ltd	6.3% plus £4,200	18.5% plus £4,200	6.3% plus £4,400	18.5% plus £4,400	6.3% plus £4,600	18.5% plus £4,600
	Westborough Primary	tbc	tbc	tbc	tbc	tbc	tbc
102	Westcliff Boys Academy	0.4% plus £35,800	12.6% plus £35,800	0.4% plus £37,400	12.6% plus £37,400	0.4% plus £39,100	12.6% plus £39,100
615	Westminster Drug Project	3.8% plus £2,500	16.0% plus £2,500	3.8% plus £2,600	16.0% plus £2,600	3.8% plus £2,700	16.0% plus £2,700
565	Women's Royal Voluntary Service	4.4% plus £14,900	16.6% plus £14,900	4.4% plus £15,600	16.6% plus £15,600	4.4% plus £16,300	16.6% plus £16,300

Employer number	Employers	2011/12		2012/13		2013/14	
		Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)
534	Worthing Homes Ltd	2.1% plus £128,600	14.3% plus £128,600	2.1% plus £134,400	14.3% plus £134,400	2.1% plus £140,400	14.3% plus £140,400
164	Writtle College	-1.1% plus £210,633	11.1% plus £210,633	-1.1% plus £210,633	11.1% plus £210,633	-1.1% plus £210,633	11.1% plus £210,633
573	WRVS Food Services Ltd	2.1%	14.3%	2.1%	14.3%	2.1%	14.3%
	Town and Parish councils	2.1% plus £142,503	14.3% plus £142,503	2.1% plus £160,101	14.3% plus £160,101	2.1% plus £177,700	14.3% plus £177,700

Former Small Admitted Bodies							
31	Ardleigh Reservoir Committee	-0.6% plus £15,593	11.6% plus £15,593	-0.6% plus £18,019	11.6% plus £18,019	-0.6% plus £20,445	11.6% plus £20,445
501	Basildon Women's Refuge	-0.6% plus £27,812	11.6% plus £27,812	-0.6% plus £32,138	11.6% plus £32,138	-0.6% plus £36,465	11.6% plus £36,465
585	Brentwood Leisure Trust	-0.6% plus £34,322	11.6% plus £34,322	-0.6% plus £39,661	11.6% plus £39,661	-0.6% plus £45,000	11.6% plus £45,000
555	Cambridge Access Validating Agency	-0.6% plus £6,785	11.6% plus £6,785	-0.6% plus £7,841	11.6% plus £7,841	-0.6% plus £8,896	11.6% plus £8,896
540	Castle Point Citizen's Advice Bureau	-0.6% plus £1,638	11.6% plus £1,638	-0.6% plus £1,893	11.6% plus £1,893	-0.6% plus £2,148	11.6% plus £2,148
567	Chelmsford Agency for Volunteering	-0.6% plus £7,436	11.6% plus £7,436	-0.6% plus £8,593	11.6% plus £8,593	-0.6% plus £9,750	11.6% plus £9,750
531	Chelmsford Citizen's Advice Bureau	-0.6% plus £4,953	11.6% plus £4,953	-0.6% plus £5,723	11.6% plus £5,723	-0.6% plus £6,494	11.6% plus £6,494
537	Chelmsford Community Transport	-0.6% plus £9,800	11.6% plus £9,800	-0.6% plus £11,325	11.6% plus £11,325	-0.6% plus £12,850	11.6% plus £12,850

Employer number	Employers	2011/12		2012/13		2013/14	
		Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)
511	Chelmsford Council for Voluntary Service	-0.6% plus £3,967	11.6% plus £3,967	-0.6% plus £4,584	11.6% plus £4,584	-0.6% plus £5,201	11.6% plus £5,201
505	Colchester Women's Aid	-0.6% plus £3,972	11.6% plus £3,972	-0.6% plus £4,590	11.6% plus £4,590	-0.6% plus £5,208	11.6% plus £5,208
37	East of England Tourist Board	-0.6% plus £25,759	11.6% plus £25,759	-0.6% plus £29,766	11.6% plus £29,766	-0.6% plus £33,773	11.6% plus £33,773
544	Essex Association of Local Councils	-0.6% plus £8,819	11.6% plus £8,819	-0.6% plus £10,191	11.6% plus £10,191	-0.6% plus £11,563	11.6% plus £11,563
512	Essex County Scout Council	-0.6% plus £4,890	11.6% plus £4,890	-0.6% plus £5,650	11.6% plus £5,650	-0.6% plus £6,411	11.6% plus £6,411
47	Essex Local Valuation Tribunal	-0.6% plus £3,758	11.6% plus £3,758	-0.6% plus £4,343	11.6% plus £4,343	-0.6% plus £4,927	11.6% plus £4,927
67	Hamilton Lodge Trust Ltd	-0.6% plus £15,249	11.6% plus £15,249	-0.6% plus £17,621	11.6% plus £17,621	-0.6% plus £19,993	11.6% plus £19,993
44	Harlow Sports Centre	-0.6% plus £28,634	11.6% plus £28,634	-0.6% plus £33,089	11.6% plus £33,089	-0.6% plus £37,543	11.6% plus £37,543
571	Harlow Welfare Rights & Advice	-0.6% plus £31,414	11.6% plus £31,414	-0.6% plus £36,301	11.6% plus £36,301	-0.6% plus £41,187	11.6% plus £41,187
500	Harlow Women's Aid	-0.6% plus £93,223	11.6% plus £93,223	-0.6% plus £107,725	11.6% plus £107,725	-0.6% plus £122,227	11.6% plus £122,227
576	Harwich Connexions Transport Co-operative Ltd	-0.6% plus £3,753	11.6% plus £3,753	-0.6% plus £4,337	11.6% plus £4,337	-0.6% plus £4,920	11.6% plus £4,920
572	Hatfield Peveral Day Nursery	-0.6% plus £1,243	11.6% plus £1,243	-0.6% plus £1,437	11.6% plus £1,437	-0.6% plus £1,630	11.6% plus £1,630
582	Impulse Leisure	-0.6% plus £33,363	11.6% plus £33,363	-0.6% plus £38,553	11.6% plus £38,553	-0.6% plus £43,743	11.6% plus £43,743

Employer number	Employers	2011/12		2012/13		2013/14	
		Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)	Individual Adjustment	Future Service Rate (% of pay) plus Lump Sum (£s)
78	Itec Learning Technologies Ltd	-0.6% plus £20,038	11.6% plus £20,038	-0.6% plus £23,155	11.6% plus £23,155	-0.6% plus £26,272	11.6% plus £26,272
554	Open College Network Eastern Region	-0.6% plus £3,663	11.6% plus £3,663	-0.6% plus £4,233	11.6% plus £4,233	-0.6% plus £4,803	11.6% plus £4,803
529	Phoenix Group Homes	-0.6% plus £5,275	11.6% plus £5,275	-0.6% plus £6,096	11.6% plus £6,096	-0.6% plus £6,916	11.6% plus £6,916
518	Race Equality Foundation	-0.6% plus £35,320	11.6% plus £35,320	-0.6% plus £40,814	11.6% plus £40,814	-0.6% plus £46,309	11.6% plus £46,309
271	Rainbow Services	-0.6% plus £6,331	11.6% plus £6,331	-0.6% plus £7,316	11.6% plus £7,316	-0.6% plus £8,301	11.6% plus £8,301
64	Rural Community Council of Essex	-0.6% plus £26,058	11.6% plus £26,058	-0.6% plus £30,112	11.6% plus £30,112	-0.6% plus £34,165	11.6% plus £34,165
506	Southend Women's Aid	-0.6% plus £4,193	11.6% plus £4,193	-0.6% plus £4,845	11.6% plus £4,845	-0.6% plus £5,497	11.6% plus £5,497
559	Thames Gateway South Essex Partnership Ltd	-0.6% plus £5,804	11.6% plus £5,804	-0.6% plus £6,707	11.6% plus £6,707	-0.6% plus £7,610	11.6% plus £7,610
604	The Inclusion Trust	-0.6% plus £16,220	11.6% plus £16,220	-0.6% plus £18,743	11.6% plus £18,743	-0.6% plus £21,266	11.6% plus £21,266
538	The Trading Standards Institute	-0.6% plus £23,958	11.6% plus £23,958	-0.6% plus £27,685	11.6% plus £27,685	-0.6% plus £31,412	11.6% plus £31,412
516	Wivenhoe Park Management Ltd	tbc	tbc	tbc	tbc	tbc	tbc

Actuarial Valuation 2013

An actuarial valuation of the Essex Pension Fund was carried by the Fund's Actuary, Barnett Waddingham as at 31 March 2013 to determine the contribution rates with effect from 1 April 2014 to 31 March 2017. A schedule of contribution rates payable can be found on page 58.

On the basis of the assumptions adopted, the valuation revealed that the value of the Fund's assets of £3,926m (on a smoothed basis) represented 80% of the Funding Target liabilities of £4,878m at the valuation date. The valuation also showed that a common rate of contribution of 14.3% 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.

Essex Pension Fund – Contribution Rates Schedule – Actuarial Valuation 2013

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
Major Employers								
1	Essex County Council (excluding schools)	14.1%	£10,184,000	14.1%	£10,184,000	14.1%	£10,184,000	in April
	Former GM Essex Schools	19.9%	-	19.9%	-	19.9%	-	
2	Basildon Borough Council	14.5%	£2,464,294	14.5%	£2,576,104	14.5%	£2,692,987	in April
3	Braintree District Council	14.4%	£1,501,345	14.4%	£1,569,464	14.4%	£1,640,673	in April
4	Brentwood District Council	14.2%	£1,372,939	14.2%	£1,372,939	14.2%	£1,372,939	
5	Castle Point Borough Council	14.3%	£2,756,101	14.3%	-	14.3%	-	in April 2014
6	Chelmsford City Council	14.1%	£4,513,189	14.1%	-	14.1%	-	in April 2014
7	Colchester Borough Council	13.7%	£2,078,774	13.7%	£2,078,774	13.7%	£2,078,774	in April
8	Epping Forest District Council	15.9%	£1,371,484	15.9%	£1,433,710	15.9%	£1,498,760	in April
9	Harlow District Council	14.6%	£2,878,348	14.6%	£2,878,348	14.6%	£2,878,348	in April
10	Maldon District Council	13.5%	£642,618	13.5%	£671,775	13.5%	£702,255	
11	Rochford District Council	13.8%	£1,990,338	13.8%	-	13.8%	-	in April 2014
12	Southend On Sea Borough Council (excluding schools)	14.4%	£14,345,270	14.4%	-	14.4%	-	in April 2014
	Former GM Southend Schools	22.0%	-	22.0%	-	22.0%	-	
13	Tendring District Council	14.7%	£1,512,245	14.7%	£1,512,245	14.7%	£1,512,245	in April
14	Thurrock Borough Council (excluding schools)	14.3%	£3,514,068	14.3%	£3,514,068	14.3%	£3,514,068	in April
	Former GM Thurrock Schools	20.4%	-	20.4%	-	20.4%	-	
15	Uttlesford District Council	13.9%	£1,319,412	14.8%	-	15.7%	-	in April 2014

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
Scheduled Bodies								
84	Anglia Ruskin University	11.2%	£1,266,969	11.4%	£1,324,453	11.6%	£1,384,546	
100	Colchester Borough Homes Ltd	14.0%	-	14.0%	-	14.0%	-	
66	Essex Fire Authority	13.9%	£401,391	13.9%	£401,391	13.9%	£401,391	in April
783	Essex Police & Crime Commissioner	13.1%	£1,890,347	13.1%	£1,890,347	13.1%	£1,890,347	in April
26	Essex Probation	13.6%	£508,648	13.6%	£508,648	13.6%	£508,648	
47	Local Valuation Service	14.2%	£12,707	14.2%	-	14.2%	-	in April 2014
597	South Essex Homes Ltd	15.6%	£353,266	15.6%	-	15.6%	-	in April 2014
149	Chelmsford College	14.3%	£78,838	15.0%	£82,415	15.6%	£86,155	
148	Colchester Institute	13.0%	£340,393	13.0%	£355,838	13.0%	£371,982	
152	Colchester Sixth Form College	15.3%	£39,915	15.9%	£39,915	16.6%	£39,915	
151	Epping Forest College	14.2%	£111,978	14.9%	£117,059	15.7%	£122,370	
165	Harlow College	14.4%	£137,543	14.4%	£143,784	14.4%	£150,308	in April
161	Palmers College	16.0%	£29,352	16.0%	£30,684	16.0%	£32,076	
162	SEEVIC College	14.1%	£32,255	14.1%	£32,255	14.1%	£32,255	
274	South Essex College	13.0%	£242,283	13.0%	£253,276	13.0%	£264,768	
164	Writtle College	12.8%	£176,338	13.4%	£184,339	13.9%	£192,703	
Community Admission Bodies								
31	Ardleigh Reservoir Committee	22.0%	£20,529	22.0%	£20,529	22.0%	£20,529	
501	Basildon Women's Refuge	16.9%	-	16.9%	-	16.9%	-	
644	Brentwood Community Transport	21.3%	-	21.3%	-	21.3%	-	
585	Brentwood Leisure Trust	14.1%	£24,962	14.1%	£24,962	14.1%	£24,962	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
555	Cambridge Access Validating Agency	13.7%	£9,260	13.7%	£9,260	13.7%	£9,260	in April
558	Care Quality Commission	20.2%	£49,884	20.2%	-	20.2%	-	in April 2014
540	Castle Point Citizen's Advice Bureau	20.8%	£2,966	20.8%	£3,101	20.8%	£3,242	
768	Central Essex Community Services	17.6%	-	17.6%	-	17.6%	-	
553	Chelmer Housing Partnership	14.0%	£1,298,598	14.0%	-	14.0%	-	in April 2014
531	Chelmsford Citizens Advice Bureau	21.4%	£4,119	21.4%	£4,306	21.4%	£4,501	
537	Chelmsford Community Transport Ltd	23.8%	£12,259	23.8%	£12,259	23.8%	£12,259	
511	Chelmsford Council for Voluntary Service	19.3%	£4,288	19.3%	£4,288	19.3%	£4,288	
505	Colchester & Tendring Womens Refuge	25.4%	£6,759	25.4%	£7,066	25.4%	£7,386	
544	Essex Association of Local Councils	16.8%	-	16.8%	-	16.8%	-	
516	Essex Commercial Services	21.2%	-	21.2%	-	21.2%	-	
512	Essex County Scout Council	13.1%	£13,423	13.1%	-	13.1%	-	in April 2014
627	Essex Joint Branch Board of the Police Federation of England and Wales	24.2%	-	24.2%	-	24.2%	-	
618	Greenfields Community Housing	15.3%	£225,000	15.3%	£225,000	15.3%	-	
67	Hamilton Lodge Trust Ltd	21.0%	£13,907	21.0%	£14,538	21.0%	£15,198	In April
645	Harlow Community Transport	16.7%	-	16.7%	-	16.7%	-	
44	Harlow and District Sports	17.7%	£26,559	17.7%	£26,559	17.7%	£26,559	
576	Harwich Connexions Transport Co-operative Ltd	27.5%	-	27.5%	-	27.5%	-	
575	Home Group (Warden Housing)	24.0%	-	24.0%	-	24.0%	-	
582	Impulse Leisure	12.0%	£14,181	12.0%	-	12.0%	-	
78	ITEC Learning Technologies Ltd	13.4%	£21,876	13.4%	£22,869	13.4%	£23,906	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
611	Moat Housing Association	13.3%	£82,442	13.3%	-	13.3%	-	in April 2014
801	North Essex Partnership University NHS Foundation Trust	19.6%	-	19.6%	-	19.6%	-	
554	Open College Network Eastern Region	28.2%	£51,711	28.2%	-	28.2%	-	in April 2014
617	Orchestras Live	14.4%	£4,750	17.1%	-	19.9%	-	in April 2014
529	Phoenix Group Homes	16.9%	£5,969	16.9%	£6,239	16.9%	£6,522	in April
518	Race Equality Foundation	12.6%	-	12.6%	-	12.6%	-	
271	Rainbow Services	24.3%	£2,340	24.3%	-	24.3%	-	in April
614	Rochford Housing Association Ltd	17.9%	£24,647	17.9%	£24,647	17.9%	£24,647	
64	Rural Community Council of Essex	23.1%	-	23.1%	-	23.1%	-	
500	Safer Places	16.7%	£81,196	16.7%	£82,521	16.7%	£86,265	in April
601	SLM	12.0%	-	12.0%	-	12.0%	-	
549	Social Care Institute for Excellence (SCIE)	13.7%	£147,895	13.7%	£147,895	13.7%	£147,895	in April
506	SOS Domestic Abuse Projects	13.5%	£9,875	15.3%	£10,323	17.2%	£10,791	
604	The Inclusion Trust	9.9%	£13,787	9.9%	-	9.9%	-	in April 2014
539	Thurrock Community Leisure Ltd	14.3%	£50,518	14.3%	£52,810	14.3%	£55,206	
785	Thurrock Lifestyle Solutions	14.7%	-	14.7%	-	14.7%	-	
538	Trading Standards Institute	12.9%	£28,650	12.9%	£29,950	12.9%	£31,309	
56	University of Essex	20.4%	£1,467,488	20.4%	£1,534,071	20.4%	£1,603,674	in April
534	Worthing Homes Ltd	16.8%	£116,039	16.8%	£121,304	16.8%	£126,808	in April
572	Hatfield Peveral Day Nursery	17.1%	-	17.1%	-	17.1%	-	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
	Transferee Admission Bodies							
605	Alphaprint (Colchester) Limited	13.5%	-	13.5%	-	13.5%	-	
586	Ashlyn Healthcare Ltd	20.2%	-	20.2%	-	20.2%	-	
700	Axis Europe PLC	18.7%	-	18.7%	-	18.7%	-	
770	Barnardos	0.0%	-	0.0%	-	0.0%	-	
547	APCOA Parking Services (UK) Ltd	16.4%	£16,792	16.4%	£17,554	16.4%	£18,350	
706	Churchill Contract Services Limited	20.0%	-	20.0%	-	20.0%	-	
778	Churchill Contract Services Limited - Thurrock	18.8%	-	18.8%	-	18.8%	-	
648	Community Clean	27.0%	-	27.0%	-	27.0%	-	
622	Corporate Document Services	16.1%	-	16.1%	-	16.1%	-	
589	Dovercourt Healthcare Ltd	21.9%	£25,660	21.9%	£25,660	21.9%	£25,660	in April
646	English Landscapes Maintenance Limited	21.8%	-	21.8%	-	21.8%	-	
633	Essex Cares Limited	7.2%	-	7.2%	-	7.2%	-	
636	Essex Community Support Limited	8.9%	-	8.9%	-	8.9%	-	
634	Essex Employment & Inclusion Limited	7.6%	-	7.6%	-	7.6%	-	
635	Essex Equipment Services Limited	9.8%	-	9.8%	-	9.8%	-	
788	Essex Community Support Ltd - Reablement Mid Essex	17.9%	-	17.9%	-	17.9%	-	
789	Essex Community Support Ltd - Reablement North Essex	14.2%	-	14.2%	-	14.2%	-	
790	Essex Community Support Ltd - Reablement South East Essex	18.4%	-	18.4%	-	18.4%	-	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
791	Essex Community Support Ltd - Reablement South West Essex	15.0%	-	15.0%	-	15.0%	-	
792	Essex Community Support Ltd - Reablement West Essex	15.1%	-	15.1%	-	15.1%	-	
625	Europa Facilities Services Ltd	17.9%	-	17.9%	-	17.9%	-	
780	Fusion Lifestyle	16.0%	-	16.0%	-	16.0%	-	
587	Goldenley Healthcare Ltd	18.3%	-	18.3%	-	18.3%	-	
607	H Q Theatres Ltd	12.0%	£13,365	12.0%	£13,971	12.0%	£14,605	
796	Kier Services Ltd	20.9%	-	20.9%	-	20.9%	-	
610	Kier Harlow Ltd	17.1%	-	17.1%	-	17.1%	-	
590	Longfield Healthcare Ltd	16.1%	-	16.1%	-	16.1%	-	
639	mcch	0.0%	-	0.0%	-	0.0%	-	
798	Mears Limited	19.9%	-	19.9%	-	19.9%	-	
767	Mitie Technical Facilities Man. Ltd	17.5%	-	17.5%	-	17.5%	-	
779	Mitie Security Limited	16.7%	-	16.7%	-	16.7%	-	
657	Morrison FS Limited (Colchester)	25.4%	-	25.4%	-	25.4%	-	
653	Nightingale Cleaning Ltd	13.2%	-	13.2%	-	13.2%	-	
629	PH Jones Ltd	14.6%	-	14.6%	-	14.6%	-	
621	Pinnacle FM Ltd	13.8%	£14,484	16.1%	£15,141	18.4%	£15,828	
781	Ringway Jacobs	19.4%	-	19.4%	-	19.4%	-	
777	Riverside Truck Rental - Colchester	12.0%	-	12.0%	-	12.0%	-	
701	Riverside Truck Rental Limited (Basildon)	20.3%	-	20.3%	-	20.3%	-	
766	RM Education - Columbus ICT	6.4%	-	6.4%	-	6.4%	-	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
602	Rushcliffe Care	19.4%	-	19.4%	-	19.4%	-	
583	Serco Public Services Ltd	13.7%	-	13.7%	-	13.7%	-	
729	Skanska (Castle View School)	26.9%	-	26.9%	-	26.9%	-	
709	Skanska (Columbus)	23.9%	-	23.9%	-	23.9%	-	
708	Skanska (Cornelius)	24.5%	-	24.5%	-	24.5%	-	
774	SLM Charitable Trust - LM	11.3%	-	11.3%	-	11.3%	-	
773	SLM Charitable Trust - SV	15.6%	-	15.6%	-	15.6%	-	
772	SLM Health and Fitness - LM	12.4%	-	12.4%	-	12.4%	-	
771	SLM Health and Fitness - SV	19.3%	-	19.3%	-	19.3%	-	
769	Spurgeons	0.0%	-	0.0%	-	0.0%	-	
594	Sweyne Healthcare Ltd	19.3%	-	19.3%	-	19.3%	-	
647	The Papworth Trust	16.0%	£14,921	16.0%	-	16.0%	-	
623	Vehicle Lease and Service Limited	16.1%	£23,666	16.1%	-	16.1%	-	
573	WRVS Food Services Ltd	13.3%	-	13.3%	-	13.3%	-	

Town & Parish Councils								
530	Billericay Town Council	15.1%	£1,658	15.9%	£1,734	16.7%	£1,812	
513	Blackmore Parish Council	15.1%	£470	15.9%	£491	16.7%	£513	
16	Brightlingsea Town Council	15.1%	£2,806	15.9%	£2,933	16.7%	£3,066	
510	Broomfield Parish Council	15.1%	£1,752	15.9%	£1,831	16.7%	£1,914	
526	Buckhurst Hill Parish Council	15.1%	£294	15.9%	£308	16.7%	£322	
514	Burnham-on-Crouch Town Council	15.1%	£518	15.9%	£542	16.7%	£566	
619	Canvey Island Town Council	15.1%	£2,029	15.9%	£2,121	16.7%	£2,217	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
522	Chigwell Parish Council	15.1%	£4,567	15.9%	£4,775	16.7%	£4,991	
603	Coggeshall Parish Council	15.1%	£2,128	15.9%	£2,225	16.7%	£2,325	
502	Danbury Parish Council	15.1%	£2,861	15.9%	£2,991	16.7%	£3,127	
17	Epping Town Council	15.1%	£6,169	15.9%	£6,449	16.7%	£6,742	
18	Frinton and Walton Town Council	15.1%	£2,718	15.9%	£2,841	16.7%	£2,970	
92	Galleywood Parish Council	15.1%	£1,513	15.9%	£1,582	16.7%	£1,654	
27	Great Baddow Parish Council	15.1%	£7,703	15.9%	£8,053	16.7%	£8,418	
519	Great Dunmow Town Council	15.1%	£4,113	15.9%	£4,300	16.7%	£4,495	
599	Great Notley Parish Council	15.1%	£538	15.9%	£562	16.7%	£587	
527	Great Wakering Parish Council	15.1%	£798	15.9%	£834	16.7%	£872	
19	Halstead Town Council	15.1%	£2,781	15.9%	£2,908	16.7%	£3,039	
524	Harwich Town Council	15.1%	£1,996	15.9%	£2,086	16.7%	£2,181	
521	Hawkewell Parish Council	15.1%	£1,774	15.9%	£1,855	16.7%	£1,939	
666	Herongate & Ingrave Parish Council	15.1%	£403	15.9%	£421	16.7%	£440	
504	Heybridge Parish Council	15.1%	£1,150	15.9%	£1,202	16.7%	£1,257	
90	Hullbridge Parish Council	15.1%	£893	15.9%	£933	16.7%	£976	
525	Leigh on Sea Town Council	15.1%	£3,915	15.9%	£4,093	16.7%	£4,278	
536	Little Yeldham Parish Council	15.1%	£35	15.9%	£36	16.7%	£38	
523	Loughton Town Council	15.1%	£7,958	15.9%	£8,320	16.7%	£8,697	
98	Maldon Town Council	15.1%	£3,266	15.9%	£3,415	16.7%	£3,570	
620	Myland Community Council	15.1%	£863	15.9%	£903	16.7%	£944	
520	North Weald (Bassett) Parish Council	15.1%	£2,278	15.9%	£2,382	16.7%	£2,490	
546	Ongar Town Council	15.1%	£2,318	15.9%	£2,424	16.7%	£2,534	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
528	Rayleigh Town Council	15.1%	£2,179	15.9%	£2,278	16.7%	£2,381	
551	Runwell Parish Council	15.1%	£626	15.9%	£655	16.7%	£684	
20	Saffron Walden Town Council	15.1%	£12,922	15.9%	£13,508	16.7%	£14,121	
581	Sandon Parish Council	15.1%	£361	15.9%	£378	16.7%	£395	
596	Sible Hedingham Parish Council	15.1%	£790	15.9%	£826	16.7%	£863	
515	South Hanningfield Parish Council	15.1%	£682	15.9%	£713	16.7%	£745	
30	South Woodham Ferrers Town Council	15.1%	£4,093	15.9%	£4,279	16.7%	£4,473	
91	Springfield Parish Council	15.1%	£6,243	15.9%	£6,526	16.7%	£6,822	
29	St Osyth Parish Council	15.1%	£1,260	15.9%	£1,318	16.7%	£1,377	
731	Stambridge Parish Council	15.1%	£417	15.9%	£436	16.7%	£455	
63	Stansted Mountfitchet Parish Council	15.1%	£1,875	15.9%	£1,960	16.7%	£2,049	
550	Stanway Parish Council	15.1%	£761	15.9%	£796	16.7%	£832	
642	Thaxted Parish Council	15.1%	£842	15.9%	£881	16.7%	£921	
545	Tiptree Parish Council	15.1%	£1,485	15.9%	£1,553	16.7%	£1,623	
21	Waltham Abbey Town Council	15.1%	£9,693	15.9%	£10,133	16.7%	£10,592	
643	West Horndon Parish Council	15.1%	£223	15.9%	£233	16.7%	£244	
22	West Mersea Town Council	15.1%	£1,459	15.9%	£1,525	16.7%	£1,594	
503	Witham Town Council	15.1%	£6,663	15.9%	£6,966	16.7%	£7,282	
60	Wivenhoe Town Council	15.1%	£2,046	15.9%	£2,139	16.7%	£2,236	
562	Writtle Parish Council	15.1%	£626	15.9%	£655	16.7%	£684	

