

# **Essex Pension Fund Annual Report & Accounts 2014/15**



Essex County Council



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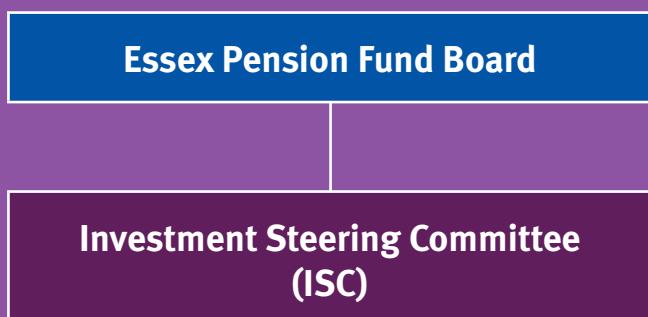
# Introduction and overview

## Chairman's foreword



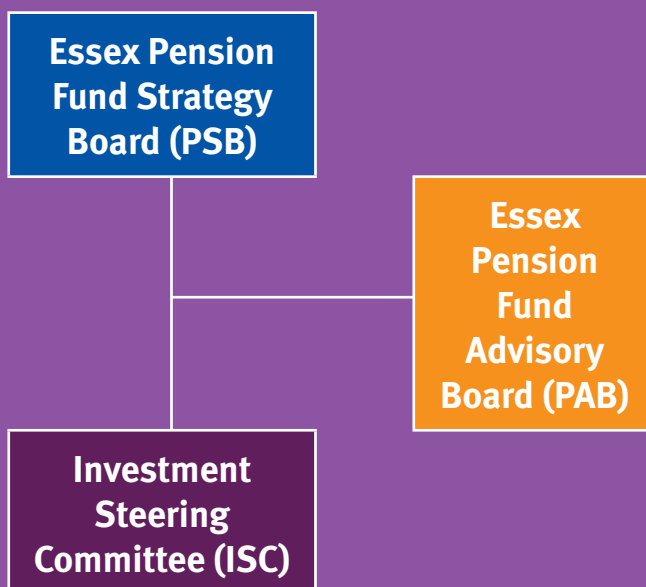
Given that a series of key developments were successfully implemented in a year when the Fund won two national awards and achieved an investment performance of 14.8%, 2014/15 can lay claim to be the Essex Pension Fund's most successful year to date.

One of the most significant developments was the establishment of the new Essex Pension Fund Advisory Board. For a number of years, the governance of the Essex Pension Fund operated through two bodies: the Essex Pension Fund Board and the Investment Steering Committee.



As a result of the Public Service Pension Act of 2013, and subsequent Local Government Pension Scheme (LGPS) Regulations each public sector pension fund has been required to establish a Local Pension Board (LPB) from

April 2015. The Essex Pension Fund Board considered these requirements in detail and over the course of 2014/15 developed proposals which led to the establishment of Essex's new LPB called the Essex Pension Fund Advisory Board in February 2015 ahead of the April 2015 deadline. The revised arrangements, which rename the Board as the Essex Pension Fund Strategy Board (PSB), are set out below:



The Essex Pension Fund Advisory Board (PAB) is not a decision making body. However it is required to assist the Fund in compliance with Regulations and ensure that appropriate governance is in place. In addition to these important roles, the Terms of Reference for the PAB also state that it will be a critical friend to both the PSB and the ISC. Details of the membership of the PSB, ISC and new PAB are set out in section 1.

In May 2014 the Government launched a consultation on structural reform. This followed the previous years' call for evidence and the analysis commissioned by DCLG and undertaken by Hymans Robertson on the potential use of Collective Investment Vehicles

and passive investment management. The Board (PSB) response highlighted our concern that some of the proposals in the consultation, if adopted, could result in:

- the mandatory collectivisation of all investments; and
- the end of active management in the LGPS for equities & bonds.

Requiring LGPS Funds to collectivise all investments and / or ending active management of equities and bonds would be radical steps. Each would take time, cost money, introduce new risks and almost certainly provoke unintended consequences. In the view of the Board, Collective Investment Vehicles where required, need to be fully understood and tested before wider implementation. It remains our strong view that local pension committees should have the opportunity to employ both active and passive strategies. I understand that a further consultation is expected later in 2015.

I am particularly delighted to be able to report that the Fund's efforts have been yet again recognised externally. In May 2014 the Fund

won "Public Sector Scheme of the Year 2014" at the Professional Pensions awards. This was followed up in February 2015 by the "Defined Benefit Pension Scheme of the Year 2015" at the Pensions Age awards.

I would like to express my thanks to the Members, officers and all who have contributed to the Fund's ongoing success throughout the year.

In closing I would like to add a particular word of appreciation for the work of Keith Neale. As County Treasurer from 1987, and subsequently Independent Investment Adviser since 2002, Keith has been a longstanding source of guidance and counsel to the Investment Steering Committee, and has made a significant contribution to the development and success of the Fund's investment strategy. Keith stepped down from his adviser role in July 2015 with our best wishes and will be followed by Mark Stevens.

**Cllr Rodney L Bass**  
**Chairman of the Essex Pension Fund Strategy Board and Investment Steering Committee**



Public Sector  
Scheme of the  
Year  
2014



# Introduction

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## LGPS 2014

On 1 April 2014, the benefit structure for those LGPS members working for admitted Fund employers changed from final salary to career average (CARE). This change was part of a wider programme of revisions to public sector pensions in general.

What remains unaltered is:

- benefits accrued up to 31 March 2013 will still be on a Final Salary basis; and
- the LGPS is still a Defined Benefit pension scheme in nature.

The move to CARE represented an unprecedented alteration. The pension receivable by any employee who retired on or after 1 April 2014 requires both final salary and CARE calculations. This principle underlines the fact that LGPS Funds are now required to administer pensions under two different benefit structures (this rises to three different benefit structures if you also take into account the revised Final Salary scheme introduced from April 2008).

As highlighted in last years' annual report, one of the difficulties faced in implementing the new CARE arrangements was the delay in release of Regulations. Transitional Regulations were finalised in March 2014 which meant that, in common with all other LGPS Funds in England & Wales, Essex did not have not have sufficient time to implement the necessary system changes prior to 1 April 2014.

As a consequence we began 2014/15 with a greater reliance on manual processes in the calculation of pension benefits. This issue was highlighted to the Pension Strategy Board, and colleagues from Internal Audit included this within the scope of their work during the year. It is therefore particularly pleasing to be able to report that the Fund continues to receive the

highest level of assurance from Internal Audit across all aspects of its operation.

### New employer contributions

April 2014 also saw the commencement of new employer contributions following the outcomes of the 2013 Actuarial Valuation. Building on dialogue during the consultation with employers, the 2014 Funding Strategy (which frames the results of the 2013 Valuation) included a new innovation for the payment of deficit. For the first time employers were given the opportunity to pay the annual deficit due at the start of the financial year rather than in twelve monthly instalments.

This additional option aligns the annual deficit payment with the receipt of funding by local authorities. This initiative proved popular with a number of tax raising bodies, some of whom opted to pay three years' at the start of the Actuarial cycle. The early receipt of monies enable the Fund's Actuary Barnett Waddingham to reflect revised assumptions in the calculation of how much was payable. Full details are included within the Actuarial report which can be found in Section 4 of this report.

### Migration to new administration software

Following last year's Board decision to migrate to new UPM software (by CIVICA) Fund officers on the system and administration teams joined together to implement the biggest undertaking in the Fund's history.

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The project team oversaw data cuts, data cleansing and extensive testing. Go live was on 5 November 2014 which allowed seven weeks of “dual running” before the usage of the legacy system AXIS ceased. This meant that the Essex Pension Fund was the first of Civica’s new clients to go live on the UPM standard product.

A considerable effort on behalf of many Fund officers has resulted in successful delivery of this new system, and we would therefore like to record our thanks to all involved in this significant achievement.

Work is currently underway on a second stage of developments which will make greater use of online interaction with both scheme employers and individual members.

*Margaret Lee*

*Executive Director for Corporate & Customer Services.*

*Section 151 Officer for Essex County Council and Essex Pension Fund*

*Kevin McDonald*

*Director for Essex Pension Fund*

*Jody Evans*

*Head of Essex Pension Fund*



## Fund trends

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

	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Value at 31 March (£000)</b>	3,414,012	3,519,647	3,958,473	4,337,374	4,932,623
<b>Number of Contributors</b>	43,351	42,315	45,001	49,516	50,965
<b>Contributions (£000)</b>	223,459	210,146	225,015	213,641	241,330
<b>Number of Pensioners</b>	30,612	32,269	33,873	35,254	35,455
<b>Benefits Paid (£000)</b>	177,342	179,809	194,563	203,058	207,216

## Financial summary

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

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>Value of fund at start of year</b>	<b>3,084,874</b>	<b>3,414,012</b>	<b>3,519,647</b>	<b>3,958,473</b>	<b>4,337,374</b>
<b>Revenue Account for year:</b>					
Contributions	223,459	210,146	225,015	213,641	241,330
Investment and other income	76,829	75,050	84,649	73,787	84,057
Benefits and other expenses	(212,113)	(210,251)	(226,009)	(239,001)	(303,562)
	88,175	74,945	83,655	48,427	21,825
<b>Increase (decrease) in market value of investments in year</b>	<b>240,963</b>	<b>30,690</b>	<b>355,171</b>	<b>330,474</b>	<b>573,424</b>
<b>Increase (decrease) in fund during year</b>	<b>329,138</b>	<b>105,635</b>	<b>438,826</b>	<b>378,901</b>	<b>595,249</b>
<b>Value of fund at end of year</b>	<b>3,414,012</b>	<b>3,519,647</b>	<b>3,958,473</b>	<b>4,337,374</b>	<b>4,932,623</b>



# SECTION 1

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## 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 Strategy Board (the Board), the Investment Steering Committee (ISC) and its officers.

# The Essex Pension Fund Strategy 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 2014/15 is detailed below:

## Board representatives 2014/15

### **Representatives of the County Council**

Cllr. R. L. Bass B.A., F.C.I.B. (Chairman)  
Cllr. N. J. Hume (Deputy Chairman)  
Cllr. S. Barker  
Cllr. K. Clempner  
Cllr. N. Le Gresley  
Cllr. J. Whitehouse

### **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) (up to 23 May 2014).  
Cllr. J Galley (Chelmsford City Council) (from 1 September 2014)

### **Representatives of Unitary Councils**

Cllr. A. Moring (Southend-on-Sea Borough Council) (up to 23 May 2014)  
Cllr. G. Rice (Thurrock Council) (up to 23 May 2014) (from 1 September 2014)  
Cllr. R. Woodley (Southend-on-Sea Borough Council) (from 26 June 2014)

### **Representatives of Police & Crime**

C. Garbett (Essex Police & Crime Commissioner)

### **Representative of Essex Fire Authority**

Cllr. M. Danvers (Essex Fire Authority) (up to 31 July 2014)  
Cllr. J. Seagers (Essex Fire Authority) (from 1 September 2014)

### **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) 2014/15

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 2014/15 were:

### ISC Representatives 2014/15

#### County Council

Cllr. R. L. Bass B.A., F.C.I.B. (Chairman)  
Cllr. N. J. Hume (Vice Chairman)  
Cllr. S. Barker  
Cllr. K. Clempner  
Cllr. N. Le Gresley  
Cllr. J. Whitehouse

#### Observers

Cllr. 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

## The Essex Pension Fund Advisory Board (PAB)

The PAB will assist the Fund in compliance with Regulations and ensure that appropriate governance is in place it, however, it is not a decision making body. The role of the PAB will be to act as a critical friend to both the PSB and the ISC.

#### Chairman

Nicola Mark                      Head of Norfolk Pension Fund

#### Scheme Member Representatives

Keith Flowers	UNISON, Chelmsford CC
Paul Hewitt	Deferred Member, Southend BC/Harlow DC
Jenny Hunt	Deferred Member, Anglia Ruskin University
Mark Paget	Active Member, Essex CC

#### Employer Representatives

Cllr Simon Walsh	Essex CC
Cllr John Galley	Chelmsford CC
Cllr Barry Johnson	Thurrock BC
James Durrant	Essex Fire Authority

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## 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 and Customer Services alongside the Director for Essex Pension Fund has overall responsibility for the day to day operations and management of the Fund, implementing the decisions of the Board and ISC. They are aided by the Essex Pension Fund function.

### **Executive Director for Corporate & Customer Services**

Margaret Lee C.P.F.A.

### **Director for Essex Pension Fund**

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

### **Head of Essex Pension Fund**

Jody 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
First State Investment Management (UK) Ltd	Global Emerging Markets Equities
Legal and General Investment Management	Global Equities (Passive)
Longview Partners	Global Equities
Marathon Asset Management Ltd	Global Equities
M&G Investments	Global Equities
Bonds	
Manager	Mandate
Goldman Sachs Asset Management	Corporate Bonds
Legal and General Investment Management	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
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	Shareholder Activism
Alcentra Ltd	Illiquid Debt



### Other organisations providing services to the Fund

Service	Organisation
Administration software provider	Aquilaheywood (up to 31 December 2014) Civica UK Ltd (from 13 February 2014)
Auditors	EY
AVC provider	The Equitable Life Assurance Society Prudential The Standard Life Assurance Company
Custodian	The Northern Trust Company
Banking	Lloyds Bank plc
Solicitors	Essex County Council – Legal Services Nabarro Nathanson

# Essex Pension Fund business plan 2014/15

## Proposed action for business plan 2015/16

### 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 2015	2015/2016 Business Plan
1. Annual business plan will be put in place	Proposed actions for 2014/15 business plan actions presented to 5 March 2014 Board for approval.	DfEPF & HoEPF	Complete	Draft 2015/16 Business plan actions presented to 4 March 2015 Board for approval
2. Further roll out of training and training needs assessments	Training and training needs assessments will continue in 2014/15.  Specific provision will be made for any new Board Members.	IGAA	Complete for 2014/2015	Training & training needs assessments will continue in 2015/16
3. Board members' knowledge centre	A web based facility for Members will put in place.	HoEPF	Complete	Further infoBOARD training will take place during 2015/16

Action	How will this be achieved?	Officer managing action*	Progress as at March 2015	2015/2016 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	To be deferred until 2015/16	A review of governance policy will take place after arrangements for the Pensions Advisory Board have been finalised.
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 2015/16
6. Procurement of Independent Governance Adviser	The procurement will be completed during 2014/15.	DfEPF & HoEPF	Complete	Not an action for 2015/16
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	In progress	The first meeting of the new Pension Advisory Board will take place during 2015/16

## 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 2015	2015/2016 Business Plan
8. Review of asset allocation	Review of asset allocation as part of the strategy & structure deliberations at the ISC strategy meetings. July 2014 and February 2015.	DfEPF	Complete  Formal reviews took place at 23 July 2014 & 23 February 2015 Strategy ISC meetings	Reviews to take place in 22 July 2015 and 22 February 2016.
9. Implement any review of investment allocation arrangement	Implement the decisions taken at the July 2014 ISC strategy meeting.	DfEPF	Complete  Illiquid debt mandate arrangements in place	Any asset allocation decisions made by the ISC will be implemented as required.
10. To review investment management fees	Ensure that fee monitoring arrangements form part of the annual review of performance.	DfEPF	Complete  The review took place at the 23 July 2014 ISC Strategy meeting.	A review will take place at the 22 July 2015 ISC strategy meeting.

Action	How will this be achieved?	Officer managing action*	Progress as at March 2015	2015/2016 Business Plan
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  The ISC considered a draft revised SIP at its meeting on 26 November 2014. Responses from the consultation were discussed at the ISC on 25 March 2015.	The SIP will be kept under review.
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	In progress  A report was considered by the ISC at its meeting on 23 February 2015.	The process will complete during 2015/16.
13. Respond to the requirements of LGPS structural reform process	Respond to consultation on draft options for the structure of LGPS in England & Wales.  Monitor subsequent developments.	DfEPF	In progress:  Monitoring continues	The situation will continue to be monitored.



## 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. 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	Complete At its September 2014 meeting, the Board considered the results of the 31 March 2014.	An interim review of the Fund as at 31 March 2015 will be commissioned from the Actuary, and the results will be presented at the September 2015 meeting.
15. Review Funding Strategy Statement	Consideration will be given to whether the Funding Strategy requires review in the light of the results of the Interim Review as at 31 March 2014.	DfEPF and HoEPF	Complete	Consideration will be given to whether the Funding Strategy requires review in the light of the results of the Interim Review as at 31 March 2015.
16. Employer participation	Employer participation and membership of the Essex Pension Fund will be monitored on an on-going basis.	DfEPF and HoEPF	In progress Monitoring continues.	Reports on the Fund's Employer Analysis will be brought to the Board during 2015/16.

## 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 2015	2015/2016 Business Plan
17. Commence new 2014 LGPS	Pending outcomes review and put in place a plan to deliver any requirements (e.g. revised processes, systems, etc).	HoEPF	Complete	Action ceasing in 2014/15 Not applicable for 2015/16
18. 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. Deferred benefit statement were dispatched in June 2014. Active benefit statements were dispatched in August 2014.	Complete year end accounting, gather information from employer and update UPM, and produce annual benefit statements.
19. Administration Strategy	The Administration Strategy will be monitored during 2014/15.	HoEPF	In progress. Monitoring continues	The Administration Strategy will be monitored during 2015/16.

Action	How will this be achieved	Officer managing action*	Progress as at March 2015	2015/2016 Business Plan
20. 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  Monitoring continues	In progress  Monitoring continues
21. Implementation of new administration system	A project plan to be in place to deliver a new system by 31 December 2014.	HoEPF	Complete	The second phase including “member online” and “employer online” is scheduled to commence in 2015/16.
22. Review of staffing structure			Action commencing in 2015/16 Not applicable for 2014/15.	A review is scheduled to take place during 2015/16.

## 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 2015	2015/2016 Business Plan
23. New 2014 LGPS	Pending outcomes, review and put in place a plan to deliver any communication requirements including delivery of key messages.	HoEPF	Complete	Action ceasing in 2014/15 Not applicable for 2015/16
24. Monitor Communications Policy	The communications policy will be monitored during 2014/2015.	HoEPF	Complete for 2014/15	A review of the communications policy will take place after arrangements for the new Local Pension Board have been finalised

## Finance schedule

		2013/14 actual £ (000)	2014/15 estimate £ (000)	2015/16 forecast £ (000)	2016/17 forecast £ (000)
EXPENDITURE	Retirement Pensions	162,589	170,302	180,303	192,324
	Retirement Lump Sums	36,518	37,238	38,440	39,680
	Death Benefits	3,951	4,054	4,160	4,268
	Leavers benefits	10,003	8,167	8,575	9,004
	Expenses	2,292	2,915	2,855	2,415
<b>TOTAL</b>		<b>215,353</b>	<b>222,676</b>	<b>234,333</b>	<b>247,691</b>
INCOME	Employees Ctbns	48,843	48,687	48,930	49,175
	Employers Ctbns				
	Ongoing	97,615	105,429	105,956	106,486
	Deficit (scheduled)	62,756	68,062	42,735	43,000
	Deficit (one off)	149			
	Financial Strain	4,278	3,506	3,506	3,506
	Transfer Values in	10,157	8,094	8,110	8,109
	Other income	66			
<b>TOTAL</b>		<b>223,864</b>	<b>233,778</b>	<b>209,237</b>	<b>210,276</b>
Net cash flow excl. Investment Income		8,511	11,102	(25,096)	(37,415)

### Key:

DfEPF: Director for Essex Pension Fund

HoEPF: Head of Essex Pension Fund

GTM: Governance Team Manager

IGAA: Independent Governance &  
Administration Adviser



## SECTION 2

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# INVESTMENTS

## Investment strategy overview

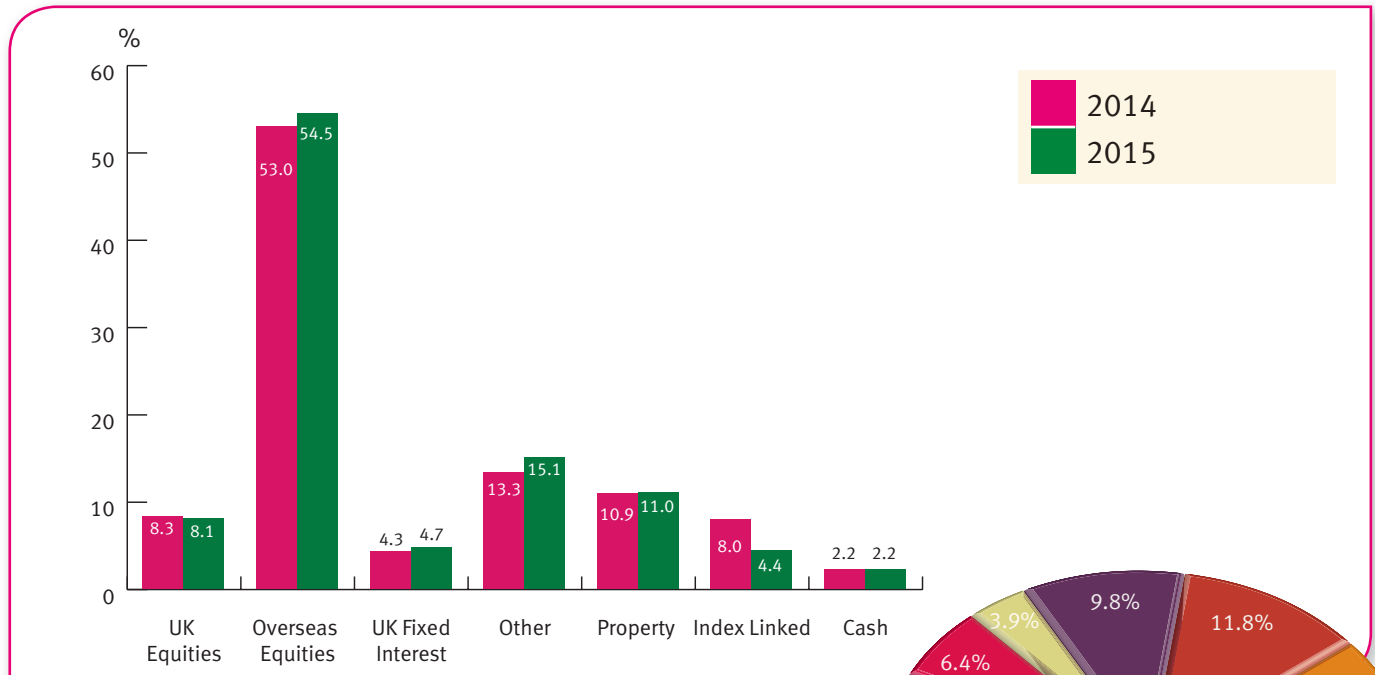
Each year the ISC reviews the Fund's investment strategy over the prior 12 months and formulates its future strategy going forward. The 2014 yearly review took place at the meeting held in July 2014. Central to the review was the discipline of ensuring that the Fund's investment strategy remained consistent with the funding strategy.

