

# Essex Pension Fund Annual Report & Accounts 2016/17



Essex County Council



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# Introduction and overview

## Chairman's foreword



As the new Fund Chairman it is my pleasure to introduce Essex County Council's Pension Fund's annual report.

The report covers a period of time when the Pension Strategy Board (PSB) and Investment Steering Committee (ISC) were chaired by Councillor Bass, and included Councillors Hume, Le Gresley, Clempner and Whitehouse with Councillor Bobbin in attendance.

I must thank them for their part in what was a busy year as in addition to their oversight of the core scheme administration:

- the PSB's work has included the first triennial valuation since the introduction of the LGPS Career Average Revalued Earnings (CARE) scheme and the new Funding Strategy Statement (FSS). The funding level increased to 89% (at 31 March 2016) - the highest since 1998; and
- the ISC focussed on the ACCESS (A Collaboration of Central, Eastern & Southern Shires) Pool and the Fund's first Investment Strategy Statement (ISS). It is pleasing to note the over the last year the Fund has seen an investment return of 20.1% increasing the value of assets to £6 billion (at 31 March 2017), the highest in the Fund's history.

The Fund's membership has continued to grow and is now in excess of 150,000 scheme members and it was pleasing that the efforts of the Fund's officers – at a time of such complexity - were recognised nationally at the Pension Age Awards in February when the Fund won the Pension Administration Award 2017.

I would also like to congratulate Cllr Bass on his recent OBE and also Councillors Bass, Hume & Bobbin all of whom have been made Honorary Aldermen of Essex.

### Investment Pooling

As highlighted in last year's report in February 2016, Essex along with ten other Councils in the East Anglia & the South East submitted an initial pooling proposal to Government. The pool has become known as ACCESS. In July 2016 a more detailed submission followed outlining the intentions of ACCESS.

Following further analysis, in the autumn, Essex along with a number of other ACCESS Funds made representations to the Secretary of State regarding the approach to, and cost of, pooling investment arrangements. In particular, it was felt that Collective Joint Procurement (CJP) could meet the objectives specified in the Government's criteria (released in the 2015 Autumn statement) without the need for the cost involved in procuring an operator for a Collective Investment Vehicle (CIV) – which had been the basis of the July proposal.

Local Government Minister, Marcus Jones MP met with all pools in late 2016, and the Fund's then Chairman, Cllr Bass was one of the representatives who attended on behalf of ACCESS. The basis for CJP was underlined at that meeting and a full business case was subsequently submitted.

Whilst it had been the intention to bring an Inter Authority Agreement (IAA), the agreement formalising the ACCESS arrangement to the February 2017 meeting of Essex County Council, there was insufficient clarity on whether the Minister would allow CJP as the basis for ACCESS's pooling approach. As such, in February, Council noted that a further motion would be considered once matters were clarified.

In March, the Minister confirmed his view that although CJP would have delivered cost savings, an approach based on a CIV gave the greatest assurance to stakeholders. In view of this both the ISC and the ACCESS shadow Joint Governance Committee agreed that the ACCESS approach to pooling would be based on a CIV.

In light of this development, at its May 2017 meeting Council considered and agreed to Essex being party to an IAA based upon a CIV.

Next steps for pooling in 2017 include:

- the appointment of a single passive manager for all ACCESS Funds via the National LGPS Framework;
- the procurement of a CIV operator

### **Investment Strategy Statement (ISS)**

New Investment Regulations which were introduced in November 2016 formalised the requirement of the Fund to maintain and publish an Investment Strategy Statement (ISS) by 1 April 2017.

The ISS supersedes the previous requirements to maintain and publish a Statement of Investment Principles (SIP) and although similar the ISS requires the Fund to set out its approach to collaborative investment, including the use of collective investment vehicles (CIV). The Essex ISS has been subject to stakeholder consultation and reflects the Fund's involvement with the ACCESS pool. Details can be found in Section 6 of this report.

### **Infrastructure & timberland**

The Fund continues to keep the asset allocation under review and seeks to ensure an appropriate degree of diversification is maintained. The ISC has agreed:

- in March this year to two new infrastructure commitments (each of £75m) to funds managed by IFM Investors and JP Morgan investing in global infrastructure including utilities distribution and renewable wind generation assets, transportation and contracted power assets; and
- in July this year to a £40m commitment to a new timberland fund managed by Stafford International Partners investing in mixed hardwood, softwood and radiata pine predominately within North and South America and Australasia.

As Chairman I look forward to working with Members and Officers on the challenges of the next 12 months.

**Cllr Susan Barker**

**Chairman of Essex Pension Fund Strategy Board & Investment Steering Committee**



# Introduction

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The last year has seen the Fund undertake the first triennial valuation of the Career Average Revalued Earnings (CARE) scheme. There have been further developments in our digital ambition and the Fund has won another national award.

The Fund continues to grow as scheme members now exceed 150,000 and contributing scheme employers over 640, the highest in Local Government Pension Scheme (LGPS). A number of these employers are working through organisational redesign and transformation programmes, which in turn have an impact on the Fund's workloads. Between 1 April 2016 and 31 March 2017 54 Fund officers completed more than 88,000 separate tasks, which include the fund's core activities such as retirements, transfers and estimates.

## Triennial Valuation 2016

In 2016 the Fund in line with all LGPS Funds in England & Wales was required to commission a triennial actuarial valuation. This was the first valuation since the introduction of the CARE scheme on 1 April 2014, and the Public Service Pension Act 2013. This Act introduced the requirement for Funds to set contributions to ensure the solvency of the pension fund, and the long-term cost-efficiency of the scheme.

Due to changes in scheme benefits (CARE), scheme membership and financial & mortality assumptions the primary contribution rate (ongoing cost) increased from 14.3% to 16.2% of pensionable pay following the 2016 valuation.

Between 1 April 2013 and 31 March 2016 the Fund's investment return was 8.8% per year. This exceeded actuarial expectations and was a key contributory factor in the funding level increasing to 89%, the highest level since 1998.

This enabled the Pension Strategy Board (PSB) to consult employer stakeholders on a Funding Strategy which aimed at providing stability of contributions wherever possible. The Fund also continues to offer a range of secondary (deficit) payment options shaped around tax authorities' revenue streams and this remains popular.

The majority of tax raising Employer bodies opted for triennial up-front deficit payments to be made in April 2017 and a specific basis has been used to determine contribution rates for Employers which had closed access to the Fund for new employees.

Details can be found in Section 6 to this report.

## Year End /Annual Benefit Statements (ABS)

Accurate data is fundamental to any pension scheme, and across the LGPS it has been recognised that scheme employers and Administering Authorities alike have faced particular challenges since 2014 given the complexities of the CARE benefit arrangements.

To address this in Essex, the Fund sought to engage in both an early and proactive manner with scheme employers. A series of training workshops were held to outline the statutory requirements of all stakeholders, the data requirements, as well as explain the implications of late and inaccurate returns. The PSB also reviewed its charging policy for late and inaccurate returns and changes to the policy were communicated to all scheme employers.

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It was encouraging that many scheme employers made significant advances on the year-end returns for March 2016. These efforts not only made a difference in assisting with preparations for the actuarial valuation process but also enabled Fund officers to ensure 100% of the Annual Benefit Statements (ABS) for active members were distributed in advance of the statutory 31 August deadline.

The 2017 year end return process required scheme employers for the first time, to self-validate their submissions. At the time of writing this new requirement looks to have helped to produce the most accurate data submissions to date. This year the Fund received more than 1.2 million separate pieces of data from scheme employers, which underlines why the Fund continues to prioritise these data collection arrangements.

The Fund anticipates active scheme member ABS will again be distributed in advance of the 31 August statutory deadline.

## Administration System Developments

The Fund has recently introduced Pensions Online. There are two elements to this service, Employer Online and Member Online. These allow employers to submit monthly and annual data and scheme members to view their pension account and change personal information.

- **Employer Online**  
A sample of scheme employers piloted Member Online in 2016. The feedback was positive enabling the Fund to commence wider roll out in 2017. Currently ten of the largest employers (with c.30% of the Fund's scheme membership) have attended a training workshop and now maintain their staff records in this manner.

In addition, they are submitting regular digital data to the fund increasing time efficiency and data accuracy.