Academies

776	Academies Enterprise Trust	11.3%	-	Note 1	Note 1	Note 1	Note 1	
-----	----------------------------	-------	---	--------	--------	--------	--------	--

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
741	Anglo European Academy	12.3%	£73,491	Note 1	Note 1	Note 1	Note 1	
659	The Appleton Academy	12.3%	£68,698	Note 1	Note 1	Note 1	Note 1	
681	Ashingdon Academy	12.3%	£5,021	Note 1	Note 1	Note 1	Note 1	
640	Basildon Lower Academy	11.2%	£74,718	Note 1	Note 1	Note 1	Note 1	
641	Basildon Upper Academy	11.4%	£186,951	Note 1	Note 1	Note 1	Note 1	
289	Beacon Hill Academy	12.2%	£50,265	Note 1	Note 1	Note 1	Note 1	
290	Belfairs Community College	12.5%	£123,131	Note 1	Note 1	Note 1	Note 1	
284	Stifford Primary Academy	12.2%	£37,369	Note 1	Note 1	Note 1	Note 1	
742	Billericay Academy	12.3%	£93,119	Note 1	Note 1	Note 1	Note 1	
727	Boswells Academy	12.3%	£94,374	Note 1	Note 1	Note 1	Note 1	
301	Brentwood Ursuline Academy	12.3%	£67,329	Note 1	Note 1	Note 1	Note 1	
294	Briscoe Primary And Nursery	12.3%	£13,352	Note 1	Note 1	Note 1	Note 1	
720	Burnt Mill Academy	12.3%	£66,187	Note 1	Note 1	Note 1	Note 1	
663	Buttsbury Junior School	12.3%	£26,475	Note 1	Note 1	Note 1	Note 1	
302	Cann Hall Academy	12.3%	£20,769	Note 1	Note 1	Note 1	Note 1	
737	Harris Academy Chafford Hundred	12.2%	£63,791	Note 1	Note 1	Note 1	Note 1	
667	Chelmer Valley High Academy	12.3%	£59,113	Note 1	Note 1	Note 1	Note 1	
655	Chelmsford High Sch For Girls	12.3%	£44,392	Note 1	Note 1	Note 1	Note 1	
637	Clacton Coastal Academy	11.6%	£123,101	Note 1	Note 1	Note 1	Note 1	
738	Clacton County Academy	12.3%	£82,973	Note 1	Note 1	Note 1	Note 1	
651	Colchester Academy	11.6%	£98,962	Note 1	Note 1	Note 1	Note 1	
760	Colchester High Girls Academy	12.3%	£41,995	Note 1	Note 1	Note 1	Note 1	
723	Colchester Royal Grammar	12.3%	£39,142	Note 1	Note 1	Note 1	Note 1	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
668	Colne Community Academy	12.3%	£89,695	Note 1	Note 1	Note 1	Note 1	
736	Columbus Academy	12.3%	£83,419	Note 1	Note 1	Note 1	Note 1	
669	Davenant Foundation Academy	12.3%	£66,302	Note 1	Note 1	Note 1	Note 1	
658	Debden Park High Academy	11.1%	£27,616	Note 1	Note 1	Note 1	Note 1	
307	Dilkes Primary Academy	12.3%	£31,873	Note 1	Note 1	Note 1	Note 1	
298	East Tilbury Infant Academy	12.2%	£16,511	Note 1	Note 1	Note 1	Note 1	
299	East Tilbury Junior Academy	12.2%	£20,064	Note 1	Note 1	Note 1	Note 1	
704	Eastwood High	12.5%	£26,247	Note 1	Note 1	Note 1	Note 1	
656	Flitch Green Academy	12.3%	£12,781	Note 1	Note 1	Note 1	Note 1	
743	Gable Hall Academy	12.2%	£59,455	Note 1	Note 1	Note 1	Note 1	
744	Gilberd Academy	12.3%	£48,697	Note 1	Note 1	Note 1	Note 1	
670	Great Baddow High Academy	12.3%	£81,708	Note 1	Note 1	Note 1	Note 1	
682	Great Berry Academy	12.3%	£16,547	Note 1	Note 1	Note 1	Note 1	
296	Greensted Junior Academy	12.3%	£7,760	Note 1	Note 1	Note 1	Note 1	
630	Greensward Academy	11.3%	£163,438	Note 1	Note 1	Note 1	Note 1	
716	Gt Chesterford Primary Academy	12.3%	£12,553	Note 1	Note 1	Note 1	Note 1	
683	Hadleigh Inf & Nurs Academy	12.3%	£16,433	Note 1	Note 1	Note 1	Note 1	
711	Hadleigh Junior School Academy	12.3%	£13,009	Note 1	Note 1	Note 1	Note 1	
763	Hamford Primary Sch Academy	12.3%	£13,009	Note 1	Note 1	Note 1	Note 1	
295	Chafford Hundred Primary	12.2%	£30,096	Note 1	Note 1	Note 1	Note 1	
745	Harwich And Dovercourt Academy	12.3%	£94,489	Note 1	Note 1	Note 1	Note 1	
746	Hassenbrook Academy Trust	12.2%	£41,539	Note 1	Note 1	Note 1	Note 1	
310	Heddingham Academy	12.3%	£66,872	Note 1	Note 1	Note 1	Note 1	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
740	Helena Romanes Vi Form Academy	12.3%	£75,088	Note 1	Note 1	Note 1	Note 1	
765	Herringham Primary Sch Academy	12.2%	£16,576	Note 1	Note 1	Note 1	Note 1	
304	Heybridge Primary Academy	12.3%	£17,916	Note 1	Note 1	Note 1	Note 1	
684	Hilltop Junior Academy	12.3%	£14,264	Note 1	Note 1	Note 1	Note 1	
747	Hockerill Academy	12.3%	£73,882	Note 1	Note 1	Note 1	Note 1	
685	Holy Cross Rc Primary Academy	12.3%	£15,976	Note 1	Note 1	Note 1	Note 1	
671	Honywood Community Academy	12.9%	£60,088	Note 1	Note 1	Note 1	Note 1	
721	Hutton All Saints Academy	12.3%	£4,108	Note 1	Note 1	Note 1	Note 1	
697	Hylands School Academy	12.3%	£69,726	Note 1	Note 1	Note 1	Note 1	
297	James Hornsby High Academy	12.3%	£71,551	Note 1	Note 1	Note 1	Note 1	
686	Jotmans Hall Primary Academy	12.3%	£17,803	Note 1	Note 1	Note 1	Note 1	
293	Kenningtons Primary Academy	12.2%	£14,546	Note 1	Note 1	Note 1	Note 1	
710	Kents Hill Infant Academy	12.3%	£12,096	Note 1	Note 1	Note 1	Note 1	
759	Kents Hill Junior Academy	12.3%	£13,237	Note 1	Note 1	Note 1	Note 1	
673	King Edmund Academy	12.3%	£59,340	Note 1	Note 1	Note 1	Note 1	
672	King Edward Grammar Academy	12.3%	£30,241	Note 1	Note 1	Note 1	Note 1	
654	King Harold B And E Academy	12.7%	£26,857	Note 1	Note 1	Note 1	Note 1	
661	King John Academy	12.3%	£74,176	Note 1	Note 1	Note 1	Note 1	
306	Kingsmoor Primary Academy	12.3%	£13,009	Note 1	Note 1	Note 1	Note 1	
687	Kingston Primary Academy	12.3%	£13,009	Note 1	Note 1	Note 1	Note 1	
764	Lansdowne Primary Sch Academy	12.2%	£35,016	Note 1	Note 1	Note 1	Note 1	
688	Lee Chapel Primary Academy	12.3%	£23,736	Note 1	Note 1	Note 1	Note 1	
762	Lyons Hall Primary Sch Academy	12.3%	£22,138	Note 1	Note 1	Note 1	Note 1	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
632	Maltings Academy	12.5%	£74,613	Note 1	Note 1	Note 1	Note 1	
732	Manningtree High Academy	12.3%	£55,176	Note 1	Note 1	Note 1	Note 1	
757	Mayflower High School Academy	12.3%	£100,536	Note 1	Note 1	Note 1	Note 1	
758	Moulsham High Academy	12.3%	£87,185	Note 1	Note 1	Note 1	Note 1	
674	Moulsham Infants Academy	12.3%	£17,232	Note 1	Note 1	Note 1	Note 1	
739	Moulsham County Junior Academy	12.3%	£26,589	Note 1	Note 1	Note 1	Note 1	
631	New Rickstones Academy	10.5%	£73,673	Note 1	Note 1	Note 1	Note 1	
287	Newlands Spring Pri Academy	12.3%	£14,493	Note 1	Note 1	Note 1	Note 1	
291	Newport Free Grammar Academy	12.3%	£59,683	Note 1	Note 1	Note 1	Note 1	
303	Notley Green Academy	12.3%	£20,427	Note 1	Note 1	Note 1	Note 1	
689	Notley High & Braintree VI	12.3%	£83,647	Note 1	Note 1	Note 1	Note 1	
638	Ormiston Park Academy	11.8%	£51,519	Note 1	Note 1	Note 1	Note 1	
712	Ormiston Rivers Academy	12.3%	£61,738	Note 1	Note 1	Note 1	Note 1	
279	Our Lady Immaculate Pri Academ	12.3%	£13,237	Note 1	Note 1	Note 1	Note 1	
713	Passmores Academy Trust	12.3%	£65,046	Note 1	Note 1	Note 1	Note 1	
748	Philip Morant Academy	11.6%	£97,912	Note 1	Note 1	Note 1	Note 1	
280	The Pioneer School	12.3%	£36,289	Note 1	Note 1	Note 1	Note 1	
690	Plumberow Primary Academy	12.3%	£21,682	Note 1	Note 1	Note 1	Note 1	
749	Plume Academy	12.3%	£103,846	Note 1	Note 1	Note 1	Note 1	
324	Powers Hall	12.3%	£17,003	Note 1	Note 1	Note 1	Note 1	
675	R A Butlers Infants Academy	13.7%	£5,643	Note 1	Note 1	Note 1	Note 1	
676	R A Butlers Junior Academy	13.1%	£21,736	Note 1	Note 1	Note 1	Note 1	
691	Robert Drake Primary Academy	12.3%	£15,976	Note 1	Note 1	Note 1	Note 1	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
692	Runwell Primary Academy	12.3%	£18,144	Note 1	Note 1	Note 1	Note 1	
665	Saffron Walden High Academy	12.3%	£108,867	Note 1	Note 1	Note 1	Note 1	
750	Sandon Academy	12.3%	£61,395	Note 1	Note 1	Note 1	Note 1	
309	Shaw Primary Academy	12.2%	£23,826	Note 1	Note 1	Note 1	Note 1	
728	Shenfield High Academy	12.3%	£93,005	Note 1	Note 1	Note 1	Note 1	
278	Shoeburyness Academy	12.4%	£150,480	Note 1	Note 1	Note 1	Note 1	
693	South Benfleet Primary Academy	12.3%	£17,574	Note 1	Note 1	Note 1	Note 1	
703	Southend High For (Boys)	12.5%	£38,914	Note 1	Note 1	Note 1	Note 1	
677	Southend High (Girls)	11.6%	£59,043	Note 1	Note 1	Note 1	Note 1	
694	St Albans Rc Primary Academy	12.3%	£14,835	Note 1	Note 1	Note 1	Note 1	
751	St Bernards High Academy	12.5%	£58,428	Note 1	Note 1	Note 1	Note 1	
761	St Christopher Academy	12.5%	£76,458	Note 1	Note 1	Note 1	Note 1	
752	St Cleres Co-Operative Academy	12.2%	£65,959	Note 1	Note 1	Note 1	Note 1	
733	St Helena Academy	12.3%	£61,281	Note 1	Note 1	Note 1	Note 1	
695	St Helens Rc Junior Academy	12.3%	£11,982	Note 1	Note 1	Note 1	Note 1	
699	St Marks West Essex Academy	12.3%	£44,848	Note 1	Note 1	Note 1	Note 1	
678	St Martins High Academy	12.3%	£72,122	Note 1	Note 1	Note 1	Note 1	
312	St Marys Pri Academy Kelvedon	12.3%	£13,009	Note 1	Note 1	Note 1	Note 1	
283	St Teresa's Academy Colchester	12.3%	£12,781	Note 1	Note 1	Note 1	Note 1	
753	St Thomas More High Academy	12.5%	£63,677	Note 1	Note 1	Note 1	Note 1	
282	St Thomas More Acad Saffron W	12.3%	£9,929	Note 1	Note 1	Note 1	Note 1	
754	St Thomas More's Academy Colchester	12.3%	£13,923	Note 1	Note 1	Note 1	Note 1	
734	Stanway Academy	12.3%	£63,449	Note 1	Note 1	Note 1	Note 1	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
717	Stewards Academy	12.3%	£107,269	Note 1	Note 1	Note 1	Note 1	
718	Stisted Primary Academy	12.3%	£5,935	Note 1	Note 1	Note 1	Note 1	
311	Tabor Science Academy	12.3%	£73,719	Note 1	Note 1	Note 1	Note 1	
698	Tendring Tech College Academy	12.3%	£104,189	Note 1	Note 1	Note 1	Note 1	
300	Thameside Primary Academy	12.2%	£27,839	Note 1	Note 1	Note 1	Note 1	
305	The Bromfords Academy	12.3%	£78,284	Note 1	Note 1	Note 1	Note 1	
609	The Gateway Academy	10.7%	£39,919	Note 1	Note 1	Note 1	Note 1	
662	The Ockendon Academy	12.2%	£48,157	Note 1	Note 1	Note 1	Note 1	
735	Thomas Lord Audley Academy	12.3%	£56,601	Note 1	Note 1	Note 1	Note 1	
719	Thriftwood Primary Academy	12.3%	£39,827	Note 1	Note 1	Note 1	Note 1	
755	Thurstable Academy	12.3%	£64,818	Note 1	Note 1	Note 1	Note 1	
715	Tyrrells Primary Academy	12.3%	£14,607	Note 1	Note 1	Note 1	Note 1	
664	West Hatch High Academy	12.3%	£79,197	Note 1	Note 1	Note 1	Note 1	
679	Westborough Primary Academy	12.4%	£13,272	Note 1	Note 1	Note 1	Note 1	
680	Westcliff High Boys Academy	12.6%	£40,860	Note 1	Note 1	Note 1	Note 1	
702	Westcliff High Girls Academy	12.5%	£66,530	Note 1	Note 1	Note 1	Note 1	
714	Westerings Primary Academy	12.3%	£8,559	Note 1	Note 1	Note 1	Note 1	
696	Westwood Primary Academy	12.3%	£14,264	Note 1	Note 1	Note 1	Note 1	
286	White Hall Academy	12.3%	£30,013	Note 1	Note 1	Note 1	Note 1	
722	Wickford C of E Academy	12.3%	£6,733	Note 1	Note 1	Note 1	Note 1	
660	William De Ferrers Academy	12.3%	£93,119	Note 1	Note 1	Note 1	Note 1	
756	William Edwards Academy	12.2%	£64,818	Note 1	Note 1	Note 1	Note 1	
308	Woodside Primary Academy	12.2%	£21,318	Note 1	Note 1	Note 1	Note 1	

Minimum employer contributions payable for the year beginning		1 April 2014		1 April 2015		1 April 2016		
Code	Employer	% of pay	plus	% of pay	plus	% of pay	plus	Lump Sum Payable
Studio & Free Schools								
292	Becket Keys Church Of England Free School	19.9%	-	Note 1	Note 1	Note 1	Note 1	
288	Tendring Enterprise Studio School (TESS)	19.9%	-	Note 1	Note 1	Note 1	Note 1	

Notes

1. Pending clarity on the outcome of the 2013 DCLG consultation on pooling, existing academies will retain their 2013/14 ongoing contribution rates in 2014/15. Deficit amounts payable in 2014/15 will be the annual rate for 2013/2014 plus the standard 4.5% increase in line with the long term pay increase assumption. Required contributions for 2015/16 and 2016/17 will be certified in due course.
2. Further sums should be paid to the Fund to meet the costs of any early retirements using methods and assumptions discussed with us.
3. The certified contribution rates represent the minimum level of contributions to be paid. Employers may pay further amounts at any time and future periodic contributions, or the timing of contributions, may be adjusted on a basis approved by us.
4. Where an employer is able to and closes the Scheme to new members between valuations, the certified contribution rate may be assessed and a revised certificate issued.

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 for Corporate Services & Customer Operations;
- 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 & Customer Operations Responsibilities

The Executive Director for Corporate Services & Customer Operations 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 for Corporate Services & Customer Operations 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 & Customer Operations' Certificate

I certify that the Statement of Accounts on pages 77 to 126 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 2014 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.

Margaret Lee

*Executive Director for Corporate Services & Customer Operations
S.151 officer for Essex County Council and Essex Pension Fund*



Fund Account

The table below shows the Essex Pension Fund Account for the year ended 31 March 2014 and 31 March 2013:

2012/13 £000		Notes	2013/14 £000
Contributions and Benefits			
	Contributions	3	
(177,755)	Employer contributions		(164,798)
(47,260)	Member contributions		(48,843)
(225,015)			(213,641)
(13,217)	Transfers in from other pension funds	4	(10,157)
(132)	Other income		(66)
(238,364)			(223,864)
	Benefits	5	
154,022	Pensions		162,589
36,138	Commutation of pensions and lump sum retirement benefits		36,518
4,403	Lump sum death benefits		3,951
194,563			203,058
	Payments to and on account of leavers		
8,851	Transfers out to other schemes	6	9,967
70	Refunds of contributions		29
6	State Scheme Premiums		7
76			36
1,744	Administration expenses	7	2,292
205,234			215,353
(33,130)	Net additions from dealings with members		(8,511)
	Investments		
	Returns on Investments		
(71,300)	Investment income	8	(63,564)
(355,171)	Profit and losses on disposal of investments and changes in market value of investments	9	(330,474)
3,106	Taxes on income	10	3,010
17,669	Investment management expenses	11	20,638
(405,696)	Net returns on investments		(370,390)
(438,826)	Net (increase)/decrease in the net assets available for benefits during the year		(378,901)
(3,519,647)	Net assets of the scheme at 1 April		(3,958,473)
(3,958,473)	Net assets as at 31 March		(4,337,374)

Net Asset Statement

The table below shows the Essex Pension Fund Net Asset Statement for the year ended 31 March 2014 and 31 March 2013:

31 March 2013 £000			31 March 2014 £000
	Investments	9	
	Investment assets		
179,980	Fixed interest securities		186,598
2,427,887	Equities		2,644,294
264,371	Index-linked securities		344,996
195,665	Property		237,300
222,930	Property unit trusts		231,664
196,995	Private equity		212,033
113,567	Infrastructure		127,236
30,972	Timber		34,705
25,332	Active currency		-
175,598	Other managed funds		185,029
1,925	Derivative contracts		4,282
96,481	Cash deposits		93,508
10,570	Other investments balances		10,524
3,942,273			4,312,169
	Investment liabilities		
(18,010)	Derivative contracts		(390)
(3,191)	Other investments balances		(1,541)
(21,201)			(1,931)
3,921,072			4,310,238
	Long term assets	12	
9,414	Contributions due from employers		7,907
	Current assets	12	
17,276	Cash		13,638
17,853	Contributions due from employers and other current assets		18,516
	Current liabilities	12	
(7,142)	Unpaid benefits and other current liabilities		(12,925)
3,958,473	Net assets of the scheme available to fund benefits as at 31 March		4,337,374

Notes to the Accounts

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 Fund”).

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

Established by the Local Government Superannuation Regulations 1974 the Fund is administered in accordance with the following secondary legislation:

- Local Government Pension Scheme(LGPS) Benefits, Membership and Contribution Regulations 2007 (as amended),
- LGPS (Administration) Regulations 2008 (as amended),
- LGPS (Management and Investment of Funds) Regulations 2009 and
- LGPS (Miscellaneous Amendments) Regulations 2014

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. As a result the Fund now contains around 530 employing bodies. The Fund does not provide pensions for teachers, for whom separate arrangements exist. Uniformed police and fire staff are also subject to separate pension arrangements.

The Council has delegated its pension functions to the Essex Pension Fund Board and Investment Steering Committee (ISC). Responsibility for the administration and financial management of the Fund has been delegated to the Executive Director for Corporate Services & Customer Operations 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 Board. The Fund’s Statement of Investment Principles is contained in the Pension Fund Annual Report & Accounts.

1. 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 2013/14 issued by CIPFA which is based upon International Financial Reporting Standards (IFRS) as amended for UK public sector and with the guidelines set out in the Statement of Recommended Practice 2013/14 (SORP) and the Financial Reports of Pension Schemes Statement of Recommended Practice (revised May 2007). The accounts are prepared on a going concern basis.

The financial statements summarises the Fund's transactions for the financial year ended 31 March 2014 and its position as at 31 March 2014. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. However, a statement calculating the Fund's Actuarial present value of promised retirement benefits as at 31 March 2014 using IAS19 methodology is included in the notes to the accounts and can be found in Note 15. The actuarial position of the scheme as at 31 March 2013 is dealt with in the report of the consulting actuary on pages 45 to 46 and these statements should be read in conjunction with them.

2. Accounting Policies

Fund Account – Revenue Recognition

2.1. Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund Actuary in the payroll period to which it relates.

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 assets.

2.2. 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 4 and 6).

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 4).

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

2.3. Investment income

2.3.1. Dividend income

Dividend income is recognised in the Fund Account on the date the shares are quoted ex-dividend. Any amounts not received by 31 March are disclosed in the Net Asset Statement as other investment balances due. Investment income also includes withholding tax where this cannot be recovered. The amount of irrecoverable withholding tax is disclosed as a separate line item on the face of the Fund Account and a more detailed breakdown can be found in Note 10 of the accounting notes that accompany these financial statements.

2.3.2. Income from fixed interest, index linked securities, cash and short term deposits

Income from fixed interest and index linked securities, cash and short-term deposits are 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 includes the amortisation of any discount or premium, transaction cost or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

2.3.3. 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.

2.3.4. 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.

2.3.5. Change in market value of investments

The change in market value of investments during the year is recognised as income and comprises of all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

Fund Account – Expenses Recognition

2.4. Benefits payable

Under the regulations, retirees can receive a lump sum retirement grant in addition to

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

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

2.5. Taxation

The Fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises (see Note 10).

As Essex County Council is the Administering Authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment and property expenses.

2.6. Administration expenses

Administration expenses are accounted for on an accruals basis. All expenses are recognised net of any recoverable VAT. All relevant staff costs, including management, accommodation, and other overheads costs have been charged directly to the Fund on the basis of time spent on investment and contribution related matters and pension administration. In 2013/14 this totalled £1.686m (£1.438m in 2012/13).

2.7. Investment management expenses

All investment expenses are accounted for

on an accruals basis. Fees of the external investment managers and custodian are agreed in their mandates governing their appointments. Broadly these are based on the market value of investments under their management and therefore increase or reduce as the value of investments change. In addition the Fund has negotiated with the following managers that an element of their fee be performance related subject to them reaching a trigger point:

- Marathon Asset Management Limited (up to October 2012)
- FIL Pensions Management (up to November 2013)
- Performance related fees totalled £0.401m in 2013/14 (£1.466m in 2012/13).

When an investment manager's fee invoice has not been received by the balance sheet date a creditor has been raised and the actual invoice amount is shown within current liabilities.

The cost of obtaining investment advice from external consultants is included in investment management charges.

Net Asset Statement

2.8. Financial Assets

Financial assets are included in the Net Asset Statement on a fair value 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. Acquisition costs are included in the purchase cost of investments.

2.9. Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain events not wholly within the Pension Fund's control.

Contingent assets are not recognised in the financial statements but are disclosed as a note to the accounts where an inflow of economic benefits or service potential is probable and can be reliably measured.

Contingent assets are assessed continually. If it becomes virtually certain that an inflow of economic benefits or service potential will arise, and the asset's value can be reliably measured, a debtor and the related revenue are recognised in the financial statements.

2.10. Valuation of investments

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

2.11. 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.

2.12. Unquoted investments

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

2.12.1. Unquoted equity and private equity limited partnerships

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. There is usually a time delay in receiving information from the private equity fund managers. In general these are valued as at 31 March 2014 and are compiled in accordance with the guidelines issued by the British Venture Capital Association or an equivalent body. In a few cases an estimate of the valuation at 31 March 2014 has been made. The Fund amends the 31 December 2013 valuation for payments made to and received from the private equity managers for the period 1 January 2014 to 31 March 2014.

2.12.2 Unquoted property, timber and infrastructure partnerships

Investments in unquoted property, timber and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.

2.13. Directly held investments

Directly held investments include investments in limited partnerships, shares in unlisted companies, trust and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pooled or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or standards set by the constituent documents of the pool or the management agreement.

2.14. Unit trust and managed funds

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

2.15. Fixed interest investments

The value of fixed interest investments in the Fund's investment portfolio are recorded at net market value based on their current yield i.e. excludes interest earned but not paid over at the Fund year-end, which is included separately within accrued investment income and disclosed within Note 9.

2.16. Derivatives

2.16.1. Use of derivatives

The Fund uses derivatives financial instruments to manage its exposure to specific risks arising from its investments activities. The Fund does not hold derivatives for speculative purposes.

2.16.2. Value of derivatives

Derivative contract assets are held at fair value bid price and liabilities are fair valued at offer price. Changes in the fair value of derivatives are included in the change in market value (see Note 9).

2.16.3. Value of futures

The value of futures contracts is determined using exchange prices published by the relevant futures exchange e.g.: LIFFE – London International Financial Futures Exchange at the reporting date. Amounts due from or owed to the broker are amounts outstanding in respect of the initial margin and variation margin. No future contracts were entered into in the year of report and prior year.

2.16.4. Value of forward currency contracts

Forward foreign exchange contracts outstanding at year end are stated at fair value, which is determined as the loss or gain that would arise if the outstanding contract was required to be settled on 31 March.

2.17. 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.

2.18. Direct Property Investments

Direct property investments have been valued at open market value as at 31 March 2014, by Jones Lang LaSalle, Chartered Surveyors. The valuers opinion of market value and existing use value was primarily derived using comparable recent market transactions on arm's-length terms.

2.19. 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.

2.20. Financial Liabilities

The Fund recognises financial liabilities at fair value as at the financial year end date of 31 March. A financial liability is recognised in the Net Asset Statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

2.21. Contingent liabilities

Contingent liabilities are possible obligations that arise from past events whose existence

will only be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the Pension Fund's control.

Contingent liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts, unless the possibility of an outflow of resources is remote.

Contingent liabilities are assessed continually. If an outflow of resources becomes probable, a provision is recognised.

2.22. Financial instruments

Financial assets are recognised by the Fund on the Balance Sheet only when goods or services have been provided or rendered to a third party. Financial liabilities are recognised when the goods or services ordered from a third party have been received by the Fund and the third party has performed its contractual obligations.

The Fund currently only has liabilities carried at amortised cost and the carrying amount for instruments that will mature within the next twelve months from the balance sheet date is assumed to equate to the fair value.

The fair values of loans and receivables at 31st March have been reviewed and were assessed as being the same as the carrying amounts in the balance sheet. Assets are carried in the balance sheet at fair value. The values are based on the bid price.

When an asset or liability is translated at balance sheet date the gain / loss is taken as unrealised but when the asset or liability is settled (i.e. received / paid) the gain / loss becomes realised.