The table below shows the strategic allocation benchmark as at 31 March 2015, as agreed at its February meeting.

Equities			Bonds			Alternatives			
Manager		Target %	Manager		Target %	Manager		Target %	
UK	LGIM	5.0	Index-linked gilts	LGIM	2.0	Property	Aviva	12.0	
Regional	LGIM	15.0		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
	Baillie Gifford		-	-	Loans		M&G		0.5
	RAFI		-	-	Illiquid debt		Alcentra		2.5
Emerging	First State	5.0	-	-	-	-	-		
Total		60.0	Total		13.0	Total		27.0	

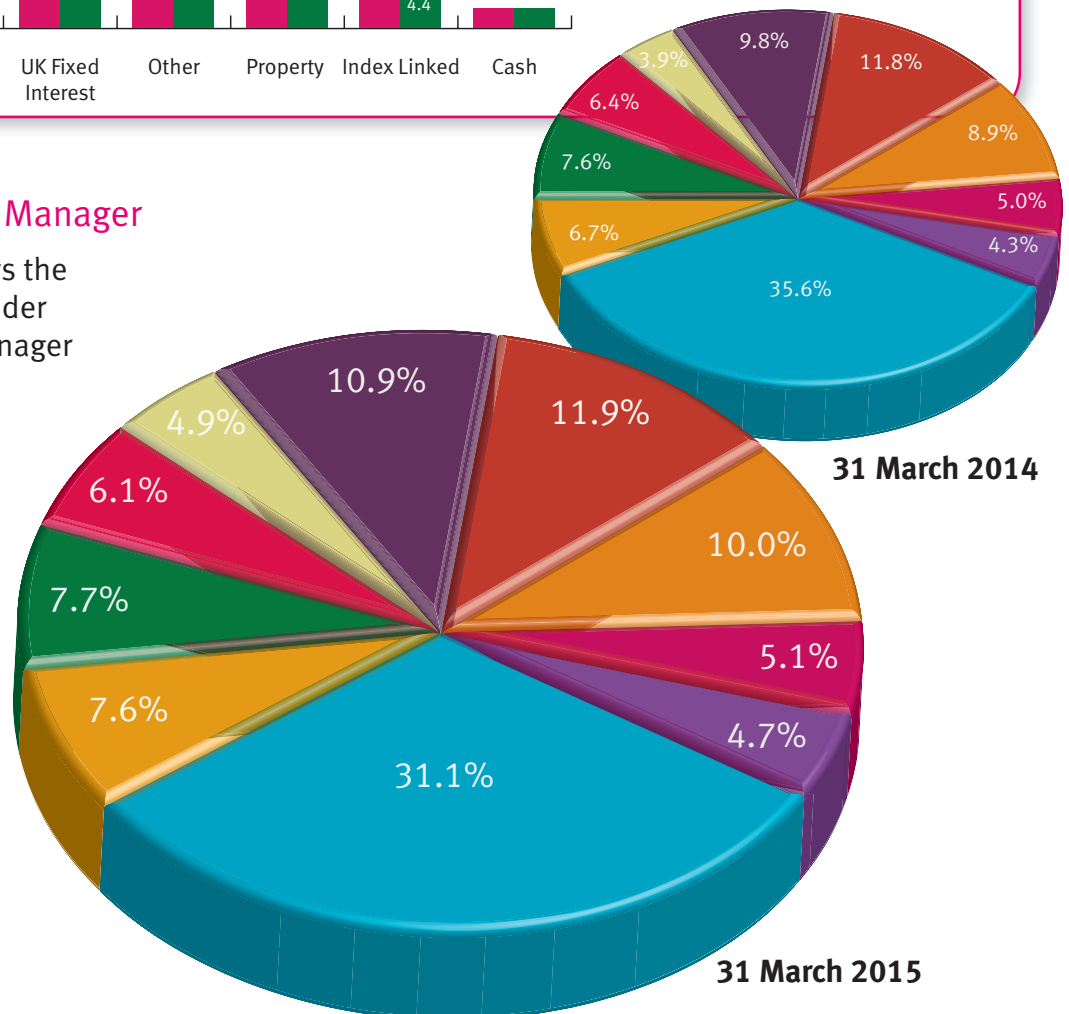
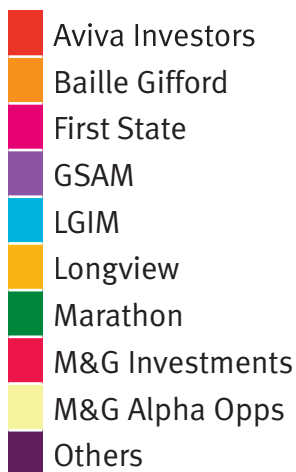
## Portfolio distribution at 31 March

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



## 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.



## Investment decisions

The following outlines key strategic decisions that the ISC have made during 2014/15 that have helped shape both the strategic and actual portfolio allocations shown opposite. It also discusses changes resulting from decisions made in prior years that have been implemented during 2014/15.

### Equity

During 2014/15, the Committee agreed to a change to the target allocation for equities trimming the allocation from 62% to 60%.

### Largest 10 Equity Holdings of the Fund as at 31 March 2015

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

	Market Value 31 March 2015 £m	Proportion of the net assets of the fund (%)
Tencent Holding Limited	43.3	0.9
Amazon Com Inc	42.2	0.9
Illumina Inc Com	38.2	0.8
ADR Baidu Inc Sponsored ADR	36.6	0.7
Facebook Inc	28.6	0.6
Housing Development Fin	24.9	0.5
Google Inc	24.0	0.5
Inditex (Industrial de Diseno Textil SA)	22.9	0.5
Intuitive Surgical Inc	19.4	0.4
Oracle	18.7	0.4
<b>Total</b>	<b>298.8</b>	<b>6.2</b>

### Bonds

The Active Cash plus bond mandates of M&G Alpha Opportunities and Goldman Sachs remain unchanged with a target allocation of 5.5% each. The Fund believes these mandates are useful in terms of diversifying the equity allocation and managing asset volatility.

The Fund maintains a small (2%), more traditional, allocation to Index Linked Gilts as part of L&G's swing mandate. The mandate setup helps the Fund to maintain its overall strategic allocation as the liquid nature of the asset class allows rebalancing to be implemented quickly and at low cost to the Fund. In addition they also provide some inflation protection to the Fund and are therefore preferred to conventional gilts.

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During 2013/14 the index linked bond mandate managed by L&G had become significantly overweight as a result of strong equity performance and the role that L&G play in rebalancing the Fund's growth and income portfolios back within agreed parameters. As a consequence the Committee agreed to rebalance the bond mandates back to their strategic allocation.

In May 2014, £120m was reallocated from the Index Linked Gilt mandate managed by L&G to M&G Alpha Opportunities and Goldman Sachs, £70m and £50m respectively.

## Property

ISC's desire to have more direct control of the underlying holdings has resulted in a change of strategy in respect of this asset class.

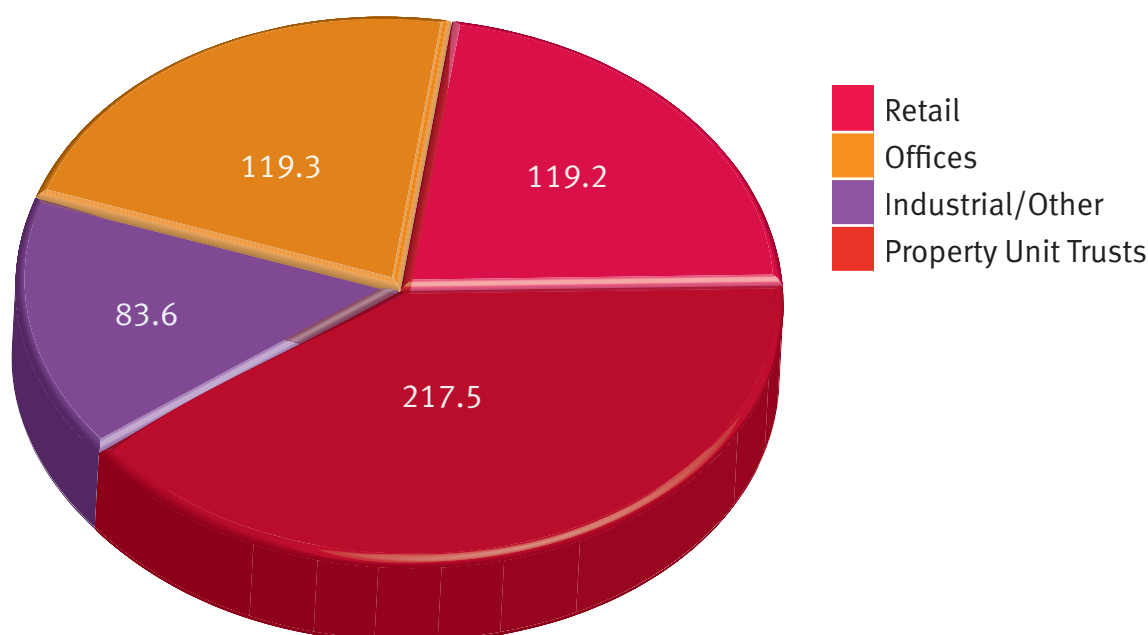
Aviva have continued to progress well with the Fund's strategy to move to a more directly held mandate, re-investing during the year proceeds from indirect property assets and continuing to reduce its large overweight holding of cash.

6 new properties were purchased during 2014/15.

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

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

**Market value at 31 March 2015 (£m)**





		Market value at 31 March 2015 £m
Industrial	Canning Town Business Park, London	23.95
Offices	48/48 Chancery Lane, London	20.00
Offices	55-57 Dean Street, London	14.75
Retail	Sainsbury, 5 – 7 Homefield Rise, Orpington	12.98
Retail	734 -736 Seven Sisters Road, London	12.50

## Alternatives

### Infrastructure

The allocation to infrastructure targeted by the Fund is 6%, 2% to M&G Infracapital and 4% to Partners Group. The overall Fund has grown substantially since the original allocations were agreed. Resulting in the actual allocation being significantly smaller percentage of the Fund than originally targeted.

In March 2015, the ISC in light of this, agreed to a four year rolling commitment whereby a further £180m investment be made to Partners Group. It was agreed a commitment of £140m to the 2015 Partners Group Direct Infrastructure partnership and £40m to the 2015 Global Infrastructure Fund respectively.

The Fund's investment in the M&G Infracapital Fund will over the next couple of years be winding up and returning all capital back to the Fund. The ISC during the year agreed that this is an area that will need its consideration in 2015/16.

### Private Equity

The target allocation to private equity has remained at 4% during the year. The Fund continued its commitment to investing in new private equity opportunities with a further £50m invested during 2014/15 to maintain the 4% target allocation to this asset class. 8 new partnerships were invested in taking the number

of private equity partnerships to 63.

The ISC at its March 2015 meeting agreed to commit a further £50m to private equity in 2015/16.

### Loans

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

### Currency

The Fund has a substantial exposure to overseas currencies given the global nature of many of the assets in which it invests.

The majority of these overseas currency exposures are a residual of the intended market allocation i.e. the Fund wants investment in the US equity market, but are not seeking specific investment in the US dollar and therefore the currency 'risk' is not expected to be a source of additional investment return in the medium term, although short term fluctuations will impact sterling performance. Therefore, as it is a risk that has no expectation of additional return, the ISC since 2007 has implemented a currency hedge to manage the exposure.

During 2014/15 the hedge ratio remained unchanged at 50% (i.e. the Fund aims to remove 50% of its overseas currency exposure).

The ISC at its February 2015 meeting agreed at

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its next strategy meeting to revisit this area of investment to see whether in today's climate the rationale behind this approach is still applicable.

### **Shareholder Activism**

The decision was taken in 2009 to dis-invest from this asset class. As at 31 March 2015, the Fund's only investment in this asset class was a small investment in a side pocket of the RWC (formerly Hermes) UK Specialist Focus Fund.

### **Timber**

The target allocation to timber remains at 2% via a Stafford fund of funds allocation. The commitment to this asset class has been done in two tranches. The first 1% of the commitment was invested to the Stafford Timberland VI fund which was 82% drawn down at the year end. The remaining 1% commitment was made in 2013/14 to Stafford Timberland VII fund. The first drawdown commenced in November 2014 and was at year end 23% committed.

### **Illiquid debt**

During the year the Fund agreed an allocation of 2.5% to an illiquid debt mandate, funded from reducing its strategic allocation to equities.

The ISC believes that significant opportunities continue to exist to capture excess premium as a consequence of banks continued desire to reduce lending to certain opportunity sets, since the financial crisis.

Alcentra was appointed to manage the mandate. It was agreed that an allocation of £80m be split £56m to their Direct Lending Fund and £24m to the Global Multi Credit Solution Fund.

At the year end, the Global Multi Credit Solution Fund was at full commitment whilst the Direct Lending Fund 25% remains to be drawdown.

### **Other decisions**

At its February 2015 meeting the ISC as part of its cash flow review forecast that the Fund during the latter part of 2015/16 will become cash flow neutral whereby contribution income will begin to match benefits paid out. The ISC, in anticipation of this, agreed to begin in 2015/16 a programme to draw income from the L&G UK index funds and rental income from the property mandate managed by Aviva in order to bridge any shortfall.



## Investment performance 2014/15

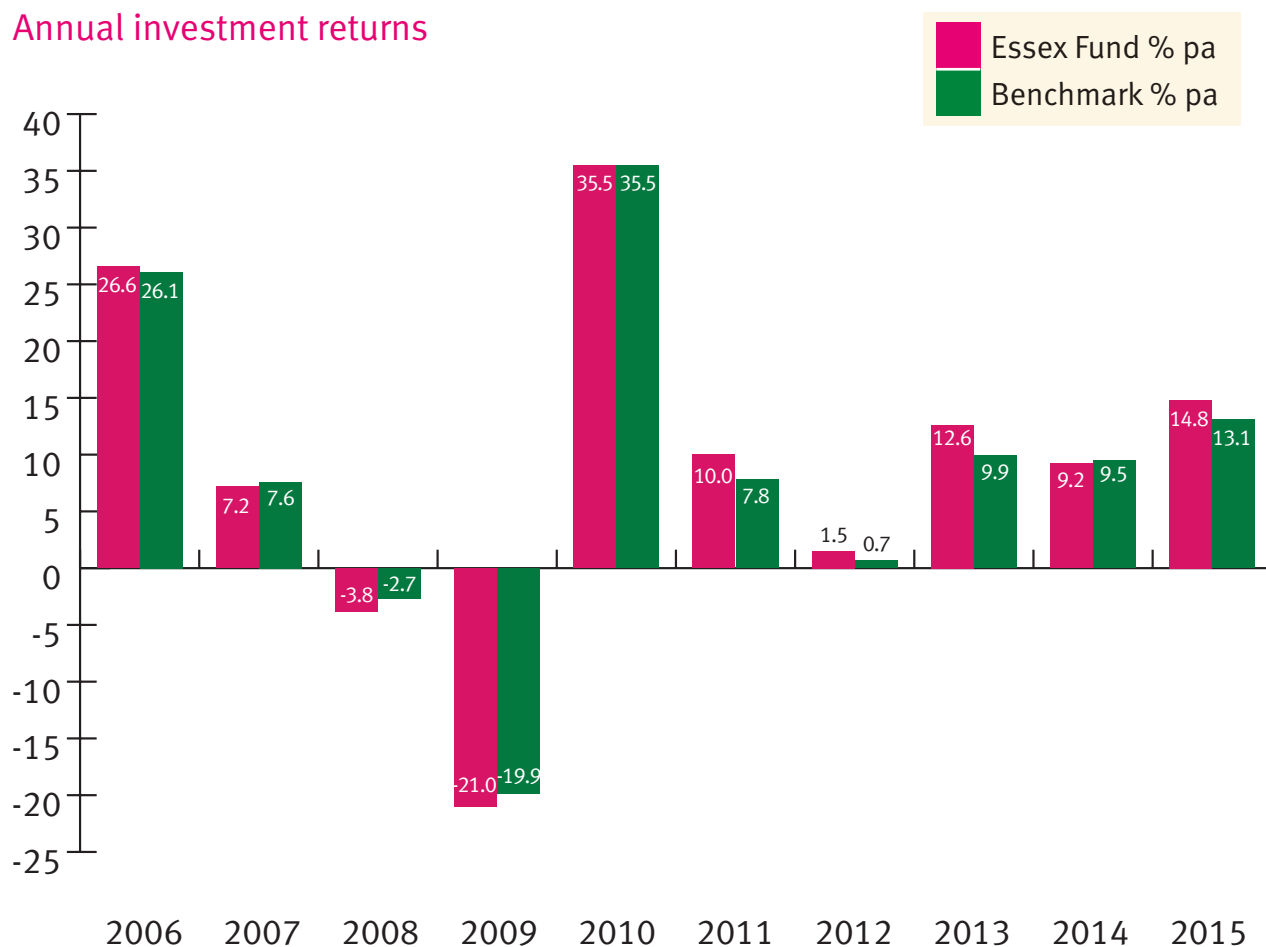
The investment performance of the Fund Managers is reported on a quarterly basis to the Investment Steering Committee (ISC). The Fund Managers submit reports and valuations for this purpose and meet at least annually with the Committee and/or its officers to make oral presentations and to answer questions.

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

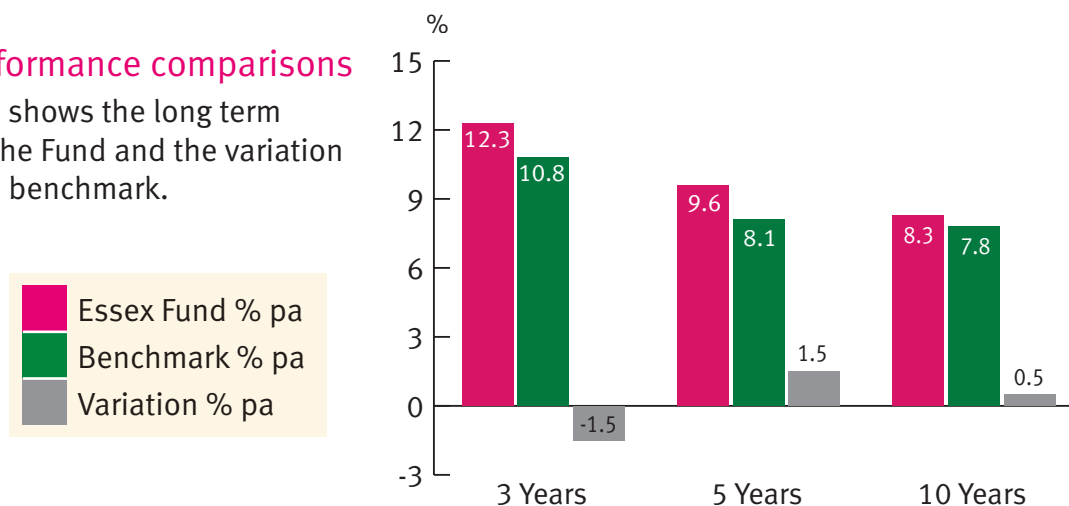
The graph below shows the relative performance of the Essex Pension Fund over the last 10 years. The overall return on the Fund for 2014/15 was 14.8% compared to the customised benchmark of 13.1%. For comparison the WM Local Authorities average fund return for the same period was 13.2%

Annual investment returns



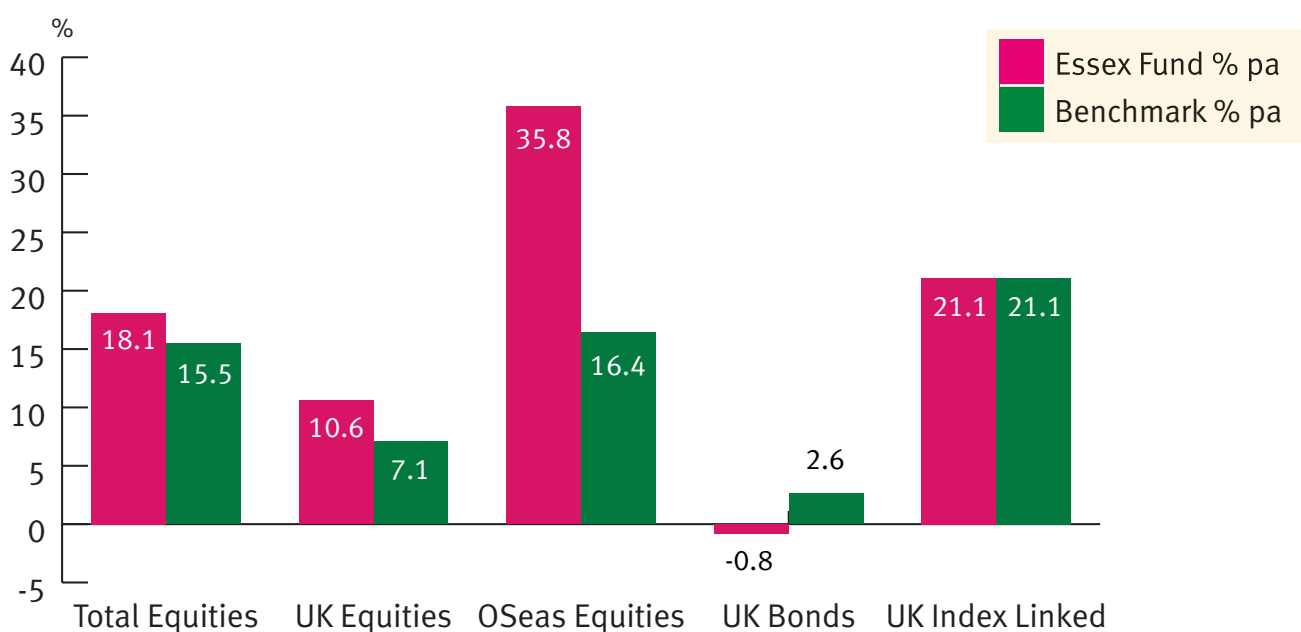
### Long term performance comparisons

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



### Returns by asset class for 2014/15

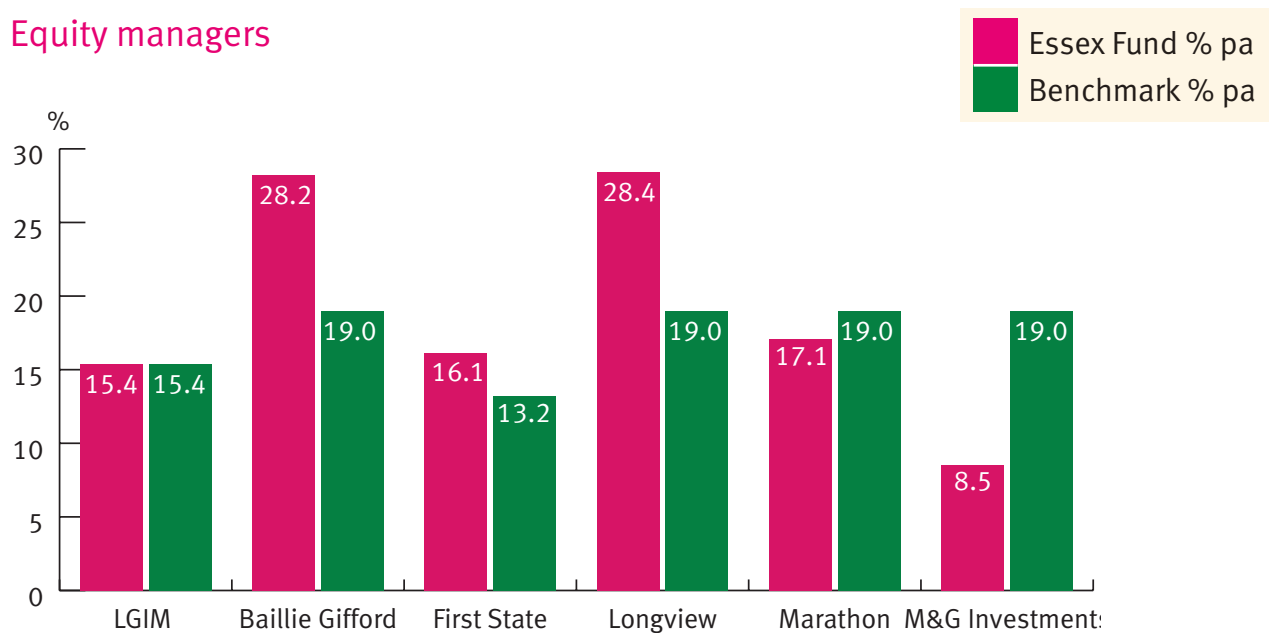
The analysis set out below shows the returns by asset class for 2014/15:



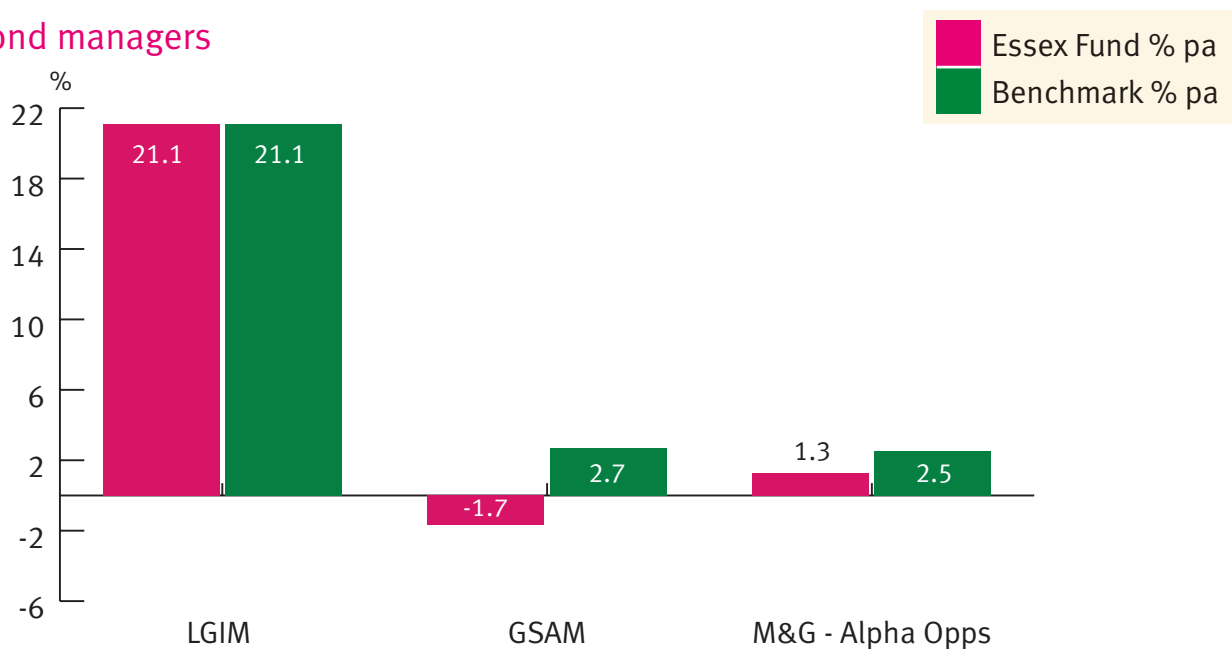
## Equity and bond performance by fund manager

The following graphs shows the performance of each Equity and Bond Mandate compared to their benchmark for the year ended 31 March 2015.

### Equity managers



### Bond managers



## SECTION 3

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# ADMINISTRATION

## Membership summary

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

	2013/14	2014/15
<b>Total Contributors</b>	<b>49,516</b>	<b>50,965</b>
<b>Total Pensioners</b>	<b>35,254</b>	<b>35,455</b>
<b>Deferred Pensioners *</b>	<b>43,693</b>	<b>44,038</b>

*\* 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 % 2013/14	Actual Achieved % Apr–Nov 2014*
Letter detailing transfer in quote	10 working days	96.3	96.01
Letter detailing transfer out quote	10 working days	97.8	96.45
Process refund and issue payment voucher**	5 working days	95.3	94.87
Letter notifying retirement benefit amount - estimates	10 working days	97.3	96.65
Letter notifying actual retirement benefits and issue of payment voucher for lump sum retirement grant	5 working days	96.3	97.05
Letter acknowledging death of active / deferred / pensioner member	5 working days	99.5	99.62
Letter notifying amount of dependant's benefits	5 working days	95.7	95.88
Calculate and notify deferred benefits	10 working days	98.3	97.18

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

*\* We are currently unable to supply figures for December 2014 – March 2015 due to SLA functionality not being available in UPM.*

*\*\* The turnaround times for refunds have been affected in 2014/15 due to the CRE scheme changes which allow a 2 year resting period.*



## Scheme details

Essex Pension Fund, on behalf of Essex County Council, administers the Local Government Pension Scheme for County Council employees, and over 580 other employing 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 Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The rate of member contributions is between 5.50% and 12.5% of pensionable pay. Employees can also opt to pay a reduced contribution. This is commonly referred to as the 50/50 option. At anytime an active member can opt to pay half of their normal contribution. This option results in the pension built up during this time being reduced by half. 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.

To be eligible to receive benefits, a member must have a minimum of 2 years membership of the LGPS.

For any membership before 1 April 2014, the 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”.

For membership after 31 March 2014, the annual pension is calculated on a Career Average Revalued Earnings (CARE) basis. The pension earned during each scheme

year (1 April to 31 March) is revalued by HM Treasury Orders and carried forward to the following year.

#### i) Annual Pension

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

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

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

Pensionable pay (received in each scheme year) x  $1/49$  x HM Treasury Revaluation Order

When in payment, 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 31 March 2008

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

#### iii) Conversion of Pension

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

### 2. Ill health retirement

A member with at least 2 years membership retired:

- (1) is, as a result of his/her ill-health or infirmity of mind or body, permanently incapable of discharging efficiently the duties of the employment the member was engaged in, and
- (2) the member, as a result of ill-health or infirmity of mind or body, is not immediately capable of undertaking any gainful employment.

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

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

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

### **3. Deferred benefits for members leaving the scheme after 31 March 2014\***

Leavers with at least 2 years membership, who are not entitled to receive immediate payment, are awarded a deferred benefit. This is normally paid at Normal Pension Age (state pension age or age 65, if later) but provisions exist for early payment in certain circumstances. The member has the option to defer payment beyond Normal Pension Age but their pension must be brought into payment before their 75th birthday. Alternatively, it may be possible to transfer the cash equivalent value of the deferred benefit to another pension arrangement. Deferred benefits receive cost of living increases each April in accordance with Pensions Increase (Review) Orders.

\*Different payment conditions may apply to members who left the scheme before 1 April 2014.

### **4. Death in service**

A lump sum death grant of 3 times pensionable pay received is payable, regardless of the period of scheme membership. In addition, pensions are payable to surviving spouses, or partners. Dependant 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, 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.

\*A cohabiting partner's pension may not be payable and a death grant may be calculated on a different basis where a member retired before 1 April 2014

### **6. Death in deferment**

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

\*\*A cohabiting partner's pension may not be payable and a death grant may be calculated on a different basis where a member left the scheme before 1 April 2014.

## **Councillors Scheme**

A modified scheme prescribed by the Local Government Pension Scheme Regulations 1997 is available for councillors of authorities whose 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.

### **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

When in payment, 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. Dependant 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.

*Since 1 April 2014 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](http://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](mailto:pensionenquiries@essex.gov.uk)).

## Participating employers of the fund

### Administering Authority

Essex County Council

### Scheduled

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  
 Anglia Ruskin University  
 Chelmsford FE College  
 Colchester Borough Homes Ltd  
 Colchester Institute  
 Epping Forest College  
 Essex Fire Authority  
 Essex Police and Crime Commissioner  
 Essex Probation Committee (transferred June 2014)  
 Harlow College  
 OPCC - Police (joined 01/04/14)  
 Palmers College  
 Prospects College of Advanced Technology (PROCAT) (joined 01/12/14)

Seevic College

South Essex College

South Essex Homes Ltd

The Sixth Form College Colchester

Valuation Tribunal Service

Writtle Agricultural College

### Academies

Abbots Hall Primary School (conversion date 01/05/2013)

Abbotsweld Primary Academy (conversion date 01/01/2015)

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)

Brentwood County High School (conversion date 01/06/2014)

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)

Castle View School (conversion date 01/10/2014)

Castledon School Academy Trust (conversion date 01/03/2015)

Chelmer Valley High School (conversion date 01/08/2011)	Davenant Foundation School, The (conversion date 01/04/2011)	Great Clacton C of E Junior (conversion date 01/03/2014)
Chelmsford High School for Girls (conversion date 01/01/2011)	Debden Park (conversion date 01/04/2011)	Greensted Junior School (conversion date 01/09/2012)
Clacton Coastal Academy (conversion date 01/04/2012)	Dilkes Academy (conversion date 01/12/2012)	Greensward Academy (conversion date 01/09/2008)
Clacton County Academy (conversion date 01/04/2012)	East Tilbury Infant School & Nursery (conversion date 01/04/2012)	Grove Wood Primary School (conversion date 01/07/2014)
Colchester Academy (conversion date 01/09/2010)	East Tilbury Junior School (conversion date 01/04/2012)	Gt Chesterford Academy (conversion date 01/10/2011)
Colchester High School for Girls (conversion date 01/10/2011)	East Tilbury Primary and Nursery (conversion date 23/11/2014)	Hadleigh Infants School (conversion date 01/08/2011)
Colchester Royal Grammar School (conversion date 01/01/2012)	Eastwood High School (conversion date 17/08/2011)	Hadleigh Junior School (conversion date 01/09/2011)
Colne Community School, The (conversion date 01/09/2011)	Fitzwimarc School, The (conversion date 01/03/2015)	Hamford County Primary School (conversion date 01/04/12)
Columbus School and College (conversion date 01/05/2012)	Flitch Green Academy (conversion date 01/04/2011)	Harris Academy Chafford Hundred Campus (conversion date 01/10/2011)
Cooks Spinney Academy (conversion date 01/12/2013)	Forest Hall School (conversion date 01/02/2015)	Harris Primary Academy Chafford Hundred (conversion date 01/07/2012)
Cornelius Vermuyden School (conversion date 01/11/2013)	Freshwaters Academy (conversion date 01/09/2013)	Harwich & Dovercourt Academy (conversion date 01/03/2012)
Corringham Primary School (conversion date 01/10/2013)	Gable Hall School (conversion date 01/07/2011)	Hassenbrook Academy Trust (conversion date 01/09/2011)
Darlinghurst Academy (conversion date 01/01/2014)	Gilberd School (conversion date 01/03/2012)	Hatfield Heath Primary School (conversion date 01/02/2015)
	Great Baddow High School (conversion date 01/07/2011)	
	Great Berry School (conversion date 01/08/2011)	



Hedingham Secondary School (conversion date 01/01/2013)	Katherine Semar Infants School (conversion date 01/12/2014)	Leigh Beck Infant & Nursery Academy (conversion date 01/03/2015)
Herringham Primary School (conversion date 01/11/2012)	Katherine Semar Junior School (conversion date 01/12/2014)	Longwood Primary Academy (conversion date 01/01/2015)
Heybridge Primary School (conversion date 01/12/2012)	Kenningtons Primary School (conversion date 01/09/2012)	Maltings Academy (conversion date 01/09/2008)
Hilltop Junior School (conversion date 01/08/2011)	Kents Hill Infant (conversion date 01/09/2011)	Manningtree High School (conversion date 01/03/2012)
Hockerill Anglo-European College (conversion date 01/02/2011)	Kents Hill Junior (conversion date 01/11/2011)	Mark Hall School (conversion date 01/09/2013)
Holt Farm Junior School (conversion date 01/09/2014)	King Edmund School, The (conversion date 01/07/2011)	Mayflower High School (conversion date 01/08/2011)
Holy Cross Primary School (conversion date 01/08/2011)	King Edward VI Grammar School (conversion date 01/04/2011)	Meadgate Primary (conversion date 01/04/14)
Honywood Community School (conversion date 01/05/2011)	King Harold Business & enterprise Academy (conversion date 01/11/2010)	Messing Primary School (conversion date 01/09/2013)
Howbridge CofE Junior School (conversion date 01/09/2014)	King John School (conversion date 01/04/2011)	Mildmay Junior School (conversion date 01/12/2014)
Hutton All Saints CofE Primary School (conversion date 01/12/2011)	Kingsmoor Primary School (conversion date 01/12/2012)	Mistley Norman CofE Primary School (conversion date 01/02/2015)
Hylands School (conversion date 01/08/2011)	Kingston Primary (conversion date 01/08/2011)	Monkwick Infant and Nursery Academy (conversion date 01/04/14)
James Hornsby High (conversion date 01/10/2012)	Kirby Primary Academy (conversion date 01/10/2013)	Monkwick Junior Academy (conversion date 01/04/14)
Jotmans Hall Primary School (conversion date 01/08/2011)	Larchwood Primary School (conversion date 01/07/14)	Montgomerie Primary School (conversion date 01/09/2014)
Joyce Frankland Academy Newport (previously Newport Free Grammar)(conversion date 01/09/2012)	Latton Green Primary (conversion date 01/01/2015)	Moulsham High School & Humanities College (conversion date 01/07/2011)
	Lee Chapel Primary School (conversion date 01/08/2011)	Moulsham Infants (conversion date 01/07/2011)

Moulsham Junior School (conversion date 01/04/2012)	Philip Morant School and College, The (conversion date 01/11/2011)	Rolph Church of England Primary (conversion date 01/01/2014)
New Rickstones Academy (conversion date 01/09/2008)	Pioneer School, The (conversion date 01/06/2012)	Roydon Primary School (conversion date 01/12/2013)
Newlands Spring Primary School (conversion date 01/08/2012)	Plumberow Primary School (conversion date 01/09/2011)	Runwell Primary (conversion date 01/08/2011)
Northwick Park Primary & Nursery Academy (conversion date 01/12/2014)	Plume School, The (conversion date 01/01/2012)	Saffron Walden High School (conversion date 01/06/2011)
Notley Green Primary School (conversion date 01/11/2012)	Potter Street Primary School (conversion date 01/09/2013)	Sandon School (conversion date 01/08/2011)
Notley High School (conversion date 01/08/2011)	Prince Avenue Primary School (conversion date 01/04/14)	Shaw Primary (conversion date 01/02/2013)
Ockendon School, The (conversion date 01/01/2011)	Purfleet Primary School (conversion date 01/04/2013)	Shenfield High School (conversion date 01/02/2012)
Ormiston Park Academy (conversion date 01/04/2011)	Purford Green (conversion date 01/01/2013)	Shoeburyness School (conversion date 01/12/2011)
Ormiston Rivers Academy (conversion date 01/09/2011)	Quarry Hill Academy (conversion date 01/07/2013)	South Benfleet Primary School (conversion date 01/08/2011)
Our Lady Immaculate RC Primary School (conversion date 01/05/2012)	RA Butler Infants (conversion date 01/10/2010)	Southend High School (Boys) (conversion date 01/02/2011)
Parkwood Academy (previously Melbourne Park)(conversion date 01/12/2014)	RA Butler Junior (conversion date 01/10/2010)	Southend High School for Girls (conversion date 01/11/2010)
Passmores School (conversion date 01/09/2011)	Ramsey Academy, Halstead (conversion date 01/09/2013)	Southminster C of E Primary School (conversion date 01/11/2013)
Pear Tree Mead Academy (conversion date 01/09/2014)	Ravens Academy (conversion date 01/09/2013)	St Albans Catholic Primary School (conversion date 01/08/2011)
	Robert Drake Primary School (conversion date 01/08/2011)	St Andrews Weeley (conversion date 01/11/2013)
	Rochford Primary School (conversion date 01/04/2014)	St Bernards High School (conversion date 01/08/2011)



St Cedds (conversion date 01/06/2014)	Stanford Le Hope Primary (conversion date 01/06/2013)	Water Lane Primary Academy (conversion date 01/09/2014)
St Christopher School (conversion date 01/04/2012)	Stanway School (conversion date 01/03/2012)	Waterman Primary School (conversion date 01/02/2015)
St Clere's School (conversion date 01/09/2011)	Stewards Academy (conversion date 01/10/2011)	West Hatch High School (conversion date 01/06/2011)
St Helen's Junior School (conversion date 01/08/2011)	Stisted (conversion date 01/10/2011)	Westborough Academy (conversion date 01/09/2010)
St Helena School (conversion date 01/03/2012)	Tabor Science (conversion date 01/01/2013)	Westcliff High school for Boys (conversion date 01/04/2011)
St James' CE Primary School Harlow (conversion date 01/03/2015)	Tendring Technology College & VI Form (conversion date 01/08/2011)	Westcliff High School for Girls (conversion date 01/03/2011)
St Lukes RC Academy (conversion date 01/08/2013)	Thameside Primary (conversion date 01/09/2012)	Westerings Primary School (conversion date 01/09/2011)
St Marks West Essex Catholic Schools (conversion date 01/08/2011)	Thomas Lord Audley (conversion date 01/03/2012)	Westwood Primary (conversion date 01/08/2011)
St Martin's School (conversion date 01/07/2011)	Thriftwood School (conversion date 01/10/2011)	Whitehall Academy (Previously Coppins Green School)(conversion date 01/09/2012)
St Mary's Kevledon (conversion date 01/03/2013)	Thundersely Primary School (conversion date 01/01/2015)	Wickford C of E Infant School (conversion date 01/12/2011)
St Teresa's Catholic Primary School Basildon (conversion date 01/12/2013)	Thurstable School (conversion date 01/08/2011)	William De Ferrers School (conversion date 01/04/2011)
St Teresa's RC Primary School Colchester (conversion date 01/07/2012)	Tilbury Pioneer Academy (conversion date 01/05/2014)	William Edwards School (conversion date 01/08/2011)
St Thomas More High School (conversion date 17/08/2011)	Tudor Court Primary Academy (conversion date 01/07/2014)	Willow Brook Primary School and Nursery (conversion date 01/09/2014)
St Thomas More RC Primary School (conversion date 01/08/2011)	Tyrrells School (conversion date 01/11/2011)	
Stambridge Primary School (conversion date 01/02/2015)	Unity Primary Academy (conversion date 01/09/2014)	
	Ursuline Convent School (conversion date 01/10/2012)	

Woodham Ley Primary School (conversion date 01/01/2015)

Woodside Academy (conversion date 01/12/2012)

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

### Free/Studio Schools

Aspire Academy Trust (Harlow) (joined 01/09//14)

Becket Keys School Free School

Harris Primary Academy Mayflower (joined 01/09/14)

NCB Studio School

Sir Charles Kao UTC (joined 01/09/14)

Tendring Enterprise Studio School

### Admitted Bodies

Alphaprint (Colchester) Limited

Brentwood Community Transport

Central Essex Community Service Community Interest Company

Chelmer Housing Partnership

Essex Joint Branch Board Of The Police Federation Of England And Wales

Harlow Community Transport

Orchestras Live

Rochford Housing Association Limited

The SLM Community Leisure Charitable Trust

Social Care Institute For Excellence

Thurrock Community Leisure Ltd

University Of Essex

Home group

Worthing Homes Ltd

### Community Admission Body

Ardleigh Reservoir Committee

Basildon Women's Aid

Brentwood Leisure Trust

Cambridge Access Validating Agency

Care Quality Commission

Castle Point Citizen's Advice Bureau

Chelmsford Citizens Advice Bureau

Chelmsford Community Transport Ltd

Chelmsford Council For Voluntary Services

Essex Association Of Local Councils

Essex Commercial Services Ltd

Essex County Scout Council (Ceased October 2014)

Greenfields Community Housing Ltd

Hamilton Lodge Trust Ltd

Harlow District Sports Trust

Harwich Connexions Transport Co-Op Ltd

Hatfield Peverel Day Nursery

Impulse Leisure

Itec Learning Technologies Ltd

Moat Housing Group Ltd

North Essex Partnership University NHS Foundation Trust

Open College Network Eastern Region

Phoenix Group Homes

Race Equality Foundation

Rainbow Services (Harlow)

Safer Places

SOS Domestic Abuse Projects

The Inclusion Trust

The Rural Community Council Of Essex

Thurrock Lifestyle Solutions

Trading Standard Institute

### Schools

Alderman Blaxill School

Arthur Bugler Infants School

Arthur Bugler Juniors School

Beauchamps School

Brentwood County High School

Brinkley Grove Primary School

Broomfield Primary School

Buttsbury Infants School

Cathedral School

Cecil Jones High School

Chase Lane Primary School

Church Langley

Collingwood Primary School

Deanes School

Dunmow St Mary's Primary School

Earls Colne Primary School

Eastwood Primary School  
 Elmstead Market Primary School  
 Elmwood Primary School  
 Endeavour School  
 Engaines Primary School  
 Fawbert & Barnards Primary School  
 Great Dunmow Primary School  
 Great Totham School  
 Harlow Fields School  
 Hazelmere Junior  
 Henham and Ugley Primary  
 Hockley Primary School  
 Holland Haven Primary School  
 Holland Park Primary School  
 Horndon on the Hill Primary School  
 Howbridge Infants School  
 Jerounds Community Infants  
 Katherines Primary School  
 Kingswode Hoe Primary  
 Kingswood Infants School  
 Kingswood Junior School  
 Lawford Mead County Junior School  
 Lawford Primary School  
 Leverton Infants School  
 Leverton Junior School  
 Mersea Island Primary School  
 Mildmay Infant  
 Millfield Primary School  
 Milton Hall Primary School  
 North Crescent Primary School  
 Northlands Junior School  
 Parsons Heath CE Primary  
 Riverside Primary  
 Rodings Primary School