- **Member Online**  
Member Online has been successfully trialled by Fund Officers and allows scheme member access to their pension account including current pension values, scheme membership and documents usually sent by post such as the ABS, pensioner payslips and annual pensions increase letters etc. Scheme members will also be able to amend some details such as address and death grant nomination. In addition, the Fund is developing functionality and will shortly be adding a modeller to enable scheme members to view their own pension projections.

For the Fund to meet its digital ambition, all 640+ contributing scheme employers and all 150,000 scheme members will be invited to register for Pensions Online over the next 4 years.

This ambition will enable collection of all pension data online monthly and annually (including scheme employers year-end data), permitting administration processes to begin digitally. This should reduce the reliance on paper documents, increasing data security whilst reducing error rates and turnaround times.

## GMP Reconciliation

Guaranteed Minimum Pensions (GMP) is the element of pension provision accrued by National Insurance Contributions. In October 2015 HMRC requested all pension schemes complete a reconciliation of their GMPs by April 2018.

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The Fund is mid-way through this three year project with Fund Officers regularly liaising with HMRC and to date have reconciled many of the deferred and pensioner member's records.

The Fund is still on track to complete this project by April 2018.

*Margaret Lee,  
Executive Director for Corporate & Customer  
Services.*

*Section 151 Officer for Essex County Council &  
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:

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Value at 31 March (£000)</b>	3,519,647	3,958,473	4,337,374	4,932,623	5,037,104	6,031,053
<b>Number of Contributors</b>	42,315	45,001	49,516	50,965	53,432	59,954
<b>Contributions (£000)</b>	210,146	225,015	213,641	241,330	222,407	224,356
<b>Number of Pensioners</b>	32,269	33,873	35,254	35,455	37,370	39,106
<b>Benefits Paid (£000)</b>	179,809	194,563	203,058	207,216	215,746	225,305

## Financial summary

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

	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
<b>Value of fund at start of year</b>	<b>3,519,647</b>	<b>3,958,473</b>	<b>4,337,374</b>	<b>4,932,623</b>	<b>5,037,104</b>
<b>Revenue Account for year:</b>					
Contributions	225,015	213,641	241,330	222,407	224,356
Investment and other income	84,649	73,787	84,057	95,983	99,505
Benefits and other expenses	(226,009)	(239,001)	(303,562)	(257,549)	(277,469)
	83,655	48,427	21,825	60,841	46,392
<b>Increase (decrease) in market value of investments in year</b>	<b>355,171</b>	<b>330,474</b>	<b>573,424</b>	<b>43,640</b>	<b>947,557</b>
<b>Increase (decrease) in fund during year</b>	<b>438,826</b>	<b>378,901</b>	<b>595,249</b>	<b>104,481</b>	<b>993,949</b>
<b>Value of fund at end of year</b>	<b>3,958,473</b>	<b>4,337,374</b>	<b>4,932,623</b>	<b>5,037,104</b>	<b>6,031,053</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 Essex Pension Fund 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 2016/17 is detailed below:

### Board Representatives 2016/17

#### **Representatives of the Administering Authority**

Cllr. R. Bass (Chairman)  
Cllr. S. Barker (Deputy Chairman)  
Cllr. S. Canning  
Cllr. K. Clempner  
Cllr. N. Hume  
Cllr. N. Le Gresley  
Cllr. J. Whitehouse  
  
Cllr. K. Bobbin (Labour substitute)  
Cllr. J. Huntman (UKIP substitute).  
Cllr. M. Mackrory (Liberal Democrat substitute)  
Cllr. J. Spence (Conservative substitute)

#### **Representative of Scheme Members**

S. Child (UNISON)

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

Cllr. C. Riley (Castle Point District Council)

#### **Representatives of Unitary Councils**

Cllr. R. Woodley (Southend-on-Sea Borough Council) (to September 2016)

Cllr. A. Moring (Southend-on-Sea Borough Council) (from September 2016)

#### **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

# Essex Pension Fund Investment Steering Committee (ISC) 2016/17

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 2016/17 were:

## ISC Representatives 2016/17

### **Representatives of the Administering Authority**

Cllr. R. Bass (Chairman)  
Cllr. S. Barker (Vice Chairman)  
Cllr. S. Canning  
Cllr. K. Clempner  
Cllr. N. Hume  
Cllr. J. Whitehouse

Cllr. K. Bobbin (Labour substitute)  
Cllr. J. Huntman (UKIP substitute).  
Cllr. M. Mackrory (Liberal Democrat substitute)  
Cllr. J. Spence (Conservative substitute)

### **Observers**

Cllr. C. Riley (representing scheme employers)  
S. Child (representing scheme members)

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

M. Stevens

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

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

## 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

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## The Essex Pension Fund Advisory Board (PAB)

### Chairman

N. Mark	Head of Norfolk Pension Fund
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### Scheme Members representatives

K. Flowers	UNISON, Chelmsford CC (until January 2017)
P. Hewitt	Deferred Member, Southend BC/Harlow DC
J. Hunt	Deferred Member, Anglia Ruskin University
M. Paget	Active Member, Essex CC

### Employer Representatives

J. Durrant	Essex Fire Authority
Cllr. J. Galley	Chelmsford CC (until August 2016)
Cllr. T. Cutmore	Rochford DC (from March 2017)
Cllr. B. Johnson	Thurrock BC (until August 2016)
Cllr. S. Hebb	Thurrock BC (from September 2016)
Cllr. S. Walsh	Essex CC

# 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
Stewart Investors (formerly known as 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
J.P. Morgan Asset Management	Infrastructure
IFM Investors	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	Civica
Auditors	EY
AVC provider	The Equitable Life Assurance Society Prudential The Standard Life Assurance Company
Custodian	The Northern Trust Company
Solicitors	Essex County Council – Legal Services Nabarro Nathanson

# Essex Pension Fund Business Plan 2016/17

## Proposed actions for Business Plan 2017/18

### 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 2017	2017/2018 Business Plan
1. Annual business plan will be put in place.	Proposed actions for 2016/17 business plan actions presented to 8 March 2015 Board for approval.	DfEPF & HoEPF	Complete	Draft 2017/18 Business plan actions set out below approved by the Board on 8 March 2017
2. Further roll out of training and training needs assessments.	Training & training needs assessments will continue in 2016/17.  Specific provision will be made for any new Board Members.	IGAA	Complete	Training & training needs assessments will continue in 2017/18.
3. Board members' knowledge centre	A web based facility for Members is in place.	HoEPF	Complete	Further infoBOARD training will take place during 2017/18, specifically aimed at new members.

Action	How will this be achieved?	Officer managing action*	Progress as at March 2017	2017/2018 Business Plan
4. Annual review of governance policy	Review governance policy to ensure it is relevant and up to date, including the governance compliance statement.	DfEPF, HoEPF & IGAA	Complete	During 2017/18 the PSB will review the Annual Governance Policy and Compliance statement.
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 review is planned for 2017/18.

## 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 2017	2017/2018 Business Plan
6. Review of asset allocation	Review of asset allocation as part of the strategy & structure deliberations at the ISC strategy meetings.	DfEPF	Complete	Reviews to take place in June/July 2017 and February 2018.

Action	How will this be achieved?	Officer managing action*	Progress as at March 2017	2017/2018 Business Plan
7. Implement any review of investment allocation arrangement	Implement the decisions taken at the ISC strategy meeting.	DfEPF	Complete	Any asset allocation decisions made by the ISC will be implemented as required during 2017/2018.
8. To review investment management fees	Ensure that fee monitoring arrangements form part of the annual review of performance.	DfEPF	In progress –  A report will be brought to the ISC in the first half of 2017/2018.	A review is scheduled to take place during the first half of 2017/2018.
9. Review the Statement of Investment Principles (SIP)/ Investment Strategy Statement (ISS)	An annual review will take place.  The ISS supersedes the requirement to have an ISS. ISS publication date is 1 April 2017.	DfEPF	In progress -  The ISC will consider the new ISS in the first quarter of 2017.	The ISS will be kept under review.
10. Procurement of Independent Investment Adviser (IIA)	A tender process will be conducted.	DfEPF	Complete	Not applicable for 2017/18.
11. Procurement of Institutional Investment Consultants(IIC)	Developments in relation to LGPS structural reform will be monitored.	DfEPF	Complete	The situation will continue during 2017/2018.
12. Respond to the requirements of LGPS structural reform process	A review of the global custody arrangements has been commissioned.	DfEPF	Complete	Not applicable for 2017/2018.