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

2.23. Critical judgements in applying accounting policies

2.23.1. Use of financial instruments

The Fund uses derivatives financial instruments to manage its exposure to specific risks arising from its investments. In applying the accounting policies set out within the notes that accompany the financial statements the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the financial statements are based around determining a fair value for the alternative investments shown in the Net Asset Statement. It is important to recognise valuations for these types of investments are highly subjective in nature. They are inherently based on forward-looking estimates and judgements that involve many factors.

2.23.2. Unquoted private equity

Unquoted private equities are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted private equities as at 31 March 2014 was £212.0m (£197.0m as at 31 March 2013).

2.23.3. Infrastructure

Overseas infrastructure values are determined in accordance with generally accepted valuation principles in compliance with article 5 (3) of the Luxembourg law of 15 June 2004 on investment companies in risk capital. The infrastructure portfolio managed by M&G Investments are valued by the investment manager using guidelines set out by the International Private Equity and Venture Capital (IPEV) Valuation Guidelines.

The value of infrastructure as at 31 March

2014 was £127.2m (£113.6m as at 31 March 2013).

2.23.4. Timber

Timber valuations are determined by independent appraisers that typically estimate fair market values in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and standards of professional appraisal practice that prevail in the countries where assets are located. The value of timber as at 31 March 2014 was £34.7m (£31.0m as at 31 March 2013)

2.23.5. Pension fund liability

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

As permitted under IAS26, the Fund has opted to disclose the actuarial present value of the promised retirement benefits by way of a note to the Net Asset Statement. This is shown in Note 15.

2.24. 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 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on 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>The effects on net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £415m.</p> <p>A 0.5% increase in the long-term rate of salary increase the value of liabilities by approximately £46m.</p> <p>Increasing the long-term rate of improvement used in the mortality projection from 1.5% to 1.75% per annum would increase the liability by approximately £45m.</p>
Private equity/Infrastructure/Timber	Private equity investments are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £212.0m. There is a risk that this investment may be under or overstated in the accounts.

3 Contributions Receivable

3.1. By category

2012/13 £000		2013/14 £000
93,082	Normal	97,611
-	Augmentation	4
78,669	Deficit	62,905
6,004	Other	4,278
177,755	Total	164,798

Other employers' contributions relate to payments for the cost of early retirements.

The 2013 Actuarial Valuation took place during 2013/14. A number of employers opted to pay in 2013/14 sums based on the emerging results. These were: Orchestras Live, £0.005m; Local Valuation Service, £0.013m; Open College Network Eastern Region, £0.052m; Inclusion Trust, £0.014m and Social Care Institute for Excellence, £0.148m all employers made these payments prior to 31 March 2014.

In 2013/14 Final termination amounts were received from Westminster Drugs Project, £0.058m; Sodexo Ltd, £0.031m and from RM Education, £0.060m.

In 2012/13 Final termination amounts were received from General Social Care Council, £13.4m; Thurrock Thames Gateway Development Corporation, £2.5m and Serco Solutions, £0.030m.

3.2. By type

2012/13			2013/14	
Members £000	Employers £000		Members £000	Employers £000
15,400	50,062	Administering authority	15,355	49,821
24,583	87,854	Scheduled bodies	26,699	92,997
1,006	20,764	Admitted bodies	848	4,448
3,628	10,633	Community admission bodies	3,340	9,467
2,422	7,794	Transferee admission bodies	2,371	7,367
221	648	Resolution bodies	230	698
47,260	177,755	Total	48,843	164,798

4. Transfers in from other schemes

2012/13 £000		2013/14 £000
336	Group transfers	-
12,881	Individual transfers	10,157
13,217	Total	10,157

During 2013/14 no group transfers from other schemes were received. A group transfer of £0.336m was received from other schemes in 2012/13.

5. Benefits Payable

2012/13 £000		2013/14 £000
57,296	Administering authority	60,296
81,284	Scheduled bodies	85,589
7,327	Admitted bodies	7,681
4,075	Community admission bodies	4,354
3,580	Transferee admission bodies	4,171
460	Resolution bodies	498
154,022	Total	162,589

6. Transfers out to other schemes

2012/13 £000		2013/14 £000
8,851	Individual transfers	9,967
8,851	Total	9,967

No amounts were payable in respect of group transfers to other schemes during 2013/14 and 2012/13.

7. Administration Expenses

2012/13 £000		2013/14 £000
1,438	Administration and processing	1,686
114	Actuarial fees	194
51	Audit fees	64
134	Legal fees	348
7	Other professional fees	-
1,744	Total	2,292

The administration and processing expenses represent a proportion of relevant officers' salaries on the basis of time spent on pension's administration and investment matters.

8. Investment Income

8.1. By type

2012/13 £000		2013/14 £000
37,863	Dividends from equity	36,299
2,558	Income from index linked securities	2,732
7,547	Income from pooled property investments	7,448
13,131	Net rent from property	14,386
587	Interest from cash deposits	56
8,660	Other	788
70,346	Total investment income showing rent from property	61,709
954	Add back: Property Operating Expenses	1,855
71,300	Total investment income showing rent from property gross	63,564

In line with latest 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.

8.2. Investment property net rental

2012/13 £000		2013/14 £000
13,783	Rental income from investment property	15,735
(661)	Direct operating expenses arising from investment property	(1,250)
13,122	Net Gain/Loss	14,485

8.3. Movement in the fair value of investment properties

2012/13				2013/14		
Freehold £000	Leasehold £000	Total £000		Freehold £000	Leasehold £000	Total £000
153,260	42,780	196,040	Balance at start of the year	146,340	49,325	195,665
416	7,541	7,957	Additions	30,272	9,539	39,811
(100)	(21)	(121)	Disposals	(9,854)	-	(9,854)
(7,236)	(975)	(8,211)	Net gain/loss on fair value	7,572	4,106	11,678
146,340	49,325	195,665	Balance at end of the year	174,330	62,970	237,300

9. Investments

9.1. Value of investments by fund manager

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

	31 March 2013		31 March 2014	
	£000	%	£000	%
Alliance Bernstein	284	-	116	-
Aviva Investors	465,315	11.9	510,407	11.8
Baillie Gifford & Co LTTG	319,870	8.2	382,891	8.9
Capital International	58	-	-	-
FIL Pensions Management	280,771	7.2	273	-
First State Investments (UK) Ltd	231,342	5.9	216,759	5.0
Goldman Sachs Asset Management International	179,980	4.6	186,598	4.3
Hermes UK Smaller Companies Focus Fund	3,314	0.1	4,492	0.1
Legal and General Investment Management	1,597,746	40.7	1,531,259	35.5
Legal and General Investment Management (currency)	(15,833)	-0.4	3,666	0.1
Longview Partners	-	-	290,099	6.7
M&G Financing Fund	16,213	0.4	14,529	0.3
M&G Investments	-	-	276,855	6.4
M&G Investments Alpha Opportunities	156,070	4.0	166,007	3.9
M&G Investments Infracapital	71,594	1.8	67,760	1.6
Marathon Asset Management Ltd	301,250	0.6	325,520	7.6
Mellon Capital Management	25,332	0.5	-	-
Nomura Asset Management UK Ltd	17	-	-	-
Partners Group Management II S.à.r.l.	43,175	1.1	59,576	1.4
Private Equity/Other	213,602	5.4	238,519	5.6
Stafford Timberland	30,972	0.8	34,912	0.8
	3,921,072	100.0	4,310,238	100.0

9.2. Reconciliation of movements in investments and derivatives for the year ended 31 March 2014

	Value at 1 April 2013 £000	Purchases £000	Net Transfers £000	Sales Proceeds £000	Change in Market Value £000	Cash Move- ment £000	Value at 31 March 2014 £000
Fixed interest securities	179,980	-	-	-	6,618	-	186,598
UK Corp	179,980	-	-	-	6,618	-	186,598
Equities	2,427,887	885,233	(65,201)	(799,971)	196,346	-	2,644,294
UK	89,363	22,180	33,073	(13,678)	(2,305)	-	128,633
Overseas	1,005,806	304,909	(20,700)	(316,123)	79,437	-	1,053,329
UK unit trusts	351,907	48,559	(104,981)	(98,113)	31,395	-	228,767
Overseas unit trusts	980,811	480,613	(479,084)	(372,057)	75,697	-	685,980
Global unit trusts	-	28,972	506,491	-	12,122	-	547,585
Index-linked securities	264,371	60,626	65,114	(27,828)	(17,287)	-	344,996
UK	264,371	60,626	65,114	(27,828)	(17,287)	-	344,996
Property	418,595	62,115	-	(32,386)	20,640	-	468,964
<i>Direct Property</i>	<i>195,665</i>	<i>39,811</i>	-	<i>(9,854)</i>	<i>11,678</i>	-	<i>237,300</i>
UK properties freehold	146,340	30,272	-	(9,854)	7,572	-	174,330
UK properties leasehold	49,325	9,539	-	-	4,106	-	62,970
<i>Property Unit Trusts</i>	<i>222,930</i>	<i>22,304</i>	-	<i>(22,532)</i>	<i>8,962</i>	-	<i>231,664</i>
Private equity	196,995	34,284	-	(39,912)	20,666	-	212,033
UK	382	-	-	-	40	-	422
Overseas	196,613	34,284	-	(39,912)	20,626	-	211,611
Infrastructure	113,567	23,609	-	(10,130)	190	-	127,236
UK	71,594	1,525	-	(7,301)	1,942	-	67,760
Overseas	41,973	22,084	-	(2,829)	(1,752)	-	59,476
Timber	30,972	5,931	-	(627)	(1,571)	-	34,705
Currency	25,332	-	(23,509)	-	(1,823)	-	-
Other Managed Funds	175,598	4,720	-	(2,383)	7,094	-	185,029
UK	175,598	4,720	-	(2,383)	7,094	-	185,029
Cash	96,481	-	-	(99,601)	99,601	(2,973)	93,508
<i>Cash deposits held at custodian/other</i>	<i>96,481</i>	-	-	<i>(99,601)</i>	<i>99,601</i>	<i>(2,973)</i>	<i>93,508</i>
Sterling	68,439	-	-	-	-	(23,727)	44,712
Foreign Currency	28,042	-	-	(99,601)	99,601	20,754	48,796
	3,929,778	1,076,518	(23,596)	(1,012,838)	330,474	(2,973)	4,297,363

	Value at 1 April 2013 £000	Purchases £000	Net Transfers £000	Sales Proceeds £000	Change in Market Value £000	Cash Move- ment £000	Value at 31 March 2014 £000
Other Investment Balances							
Assets	10,570	-	-	-	-	-	10,524
Amounts receivable for sales of investments	4,156	-	-	-	-	-	3,787
Investment income due	6,414	-	-	-	-	-	6,737
Liabilities	(3,191)	-	-	-	-	-	(1,541)
Amounts payable for purchase of investments	(2,990)	-	-	-	-	-	(1,428)
Investment withholding tax payable	(201)	-	-	-	-	-	(113)
Derivative Pending Foreign Exchange Contracts	(16,085)	-	-	-	-	-	3,892
Assets	1,925	-	-	-	-	-	4,282
Liabilities	(18,010)	-	-	-	-	-	(390)
Net Investment Assets	3,921,072						4,310,238

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

For 2013/14 the total transaction costs were £1.081m (£1.500m in 2012/13)

9.3. Reconciliation of movements in investments and derivatives for the year ended 31 March 2013.

	Value at 1 April 2012 £000	Purchases £000	Net Transfers £000	Sales Proceeds £000	Change in Market £000	Cash Move- ment £000	Value at 31 March 2013 £000
FI securities	170,600	-	-	-	9,380	-	179,980
UK Corp	170,600	-	-	-	9,380	-	179,980
Equities	2,185,607	474,042	(4,513)	(556,351)	329,102	-	2,427,887
UK	77,437	54,811	(31,027)	(23,923)	12,065	-	89,363
Overseas	1,114,687	419,231	(194,123)	(457,019)	123,030	-	1,005,806
UK unit trusts	291,304	-	30,617	(19,100)	49,086	-	351,907
Overseas unit trusts	702,179	-	190,020	(56,309)	144,921	-	980,811
Index-linked securities	127,446	81,105	47,789	(17,295)	25,326	-	264,371
UK	127,446	81,105	47,789	(17,295)	25,326	-	264,371
Property	433,905	9,659	-	(4,691)	(20,278)	-	418,595
Direct Property	196,040	7,957	-	(121)	(8,211)	-	195,665
UK properties freehold	153,260	416	-	(100)	(7,236)	-	146,340
UK properties leasehold	42,780	7,541	-	(21)	(975)	-	49,325
Property Unit Trusts	237,865	1,702	-	(4,570)	(12,067)	-	222,930
Private equity	154,424	52,040	-	(35,440)	25,971	-	196,995
UK	251	-	-	(38)	169	-	382
Overseas	154,173	52,040	-	(35,402)	25,802	-	196,613
Infrastructure	103,002	8,967	-	(6,181)	7,779	-	113,567
UK	66,762	2,208	-	(4,157)	6,781	-	71,594
Overseas	36,240	6,759	-	(2,024)	998	-	41,973
Timber	28,181	2,161	-	-	630	-	30,972
Currency	25,676	-	-	-	(344)	-	25,332
Other Managed Funds	163,410	6,955	-	(1,352)	6,585	-	175,598
UK	162,687	6,955	-	(721)	6,677	-	175,598
Overseas	723	-	-	(631)	(92)	-	-
Derivative Contracts	21	-	-	-	(21)	-	-
Futures							
Overseas equities futures	21	-	-	-	(21)	-	-
Cash	68,868	-	7,017	28,959	(28,959)	20,596	96,481
Cash deposits held at custodian/other	68,539	-	7,017	28,630	(28,630)	20,925	96,481
Sterling	40,951	-	7,017	-	-	20,471	68,439
Foreign currency	27,588	-	-	28,630	(28,630)	454	28,042
Cash deposits held in margin account at GSAM	329	-	-	329	(329)	(329)	-
Sterling	276	-	-	-	-	(276)	-
Foreign currency	53	-	-	329	(329)	(53)	-
	3,461,140	634,929	50,293	(592,351)	355,171	20,596	3,929,778

	Value at 1 April 2012 £000	Purchases £000	Net Transfers £000	Sales Proceeds £000	Change in Market £000	Cash Move- ment £000	Value at 31 March 2013 £000
Other Investment Bal- ances							
Assets	8,085	-	-	-	-	-	10,570
Amounts receivable for sales of investments	2,591	-	-	-	-	-	4,156
Investment income due	5,494	-	-	-	-	-	6,414
Liabilities	(4,611)	-	-	-	-	-	(3,191)
Amounts payable for purchase of investments	(4,484)	-	-	-	-	-	(2,990)
Investment withholding tax payable	(127)	-	-	-	-	-	(201)
Derivative pending foreign exchange contracts	21,587	-	-	-	-	-	(16,085)
Assets	21,632	-	-	-	-	-	1,925
Liabilities	(45)	-	-	-	-	-	(18,010)
Net Investment Assets	3,486,201						3,921,072

9.4. Analysis of investments by asset type

31 March 2013 £000		31 March 2014 £000
179,980	Fixed interest securities	186,598
179,980	UK quoted	186,598
2,427,887	Equities	2,644,294
89,363	UK quoted	128,633
1,005,806	Overseas quoted	1,053,329
351,907	UK Unit trusts	228,767
980,811	Overseas Unit trusts	685,980
-	Global Unit trusts	547,585
264,371	Index-linked securities	344,996
264,371	UK public sector quoted	344,996
418,595	Property	468,964
146,340	UK properties freehold	174,330
49,325	UK properties leasehold	62,970
222,930	Property unit trusts	231,664
196,995	Private Equity	212,033
382	UK unquoted	422
196,613	Overseas unquoted	211,611
113,567	Infrastructure	127,236
71,594	UK unquoted	67,760
41,973	Overseas unquoted	59,476
30,972	Timber	34,705
30,972	Overseas unquoted	34,705
25,332	Currency	-
25,332	Overseas unquoted	-
175,598	Other managed funds	185,029
175,598	UK unquoted	185,029
(16,085)	Derivative contracts	3,892
1,925	Assets	4,282
1,925	Derivative pending foreign currency contracts	4,282
(18,010)	Liabilities	(390)
(18,010)	Derivative pending foreign currency contracts	(390)
96,481	Cash Deposits	93,508
96,481	Cash deposits held at custodian/other	93,508
68,439	Sterling	44,712
28,042	Foreign currency	48,796
3,913,693		4,301,255

31 March 2013 £000		31 March 2014 £000
7,379	Other investments balances	8,983
10,570	Assets	10,524
4,156	Amounts receivable for sales of investments	3,787
6,414	Investment income due	6,737
(3,191)	Liabilities	(1,541)
(2,990)	Amounts payable for purchase of investments	(1,428)
(201)	Investment withholding tax payable	(113)
3,921,072	Net investment assets	4,310,238

9.5. Analysis of pooled investments representing 5% or more of net assets

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

31 Mar 2013		Investment Manager	Unit Trust/Pooled Vehicle	31 Mar 2014	
£000	%			£000	%
373,996	9.4%	Legal & General	North America Index	302,277	7.0%
-	-	M&G Investments	M&G Investments Global Dividend Fund	276,855	6.4%
-	-	Legal & General	FTSE RAFI AW 3000 Index	270,730	6.2%
298,158	7.5%	Legal & General	Europe (ex UK) Equity Index	223,027	5.1%
351,907	8.9%	Legal & General	UK Equity Index	121,015	2.8%
204,579	5.2%	Legal & General	Japan Equity Index	100,496	2.3%

9.6. Analysis of single investments representing 5% or more of any assets type

The Fund holds the following single investments at 31 March which are in excess of 5% of any asset class or type of security:

31 March 2013				31 March 2014	
£'000	%	Asset Type	Asset Name	£'000	%
		Equities			
13,959	15.6%	UK quoted equities	Unilever plc Ord GBP0.031	14,820	11.5%
1,882	2.1%	UK quoted equities	WPP Plc Ord GBP0.10	12,355	9.6%
1,069	1.2%	UK quoted equities	Compass Group Ord GBP0.10	12,007	9.3%
1,035	1.2%	UK quoted equities	Lloyds Banking GP Ord GBP0.1	10,564	8.2%
9,511	10.6%	UK quoted equities	Sabmiller plc Ord USD0.10	8,969	7.0%
-	-	UK quoted equities	Pearson Ord GBP0.25	8,956	7.0%
2,981	3.3%	UK quoted equities	Arm Holdings Ord GBP0.0005	7,455	5.8%
5,962	6.7%	UK quoted equities	Aggreko	2,998	2.3%
		Index-linked securities			
18,997	7.2%	UK index-linked	UK (Govt) Treasury IL Stock 2.5% 16 April 2020	19,684	5.7%
18,709	7.1%	UK index-linked	UK (Govt) Treasury IL Stock 1.875% 22 Nov 2022	19,250	5.6%
18,168	6.9%	UK index-linked	UK (Govt) Treasury IL Stock 2.5% 17 July 2024	18,436	5.3%
17,465	6.6%	UK index-linked	UK (Govt) Treasury IL Stock 1.250% 22 Nov 2027	17,845	5.2%
15,539	5.9%	UK index-linked	UK (Govt) Treasury IL Stock 1.250% 22 Nov 2055	16,960	4.9%
14,951	5.7%	UK index-linked	UK (Govt) Treasury IL Stock 1.125% 22 Nov 2037	15,704	4.6%
14,625	5.5%	UK index-linked	UK (Govt) Treasury IL Stock 2.0% 26 Jan 2035	15,095	4.4%
14,534	5.5%	UK index-linked	UK (Govt) Treasury IL Stock 1.250% 22 Nov 2032	14,950	4.3%
		Property			
15,575	8.0%	Direct property	48/49 Chancery Lane, London	17,400	7.3%
13,425	6.9%	Direct property	55-57 Dean Street, London	13,900	5.9%
11,200	5.7%	Direct property	734-736 Seven Sisters Road, London	11,500	4.8%

31 March 2013		Asset Type	Asset Name	31 March 2014	
£'000	%			£'000	%
11,060	5.7%	Direct property	971 Great West Road, Brentford	11,300	4.8%
10,450	5.3%	Direct property	74-82 Western Road, Brighton	10,400	4.4%
24,891	11.2%	Property unit trusts	Aviva Investors Property Fund	27,681	11.9%
15,165	6.8%	Property unit trusts	Blackrock UK Property Fund	16,156	7.0%
20,959	9.4%	Property unit trusts	Lothbury Property Fund	12,836	5.5%
6,372	2.9%	Property unit trusts	Industrial Property Investment Fund	12,802	5.5%
11,244	5.0%	Property unit trusts	Standard Life Property Fund Closed	12,651	5.5%
11,706	5.3%	Property unit trusts	Standard Life UK Shopping Centre	12,154	5.2%
Private equity					
11,969	6.1%	Overseas private equity	New Mountain Partners III	11,658	5.5%
8,225	4.2%	Overseas private equity	Avenue Europe Special Situations Fund II (Euro)	10,967	5.2%
11,140	5.7%	Overseas private equity	Providence TMT Debt Opportunity Fund II, LP	10,477	4.9%
11,454	5.8%	Overseas private equity	Apollo Investment Fund VII	7,578	3.6%
9,853	5.0%	Overseas private equity	Warburg Pincus Private Equity VIII	7,491	3.5%
Infrastructure					
71,594	63.0%	UK infrastructure	Infracapital Partners	67,760	53.3%
37,905	33.4%	Overseas infrastructure	Partners Group Global Infrastructure 2009 S.C.A., SICAR	42,875	33.7%
-	-	Overseas infrastructure	Partners Group Global Infrastructure 2012 LP	10,117	7.9%
4,069	3.6%	Overseas infrastructure	Partners Group Global Infrastructure 2011 S.C.A., SICAR	6,484	5.1%

31 March 2013		Asset Type	Asset Name	31 March 2014	
£'000	%			£'000	%
30,972	100%	Timber Timber	Stafford International Timberland VI Fund LP	34,705	100%
25,332	100%	Active currency UK active currency	Mellon Offshore Currency Opp Enhanced UK Equitized Fund	-	-
156,070	88.9%	Other managed funds UK other managed funds	M&G Alpha Opportunities Fund	166,007	89.7%
16,213	9.2%	UK other managed funds	M&G UK Companies Financing Fund	14,529	7.9%
41,422	42.9%	Cash UK cash deposits	BNP Paribas Investment Partners GBP	34,260	36.6%
16,645	17.3%	US\$ cash deposits	Northern Trust Liquidity Fund US\$	29,635	31.7%
24,007	24.9%	UK cash deposits	Northern Trust Liquidity Fund GBP	18,876	20.2%
5,695	5.9%	Euro cash deposits	BNP Paribas Investment Partners EURO	2,744	2.9%

9.7. Analysis of derivatives

9.7.1 Objectives and policies for holding derivatives

Most of the holdings in derivatives are to hedge liabilities or hedge exposure to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment agreement agreed between the Fund and the various investment managers.

9.7.2 Futures

There were no outstanding exchange traded futures contracts as at 31 March 2013 and 31 March 2014.

9.7.3 Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment returns, 59.8% (50.6% in 2012/13) of the Fund's portfolio is in overseas stock markets as at 31 March 2014. To reduce the volatility associated with fluctuating currency rates (currency risk) the Fund has a passive currency programme in place which is managed by Legal and General Investment Management. The Fund hedges 50% of the US Dollar, Euro and Yen exposure within the portfolios managed by the growth managers.

9.7.4 Analysis of open forward currency contracts as at 31 March 2014

Settlement	Currency Bought	Local value 000	Currency sold	Local value 000	Asset value £'000	Liability value £'000
Settled within one month						
Up to one month	AUD	(81)	DKK	(6)		
Up to one month	AUD	27,451	GBP	15,233	29	
Up to one month	AUD	11	HKD	6		
Up to one month	CAD	19,260	GBP	10,439	28	
Up to one month	CHF	28,893	GBP	19,595	24	
Up to one month	EUR	(194)	DKK	-		
Up to one month	EUR	78,824	GBP	65,204		(40)
Up to one month	GBP	14,938	AUD	27,451		(323)
Up to one month	GBP	11,020	CAD	19,260	553	
Up to one month	GBP	19,527	CHF	28,893		(92)
Up to one month	GBP	94,352	EUR	113,407	593	
Up to one month	GBP	37	HKD	478		
Up to one month	GBP	65,114	JPY	11,158,357	123	
Up to one month	GBP	8,647	SEK	92,351	103	
Up to one month	GBP	83	TRY	297		(1)
Up to one month	GBP	179,472	USD	294,317	2,933	
Up to one month	GBP	144	ZAR	2,540		(1)
Up to one month	HKD	498	SGD	-		
Up to one month	JPY	11,158,357	GBP	65,525		(535)
Up to one month	SEK	92,351	GBP	8,569		(25)
Up to one month	USD	(1)	AUD	-		
Up to one month	USD	294,317	GBP	176,936		(397)
Settled within one to six months						
One to six months	GBP	44,692	AUD	83,132		(1,332)
One to six months	GBP	32,535	CAD	60,207		(147)
One to six months	GBP	58,382	CHF	86,349		(315)
One to six months	GBP	206,733	EUR	250,459		(411)
One to six months	GBP	183,764	JPY	31,277,962	1,421	
One to six months	GBP	25,618	SEK	276,186	81	
One to six months	GBP	527,543	USD	876,327	1,623	
Forward currency contracts unsettled as at 31 March 2014					7,511	(3,619)
Net forward currency contracts as at 31 March 2014						3,892

9.7.5 Analysis of open forward currency contracts as at 31 March 2013

Settlement	Currency Bought	Local value 000	Currency sold	Local value 000	Asset value £'000	Liability value £'000
Settled within one month						
Up to one month	GBP	12,979	AUD	18,904	-	(86)
Up to one month	GBP	12,844	CAD	19,813	2	-
Up to one month	GBP	17,182	CHF	24,706	-	-
Up to one month	GBP	60	CHF	42	-	-
Up to one month	GBP	63	CHF	44	-	-
Up to one month	GBP	79,992	EUR	67,647	-	(226)
Up to one month	AUD	(18,904)	GBP	(12,979)	-	(738)
Up to one month	CAD	(19,813)	GBP	(12,844)	-	(341)
Up to one month	CHF	(24,706)	GBP	(17,182)	-	(537)
Up to one month	DKK	(33)	GBP	(4)	-	-
Up to one month	EUR	(67,592)	GBP	(79,927)	-	(2,520)
Up to one month	HKD	(47)	GBP	(4)	-	-
Up to one month	JPY	(8,554,358)	GBP	(59,919)	831	-
Up to one month	KRW	(194)	GBP	(194)	-	-
Up to one month	SEK	(8,517)	GBP	(7,983)	-	(534)
Up to one month	USD	(177,427)	GBP	(167,949)	-	(9,478)
Up to one month	DKK	(65)	GBP	(7)	-	-
Up to one month	EUR	(99)	GBP	(84)	-	-
Up to one month	MXN	(1,108)	GBP	(59)	-	-
Up to one month	SEK	(1,145)	GBP	(116)	-	-
Up to one month	USD	(259)	GBP	(171)	-	-
Up to one month	EUR	(37,824)	GBP	(31,995)	-	(240)
Up to one month	GBP	59,668	JPY	8,518,471	32	-
Up to one month	USD	16	JPY	2,300	-	-
Up to one month	USD	(16)	JPY	(24)	-	-
Up to one month	GBP	8,540	SEK	8,517	-	(23)
Up to one month	EUR	(460)	USD	(389)	-	(1)
Up to one month	EUR	587	USD	386	-	(2)
Up to one month	GBP	269,195	USD	177,282	-	(242)
Up to one month	GBP	17	ZAR	1	-	-
Settled within one to six months						
One to six months	AUD	(19,001)	GBP	(13,006)	-	(503)

Settlement	Currency Bought	Local value 000	Currency sold	Local value 000	Asset value £'000	Liability value £'000
One to six months	CAD	(18,661)	GBP	(12,087)	-	(343)
One to six months	CHF	(25,408)	GBP	(17,684)	-	(224)
One to six months	EUR	(70,609)	GBP	(59,743)	725	-
One to six months	JPY	(7,799,064)	GBP	(54,658)	154	-
One to six months	SEK	(87,853)	GBP	(8,892)	-	(199)
One to six months	USD	(238,710)	GBP	(157,243)	-	(5,162)
One to six months	AUD	(18,391)	GBP	(12,574)	-	(243)
One to six months	CAD	(15,483)	GBP	(10,026)	-	(100)
One to six months	CHF	(27,675)	GBP	(19,268)	354	-
One to six months	EUR	(68,200)	GBP	(57,718)	1,173	-
One to six months	JPY	(8,109,861)	GBP	(56,849)	1,344	-
One to six months	SEK	(91,025)	GBP	(9,211)	58	-
One to six months	USD	(227,638)	GBP	(149,964)	416	-
One to six months	AUD	(25,602)	GBP	(17,456)	115	-
One to six months	CAD	(18,807)	GBP	(12,170)	-	(1)
One to six months	CHF	(31,710)	GBP	(22,093)	-	(3)
One to six months	EUR	(79,923)	GBP	(67,670)	227	-
One to six months	JPY	(8,518,471)	GBP	(59,740)	-	(35)
One to six months	SEK	(81,649)	GBP	(8,257)	23	-
One to six months	USD	(268,938)	GBP	(177,200)	242	-
Forward currency contracts unsettled as at 31 March 2013					5,696	(21,781)
Net forward currency contracts as at 31 March 2013						(16,085)

10. Taxation

The table below provides a breakdown of the taxes paid by the Fund in the UK and overseas.