Sheering CofE Primary  
 St Andrews Junior School (Hatfield Peverel)  
 St Andrews Primary School (North Weald)  
 St Benedicts College  
 St Helen's RC Infant School  
 St John Fisher RC Primary School  
 St Katherine's CofE Primary School  
 St Luke Primary School  
 St Mary's CofE Primary School  
 St Osyth CofE Primary School  
 St Peters CE Primary South Weald  
 St Thomas of Canterbury Infant, Brentwood  
 St Thomas of Canterbury Junior, Brentwood  
 Takeley Primary School  
 Tany's Dell Primary School  
 Thaxted Primary School  
 The Downs Primary School  
 The King Henry Moore Primary School  
 Thomas Willingale Primary School  
 Trinity Dell Primary  
 Upshire Primary School  
 Waltham Holy Cross Infants School  
 Walton Primary School  
 Wyburns Primary School

### Transferee Admission Body

Aaron Services Ltd (joined 01/04/14)

Accent Catering Services Ltd (joined 01/09/13 backdated)  
 Affinity Trust (joined 12/05/14)  
 Apcoa Parking Services (Uk) Ltd  
 Ashlyn Healthcare Limited  
 Axis Europe Plc  
 Barnardos  
 Cater Link Ltd (joined 17/02/14 backdated)  
 Catering Academy Ltd  
 Churchill Contract Services Limited  
 Churchill Contract Services Ltd - Thurrock  
 Corporate Document Services  
 Dovercourt Healthcare Limited  
 English Landscapes Maintenance Limited  
 Epping Forest Community Transport (joined 01/12/14)  
 Essex Cares Limited  
 Essex Community Support Limited  
 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)  
 Essex Employment And Inclusion Limited

Essex Equipment Service Ltd
Essex Shared Services Ltd (joined 01/08/14)
Europa Facilities Management Limited
Fusion Lifestyle
Goldenley Healthcare Limited
H Q Theatres Ltd
Kier Harlow Limited
Kier Services Limited
Longfield Healthcare Limited
MCCH Society Limited
Mears Limited
Mitie Security Limited
Mitie Technical Facilities Management Ltd
Morrison Facilities Services Ltd
Nightingale Cleaning Limited
Pinnacle Fm Limited
Ringway Jacobs Limited
Riverside Truck Rental Limited - Basildon
Riverside Truck Rental Limited - Colchester
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)
Slm Charitable Trust (LM)

Slm Charitable Trust (SV)
Slm Health & Fitness (LM)
Slm Health & Fitness (SV)
Spurgeons
Sweyne Healthcare Limited
The Papworth Trust
The Partyman Company Limited
University College London
Udata Infrastructure (Uk) Ltd
Vehicle Lease And Service Limited
Wates Living Space (Maintenance) Ltd (joined 12/06/14)
WRVS Food Services Ltd

### Resolution Body

Barling Magna Parish Council
Barnston Parish Council
Billericay Town Council
Birchanger Parish Council
Blackmore Parish Council
Boxted Parish Council (joined 01/07/14)
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
Chigwell Parish Council
Coggeshall Parish Council
Copford with Easthorpe Parish Council (joined 01/07/14)
Danbury Parish Council

Epping Town Council
Fordham Parish Council (joined 01/07/14)
Frinton & Walton Town Council
Galleywood Parish Council
Great Baddow Parish Council
Great Notley Parish Council
Great Wakering Parish Council
Gt Dunmow Town Council
Halstead Town Council
Harwich Town Council
Hawkeell 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
Standsted 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
Wormingford Parish Council (joined 01/11/14)
Writtle Parish Council

### 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 And Tendring Womans Refuge
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
Elmy Landscapes
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
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

Ph Jones Limited

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 Enviromental Services  
(UK) PLC (previously  
Cleanaway Ltd)

Veolia Water East Ltd

Welsh National Board of  
Nursing, Midwifery & Health  
Visitors

Westcliff Theatre & Art Centre

Westminster Drugs Project

Windyridge Management  
Committee

# SECTION 4

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## SCHEME ACTUARY

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



## Actuarial valuation 2010

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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 52.

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 FM	-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

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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 63.

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
<b>Major Employers</b>							
1	Essex County Council (excluding schools)	14.1%	£10,184,000	14.1%	£10,184,000	14.1%	£10,184,000
	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
3	Braintree District Council	14.4%	£1,501,345	14.4%	£1,569,464	14.4%	£1,640,673
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%	-
6	Chelmsford City Council	14.1%	£4,513,189	14.1%	-	14.1%	-
7	Colchester Borough Council	13.7%	£2,078,774	13.7%	£2,078,774	13.7%	£2,078,774
8	Epping Forest District Council	15.9%	£1,371,484	15.9%	£1,433,710	15.9%	£1,498,760
9	Harlow District Council	14.6%	£2,878,348	14.6%	£2,878,348	14.6%	£2,878,348
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%	-
12	Southend On Sea Borough Council (excluding schools)	14.4%	£14,345,270	14.4%	-	14.4%	-
	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
14	Thurrock Borough Council (excluding schools)	14.3%	£3,514,068	14.3%	£3,514,068	14.3%	£3,514,068
	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
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
783	Essex Police & Crime Commissioner	13.1%	£1,890,347	13.1%	£1,890,347	13.1%	£1,890,347
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%	-
597	South Essex Homes Ltd	15.6%	£353,266	15.6%	-	15.6%	-
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
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
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	Hawkwell 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
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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	Fritch 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	Hedingham 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 Primary 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 Primary Academy	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	RA Butlers Infants Academy	13.7%	£5,643	Note 1	Note 1	Note 1	Note 1	
676	RA 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

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## 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.



# Addendum to Rates and Adjustment Certificate

## Introduction

The purpose of this addendum is to certify the contributions payable by academies in the Essex Pension Fund for the period 1 April 2015 to 31 March 2017.

At the 2013 actuarial valuation the contributions for the period 1 April 2015 to 31 March 2017 were not set while clarity was sought from the 2013 DCLG consultation on pooling for academies. The outcome of that consultation at this time is still inconclusive.

## Contributions from 1 April 2015

DCLG officials are unsure when a clear outcome from the consultation will be made available and any changes would take some time to implement. Therefore, with the desire for stable contributions in mind, we now certify that academies will pay the same ongoing contribution rate from 1 April 2015 as per 2014/15 and their deficit contributions will continue to increase by 4.5% for 2015/16 and 2016/17.

The contributions will be reassessed at the 2016 valuation or earlier if there is any Government announcement following the consultation.

The contributions for the period 1 April 2014 to 31 March 2017 are therefore as follows:

	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
776	Academies Enterprise Trust	11.3%	-	11.3%	-	11.3%	-
741	Anglo European School	12.3%	£73,491	12.3%	£76,798	12.3%	£80,254
659	Appleton School	12.3%	£68,698	12.3%	£71,790	12.3%	£75,020
681	Ashingdon Primary School	12.3%	£5,021	12.3%	£5,247	12.3%	£5,483
640	Basildon Lower Academy	11.2%	£74,718	11.2%	£78,080	11.2%	£81,593
641	Basildon Upper Academy	11.4%	£186,951	11.4%	£195,363	11.4%	£204,155
289	Beacon Hill Academy	12.2%	£50,265	12.2%	£52,526	12.2%	£54,890
290	Belfairs Community College	12.5%	£123,131	12.5%	£128,672	12.5%	£134,462
284	Belmont Castle Academy	12.2%	£37,369	12.2%	£39,051	12.2%	£40,808
742	Billericay School	12.3%	£93,119	12.3%	£97,309	12.3%	£101,688
727	Boswells School	12.3%	£94,374	12.3%	£98,621	12.3%	£103,059
301	Brentwood Ursuline Academy	12.3%	£67,329	12.3%	£70,359	12.3%	£73,525
294	Briscoe Primary School and Nursery	12.3%	£13,352	12.3%	£13,952	12.3%	£14,580
720	Burnt Mill Academy	12.3%	£66,187	12.3%	£69,166	12.3%	£72,278
663	Buttsbury Junior School	12.3%	£26,475	12.3%	£27,666	12.3%	£28,911
302	Cann Hall Academy	12.3%	£20,769	12.3%	£21,704	12.3%	£22,681

	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
737	Harris Aacdemy Chafford Hundred	12.2%	£63,791	12.2%	£66,662	12.2%	£69,661
667	Chelmer Valley High Academy	12.3%	£59,113	12.3%	£61,773	12.3%	£64,552
655	Chelmsford High School for Girls	12.3%	£44,392	12.3%	£46,389	12.3%	£48,477
637	Clacton Coastal Academy	11.6%	£123,101	11.6%	£128,641	11.6%	£134,429
738	Clacton County Academy	12.3%	£82,973	12.3%	£86,707	12.3%	£90,609
651	Colchester Academy	11.6%	£98,962	11.6%	£103,415	11.6%	£108,068
760	Colchester High Girls Academy	12.3%	£41,995	12.3%	£43,885	12.3%	£45,860
723	Colchester Royal Grammar	12.3%	£39,142	12.3%	£40,903	12.3%	£42,744
668	Colne Community Academy	12.3%	£89,695	12.3%	£93,732	12.3%	£97,950
736	Columbus Academy	12.3%	£83,419	12.3%	£87,173	12.3%	£91,096
669	Davenant Foundation Academy	12.3%	£66,302	12.3%	£69,286	12.3%	£72,404
658	Debden Park High Academy	11.1%	£27,616	11.1%	£28,859	11.1%	£30,158
307	Dilkes Primary Academy	12.3%	£31,873	12.3%	£33,307	12.3%	£34,806
298	East Tilbury Infant Academy	12.2%	£16,511	12.2%	£17,254	12.2%	£18,030
299	East Tilbury Junior Academy	12.2%	£20,064	12.2%	£20,967	12.2%	£21,910
704	Eastwood High	12.5%	£26,247	12.5%	£27,428	12.5%	£28,663
656	Flitch Green Academy	12.3%	£12,781	12.3%	£13,357	12.3%	£13,958
743	Gable Hall Academy	12.2%	£59,455	12.2%	£62,131	12.2%	£64,927
744	Gilberd Academy	12.3%	£48,697	12.3%	£50,888	12.3%	£53,178
670	Great Baddow High Academy	12.3%	£81,708	12.3%	£85,384	12.3%	£89,227
682	Great Berry Academy	12.3%	£16,547	12.3%	£17,291	12.3%	£18,069
296	Greensted Junior Academy	12.3%	£7,760	12.3%	£8,109	12.3%	£8,474
630	Greensward Academy	11.3%	£163,438	11.3%	£170,793	11.3%	£178,478
716	Gt Chesterford Primary Academy	12.3%	£12,553	12.3%	£13,117	12.3%	£13,708
683	Hadleigh Inf & Nurs Academy	12.3%	£16,433	12.3%	£17,172	12.3%	£17,945
711	Hadleigh Junior School Academy	12.3%	£13,009	12.3%	£13,595	12.3%	£14,206
763	Hamford Primary School Academy	12.3%	£13,009	12.3%	£13,595	12.3%	£14,206
295	Chafford Hundred Primary	12.2%	£30,096	12.2%	£31,450	12.2%	£32,866

	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
745	Harwich And Dovercourt Academy	12.3%	£94,489	12.3%	£98,741	12.3%	£103,184
746	Hassenbrook Academy Trust	12.2%	£41,539	12.2%	£43,408	12.2%	£45,361
310	Hedingham Academy	12.3%	£66,872	12.3%	£69,882	12.3%	£73,026
740	Helena Romanes VI Form Academy	12.3%	£75,088	12.3%	£78,467	12.3%	£81,998
765	Herringham Primary School Academy	12.2%	£16,576	12.2%	£17,322	12.2%	£18,101
304	Heybridge Primary Academy	12.3%	£17,916	12.3%	£18,723	12.3%	£19,565
684	Hilltop Junior Academy	12.3%	£14,264	12.3%	£14,906	12.3%	£15,577
747	Hockerill Academy	12.3%	£73,882	12.3%	£77,206	12.3%	£80,680
685	Holy Cross RC Primary Academy	12.3%	£15,976	12.3%	£16,695	12.3%	£17,446
671	Honywood Community Academy	12.9%	£60,088	12.9%	£62,791	12.9%	£65,617
721	Hutton All Saints Academy	12.3%	£4,108	12.3%	£4,293	12.3%	£4,486
697	Hylands School Academy	12.3%	£69,726	12.3%	£72,863	12.3%	£76,142
297	James Hornsby High Academy	12.3%	£71,551	12.3%	£74,771	12.3%	£78,136
686	Jotmans Hall Primary School	12.3%	£17,803	12.3%	£18,604	12.3%	£19,441
293	Kenningtons Primary Academy	12.2%	£14,546	12.2%	£15,201	12.2%	£15,885
710	Kents Hill Infant Academy	12.3%	£12,096	12.3%	£12,640	12.3%	£13,209
759	Kents Hill Junior Academy	12.3%	£13,237	12.3%	£13,833	12.3%	£14,455
673	King Edmund Academy	12.3%	£59,340	12.3%	£62,011	12.3%	£64,801
672	King Edward Grammar Academy	12.3%	£30,241	12.3%	£31,602	12.3%	£33,024
654	King Harold B and E Academy	12.7%	£26,857	12.7%	£28,065	12.7%	£29,328
661	King John Academy	12.3%	£74,176	12.3%	£77,514	12.3%	£81,002
306	Kingsmoor Primary Academy	12.3%	£13,009	12.3%	£13,595	12.3%	£14,206
687	Kingston Primary Academy	12.3%	£13,009	12.3%	£13,595	12.3%	£14,206
764	Lansdowne Primary School Academy	12.2%	£35,016	12.2%	£36,592	12.2%	£38,238
688	Lee Chapel Primary Academy	12.3%	£23,736	12.3%	£24,804	12.3%	£25,920
762	Lyons Hall Primary School Academy	12.3%	£22,138	12.3%	£23,135	12.3%	£24,176

	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
632	Maltings Academy	12.5%	£74,613	12.5%	£77,971	12.5%	£81,479
732	Manningtree High Academy	12.3%	£55,176	12.3%	£57,659	12.3%	£60,254
757	Mayflower High School Academy	12.3%	£100,536	12.3%	£105,060	12.3%	£109,788
758	Moulsham High Academy	12.3%	£87,185	12.3%	£91,109	12.3%	£95,209
674	Moulsham Infants Academy	12.3%	£17,232	12.3%	£18,007	12.3%	£18,818
739	Moulsham County Junior Academy	12.3%	£26,589	12.3%	£27,785	12.3%	£29,036
631	New Rickstones Academy	10.5%	£73,673	10.5%	£76,988	10.5%	£80,452
287	Newlands Spring Primary Academy	12.3%	£14,493	12.3%	£15,145	12.3%	£15,827
291	Newport Free Grammar Academy	12.3%	£59,683	12.3%	£62,369	12.3%	£65,175
303	Notley Green Academy	12.3%	£20,427	12.3%	£21,346	12.3%	£22,307
689	Notley High & Braintree VI	12.3%	£83,647	12.3%	£87,411	12.3%	£91,345
638	Ormiston Park Academy	11.8%	£51,519	11.8%	£53,837	11.8%	£56,259
712	Ormiston Rivers Academy	12.3%	£61,738	12.3%	£64,516	12.3%	£67,419
279	Our Lady Immaculate Primary Academy	12.3%	£13,237	12.3%	£13,833	12.3%	£14,455
713	Passmores Academy Trust	12.3%	£65,046	12.3%	£67,973	12.3%	£71,032
748	Philip Morant Academy	11.6%	£97,912	11.6%	£102,318	11.6%	£106,923
280	The Pioneer School	12.3%	£36,289	12.3%	£37,922	12.3%	£39,628
690	Plumberow Primary Academy	12.3%	£21,682	12.3%	£22,657	12.3%	£23,677
749	Plume Academy	12.3%	£103,846	12.3%	£108,519	12.3%	£113,402
324	Powers Hall	12.3%	£17,003	12.3%	£17,768	12.3%	£18,568
675	R A Butler Infants Academy	13.7%	£5,643	13.7%	£5,897	13.7%	£6,162
676	R A Butler Junior Academy	13.1%	£21,736	13.1%	£22,714	13.1%	£23,736
691	Robert Drake Primary Academy	12.3%	£15,976	12.3%	£16,695	12.3%	£17,446
692	Runwell Primary Academy	12.3%	£18,144	12.3%	£18,961	12.3%	£19,814
665	Saffron Walden High Academy	12.3%	£108,867	12.3%	£113,766	12.3%	£118,886
750	Sandon Academy	12.3%	£61,395	12.3%	£64,158	12.3%	£67,045
309	Shaw Primary Academy	12.2%	£23,826	12.2%	£24,898	12.2%	£26,019
728	Shenfield High Academy	12.3%	£93,005	12.3%	£97,190	12.3%	£101,564
278	Shoeburyness Academy	12.4%	£150,480	12.4%	£157,252	12.4%	£164,328

	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
693	South Benfleet Primary Academy	12.3%	£17,574	12.3%	£18,365	12.3%	£19,191
703	Southend High for (Boys)	12.5%	£38,914	12.5%	£40,665	12.5%	£42,495
677	Southend High (Girls)	11.6%	£59,043	11.6%	£61,699	11.6%	£64,476
694	St Albans Rc Primary Academy	12.3%	£14,835	12.3%	£15,502	12.3%	£16,200
751	St Bernards High Academy	12.5%	£58,428	12.5%	£61,057	12.5%	£63,805
761	St Christopher Academy	12.5%	£76,458	12.5%	£79,899	12.5%	£83,495
752	St Clere's Co-Operative Academy	12.2%	£65,959	12.2%	£68,928	12.2%	£72,029
733	St Helena Academy	12.3%	£61,281	12.3%	£64,039	12.3%	£66,920
695	St Helen's RC Junior Academy	12.3%	£11,982	12.3%	£12,521	12.3%	£13,085
699	St Mark's West Essex Academy	12.3%	£44,848	12.3%	£46,866	12.3%	£48,975
678	St Martins High Academy	12.3%	£72,122	12.3%	£75,367	12.3%	£78,759
312	St Marys Primary Academy Kelvendon	12.3%	£13,009	12.3%	£13,595	12.3%	£14,206
283	St Teresa's Academy Colchester	12.3%	£12,781	12.3%	£13,357	12.3%	£13,958
753	St Thomas More High Academy	12.5%	£63,677	12.5%	£66,543	12.5%	£69,537
282	St Thomas More Academy Saffron Walden	12.3%	£9,929	12.3%	£10,375	12.3%	£10,842
754	St Thomas More's Academy -Colchester	12.3%	£13,923	12.3%	£14,549	12.3%	£15,204
734	Stanway Academy	12.3%	£63,449	12.3%	£66,304	12.3%	£69,288
717	Stewards Academy	12.3%	£107,269	12.3%	£112,096	12.3%	£117,141
718	Stisted Primary Academy	12.3%	£5,935	12.3%	£6,202	12.3%	£6,481
311	Tabor Science Academy	12.3%	£73,719	12.3%	£77,037	12.3%	£80,503
698	Tendring Technology College Academy	12.3%	£104,189	12.3%	£108,877	12.3%	£113,777
300	Thameside Primary Academy	12.2%	£27,839	12.2%	£29,092	12.2%	£30,401
305	The Bromfords Academy	12.3%	£78,284	12.3%	£81,807	12.3%	£85,488
609	The Gateway Academy	10.7%	£39,919	10.7%	£41,715	10.7%	£43,593
662	The Ockendon Academy	12.2%	£48,157	12.2%	£50,324	12.2%	£52,588

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
735	Thomas Lord Audley Academy	12.3%	£56,601	12.3%	£59,148	12.3%	£61,810
719	Thriftwood Primary Academy	12.3%	£39,827	12.3%	£41,619	12.3%	£43,492
755	Thurstable Academy	12.3%	£64,818	12.3%	£67,735	12.3%	£70,783
715	Tyrrells Primary Academy	12.3%	£14,607	12.3%	£15,264	12.3%	£15,951
664	West Hatch High Academy	12.3%	£79,197	12.3%	£82,761	12.3%	£86,486
679	Westborough Primary Academy	12.4%	£13,272	12.4%	£13,869	12.4%	£14,493
680	Westcliff High Boys Academy	12.6%	£40,860	12.6%	£42,698	12.6%	£44,620
702	Westcliff High Girls Academy	12.5%	£66,530	12.5%	£69,524	12.5%	£72,652
714	Westerings Primary Academy	12.3%	£8,559	12.3%	£8,944	12.3%	£9,346
696	Westwood Primary Academy	12.3%	£14,264	12.3%	£14,906	12.3%	£15,577
286	White Hall Academy	12.3%	£30,013	12.3%	£31,363	12.3%	£32,775
722	Wickford C of E Academy	12.3%	£6,733	12.3%	£7,036	12.3%	£7,353
660	William De Ferrers Academy	12.3%	£93,119	12.3%	£97,309	12.3%	£101,688
756	William Edwards Academy	12.2%	£64,818	12.2%	£67,735	12.2%	£70,783
308	Woodside Primary Academy	12.2%	£21,318	12.2%	£22,277	12.2%	£23,280
<b>Studios &amp; Free Schools</b>							
292	Becket Keys Church of England Free School	19.9%	-	19.9%	-	19.9%	-
288	Tendring Enterprise Studio School (TESS)	19.9%	-	19.9%	-	19.9%	-
<b>Post 2013 valuation academies</b>							
319	Abbots Hall Primary Academy	12.2%	£13,418	12.2%	£14,022	12.2%	£14,653
314	Alec Hunter	12.2%	£78,056	12.2%	£81,569	12.2%	£85,239
313	Benyon Primary Academy	12.2%	£14,421	12.2%	£15,070	12.2%	£15,748
344	Burrsville Infant School	12.3%	£14,421	12.3%	£15,070	12.3%	£15,748
345	Cooks Spinney Academy	12.3%	£26,585	12.3%	£27,781	12.3%	£29,031
340	Cornelius Vermuyden School	12.3%	£39,606	12.3%	£41,388	12.3%	£43,250
338	Corringham Primary School	12.2%	£32,980	12.2%	£34,464	12.2%	£36,015
348	Darlinghurst	12.5%	£39,120	12.5%	£40,880	12.5%	£42,720
334	Freshwaters Academy	12.3%	£26,459	12.3%	£27,650	12.3%	£28,894
320	Graham James Primary Academy	12.2%	£11,788	12.2%	£12,318	12.2%	£12,873