## 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 2016	2016/2017 Business Plan
13. Interim Review as at 31 March 2017	An interim review of the Fund as at 31 March 2017 will be commissioned from the Actuary.	DfEPF and HoEPF	Not an action for 2016/17	To commence in 2017/2018.
14. Actuarial Valuation as at 31 March 2016	A triennial valuation will be commissioned from the Fund Actuary.	DfEPF and HoEPF	Complete	Action ceasing in 2016/2017 Not an Action for 2017/2018.
15. Review Funding Strategy Statement	A revised Funding Strategy Statement will be drafted, consulted upon and finalised in conjunction with the triennial valuation.	DfEPF and HoEPF	Complete	The Funding Strategy will be reviewed in light of the Asset/Liability Study and the 31 March 2017 interim review.
16. Employer participation	Employer participation and membership of the Essex Pension Fund will be monitored on an on-going basis.	DfEPF and HoEPF	Complete	Employer participation will continue to be reviewed during 2017/2018.

## 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 2017	2017/2018 Business Plan
17. Complete the annual end of year data exercise as at 31 March.	Complete year end accounting, gather information from employer and update UPM, and produce annual benefit statements.	HoEPF	Complete	Complete year end accounting, gather information from employers and update UPM, and produce annual benefit statements.
18. Administration Strategy.	The Administration Strategy will be monitored during 2016/17.	HoEPF	In progress  Monitoring continues.	The Administration Strategy will be monitored and reviewed during 2017/2018.
19. 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 January 2012 and March 2017).	HoEPF	Complete	Monitor new developments around the 3 year anniversary re-enrolling dates for employers during 2017/2018 and also monitor the postponed members waiting period date of October 2017.

Action	How will this be achieved	Officer managing action*	Progress as at March 2017	2017/2018 Business Plan
20. Implementation of UPM (administration system).	The second phase including “employer online” is scheduled to commence in 2016/17.	HoEPF	<p>Ongoing - Phase 2 modules implemented during this year are the newly required GMP module, barcoding to enable streamlined scanning of documents and bulk data importing.</p> <p>Employer online is live at test sites and will be rolled out commencing 2017.</p>	<p>The second phase will continue throughout 2017/2018.</p> <p>In addition the digital platform for members to view their benefits on line will launch during 2017/2018.</p>
21. Review of staffing structure	A review is scheduled to take place during 2016/17.	DfEPF and HoEPF	In progress.	The review will finalise during 2017/2018.
22. Confirmation of GMP entitlement	Confirming the GMP (Guaranteed Minimum Pension) element of all scheme members’ entitlement is required to be completed by 2017/18.	HoEPF	<p>Work on this significant project has been continuing throughout 2016/2017.</p> <p>We are currently submitting monthly returns to HMRC. The data received to date from HMRC relates to Deferred and Pensioner members only. Active member data is imminent.</p>	<p>This project will continue throughout 2017/18.</p> <p>The “rectification of records” stage will commence in 2017/2018.</p> <p>The current deadline for the completion of this project is 31 December 2018.</p>

## 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 2017	2017/2018 Business Plan
23. Monitor Communications Policy	The communications policy will be monitored during 2016/2017.	HoEPF & CM	Completed	The communications policy will be kept under review during 2017/18.
24. Communication GMP entitlement	All Employees involved will be communicated with confirming the GMP (Guaranteed Minimum Pension) element of their Pension entitlement.	HoEPF & CM	In Progress – The current deadline for the completion of this project is 2018.	The current deadline for the completion of this project is 31 December 2018.

### Key:

DfEPF: Director for Essex Pension Fund

HoEPF: Head of Essex Pension Fund

GTM: Governance Team Manager

IGAA: Independent Governance &

Administration Adviser

CM: Communications Manager



## SECTION 2

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# INVESTMENTS

## Investment strategy overview

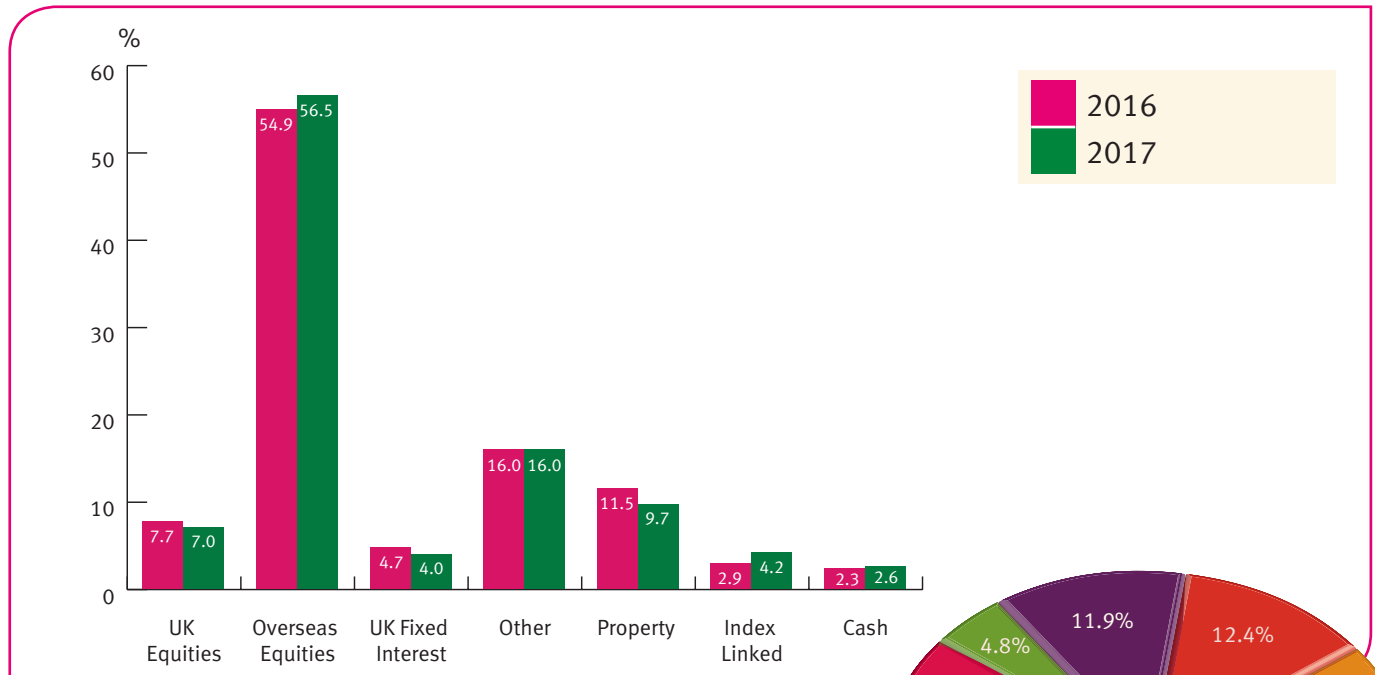
Each year the Investment Steering Committee (ISC) reviews the Fund's investment strategy over the prior 12 months and formulates its future strategy going forward. The 2016 yearly review took place at the meeting held in June 2016. Central to the review was the discipline of ensuring that the Fund's investment strategy remained consistent with the funding strategy and the Fund's investment beliefs.

The table below shows the strategic allocation benchmark as at 31 March 2017, as agreed at its June 2016 meeting. This was unchanged from the previous year.