2012/13 £000		2013/14 £000
472	UK withholding tax	552
2,623	Overseas withholding tax	2,404
11	Payment to HMRC in respect of returned contributions	54
3,106	Total	3,010

11. Investment Management Expenses

2012/13 £000		2013/14 £000
15,841	Management fees	17,800
357	Custody fees	527
29	Performance monitoring services	4
459	Advisory fees	407
983	Other	1,900
17,669	Total	20,638

12. Current Assets and Liabilities

Current Assets

12.1. Analysis of current assets

31 Mar 2013 £000		31 Mar 2014 £000
Cash Balances		
5,742	Cash at bank	2,659
11,534	Cash on short term deposit < 3 months	10,979
17,276		13,638
Debtors		
5,142	Contributions due – employees	4,027
11,787	Contributions due – employers	11,073
924	Sundry debtors	3,416
17,853		18,516
35,129	Total	32,154

12.2. Analysis of debtors

31 Mar 2013 £000		31 Mar 2014 £000
	Debtors	
1,381	Central government bodies	1,789
13,877	Other local authorities	11,275
	- NHS bodies	52
646	Public corporations and trading funds	1,826
1,949	Other entities and individuals	3,574
17,853	Total	18,516

12.3. Analysis of long term debtors by type

31 Mar 2013 £000		31 Mar 2014 £000
	Long Term Debtors	
625	Financial strain installments due >12 months	374
8,789	Other employer contributions due >12 months	7,533
9,414	Total	7,907

12.4. Analysis of long term debtors

31 Mar 2013 £000		31 Mar 2014 £000
	Long Term Debtors	
8,868	Central government bodies	7,622
483	Other local authorities	235
63	Public corporations and trading funds	50
9,414	Total	7,907

12.5. Contingent assets

To protect the Fund from employer default the Funding Strategy sets out safeguards to be in place on all new admission agreements. These can include a guarantee from another Fund employer with sufficient covenant strength, and a surety bond or other contingent asset.

Current Liabilities

12.6. Analysis of current liabilities

31 Mar 2013 £000	31 Mar 2014 £000
Creditors	
(485) Contributions due – employers	(2,570)
(3,415) Investment manager fees payable	(4,176)
(3,090) Benefits payable	(5,746)
(152) Other	(433)
(7,142) Total	(12,925)

12.7. Analysis of creditors

31 Mar 2013 £000	31 Mar 2014 £000
Creditors	
(276) Central government bodies	(921)
(1,276) Other local authorities	(6,501)
- NHS bodies	(20)
(276) Public corporations and trading funds	(361)
(5,314) Other entities and individuals	(5,122)
(7,142) Total	(12,925)

12.8. Contingent Liabilities and Contractual Commitments

As at 31 March 2014 the Fund had a commitment to contribute a further £299.6m to its existing partnership investments, including private equity, infrastructure, timber and financing (£201m as at 31 March 2013). 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.

13. Additional Voluntary Contributions (AVC) Investments

AVC's are not included in the accounts in accordance with section 4(2) (b) of the Local Government Pension Scheme (Management and Investments of Funds) Regulations 2009 but are disclosed as a note only.

The AVC providers to the Fund are The Equitable Life Assurance Society, Prudential and Standard Life. The assets of these investments are held separately from the Fund. 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. A summary of the information provided by Equitable Life, Prudential and Standard Life to the Fund is shown in the table below.

2012/13 £000		2013/14 £000
5,809	Value of AVC fund at beginning of year	5,840
364	Employees contributions	413
509	Investment income and change in market value	320
(842)	Benefits paid and transfers out	(918)
5,840		5,655

14. Related Party Transactions

The Fund is required to disclose material transactions with bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. 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.

The Essex Pension Fund is administered by Essex County Council.

The Council incurred costs of £1.686m (£1.438m in 2012/13) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Fund and contributed £49.821m to the Fund in 2013/14 (£50.062m in 2012/13). No significant amounts were owing to and due to be paid from the Fund in 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 policy and strategy as agreed by the Essex Pension Fund Board on 6 March 2013. This service is provided to the Fund at a cost of £0.026m (£0.025m in 2012/13).

During the year to 31 March 2014, the Pension Fund had an average investment balance of £15.119m (£16.990m in 2012/13) earning £0.098m interest (£0.135m in 2012/13).

14.1. Governance

Under FRS 8 '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 is required to declare their interests at each meeting. None of the Essex Pension 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.

Essex County Council administers the LGPS for its own employees and numerous other bodies. Under legislation introduced in 2003/04, Councillors are also entitled to join the Pension Fund. However under new legislation introduced from 1 April 2014 the entitlement for Councillors to join the Pension Fund has now been removed. Those Members of the Essex Pension Board and Investment Steering Committee who, during 2013/14, were also members of the LGPS are listed below.

County Councillors

S.Barker
D.M Finch*
N. J Hume
M.C Lager*

Representative of scheme members

K. Blackburn

Representative of smaller employing bodies

J. Moore

Representative of the Police and Crime

S. Walsh*
C Garbett

* Membership of Essex Pension Fund Board and Investment Steering Committee ceased on 13 May 2013

As at 31 March 2014 Keith Neale, independent adviser to the Investment Steering Committee (ISC) was in receipt of pension benefits from the Fund during the financial year.

The employees of Essex County Council who held key positions in the financial management of the Essex Pension Fund during 2013/14 were the Executive Director for Corporate Services and Customer Operations, the Director for Essex Pension Fund and the Head of Essex Pension Fund. During 2013/14 approximately 3% of the Executive Director for Corporate Services and Customer Operations time was spent on the Pension Fund, with the other officers spending 100% of their time in this way.

As a consequence the short term benefits (i.e. pay) associated with the time spent by these staff working on the Fund during 2013/14 was £0.141m (£0.169m in 2012/13). The 2013/14 current service cost in respect of these personnel was £0.082m (£0.081m in 2012/13). The current service cost is the increase in the value of the Fund's future pension liabilities arising out of employees on-going membership of the Fund.

15. Actuarial Present Value of Promised Retirement Benefit

15.1. Actuarial Valuation 2013

An actuarial valuation of the Essex Pension Fund was carried out as at 31 March 2013 to determine the contribution rates with effect from 1 April 2014 to 31 March 2017.

On the basis of the assumptions adopted, the valuation revealed that the value of the Fund's assets of £3,926m (on a smoothed basis) represented 80% of the Funding Target liabilities of £4,878m at the valuation date. The valuation also showed that a common rate of contribution

of 14.3% 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.

Adopting the same method and assumptions as used for assessing the Funding Target the deficit could be eliminated by an average additional contribution rate of 7.2% of Pensionable Pay for 20 years. This would imply an average employer contribution rate of 21.5% of Pensionable Pay in total.

In practice, each individual employer's position is assessed separately and the contributions required are set out in on pages 53 to 61 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 funding plan 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 valuation was carried out using the projected unit actuarial method. Full details of the actuarial assumptions are contained within the full valuation report that is available from www.essexpensionfund.co.uk, but the main financial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	Percentage rate per annum
Rate of Discount	5.8%
Retail Price Index	3.5%
Consumer Price Index	2.7%
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	3.0%
Short term Pay Increases	In line with CPI assumptions for the 2 years to 31 March 2015
Long term Pay Increases	4.5%

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2016. Based on the results of this valuation, the contributions payable by the individual employers will be revised with effect from 1 April 2017.

15.2. 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 17. These accounting standards specify the approach taken when calculating liabilities for disclosure in an employer's annual accounts. IAS 19 / FRS 17 does not determine the employer contribution.

The Actuarial Valuation (described above) determines employer contributions. The assumptions and methodology used are set out in the Actuarial Valuation report and the Funding Strategy Statement and are not determined by IAS 19/FRS 17.

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

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

In order to assess the present value of the Fund's obligation on this basis, the Actuary, allowing for the different financial assumptions required under IAS 19 has used a roll forward approach in valuing the Fund's liabilities which were last calculated at the triennial actuarial valuation as at 31 March 2013.

Liabilities are valued using a discount rate based on corporate bond yields. At 31 March 2014 the Actuary has used the point of the Merrill Lynch AA-rated corporate bond curve which is closest to the duration of the Fund's liabilities.

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 2014 is 18 years which in turn means a discount rate of 4.4% per annum (4.3% as at 31 March 2013). The value of the Fund's promised retirement benefits as at 31 March 2014 was £6,515m (£6,585m as at 31 March 2013).

Similar calculations were carried out as per the prior actuarial valuation date of 31 March 2010, using the same actuarial assumptions as those used for funding purposes at that date, other than the discount rate where a rate of 5.6% per annum was used. On this basis, the value, for IAS 26 purposes, of the Fund's promised retirement benefits at that date was £4,720m.

16. Financial Instruments

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

16.1. Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and Net Asset Statement headings. No financial assets were reclassified during the accounting period.

31 March 2013				31 March 2014		
Designated as fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised cost £000		Designated as fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised cost £000
			Financial assets			
179,980	-	-	Fixed interest securities	186,598	-	-
2,427,887	-	-	Equities	2,644,294	-	-
264,371	-	-	Index linked securities	344,996	-	-
222,930	-	-	Property unit trusts	231,664	-	-
196,995	-	-	Private equity	212,033	-	-
109,498	-	-	Infrastructure	120,752	-	-
30,972	-	-	Timber	34,705	-	-
25,332	-	-	Active currency	-	-	-
175,598	-	-	Other managed funds	185,029	-	-
1,925	-	-	Derivative contracts	4,282	-	-
-	113,757	-	Cash deposits	-	107,146	-
10,570	-	-	Other investment balances	10,524	-	-
-	27,267	-	Debtors	-	26,423	-
3,646,058	141,024	-		3,974,877	133,569	-
			Financial liabilities			
(18,010)	-	-	Derivative contracts	(390)	-	-
(3,191)	-	-	Other investments balances	(1,541)	-	-
-	-	(7,142)	Creditors	-	-	(12,925)
-	-	-	Borrowing	-	-	-
(21,201)	-	(7,142)		(1,931)	-	(12,925)
3,624,857	141,024	(7,142)	Balance by classification at end of the year	3,972,946	133,569	(12,925)
		3,758,739	Total at end of year			4,093,590

16.2. Net gains and losses on financial instruments

31 March 2013 £000		31 March 2014 £000
	Financial assets	
392,897	Fair value through profit and loss	219,266
(28,959)	Loans and receivables	99,601
363,938		318,867
	Financial liabilities	
-	Fair value through profit and loss	-
-	Loans and receivables	-
-	Financial liabilities measured at amortised cost	-
-		-
363,938	Total	318,867

16.3. Fair value of financial instruments and liabilities

31 March 2013			31 March 2014	
Carrying value £000	Fair value £000		Carrying value £000	Fair value £000
		Financial assets		
3,646,058	3,646,058	Fair value through profit and loss	3,974,877	3,974,877
141,024	141,024	Loans and receivables	133,569	133,569
3,787,082	3,787,082	Total financial assets	4,108,446	4,108,446
		Financial liabilities		
(21,201)	(21,201)	Fair value through profit and loss	(1,931)	(1,931)
-	-	Loans and receivables	-	-
(7,142)	(7,142)	Financial liabilities measured at amortised cost	(12,925)	(12,925)
(28,343)	(28,343)	Total financial liabilities	(14,856)	(14,856)
3,758,739	3,758,739	Total net financial assets	4,093,590	4,093,590

16.4. Valuation of financial instruments carried at fair value

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

16.4.1. Level 1

Financial instruments 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.

16.4.2. Level 2

Financial instruments 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.

16.4.3. Level 3

Financial instruments 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 following table provides an analysis of the financial 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 2013				Values as at 31 March 2014		
Level 1 Quoted market prices £000	Level 2 Using observable inputs £000	Level 3 Significant unobservable inputs £000		Level 1 Quoted market prices £000	Level 2 Using observable inputs £000	Level 3 Significant unobservable inputs £000
2,884,733	423,860	337,465	Financial assets	3,190,694	416,693	367,490
141,024	-	-	Fair value through profit and loss	133,569	-	-
			Loans and receivables			
3,025,757	423,860	337,465	Total financial assets	3,324,263	416,693	367,490
			Financial liabilities			
(21,201)	-	-	Fair value through profit and loss	(1,931)	-	-
-	-	-	Loans and receivables	-	-	-
(7,142)	-	-	Financial liabilities measured at amortised cost	(12,925)	-	-
(28,343)	-	-	Total financial liabilities	(14,856)	-	-
2,997,414	423,860	337,465	Total net assets per level	3,309,407	416,693	367,490
		3,758,739	Total net assets			4,093,590

17. Nature and extent of risks arising from financial instruments

17.1. Risk and risk management

The Fund's primarily 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 cashflows. The Council manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Investment Steering Committee (ISC). Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

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

17.3. 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 also 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. The LGPS investment regulations also contain prescribed limits to avoid over-concentration in specific areas.

17.4. 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 2013/14. The percentages shown below are broadly consistent with a movement of one standard deviation in the value of the Fund's assets and assumes that all other variables in particular foreign exchange rates and interest rates remain unchanged.

31 Mar 2013 Potential market movements (+/-)	Asset type	31 Mar 2014 Potential market movements (+/-)
10.0%	UK bonds	8.7%
15.5%	UK equities	16.1%
19.4%	Overseas equities	19.4%
7.9%	UK index linked bonds	6.5%
14.5%	Pooled property unit trusts	14.7%
27.5%	Private equity	28.0%
14.5%	Timber	14.7%
14.5%	Infrastructure funds	14.7%
14.5%	Property	14.7%
0.8%	Cash	0.6%
19.4%	Active currency	19.4%

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

31 Mar 2013 £000	%	Value on increase £000	Value on decrease £000	Asset type	31 Mar 2014 £000	%	Value on increase £000	Value on decrease £000
96,481	0.8%	97,253	95,709	Cash and equivalents	93,508	0.6%	94,069	92,947
				Investment portfolio assets				
179,980	10.0%	197,978	161,982	UK bonds	186,598	8.7%	202,832	170,364
89,363	15.5%	103,214	75,512	UK equities	128,633	16.1%	149,343	107,923
1,005,806	19.4%	1,200,932	810,680	Overseas equities	1,053,329	19.4%	1,257,675	848,983
351,907	15.5%	406,453	297,361	UK equities unit trusts	228,767	16.1%	265,598	191,936
980,811	19.4%	1,171,088	790,534	Overseas equities unit trusts	685,980	19.4%	819,060	552,900
-	-	-	-	Global unit trusts	547,585	19.4%	653,816	441,354
264,371	7.9%	285,256	243,486	UK index linked bonds	344,996	6.5%	367,421	322,571
222,930	14.5%	255,255	190,605	Pooled property unit trusts	231,664	14.7%	265,719	197,609
196,995	27.5%	251,169	142,821	Private equity	212,033	28.0%	271,402	152,664
113,567	14.5%	130,034	97,100	Infrastructure	127,236	14.7%	145,940	108,532
30,972	14.5%	35,463	26,481	Timber	34,705	14.7%	39,807	29,603
25,332	19.4%	30,246	20,418	Active currency	-	19.4%	-	-
175,598	14.5%	201,060	150,136	Other managed funds	185,029	14.7%	212,228	157,830
195,665	14.5%	224,036	167,294	Property	237,300	14.7%	272,183	202,417
(16,085)	-	(16,085)	(16,085)	Net derivative assets	3,892	-	3,892	3,892
6,414	-	6,414	6,414	Investment income due	6,737	-	6,737	6,737
(201)	-	(201)	(201)	WHT payable	(113)	-	(113)	(113)
4,156	-	4,156	4,156	Amounts receivable for sales	3,787	-	3,787	3,787
(2,990)	-	(2,990)	(2,990)	Amounts payable for purchases	(1,428)	-	(1,428)	(1,428)
3,921,072		4,580,731	3,261,413	Total assets available to pay benefits	4,310,238		5,029,968	3,590,508

17.5. Sensitivity of funding position to market conditions and investment performance

Market conditions and the underlying investment performance of the Fund's assets will have a direct impact on the funding position, albeit that a smoothed rather than spot rate methodology is used by the Fund's Actuary.

Barnett Waddingham's approach adopted at the 2013 Actuarial Valuation includes 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 2013 to 30 June 2013. The discount rate is based on the expected investment return from the Fund's assets.
- the market value of assets at 31 March 2013 is then adjusted to also be smoothed over the same six month period so that a consistent comparison can be made with the liabilities.

17.6. Interest rate risk

The Fund invests in financial assets for the primary 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 Legal & General and two bond mandates with M&G Investments (M&G) and Goldman Sachs Asset Management (GSAM) which their exposure is actively managed.

The Fund's direct exposure to interest rate movements as at 31 March 2014 and 31 March 2013 are shown below. The underlying assets are shown at their fair value.

31 Mar 2013 £000	Asset Type	31 Mar 2014 £000
96,481	Cash and cash equivalents	93,508
17,276	Cash balances	13,638
179,980	Fixed interest securities	186,598
264,371	Index-linked securities	344,996
558,108	Total	638,740

17.7. Interest rate sensitivity analysis

Interest rates over the last 24 months 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 100 basis points 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 100 basis points change in interest rates assuming all other factors remain unchanged.

Carrying Amount as at 31 Mar 2013 £000	Change in year in the net assets to pay benefits +100 BPS £000	-100 BPS £000	Asset type	Carrying Amount as at 31 Mar 2014 £000	Change in year in the net assets to pay benefits +100 BPS £000	-100 BPS £000
96,481	965	(965)	Cash and cash equivalents	93,508	935	(935)
17,276	173	(173)	Cash balances	13,638	136	(136)
179,980	1,800	(1,800)	Fixed interest securities	186,598	1,866	(1,866)
264,371	2,644	(2,644)	Index-linked securities	344,996	3,450	(3,450)
558,108	5,582	(5,582)	Total change in assets available	638,740	6,387	(6,387)

17.8. 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 the ISC has put in place a passive currency overlay programme which is managed by Legal and General Investment Management. The Fund hedges 50% of the US Dollar, Euro and Yen exposure within the portfolios managed by the growth managers.

The following table summaries the Fund's currency exposure as at 31 March 2014 and 31 March 2013:

Asset value as at 31 Mar 2013 £'000	Currency exposure - asset type	Asset value as at 31 Mar 2014 £'000
1,005,806	Overseas equities quoted	1,053,329
980,811	Overseas unit trusts	685,980
-	Global unit trusts	547,585
196,613	Overseas private equity	211,611
41,973	Overseas infrastructure	59,476
30,972	Overseas timber	34,705
2,256,175	Total overseas assets	2,592,686

17.9. Currency risk sensitivity analysis

In consultation with the Fund's institutional consultant, Hymans Robertson the Fund considers the likely volatility associated with exchange rate movements to be in the region of 13% (12% as at 31 March 2013) (approximately one standard deviation) assuming other factors remain constant.

The table below shows the effect of a 13% (12% as at 31 March 2013) 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:

31 Mar 2013 £'000	Change in year in the net assets to pay benefits +12% £'000	-12% £'000	Asset type	31 Mar 2014 £'000	Change in year in the net assets to pay benefits +13% £'000	-13% £'000
1,005,806	1,126,503	885,109	Overseas equities quoted	1,053,329	1,190,262	916,396
980,811	1,098,508	863,114	Overseas unit trusts	685,980	775,157	596,803
-	-	-	Global unit trusts	547,585	618,771	476,399
196,613	220,207	173,019	Overseas private equity	211,611	239,120	184,102
41,973	47,010	36,936	Overseas infrastructure	59,476	67,208	51,744
30,972	34,689	27,255	Overseas timber	34,705	39,217	30,193
2,256,175	2,526,917	1,985,433	Total change in assets available	2,592,686	2,929,735	2,255,637

17.10. 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.

17.11. 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 reconciliation both member information and the contributions paid over in the year by both the employee and the employer.

The Funding Strategy Statement requires safeguards to be in place on all new admission agreements to protect the Fund from an employer default, through a guarantee from a tax backed scheme employer for any new body. An analysis of debtor balances at 31 March 2014 is provided in Note 12.

17.12. Foreign currency contracts

Forward currency contracts are undertaken by Legal & General for the passive currency overlay programme and by the Fund's appointed fund managers. The largest single contracts are entered into for the overseas equity passive currency overlay; the counterparties on these contracts as at 31 March 2014 are shown in the table below. The counterparty on contracts entered into by other investment managers is at the discretion of those managers. All parties entering into forward contracts on behalf of the Fund are FSA regulated and meet the requirements of the LGPS (Management & Investment of Funds) Regulations 2009. Further details of forward foreign exchange contracts are provided in note 9.

Exposure at 31 March 2013		Counterparty	Exposure at 31 March 2014	
£000	%		£000	%
148,850	8.7%	Barclays Capital	210,137	11.6%
225,711	13.3%	BNP Paribas Capital Markets	66,410	3.7%
-	-	Citigroup	266,650	14.8%
133,072	7.8%	Australian Commonwealth Bank	-	-
201,007	11.8%	Credit Suisse AG	198,546	11.0%
187,096	11.0%	Deutsche Bank AG	179,669	9.9%
181,720	10.7%	J P Morgan Securities	234,581	13.0%
82,881	4.9%	Lloyds	26,148	1.4%
-	-	Merrill Lynch	59,057	3.3%
140,605	8.3%	RBC Europe	90,418	5.0%
-	-	RBS	118,333	6.6%
4,349	0.3%	SEB	-	-
194,796	11.5%	SG Securities	100,508	5.6%
184,288	10.8%	UBS	40,831	2.3%
16,162	0.9%	Westpac Bank Corp	213,637	11.8%
1,700,537	100%	Total	1,804,925	100%

17.13. Futures

There were no open futures contracts as at 31 March 2014 and 31 March 2013 respectively.

17.14. 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 passive manager, Legal & General, the Fund has two active bond managers M&G and GSAM, the former also manage a financing fund.

Both M&G and GSAM manage pooled assets against a LIBOR plus benchmark. At 31 March 2014, the average credit quality of the M&G bond mandate was BBB+ rated (A rated as at 31 March 2013) and the portfolio has suffered 4 defaults since inception, none have been experienced in the financial year ending 31 March 2014. The average credit rating of the financing fund was BB+ rated as at 31 March 2014 (BB rated as at 31 March 2013) and the portfolio has not suffered any defaults since inception. The portfolio managed by GSAM as at 31 March 2014 had an average credit quality of AA+ (AA rated as at 31 March 2013) and has suffered 2 defaults since inception, both occurring 2011/12.

17.15. 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 TSB Bank plc, which is also banker to the Administering Authority. The bank holds an A- (A in 2012/13) long term credit rating with Standard and Poors. Cash is invested with Lloyd's TSB 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 Board. The Board have approved the management of cash in accordance with the policies and practices followed by the Administering Authority for its own investments as outlined in the CIPFA Code of Practice for Treasury Management in the Public Services. The Administering Authority sets detailed credit criteria having taken independent advice and has maximum exposure limits to any single institution. Details of such are shown in the tables below.

At 31 March 2014, £13.638m (£17.276m as at 31 March 2013) 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. The historical experience of default from AAA rated entities detailed in the table below is nil. As at 31 March 2014, the total balance held in Sterling, US dollar and Euro AAA money market funds was £85.515m with a smaller balance of £7.748m held in the Northern Trust current account (£87.769m and £8.342m as at 31 March 2013 respectively). The use of money market funds provides an underlying diversification of counter-party 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 Mar 2013 £000	Rating	Cash Balances	Rating	31 Mar 2014 £000
		Cash managed externally		
		Cash held on deposit		
47,117	AAA	BNP Paribas Investment Partners	AAA	37,004
40,652	AAA	Northern Trust	AAA	48,511
87,769				85,515
		Cash held in current account		
4	AA	The Bank of New York Mellon	AA	-
8,342	AA-	Northern Trust	AA-	7,748
366	A+	Barclays plc	A	245
8,712				7,993
96,481		Total cash managed externally		93,508
		Cash managed Internally		
		Cash held on deposit		
3	A+	Barclays Bank	A	2
6,510	AA-	HSBC	AA-	7,473
-	AAA	IGNIS	AAA	1,502
5,019	A	Royal Bank of Scotland Group	BBB	2,001
11,532				10,978
		Cash held in current account		
5,744	A	Lloyds TSB Bank plc	A-	2,660
17,276		Total cash managed internally		13,638
113,757		Total		107,146

The following table summarises the maximum exposure to credit risk of the cash held with Northern Trust and other financial institutions.

31 Mar 2013 £000		31 Mar 2014 £000	Maximum limit per financial institution £'000	Historical risk of default %	Estimated maximum exposure to default and uncollectability £'000
	Cash managed externally				
	Deposit with bank and other financial institutions				
87,769	AAA rated	85,515	60,000	-	-
8,346	AA rated	7,748	-	0.02%	2
366	A rated	245	-	0.09%	-
96,481	Total cash managed externally	93,508			2
	Cash managed Internally				
	Deposit with bank and other financial institutions				
-	AAA rated	1,502	10,000	-	-
6,510	AA rated	7,473	10,000	0.02%	1
10,766	A rated	2,662	5,000	0.09%	2
-	BBB rated	2,001	5,000	0.20%	4
17,276	Total cash managed Internally	13,638			7
113,757	Total cash	107,146			9

17.16. 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's allocation to alternative investments, which are relatively illiquid, was as a result of a review of strategic asset allocation on 24 February 2014, 24.5% of the Fund's assets. The Fund is relatively immature with almost as many contributors as pensioners, dependants and deferred pensioners. In consequence the Fund has a positive cash flow and is able to pay benefits from contributions 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 2014 had immediate access to its pension fund cash holdings held internally and externally of £107.146m (£113.757m as at 31 March 2013). 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 Statement of Investment Principles outlines the appropriate strategic level of cash balances that the Fund can hold. More detail can be found in Section 6. In consultation with its institutional consultants, Hymans Robertson, the Fund is currently preparing a future cashflow forecast modelling tool which will incorporate the effects of the potential regulatory changes to the future of the scheme which is due to take effect in 2014/15.