	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
349	Great Clacton C of E Junior School	12.3%	£8,402	12.3%	£8,780	12.3%	£9,175
316	Highwoods Primary Academy	12.3%	£32,524	12.3%	£33,988	12.3%	£35,517
337	Kirby Primary Academy	12.3%	£11,035	12.3%	£11,532	12.3%	£12,051
350	Little Parndon Academy	12.3%	£29,845	12.3%	£31,188	12.3%	£32,591
321	Mark Hall School	12.3%	£81,480	12.3%	£85,146	12.3%	£88,978
330	Messing Primary School	12.3%	£5,592	12.3%	£5,843	12.3%	£6,106
336	Potter Street Primary School	12.3%	£9,280	12.3%	£9,697	12.3%	£10,134
318	Purfleet Primary School	12.2%	£25,080	12.2%	£26,209	12.2%	£27,388
331	Purford Green	12.3%	£10,910	12.3%	£11,401	12.3%	£11,914
326	Quarry Hill	12.2%	£26,961	12.2%	£28,174	12.2%	£29,442
335	The Ramsey Academy, Halstead	12.3%	£36,366	12.3%	£38,002	12.3%	£39,713
332	Ravens Academy	12.3%	£21,568	12.3%	£22,538	12.3%	£23,553
317	Rayleigh Primary School	12.3%	£20,997	12.3%	£21,942	12.3%	£22,929
347	Rolph Church of England Primary School	12.3%	£8,653	12.3%	£9,042	12.3%	£9,449
346	Roydon Primary School (Academy)	12.3%	£9,530	12.3%	£9,959	12.3%	£10,407
323	Shenfield St Marys	12.3%	£20,064	12.3%	£20,967	12.3%	£21,910
341	Southminster C of E Primary School	12.3%	£15,048	12.3%	£15,725	12.3%	£16,433
339	St Andrews Primary School (Weeley)	12.3%	£13,042	12.3%	£13,628	12.3%	£14,242
333	St Clare's Catholic Primary School	12.3%	£24,649	12.3%	£25,758	12.3%	£26,917
328	St Lukes RC Academy (Harlow)	12.3%	£12,895	12.3%	£13,476	12.3%	£14,082
343	St Teresa's Catholic Primary School - Basildon	12.3%	£14,170	12.3%	£14,808	12.3%	£15,474
322	Stanford Le Hope Primary	12.2%	£26,209	12.2%	£27,388	12.2%	£28,620
315	Sweyne Park Academy	12.3%	£60,140	12.3%	£62,846	12.3%	£65,674
327	The Hathaway Academy	12.2%	£78,855	12.2%	£82,403	12.2%	£86,112
285	West Thurrock Academy	12.2%	£22,948	12.2%	£23,981	12.2%	£25,060
342	Woodville Primary School	12.3%	£16,929	12.3%	£17,691	12.3%	£18,487



	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

#### Post 2013 Studios & Free Schools

329	NCB Studio School	19.9%	-	19.9%	-	19.9%	-
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#### Additional post 2013 valuation academies since the 2013 valuation report was issued

384	Abbotsweld Primary School	12.3%	£18,240	12.3%	£19,061	12.3%	£19,919
358	Brentwood County High School	12.3%	£87,600	12.3%	£91,542	12.3%	£95,661
367	Castle View School	12.3%	£34,440	12.3%	£35,990	12.3%	£37,609
351	Giffards Primary School	12.2%	£24,360	12.2%	£25,456	12.2%	£26,602
361	Grove Wood Primary School	12.3%	£37,560	12.3%	£39,250	12.3%	£41,016
	Hatfield Heath Primary School	12.3%	£12,240	12.3%	£12,791	12.3%	£13,366
365	Holt Farm Junior School	12.3%	£9,120	12.3%	£9,530	12.3%	£9,959
372	Howbridge CofE Junior School	12.3%	£18,600	12.3%	£19,437	12.3%	£20,312
378	Katherine Semar Infant School	12.3%	£13,920	12.3%	£14,546	12.3%	£15,201
379	Katherine Semar Junior School	12.3%	£10,080	12.3%	£10,534	12.3%	£11,008
358	Larchwood Primary School	12.3%	£13,080	12.3%	£13,669	12.3%	£14,284
385	Latton Green Primary School	12.3%	£13,200	12.3%	£13,794	12.3%	£14,415
386	Longwood Primary School	12.3%	£15,360	12.3%	£16,051	12.3%	£16,774
352	Meadgate Primary School	12.3%	£18,960	12.3%	£19,813	12.3%	£20,705
380	Mildmay Junior Academy	12.3%	£14,040	12.3%	£14,672	12.3%	£15,332
	Mistley Norman CofE Primary School	12.3%	£4,680	12.3%	£4,891	12.3%	£5,111
353	Monkwick Infant & Nursery School	12.3%	£17,880	12.3%	£18,685	12.3%	£19,525
354	Monkwick Junior School	12.3%	£13,920	12.3%	£14,546	12.3%	£15,201
368	Montgomerie Primary School	12.3%	£6,000	12.3%	£6,270	12.3%	£6,552
382	Northwick Primary & Nursery School	12.3%	£28,560	12.3%	£29,845	12.3%	£31,188
369	Pear Tree Mead Primary & Nursery School	12.3%	£18,720	12.3%	£19,562	12.3%	£20,443
381	Parkwood Academy	12.3%	£19,320	12.3%	£20,189	12.3%	£21,098

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
355	Prince Avenue Primary School	12.5%	£28,800	12.5%	£30,096	12.5%	£31,450
356	Purleigh Primary School	12.3%	£7,560	12.3%	£7,900	12.3%	£8,256
357	Rochford Primary School	12.3%	£17,880	12.3%	£18,685	12.3%	£19,525
360	St Cedd's Primary School	12.3%	£7,920	12.3%	£8,276	12.3%	£8,649
2	Stambridge County Primary School	12.3%	£5,760	12.3%	£6,019	12.3%	£6,290
383	Thundersley Primary School	12.3%	£19,920	12.3%	£20,816	12.3%	£21,753
359	Tilbury Pioneer Academy	12.2%	£40,920	12.2%	£42,761	12.2%	£44,686
363	Tudor Court Primary School	12.2%	£54,600	12.2%	£57,057	12.2%	£59,625
373	Unity Primary Academy	12.3%	£28,680	12.3%	£29,971	12.3%	£31,319
375	Water Lane Primary School	12.3%	£10,320	12.3%	£10,784	12.3%	£11,270
	Waterman Primary School	12.3%	£10,320	12.3%	£10,784	12.3%	£11,270
370	Willow Brook Primary & Nursery School	12.3%	£20,280	12.3%	£21,193	12.3%	£22,146
387	Woodham Ley Primary School	12.3%	£17,520	12.3%	£18,308	12.3%	£19,132

## Notes

- 1 Further sums should be paid to the Fund to meet costs of any early retirements using methods and assumptions discussed with us.
- 2 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.

Date: 6 February 2015  
 Prepared by: Graeme D Muir FFA

## SECTION 5

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# STATEMENT OF ACCOUNTS

# Responsibilities for the Statement of Accounts

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## 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 & Customer Services;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the statement of accounts.

## The Executive Director for Corporate & Customer Services Responsibilities

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

In preparing this statement of accounts, the Executive Director for Corporate & Customer Services has:

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

## Executive Director for Corporate & Customer Services Certificate

I certify that the Statement of Accounts on pages 91 to 140 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 2015 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 & Customer Services*

*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 2015 and 31 March 2014:

2013/14 £000		Notes	2014/15 £000	
		<b>Dealings with members, employers and others directly involved in the fund</b>		
		Contributions	3	
(48,843)		Member contributions	(52,676)	
(164,798)	<b>(213,641)</b>	Employer contributions	(188,654)	<b>(241,330)</b>
	<b>(10,157)</b>	Transfers in from other pension funds		<b>(8,181)</b>
	<b>(66)</b>	Other income		<b>(149)</b>
	<b>(223,864)</b>	Total Income		<b>(249,660)</b>
		Benefits		
162,589		Pensions	5	170,900
36,518		Commutation of pensions and lump sum retirement benefits		31,876
3,951	<b>203,058</b>	Lump sum death benefits		<b>207,216</b>
		Payments to and on account of leavers		
	<b>9,967</b>	Transfers out to other schemes	6	<b>64,563</b>
29		Refunds of contributions		183
7	<b>36</b>	State Scheme Premiums		<b>274</b>
	<b>24,011</b>	Management expenses	7	<b>28,779</b>
	<b>237,072</b>	Total Expenditure		<b>300,832</b>
	<b>13,208</b>	Net additions from dealings with members		<b>51,172</b>
		<b>Returns on Investments</b>		
(63,564)		Investment income	8	<b>(75,727)</b>
(331,555)		Profit and losses on disposal of investments and changes in market value of investments	9	<b>(573,424)</b>
3,010		Taxes on income	10	<b>2,730</b>
	<b>(392,109)</b>	Net returns on investments		<b>(646,421)</b>
	<b>(378,901)</b>	Net (increase)/decrease in the net assets available for benefits during the year		<b>(595,249)</b>
	<b>(3,958,473)</b>	Net assets of the scheme at 1 April		<b>(4,337,374)</b>
	<b>(4,337,374)</b>	Net assets as at 31 March		<b>(4,932,623)</b>

## Net Asset Statement

The table below shows the Essex Pension Fund Net Asset Statement as at 31 March 2015 and 31 March 2014:

31 March 2014 £000				31 March 2015 £000
		<b>Investments</b>	9	
		Investment assets		
186,598		Fixed interest securities		232,568
2,644,294		Equities		3,065,508
344,996		Index-linked securities		216,532
237,300		Property		322,135
231,664		Property unit trusts		217,452
212,033		Private equity		237,979
127,236		Infrastructure		158,975
34,705		Timber		49,057
-		Illiquid Debt		63,329
185,029		Other managed funds		253,665
4,282		Derivative contracts		22,902
93,508		Cash deposits		109,810
10,524	<b>4,312,169</b>	Other investments balances		6,434
				<b>4,956,346</b>
		Investment liabilities		
(390)		Derivative contracts		(48,206)
(1,541)	<b>(1,931)</b>	Other investments balances		(1,987)
	<b>4,310,238</b>			<b>(50,193)</b>
				<b>4,906,153</b>
		<b>Long term assets</b>	11	
	<b>7,907</b>	Contributions due from employers		<b>6,456</b>
		<b>Current assets</b>	11	
	<b>13,638</b>	Cash		<b>13,967</b>
	<b>18,516</b>	Contributions due from employers and other current assets		<b>16,144</b>
		<b>Current liabilities</b>	11	
	<b>(12,925)</b>	Unpaid benefits and other current liabilities		<b>(10,097)</b>
	<b>4,337,374</b>	<b>Net assets of the scheme available to fund benefits as at 31 March</b>		<b>4,932,623</b>

## Description of the Fund

### a) 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 is the reporting entity for this pension fund.

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

- Local Government Pension Scheme (LGPS) Regulations 2013 (as amended);
- LGPS (Transitional Provisions, Savings and Amendment) Regulation 2014 (as amended); and
- LGPS (Management and Investment of Funds) Regulations 2009.

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

The Council has delegated its pension functions to the Essex Pension Fund Strategy Board and Investment Steering Committee (ISC). Responsibility for the administration and financial management of the Fund has

been delegated to the Executive Director for Corporate and Customer Services along with the Director for Essex Pension Fund.

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

### b) Membership

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

Organisations participating in the Essex Pension Fund include:

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

There are around 580 employer organisations within Essex Pension Fund including the county council itself.



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### c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with The LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2015. Employees can also opt to pay a reduced contribution. This is commonly referred to as a '50/50' option. At any time an active member can opt to pay half of their normal contribution. This option results in the pension built up during this time being reduced by half. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2013. Details can be found in Section 4 and on the website [www.essexpensionfund.co.uk](http://www.essexpensionfund.co.uk).

### d) Benefits

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

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

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

## 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 2014/15 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 2014/15 (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 2015 and its position as at 31 March 2015. 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 2015 using IAS19 methodology is included in the notes to the accounts and can be found in Note 14. The actuarial position of the scheme as at 31 March 2013 is dealt with in Section 4 the report of the consulting actuary 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.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund Actuary or on receipt if earlier than the due date.

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

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

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and included in transfers in (Note 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.

Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

### **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. Management expenses**

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the Fund for 2014/15 discloses its pension fund management expenses where possible, in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

### **2.6.1. Administrative expenses**

All administrative expenses are accounted for on an accruals basis. All staff costs of administration part of the function are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. In 2014/15 this totalled £1.272m (£1.041m in 2013/14).

### **2.6.2. Oversight and governance costs**

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. In 2014/15 this totalled £1.306m (£1.543m in 2013/14).

### **2.6.3 Investment management expenses**

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

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

The Fund had one manager, FIL Pensions Management with an element of their fee performance related. This ceased in November 2013 when the manager's contract was terminated.

No performance related fees were payable in 2014/15 (£0.401m in 2013/14).

Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2014/15, £2.957m of fees is based on such estimates (2013/14: £2.634m). A creditor has been raised and the actual invoice amount is shown within current liabilities.

The costs of the Investment function are charged directly to the Fund along with any direct running costs. The cost of obtaining investment advice from external consultants is included in investment management charges.

## **Net Asset Statement**

### **2.7. 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.

### **2.8. 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.

## **2.9. Valuation of investments**

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

### **2.10. 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.

### **2.11. Unquoted investments**

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

#### **2.11.1. 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. In 2014/15, these are valued as at 31 December 2014, in accordance with the guidelines issued by the British Venture Capital Association or equivalent body. As such an estimate of the valuation at 31 March 2015 has been made. The 31 December valuation is adjusted for payments in receiving information from the private equity fund managers. In 2014/15 these are valued as at 31 December 2014 and are compiled in accordance with the guidelines issued by the British Venture

Capital Association or equivalent body. An estimate of the valuation as at 31 March 2015 have been made. The fund amends the 31 December valuation for payments made to, and received from, the private equity managers in the period 1 January to 31 March.

#### **2.11.2 Unquoted property, timber and infrastructure partnerships**

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

### **2.12. 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.

### **2.13. 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.

### **2.14. 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.

## **2.15. Derivatives**

### **2.15.1. 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.

### **2.15.2. 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).

### **2.15.3. 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 reporting or prior year.

### **2.15.4. 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.

## **2.16. 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.

## **2.17. Direct Property Investments**

Direct property investments have been valued at open market value as at 31 March 2015, 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.

## **2.18. 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.

## **2.19. 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.

## **2.20. 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.

### **2.21. 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.

### **2.22. Critical judgements in applying accounting policies**

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

Fund Accounts are:

#### **2.22.1. Use of financial instruments**

The Fund uses derivatives financial instruments to manage its exposure to specific risks arising from its investments. The valuation of these types of investments is highly subjective in nature. They are inherently based on forward-looking estimates and judgements that involve many factors.

#### **2.22.2. 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 2015 was £238.0m (£212.0m as at 31 March 2014).

#### **2.22.3. 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 2015 was £159.0m (£127.2m as at 31 March 2014).

#### **2.22.4. 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 2015 was £49.1m (£34.7m as at 31 March 2014)

#### 2.22.5. 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 14.

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

The Fund Accounts contains estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Net Asset Statement at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Approximate effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	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.</p> <p>For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £415m.</p> <p>An increase of the CPI assumption by 0.5% pa. increases the value of liabilities by approximately £354m.</p> <p>A 0.5% increase in the long-term rate of salary increase the value of liabilities by approximately £46m.</p>

Item	Uncertainties	Approximate effect if actual results differ from assumptions
		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.
Private equity / infrastructure / timber / illiquid debt	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 / infrastructure / timber and illiquid debt investments in the financial statements are £509.3m. There is a risk that this investment may be under or overstated in the accounts.

*\* Results are taken from the 2013 Actuarial Valuation*

#### 2.24. Events after the reporting date

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

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

For example, if there had been a marked decline in the global stock markets that would impact upon the market value of the fund's investments were they to be valued as at the date the accounts were authorized for issue, this would be deemed a non-adjusting post-balance-sheet event and would be disclosed in this note.

An example of an adjusting event would be if new information came to light regarding the methodology employed in the valuation of an asset.

### 3 Contributions Receivable

#### 3.1. By category

2013/14 £000		2014/15 £000
48,843	Employee's normal contributions	52,676
97,611	Employer's normal contributions	113,458
62,905	Employers' deficit recovery contributions	71,706
4,282	Employers' augmentation	3,490
<b>213,641</b>	<b>Total</b>	<b>241,330</b>

Employer augmentation relates to payments for the cost of early retirements.

Following the Actuarial Valuation 2013 the Funding Strategy allowed employers to pay deficit as a triennial, annual or monthly payment to the Fund. Fourteen employers chose to pay the triennial option. Four of which paid in 2013/14 financial year a total of £0.083m. The remaining ten paid in April 2015 a total of £26.709m. The fourteen employers are made up of five District Councils, two Scheduled and seven Community Admission Bodies.

In 2014/15 Colchester Woman's Refuge entered into a three year payment cessation plan paying the first instalment of £0.025m in 2014/15. Two further payments of £0.021m are due in 2015/16 and 2016/17. These payments are shown within long term and current assets.

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

#### 3.2. By type

2013/14			2014/15	
Members £000	Employers £000		Members £000	Employers £000
15,355	49,821	Administering authority	16,457	50,185
28,590	97,337	Scheduled bodies	31,284	121,559
848	4,448	Admitted bodies	949	5,179
1,449	5,127	Community admission bodies	1,342	4,747
2,371	7,367	Transferee admission bodies	2,389	6,259
230	698	Resolution bodies	255	725
<b>48,843</b>	<b>164,798</b>	<b>Total</b>	<b>52,676</b>	<b>188,654</b>

Following a review in the year Anglia Ruskin University has been reclassified from Community Admission Body to Scheduled Body.

#### 4. Transfers in from other schemes

2013/14 £000	2014/15 £000
10,157 Individual transfers	8,181
<b>10,157 Total</b>	<b>8,181</b>

During 2014/15 no group transfers from other schemes were received.

#### 5. Benefits Payable

2013/14 £000	2014/15 £000
60,296 Administering authority	63,322
85,589 Scheduled bodies	89,588
7,681 Admitted bodies	8,035
4,354 Community admission bodies	4,587
4,171 Transferee admission bodies	4,849
498 Resolution bodies	519
<b>162,589 Total</b>	<b>170,900</b>

#### 6. Transfers out to other schemes

2013/14 £000	2014/15 £000
- Group transfers	58,484
9,967 Individual transfers	6,079
<b>9,967 Total</b>	<b>64,563</b>

In 2014/15 a group transfer to Greater Manchester Pension Fund was paid in respect of Probation Services. No amounts were payable in respect of group transfers to other schemes during 2013/14.

## 7. Management Expenses

### 7.1 Restatement of comparative figures for 2013/14

The comparative figures for 2013/14 were restated by merging administration expenses and investment management expenses into a new style management expense note. The following table provides reconciliation:

	2013/14 £000
Administration expenses Note 7	2,292
Investment management expenses note 11	20,638
<b>Total of administration and investment expenses shown in 2013/14 R&amp;A</b>	<b>22,930</b>
Add:	<b>1,081</b>
Transaction costs shown as a footnote to 2013/14 Note 9	
<b>Restated management expenses 2013/14 Total</b>	<b>24,011</b>

### 7.2 By Type

2013/14 £000		2014/15 £000
1,041	Administrative costs	1,272
21,427	Investment management expenses	26,201
1,543	Oversight and governance	1,306
<b>24,011</b>	<b>Total</b>	<b>28,779</b>

For 2014/15 administration expenses and investment management expenses have been combined into the management expenses note above.

The direct running costs recharged back to the fund are now apportioned out as per CIPFA guidance and LGPS Management costs. In addition the total transaction costs original show as a note to note 9 in 2013/14 accounts are now shown within note 7 under investment management expenses these were £0.791m for 2014/15 (£1.081m in 2013/14).