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	IFM Investors	6.0
	M&G			-	-		JPMorgan M&G	
	Longview			-	-		Partners Group	
	Baillie Gifford			-	-	Timber	Stafford	2.0
	LGIM RAFI			-	-	Loans	M&G	0.5
Emerging	Stewart Investors	5.0	-	-	-	-	-	-
Total		60.0	Total		13.0	Total		27.0

## Portfolio distribution at 31 March

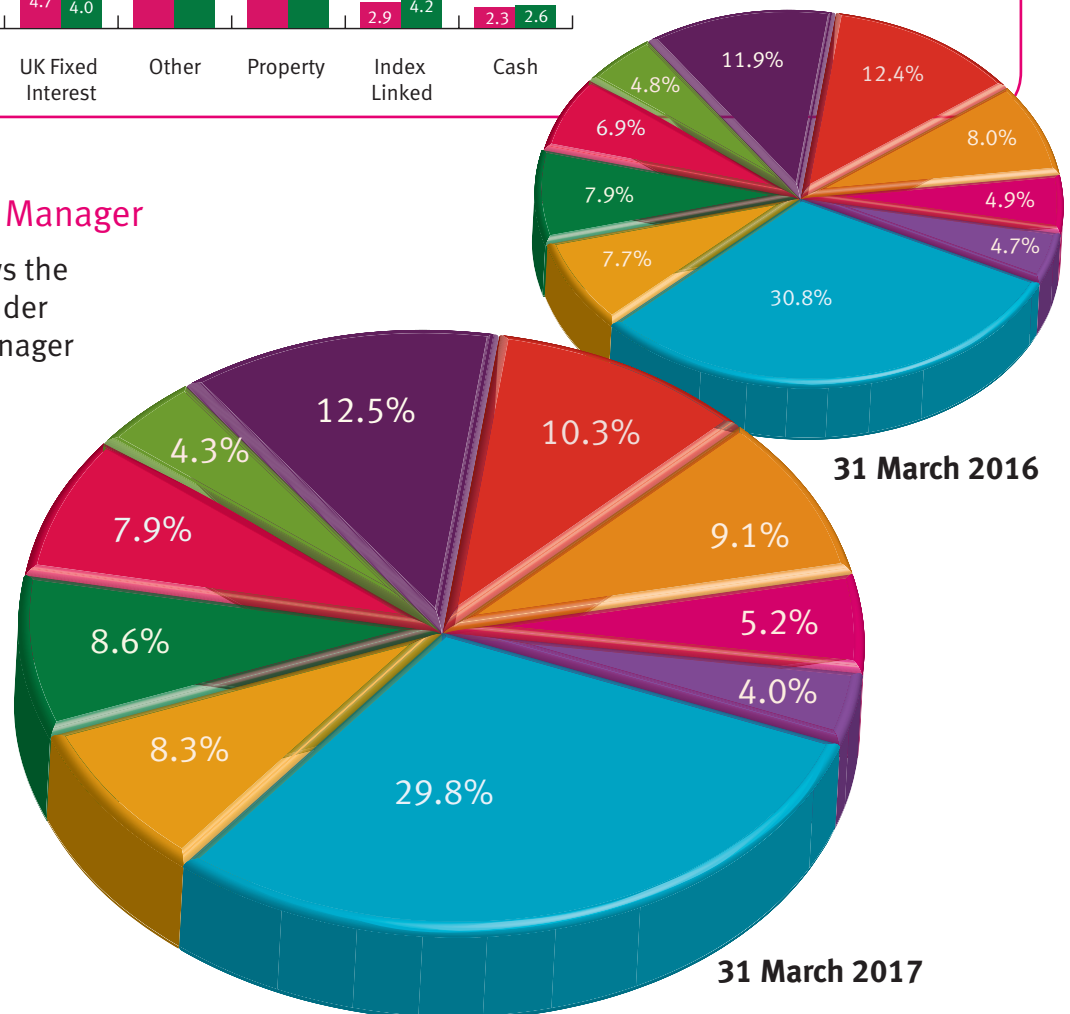
The graphs below show the change in the Fund's actual portfolio distribution between the main asset classes as at 31 March over the last two years.



## 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.

- Aviva Investors
- Baillie Gifford
- Stewart Investors
- GSAM
- LGIM
- Longview
- Marathon
- M&G Investments
- M&G Alpha Opps
- Other



## Investment decisions

The following outlines key strategic decisions that the ISC have made during 2016/17 that have helped shape both the strategic and actual portfolio allocations shown above. It also discusses changes resulting from decisions made in prior years that have been implemented during 2016/17.

### Equity

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

During 2016/17, the Committee reviewed the target allocation for equities and agreed that the overall 60% allocation put in place in 2014/15 continued to be appropriate.

The value of the Fund overall grew by c.20% during the year driven by strong equity returns. The Funds passive equities returned 31% whilst the active equities achieved 33%. Both strategies benefitted from the depreciation of sterling versus other major currencies following Brexit and the US election outcome. The ISC made the decision to trim the equity overweight position and redirect to the underweight alternative allocation.

### Largest 10 Equity Holdings of the Fund as at 31 March 2017

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

	Market Value 31 March 2017 £m	Proportion of the net assets of the fund %
Amazon Com Inc	51.3	0.9
Tencent Holdings Ltd	43.7	0.7
Facebook Inc	43.5	0.7
Tesla MTRS Inc	40.9	0.7
Illumina Inc	38.9	0.6
ADR Alibaba Group Holding Ltd Sponsored ADS	32.4	0.5
ADR Baidu Inc Sponsored ADR	28.3	0.5
Housing Devel	27.4	0.5
Unilever Plc	25.4	0.4
Inditex (Ind. De Diseno Textil SA)	24.1	0.4
<b>Total</b>	<b>355.9</b>	<b>5.9</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, this allocation also provides some inflation protection to the Fund and are therefore preferred to conventional gilts.

The Index linked bond portfolio ended the year overweight. This overweight position was rebalanced back to within an agreed tolerance at the start of April 2017.

## Property

Aviva have continued to progress with the Fund's strategy of moving to a more directly held property mandate, with investment in indirect property used strategically to complement and tap into attractive property opportunities otherwise not accessible to the Fund.

Aviva have continued to appraise during the year a number of potential acquisitions and completed the biggest property purchase in the Fund's history; an office building at 201 Deansgate in Manchester.

During the year, Aviva have also completed the sale of 6 small assets totalling c£19.7m. These were assets where the business plans had been completed and the performance prospects considered to be limited moving forward.

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

The first table 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 2017 £m
Retail	153.0
Offices	127.7
Industrial/Other	88.5
Property Unit Trusts	211.8
<b>Total</b>	<b>578.0</b>

		Market value at 31 March 2017 £m
Industrial	Canning Town Bus Prk, Stephenson Street, London	30.14
Offices	201 Deansgate, 201 Deansgate Manchester, Lancashire UK	29.15
Offices	48/49 Chancery Lane, London	20.80
Retail	Hersham Green, Molesey Road	15.20
Offices	London – 55-57 Dean Street (Purchased 19/05/05)	15.10

## Alternatives

### Infrastructure

The ISC continues to be a strong supporter of UK infrastructure, not only for the benefit of members of the Fund, but also the UK economy.

In 2007 it was one of the earlier UK LGPS funds to make significant investments in UK infrastructure via the M&G Infracapital fund, allocating in the region of £75m (2.5%) to dedicated UK and European projects including early stage smart metering, transport infrastructure and renewable energy projects.

The allocation to infrastructure targeted by the Fund is 6%, 2% to M&G Infracapital fund 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. As a consequence the ISC has been keen that the allocation not only be maintained, but grown by expanding the opportunity set to include global opportunities as well as UK infrastructure in all areas of the market to seek best value for members and diversify the Fund's exposure.

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. Both Funds made good progress in the year drawing down c20% of their overall commitment.

The Fund's investment, however, in the M&G Infracapital fund is currently being wound up and during the year returned significant capital back to the Fund. The Infracapital fund is due to cease during 2017/18.

As a consequence, the ISC returned its focus to this asset class investigating various options to replace the 2% allocation that will be vacated by the wind up of the Infracapital fund. In line with the Fund's objectives the Committee reviewed the prospect of a continuation fund of the existing assets. It also reviewed the possibility of a Greenfield fund which invests directly in early stage investments by providing capital to get projects off the ground.

At its February 2017 meeting following a full procurement exercise, the Committee agreed to a 1% (£75m) commitment each to both IFM Investors and JPMorgan infrastructure funds. The latter was drawn down fully at the start of April 2017.

### Private Equity

As at 31 March 2017, the Fund's allocation remained 1% overweight, with the Fund targeting a strategic allocation of 4%.

The Fund continued its commitment to investing

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in new private equity opportunities with a further £50m invested during 2016/17 to maintain the 4% target allocation to this asset class. The Fund is currently in a position where new commitments are now funded via its positive net cashflow position. 8 new partnerships were invested in taking the number of private equity partnerships to over 75.