17.17. Refinancing risk

Refinancing risk is the risk of the Fund replenishing a significant proportion of its financial assets at a time of unfavourable interest rates. The Fund is not subject to this particular risk as it does not hold any assets that would require refinancing in the future.

17.18. Custody

In 2012 the Fund appointed Northern Trust, replacing the Bank of New York Mellon as its global custodian with responsibility for safeguarding the assets of the Fund. As at 31 March 2014 Northern Trust had \$5.58 trillion of assets under custody (31 March 2013, \$5.02 trillion).and had a credit rating of AA- (31 March 2013, AA-) Monthly reconciliations are performed between the underlying records of the custodian and all investment managers and partnerships of the Fund.

17.19. Investment management

The Fund has appointed a number of segregated and pooled fund managers to manage portions of the Fund. An Investment Management Agreement is in place for each relationship. All appointments meet the requirements set out in the LGPS (Management and Investment of Funds) Regulations 2009. Reports on manager performance are monitored by the ISC on a quarterly basis. The Fund makes use of the Custodian's performance measurement service. In addition to presenting to the ISC, managers also meet with Fund officers and advisers to review progress on an annual basis.

17.20. Post Balance Sheet Event

Probation Transfer

As at 31 March 2014 the transfer of probation services from Probations Trusts to Community Rehabilitation Companies and National Probation Services is due to take place on 1 June 2014. As part of the transfer probation services liabilities will transfer to the Greater Manchester Pension Fund for administration by Tameside Metropolitan Borough Council.

All membership will transfer as with effect from the transfer date the liability to pay benefits or a refund of contributions under the Scheme to and in respect of these members will transfer to the Greater Manchester Pension Fund. Early calculations estimate that approximately £55m will be transferred.

The Local Government Pension Scheme (LGPS) 2014

From the 1st April 2014, a new scheme has been introduced for the LGPS which governs benefits to staff and their contributions into the Pension Fund. The main features of this scheme are as follows-

1. The new LGPS 2014 scheme design is based on career average pay and pensions will accrue at a rate of 1/49th of actual pay received in each scheme year, which runs from 1st April to 31st March.
2. The definition of pensionable pay has been amended and now includes voluntary overtime as a pensionable element. There has also been a change in the way pay lost during periods of sickness and Ordinary maternity, paternity or adoption leave is added. The pay for the scheme year is now increased by Assumed Pensionable Pay (APP) if there is a reduction of pay received during any of these periods. The annual rate of APP is also used to calculate the pension for additional years of service awarded for death in service or ill health retirement.
3. The pension revaluation is in line with a specified price index, currently this is CPI. Normal pension age (NPA) for both active members and members with deferred pension entitlements is linked to the State Pension Age (SPA) so that if a person's SPA rises, then NPA under the scheme will also rise for all LGPS 2014 service. A pension entitlement is available after 2 years membership (as opposed to 3 months in the LGPS 2008).
4. The Government expects average member contribution yield to be 6.5% (about the same yield as available under the LGPS 2008) with tiered contribution bands ranging from 5.5% of pay to 12.5% of pay rather than 5.5% to 7.5% under the LGPS 2008. Despite the widening of rates the overall yield stays the same because part-time employees will make contributions based on actual pay rather than full time equivalent pay in the LGPS 2008.

As at 31 March 2013 there was no balance sheet events.

Statement by External Auditors

Independent Auditor's Statement to the Members of Essex County Council on the Pension Fund Financial Statements

We have examined the pension fund financial statements for the year ended 31 March 2014, which comprise the Fund Account, the Net Assets Statement and the related notes 1 to 17.

This report is made solely to the members of Essex County Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Director for Corporate Services and Customer Operations and the auditor

As explained more fully in the Statement of the Executive Director for Corporate Services and Customer Operations' Responsibilities set out on page 76, the Executive Director for Corporate Services and Customer Operations is responsible for the preparation of the pension fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements in the statement of accounts of Essex County Council and its

compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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 Introduction and overview, Governance arrangements, Investments, Administration, Scheme actuary and Other information.

We conducted our work in accordance with guidance issued by the Audit Commission. Our report on the administering authority's full annual statement of accounts describes the basis of our opinions on those financial statements.

Opinion

In our opinion, the pension fund financial statements are consistent with the full annual statement of accounts of Essex County Council for the year ended 31 March 2014 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

We have not considered the effects of any events between the date we signed our report on the full annual statement of accounts on 24 September 2014 and the date of this statement.

Baldeep Singh

**for and on behalf of Ernst & Young LLP,
Appointed Auditor
Reading**

17 November 2014

SECTION 6

OTHER INFORMATION

ESSEX PENSION FUND

Statement of Investment Principles

27 November 2013

This is the Statement of Investment Principles (the “Statement”) of the Essex Pension Fund as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (the “2009 Regulations”).

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 Investment Steering Committee (“ISC”). Responsibility for the day to day management of the Fund has been delegated to the Executive Director for Corporate Services.

This statement has been adopted by the ISC.

The Statement is subject to review at least annually and from time to time on any material change in investment policy or other matters as required by law. In preparing this statement,

the Committee has consulted with the Fund’s employers, investment managers, custodian, actuary, internal & external auditors and has considered advice from the Investment Practice of Hymans Robertson LLP.

The responsibilities of relevant parties are set out in appendix B.

The core investment beliefs, adopted by the ISC are set out in appendix D.

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 dependents, on a defined benefits basis.

This primary objective has been converted to a funding objective (as set out in the Fund’s Funding Strategy Statement) which states the following objectives in relation to the investment strategy:

To achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters;

To recognise the desirability of maintaining as nearly constant employer contributions as possible;

To have consistency between the investment strategy and funding strategy;

To maintain liquidity in order to meet projected net cash-flow outgoings; and

To maximise returns within an acceptable risk profile.

This funding position will be reviewed at each triennial actuarial valuation, with interim reviews occurring in the years between triennial valuations.

Investment Strategy

The Committee has translated its objectives into a suitable strategic asset allocation benchmark and structure for the Fund (set out in appendix A) 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.

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 has appointed 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, 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. 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 A.

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 differences and other derivatives either directly or in pooled funds 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.

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 a formal risk register. An extract of the risk register relating to funding and investment is included in Appendix E. However, in summary, the principal risks affecting the Fund (including their reference code within the risk register) are:

Funding risks:

- Financial mismatch – F1. The risk that Fund assets fail to grow in line with the developing cost of meeting Fund liabilities. F8. 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 – F4. The risk that longevity improves and other demographic factors change increasing the cost of Fund benefits.
- Systemic risk - I2 & F3. 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 – I1 & I2. 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 – I11. The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Manager underperformance – I6. The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

Other provider risks – I13:

- 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:

The approach the ISC adopts to managing these risks is also addressed in Appendix E. However, 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;
- Assessments of the levels of risk taken by the Fund;
- Diversification of asset classes and managers; and
- Regular review and monitoring.

Full descriptions of these risks, including the mitigating actions taken by the ISC, are set out in appendix E. In addition, the investment limits the Fund operates to are set out in appendix C.

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.

Realisation of investments

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

Social, Environmental and Ethical Considerations

The ISC does not place restrictions on investment managers in choosing investments in quoted companies except in limiting the size of single investments. We expect the companies in which we invest to adopt and pursue socially responsible business practices. The ISC will intervene if investments are made in companies whose behaviour is seen as unacceptable because of environmental considerations and other social implications. Intervention is likely to be extremely rare as companies are aware of the increasing sensitivity of investors.

Exercise of Voting Rights

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.

Stock Lending

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

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.

List of appendices

Appendix A – Fund Strategy and structure

Appendix B – Responsibilities

Appendix C – Investment Limits

Appendix D – Core Investment principles

Appendix E – Investment and funding risk register

Appendix F – Statement of Compliance - Myners principles

Appendix A – Fund Strategy and structure

Summary

Equities			Bonds			Alternatives		
	Manager	Target %		Manager	Target %		Manager	Target %
UK	LGIM	5.0	Index-linked gilts	LGIM	2.5	Property	Aviva	15.0
Regional	LGIM	16.0	Active Cash plus	GSAM	5.5	Private equity	Hamilton Lane	4.0
Global	Marathon	35.0		M&G	5.5	Infrastructure	M&G	4.0
	LGIM		-	-	Partners Group			
	Fidelity		-	-	Timber	Stafford	2.0	
	Baillie Gifford		-	-	Loans	M&G	0.5	
	RAFI							
Emerging	First State	5.0	-	-	-	-	-	-
Total		61.0	Total		13.5	Total		25.5

The Fund also hedges 50% of the currency risk arising from its investment in overseas equities via a hedging mandate with L&G.

	Swing				Equity Active global mandates					Bonds Active mandates		Alternatives					
	Effective Benchmark	L&G Equity	L&G Bonds	L&G RAFI	Longview	Marathon	Baillie Gifford LTGG	M&G	First State	GSAM	M&G	Property	Timber	Currency	Infrastructure	Financing	Private Equity
Fund Weighting	100.0	22.0	2.5	7.0	7.0	7.0	7.0	7.0	5.0	5.5	5.5	12.0	2.0		6.0	0.5	4.0
UK equities (All Cap)	3.7	16.8															
UK equities (Mid/Small Cap)	1.9	8.6															
Global equities	35.0			100.0	100.0	100.0	100.0	100.0									
North America	7.2	32.7															
Europe	5.3	24.1															
Japan	2.5	11.3															
Pacific ex-Japan	1.4	6.5															
Emerging markets	5.0								100.0								
Total Equities	62.0	100.0		100.0	100.0	100.0	100.0	100.0	100.0								
UK index linked	2.5		100.0														
UK Gilts																	
UK Corps																	
Libor+	11.0									100.0	100.0						
Total bonds	13.5		100.0							100.0	100.0						
Infrastructure	6.0														100.0		
Timber	2.0												100.0				
Private equity	4.0																100.0
Property	12.0											100.0					
Financing	0.5															100.0	
Currency														100.0			
Total alternatives	24.5											100.0	100.0	100.0	100.0	100.0	100.0
Total	100.0	100.0	100.0		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Appendix B – Responsibilities

Detail

ISC Responsibilities

- To approve and annually review the content of the SIP.
- To appoint and review investment managers, custodian and advisors.
- To assess the quality and performance of each investment manager annually in conjunction with investment advisers and Executive Director for Corporate Services.
- To set the investment parameters within which the investment managers can operate and review these annually.
- To monitor compliance of the investment arrangements with the SIP.
- To assess the risks assumed by the Fund at a global level as well as on a manager by manager basis.
- To approve and review the asset allocation benchmark for the Fund.
- To submit quarterly reports on its activities to the Essex Pension Fund Board.

Executive Director for Corporate Services ('EDCS') 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 Board).

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.

External Advisers

Hymans Robertson

- 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 independent performance monitoring provider, 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, SIP and Funding Strategy Statement.

Appendix C – Investment Limits

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.
- 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 (Ernst & Young) 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 statement 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 Section 151 Officer that Fund investment systems and records are properly controlled to safeguard the Fund's assets.

The overriding limits that apply for the different types of pension fund investments are set out in the Regulations. These regulations allow an administering authority to increase some of those limits up to specified amounts. When deciding to increase or review limits, the Administering Authority must:

- take account of proper advice and of the factors in Regulation 9 (3) of the Regulations (the advisability of investing fund money in a wide variety of investments and the suitability of particular investments and types of investments); and
- the decision must specify certain matters and those matters must be published in a revised statement of investment principles before they can take effect.

Having taken proper advice, from both external investment advisers and its own officers, and having taken account of the factors in Regulation 11(2) of the Regulations, the ISC has decided to increase the following investment limits as set out below:

the description of the investment	all contributions to any single partnership	all contributions to partnerships	investment in any single insurance contract
the limit on the amount of the investment	limit increased from 2% of total fund to 3% of total fund	limit increased from 15% of total fund to 30% of total fund	from 25% of the total fund to 35% of the total fund
the reason for the decision	to permit up to 3% of the total fund to be invested in a single infrastructure fund organised as a partnership	to permit additional investment in private equity, infrastructure, shareholder activism and property partnerships	to permit additional investment in the pooled funds of the Fund's passive index tracking manager
the period for which the decision will apply;	for a period of 10 years from 31 March 2008.	for a period of 10 years from 31 March 2008.	for a period of 10 years from 27 July 2005

The above decisions comply with the Regulations.

General Fund Investment Restrictions

The Fund is subject to the overall restrictions specified in the Regulations, modified in certain instances by the Administering Authority as set out above. In addition the Council has determined that the following restrictions should be applied:

For the Fund as a whole

Asset allocation benchmarks will be set by the ISC to ensure that the Fund's assets are adequately diversified.

The cash holdings of individual investment managers will be monitored and reported upon.

Residual cash held in house by the Administering Authority on behalf of the Fund shall not normally exceed £5m unless in line with investment policy.

For each individual Investment Manager

Approval must be sought by each individual investment manager for any new investments in the unlisted securities of companies, in-house unit trusts, open-ended investment companies or insurance contracts, including sub-underwriting contracts.

Individual investment managers must not hold more than 5% of equity capital of an individual company on behalf of the Fund. However, in exceptional circumstances, the EDCS may increase this limit to 10%, but details of these must be reported to the next ISC meeting. Managers are responsible for reporting any possible exceptions before they occur. The use of derivatives is restricted to efficient portfolio management in circumstances where the impact on any mandate or on the fund overall is tightly controlled by explicit limits on risk that have been explicitly agreed by the ISC. A cap of 10% of the total value of each investment manager's portfolio on the total economic exposure to derivatives must not be exceeded without the prior consent of the EDCS.

Hedging of the overseas currency exposure of the Fund is permitted for the purpose of protecting against possible adverse fluctuations in the pounds sterling values of investments or cash in the Fund denominated otherwise than in pounds sterling. Managers will be allowed some latitude to use forward currency contracts to implement active currency views, provided that the aggregate risks across the portfolio remain within the limits explicitly agreed by the ISC under the terms of the mandate.

Underwriting of shares can only be undertaken for investment purposes and must not be entered into for short term trading. Investments of cash by investment managers must be in line with their individual management agreements which limit the amount that can be invested in any single institution.

Controls have been agreed on the extent of the positive positions which a manager can take on individual UK equities relative to the proportion which that stock represents in the index. Where the market weighting of an individual stock exceeds 10% of the Index, exposure to that stock is limited to 2% more than the market weighting as a proportion of the overall UK equities in the mandate. The monitoring of holdings is the responsibility of the individual investment managers.

Partnership Investments

The ISC will scrutinise proposed partnership agreements and only enter into them if the terms of the agreements are appropriate and the purpose of the partnership supports the asset allocation strategy. The amount invested in any single partnership at the time of commitment must not exceed 3% of the Fund. Total investment in all partnerships at the time of commitment must not exceed 30% of the Fund.

Appendix D – 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 20 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.

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.

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.

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.

Appendix E – Investment and funding risk register

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Investment Risks										
Investments	To maximise the returns from investments within reasonable risk parameters	I1	If investment return is below that assumed by the Actuary in funding the plan this could lead to an increasing deficit and additional contribution requirements. The larger the level of mismatch between assets and liabilities the bigger this risk.	4	3	12	Diversified portfolio; Annual Strategy Review; Asset Liability Study, extended recovery periods to smooth contribution increases.	3	3	9
Investments	To maximise the returns from investments within reasonable risk parameters	I2	Inefficiencies within the portfolio can result in unintended risks	3	3	9	Diversified portfolio; Annual Strategy Review; Quantification of individual components of financial risks, Hedging of some risks, Obtain expert advice	2	1	2

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Investments	To maximise the returns from investments within reasonable risk parameters	13	If investment returns are below peer group funds, or risk levels are excessive relative to peer group, this could lead to reputational damage for the Fund or member/admitted body dissatisfaction.	3	3	9	Regular monitoring; Annual Strategy Review; Targeting most efficient portfolio	2	2	4
Investments	To maximise the returns from investments within reasonable risk parameters	14	Risk of missing opportunities to maximise returns	2	3	6	Regular monitoring; more than one investment adviser; dialogue with existing managers to encourage new ideas; peer group dialogue	2	2	4
Investments	To maximise the returns from investments within reasonable risk parameters	15	If investment strategy is inconsistent with Funding Plan then it can lead to employers paying the incorrect contribution rate	4	3	12	Triennial Reviews linked with Funding Strategy & Investment Strategy. Asset Liability Study; SIP; Interim Reviews; co-ordination between actuary and investment consultant. A specific scorecard measure on this matter is in place.	2	1	2

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Investments	To maximise the returns from investments within reasonable risk parameters	16	Fund managers underperform their benchmarks	2	2	4	Manager selection process and due diligence; manager monitoring across wide range of issues; diversified portfolio of managers; setting of appropriate benchmarks	2	1	2
Investments	To ensure the Fund is properly managed	17	Inappropriate or uninformed decisions e.g. due to lack of understanding / training	3	3	9	Training and experience of ISC members; monitoring of knowledge and understanding; an institutional investment adviser and an independent adviser have been appointed; training and experience of in house team; papers prepared in advance of decisions being made; Annual Strategy Review sets plan for year	1	2	2

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Investments	To ensure the Fund is properly managed	I18	Insufficient management information about the position of the Fund e.g. level of risk; amount of assets; performance of managers	2	3	6	Regular quarterly reporting on assets, performance and managers; Annual Strategy Review	1	1	1
Investments	To ensure the Fund is properly managed	I19	Failure to take expert advice or risk of poor advice	2	3	6	Appointment of institutional investment consultant and an independent investment adviser, who regularly attend meetings	1	1	1
Investments	To ensure the Fund is properly managed	I10	Delays in implementation of decisions reduces the effectiveness of the decision	2	3	6	In house team; use of passive manager to implement change; delegation of implementation to officers and advisers	1	2	2
Investments	To ensure the Fund is properly managed	I11	If liquidity is not managed correctly, assets may need to be sold at unattractive times or investment opportunities missed as cash is unavailable.	2	2	4	Limit on illiquid assets and level of diversification from equities and bonds; projection of expected cash flows. A specific scorecard measure is in place on this matter.	1	1	1

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Investments	To ensure the Fund is properly managed	I12	Insufficient scrutiny of manager mandates and terms of business may lead to inappropriate fee levels or other costs.	2	3	6	Quarterly monitoring; review of fees versus peer group; selection criteria include fees and other costs	1	2	2
Investments	To ensure the Fund is properly managed	I13	Failure of manager or custodian	3	1	3	Quarterly monitoring; SAS70 audit reports; investment consultant on-going research; diversification of manager mandates; diversification of custody via pooled funds	2	1	2
Investments	To ensure the Fund is properly managed	I14	Failure to react to major change in market / economic conditions	3	2	6	Quarterly monitoring, setting appropriate mandates for managers, appointment of investment consultant and independent advisers, review of market conditions at each meeting, regular engagement with investment managers	2	1	2

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Investments	Ensure all significant Fund investment issues are communicated properly to all interested parties	I15	Inappropriate communication of risks involved in the pension fund and strategy adopted and actions taken by the ISC may lead to questions and challenge and unexpected increases in contributions	2	3	6	Resourcing of in house team; discussion forums and surgeries; statement of investment principles; funding strategy statement	1	2	2
Funding Risks										
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F1	Investment markets perform below actuarial assumptions resulting in reduced assets, reduced solvency levels and increased employer contributions	4	2	8	Use of a diversified portfolio which is regularly monitored against targets and reallocated appropriately. At each triennial valuation assess funding position and progress made to full funding. Full annual interim reviews to enable consideration of the position. A specific scorecard measure is in place on this matter.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F2	Markets move at variance with actuarial assumptions resulting in increases in deficits, reduced solvency levels and increased employer contributions	4	3	12	Annual interim reviews to enable consideration of the position and the continued appropriateness of the funding/investment strategies and to monitor the exposure to unrewarded risks.	3	3	9
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F3	Investment managers fail to achieve performance targets (i.e. ensure funding target assumptions are consistent with funding objectives) which reduces solvency levels and increases required in employers' contributions	3	3	9	Diversified investment structure and frequent monitoring against targets with potential for a change of managers where considered appropriate.	2	2	4
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F4	Mortality rates continue to improve, in excess of the allowances built into the evidence based actuarial assumptions, resulting in increased liabilities, reduced solvency levels and increased employer contributions	3	3	9	Monitoring of mortality experience factors being exhibited by the Fund members by Fund Actuary and consequent variation of the actuarial assumptions based on evidential analysis.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F5	Frequency of early retirements increases to levels in excess of the actuarial assumptions adopted resulting in increases required in employers' contributions	3	3	9	Employers required to pay capital sums to fund costs for non-ill health cases. Regular monitoring of early retirement (including on the grounds of ill health) experience being exhibited by the Fund members by Fund Actuary and consequent variation of the actuarial assumptions based on evidential analysis. Ensure that employers are made aware of consequences of their decisions and that they are financially responsible.	2	2	4
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F6	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances and covenant	4	3	12	At each triennial actuarial valuation an analysis is carried out to assess covenant and affordability on a proportional basis. On-going dialogue with employers.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F7	Mismatch in asset returns and liability movements result in increased employer contributions	4	3	12	Diversified investment structure and frequent monitoring against targets to adjust funding plans accordingly through the FSS. Employers are kept informed as appropriate.	3	2	6
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F8	Pay and consumer price inflation significantly different from actuarial assumptions resulting in increases required in employers' contributions	3	2	6	At each triennial actuarial valuation an analysis is carried to ensure that the assumptions adopted are appropriate and monitor actual experience. Discussions with employers over expected progression of pay in the short and long term.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F9	Potential for significant increases in contributions to levels which are unaffordable. Ultimate risk is the possibility of the employers defaulting on their contributions	3	3	9	Risk profile analysis performed with a view on the strength of individual employer's covenant being formed when setting terms of admission agreement (including bonds) and in setting term of deficit recovery whilst attempting to keep employers' contributions as stable and affordable as possible. Pursue a policy of positive engagement with a view to strengthening employer covenants wherever possible.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F10	Adverse changes to LGPS regulations resulting in increases required in employers' contributions or Fund cash flow requirements.	4	2	8	Ensuring that Fund concerns are considered by the Officers/Board as appropriate and raised in consultation process with decision makers lobbied. Employers and interested parties to be kept informed. Monitor potential impact for employers in conjunction with Actuary.	3	1	3
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F11	Adverse changes to other legislation, tax rules, etc. resulting in increases required in employers' contributions	3	2	6	Ensuring that Fund concerns are considered by the Officers/Board as appropriate and raised in consultation process with decision makers lobbied. Employers and interested parties to be kept informed. Monitor potential impact for employers in conjunction with Actuary.	3	1	3

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	F12	Administering authority unaware of structural changes in an employer's membership, or not being advised of an employer closing to new entrants, meaning that the individual employer's contribution level becomes inappropriate requiring review and increase	3	3	9	Ensure that employers are reminded of their responsibilities, monitor and send reminders of employers responsibilities re this where appropriate, investigate the adoption of an administration strategy to clarify employer responsibilities. Employer analysis work and officer dialogue with employers concerned (including guarantors as appropriate)	2	2	4
Funding	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	F13	Not recognising opportunities from changing market, economic or other circumstances (e.g. de-risking or strengthening of covenant)	3	3	9	At each triennial valuation pursue a policy of positive engagement with a view to strengthening employer covenants wherever possible.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	F14	Adoption of either an inappropriately slow or rapid pace of funding in the specific circumstances for any particular employer	3	4	12	At each triennial actuarial valuation an analysis is carried out to assess covenant and affordability on a proportional basis. On-going dialogue with employers.	2	2	4
Funding	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	F15	Failure to ensure appropriate transfer is paid to protect the solvency of the Fund and equivalent rights are acquired for transferring members in accordance with the regulations.	2	3	6	Follow the standardised approach to bulk transfers of liabilities as part of admission policy framework, complying with any statutory requirements and protecting the interests of the Fund's employers by measuring the solvency of the Fund and relevant employers before and after transfer.	2	1	2

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	To have consistency between the investment strategy and funding strategy	F16	Over or under cautious determination of employer funding requirements due to the impact of the investment strategy on funding	3	3	9	Measurement will look at expected return projections vs actuarial assumptions in order to test the continued appropriateness and consistency between the funding and investment strategy.	2	2	4
Funding	Maintain liquidity in order to meet projected net cash-flow outgoings	F17	Illiquidity of certain markets and asset classes and difficulty in realising investments and paying benefits as they fall due	3	3	9	Holding liquid assets and maintain positive cash flows. Reviews performed to monitor cash flow requirements	2	1	2
Funding	Maintain liquidity in order to meet projected net cash-flow outgoings	F18	Unanticipated onset of cash-flow negative position, potentially requiring ad hoc repositioning of assets	3	3	9	Holding liquid assets and maintain positive cash flows. Reviews performed to monitor cash flow requirements. In July 2011, following discussion on liquidity and fund maturity, the ISC set a 27% limit on exposure to alternative assets.	2	1	2

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	Minimise unrecoverable debt on termination of employer participation	F19	An employer ceasing to exist with insufficient funding, adequacy of bond or guarantee. In the absence of all of these, the shortfall will be attributed to the Fund as a whole with increases being required in all other employers' contributions	4	3	12	Assess the strength of individual employer's covenant and/or require a guarantee when setting terms of admission agreement (including bonds) and in setting term of deficit recovery. Annual monitoring of risk profiles and officer dialogue with employers concerned (including guarantors as appropriate) through employer analysis. Positive dialogue with employers with a view to strengthening employer covenants wherever possible	3	2	6

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	Minimise unrecoverable debt on termination of employer participation	F20	Failure to monitor leading to inappropriate funding strategy and unrecovered debt on cessation of participation in the fund	4	3	12	Assess the strength of individual employer's covenant in conjunction with the Actuary and/or require a guarantee when setting terms of admission agreement (including bonds) and in setting term of deficit recovery. Annual monitoring of risk profiles and officer dialogue with employers concerned (including guarantors as appropriate) through employer analysis. Positive dialogue with employers with a view to strengthening employer covenants wherever possible	3	2	6

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:10/07/2013								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	Maintain liquidity in order to meet projected net cash-flow outgoings	F21	Employee participation in the Essex LGPS reduces (possibly in response to changes in contribution rate / benefit structure or changes in patterns of service delivery)	4	3	12	Communications with both Employers and Employees over the benefits of the LGPS, both before and after any structural change. In July 2011, following discussion on liquidity and fund maturity, the ISC set a 27% limit on exposure to alternative assets.	3	2	6

Appendix F – Statement of Compliance: the six Myners principles of good investment practice