### 7.3 Investment Management Expenses

2013/14 £000		2014/15 £000
20,900	Management fees	25,909
527	Custody fees	292
<b>21,427</b>	<b>Total</b>	<b>26,201</b>

## 8. Investment Income

### 8.1. By type

2013/14 £000		2014/15 £000
36,299	Dividends from equity	47,057
2,732	Income from index linked securities	2,009
7,448	Income from pooled property investments	6,268
14,386	Net rent from property	17,325
56	Interest from cash deposits	488
788	Other	875
<b>61,709</b>	<b>Total investment income showing rent from property net</b>	<b>74,022</b>
1,855	Add back: Property Operating Expenses	1,705
<b>63,564</b>	<b>Total investment income showing rent from property gross</b>	<b>75,727</b>

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

### 8.2. Investment property net rental

2013/14 £000		2014/15 £000
15,735	Rental Income from investment property	17,056
(1,250)	Direct operating expenses arising from investment property	(1,696)
<b>14,485</b>	<b>Net Gain/Loss</b>	<b>15,360</b>

### 8.3. Contracted rental receivable

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

2013/14 £000		2014/15 £000
14,304	Within one year	16,861
47,368	Between one and five years	53,752
44,816	Beyond five years	45,024
<b>106,488</b>	<b>Contracted rent</b>	<b>115,637</b>

#### 8.4. Movement in the fair value of investment properties

2013/14			2014/15		
Freehold £000	Leasehold £000	Total £000	Freehold £000	Leasehold £000	Total £000
146,340	49,325	195,665	174,330	62,970	237,300
<b>Balance at start of the year</b>					
30,272	9,539	39,811	44,827	13,604	58,431
Additions					
(9,854)	-	(9,854)	-	-	-
Disposals					
7,572	4,106	11,678	21,588	4,816	26,404
Net gain/loss on fair value					
<b>174,330</b>	<b>62,970</b>	<b>237,300</b>	<b>240,745</b>	<b>81,390</b>	<b>322,135</b>
<b>Balance at end of the year</b>					

### 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 2014		31 March 2015	
	£000	%	£000	%
Alcentra Ltd	-	-	63,701	1.3
Alliance Bernstein	116	-	88	-
Aviva Investors	510,407	11.8	585,998	11.9
Baillie Gifford & Co - LTTG	382,891	8.9	488,561	10.0
FIL Pensions Management	273	-	262	-
First State Investments (UK) Ltd	216,759	5.0	249,721	5.1
Goldman Sachs Asset Management International	186,598	4.3	232,569	4.7
Hamilton Lane	226,362	5.3	247,398	5.0
Legal and General Investment Management	1,531,259	35.5	1,550,764	31.6
Legal and General Investment Management (Currency)	3,666	0.1	(26,460)	-0.5
Longview	290,099	6.7	370,341	7.6
Marathon Asset Management Ltd	325,520	7.6	379,354	7.7
M&G Investments Equity	276,855	6.4	299,192	6.1
M&G Investments Alpha Opportunities	166,007	3.9	238,436	4.9
M&G Investments Infracapital	67,760	1.6	84,080	1.7
M&G Financing Fund	14,529	0.3	11,921	0.2
Partners Group Management II S.à r.l.	59,576	1.4	74,906	1.5
RWC Specialist UK Focus Fund	4,492	0.1	3,308	0.1
Stafford Timberland	34,912	0.8	49,057	1.0
Other	12,157	0.3	2,956	0.1
	<b>4,310,238</b>	<b>100.0</b>	<b>4,906,153</b>	<b>100.0</b>



## 9.2. Reconciliation of movements in investments and derivatives for the year ended 31 March 2015

	Value at 1 April 2014 £000	Purchases £000	Net Transfers £000	Sales Proceeds £000	Change in Market Value £000	Cash Move- ment £000	Value at 31 March 2015 £000
<b>Fixed interest securities</b>	<b>186,598</b>	<b>50,000</b>	-	-	<b>(4,030)</b>	-	<b>232,568</b>
UK Corp	186,598	50,000	-	-	(4,030)	-	232,568
<b>Equities</b>	<b>2,644,294</b>	<b>265,988</b>	<b>(58,710)</b>	<b>(246,171)</b>	<b>460,107</b>	-	<b>3,065,508</b>
UK	128,633	17,534	-	(10,837)	18,643	-	153,973
Overseas	1,053,329	221,346	-	(234,093)	237,906	-	1,278,488
UK unit trusts	228,767	11,890	(14,376)	(76)	17,565	-	243,770
Overseas unit trusts	685,980	14,285	(44,334)	(639)	124,840	-	780,132
Global unit trusts	547,585	933	-	(526)	61,153	-	609,145
<b>Index-linked securities</b>	<b>344,996</b>	<b>21,762</b>	<b>78</b>	<b>(200,833)</b>	<b>50,529</b>	-	<b>216,532</b>
UK	344,996	21,762	78	(200,833)	50,529	-	216,532
<b>Property</b>	<b>468,964</b>	<b>63,469</b>	-	<b>(41,840)</b>	<b>48,994</b>	-	<b>539,587</b>
<i>Direct Property</i>	<i>237,300</i>	<i>58,431</i>	-	-	<i>26,404</i>	-	<i>322,135</i>
UK properties freehold	174,330	44,827	-	-	21,588	-	240,745
UK properties leasehold	62,970	13,604	-	-	4,816	-	81,390
<i>Property Unit Trusts</i>	<i>231,664</i>	<i>5,038</i>	-	<i>(41,840)</i>	<i>22,590</i>	-	<i>217,452</i>
<b>Private equity</b>	<b>212,033</b>	<b>50,440</b>	-	<b>(51,941)</b>	<b>27,447</b>	-	<b>237,979</b>
UK	422	54	-	(17)	(295)	-	164
Overseas	211,611	50,386	-	(51,924)	27,742	-	237,815
<b>Infrastructure</b>	<b>127,236</b>	<b>22,431</b>	-	<b>(4,995)</b>	<b>14,303</b>	-	<b>158,975</b>
UK	67,760	1,314	-	(284)	15,290	-	84,080
Overseas	59,476	21,117	-	(4,711)	(987)	-	74,895
<b>Timber</b>	<b>34,705</b>	<b>12,767</b>	-	<b>(521)</b>	<b>2,106</b>	-	<b>49,057</b>
<b>Illiquid debt</b>	-	<b>78,424</b>	-	<b>(11,419)</b>	<b>(3,676)</b>	-	<b>63,329</b>
UK	-	24,000	-	-	442	-	24,442
Overseas	-	54,424	-	(11,419)	(4,118)	-	38,887
<b>Other Managed Funds</b>	<b>185,029</b>	<b>74,799</b>	-	<b>(3,174)</b>	<b>(2,989)</b>	-	<b>253,665</b>
UK	185,029	74,799	-	(3,174)	(2,989)	-	253,665
<b>Cash</b>	<b>93,508</b>	-	-	<b>25,006</b>	<b>(25,006)</b>	<b>16,302</b>	<b>109,810</b>
<i>Cash deposits held at custodian/other</i>	<i>93,508</i>	-	-	<i>25,006</i>	<i>(25,006)</i>	<i>16,302</i>	<i>109,810</i>
Sterling	44,712	-	-	-	-	26,630	71,342

	Value at 1 April 2014 £000	Purchases £000	Net Transfers £000	Sales Proceeds £000	Change in Market Value £000	Cash Move- ment £000	Value at 31 March 2015 £000
Foreign Currency	48,796	-	-	25,006	(25,006)	(10,328)	38,468
<b>Investment assets inclusion of transaction costs &amp; private equity management expenses</b>	<b>4,297,363</b>	<b>640,080</b>	<b>(58,632)</b>	<b>(535,888)</b>	<b>567,785</b>	<b>16,302</b>	<b>4,927,010</b>
<b>Adjustment for:</b>							
<b>Transaction costs</b>	-	(488)	-	(303)	791	-	-
<b>Private Equity Management fees capitalised</b>	-	(4,848)	-	-	4,848	-	-
<b>Investment assets exclusion of transaction costs</b>	<b>4,297,363</b>	<b>634,744</b>	<b>(58,632)</b>	<b>(536,191)</b>	<b>573,424</b>	<b>16,302</b>	<b>4,927,010</b>
<b>Other Investment Balances</b>							
<b>Assets</b>	<b>10,524</b>	-	-	-	-	-	<b>6,434</b>
Amounts receivable for sales of investments	3,787	-	-	-	-	-	1,232
Investment income due	6,737	-	-	-	-	-	5,202
<b>Liabilities</b>	<b>(1,541)</b>	-	-	-	-	-	<b>(1,987)</b>
Amounts payable for purchase of investments	(1,428)	-	-	-	-	-	(1,873)
Investment withholding tax payable	(113)	-	-	-	-	-	(114)
<b>Derivative Pending Foreign Exchange Contracts</b>	<b>3,892</b>	-	-	-	-	-	<b>(25,304)</b>
Assets	4,282	-	-	-	-	-	22,902
Liabilities	(390)	-	-	-	-	-	(48,206)
<b>Net Investment Assets</b>	<b>4,310,238</b>						<b>4,906,153</b>

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 2014/15 the total transaction costs were £0.791m (£1.081m in 2013/14). These have been adjusted from the table above and are now included within investment management expenses (Note 7).

### 9.3. 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 £000	Cash Move- ment £000	Value at 31 March 2014 £000
<b>Fixed interest securities</b>	<b>179,980</b>	-	-	-	<b>6,618</b>	-	<b>186,598</b>
UK Corp	179,980	-	-	-	6,618	-	186,598
<b>Equities</b>	<b>2,427,887</b>	<b>885,233</b>	<b>(65,201)</b>	<b>(799,971)</b>	<b>196,346</b>	-	<b>2,644,294</b>
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
<b>Index-linked securities</b>	<b>264,371</b>	<b>60,626</b>	<b>65,114</b>	<b>(27,828)</b>	<b>(17,287)</b>	-	<b>344,996</b>
UK	264,371	60,626	65,114	(27,828)	(17,287)	-	344,996
<b>Property</b>	<b>418,595</b>	<b>62,115</b>	-	<b>(32,386)</b>	<b>20,640</b>	-	<b>468,964</b>
<b>Direct Property</b>	<b>195,665</b>	<b>39,811</b>	-	<b>(9,854)</b>	<b>11,678</b>	-	<b>237,300</b>
UK properties freehold	146,340	30,272	-	(9,854)	7,572	-	174,330
UK properties leasehold	49,325	9,539	-	-	4,106	-	62,970
<b>Property Unit Trusts</b>	<b>222,930</b>	<b>22,304</b>	-	<b>(22,532)</b>	<b>8,962</b>	-	<b>231,664</b>
<b>Private equity</b>	<b>196,995</b>	<b>34,284</b>	-	<b>(39,912)</b>	<b>20,666</b>	-	<b>212,033</b>
UK	382	-	-	-	40	-	422
Overseas	196,613	34,284	-	(39,912)	20,626	-	211,611
<b>Infrastructure</b>	<b>113,567</b>	<b>23,609</b>	-	<b>(10,130)</b>	<b>190</b>	-	<b>127,236</b>
UK	71,594	1,525	-	(7,301)	1,942	-	67,760
Overseas	41,973	22,084	-	(2,829)	(1,752)	-	59,476
<b>Timber</b>	<b>30,972</b>	<b>5,931</b>	-	<b>(627)</b>	<b>(1,571)</b>	-	<b>34,705</b>
<b>Currency</b>	<b>25,332</b>	-	<b>(23,509)</b>	-	<b>(1,823)</b>	-	-
<b>Other Managed Funds</b>	<b>175,598</b>	<b>4,720</b>	-	<b>(2,383)</b>	<b>7,094</b>	-	<b>185,029</b>
UK	175,598	4,720	-	(2,383)	7,094	-	185,029
Overseas	-	-	-	-	-	-	-
<b>Cash</b>	<b>96,481</b>	-	-	<b>(99,601)</b>	<b>99,601</b>	<b>(2,973)</b>	<b>93,508</b>
<b>Cash deposits held at custodian/other</b>	<b>96,481</b>	-	-	<b>(99,601)</b>	<b>99,601</b>	<b>(2,973)</b>	<b>93,508</b>

	Value at 1 April 2013 £000	Purchases £000	Net Transfers £000	Sales Proceeds £000	Change in Market £000	Cash Move- ment £000	Value at 31 March 2014 £000
Sterling	68,439	-	-	-	-	(23,727)	44,712
Foreign currency	28,042	-	-	(99,601)	99,601	20,754	48,796
<b>Investment assets inclusion of transaction costs</b>	<b>3,929,778</b>	<b>1,076,518</b>	<b>(23,596)</b>	<b>(1,012,838)</b>	<b>330,474</b>	<b>(2,973)</b>	<b>4,297,363</b>
<b>Adjustment for:</b>							
Transaction costs	-	(651)	-	(430)	1,081	-	-
<b>Investment assets exclusion of transaction costs</b>	<b>3,929,778</b>	<b>1,075,867</b>	<b>(23,596)</b>	<b>(1,013,268)</b>	<b>331,555</b>	<b>(2,973)</b>	<b>4,297,363</b>
<b>Other Investment Balances</b>							
<b>Assets</b>	<b>10,570</b>						<b>10,524</b>
Amounts receivable for sales of investments	4,156						3,787
Investment income due	6,414						6,737
<b>Liabilities</b>	<b>(3,191)</b>						<b>(1,541)</b>
Amounts payable for purchase of investments	(2,990)						(1,428)
Investment withholding tax payable	(201)						(113)
<b>Derivative pending foreign exchange contracts</b>	<b>(16,085)</b>						<b>3,892</b>
Assets	1,925						4,282
Liabilities	(18,010)						(390)
<b>Net Investment Assets</b>	<b>3,921,072</b>						<b>4,310,238</b>

#### 9.4. Analysis of investments by asset type

	31 March 2014 £000	31 March 2015 £000
<b>Fixed interest securities</b>	<b>186,598</b>	<b>232,568</b>
UK quoted	186,598	232,568
<b>Equities</b>	<b>2,644,294</b>	<b>3,065,508</b>
UK quoted	128,633	153,973
Overseas quoted	1,053,329	1,278,488
UK unit trusts	228,767	243,770
Overseas unit trusts	685,980	780,132
Global unit trusts	547,585	609,145
<b>Index-linked securities</b>	<b>344,996</b>	<b>216,532</b>
UK public sector quoted	344,996	216,532
<b>Property</b>	<b>468,964</b>	<b>539,587</b>
<b>Direct property</b>	<b>237,300</b>	<b>322,135</b>
UK properties freehold	174,330	240,745
UK properties leasehold	62,970	81,390
<b>Property unit trusts</b>	<b>231,664</b>	<b>217,452</b>
<b>Private Equity</b>	<b>212,033</b>	<b>237,979</b>
UK unquoted	422	164
Overseas unquoted	211,611	237,815
<b>Infrastructure</b>	<b>127,236</b>	<b>158,975</b>
UK unquoted	67,760	84,080
Overseas unquoted	59,476	74,895
<b>Timber</b>	<b>34,705</b>	<b>49,057</b>
Overseas unquoted	34,705	49,057
<b>Illiquid debt</b>	-	<b>63,329</b>
UK unquoted	-	24,442
Overseas unquoted	-	38,887
<b>Other managed funds</b>	<b>185,029</b>	<b>253,665</b>
UK unquoted	185,029	253,665
<b>Derivative contracts</b>	<b>3,892</b>	<b>(25,304)</b>
<b>Assets</b>	<b>4,282</b>	<b>22,902</b>
Derivative pending foreign currency contracts	4,282	22,902
<b>Liabilities</b>	<b>(390)</b>	<b>(48,206)</b>
Derivative pending foreign currency contracts	(390)	(48,206)
<b>Cash Deposits</b>	<b>93,508</b>	<b>109,810</b>
<b>Cash deposits held at custodian/other</b>	<b>93,508</b>	<b>109,810</b>
Sterling	44,712	71,342

	31 March 2014 £000	31 March 2015 £000
Foreign currency	48,796	38,468
	<b>4,301,255</b>	<b>4,901,706</b>
<b>Other investments balances</b>		
<b>Assets</b>	<b>10,524</b>	<b>6,434</b>
Amounts receivable for sales of investments	3,787	1,232
Investment income due	6,737	5,202
<b>Liabilities</b>	<b>(1,541)</b>	<b>(1,987)</b>
Amounts payable for purchase of investments	(1,428)	(1,873)
Investment withholding tax payable	(113)	(114)
<b>Net investment assets</b>	<b>4,310,238</b>	<b>4,906,153</b>

#### 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 March 2014		Investment Manager	Unit Trust/Pooled Vehicle	31 March 2015	
£000	%			£000	%
302,277	7.0%	Legal & General	North America Index	342,702	6.9%
270,730	6.2%	Legal & General	FTSE RAFI AW 3000 Index	309,953	6.3%
276,855	6.4%	M&G Investments	M&G Investments Global Dividend Fund	299,192	6.1%
223,027	5.1%	Legal & General	Europe (ex UK) Equity Index	248,438	5.0%

#### 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 2014				31 March 2015	
£'000	%	Asset Type	Asset Name	£'000	%
		UK EQUITIES			
14,820	11.5%	UK quoted equities	Unilever plc Ord GBP0.031	18,194	11.8%
12,355	9.6%	UK quoted equities	WPP Plc Ord GBP0.10	16,197	10.5%
12,007	9.3%	UK quoted equities	Compass Group Ord GBP0.10	13,580	8.8%

31 March 2014		Asset Type	Asset Name	31 March 2015	
£'000	%			£'000	%
10,564	8.2%	UK quoted equities	Lloyds Banking GP Ord GBP0.1	12,829	8.3%
10,898	8.5%	UK quoted equities	Imperial Tobacco GBP0.10	12,650	8.2%
8,956	7.0%	UK quoted equities	Pearson Ord GBP0.25	12,229	7.9%
7,455	5.8%	UK quoted equities	Arm Holdings Ord GBP0.0005	9,821	6.4%
4,420	3.4%	UK quoted equities	Burberry Group Ord GBP0.0005	8,186	5.3%
8,969	7.0%	UK quoted equities	SabMiller plc Ord USD0.10	7,169	4.7%
<b>INDEX LINKED SECURITIES</b>					
16,960	4.9%	UK index-linked	UK (Govt) Treasury IL Stock 1.250% 22 Nov 2055	11,088	5.1%
19,250	5.6%	UK index-linked	UK (Govt) Treasury IL Stock 1.875% 22 Nov 2022	9,622	4.4%
17,845	5.2%	UK index-linked	UK (Govt) Treasury IL Stock 1.250% 22 Nov 2027	9,559	4.4%
19,684	5.7%	UK index-linked	UK (Govt) Treasury IL Stock 2.5% 16 April 2020	9,472	4.4%
18,436	5.3%	UK index-linked	UK (Govt) Treasury IL Stock 2.5% 17 July 2024	9,378	4.3%
<b>PROPERTY</b>					
-	-	Direct property	Canning Town Business Park, London	23,950	7.4%
17,400	7.3%	Direct property	48/49 Chancery Lane, London	20,000	6.2%
13,900	5.9%	Direct property	55-57 Dean Street, London	14,750	4.6%
27,681	11.9%	Property unit trusts	Aviva Investors Property Fund	34,217	15.7%
16,156	7.0%	Property unit trusts	Blackrock UK Property Fund	17,791	8.2%
12,802	5.5%	Property unit trusts	Industrial Property Investment Fund	16,034	7.4%
12,651	5.5%	Property unit trusts	Standard Life Property Fund Closed	14,754	6.8%
12,836	5.5%	Property unit trusts	Lothbury Property Fund	14,708	6.8%



31 March 2014		Asset Type	Asset Name	31 March 2015	
£'000	%			£'000	%
12,154	5.2%	Property unit trusts	Standard Life UK Shopping Centre	13,559	6.2%
10,872	4.7%	Property unit trusts	Unite UK Student Accomodation Fund	12,187	5.6%
10,645	4.6%	Property unit trusts	Henderson UK Retail Warehouse Fund	11,734	5.4%
<b>PRIVATE EQUITY</b>					
11,658	5.5%	Overseas private equity	New Mountain Partners III	11,712	4.9%
10,967	5.2%	Overseas private equity	Avenue Europe Special Situations Fund II (Euro)	11,226	4.7%
<b>INFRASTRUCTURE</b>					
67,760	53.3%	UK infrastructure	Infracapital Partners	84,080	52.9%
42,875	33.7%	Overseas infrastructure	Partners Group Global Infrastructure 2009 S.C.A.,SICAR	46,182	29.1%
10,117	7.9%	Overseas infrastructure	Partners Group Global Infrastructure 2012 LP	18,634	11.7%
6,484	5.1%	Overseas infrastructure	Partners Group Global Infrastructure 2011 S.C.A.,SICAR	10,079	6.3%
<b>TIMBER</b>					
34,705	100.0%	Timber	Stafford International Timberland VI Fund LP	38,814	79.1%
-	-	Timber	Stafford International Timberland VII Fund (No 2) LP	10,243	20.9%
<b>ILLIQUID DEBT</b>					
-	-	Illiquid Debt	Alcentra European DLF Investor Feeder (No.2) LP	38,887	61.4%
-	-	Illiquid Debt	Alcentra Global Multi-Credit Solutions Class IV A GBP	24,443	38.6%

31 March 2014		Asset Type	Asset Name	31 March 2015	
£'000	%			£'000	%
		<b>OTHER MANAGED FUNDS</b>			
166,007	89.7%	UK other managed funds	M&G Alpha Opportunities Fund	238,436	94.0%
14,529	7.9%	UK other managed funds	M&G UK Companies Financing Fund	11,921	4.7%
		<b>CASH</b>			
34,260	36.6%	UK cash deposits	BNP Paribas Investment Partners GBP	44,256	40.3%
29,635	31.7%	US\$ cash deposits	Northern Trust Liquidity Fund US\$	25,934	23.6%
18,876	20.2%	UK cash deposits	Northern Trust Liquidity Fund GBP	24,347	22.2%
2,744	2.9%	Euro cash deposits	BNP Paribas Investment Partners EURO	6,355	5.8%

## 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 maybe 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 2015 and 31 March 2014.

### 9.7.3 Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment returns, 62.2% (59.8% in 2013/14) of the Fund's portfolio is in overseas assets as at 31 March 2015. 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, Yen and other major overseas currency exposure within the portfolios managed by the growth managers.

#### 9.7.4 Analysis of open forward currency contracts as at 31 March 2015

Settlement	Currency Bought	Local value 000	Currency sold	Local value 000	Asset value £'000	Liability value £'000
<b>Settled within one month</b>						
Up to one month	AUD	30,060	GBP	15,871		(402)
Up to one month	CAD	25,769	GBP	13,927		(221)
Up to one month	CHF	32,816	GBP	22,998		(239)
Up to one month	EUR	91,132	GBP	67,043		(1,111)
Up to one month	GBP	30,540	AUD	59,924		(252)
Up to one month	GBP	36,442	CAD	68,984		(242)
Up to one month	GBP	21,422	CHF	32,740		(1,285)
Up to one month	GBP	132,773	EUR	172,827	7,691	
Up to one month	GBP	82,559	JPY	15,153,182		(2,602)
Up to one month	GBP	83	NOK	999		
Up to one month	GBP	8,523	SEK	103,123	468	
Up to one month	GBP	598,827	USD	917,879		(19,605)
Up to one month	GBP	14	ZAR	245		
Up to one month	HKD	172	GBP	15		
Up to one month	JPY	11,364,882	GBP	64,359		(522)
Up to one month	SEK	95,337	GBP	7,511		(64)
Up to one month	USD	444,105	GBP	299,139	23	
<b>Settled within one to six months</b>						
One to six months	GBP	24,700	AUD	47,325	435	
One to six months	GBP	15,023	CAD	27,934	174	
One to six months	GBP	54,867	CHF	78,904		(46)
One to six months	GBP	160,287	EUR	216,942	3,109	
One to six months	GBP	125,338	JPY	22,670,237		(2,187)
One to six months	GBP	22,719	SEK	289,522	70	
One to six months	GBP	539,709	USD	813,434		(8,496)
<b>Forward currency contracts unsettled as at 31 March 2015</b>					<b>11,970</b>	<b>(37,274)</b>
<b>Net forward currency contracts as at 31 March 2015</b>						<b>(25,304)</b>

### 9.7.5 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
<b>Settled within one month</b>						
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	0		
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	0		
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	0		
Up to one month	USD	294,317	GBP	176,936		(397)
<b>Settled within one to six months</b>						
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	
<b>Forward currency contracts unsettled as at 31 March 2014</b>					<b>7,511</b>	<b>(3,619)</b>
<b>Net forward currency contracts as at 31 March 2014</b>						<b>3,892</b>

## 10. Taxation

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

2013/14 £000		2014/15 £000
552	UK withholding tax	551
2,404	Overseas withholding tax	2,077
54	Payment to HMRC in respect of returned contributions	102
<b>3,010</b>	<b>Total</b>	<b>2,730</b>

## 11. Current Assets and Liabilities

### Current Assets

#### 11.1. Analysis of current assets

31 Mar 2014 £000		31 Mar 2015 £000
<b>Cash Balances</b>		
2,660	Cash at bank	2,457
10,978	Cash on short term deposit < 3 months	11,510
<b>13,638</b>		<b>13,967</b>
<b>Debtors</b>		
4,027	Contributions due – employees	3,774
11,073	Contributions due – employers	11,823
3,416	Sundry debtors	547
<b>18,516</b>		<b>16,144</b>
<b>32,154</b>	<b>Total</b>	<b>30,111</b>

## 11.2. Analysis of debtors

31 Mar 2014 £000		31 Mar 2015 £000
<b>Debtors</b>		
1,789	Central government bodies	3,243
11,275	Other local authorities	11,274
52	NHS bodies	42
1,826	Public corporations and trading funds	860
3,574	Other entities and individuals	725
<b>18,516</b>	<b>Total</b>	<b>16,144</b>

## 11.3. Analysis of long term debtors by type

31 Mar 2014 £000		31 Mar 2015 £000
<b>Long Term Debtors</b>		
374	Financial strain instalments due >12 months	157
7,533	Other employer contributions due >12 months	6,299
<b>7,907</b>	<b>Total</b>	<b>6,456</b>

## 11.4. Analysis of long term debtors

31 Mar 2014 £000		31 Mar 2015 £000
<b>Long Term Debtors</b>		
7,622	Central government bodies	6,309
235	Other local authorities	77
50	Public corporations and trading funds	70
<b>7,907</b>	<b>Total</b>	<b>6,456</b>

## 11.5. 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

### 11.6. Analysis of current liabilities

31 Mar 2014 £000		31 Mar 2015 £000
<b>Creditors</b>		
(2,570)	Contributions due – employers	(715)
(3,050)	Investment manager fees payable	(3,168)
(5,746)	Benefits payable	(4,572)
(1,559)	Other	(1,642)
<b>(12,925)</b>	<b>Total</b>	<b>(10,097)</b>

Following a review the ECC recharge creditor for 2013/14 has been reclassified from ‘Investment fees payable’ to ‘Other’ in line with the 2014/15 treatment.