The ISC at its March 2017 meeting agreed to commit a further £50m to new private equity partnerships in 2017/18.

### **Loans**

There has been no strategic change in this asset class the Fund remains at full commitment and capital is being repaid back to the Fund.

### **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 2015/16 the principles behind and rationale of the currency hedge were revisited by the ISC. Research was undertaken showing that the currency hedge remained appropriate and no significant benefit was achieved by altering the percentage of overseas currency hedged. The ISC therefore concluded that the currency hedged continue at 50% (i.e. the Fund aims to remove 50% of its overseas currency exposure). This position was unchanged during 2016/17.

### **Timber**

The target allocation to timber remains at 2% via a Stafford fund of funds allocation. The commitment to this asset class was initially done in two tranches. The first 1% of the commitment was invested to the Stafford Timberland VI fund. The remaining 1% commitment was made in 2013/14 to Stafford Timberland VII fund; both funds were close to fully funded at the end of the year.

During the year the strategic allocation to timberland fell relative to equities due to the rapid increase in equities resulting in it being underweight. The ISC wish to continue to maintain the strategic allocation to this asset class. In July 2017 the ISC agreed a further £40m commitment to Staffords VIII fund.

### **Illiquid debt**

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.

As a consequence, Alcentra was appointed in 2014/15 to manage an illiquid debt mandate. It was agreed that an allocation of 2.5% be funded from reducing its strategic allocation to equities. £80m was split £56m to their Direct Lending Fund and £24m to the Global Multi Credit Solution Fund.

In 2016/17 the ISC agreed to a further commitment of £60m in a second direct lending fund in order to maintain its strategic allocation in this asset class.

The first Direct Lending Fund is close to fully funded whilst the second is approaching 50% funded.

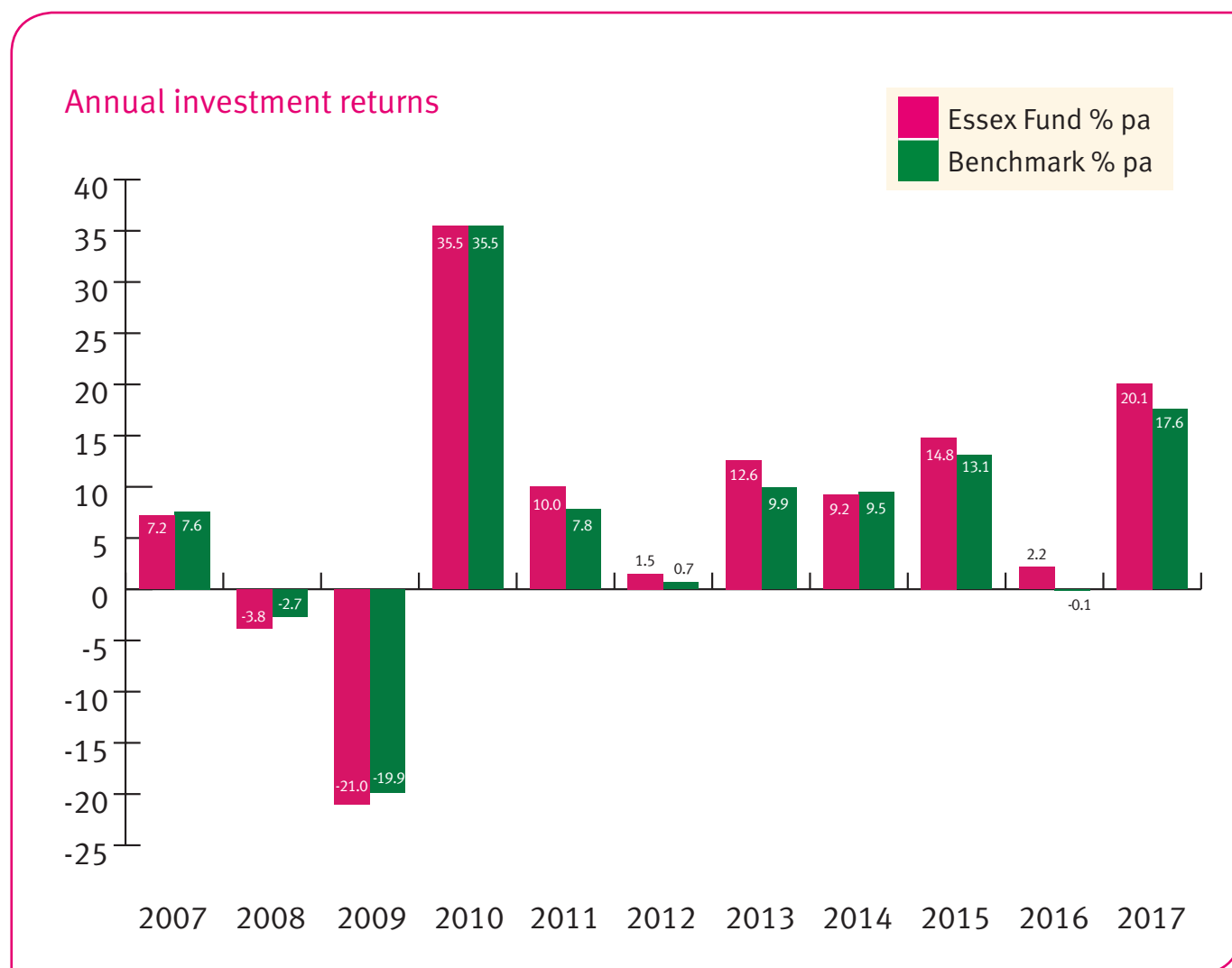
## Investment Performance 2016/17

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.

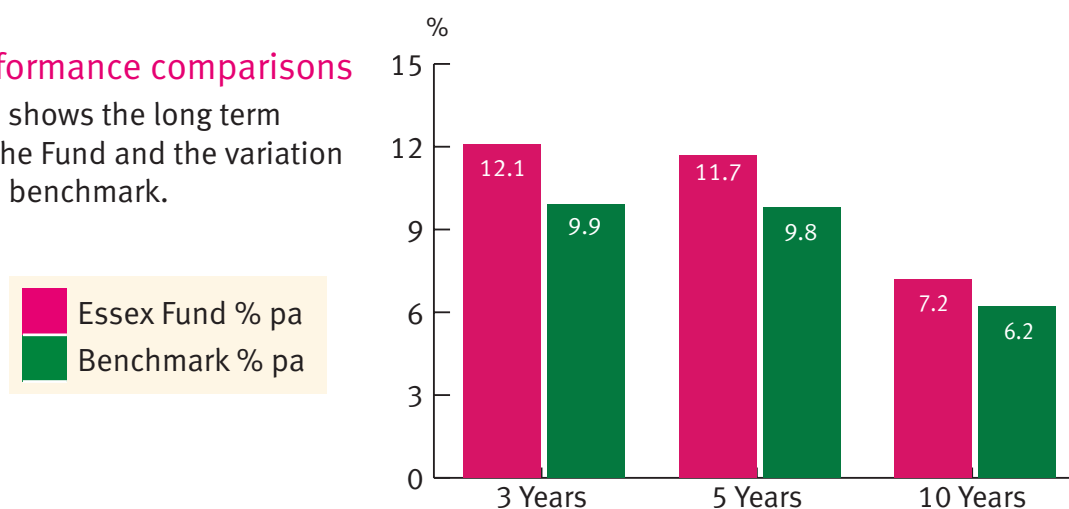
### Total Fund Performance

The graph below shows the relative performance of the Essex Pension Fund. The overall return on the Fund for 2016/17 was 20.1% compared to the customised benchmark of 17.6%.