Description of Principle	Essex Pension Fund's position	Future actions
<p>1. Effective decision making Administering Authorities should ensure that:</p> <ul style="list-style-type: none"> Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation and Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest. 	<p>Responsibility for approval and review of the investment strategy of the Essex Pension Fund has been delegated to the Investment Steering Committee (ISC). Every quarter, the ISC reports its activity to the Essex Pension Board (the 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 Executive Director for Corporate Services. The ISC is supported by the Executive Director for Corporate Services, 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 former County Treasurer Keith Neale acts as an independent adviser.</p> <p>An on-going programme of training for Members of the ISC and Board is in place based on the CIPFA Knowledge & Skills Framework. Launch of infoBOARD (an online document repository for ISC/ Board Members) in July 2013</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>

Description of Principle	Essex Pension Fund's position	Future actions
<p>2. Clear objectives</p> <p>An overall investment objective(s) should be set for the fund that takes account of the scheme liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be communicated to advisers and investment managers.</p>	<p>The Funding Strategy Statement (FSS) and Statement of Investment Principles (SIP) set out the Essex Pension Fund's primary funding 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 Board has also agreed a total of 22 objectives across five areas: Governance, Investment, Funding, Administration & Communications. Progress against objectives is monitored regularly by the Fund's scorecard. These 22 objectives include:</p> <ul style="list-style-type: none"> • Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise • To maximise the returns from investments within reasonable risk parameters • To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives • To recognise in drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible • Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally 	<p>Continual monitoring and review of objectives.</p>

Description of Principle	Essex Pension Fund's position	Future actions
3. Risk & liabilities <ul style="list-style-type: none"> In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of their liabilities. These include the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk. 	<p>Following each triennial valuation, the ISC re-assess the investment strategy in light of the updated information on the structure of liabilities. Asset / Liability studies have been used in the past.</p> <p>Whilst it is accepted that investment underperformance due to certain market conditions can occur, the ISC measures active managers against longer term benchmark outperformance targets. 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 SIP. A register of risks of not achieving each of the Funds objectives is maintained and reviewed on a quarterly basis.</p>	<p>The ISC will assess the outcomes of the 2013 actuarial valuation in early 2014.</p>

Description of Principle	Essex Pension Fund's position	Future actions
<p>4. Performance assessment</p> <p>Arrangements should be in place for the formal measurement of investments, fund managers and advisers</p> <p>Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision making body and report on this to scheme Members.</p>	<p>The performance of the Fund and fund managers is monitored each quarter by the ISC, and all fund managers are held to account through meetings with the ISC and/or the Fund's officers and advisers. 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>The most recent effectiveness review of both the Board and ISC was undertaken in March 2013. This included an assessment of both the Board & ISC's effectiveness and that of the support received from Fund officers and advisers.</p> <p>Board & ISC attendance and training outcomes are measured in the quarterly scorecard.</p>	<p>The March 2013 review of effectiveness will be reported in the 2012/13 Annual Report & Accounts.</p>

Description of Principle	Essex Pension Fund's position	Future actions
<p>5. Responsible ownership</p> <p>Administering authorities should:</p> <p>Adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.</p> <p>Include a statement of the authority's policy on responsible ownership in the Statement of Investment Principles.</p> <p>Report periodically to members on the discharge of such responsibilities.</p>	<p>The Institutional Shareholders' Committee Statement of Principles has been superseded by the Financial Reporting Council's (FRC) UK Stewardship Code and it is now the standard for the investment management industry.</p> <p>The Fund's Statement of Investment Principles 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>	

Description of Principle	Essex Pension Fund's position	Future actions
<p>6. Transparency & reporting</p> <p>Administering authorities should:</p> <p>Act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives;</p> <p>and</p> <p>Provide regular communication to members in the form they consider most appropriate.</p>	<p>Each quarterly meeting of the Board includes a review of the Fund's business plan and risk register. Furthermore a detailed scorecard is used to monitor progress against the 22 stated objectives. Agenda papers are published on the internet and the meetings are open to the public.</p> <p>An Employers' Forum is held every year 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 web site is www.essexpensionfund.co.uk and includes the:</p> <ul style="list-style-type: none"> • Funding Strategy Statement • Statement of Investment Principles • Governance Compliance Statement; and • Communications Policy <p>Individual scheme members receive newsletter updates throughout the year in addition to annual benefit statements.</p>	

March 2014

Essex Pension Fund Funding Strategy Statement

Contents

1. Introduction
2. Purpose of FSS in policy terms
3. Funding objectives and purpose of the Fund
4. Responsibilities of the key parties
5. Solvency and target funding levels
6. Link to investment policy
7. Monitoring and review

Schedule A – Risk Analysis

Schedule B – Actuarial assumptions

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 35 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) and the guidance paper issued in March 2004 and reissued in October 2012 by the Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Panel.

1. Introduction

The Local Government Pension Scheme (Administration) Regulations 2008 (as amended) (“the Administration Regulations”) replaced the Local Government Pension Scheme Regulations 1997 (as amended) providing 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; and
- the Statement of Investment Principles (SIP) for the Fund published under Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009;
- 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 SIP.

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 final salary scheme under which the benefits are specified in the governing legislation (the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) (“the BMC Regulations”). The required levels of employee contributions are also specified in the Regulations.

Employer contributions are determined in accordance with the Regulations (principally Administration Regulation 36) which require that an actuarial valuation is completed 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.

2. Purpose of the FSS 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 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 regulatory requirement to maintain as nearly constant employer contribution rates as possible; 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.

3. Funding Objectives and purpose of the Fund

The funding objectives of the Fund are:

- Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities 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 have consistency between the investment strategy and funding strategy
- To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives
- Maintain liquidity in order to meet projected net cash-flow outgoings

- Minimise unrecoverable debt on termination of employer participation

The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income; and
- pay out monies in respect of scheme benefits, transfer values, costs, charges and expenses,

as defined in the Local Government Pension Scheme (Administration) Regulations 2008 (as amended), the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) and in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended), and, subject to forthcoming legislation, with effect from 1st April 2014 as defined in the LGPS 2014 Regulations.

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 should:

- collect employer and employee contributions;
- invest surplus monies in accordance with the Regulations;
- ensure that cash is available to meet liabilities as and when they fall due;
- manage the valuation process in consultation with the Fund Actuary;

- prepare and maintain an FSS and a SIP, both after due consultation with interested parties; and
- monitor all aspects of the Fund's performance and funding and amend the FSS/SIP when necessary.

The Individual Employer should:

- deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with BMC Regulation 3)
- pay over all contributions, including their own as determined by the Fund Actuary, promptly by the due date;
- exercise discretions within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain; and
- notify the Administering Authority promptly of all changes to membership or, other changes proposed, which affect future funding.

The Fund Actuary should:

- prepare valuations, including the setting of employers' contribution rates, after agreeing assumptions with the Administering Authority and having regard to the FSS;
- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters; and
- advise on funding strategy, the preparation of the FSS, and the inter-relationship between the FSS and the SIP.

5. Solvency issues and target funding levels

To meet the requirements of the Administration Regulations the Administering Authority's long-term funding objective is to achieve and then maintain assets equal to 100% of projected accrued liabilities, assessed on an on-going basis including allowance for projected final pay. The actuarial assumptions to be used in the calculation of the funding target are set out in the Appendix.

The key assumptions making up the funding strategy and as adopted for the 2013 actuarial valuation are that:

- our long-term aim is to achieve 100% funding of pension liabilities;
- the Scheme is expected to continue for the foreseeable future;
- favourable investment performance can play a valuable role in achieving adequate funding over the longer term;
- we wish to minimise fluctuations in employers' contributions in order to assist them with their financial planning and to meet their financial responsibilities to the Fund;
- the Fund is still relatively immature in terms of its membership profile and we can therefore take advantage of that fact in setting our investment strategy;
- we have 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 2013. The results of the valuation indicate that overall the assets of the Fund represented 80% of projected accrued liabilities at the valuation date.

The Administering Authority after due consideration of all of 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:

- we will set employers' contribution rates to achieve 100% funding of liabilities in the long term;
- employer contribution rates will be made up of two separate elements:
- an on-going rate, as a percentage of pensionable pay, to meet the costs of future service (payable no later than the 19th day of the month following the month of relevant payroll run); and
- a deficit recovery contribution, expressed in most instances as a cash sum, to recover any shortfall revealed by the actuarial valuation (payable as detailed in this Funding Strategy Statement);
- we will for the purpose of our 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 group. We will consider a cessation valuation policy for group employers. This will be subject to a separate consultation
- we will set deficit recovery periods for the T&PC 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.
- 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;
- schools that opt to become Academies become stand-alone employers in their own right but inherit responsibility for the share of scheme deficit attributable to the former school(s) from which they were formed and that share of scheme deficit will then be taken into account in calculating their separate contribution rate taking account of the Department of Communities and Local Government (DCLG) guidance on setting academies' contribution rates.
- for 2014/2015, pending clarity on the outcome of the 2013 DCLG consultation on pooling, existing academies will retain their 2013/14 on-going contribution rates in 2014/15. Deficit amounts payable in 2014/15 will be the annual rate for 2013/2014 plus the standard 4.5% increase in line with the Actuary's long term pay increase assumption. A separate exercise will be undertaken with academies in due course to set appropriate contribution rates for 2015/2016 and 2016/2017. Where necessary, stability mechanisms described in this Statement may be used in the transition to the appropriate contribution rates.
- 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, 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);

- where a deficit recovery period greater than that of “average future working life” was applied at the 2010 valuation, the starting point for the deficit recovery period to be applied at the 2013 valuation is three years less than that previously

applied. The Fund may, at its discretion, allow this three year period to be reapplied.

While a deficit exists, annual contributions will not normally be reduced. This may result in a shorter deficit recovery period than the Objective

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	2010 deficit recovery period less three years	30 years
B	Scheduled - Academies	Academies	Pending clarity on the outcome of the 2013 DCLG consultation on pooling, existing academies will retain their 2013/14 ongoing contribution rates in 2014/15. Deficit amounts payable in 2014/15 will be the annual rate for 2013/2014 plus the standard 4.5% increase in line with the Actuary's long term pay increase assumption. A separate exercise will be undertaken with academies to set contribution rates for 2015/16 and 2016/17.	
C	Scheduled - other	Further & Higher education corporations	2010 deficit recovery period less three years	27 years
D	Resolution	Town / Parish Councils	2010 deficit recovery period less three years	30 years
E	Transferee admission	Contractor	contract length or average remaining working life of employer's staff in LGPS, if shorter	contract length or average remaining working life of employer's staff in LGPS, if shorter
F	Community admission 1	Voluntary, not for profit, charities, housing associations	average remaining working life of employer's staff in LGPS	average remaining working life of employer's staff in LGPS
G	Community admission 2	Employer providing evidence of financial security to the satisfaction of the Essex Pension Fund	average remaining working life of employer's staff in LGPS	20 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, mitigations may be adopted to allow for affordability and stability of contributions as well as for transition to revised policies. These may include the stepped introduction of revised contribution rates.
3. The provision of financial security for Category G employers could include the agreement and provision of a guarantee by a Category A employer.
4. While a deficit exists, annual contributions will not normally be reduced. This may result in a shorter deficit recovery period than the Objective.
5. Contributions normally will not be reduced below the future service rate.
6. Contributions are subject to the certification of the Fund Actuary.

- The Town & Parish Council employers' contributions will be phased over the 3 year period 2014/15 to 2016/17.
- The 2014/15, 2015/16 and 2016/17 deficit amounts certified for each employer will reflect one of the following:
 - i. the actuarially assessed value of the annual deficit 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 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 2014.
- Individual employers retain the freedom to
- make a lump sum payment prior to 1 April 2014, following agreement with the administering authority. The annual deficit amounts certified for financial years 2014/15, 2015/16 and 2016/17 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;
- 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; and
- the Administering Authority's views on the strength of the participating employers' covenants in achieving the objective.
- Reductions to the on-going contribution rate (future service rate) may be stepped.
- Where an employer augments scheme benefits, immediate payment of the augmentation cost will be required to be made to the Fund;
- Where an employer allows an early retirement, for any reason other than ill health, that produces a strain cost, payment of the strain cost may be met either in the form of an immediate lump sum to the Fund, or by payment over three years to the Fund including interest;
- Levels of ill health will be monitored and will normally be reflected in assumptions at triennial valuations or sooner if deemed necessary
- Employers who 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 2013, 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.
- In preparation for the cessation of an employer's participation in the Scheme:
- The future service rate and deficit recovery contribution may be reviewed by the Fund Actuary and amended if required.
- All community admission bodies will be allowed flexibility to elect to adopt a

funding approach prior to termination in line with the “least risk” exit debt basis, if that is their preference.

- In certain circumstances, subject to satisfactory surety, a formal plan may be agreed between the Fund, the Fund Actuary and the Fund Employer, and if applicable the Transferor Scheme Employer to manage payment of deficit up to and beyond the termination date.
- On the cessation of an employer’s participation in the Scheme, the actuary will be asked to make a termination assessment. Any deficit in the Scheme in respect of the employer would be due to the Scheme as a termination contribution, unless it was agreed by the administering authority and the other parties involved that the assets and liabilities relating to the employer would be transferred within the Scheme to another participating employer. The basis of the termination valuation will be determined in consultation with the Fund Actuary.
- In certain circumstances, subject to satisfactory surety, a formal payment plan may be agreed between the Fund, the Fund Actuary and the Fund Employer, and if applicable the Transferor Scheme Employer.
- All transferee admission bodies (i.e. “best value” 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.

- Community admission bodies will be accepted for participation in the Fund, or otherwise, 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, guarantee will be required for all community admission body cases, to the satisfaction of the administering authority.
- For community admission bodies the Fund will consider application of special conditions or requirements as deemed appropriate.
- In the case where a contractor wishes to offer a broadly comparable scheme, rather than apply to become an admitted body of the Fund, standardised bulk transfer terms will be offered via the Actuary’s Letter. The letter will be structured so as to target an asset transfer to the contractor’s Broadly Comparable scheme such that it is equivalent to 100% of the past service liabilities reserved for by the Fund in respect of the transferring members’ accrued service as at the date of transfer. The Fund will only agree to any variations in the standard in exceptional circumstances and with the prior agreement of the transferring scheme employer.

6. Link to investment policy

Funding and investment strategy are

inextricably linked. The Investment Steering Committee (ISC) has been delegated with responsibility for investment strategy. The key investment objectives are “to ensure the investment strategy is consistent with the funding objectives” and “to maximise investment returns within reasonable risk parameters”. The ISC determines investment strategy after taking professional advice.

Investment Strategy

The investment strategy is set out in the Fund’s Statement of Investment Principles. This is available from www.essexpensionfund.org.uk.

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

The Fund’s current investment strategy is as follows.

Equities			Bonds			Alternatives		
	Manager	Target %		Manager	Target %		Manager	Target %
UK	LGIM	6.0	Index-linked gilts	LGIM	2.5	Property	Aviva	12.0
Regional	LGIM	18.0	Active Cash plus	GSAM	5.5	Private equity	Hamilton Lane	4.0
Global	Marathon	35.0		M&G	5.5	Infrastructure	M&G	6.0
	LGIM		-	-	Partners Group			
	Fidelity		-	-	-	Timber	Stafford	2.0
	Baillie Gifford		-	-	-	Loans	M&G	0.5
	RAFI							
Emerging	First State	5.0	-	-	-	-	-	-
Total		62.0	Total		13.5	Total		24.5

In spring 2013, the Fund’s investment consultants, Hymans Robertson undertook an assessment of the investment return expectations of the Fund’s investment strategy. This concluded that the current central return expectation was 6.1% per annum.

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 the both investment strategy of the Fund, and the requirement to take a "prudent longer term view" of the funding of liabilities.

As at 31 March 2013 the discount rate used, in order to calculate the current value of future pension benefits payable is 5.8%.

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.

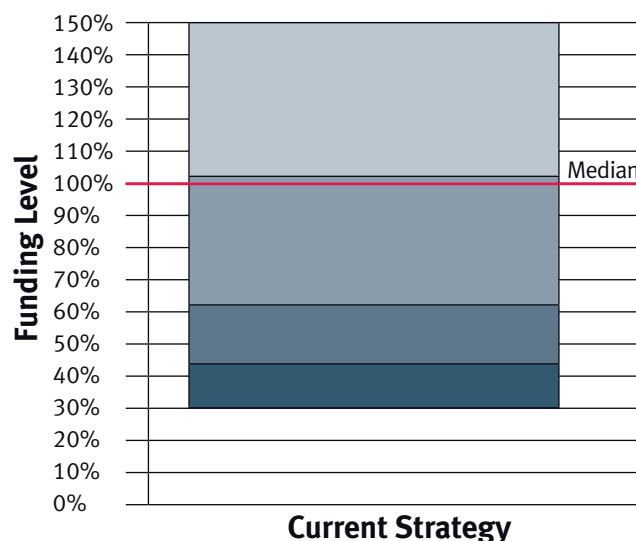
The funding of defined benefits is by its nature uncertain. The funding strategy is based on both financial and demographic assumptions. These assumptions are specified in the actuarial valuation report. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge at the next actuarial valuation and beyond. This may require a subsequent contribution adjustment to bring the funding back into line with the target.

Impact of investment strategy

Charts A and B below show the projected range of outcomes for the funding level in 2025 and 2034 assuming that the current investment strategy remains in place for the full period (62% equities, 24.5% in alternatives and 13.5% in bonds). These are effectively slices across the outcomes at years 2025 and 2034, with the median line shown. We also mark the

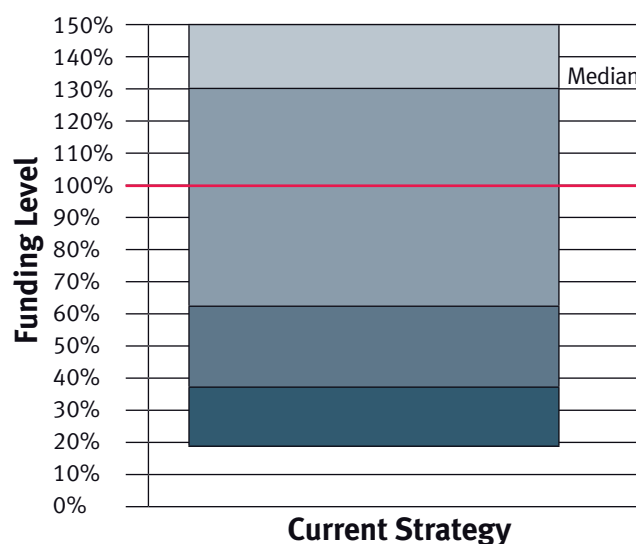
100% funded line, which is the objective we are aiming to achieve.

Chart A: 2025 projection of current investment strategy



- In the 2025 projection, the median projection (the centre line of the lighter blue area) corresponds broadly to a 100% funding level. Therefore there is a 50/50 chance of being fully funded on the gilts + 1.5% p.a. basis by then.

Chart B: 2034 projection of current investment strategy



- In the 2034 projection, the median line is well above the 100% funded position on the gilts + 1.5% p.a. basis at that date. Therefore there is a significantly better than 50/50 chance of achieving the funding target with the current investment strategy and proposed contributions by the end of the recovery period. The actual probability of achieving the funding objective by the end of 21 year projection period is c.61%.

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 resultant risk assessment is attached to this FSS as Schedule A.

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 Keith Neale.

A full review of this Statement will occur no less frequently than every three years, to coincide with completion of a full actuarial valuation. Any review will take account of the then current economic conditions and will also reflect any legislative changes.

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 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.

Schedule A – Funding Strategy Risk Analysis

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund			Date:12/02/2014							
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding Risks										
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F1	Investment markets perform below actuarial assumptions resulting in reduced assets, reduced solvency levels and increased employer contributions	4	2	8	Use of a diversified portfolio which is regularly monitored against targets and reallocated appropriately. At each triennial valuation assess funding position and progress made to full funding. Full annual interim reviews to enable consideration of the position. A specific scorecard measure is in place on this matter.	2	2	4
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F2	Markets move at variance with actuarial assumptions resulting in increases in deficits, reduced solvency levels and increased employer contributions	4	3	12	Annual interim reviews to enable consideration of the position and the continued appropriateness of the funding/investment strategies and to monitor the exposure to unrewarded risks.	3	3	9

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:12/02/2014								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F3	Investment managers fail to achieve performance targets (i.e. ensure funding target assumptions are consistent with funding objectives) which reduces solvency levels and increases required in employers' contributions	3	3	9	Diversified investment structure and frequent monitoring against targets with potential for a change of managers where considered appropriate.	2	2	4
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F4	Mortality rates continue to improve, in excess of the allowances built into the evidence based actuarial assumptions, resulting in increased liabilities, reduced solvency levels and increased employer contributions	3	3	9	Monitoring of mortality experience factors being exhibited by the Fund members by Fund Actuary and consequent variation of the actuarial assumptions based on evidential analysis.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:12/02/2014								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F5	Frequency of early retirements increases to levels in excess of the actuarial assumptions adopted resulting in increases required in employers' contributions	3	3	9	Employers required to pay capital sums to fund costs for non-ill health cases. Regular monitoring of early retirement (including on the grounds of ill health) experience being exhibited by the Fund members by Fund Actuary and consequent variation of the actuarial assumptions based on evidential analysis. Ensure that employers are made aware of consequences of their decisions and that they are financially responsible.	2	2	4
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F6	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances and covenant	4	3	12	At each triennial actuarial valuation an analysis is carried out to assess covenant and affordability on a proportional basis. On-going dialogue with employers.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:12/02/2014								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F7	Mismatch in asset returns and liability movements result in increased employer contributions	4	3	12	Diversified investment structure and frequent monitoring against targets to adjust funding plans accordingly through the FSS. Employers are kept informed as appropriate.	3	2	6
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F8	Pay and consumer price inflation significantly different from actuarial assumptions resulting in increases required in employers' contributions	3	2	6	At each triennial actuarial valuation an analysis is carried to ensure that the assumptions adopted are appropriate and monitor actual experience. Discussions with employers over expected progression of pay in the short and long term.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:12/02/2014								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F9	Potential for significant increases in contributions to levels which are unaffordable. Ultimate risk is the possibility of the employers defaulting on their contributions	3	3	9	Risk profile analysis performed with a view on the strength of individual employer's covenant being formed when setting terms of admission agreement (including bonds) and in setting term of deficit recovery whilst attempting to keep employers' contributions as stable and affordable as possible. Pursue a policy of positive engagement with a view to strengthening employer covenants wherever possible.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:12/02/2014								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F10	Adverse changes to LGPS regulations resulting in increases required in employers' contributions or Fund cash flow requirements.	4	2	8	Ensuring that Fund concerns are considered by the Officers/Board as appropriate and raised in consultation process with decision makers lobbied. Employers and interested parties to be kept informed. Monitor potential impact for employers in conjunction with Actuary.	3	1	3
Funding	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	F11	Adverse changes to other legislation, tax rules, etc. resulting in increases required in employers' contributions	3	2	6	Ensuring that Fund concerns are considered by the Officers/Board as appropriate and raised in consultation process with decision makers lobbied. Employers and interested parties to be kept informed. Monitor potential impact for employers in conjunction with Actuary.	3	1	3

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:12/02/2014								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	F12	Administering authority unaware of structural changes in an employer's membership, or not being advised of an employer closing to new entrants, meaning that the individual employer's contribution level becomes inappropriate requiring review and increase	3	3	9	Ensure that employers are reminded of their responsibilities, monitor and send reminders of employers responsibilities re this where appropriate, investigate the adoption of an administration strategy to clarify employer responsibilities. Employer analysis work and officer dialogue with employers concerned (including guarantors as appropriate)	2	2	4
Funding	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	F13	Not recognising opportunities from changing market, economic or other circumstances (e.g. de-risking or strengthening of covenant)	3	3	9	At each triennial valuation pursue a policy of positive engagement with a view to strengthening employer covenants wherever possible.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:12/02/2014								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	F14	Adoption of either an inappropriately slow or rapid pace of funding in the specific circumstances for any particular employer	3	4	12	At each triennial actuarial valuation an analysis is carried out to assess covenant and affordability on a proportional basis. On-going dialogue with employers.	2	2	4
Funding	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	F15	Failure to ensure appropriate transfer is paid to protect the solvency of the Fund and equivalent rights are acquired for transferring members in accordance with the regulations.	2	3	6	Follow the standardised approach to bulk transfers of liabilities as part of admission policy framework, complying with any statutory requirements and protecting the interests of the Fund's employers by measuring the solvency of the Fund and relevant employers before and after transfer.	2	1	2
Funding	To have consistency between the investment strategy and funding strategy	F16	Over or under cautious determination of employer funding requirements due to the impact of the investment strategy on funding	3	3	9	Measurement will look at expected return projections vs actuarial assumptions in order to test the continued appropriateness and consistency between the funding and investment strategy.	2	2	4

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:12/02/2014								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	Maintain liquidity in order to meet projected net cash-flow outgoings	F17	Illiquidity of certain markets and asset classes and difficulty in realising investments and paying benefits as they fall due	3	3	9	Holding liquid assets and maintain positive cash flows. Reviews performed to monitor cash flow requirements	2	1	2
Funding	Maintain liquidity in order to meet projected net cash-flow outgoings	F18	Unanticipated onset of cash-flow negative position, potentially requiring ad hoc repositioning of assets	3	3	9	Holding liquid assets and maintain positive cash flows. Reviews performed to monitor cash flow requirements. In July 2011, following discussion on liquidity and fund maturity, the ISC set a 27% limit on exposure to alternative assets.	2	1	2

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:12/02/2014								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	Minimise unrecoverable debt on termination of employer participation	F19	An employer ceasing to exist with insufficient funding, adequacy of bond or guarantee. In the absence of all of these, the shortfall will be attributed to the Fund as a whole with increases being required in all other employers' contributions	4	3	12	Assess the strength of individual employer's covenant and/or require a guarantee when setting terms of admission agreement (including bonds) and in setting term of deficit recovery. Annual monitoring of risk profiles and officer dialogue with employers concerned (including guarantors as appropriate) through employer analysis. Positive dialogue with employers with a view to strengthening employer covenants wherever possible	3	2	6

Essex Pension Fund Risk Register

Risk Area: Essex Pension Fund		Date:12/02/2014								
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Funding	Minimise unrecoverable debt on termination of employer participation	F20	Failure to monitor leading to inappropriate funding strategy and unrecovered debt on cessation of participation in the fund	4	3	12	Assess the strength of individual employer's covenant in conjunction with the Actuary and/or require a guarantee when setting terms of admission agreement (including bonds) and in setting term of deficit recovery. Annual monitoring of risk profiles and officer dialogue with employers concerned (including guarantors as appropriate) through employer analysis. Positive dialogue with employers with a view to strengthening employer covenants wherever possible	3	2	6
Funding	Maintain liquidity in order to meet projected net cash-flow outgoings	F21	Employee participation in the Essex LGPS reduces (possibly in response to changes in contribution rate / benefit structure or changes in patterns of service delivery)	4	3	12	Communications with both Employers and Employees over the benefits of the LGPS, both before and after any structural change. In July 2011, following discussion on liquidity and fund maturity, the ISC set a 27% limit on exposure to alternative assets.	3	2	6

Schedule B

Detailed assumptions used in calculating the funding target

Financial Assumptions	2013
Discount Rate	5.8% per annum
Retail Price Inflation (RPI)	3.5% per annum
Consumer Price Inflation (CPI)	2.7% per annum
Pension and Deferred Pension Increases	2.7% per annum
Short Term Pay Increases	In line with the CPI assumption for the 2 years to 31 March 2015
Long Term Pay Increases	4.5% per annum

Statistical Assumptions	2013
Post retirement mortality	
Current mortality	S1PA tables
Mortality Projection	2012 CMI Model with a long term rate of improvement of 1.5% per annum
Retirement Ages	<p>Each member retires at their weighted average “tranche retirement age”, i.e. for each tranche of benefit, the earliest age they could retire with unreduced benefits</p> <p>If the member is over this retirement age, then it is assumed they will retire at their oldest tranche retirement age. If over the oldest tranche retirement age, the member is assumed to have a 1/3 chance of retiring in each of the next 3 years, and it is assumed all members will be retired by age 75.</p>
Proportion Married	There is an 80%/70% chance that male/female members will, at retirement or earlier death, have a dependant who is eligible for death benefits
Partner Age Difference	Males are 3 years older than their spouse and Females are 3 years younger than their spouse
Ill-health tiers	50% of ill-health retirements will be eligible for benefits based on full prospective service and 50% will qualify for a service enhancement of 25% of prospective service
Commutation	It is assumed that members at retirement will commute pension to provide a lump sum of 60% of the maximum allowed under HMRC rules and this will be at a rate of £12 lump sum of £1 of pension
50/50 Scheme Allowance	It is assumed that 5% of active members will opt to pay 50% of contributions for 50% of benefits under the new scheme
Other Statistical assumptions	<p>Same as used by Government Actuary’s Department when LGPS reforms were designed and based on analysis of incidence of death, retirement and withdrawal for Local Authority Funds</p> <p>Sample rates shown below</p>

Incidence per 1000 active members per annum								
	Death		Ill Health Retirement		Withdrawal		Salary Scales	
Age	Males	Females	Males	Females	Males	Females	Males	Females
25	0.1	0.1	0.1	0.1	122.0	144.5	100	100
30	0.2	0.1	0.2	0.1	104.4	122.4	102	101
35	0.3	0.2	0.3	0.3	89.4	103.6	111	105
40	0.5	0.3	0.6	0.5	76.5	87.7	117	108
45	0.8	0.5	1.1	0.8	65.5	74.3	121	110
50	1.3	0.8	2.2	1.6	56.0	62.9	124	110
55	2.1	1.3	4.1	2.9	48.0	53.3	127	110
60	3.4	2.0	7.8	5.3	41.0	45.1	127	110
65	5.4	3.0	14.8	9.8	35.1	38.2	127	110

Essex Pension Fund

Governance Policy and Compliance Statement as at 9 December 2013

Introduction

This Policy and Compliance Statement outlines the governance arrangements for the Essex Pension Fund, maintained by Essex County Council, as required by regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended).