### 11.7. Analysis of creditors

31 Mar 2014 £000		31 Mar 2015 £000
<b>Creditors</b>		
(921)	Central government bodies	(261)
(6,501)	Other local authorities	(3,932)
(20)	NHS bodies	(109)
(361)	Public corporations and trading funds	(590)
(5,122)	Other entities and individuals	(5,205)
<b>(12,925)</b>	<b>Total</b>	<b>(10,097)</b>

### 11.8. Contingent Liabilities and Contractual Commitments

As at 31 March 2015 the Fund had a commitment to contribute a further £300.7m to its existing partnership investments, including private equity, infrastructure, illiquid debt, timber and financing (£299.6m as at 31 March 2014). 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.

## 12. 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.

2013/14 £000	2014/15 £000
5,840	5,655
413	662
320	592
(918)	(731)
<b>5,655</b>	<b>6,178</b>

### 13. 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.

#### 13.1. Administration of the Fund

The Essex Pension Fund is administered by Essex County Council.

The Council incurred costs of £1.702m (£1.686m in 2013/14) 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 £50.185m to the Fund in 2014/15 (£49.821m in 2013/14). 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 Investment Steering Committee on 25 March 2015. This service is provided to the Fund at a cost of £0.026m (£0.026m in 2013/14).

During the year to 31 March 2015, the Pension Fund had an average investment balance of £20.096m (£15.119m in 2013/14) earning £0.108m interest (£0.098m in 2013/14).

### 13.2. 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.

### 13.3. Members of the LGPS

Essex County Council administers the LGPS for its own employees and numerous other bodies. Under legislation introduced in 2003/04, Councillors were also entitled to join the Pension Fund. However, under new legislation introduced from 1 April 2014 the entitlement of Councillors to join the Pension fund has now been removed. Those Members of the Essex Pension Board and Investment Steering Committee who, during 2014/15, were also members of the LGPS are listed below.

<b>County Councillors</b>	S. Barker N. J. Hume J. Whitehouse* K. Bobbin* M. Mackrory* J. Spence
<b>Representative of scheme members</b>	K. Blackburn
<b>Representative of smaller employing bodies</b>	J. Moore
<b>Representative of the Police and Crime</b>	C Garbett
* Membership relates to non-councillor service	

As at 31 March 2015 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 2014/15 were the Executive Director for Corporate and Customer Services, the Director for Essex Pension Fund and the Head of Essex Pension Fund. During 2014/15 approximately 2% of the Executive Director for Corporate and Customer Services 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 2014/15 was £0.161m (£0.141m in 2013/14). The 2014/15 current service cost in respect of these personnel was £0.063m (£0.082m in 2013/14). The current service cost is the increase in the value of the Fund's future pension liabilities arising out of employee's on-going membership of the Fund.

## 14. Actuarial Present Value of Promised Retirement Benefit

### 14.1. 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 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 Section 4 of this publication. In addition to the certified contributions, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The 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](http://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)	2.7%
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.

#### **14.2. 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 do 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.

#### **14.3. 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 2015 the Actuary has used the point of the Merrill Lynch AA-rated corporate bond yield 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 2015 is 18 years which in turn means a discount rate of 3.3% per annum (4.4% as at 31 March 2014). The value of the Fund's promised retirement benefits as at 31 March 2015 was £7,517m (£6,515m as at 31 March 2014).

Similar calculations were carried out as per the prior actuarial valuation date of 31 March 2013, using the same actuarial assumptions as those used for funding purposes at that date, other than the discount rate where a rate of 4.3% per annum was used. On this basis, the value, for IAS 26 purposes, of the Fund's promised retirement benefits at that date was £6,585m.

### **15. 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.

### 15.1. 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 2014				31 March 2015		
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
186,598	-	-	<b>Financial assets</b>	232,568	-	-
2,644,294	-	-	Fixed interest securities	3,065,508	-	-
344,996	-	-	Equities	216,532	-	-
231,664	-	-	Index linked securities	217,452	-	-
212,033	-	-	Property unit trusts	237,979	-	-
120,752	-	-	Private equity	148,896	-	-
34,705	-	-	Infrastructure	49,057	-	-
-	-	-	Timber	24,442	-	-
-	-	-	Illiquid Debt	-	-	-
185,029	-	-	Active currency	253,665	-	-
4,282	-	-	Other managed funds	22,902	-	-
-	107,146	-	Derivative contracts	-	123,777	-
10,524	-	-	Cash deposits	6,434	-	-
-	26,423	-	Other investment balances	-	-	-
3,974,877	133,569	-	Debtors	4,475,435	123,777	-
(390)	-	-	<b>Financial liabilities</b>	(48,206)	-	-
(1,541)	-	-	Derivative contracts	(1,987)	-	-
-	-	(12,925)	Other investments balances	-	-	(3,168)
-	-	-	Creditors	-	-	-
(1,931)	-	(12,925)	Borrowing	(50,193)	-	(3,168)
<b>3,972,946</b>	<b>133,569</b>	<b>(12,925)</b>	<b>Balance by classification at end of the year</b>	<b>4,425,242</b>	<b>123,777</b>	<b>(3,168)</b>
		<b>4,093,590</b>	<b>Total at end of year</b>			<b>4,545,851</b>

## 15.2. Net gains and losses on financial instruments

31 March 2014 £000		31 March 2015 £000
	<b>Financial assets</b>	
220,347	Fair value through profit and loss	576,632
99,601	Loans and receivables	(25,006)
<b>319,948</b>	<b>Total</b>	<b>551,626</b>

The fair value through profit and loss as at 31 March 2014 is different compared to last year notes to the Financial Statements by £1.081m as the figure has been adjusted for transaction costs.

## 15.3. Fair value of financial instruments and liabilities

31 March 2014			31 March 2015	
Carrying value £000	Fair value £000		Carrying value £000	Fair value £000
		<b>Financial assets</b>		
3,974,877	3,974,877	Fair value through profit and loss	4,475,435	4,475,435
133,569	133,569	Loans and receivables	123,777	123,777
4,108,446	4,108,446	<b>Total financial assets</b>	4,599,212	4,599,212
		<b>Financial liabilities</b>		
(1,931)	(1,931)	Fair value through profit and loss	(50,193)	(50,193)
(12,925)	(12,925)	Financial liabilities measured at amortised cost	(3,168)	(3,168)
(14,856)	(14,856)	<b>Total financial liabilities</b>	(53,361)	(53,361)
<b>4,093,590</b>	<b>4,093,590</b>	<b>Total net financial assets</b>	<b>4,545,851</b>	<b>4,545,851</b>

## 15.4. 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.

### 15.4.1. 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.

#### 15.4.2. 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.

#### 15.4.3. 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 2014				Values as at 31 March 2015		
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
3,190,694	416,693	367,490	<b>Financial assets</b>	3,543,944	471,117	460,374
133,569	-	-	Fair value through profit and loss	123,777	-	-
			Loans and receivables			
3,324,263	416,693	367,490	<b>Total financial assets</b>	3,667,721	471,117	460,374



Values as at 31 March 2014				Values as at 31 March 2015		
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
(1,931)	-	-	<b>Financial liabilities</b>	(50,193)	-	-
-	-	-	Fair value through profit and loss	-	-	-
(12,925)	-	-	Loans and receivables	(3,168)	-	-
			Financial liabilities measured at amortised cost			
(14,856)	-	-	<b>Total financial liabilities</b>	(53,361)	-	-
<b>3,309,407</b>	<b>416,693</b>	<b>367,490</b>	<b>Total net assets per level</b>	<b>3,614,360</b>	<b>471,117</b>	<b>460,374</b>
		<b>4,093,590</b>	<b>Total net assets</b>			<b>4,545,851</b>

## 16. Nature and extent of risks arising from financial instruments

### 16.1. Risk and risk management

The Fund's primary long term risk is that the Fund assets will fall short of its liabilities i.e. promised benefits payable to members. Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole of the Fund's investments. The Fund achieves this through asset diversification to reduce its exposure to a variety of financial risks: market risk; price risk; currency risk; interest rate risk and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cashflows. The Fund 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 Fund's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

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

### 16.3. 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.

### 16.4. 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 2014/15. 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 2014 Potential market movements (+/-)	Asset type	31 Mar 2015 Potential market movements (+/-)
8.7%	UK bonds	9.2%
16.1%	UK equities	17.0%
19.4%	Overseas equities	21.0%
6.5%	UK index linked bonds	7.0%
14.7%	Pooled property unit trusts	15.0%
28.0%	Private equity	29.0%
14.7%	Timber	15.0%
14.7%	Infrastructure funds	15.0%

31 Mar 2014 Potential market movements (+/-)	Asset type	31 Mar 2015 Potential market movements (+/-)
13.4%	Illiquid debt	14.0%
14.7%	Property	15.0%
0.6%	Cash	1.0%

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 2014 £000	%	Value on increase £000	Value on decrease £000	Asset type	31 Mar 2015 £000	%	Value on increase £000	Value on decrease £000
93,508	0.6	94,069	92,947	<b>Cash and equivalents</b>	109,810	1.0	110,908	108,712
				<b>Investment portfolio assets</b>				
186,598	8.7	202,832	170,364	UK bonds	232,568	9.2	253,964	211,172
128,633	16.1	149,343	107,923	UK equities	153,973	17.0	180,148	127,798
1,053,329	19.4	1,257,675	848,983	Overseas equities	1,278,488	21.0	1,546,970	1,010,006
228,767	16.1	265,598	191,936	UK equities unit trusts	243,770	17.0	285,211	202,329
685,980	19.4	819,060	552,900	Overseas equities unit trusts	780,132	21.0	943,960	616,304
547,585	19.4	653,816	441,354	Global unit trusts	609,145	21.0	737,065	481,225
344,996	6.5	367,421	322,571	UK index linked bonds	216,532	7.0	231,689	201,375
231,664	14.7	265,719	197,609	Pooled property unit trusts	217,452	15.0	250,070	184,834
212,033	28.0	271,402	152,664	Private equity	237,979	29.0	306,993	168,965
127,236	14.7	145,940	108,532	Infrastructure	158,975	15.0	182,821	135,129
34,705	14.7	39,807	29,603	Timber	49,057	15.0	56,416	41,698
-	13.4	-	-	Illiquid debt	63,329	14.0	72,195	54,463
185,029	14.7	212,228	157,830	Other managed funds	253,665	15.0	291,715	215,615
237,300	14.7	272,183	202,417	Property	322,135	15.0	370,455	273,815
3,892	-	3,892	3,892	Net derivative assets	(25,304)	-	(25,304)	(25,304)
6,737	-	6,737	6,737	Investment income due	5,202	-	5,202	5,202

31 Mar 2014 £000	%	Value on increase £000	Value on decrease £000	Asset type	31 Mar 2015 £000	%	Value on increase £000	Value on decrease £000
(113)	-	(113)	(113)	WHT payable	(114)	-	(114)	(114)
3,787	-	3,787	3,787	Amounts receivable for sales	1,232	-	1,232	1,232
(1,428)	-	(1,428)	(1,428)	Amounts payable for purchases	(1,873)	-	(1,873)	(1,873)
<b>4,310,238</b>		<b>5,029,968</b>	<b>3,590,508</b>	<b>Total assets available to pay benefits</b>	<b>4,906,153</b>		<b>5,799,723</b>	<b>4,012,583</b>

### 16.5. 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.

### 16.6. 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. During 2014/15 the Fund commenced an investment in an illiquid debt mandate.

The Fund's direct exposure to interest rate movements as at 31 March 2015 and 31 March 2014 are shown below. The underlying assets are shown at their fair value.

31 Mar 2014 £000	Asset Type	31 Mar 2015 £000
93,508	Cash and cash equivalents	109,810
13,638	Cash balances	13,967
186,598	Fixed interest securities	232,568
344,996	Index-linked securities	216,532
-	Illiquid debt	63,329
<b>638,740</b>	<b>Total</b>	<b>636,206</b>

### 16.7. Interest rate sensitivity analysis

Interest rates have remained constant but this is not always the case and can vary. As a result any variation in interest rates affects the level of income achievable and the value of the net assets of the Fund to pay benefits. The Fund's institutional consultants, Hymans Robertson have undertaken a sensitivity analysis and advised that it is reasonable in today's climate that a movement increase/(decrease) of not more than 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 2014 £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 2015 £000	Change in year in the net assets to pay benefits +100 BPS £000	-100 BPS £000
93,508	935	(935)	Cash and cash equivalents	109,810	1,098	(1,098)
13,638	136	(136)	Cash balances	13,967	140	(140)
186,598	1,866	(1,866)	Fixed interest securities	232,568	2,326	(2,326)
344,996	3,450	(3,450)	Index-linked securities	216,532	2,165	(2,165)
-	-	-	Illiquid debt	63,329	633	(633)
<b>638,740</b>	<b>6,387</b>	<b>(6,387)</b>	<b>Total change in assets available</b>	<b>636,206</b>	<b>6,362</b>	<b>(6,362)</b>

### 16.8. 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, Yen and other major overseas currency exposure within the portfolios managed by the growth managers.

The following table summarises the Fund's currency exposure as at 31 March 2015 and 31 March 2014:

Asset value as at 31 Mar 2014 £'000	Currency exposure - asset type	Asset value as at 31 Mar 2015 £'000
1,053,329	Overseas equities quoted	1,278,488
685,980	Overseas unit trusts	780,132
547,585	Global unit trusts	609,145
211,611	Overseas private equity	237,815
59,476	Overseas infrastructure	74,895
34,705	Overseas timber	49,057
-	Overseas illiquid debt	38,887
<b>2,592,686</b>	<b>Total overseas assets</b>	<b>3,068,419</b>

### 16.9. 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% (13% as at 31 March 2014) (approximately one standard deviation) assuming other factors remain constant.

The table below shows the effect of a 13% (13% as at 31 March 2014) 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 2014 £'000	Change in year in the net assets to pay benefits +13% £'000	-13% £'000	Asset type	31 Mar 2015 £'000	Change in year in the net assets to pay benefits +13% £'000	-13% £'000
1,053,329	1,190,262	916,396	Overseas equities quoted	1,278,488	1,444,691	1,112,285
685,980	775,157	596,803	Overseas unit trusts	780,132	881,549	678,715
547,585	618,771	476,399	Global unit trusts	609,145	688,334	529,956
211,611	239,120	184,102	Overseas private equity	237,815	268,731	206,899
59,476	67,208	51,744	Overseas infrastructure	74,895	84,631	65,159
34,705	39,217	30,193	Overseas timber	49,057	55,434	42,680

31 Mar 2014 £'000	Change in year in the net assets to pay benefits +13% £'000	-13% £'000	Asset type	31 Mar 2015 £'000	Change in year in the net assets to pay benefits +13% £'000	-13% £'000
-	-	-	Overseas illiquid debt	38,887	43,942	33,832
<b>2,592,686</b>	<b>2,929,735</b>	<b>2,255,637</b>	<b>Total change in assets available</b>	<b>3,068,419</b>	<b>3,467,312</b>	<b>2,669,526</b>

#### 16.10. 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.

#### 16.11. 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 reconcile both member information and the contributions paid over in the year by both the employee and the employer.

The Funding Strategy Statement requires safeguards to be in place on all new admission agreements to protect the Fund from an employer default, through a guarantee from a tax backed scheme employer for any new body. An analysis of debtor balances at 31 March 2015 is provided in Note 11.

#### 16.12. 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 2015 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 2014			Exposure at 31 March 2015	
£000	%	Counterparty	£000	%
210,137	11.6%	Barclays Capital	30,230	1.3%
66,410	3.7%	BNP Paribas Capital Markets	-	-
266,650	14.8%	Citigroup	269,359	11.6%
-	-	Australian Commonwealth Bank	42,407	1.8%
198,546	11.0%	Credit Suisse AG	-	-
179,669	9.9%	Deutsche Bank AG	81,717	3.5%
-	-	HSBC	273,907	11.8%
234,581	13.0%	J P Morgan Securities	177,445	7.6%
26,148	1.4%	Lloyds	118,496	5.1%
59,057	3.3%	Merrill Lynch	203,107	8.7%
-	-	Morgan Stanley	258,906	11.2%
90,418	5.0%	RBC Europe	100,383	4.3%
118,333	6.6%	RBS	203,380	8.8%
-	-	SEB	26,538	1.1%
100,508	5.6%	SG Securities	273,547	11.8%
-	-	Standard Chartered	12,769	0.6%
40,831	2.3%	UBS	120,580	5.2%
213,637	11.8%	Westpac Bank Corp	129,012	5.6%
<b>1,804,925</b>	<b>100%</b>	<b>Total</b>	<b>2,321,783</b>	<b>100.0%</b>

#### 16.13. Futures

There were no open futures contracts as at 31 March 2015 and 31 March 2014 respectively.

#### 16.14. 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 directly 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

2015, the average credit quality of the M&G bond mandate was A- rated (BBB+ rated as at 31 March 2014) and the portfolio has suffered 5 defaults since inception, one was experienced in the financial year ending 31 March 2015. The average credit rating of the financing fund was BB+ rated as at 31 March 2015 (BB+ rated as at 31 March 2014) and the portfolio has not suffered any defaults since inception. The portfolio managed by GSAM as at 31 March 2015 had an average credit quality of A- (AA+ rated as at 31 March 2014) and has suffered 2 defaults since inception, both occurring 2011/12.

### **16.15. 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 Bank plc, which is also banker to the Administering Authority. The bank holds an A (A- as at 31 March 2014) long term credit rating with Standard and Poors. Cash is invested with Lloyd's and is placed with institutions on the Administering Authority's approved counter-party list. The management of cash is carried out by the Treasury Management function of the Administering Authority in accordance with the treasury management policy and strategy approved by the Essex Pension 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 2015, £13.967m (£13.638m as at 31 March 2014) was under management by the Administering Authority's Treasury Management Team. Over the last five financial years the Pension Fund has no experience of default or uncollectible deposits.

#### **Cash managed externally**

The majority of the cash held by the Fund's custodian, Northern Trust is swept overnight to one of two AAA rated money market funds. As at 31 March 2015, the total balance held in Sterling, US dollar and Euro AAA money market funds was £103.584m with a smaller balance of £6.226m held in the Northern Trust current account (£85.515m and £7.748m as at 31 March 2014 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 2014 £000	Rating	Cash Balances	Rating	31 Mar 2015 £000
		<b>Cash managed externally</b>		
		Cash held on deposit		
37,004	AAA	BNP Paribas Investment Partners	AAA	53,303
48,511	AAA	Northern Trust	AAA	50,281
85,515				103,584
		Cash held in current account		
7,748	AA-	Northern Trust	AA-	6,226
245	A	Barclays plc	A	-
7,993				6,226
<b>93,508</b>		<b>Total cash managed externally</b>		<b>109,810</b>
		<b>Cash managed Internally</b>		
		Cash held on deposit		
2	A	Barclays Bank	A	-
7,473	AA-	HSBC	AA-	7,508
1,502	AAA	IGNIS	AAA	2
2,001	BBB	Royal Bank of Scotland Group	BBB	-
-	AA-	Svenska Handelsbanken	AA-	4,000
10,978				11,510
		Cash held in current account		
2,660	A-	Lloyds Bank	A	2,457
<b>13,638</b>		<b>Total cash managed internally</b>		<b>13,967</b>
<b>107,146</b>		<b>Total</b>		<b>123,777</b>

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

31 Mar 2014 £000		31 Mar 2015 £000	Maximum limit per financial institution £'000	Historical risk of default %	Estimated maximum exposure to default and uncollectability £'000
	<b>Cash managed externally</b>				
	Deposit with bank and other financial institutions				
85,515	AAA rated	103,584	60,000	0.037%	38
7,748	AA rated	6,226	-	0.025%	2
245	A rated	-	-	0.069%	-
93,508	<b>Total cash managed externally</b>	109,810			40
	<b>Cash managed Internally</b>				
	Deposit with bank and other financial institutions				
1,502	AAA rated	2	10,000	0.037%	-
7,473	AA rated	11,508	7,500	0.025%	3
2,662	A rated	2,457	5,000	0.069%	2
2,001	BBB rated	-	5,000	0.188%	-
13,638	<b>Total cash managed Internally</b>	13,967			5
<b>107,146</b>	<b>Total cash</b>	<b>123,777</b>			<b>45</b>

#### 16.16. 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 23 February 2015, 27% 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 and income received. As the Fund is not in the position of a forced seller, i.e. it does not need to sell assets in order to pay benefits, it is considered appropriate to hold such illiquid investments to increase diversification, minimise risk and improve long-term investment performance.