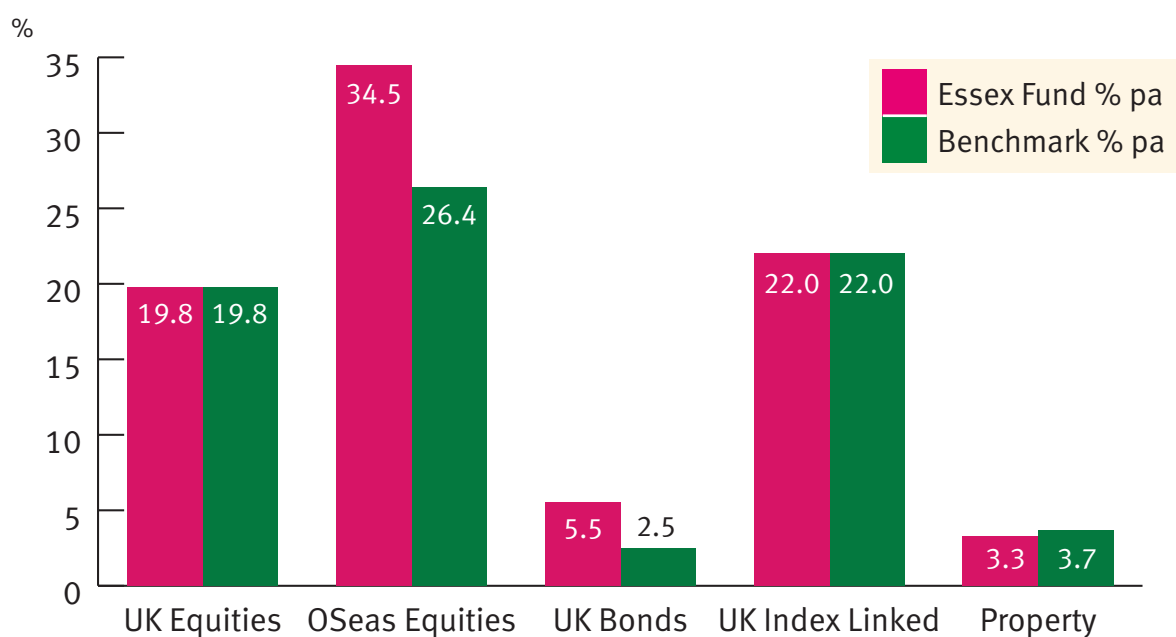
### Long term performance comparisons

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



### Returns by Asset Class for 2016/17

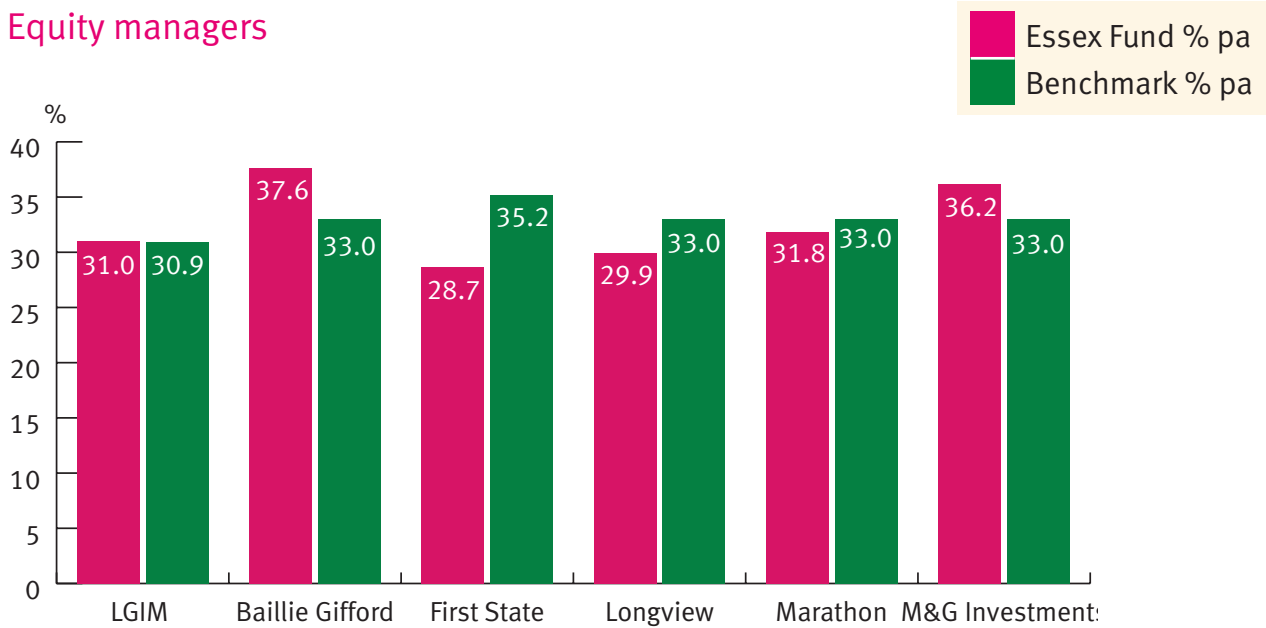
The analysis set out below shows the returns by asset class:



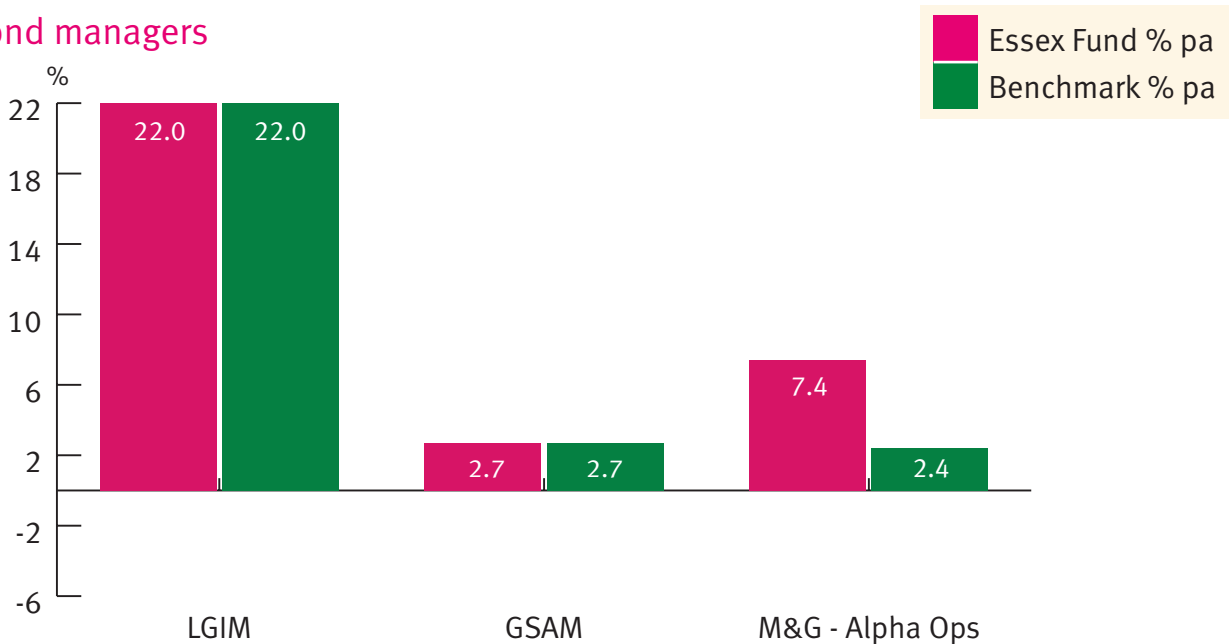
## Equity and bond performance by fund manager

The following graphs show the performance of each Equity and Bond mandate compared to their benchmark for the year ended 31 March 2017.

### 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:

31 March 2016		31 March 2017
<b>53,432</b>	<b>Contributors</b>	<b>59,954</b>
<b>37,370</b>	<b>Pensioners</b>	<b>39,106</b>
<b>57,331</b>	<b>Deferred Pensioners *</b>	<b>55,536</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	2015/16 KPI (%)	2016/17 KPI (%)
Letter detailing transfer in quote issued within 10 working days	86.5	89.1
Letter detailing transfer out quote issued within 10 working days	87.9	89.3
Letter detailing process of refund and payment made within 5 working days	95.5	95.3
Letter notifying estimated retirement benefit amount within 10 working days	98.2	98.1
Letter notifying actual retirement benefits and payment made of lump sum retirement grant within 5 working days	99.2	99.3
Letter acknowledging death of active / deferred / pensioner member within 5 working days	99.7	99.7
Letter notifying the amount of dependents benefits within 5 working days	95.4	96.2
Calculate and notify deferred benefits within 10 working days	85.2	88.7

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

## Scheme details

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

Benefits are prescribed by, and the Essex Pension Fund is invested in accordance with, the provisions of the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The rate of member contributions is between 5.50% and 12.5% of pensionable pay and the rate of employer contributions is set at each triennial valuation of the Essex Pension Fund.