Under that provision all LGPS Funds in England and Wales are required to produce a Governance Compliance Statement, keep it under review and revise it following any material change in their delegation arrangements and publish it. The statement is required to set out:

- a. whether the administering authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the authority;
- b. if they do so
 - i. the terms, structure and operational procedures of the delegation;
 - ii. the frequency of any committee or sub-committee meetings;
 - iii. whether such a committee or sub-committee includes representatives of employing authorities (including authorities which are not Scheme employers) or members, and if so, whether those representatives have voting rights.
- c. 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 so comply, the reasons for not complying.

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 paragraph (3); and
- c. if revisions are made—
 - i. publish the statement as revised, and
 - ii. send a copy of it to the Secretary of State.

In reviewing and making revisions to the statement, the authority must consult such persons as it considers appropriate.

This Policy and Statement was made and approved by the Essex Pension Fund Board on 9 December 2013. There have been some changes to the officer delegation arrangements since the previous Policy and Statement. The Pension Fund was supported by two separate sections: Pension Services and the Investment Team. These sections have been combined and are now headed up by the Director for Essex Pension Fund.

About The Essex Pension Fund

Under the Local Government Pension Scheme (Administration) Regulations 2008, Essex County Council is required to maintain a pension fund (the Fund) for its employees and those of other Scheduled Bodies within its area. The Fund is also empowered to admit the employees of certain other bodies.

Essex County Council therefore administers the Fund for its own employees and those of the 14 District/Borough/Unitary Councils and numerous other bodies. In total there are over 500 separate employing bodies in the Fund. The Fund excludes provision for teachers, fire-fighters and police officers, for whom separate arrangements exist but includes administrative and support staff for those organisations.

Benefits are prescribed by, and the Fund is invested in accordance with, the provisions of the following regulations (all as amended):

- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
- The Local Government Pension Scheme (Administration) Regulations 2008
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009

and other saved provisions from previous sets of LGPS regulations.

With effect from 1 April 2008 employee contributions have been banded according to employees' whole time equivalent annual pensionable pay. The rates payable vary from 5.5% to 7.5% of annual pensionable pay.

Membership Summary as 31 March 2013

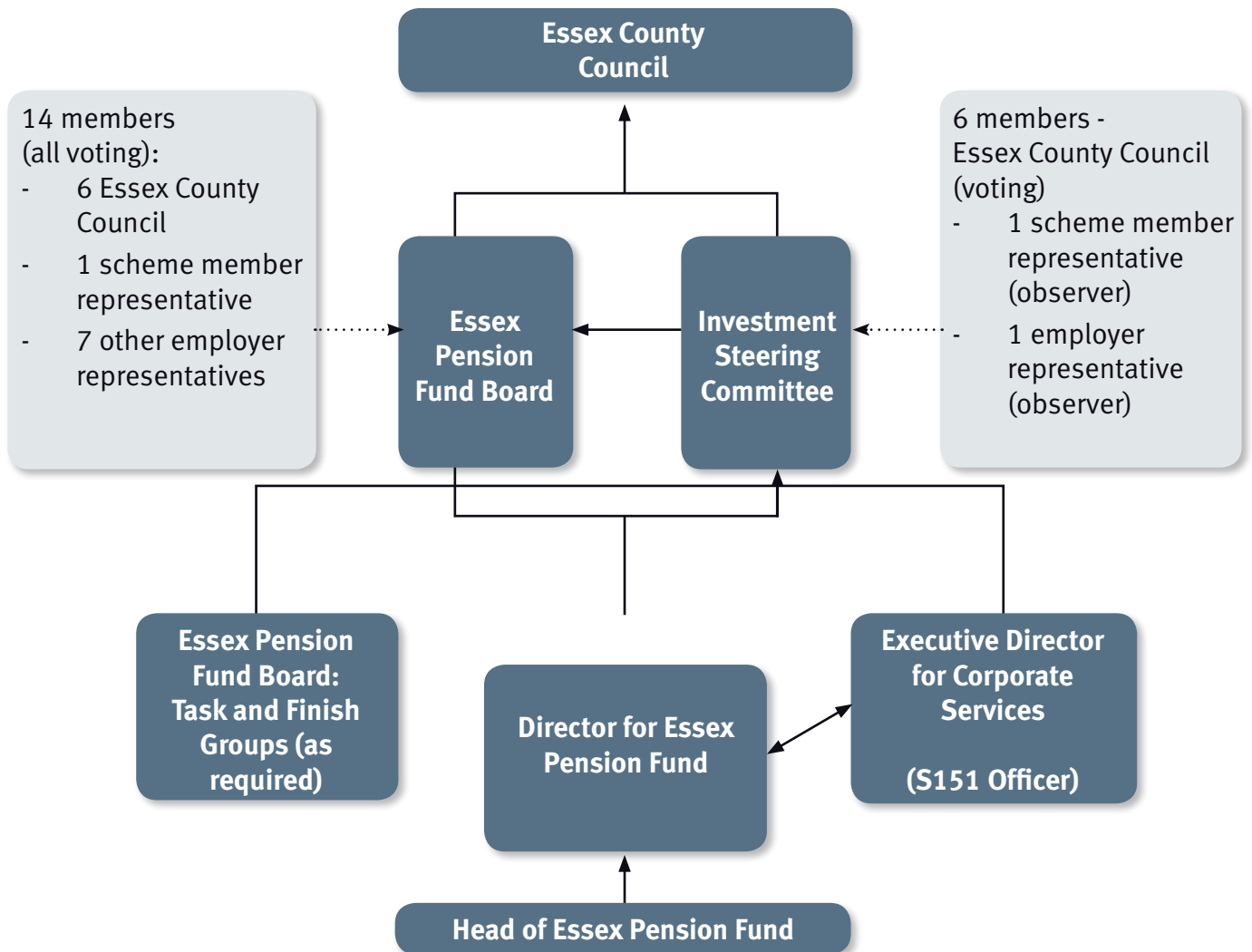
Active Members	45,001
Pensioner/Dependants	33,873
Deferred Members	42,092
Total	120,966

* Deferred pensioners are former active members who have chosen not to transfer their pension rights but retain their pension rights in the Essex Pension Fund until they are due for payment.

At the last triennial valuation of the Fund as at 31 March 2013 Fund assets were £3.958 billion, which represented 80% of the Fund's liabilities. Employers are responsible for paying employer contributions at rates determined by the fund actuary at each triennial valuation.

Governance Structure

The Essex Pension Fund governance structure is illustrated below. This structure relates to the administering authority responsibilities only. Essex County Council is also an employer within the Essex Pension Fund. A separate governance structure and Scheme of Delegation is in place in relation to Essex County Council's employer responsibilities:



Scheme of delegations for the Essex Pension Fund

Essex County Council has delegated its functions in relation to the maintenance of the Essex Pension Fund as follows:

1. To the Essex Pension Fund Board:

- i. To 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; this will include the following specific functions:
 - a. To monitor and oversee the work of the Investment Steering Committee through its quarterly reports.
 - b. To monitor the administration of the Pension Scheme, including the benefit regulations and payment of pensions and their day to day administration including the Internal Disputes Resolution Procedures, and ensure that it delivers best value and complies with best practice guidance where considered appropriate.
 - c. To exercise Pension Fund discretions on behalf of the Administering Authority.
 - d. To determine Pension Fund policy in regard to employer admission arrangements.
 - e. To determine the Pension Fund's Funding Strategy and approve its Funding Strategy Statement.
 - f. To receive periodic actuarial valuation reports from the Actuary.
 - g. To coordinate Administering Authority responses to consultations by Central

Government, professional and other bodies.

- h. To consider any views expressed by employing organisations and staff representatives.

2. To the Investment Steering Committee:

- i. To approve and review annually the content of the Statement of Investment Principles.
- ii. To appoint and review Investment Managers, Custodian and Advisors.
- iii. To assess the quality and performance of each Investment Manager annually in conjunction with investment advisers and the Section 151 Officer.
- iv. To set the investment parameters within which the Investment Managers can operate and review these annually.
- v. To monitor compliance of the investment arrangements with the Statement of Investment Principles.
- vi. To assess the risks assumed by the Fund at a global level as well as on a manager by manager basis.
- vii. To approve and review the asset allocation benchmark for the Fund.
- viii. To submit quarterly reports on its activities to the Essex Pension Fund Board.

2. To the Executive Director for Corporate Services:

- i. To exercise the functions of the Council in relation to pensions as specified in Schedule 1H of the Regulations 2000.
- ii. Subject to the agreement of the Chief Executive in any case involving a Tier 1 Officer, the County Solicitor, the Monitoring Officer or the Executive Director for Corporate Services, to exercise discretion under the Local Government Pensions Regulations, the

Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 and the Teachers Pension Regulations or any regulations replacing or amending the same.

- iii. 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.

Note 1: The Executive Director for Corporate Services is not empowered to change the managers of the Pension Fund.

Note 2: The operational procedures related to these functions are carried out by the Essex Pension Fund.

3. To the Director for Essex Legal Services:

To act as the administering authority for the purposes of the pensions complaints procedure.

The Pension Board

The Pension Board is composed as follows:

Representing	No	Term of Office	Comments
Essex County Council	6	4 years (from 2 May 2013 until 2017 County Council Elections)	
District/Borough Councils in Essex	2	4 years (from May 2011 until 2015 District/Borough Council elections)	Nominated by Essex Borough and District Leaders/Chief Executives Meeting
Unitary Councils in Essex	2	4 years (from May 2011 until 2015 Unitary Authority elections)	One each for Southend-on-Sea and Thurrock Councils
Essex Police Authority	1	4 years, from June 2011 until end June 2015	
Essex Fire Authority	1	4 years, from June 2011 until end June 2015	
Scheme Members	1	4 years from September 2011 until September 2015	Nominated by UNISON,
Smaller Employing Bodies	1	2 years, from date of appointment (January 2012)	To be nominated following voting by eligible employers attending the Employer Forum
Total	14		

All members of the Board have equal voting rights.

The Pension Board is supported in the execution of its responsibilities by staff from the Authority's Corporate Services Function as well as an Independent Governance and Administration Adviser and other advisers as considered necessary (e.g. the Fund Actuary).

The Board meets five times a year with one of the meetings set aside for consideration of Pension Fund strategy matters. Additional Task and Finish Groups can meet as necessary to consider and report to the Board on matters that require further consideration.

The Board also has a dedicated training plan which includes specific internal training sessions in order they may maintain an appropriate level of knowledge and skills to perform their role effectively.

The Investment Steering Committee

The Investment Steering Committee is composed as follows:

Representing	No	Term of Office	Comments
Essex County Council	6	4 years (from 2 May 2013 until 2017 County Council Elections)	
Employer representative (observer)	1	4 years (from May 2011 until 2015 District/Borough Council elections)	Nominated by Essex Borough and District Leaders /Chief Executives Meeting
Scheme Members (observer)	1	4 years from date of appointment	Nominated by UNISON,
Total	8		

The Investment Steering Committee is supported in the execution of its responsibilities by two investment advisers (one independent and one institutional) and staff from the Authority's Corporate Services Function.

The Committee meets routinely on six occasions each year. Four of those meetings are primarily to meet with investment managers in order to review the performance of the investment managers against their benchmarks but two meetings each year in February and July are set aside for the consideration of on-going investment strategy.

In addition special meetings of the Committee are held when required for the discharge of its functions in regard to such matters as the selection and appointment of investment managers.

Governance Compliance Statement

As can be seen, Essex Pension Fund governance arrangements are fully compliant with the latest guidance issued by the Secretary of State for Communities and Local Government

Description of Principle	Essex Pension Fund's position	Future actions
A. Structure (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. (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. (c) that where a secondary committee or panel has been established, the structure ensures effective communication across both levels. (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>The Essex Pension Board was established in 2008 as an overarching body to oversee the functions of the County Council as Administering Authority of the Fund, except where they have been specifically delegated to another committee or officers.</p> <p>Its functions include monitoring the administration of the Pension Scheme, exercising Pension Fund discretions and determining Pension Fund policy towards employer admission arrangements. Membership of the Pension Board is drawn from the County Council as well as other scheme employers and member representatives. All representatives have full voting rights and receive appropriate training and development.</p> <p>In addition to the Pension Board the Fund has also put in place an Investment Steering Committee (ISC). The role of the ISC is to oversee and approves all matters related to the Fund's investments. Their main role is to decide asset allocation, appoint investment managers and periodically review and monitors investment manager performance. All decisions of the ISC are ultimately ratified by the Pension Board.</p> <p>Membership of the ISC is drawn from the County Council representatives of the Pension Board, all of which have full voting rights as well as employer and member representatives from the Pension Board (who have observer status only).</p>	<p>The Fund has developed a rolling three year business plan, which includes the training, development and effectiveness of the Pension Board and ISC. This plan is reviewed quarterly.</p>

Description of Principle	Essex Pension Fund's position	Future actions
<p>B. Representation</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"> (i) employing authorities (including non-scheme employers, e.g. admitted bodies); (ii) scheme members (including deferred and pensioner scheme members); (iii) independent professional observers; (iv) expert advisers (on an ad hoc basis). <p>(b) that where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p>	<p>The terms of reference of both the Pension Board and the ISC set out the term of office for individual members. The terms of reference of the Pension Board also sets out the mechanism by which representatives from different sectors of scheme employers are able to volunteer for membership of the Pension Board. For example:</p> <ul style="list-style-type: none"> • District and Borough Council representatives are nominated by the Leaders/Chief Executives of those organisations; • Member representatives are nominated by the individual unions; and • Small employing body representatives are nominated following voting by eligible employers attending the Pension Fund Employer Forum <p>All members of the Pension Board and ISC are treated equally in terms of provision of meeting papers, opportunity to contribute (full voting rights on the Pension Board) and knowledge and skills training.</p> <p>In addition, the Pensions Board has appointed an independent governance and administration adviser to assist the Board and its officers.</p>	<p>Will need to be reviewed in light of governance changes being introduced from April 2015, requiring the setting up of a new 'local' pension board which is expected to have an audit and scrutiny type role.</p>
<p>C. Selection and Role of Lay Members</p> <p>(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.</p>	<p>This is clearly set out in the terms of reference of both the Pension Board and ISC.</p>	<p>Continually monitor and review to ensure that the functions of the Pension Board and ISC remain appropriate, particularly in light of governance changes to be introduced from April 2015.</p>

Description of Principle	Essex Pension Fund's position	Future actions
D. Voting (a) 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.	<p>All members of the Pension Board 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.</p> <p>The observer members of the ISC will of course have full voting rights when considering any decisions taken by the ISC that are subsequently referred to it.</p>	Continually monitor and review to ensure appropriate.
E. Training/ Facility Time/ Expenses (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. (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>The Fund has put in place a comprehensive knowledge and skills training strategy in place, which covers all aspects of the CIPFA knowledge and skills standard.</p> <p>The document sets out the strategy agreed by the Pension Board concerning the training and development of:</p> <ul style="list-style-type: none"> all the members of the Pension Board and the ISC; and the officers of the Essex Pension Fund responsible for the management of the Fund. <p>The training strategy was established to aid members of the Pension Board 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.</p> <p>In addition the Pension Fund has developed a full training strategy and plan, which ensures the Pension 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>	Current status of the training needs analysis is to be reset following a substantial change in the membership of the Pensions Board and a new analysis commenced in 2014 to identify any on-going training requirements to be fed into the training plan.

Description of Principle	Essex Pension Fund's position	Future actions
F. Meetings – Frequency (a) that an administering authority's main committee or committees meet at least quarterly. (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. (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.	<p>The Pension Board and ISC meet a minimum of four times a year.</p> <p>Meetings of both the Pension Board and ISC are arranged so that outputs from the ISC are available to the Pensions Board in a timely manner.</p>	<p>Will need to be reviewed in light of governance changes being introduced from April 2015, requiring the setting up of a 'local' pension board which is expected to have an audit and scrutiny type role.</p>
G. Access (a) 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.	<p>All members of the Pension Board and ISC are provided access to all committee papers and documentation via the Pension Fund's on-line portal infoBOARD.</p>	
H. Scope (a) that administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	<p>The role of the Pension Board is to consider all aspects of the management and administration of the Essex Pension Fund. While certain day-to-day responsibilities have been delegated to officers and investment decisions to the ISC, via the County Council's scheme of delegation the Pension Board's remit includes monitoring the administration of the pension team, exercise of administering authority discretions and determining the Fund's policy in relation to the admission of new employers.</p>	

Description of Principle	Essex Pension Fund's position	Future actions
I. Publicity (a) that administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	Full details of the governance arrangements of the Essex Pension Fund are contained within this Statement as well as additional detail being included within the Pension Fund Annual Report, which is available on the Fund's website www.essexpensionfund.co.uk .	Will need to be reviewed in light of governance changes being introduced from April 2015, requiring the setting up of a 'local' pension board which is expected to have an audit and scrutiny type role.

Essex Pension Fund

ADMINISTRATION STRATEGY

Introduction

This Administration Strategy has been prepared by the Essex Pension Fund (the Fund) and is effective from March 2013. The Administration Strategy has been designed to meet the legislative requirements and, in addition, meet the Funds objectives that are outlined within this Strategy. This strategy will be reviewed and updated each year.

Background

The Essex Pension Fund is part of the Local Government Pension Scheme and is managed and administered by Essex County Council (the Administering Authority). The Fund has over 400 participating employers with contributing members and a total membership of over 114,000 scheme members. These members are split into the following categories and with the following approximate numbers of members in each category:

Scheme Membership of Essex Pension Fund (figures at 31st March 2012)

Active Members	42,315
Deferred Members	38,093
Pensioner Members*	32,265
Undecided Leavers	69
Frozen Refunds	1,932
Totals	114,674

*Includes dependents

Regulatory framework

This Statement has been produced in accordance with Regulation 65 of the Local Government Pension Scheme (Administration) Regulations 2008. The Regulations provide that Administering Authorities may prepare, maintain and publish a written Statement setting out their policy concerning administration matters and the administering authority and its employing authorities must then have regard to that strategy when carrying out their functions.

The Regulations state that the strategy may include some of these areas:

- Procedures for liaison and communication with its employing authorities.
- Levels of performance which the administering authority and its employing authorities are expected to achieve in carrying out their Scheme functions such as:
 - the setting of performance targets,
 - the making of agreements about levels of performance and associated matters, or
 - the use of such other means as the administering authority considers appropriate.
- Procedures which aim to secure that the administering authority and its employing authorities comply with statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication by the administering authority and its employing authorities to each other of information relating to those functions.
- The publication by the administering authority of annual reports dealing with—
 - the extent to which that authority and its employing authorities have achieved the levels of performance
 - such other matters arising from its pension administration strategy as it considers appropriate; and
- Such other matters as appear to the administering authority, after consulting its employing authorities and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

The Regulations also require that the administering authority should consult with its employing authorities (and any other persons it considers appropriate) in preparing or reviewing its administration strategy.

In addition, regulation 43 of the Administration Regulations allows an administering authority to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the administering authority is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

This Administration Strategy of the Fund therefore sets out the information as required by the Regulations mentioned above.

Strategy

The LGPS represents a significant benefit to scheme members. Much of the success in promoting the scheme amongst scheme members and ensuring a high quality service delivery depends upon the relationship between the administering authority and scheme employers in the day to day administration of the scheme. Good quality administration can also help in the overall promotion of the scheme and remind or alert employees to the value of the LGPS, thereby helping with recruitment, retention and motivation of employees.

Development of an administration strategy, as allowed for by the LGPS, is seen as one of the tools which can help in delivering a high quality administration service to the scheme member and other interested parties. Delivery of a

high quality administration service is not the responsibility of one person or organisation, but is rather the joint responsibility of a number of different parties.

This Administration Strategy has been developed following consultation with employers in the Fund.

The aim of this strategy statement is to set out the quality and performance standards expected of Essex County Council in its role as administering authority and scheme employer, as well as all other scheme employers within the Fund. It seeks to promote good working relationships, improve efficiency and enforce quality amongst the scheme employers and the administering authority.

The efficient delivery of the benefits of the LGPS is dependent on sound administrative procedures being in place between a number of interested parties, including the administering authority and scheme employers. This strategy statement sets out some of the expected levels of performance of the administering authority and how levels may be set for the Fund's scheme employers, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

A separate Business Plan including actions in relation to administration matters is published and reviewed annually. This outlines how we intend to deliver this strategy and a timetable of events.

Current Trends

This Administration Strategy is produced during a period of considerable change. Key issues currently around are:

- The prospect of major changes to the LGPS

from 2014 as a result of public sector pension reform, resulting in the need for increased communication and major changes to most administrative processes;

- The introduction of 'automatic enrolment' as part of the Government's 'Workplace Pension Reform' which will result in major communication and procedural challenges for the Fund and all of its employers;
- The continuing conversion of schools to academy status which requires a considerable amount of employer and scheme member liaison;
- Scheme employers delivering their functions in a variety of ways, including by outsourcing, which requires a considerable amount of employer and scheme member liaison.

Key Objectives

To ensure that we are administering the Fund and we enhance the service we currently offer, we have set the following 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
- Protect data to ensure security and authorised use only

Measuring success

To monitor our success against our objectives we will:

- Aim to meet the national* standard turnaround times in at least 95% of cases for specified processes
- Aim for no payment errors

- Aim to achieve below the national* average for new Internal Dispute Resolution Procedure appeals during the year and number of lost IDRs
- Aim for 100% of monthly reconciliations of equity and bond investment mandates being made timely
- Aim for 100% of contributing employers submitting timely payments
- Aim for no information security breaches

Our performance against these measures will be reported to each Essex Pension Fund Board (the Board) meeting as part of the Fund's scorecard.

* As determined/measured through the Chartered Institute of Public Finance and Accountancy benchmarking club.

Delivering the Objectives

Method of Delivery

There are a number of options for administering the Fund, including:

- In-house administration, and
- Third party administration.

The administering authority's approach is that the administration will be carried out by an in-house Pension Services team. This provides the administering authority with the greatest flexibility and control in delivering to the specific needs and objectives as determined by the Board whilst still being able to demonstrate efficiencies in comparison to other LGPS funds.

Liaison and communication with employers and other stakeholders

The delivery of a high quality administration service is not the responsibility of just the administering authority, but depends on the joint working of the administering authority

with a number of individuals in different organisations to ensure scheme members, and other interested parties, receive the a level of service in line with the Funds' objectives as well as ensuring that statutory requirements are met.

The Fund may, where it is considered advantageous, put in place Service Level Agreements (SLAs) with the Fund's key stakeholders, in particular the employers in the Fund, so that service standards are explicit. The administering authority relies on employers to provide it with the appropriate information to maintain accurate records and pay accurate benefits. The Fund acknowledges that this is a partnership arrangement and any SLAs will incorporate statements of the commitment of the relevant parties in this partnership.

Further details of the procedures for liaison and communication between the Fund and its stakeholders are included within the Fund's Communication Policy and Communication Calendar.

Circumstances where costs might be recovered due to employing authorities poor performance

Regulation 43 of the Local Government Pension Scheme (Administration) Regulations 2008 provides that an administering authority may recover from an employing authority any additional costs associated with the administration of the scheme incurred as a result of the poor level of performance of that employing authority.

Where an administering authority wishes to recover any such additional costs they must give written notice stating:

- The reasons in their opinion that the scheme employer's poor performance contributed to the additional cost;
- The amount of the additional cost incurred;

- The basis on which the additional cost was calculated; and
- The provisions of the pension administration strategy relevant to the decision to give notice.

In instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body, these costs will be recoverable immediately.

It is not the policy of the Fund to immediately move to recovering additional costs incurred in the administration of the LGPS as a direct result of the poor performance of a scheme employer. Instead, the Fund will seek, at the earliest opportunity, to work closely with employers in identifying any areas of poor performance, provide the necessary training and development and put in place an improvement plan to improve the level of service delivery into the future.

Where persistent failure occurs and the improvement plan is not followed by a scheme employer, additional administration costs will be recovered. However, this will only be pursued where the Fund has carried out the following steps:

- Written to the scheme employer, setting out area(s) of poor performance.
- Met with the scheme employer, to discuss areas of poor performance and how these can be addressed and agreed an improvement plan; but no or little improvement has been demonstrated.
- The Board has agreed to reclaim administration costs following a report to them on the circumstances. A representative of the employer will be invited to attend the Board and provide their case.

The circumstances where this might be necessary are:

- persistent failure to provide relevant information to the administering authority, scheme member or other interested party in accordance with specified performance targets (either as a result of timeliness of delivery or quality of information);
- failure to pass relevant information to the scheme member or potential members, either due to poor quality or not meeting the agreed timescales outlined in the performance targets;
- failure to deduct and pay over correct employee and employer contributions to the Fund within the stated timescales.

Where the Board agrees costs should be reclaimed, the following sets out the steps we will take in dealing with poor performance by a scheme employer:

- Issue formal written notice, where no improvement is demonstrated by the scheme employer/failure to take agreed action by the scheme employer, setting out the area(s) of poor performance that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed;
- Clearly set out the calculations of any loss resulting to the Fund or administering authority, or additional cost, taking account of time and resources in resolving the specific area of poor performance, including any fines levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body resulting from the employer's poor performance; and
- Make claim against the scheme employer, setting out reasons for doing so, in accordance with the Regulations.