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The Fund as at 31 March 2015 had immediate access to its pension fund cash holdings held internally and externally of £123.777m (£107.146m as at 31 March 2014). 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.

#### **16.17. 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.

#### **16.18. Custody**

Northern Trust are the global custodian with responsibility for safeguarding the assets of the Fund. As at 31 March 2015 Northern Trust had \$6.09 trillion of assets under custody (31 March 2014, \$5.58 trillion) and had a credit rating of AA- (31 March 2014, AA-) Monthly reconciliations are performed between the underlying records of the custodian and all investment managers and partnerships of the Fund.

#### **16.19. 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.

#### **16.20. Post Balance Sheet Event**

As at 31 March 2015 there was no post 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 2015, which comprise the Fund Account, the Net Assets Statement and the related notes 1 to 16.

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 (as transitionally saved) 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 and Customer Services and the auditor**

As explained more fully in the Statement of the Executive Director for Corporate and Customer Services' Responsibilities set out on page 90, the Executive Director for Corporate and Customer Services 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 2014/15.

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 2015 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

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We have not considered the effects of any events between the date we signed our report on the full annual statement of accounts 22 September 2015 and the date of this statement.

**Baldeep Singh**

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

17 November 2015



## SECTION 6

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# OTHER INFORMATION

# ESSEX PENSION FUND

## Statement of Investment Principles

### 25 March 2015

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 Section 151 Officer.

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 includes the following objectives:

- Within reasonable risk parameters to

achieve and then maintain assets equal to 100% of liabilities within the timescales determined in the Funding Strategy Statement;

- To recognise in drawing up its Funding Strategy 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 reasonable risk parameters.

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

## 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 within 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.

## Environmental, Social & Governance Considerations

The ISC does not place restrictions on investment managers in choosing investments in quoted companies except in limiting the size of single investments. The ISC expects investment managers to place their primary consideration on financial factors when selecting investments for inclusion in the portfolio, as an assessment of appropriate ESG capability is made before the manager is appointed.

However, the ISC will allow investment managers to consider non-financial factors in selecting investments providing that such decisions are not expected to:

- 1 be financially detrimental to the Fund (either in terms of expected return or risk) or;
- 2 represent significant opportunity cost if not held.

In general the ISC expects the selection of stocks, based on a significant degree of non-financial reasons to be extremely rare and reserves the right to intervene on a case by case basis. 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 (below) 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.

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## Appendix A – Fund Strategy and structure

### Summary

Equities			Bonds			Alternatives		
	Manager	Target %		Manager	Target %		Manager	Target %
UK	LGIM	5.0	Index-linked gilts	LGIM	2.0	Property	Aviva	12.0
Regional	LGIM	15.0	Active Cash plus	GSAM	5.5	Private equity	Hamilton Lane	4.0
Global	Marathon	35.0		M&G	5.5	Infrastructure	M&G	
	M&G		-	-	-		Partners Group	6.0
	Longview		-	-	-	Timber	Stafford	2.0
	Baillie Gifford		-	-	-	Loans	M&G	0.5
	RAFI					Direct lending	Alcentra	2.5
Emerging	First State	5.0	-	-	-	-	-	-
<b>Total</b>		<b>60.0</b>	<b>Total</b>		<b>13.0</b>	<b>Total</b>		<b>27.0</b>

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

## Detail

	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	Direct Lending	Infrastructure	Financing	Private Equity
Fund Weighting	100.0	20.0	2.0	7.0	7.0	7.0	7.0	7.0	5.0	5.5	5.5	12.0	2.0	2.5	6.0	0.5	4.0
UK equities (All Cap)	3.6	18.2															
UK equities (Mid/Small Cap)	1.8	9.1															
Global equities	35.0			100.0	100.0	100.0	100.0	100.0									
North America	6.4	31.8															
Europe	4.5	22.7															
Japan	2.3	11.4															
Pacific ex-japan	1.4	6.8															
Emerging markets	5.0								100.0								
Total Equities	60.0	100.0		100.0	100.0	100.0	100.0	100.0	100.0								
UK index linked	2.0		100.0														
Libor+	11.0									100.0	100.0						
Total bonds	13.0		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	
Direct Lending	2.5													100.0			
Total alternatives	27.0											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

### 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 Section 151 Officer.
- 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.
- To approve and annually review the content of the Pension Fund Treasury Management Strategy

### Section 151 Officer ('S151O') Responsibilities

- To manage the Pension Fund including the power to seek professional advice and to devolve day-to-day handling of the Fund to professional advisers within the scope of the Pensions Regulations.
- To provide a training plan for the members of the ISC (and the 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.
- To report the performance of the Fund's assets

### 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 custodian, on the annual investment performance of the Fund.
- To carry out on behalf of the Fund, when required, the functions of manager selection and manager monitoring.
- To carry out asset/liability modelling studies when required.
- To provide expert commentary on the economy and investment market.
- To attend and advise at all meetings of the ISC and all meetings arranged between its officers, advisers and managers.
- To assist the ISC in its annual review of asset allocation, investment management structure, SIP and Funding Strategy Statement.

## Independent Investment Adviser

- To assist the officers of the Fund in the determination of agendas and papers for the meetings of the ISC.
- In consultation with the officers of the Fund, to identify investment issues of strategic importance to the Fund and arrange for their consideration by the ISC e.g. asset allocation, and investment, management structure.
- 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 (EY) 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 S151O that Fund investment systems and records are properly controlled to safeguard the Fund's assets.

## Appendix C – Investment Limits

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 26 November 2014

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 S1510 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 S1510.

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.**



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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

		Impact (Negative)			
		Minor	Moderate	Major	Critical
		1	2	3	4
Probability	4 Almost certain	Medium (4)	High (8)	Very high (12)	Very high (16)
	3 Likely	Medium (3)	High (6)	High (9)	Very high (12)
	2 Possible	Low (2)	Medium (4)	High (6)	High (8)
	1 Unlikely	Low (1)	Low (2)	Medium (3)	Medium (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
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	

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	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
Investments	To maximise the returns from investments within reasonable risk parameters	I3	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	I4	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

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	I5	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
Investments	To maximise the returns from investments within reasonable risk parameters	I6	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	I7	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	To achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters	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	To achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters	F2	Market yields move at variance with actuarial assumptions resulting in increases in liabilities, 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	To achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters	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	To achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters	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	To achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters	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 determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions 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 determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions 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 determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions 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 determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions 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
Funding	To determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions 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

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 determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions 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
Funding	To manage employers' liabilities effectively 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

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 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
Funding	To manage employers' liabilities effectively 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 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
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><b>1. Effective decision making</b> Administering Authorities should ensure that:</p> <ul style="list-style-type: none"> <li>Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.</li> </ul>	<p>Responsibility for approval and review of the investment strategy of the Essex Pension Fund has been delegated to the Investment Steering Committee (ISC). Every quarter, the ISC reports its activity to the Essex Pension 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 S1510. The ISC is supported by the S1510, the Director for Essex Pension Fund and other Fund officers.</p> <p>Institutional investment advice to the ISC and Fund officers is commissioned from Hymans Robertson. Furthermore 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 &amp; 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><b>2. Clear objectives</b></p> <p>An overall investment objective(s) should be set for the fund that takes account of the scheme liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be communicated to advisers and investment managers.</p>	<p>The Funding Strategy Statement (FSS) and 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 series of objectives across five areas: Governance, Investment, Funding, Administration &amp; Communications. Progress against objectives is monitored regularly by the Fund's scorecard. These objectives include:</p> <ul style="list-style-type: none"> <li>• Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise</li> <li>• To maximise the returns from investments within reasonable risk parameters</li> <li>• To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives</li> <li>• To recognise in drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible</li> <li>• Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally</li> </ul>	<p>Continual monitoring and review of objectives.</p>

Description of Principle	Essex Pension Fund's position	Future actions
<b>3. Risk &amp; liabilities</b> <ul style="list-style-type: none"> <li>In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of their liabilities.</li> <li>These include the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk.</li> </ul>	<p>Following each triennial valuation, the ISC re-assess the investment strategy in light of the updated information on the structure of liabilities. Asset / Liability studies have been used in the past.</p> <p>Whilst it is accepted that investment underperformance due to certain market conditions can occur, the ISC measures active managers against longer term benchmark outperformance targets.</p> <p>The strength of covenant of participating employers is considered in the formulation of the FSS.</p> <p>The admission of new employers into the Fund is not granted unless appropriate guarantees are put in place.</p> <p>Investment risks are highlighted within the 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 is scheduled to consider an asset liability study based on the outcomes of the 2016 Valuation, in early 2017.</p>

Description of Principle	Essex Pension Fund's position	Future actions
<b>4. Performance assessment</b> <ul style="list-style-type: none"> <li>• Arrangements should be in place for the formal measurement of investments, fund managers and advisers</li> <li>• 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.</li> </ul>	<p>The performance of the Fund and fund managers is monitored each quarter by the ISC, and all fund managers are held to account through meetings with the ISC and/or the Fund's officers and advisers.</p> <p>Performance data is provided by a specialist provider, independent from the fund managers.</p> <p>The Fund's contracts with its advisers are market tested when appropriate.</p> <p>The most recent effectiveness review of both the Board and ISC was undertaken in March 2015. This included an assessment of both the Board &amp; ISC's effectiveness and that of the support received from Fund officers and advisers.</p> <p>Board &amp; ISC attendance and training outcomes are measured in the quarterly scorecard.</p>	<p>The outcomes of the March 2015 review will be reported to the Board during 2015/16.</p>

Description of Principle	Essex Pension Fund's position	Future actions
<p><b>5. Responsible ownership</b> Administering authorities should:</p> <ul style="list-style-type: none"> <li>• Adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.</li> <li>• Include a statement of the authority's policy on responsible ownership in the Statement of Investment Principles.</li> <li>• Report periodically to members on the discharge of such responsibilities.</li> </ul>	<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><b>6. Transparency &amp; reporting</b></p> <p>Administering authorities should:</p> <ul style="list-style-type: none"> <li>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;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>Provide regular communication to members in the form they consider most appropriate.</li> </ul>	<p>Each quarterly meeting of the Board includes a review of the Fund's business plan and risk register. Furthermore a detailed scorecard is used to monitor progress against the stated objectives. Agenda papers are published on the internet and the meetings are open to the public.</p> <p>An Employers' Forum is held 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 <a href="http://www.essexpensionfund.co.uk">www.essexpensionfund.co.uk</a> and includes the:</p> <ul style="list-style-type: none"> <li>Funding Strategy Statement</li> <li>Statement of Investment Principles</li> <li>Governance Compliance Statement; and</li> <li>Communications Policy</li> </ul> <p>Individual scheme members receive newsletter updates throughout the year in addition to annual benefit statements.</p>	



March 2014

# Essex Pension Fund Funding Strategy Statement

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This Statement has been prepared by Essex County Council (the Administering Authority) to set out the funding strategy for the Essex County Council Pension Fund (the Fund), in accordance with Regulation 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

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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](http://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		M&G	
	LGIM		-	-	-	Infrastructure	Partners Group	6.0
	Fidelity		-	-	-	Timber	Stafford	2.0
	Baillie Gifford		-	-	-	Loans	M&G	0.5
	RAFI							
Emerging	First State	5.0	-	-	-	-	-	-
<b>Total</b>		<b>62.0</b>	<b>Total</b>		<b>13.5</b>	<b>Total</b>		<b>24.5</b>

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

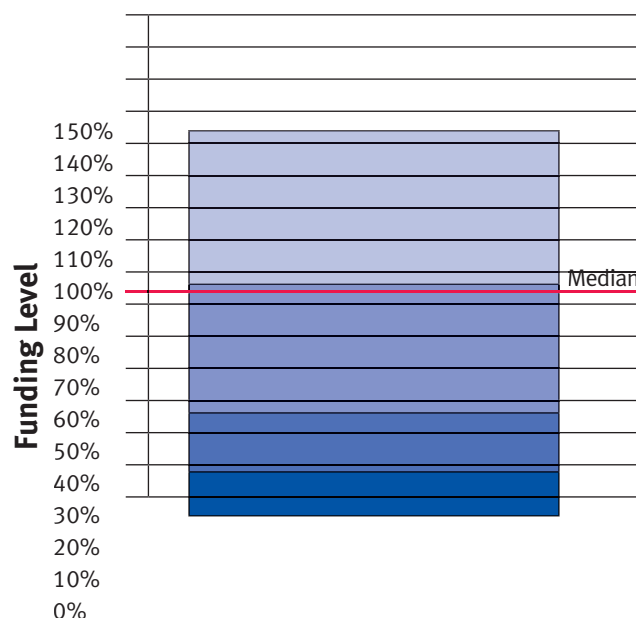
Awareness of the risks that may impact on the funding strategy and expectations of future solvency is crucial to determining the appropriate measures to mitigate those risks.

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.

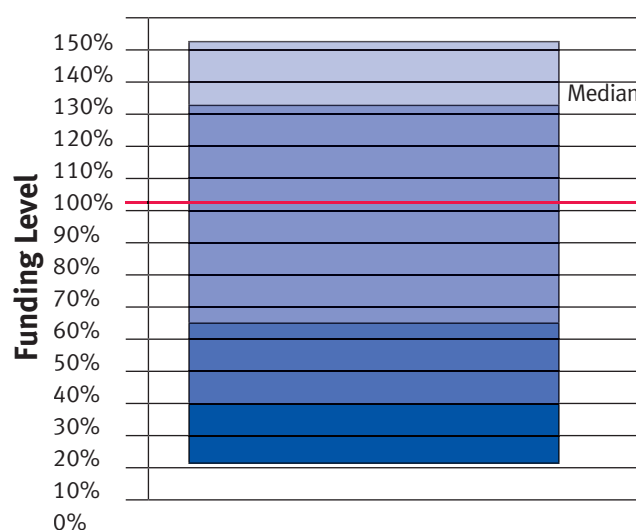
**Chart A: 2025 projection of current investment strategy**



### Current 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**



### **Current 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

This policy and statement applied covers the governance arrangements as applicable for the year end 2014/15.

In February 2015, Essex County Council agreed to the formation of a new body, the Essex Pension Fund Advisory Board (PAB) to comply with the requirements of the Public Services Pensions Act 2013 and subsequent LGPS Regulations came into effect on 1 April 2015. A revised policy and statement reflecting these new arrangements will appear in the 2015/16 Annual Report and Accounts.

### 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

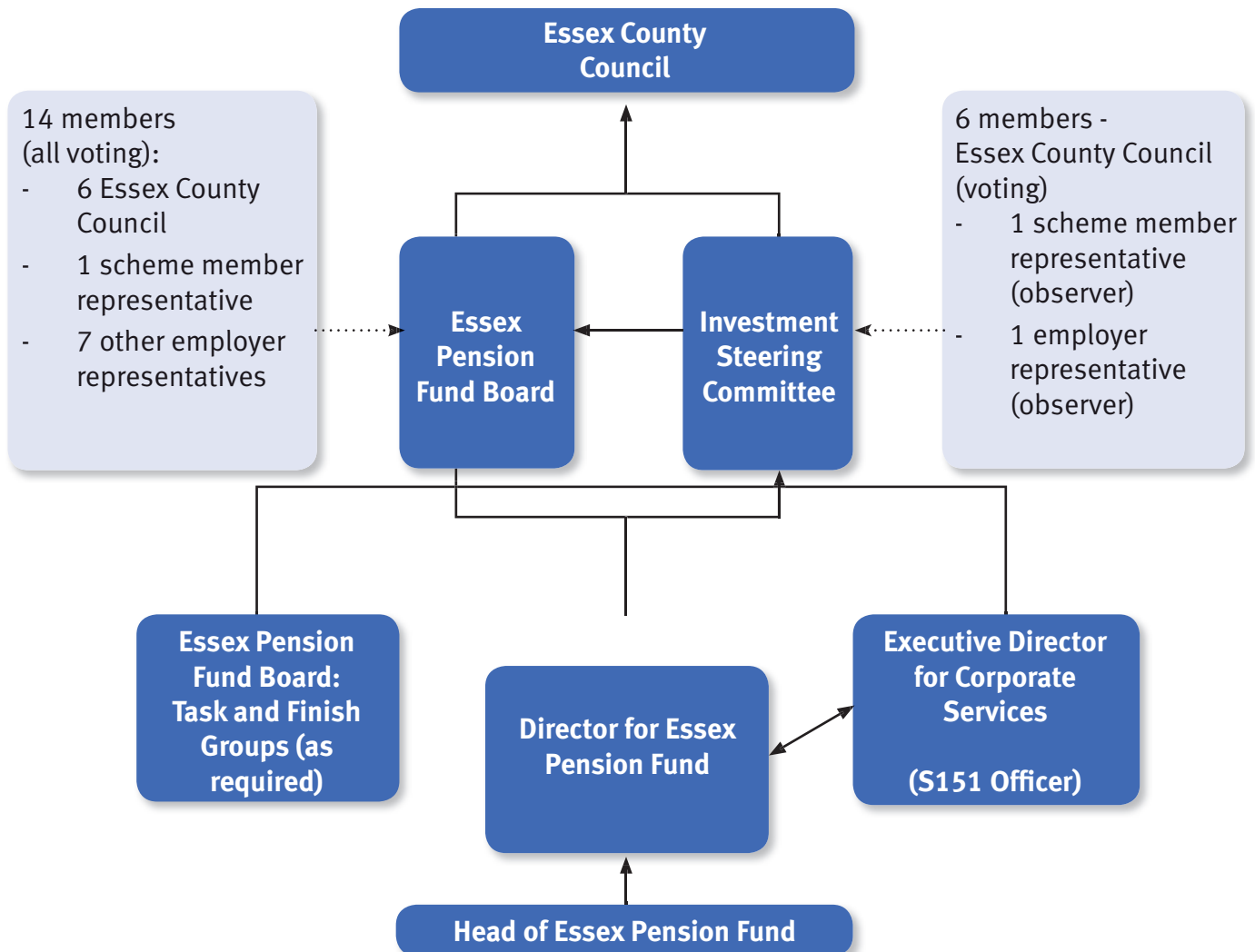
Active Members	45,001
Pensioner/Dependants	33,873
Deferred Members	42,092
Total	120,966

\* 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
<b>Total</b>	<b>14</b>		

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,
<b>Total</b>	<b>8</b>		

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
<b>A. Structure</b>		
(a) the Management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	The 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.	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.
(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.	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.	
(c) that where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	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.	
(d) that where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Membership of the ISC is drawn from the 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).	

Description of Principle	Essex Pension Fund's position	Future actions
<b>B. Representation</b> (a) that all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: (i) employing authorities (including non-scheme employers, e.g. admitted bodies); (ii) scheme members (including deferred and pensioner scheme members); (iii) independent professional observers; (iv) expert advisers (on an ad hoc basis). (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>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"> <li>• District and Borough Council representatives are nominated by the Leaders/Chief Executives of those organisations;</li> <li>• Member representatives are nominated by the individual unions; and</li> <li>• Small employing body representatives are nominated following voting by eligible employers attending the Pension Fund Employer Forum</li> </ul> <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>
<b>C. Selection and Role of Lay Members</b> (a) that committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	<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
<b>D. Voting</b> (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.
<b>E. Training/ Facility Time/ Expenses</b> (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"> <li>• all the members of the Pension Board and the ISC; and</li> <li>• the officers of the Essex Pension Fund responsible for the management of the Fund.</li> </ul> <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
<b>F. Meetings – Frequency</b> (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>
<b>G. Access</b> (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>	
<b>H. Scope</b> (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
<b>I. Publicity</b> (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 <a href="http://www.essexpensionfund.co.uk">www.essexpensionfund.co.uk</a> .	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
<b>Totals</b>	<b>114,674</b>

\*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.



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## 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](mailto:pensionenquiries@essex.gov.uk)  
Website [www.essexpensionfund.co.uk](http://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"><li>• In-house</li></ul>	<ul style="list-style-type: none"><li>• Desktop / work based training</li></ul>
<ul style="list-style-type: none"><li>• Using an Online Knowledge Portal or other e training facilities</li></ul>	<ul style="list-style-type: none"><li>• Using an Online Knowledge Portal or other e training facilities</li></ul>
<ul style="list-style-type: none"><li>• Attending courses, seminars and external events</li></ul>	<ul style="list-style-type: none"><li>• Attending courses, seminars and external events</li></ul>
<ul style="list-style-type: none"><li>• Internally developed training days and pre/post Board sessions</li></ul>	<ul style="list-style-type: none"><li>• Training for qualifications from recognised professional bodies (e.g. CIPFA, CIPP, PMI)</li></ul>
<ul style="list-style-type: none"><li>• Shared training with other Funds or Frameworks</li></ul>	<ul style="list-style-type: none"><li>• Internally developed sessions</li></ul>
<ul style="list-style-type: none"><li>• Regular updates from officers and/or advisers</li></ul>	<ul style="list-style-type: none"><li>• Shared training with other Funds or Frameworks</li></ul>

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

## 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](http://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](http://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](http://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

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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.

<b>Act</b> Active members	<b>Pen</b> Pensioners	<b>Opt</b> Opt outs
<b>Emp</b> Employers	<b>Def</b> Deferreds	

Month	Activity	Media/purpose
April	<b>Pen</b> Pay advices	
	<b>Pen</b> Pensions Increase letters	
	<b>Emp</b> Employer Presentation/Meeting	
May	<b>Pen</b> Pay advices/P60s	
	<b>Def</b> Annual Benefit Statements	
June	<b>Emp</b> Employer Presentation/Meeting	
July	<b>Emp</b> Employer Guide update	
	<b>Emp</b> Employer Presentations/Meetings	
August		
September	<b>Act</b> Annual Benefit Statements	
	<b>Act</b> 'Prime' newsletter	To be sent with Annual Benefit Statements
	<b>Opt</b>	
	<b>Act</b> Employee Roadshows	Drop-in session
	<b>Opt</b>	
	<b>Emp</b> Employer Presentations/Meetings	
	<b>Pen</b> 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

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

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

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

**Additional Voluntary Contributions (AVC)** – An option available to individuals to secure additional pension benefits by making regular payments in addition to employee contributions already payable.

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

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

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

**Benchmark** – A yardstick against which the

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

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

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

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

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

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

**Currency Trading** - Buying and Selling world currencies.

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

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

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**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.

**Illiquid Debt** – An obligation that enables the issuing party to raise funds by promising to repay a lender in accordance with terms of a

contract. These assets do not have an active secondary market in which they can be traded. Types of debt instruments include notes, bonds certificates, mortgages, leases or other agreements between a lender and a borrower.

**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

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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.

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

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

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Email: **[pensions.investments.web@essex.gov.uk](mailto:pensions.investments.web@essex.gov.uk)**

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