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

### 1. Retirement Benefits

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

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

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

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

### i) Annual Pension

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

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

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

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

### ii) Lump Sum

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

Final Pay x  $3/80$  x Membership up to 31 March 2008

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

### iii) Conversion of Pension

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

## 2. Ill health retirement

A member with at least 2 years membership who:

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

and is retired by their employer, 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. Redundancy and Business Efficiency**

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

**4. 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 usually 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 as directed by Pensions Increase (Review) Orders.

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

**5. Death in service**

A lump sum death grant of 3 times pensionable pay received is payable, regardless of the period of scheme membership. In addition, pensions are payable to surviving spouses, or partners. Dependent children under the age of 18,

or 23 if in continuing full-time education or training, also qualify for a pension.

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

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

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

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

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

**8. Councillor Members**

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

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

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  
 Harlow College  
 OPCC - Police  
 Palmers College  
 Prospects College of Advanced Technology (PROCAT)  
 Seevic College  
 South Essex College  
 South Essex Homes Ltd

The Sixth Form College  
 Colchester

Writtle Agricultural College

### Academies

Abbots Hall Primary School (conversion date 01/05/13)  
 Abbotsweld Primary Academy (conversion date 01/01/15)  
 Academies Enterprise Trust (conversion date 01/04/13)  
 Alec Hunter (conversion date 01/04/13)  
 Alton Park Academy (conversion date 01/04/16)  
 Anglo European School (conversion date 01/12/11)  
 Appleton School, The (conversion date 01/04/11)  
 Arthur Bugler Primary School (conversion date 01/09/16)  
 Ashingdon Primary School (conversion date 01/09/11)  
 Bardfield Primary & Nursery School (conversion date 01/09/16)  
 Barling Magna Community Primary School (conversion date 01/02/17)  
 Basildon Lower Academy (conversion date 01/09/09)  
 Basildon Upper Academy (conversion date 01/09/09)  
 Beacon Hill Academy (conversion date 01/09/12)  
 Belfairs Community College (conversion date 01/06/12)  
 Belmont Castle Academy (conversion date 01/12/12)

Benyon primary Academy (conversion date 01/04/13)

Billericay School (conversion date 01/07/11)

Blenheim Primary School (conversion date 01/09/16)

Boswells School, The (conversion date 01/02/12)

Bournemouth Park Primary School (conversion date 01/02/17)

Bournes Green Infant School (conversion date 01/10/16)

Braiswick Primary Academy (joined 01/09/15 New academy)

Brentwood County High School (conversion date 01/06/14)

Brentwood Ursuline Convent School (conversion date 01/10/12)

Briscoe Primary School (conversion date 01/09/12)

Bromfords School and Sixth Form College, The (conversion date 01/01/13)

Burnt Mill School (conversion date 01/12/11)

Burrsville Infant School (conversion date 01/12/13)

Buttsbury Junior School (conversion date 01/05/11)

Camulos Academy (New Academy 01/07/16)

Cann Hall Primary School (conversion date 01/11/12)

Castle View School (conversion date 01/10/14)

## Academies

Castledon School Academy Trust (conversion date 01/03/15)	Corringham Primary School (conversion date 01/10/13)	Gateway Academy, The (conversion date 01/09/06)
Cecil Jones Academy (conversion date 01/09/15)	Darlinghurst Academy (conversion date 01/01/14)	Giffards Primary School (conversion date 01/04/14)
Chadwell St Mary Primary School (conversion date 01/09/16)	Davenant Foundation School, The (conversion date 01/04/11)	Gilberd School (conversion date 01/03/12)
Chase High School (conversion date 01/04/15)	Deanes School, The (conversion date 01/10/16)	Graham James Primary School (conversion date 01/05/13)
Chelmer Valley High School (conversion date 01/08/11)	Debden C of E Primary Academy (conversion date 01/01/17)	Great Baddow High School (conversion date 01/07/11)
Chelmsford High School for Girls (conversion date 01/01/11)	Debden Park (conversion date 01/04/11)	Great Berry School (conversion date 01/08/11)
Cherry Tree Academy (conversion date 01/09/15)	Deneholm Primary School (conversion date 01/04/15)	Great Clacton C of E Junior (conversion date 01/03/14)
Chigwell Primary Academy (conversion date 01/09/15)	Dilkes Academy (conversion date 01/12/12)	Great Wakering Primary Academy (conversion date 01/02/17)
Clacton Coastal Academy (conversion date 01/04/12)	Diocese of Chelmsford Vine Schools (New Academy 01/09/16)	Greensted Junior School (conversion date 01/09/12)
Clacton County Academy (conversion date 01/04/12)	East Tilbury Primary and Nursery (conversion date 23/11/14)	Greensward Academy (conversion date 01/09/08)
Colchester Academy (conversion date 01/09/10)	Eastwood High School (conversion date 17/08/11)	Grove Wood Primary School (conversion date 01/07/14)
Colchester High School for Girls (conversion date 01/10/11)	Fitzwimarc School, The (conversion date 01/03/15)	Gt Chesterford Academy (conversion date 01/10/11)
Colchester Royal Grammar School (conversion date 01/01/12)	Flitch Green Academy (conversion date 01/04/11)	Hadleigh Infants School (conversion date 01/08/11)
Colne Community School, The (conversion date 01/09/11)	Forest Hall School (conversion date 01/02/15)	Hadleigh Junior School (conversion date 01/09/11)
Columbus School and College (conversion date 01/05/12)	Freshwaters Academy (conversion date 01/09/13)	Hamford County Primary School (conversion date 01/04/12)
Cooks Spinney Academy (conversion date 01/12/13)	Friars Primary School & Nursery (conversion date 01/09/16)	Hamstel Infant School (conversion date 01/09/16)
Cornelius Vermuyden School (conversion date 01/11/13)	Gable Hall School (conversion date 01/07/11)	Hamstel Junior School (conversion date 01/09/16)
		Harris Academy Chafford Hundred Campus (conversion date 01/10/11)

## Academies

Harris Primary Academy Chafford Hundred (conversion date 01/07/12)	Howbridge CofE Junior School (conversion date 01/09/14)	Kings Road Primary School (conversion date 01/03/17)
Harwich & Dovercourt Academy (conversion date 01/03/12)	Hutton All Saints CofE Primary School (conversion date 01/12/11)	Kingston Primary (conversion date 01/08/11)
Hassenbrook Academy Trust (conversion date 01/09/11)	Hylands School (conversion date 01/08/11)	Kirby Primary Academy (conversion date 01/10/13)
Hatfield Heath Primary School (conversion date 01/02/15)	Iceni Academy (conversion date 01/09/15)	Langham Oaks School (conversion date 01/04/15)
Hathaway Academy (conversion date 01/07/13)	James Hornsby High (conversion date 01/10/12)	Lansdowne Primary Academy (conversion date 01/04/12)
Hedingham Secondary School (conversion date 01/01/13)	Jotmans Hall Primary School (conversion date 01/08/11)	Larchwood Primary School (conversion date 01/07/14)
Helena Romanes School & sixth form (conversion date 01/04/12)	Joyce Frankland Academy Newport (previously Newport Free Grammar)(conversion date 01/09/12)	Larkrise Primary School (conversion date 01/09/16)
Henry Moore Primary School (conversion date 01/11/15)	Katherine Semar Infants School (conversion date 01/12/14)	Latchingdon C of E Primary School (conversion date 01/09/15)
Herringham Primary School (conversion date 01/11/12)	katherine Semar Junior School (conversion date 01/12/14)	Latton Green Primary (conversion date 01/01/15)
Heybridge Primary School (conversion date 01/12/12)	Kenningtons Primary School (conversion date 01/09/12)	Lawford Mead Primary School (conversion date 01/03/17)
Highwoods Primary school (conversion date 01/04/13)	Kents Hill Infant (conversion date 01/09/11)	Lee Chapel Primary School (conversion date 01/08/11)
Hilltop Junior School (conversion date 01/08/11)	Kents Hill Junior (conversion date 01/11/11)	Leigh Beck Infant & Nursery Academy (conversion date 01/03/15)
Hinguar Primary School (conversion date 01/09/16)	King Edmund School, The (conversion date 01/07/11)	Little Parndon Academy (conversion date 01/04/14)
Hockerill Anglo-European College (conversion date 01/02/11)	King Edward VI Grammar School (conversion date 01/04/11)	Longwood Primary Academy (conversion date 01/01/15)
Holland Park Academy (conversion date 01/04/16)	King Harold Business & enterprise Academy (conversion date 01/11/10)	Lubbins Park (conversion date 01/10/16)
Holt Farm Junior School (conversion date 01/09/14)	King John School (conversion date 01/04/11)	Lyons Hall Primary School (conversion date 01/04/12)
Holy Cross Primary School (conversion date 01/08/11)	Kingsmoor Primary School (conversion date 01/12/12)	Magna Carta Primary Academy (conversion date 01/09/16)
Honywood Community School (conversion date 01/05/11)		Maltings Academy (conversion date 01/09/08)