Confidentiality

The Fund is registered under the Data Protection Act 1998 as part of Essex County Council. Information on members and organisations is treated with respect by all our staff.

Disclosure

The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC providers.

Equality

We will make every reasonable effort to provide a service to our stakeholders in their preferred language or format on request.

Freedom of information

Anyone has a right under the Freedom of Information Act 2000 to request any information held by the Fund which is not already made available. Requests should be made in writing to the Pension Services Manager at the address at the end of this document.

A fee may be charged and the Fund reserves the right to refuse a request if the cost of providing the information is disproportionately high; if following prompting the request is unclear; and when the requests are vexatious or repeated.

Further information

If you would like more information about the Scheme please contact us at the address below. Our offices are open Mon-Thurs 8:30-17:30 Fri 8:30-17:00.

Essex Pension Fund

PO Box 11
County Hall
Chelmsford
Essex
CM1 1LX
Phone 01245 431912
E-mail pensionenquiries@essex.gov.uk
Website www.essexpensionfund.co.uk

Essex Pension Fund

LGPS Knowledge & Skills Training Strategy

December 2013

1. Introduction

This is the Training Strategy for the Essex Pension Fund.

It sets out the strategy agreed by the Pension Board concerning the training and development of the:

- members of the Pension Board and the Investment Steering Committee (the “Members”); and
- officers of the Essex Pension Fund responsible for the management of the Fund (the “Officers”).

The Training Strategy is established to aid Members 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. Regulations under the Public Service Pensions Act 2013 are also likely to require Essex County Council to set up a further body, a ‘local’ Pension Board (this is different to the current Pension Board), which will require members with knowledge and skills sufficient to enable effective scrutiny of decisions made by

officers and the current Pension Board and the Investment Steering Committee. The training desired to achieve the additional knowledge and skills will be included in the Training Strategy when known.

1.1 Strategy Objectives

The Fund’s objectives relating to knowledge and skills are to:

- Ensure the pension fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and are well based.

To achieve these objectives, Members require an understanding of:

- Their responsibilities as an administering authority of a local government pension fund;
- The fundamental requirements relating to pension fund investments;
- The operation and administration of the pension fund;
- Controlling and monitoring the funding level; and

- Taking effective decisions on the management of the Essex Pension Fund.
To assist in achieving these objectives, the Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework and Code of Practice to meet the skill set within that Framework. So far as is possible, targeted training will also be provided that is timely and directly relevant to the Board's activities as set out in the Fund's 3-year business plan. For example, funding training was given immediately preceding the Board meeting that discussed the Funding Strategy Statement.
All those with decision making responsibility in relation to LGPS pension matters will:
- have their knowledge measured and assessed;
- receive appropriate training to fill any knowledge gaps identified; and
- seek to maintain their knowledge.

1.2 Application of the training strategy

This Training Strategy will apply to all elected members and representatives with a role on the Pension Board or Investment Steering Committee and to the Director of Essex Pension Fund and his direct reports. Other officers involved in the management and administration of the Fund will have their own sectional and personal training plans and career development objectives.

1.3 Purpose of training

The purpose of training is to:

- equip people with the necessary skills and knowledge to be competent in their role;
- support effective and robust decision making;
- provide individuals with integrity;
- meet the required needs in relation to the

Fund's objectives.

1.4 Summary

This training strategy:

- Assists in meeting the Fund's objectives;
- Meets the business plan;
- Will assist in achieving delivery of effective management;
- Will equip those responsible with appropriate knowledge and skills;
- Promote on-going development of the decision makers;
- Lead to demonstrating compliance with the CIPFA Knowledge and Skills Framework; and
- Contribute to good governance.

2 Meeting the business plan

2.1 Timely and relevant

There will be times in the year when different circumstances will require specific training. For example, funding training was given just prior to the Board meeting that discussed the Funding strategy Statement.

It is vital that training is relevant to any skills gap or business need and training should be delivered in a manner that fits with the business plan.

The training plan will therefore be regularly reviewed to ensure that training will be delivered where necessary to meet immediate needs and fill knowledge gaps.

3 Delivery of Training

3.1 Training resources

Consideration will be given to various training resources available in delivering training to Members or Officers in order to achieve efficiencies. These may include but are not restricted to:

For Members	For Officers
<ul style="list-style-type: none">• In-house	<ul style="list-style-type: none">• Desktop / work based training
<ul style="list-style-type: none">• Using an Online Knowledge Portal or other e training facilities	<ul style="list-style-type: none">• Using an Online Knowledge Portal or other e training facilities
<ul style="list-style-type: none">• Attending courses, seminars and external events	<ul style="list-style-type: none">• Attending courses, seminars and external events
<ul style="list-style-type: none">• Internally developed training days and pre/post Board sessions	<ul style="list-style-type: none">• Training for qualifications from recognised professional bodies (e.g. CIPFA, CIPP, PMI)
<ul style="list-style-type: none">• Shared training with other Funds or Frameworks	<ul style="list-style-type: none">• Internally developed sessions
<ul style="list-style-type: none">• Regular updates from officers and/or advisers	<ul style="list-style-type: none">• Shared training with other Funds or Frameworks

3.2 Training Plans

Fund Training Plans will be developed at least on an annual basis. These will be updated as required taking account of the results of Training Needs Assessments completed by Officers and Members.

Induction Training will be provided for all new Officers and Members. This will involve covering the requirements of the Training Strategy alongside guidance and information on the requirements of their roles. It is expected that Induction Training for Members could involve approximately the equivalent of two full days of training, albeit these sessions could be spread over a few days.

3.3 External Events

A log of potential external events which may count towards credits will be maintained on an on-going basis by the Independent Governance and Administration Adviser. This will be

updated as information on events becomes available and will be provided at Pension Board meetings.

After attendance at an external event, Members will be expected to provide verbal feedback at the following Pension Board meeting covering the following points:

- Their view on the value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and
- Recommendations of any subject matters at the event in relation to which training would be beneficial to other Pension Board members.

Officers attending external events will be expected to report to their direct line manager with feedback covering the following points:

- Their view on value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and
- Recommendations of any subject matters at the event in relation to which training would be beneficial to other officers.

4 On-going development

4.1 Maintaining knowledge

In addition to undertaking on-going assessment in order to measure knowledge and skills against the CIPFA requirements and identify knowledge gaps, Officers and Members are expected to maintain their knowledge of on-going developments and issues through attendance at external events and seminars. Appropriate attendance at events for representatives of the Pension Board and Investment Steering Committee will be agreed by the chairman. Appropriate attendance at events for Officers will be agreed via their relevant line manager.

A list of future events and seminars will be presented at each Pension Board meeting. The Board will then decide an appropriate level of credits for attendance at an event in relation to the type of event, its content and relevance to knowledge maintenance. The level of credit may then be re-evaluated when receiving feedback (see 3.3 above).

In any event, attendance at events/seminars (which may include some internal training sessions) that are not direct training courses focussed on the CIPFA Knowledge Skills Framework but enhance and improve related on-going and emerging pension knowledge will count as one credit for each session of up to a half day.

Owing to the changing world of pensions, it will also be necessary to have ad hoc training

on emerging issues or on a specific subject on which a decision is to be made by the Pension Board in the near future. These will also count as credits in maintaining knowledge.

Relevant Group	The expected minimum level of credits over a rolling 2 year period
Officers	15 credits
Members	8 credits

These will be measured and monitored by the Independent Governance and Administration Adviser over rolling 2-year periods and recorded in the scorecard.

5 CIPFA Requirements

5.1 CIPFA Knowledge & Skills Framework

In January 2010 CIPFA launched technical guidance for Elected Representatives on Pension Committees (aka Essex Pension Fund Board) and non-executives in the public sector within a knowledge and skills framework. The Framework covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context;
- Pension accounting and auditing standards;
- Financial services procurement and relationship development;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practice.

The Knowledge and Skills Framework sets the skill set for those responsible for pension scheme financial management and decision

making under each of the above areas in relation to understanding and awareness of regulations, workings and risk. CIPFA also provide Training Needs Analysis questionnaires on each of the six core areas above which the Fund will make use of as part of its assessment of current knowledge among Members and Officers.

5.2 CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the "Code of Practice")

First published in October 2011 and redrafted in July 2013, CIPFA's Code of Practice embeds the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:

- formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
- ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
- publicly report how these arrangements have been put into practice each year.

The Pension Board of the Essex Pension Fund fully support the intentions behind CIPFA's Code of Practice and has agreed to formally adopt its principles. This Training Strategy formally sets out the arrangements the Essex Pension Fund will take in order to comply with the principles of the CIPFA Knowledge and Skills Code of Practice.

6 Training records and certification

6.1 Progress and achievement

Progress and achievement will be certificated at least on an annual basis individually to all Officers and Members. These will detail:

- The current assessment of an individual's acquired knowledge;
- Their progress against achieving the credits from other internal/external training or events; and
- All training courses and events attended by them to date.

Annex A Essex Pension Fund Board – Draft Training Plan

This is a rolling training plan. Further updates will be made as conferences and external events become public and as future Pension Fund Board dates are determined. Updated versions will be circulated to Board members.

Note – Pre Board Training will be limited to short sessions (generally no more than one hour) wherever possible

Ref	What	Who (and externally where)	When	Overview	Attendees
1	Pre-Board Training	Fund's Actuary	9 December 2013	Actuarial methods, standards and practices not covered in the session held on 18 September 2013	All Board members
2	Training day	tba	22 January 2014	Focussed at Officers and Board members – various speakers, mainly focussed on LGPS reform (including pensions legislation and governance)	Officers and Board members
3	LAPF Strategic Investment Forum	http://www.lapfinvestments.com/category/conference/ in London	6 February 2014	Trends in asset allocation / Liability risk, valuation and investment / Market analysis / Post QE / Activism in focus / Recovery and regeneration	Officers and Board members
4	LGC Investment Seminar	www.lgcinvestmentseminar.com near Chester – book before 20 December for early bird discount	27 – 28 February 2014	Regulatory oversight / Investment regulations and new ways of investing / Extracting a premium from passive equity strategies / Restructuring the management of LGPS funds / Navigating your flight path and workshops	Officers and Board members
5	Pre-Board Training	tbc	5 March 2014	tbc	All Board members

Ref	What	Who (and externally where)	When	Overview	Attendees
6	NAPF Local Authority Conference	http://www.napf.co.uk/Conferences_and_Seminars/Local_Authority_Conference.aspx in Gloucestershire	19 – 21 May 2014		
7	Training Day (full day)		21 May 2014	tbc	All Board members
8	LGPS Trustees Conference – LGA		June 2014		
9	Pre-Board Training		9 July 2014 17 September 2014 10 December 2014		
10	LGC Investment Summit	http://www.emap.com/event/lgc-investment-summit	September 2014		
11	LGPS Trustee Training Fundamentals – LGA		Autumn 2014		

In addition, Induction training sessions will be arranged for any new Board and/or ISC members during the year.

Training as required by business needs will also be arranged as they are required.

Conference attendance: Board members are encouraged to attend some conferences and external training events to provide a wider knowledge of current key topics. ISC members are particularly encouraged to attend one investment conference

Essex Pension Fund

COMMUNICATIONS POLICY

Introduction

This Communication Policy has been prepared by the Essex Pension Fund (the Fund) and is effective from April 2014. The Communication Policy has been designed to meet the legislative requirements and in addition, meet the Funds objectives that are outlined within this Policy. This policy will be reviewed annually and updated as necessary following each review.

This Policy should be read in conjunction with the supporting 'Communication Calendar' which is detailed in Appendix 1 of this document.

Key Objectives

To ensure that we are communicating with our audiences and we enhance the service we currently offer, we have set the following objectives:

- Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally.
- Ensure our communications are simple, relevant and have impact.

- Deliver information in a way that suits all types of stakeholder.
- Aim for full appreciation of the pension scheme benefits and changes to the Scheme by all scheme members, prospective scheme members and employers.

Measuring success

To monitor our success against our objectives we will aim to:

- Achieve a year on year increase in the response rate to our Satisfaction Surveys to each of our audiences.
- Achieve to 95% of positive responses in our Satisfaction Surveys to each of our audiences.
- Have a supporting communications calendar that is adapted where necessary, to each of our audiences.

Achieving success

Our principles when delivering our communication will be to:

1. Improve member understanding and gain appreciation:

To ensure that our communications support member understanding we will:

- Tailor our communication to the audience's needs.
- Make our messages clear, consistent and use the right language.
- Provide contact information for people to find out more information.
- Be consistent with our key messages throughout our communication.
- Use the most appropriate delivery methods to reach our audiences and make communications accessible to everyone.
- Provide good quality communications that meets the expectations of the audience.

2. Plan our communication and deliver by the most appropriate method:

- We will use the most appropriate communication channel for the audience.
- We will adapt our communication where possible following feedback from our audiences.
- We will consider how to make the service available to all audiences and be accessible to everyone.
- We will actively promote our service through our existing communication channels where appropriate. For example, employer roadshows and meetings.

3. Give our communication a clear purpose

- Each of the communications we send will have a clear purpose and fit into our overall communications plan. This will ensure each item is part of our overall policy and cost effective.
- We will continually review all of our communication to ensure that it is fit for purpose.

4. Give our communication impact through visual identity:

Pension schemes with their own style and brand result in communications that are instantly recognisable as pension related. A visual identity will be developed alongside the Councils existing brand.

Our key messages

There are a number of key messages to each of our audiences but through all of our communication the messages to the majority of audiences will be:

- 1 Your pension is a valuable benefit
- 2 It is important that you understand how the LGPS works now and in the future
- 3 Make sure that you are saving enough for retirement

A summary of the key messages to each audience is below:

Audience	Key message
Active members	<ul style="list-style-type: none"> • It is important that you understand the impact of any changes in legislation: Pension Reform, Automatic enrolment, Lifetime allowance /Automatic enrolment. • Your employer pays in to help you save for your retirement. • Remember you have other benefits with your pension.
New / potential joiners and opt outs	<ul style="list-style-type: none"> • It is important to understand the impact of any changes in legislation: Pension Reform and auto enrolment. • The LGPS pension is a good way to save for your retirement. • Remember you have other benefits with your pension.
Deferreds	<ul style="list-style-type: none"> • Keep your details up to date. • You need to understand how the fund worked when you left. • It is important to understand the impact of any changes in legislation • The pension will be different if you come back into the Scheme. • Understand the implications of transferring out of the Scheme. • We will tell you if anything changes.
Pensioners	<ul style="list-style-type: none"> • Keep your details up to date. • We are here to help with any questions you might have. • You will continue to get your pension no matter what changes happen. • Remember to phone the tax office with any tax queries you have. • Remember you have other benefits with your pension.
Employers	<ul style="list-style-type: none"> • You have a responsibility to provide employees with information about the LGPS. • You need to understand how the Scheme works and the effect of any changes in legislation. • The LGPS is a valuable benefit for members and you need to help educate members to understand the changes and the impact. • You have a responsibility to inform the Fund of any changes to scheme members circumstances.

Communication deliverables

Media, tools and channels of our communication

The communication tools we will use will incorporate our existing communication channels for efficiency. The tools we use may adapt as we receive feedback from each of audiences. The tools we will use for each of our audiences are outlined below:

Scheme members – Active, deferred and pensioner members

- **Internet** – The Fund has established an extensive website essexpensionfund.co.uk containing Scheme details, leaflets, guides and forms etc. There are also news items and 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 plus important repeated messages
- **Deferred newsletter** – We will issue a newsletter to deferred members of the fund, where a current address is known. This will consist of the key messages, plus any topical issues such as changes affecting deferred members and will normally be sent with the annual benefit statement.
- **Benefit statements** – An annual benefit statement is sent directly to the home address of all members who are contributing to the Fund at the previous financial year end. Benefit statements are sent direct to the home address of deferred members where a current address is known
- **Scheme literature** – A range of Scheme literature is produced by the Fund and is supplied to employing bodies and Scheme members directly. Copies of the Scheme literature will be available on the Fund’s website essexpensionfund.co.uk
- **Pay advices** – The Fund issues pay advices to Scheme pensioners in April and May and if there is a change to the member’s net pension of more than £1.00. The pay advices are also used to convey important generic messages to Scheme pensioners.
- **Correspondence** – The Fund uses both surface mail and e-mail to receive and send correspondence.
- **Telephone helpline** – A dedicated telephone helpline is provided for Scheme members and is widely publicised in Scheme literature.
- **Pensions roadshow** – The Fund stages a number of pension roadshows where it visits the buildings of main employers in the Fund. Additionally, satellite roadshows and surgeries are held at outlying sites, particularly when there may be organisational changes occurring which have pensions implications
- **‘Your Time’** – The Fund issues an annual newsletter, ‘Your Time’ to its Pensioner members

Scheme employers

To assist employers participating in the LGPS, 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.

- **Employers website** – The Essex Pension Fund website has a section for Scheme Employers. This is used to distribute forms used by employers to notify the fund of certain material events and holds resources such as the Employers’ guide, Scheme Employer newsletters and links to LGE circulars and bulletins. Employers

are requested to download the forms as and when required to ensure up-to-date documentation is always used

- **Employer guide** – The Fund has produced and maintains an Employer guide to assist Scheme employers to understand their role. The guide is a key resource and explains the statutory requirements of the Employer with regards to the scheme. All Scheme employers have been sent a hard copy and electronic copy of the guide and the latest version is also made available on the Fund's 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, usually twice a year
- **E-mail alerts** – The fund sends a number of e-mail alerts to employers throughout the year with important pension related news and information
- **Contributions newsletter** – The Fund produces a newsletter for Scheme employers, which focuses solely on contribution issues. This is usually sent to employers electronically by Email twice a year
- **Report and Accounts** – The Report and Accounts are produced annually and an electronic copy is sent to all Scheme employers. It is also made available on the Fund's website
- **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

- **An employer forum** – The Fund hold an employer forum each year which focuses on administrative aspects of the fund and any developments in the scheme including identifying the likely impact of scheme changes. Workshops will be held on specific relevant pension topics at least once a year. The Fund invites all Scheme employers to the forum
- **Employer Training** – 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

Prospective Scheme members – Including opt-outs

- **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
- **Internet** – The Fund has established an extensive website 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. Employers are encouraged to make the newsletter available to all of their eligible staff regardless of whether 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

Prospective Scheme employers

The Fund provides information to prospective Employers to ensure they understand the LGPS Regulations, their implications and the role of a Scheme Employer. The Fund will provide information required to facilitate a smooth transition in respect of prospective Employers to which LGPS Members may TUPE transfer, such as contractors providing a service to a Scheme Employer.

APPENDIX 1

Communication Calendar

The following communication calendar outlines the communication to each of the key audiences and will be implemented to ensure that communication is regular and efficient. Each communication will include the key messages for each audience. The communication calendar will be reviewed annually, and updated as necessary.

Act Active members	Pen Pensioners	Opt Opt outs
Emp Employers	Def Deferreds	

Month	Activity	Media/purpose
April	Pen Pay advices	
	Pen Pensions Increase letters	
	Emp Employer Presentation/Meeting	
May	Pen Pay advices/P60s	
	Def Annual Benefit Statements	
June	Emp Employer Presentation/Meeting	
July	Emp Employer Guide update	
	Emp Employer Presentations/Meetings	
August		
September	Act Annual Benefit Statements	
	Act 'Prime' newsletter	To be sent with Annual Benefit Statements
	Opt	
	Act Employee Roadshows	Drop-in session
	Opt	
	Emp Employer Presentations/Meetings	
	Pen Payslips (full payroll run)	For National Fraud Initiative (NFI)

Month		Activity	Media/purpose
October	Pen	'Your time' newsletter	E-newsletter
	Act	Employee Roadshows	Drop-in session
	Opt		
	Emp	Employer Presentations/Meetings	
	Emp	'Scheme Employer' newsletter	E-newsletter
	Emp	Contributions newsletter	
	Emp	Employer Forums	If valuation results out
	Def	Deferred newsletter	
November	Act	Employee Roadshows	Drop-in session
	Opt		
	Emp	Employer Presentations/Meetings	
	Emp	Employer Forums	If valuation results out
	Emp	Report and Accounts	Electronic only
December	Emp	Employer Forums	If valuation results out
January	Act	Review Scheme literature	
	Act	Employee Roadshows	Drop-in session
	Opt		
	Emp	Employer Forum	
February	Act	Employee Roadshows	Drop-in session
	Opt		
	Act	Review Scheme Literature	
	Emp	Employer Presentations/Meeting	
March	Act	Employee Roadshows	Drop-in session
	Opt		
	Emp	Employer Presentations/Meetings	
	Emp	'Scheme Employer' newsletter	E-newsletter
	Emp	Contributions newsletter	

Glossary

Accrued Interest – Interest earned on a bond since the last interest payment date. If the stock is sold, the accrued interest is paid (gross of tax) to the seller at the time of the transaction in addition to the clean price of the stock.

Active Management – A style of investment management where the fund manager aims to outperform a benchmark by superior asset allocation, market timing or stock selection (or a combination of these).

Actuary – An independent consultant who advises the County Council on the financial position of the fund. Every three years the actuary reviews the assets and liabilities, of the fund and produces the actuarial valuation which recommends the employers contribution rates.

Additional Voluntary Contributions (AVC) – An option available to individuals to secure additional pension benefits by making regular payments in addition to the 6% or 5% of basic earnings payable.

Admission Bodies – Bodies whose staff can become members of the Pension Fund by virtue of an admission agreement made between the Authority and relevant body.

Annualised Return – The rate of return for any given period expressed as the equivalent average return per year.

Asset Allocation – The apportionment of a fund's assets between asset classes and/or world markets. The long-term strategic asset allocation of a fund will reflect the fund's investment objectives. In the short term, the fund manager can aim to add value through tactical asset allocation decisions.

Benchmark – A yardstick against which the

investment policy or performance of a fund manager can be compared.

Bond – A certificate of debt issued by a company, government, or other institutions. A bondholder is a creditor of the issuer and usually receives interest at a fixed rate. Also referred to as fixed interest securities.

Cash – Cash is defined as cash instruments (e.g. money market deposits) and cash in bank and at hand.

Convertible Stock – Stock which gives the holder the right, but not the obligation, to convert all or part of the holding into another stock or stocks on specified dates and on specified terms.

Corporate Governance – This is the system by which companies are run, and the means by which they are responsive to their shareholders, employees and society.

Custody – Safe-keeping of securities by a financial institution. The custodian keeps a record of a client's investments and may also collect income, process tax reclaims and provide other services, according to the clients instructions.

Currency Trading - Buying and Selling world currencies.

Deferred Pension – The pension benefit payable from normal retirement age to a member of the Fund who has ceased to contribute as a result of leaving employment or opting out of the pension scheme before the state retirement age.

Derivatives – Are financial instruments whose value derives from an underlying asset. Futures/Forwards are among the most common.

Dividend – The part of a company's after tax earning which is distributed to the shareholders in the form of cash or shares. The directors of the company decide how much dividend is to be paid and when. The dividend is neither automatic nor guaranteed for ordinary shareholders.

Emerging Equity Markets – There are about 80 stock markets around the world of which 22 markets are generally considered to be mature, the rest are classified under the heading of emerging markets.

Equities – Ordinary shares in UK and Overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Exchange Traded – Contract traded on a regulated exchange where the contract terms are standardised by the exchange so that the underlying asset, quantity, expiration date and strike price are known in advance.

Fixed Interest Securities – Investments in mainly government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange in the meantime.

Futures – Contracts to buy or sell specific quantities of a commodity or financial instrument at a specified price with delivery set at a specified time in the future.

Gilts, Gilt-edged Securities – The familiar name given to sterling, marketable, securities (or bonds) issued by the British Government.

Income Distribution – Usually referred to unit trusts, the distribution of income to unit holders in strict proportion to the number

of units held at the ex-dividend date (units brought after this date will not generate a dividend).

Indexed Linked – Bonds on which the interest and ultimate capital repayment are recalculated on the basis of changes in the Retail Price Index.

Listing – For shares (or bonds) to be traded officially on a stockmarket they need to be listed. Essentially, this is an endorsement from the market authorities that the securities and their issuer meet certain criteria.

Margin Account – When a futures contract is first opened, an initial margin payment is made into an account held by the Clearing House. This is intended to represent the maximum gain or loss on the contract, based on current market volatility. Each subsequent day, every open contract is valued to reflect the market movements, the scheme may be required to make an additional payment or receive a repayment.

Mandate – The agreement between a client and investment manager laying down how the fund is to be managed. May include performance targets by reference to a benchmark.

Market Value – The price at which an investment can be bought or sold at a given date.

Mature Equity Markets – Countries which include the United Kingdom, United States and Japan are commonly referred to as having mature markets. These markets have an established economy and knowledge is freely available.

Maturity – End of the life of a fixed interest security at which point it is repaid.

Ordinary shares – Securities, which represent an ownership, interest in a company.

Over the Counter Contracts – Two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange.

Passive Management – A style of investment management that seeks to attain performance equal to market or index returns.

Property unit trusts (PUTS) – Pooled investment vehicles that enable investors to hold a stake in a diversified portfolio of properties.

Resolution Bodies – Scheme employers with the power to decide if an employee or group of employees can belong to the scheme.

Retirement under the “Rule of 85” – Where an employer consents to the early payment of retirement benefits after age 50, the member’s age and pensionable service totalling at least 85, and where other reasons for retirement do not apply.

Return – The total gain from holding an investment over a given period, including income and increase (decrease) in market value.

Scheme Employers – Local Authorities and other similar bodies whose staff automatically qualify to become members of the pension fund.

Specialist Management – A fund management arrangement whereby a number of managers each concentrate on a different asset class. A specialist fund manager is concerned primarily with stock selection within the specialist asset class. Asset allocation decisions are taken by the trustees, their consultants or a specialist tactical asset allocation manager.

Transaction Costs – Those costs associated with managing a portfolio, notably brokerage costs and taxes.

Transferee Admission Bodies – An external body contracted to provide services or assets in connection with the exercise of a function of the Local Authority.

Transfers to/from other schemes – These are sums paid to or received from other pension schemes and relate to the current value of past contributions which transfer with a member when changing employment.

Unit Trust – A pooled fund in which investors can buy and sell units on an on-going basis.

Unquoted Securities – Shares which are dealt in the market but which are not subject to any listing requirements and are given no official status.

Unrealised Gains/(losses) – The increase/ (decrease) at year-end in the market value of investments held by the fund since the date of their purchase.

This information is issued by

Essex County Council, Essex Pension Fund

You can contact us in the following ways:

For information about the scheme and publications that are available please go to the Pension Fund website at:

www.essexpensionfund.co.uk

Alternatively for further information on issues relating to the Fund Investment please contact:

Kevin McDonald

Director for the Essex Pension Fund

Phone: **+44 (0)1245 431301**

Email: **pensions.investments.web@essex.gov.uk**

If you have any queries relating to membership of the LGPS please contact:

Jody Evans

Head of Essex Pension Fund

Phone: **+44 (0)1245 431912**

Email: **pensionenquiries@essex.gov.uk**

By post:

Essex County Council, Essex Pension Fund

County Hall, Chelmsford, Essex CM1 1LX

Read our online magazine at **essex.gov.uk/youressex**

Follow us on  **Essex_CC**

Find us on  **facebook.com/essexcountycouncil**

The information contained in this document can be translated, and/or made available in alternative formats, on request.

Published September 2014