## Academies

Maltese Road Primary School (joined 01/09/15 New academy)	New Rickstones Academy (conversion date 01/09/08)	Phoenix Primary School & Nursery, The (Conversion date 01/09/16)
Manningtree High School (conversion date 01/03/12)	Newlands Spring Primary School (conversion date 01/08/12)	Pioneer School, The (conversion date 01/06/12)
Market Field School (conversion date 01/12/16)	Northlands Primary School & Nursery (conversion date 01/09/16)	Plumberow Primary School (conversion date 01/09/11)
Mark Hall School (conversion date 01/09/13)	Northwick Park Primary & Nursery Academy (conversion date 01/12/14)	Plume School, The (conversion date 01/01/12)
Mayflower High School (conversion date 01/08/11)	Notley Green Primary School (conversion date 01/11/12)	Porters Grange (conversion date 01/04/16)
Maylandsea Primary School (conversion date 01/10/15)	Notley High School (conversion date 01/08/11)	Potter Street primary School (conversion date 01/09/13)
Meadgate Primary (conversion date 01/04/14)	Ockendon School, The (conversion date 01/01/11)	Powers Hall Academy (conversion date 01/07/13)
Merrylands Primary School (conversion date 01/10/16)	Olive AP Academy (conversion date 01/04/15 )	Prince Avenue Primary School (conversion date 01/04/14)
Messing Primary School (conversion date 01/09/13)	Ormiston Park Academy (conversion date 01/04/11)	Purfleet Primary School (conversion date 01/04/13)
Mildmay Junior School (conversion date 01/12/14)	Ormiston Rivers Academy (conversion date 01/09/11)	Purford Green (conversion date 01/01/13)
Mistley Norman CofE Primary School (conversion date 01/02/15)	Our Lady Immaculate RC Primary School (conversion date 01/05/12)	Purleigh Primary School (conversion date 01/04/14)
Monkwick Infant and Nursery Academy (conversion date 01/04/14)	Parkwood Academy (previously Melbourne Park) (conversion date 01/12/14)	Quarry Hill Academy (conversion date 01/07/13)
Monkwick Junior Academy (conversion date 01/04/14)	Passmores School (conversion date 01/09/11)	RA Butler Infants (conversion date 01/10/10)
Montgomerie Primary School (conversion date 01/09/14)	Pear Tree Mead Academy (conversion date 01/09/14)	RA Butler Junior (conversion date 01/10/10)
Moulsham High School & Humanities College (conversion date 01/07/11)	Pemberley Academy (joined 01/06/15 New academy)	Ramsden Hall School (conversion date 01/04/16)
Moulsham Infants (conversion date 01/07/11)	Perryfields Junior School (conversion date 01/12/16)	Ramsey Academy, Halstead (conversion date 01/09/13)
Moulsham Junior School (conversion date 01/04/12)	Philip Morant School and College, The (conversion date 01/11/11)	Ravens Academy (conversion date 01/09/13)
		Rayleigh Primary School (conversion date 01/04/13)

## Academies

Richard De Clare Community School (conversion date 01/09/16)	Southend High School for Girls (conversion date 01/11/10)	St Martin's School (conversion date 01/07/11)
Robert Drake Primary School (conversion date 01/08/11)	Southminster C of E Primary School (conversion date 01/11/13)	St Mary's Kevledon (conversion date 01/03/13)
Rochford Primary School (conversion date 01/04/14)	St Albans Catholic Primary School (conversion date 01/08/11)	St Osyth C of E Primary (conversion date 01/05/16)
Rolph Church of England Primary (conversion date 01/01/14)	St Andrews Weeley (conversion date 01/11/13)	St Teresa's Catholic Primary School Basildon (conversion date 01/12/13)
Roseacres Primary School (joined 01/09/15 New academy)	St Bernards High School (conversion date 01/08/11)	St Teresa's RC Primary School Colchester (conversion date 01/07/12)
Roydon Primary School (conversion date 01/12/13)	St Cedds (conversion date 01/06/14)	St Thomas More High School (conversion date 17/08/11)
Runwell Primary (conversion date 01/08/11)	St Christopher School (conversion date 01/04/12)	St Thomas More RC Primary School (conversion date 01/08/11)
Ryedene Primary School (conversion date 01/09/16)	St Clares Catholic Primary School (conversion date 01/09/13)	St Thomas More's Catholic Primary School - Colchester (conversion date 01/06/12)
Saffron Walden High School (conversion date 01/06/11)	St Clere's School (conversion date 01/09/11)	Stambridge Primary School (conversion date 01/02/15)
Sandon School (conversion date 01/08/11)	St Helen's Junior School (conversion date 01/08/11)	Stanford le hope Primary (conversion date 01/06/13)
Shalford Primary School (conversion date 01/12/16)	St Helena School (conversion date 01/03/12)	Stanway School (conversion date 01/03/12)
Shaw Primary (conversion date 01/02/13)	St James C of E Primary School Colchester (conversion date 01/10/16)	Stewards Academy (conversion date 01/10/11)
Shenfield High School (conversion date 01/02/12)	St James' CE Primary School Harlow (conversion date 01/03/15)	Stifford Clays (conversion date 01/04/15)
Shenfield St Marys (conversion date 01/06/13)	St Lukes RC Academy (conversion date 01/08/13)	Stisted (conversion date 01/10/11)
Shoeburyness School (conversion date 01/12/11)	St Margaret's C of E Primary School (conversion date 01/10/16)	Sweyne Park School (conversion date 01/04/13)
Sir Martin Frobisher Academy (conversion date 01/09/16)	St Marks West Essex Catholic Schools (conversion date 01/08/11)	Tabor Science (conversion date 01/01/13)
South Benfleet Primary School (conversion date 01/08/11)		Takeley Primary School (conversion date 01/01/16)
Southend High School (Boys) (conversion date 01/02/11)		Templars Academy (conversion date 01/06/16)

## Academies

Tendring Technology College & VI Form (conversion date 01/08/11)

Thameside Primary (conversion date 01/09/12)

Thomas Lord Audley (conversion date 01/03/12)

Thorpedene Primary School (conversion date 01/09/16)

Thorpe Greenways Junior School (conversion date 01/10/16)

Thorpe Greenways Infant School (conversion date 01/10/16)

Thriftwood School (conversion date 01/10/11)

Thundersely Primary School (conversion date 01/01/15)

Thurstable School (conversion date 01/08/11)

Tilbury Pioneer Academy (conversion date 01/05/14)

Tudor Court Primary Academy (conversion date 01/07/14)

Tyrrells School (conversion date 01/11/11)

Unity Primary Academy (conversion date 01/09/14)

Water Lane Primary Academy (conversion date 01/09/14)

Waterman Primary School (conversion date 01/02/15)

West Hatch High School (conversion date 01/06/11)

Westborough Academy (conversion date 01/09/10)

Westcliff High school for Boys (conversion date 01/04/11)

Westcliff High School for Girls (conversion date 01/03/11)

Westerings Primary School (conversion date 01/09/11)

West Leigh Junior School (conversion date 01/04/16)

West Thurrock Academy (conversion date 01/08/13)

Westwood Primary (conversion date 01/08/11)

Whitehall Academy (Previously Coppins Green School )(conversion date 01/09/12)

Whitmore Primary School & Nursery (conversion date 01/10/16)

Wickford C of E Infant School (conversion date 01/12/11)

William De Ferrers School (conversion date 01/04/11)

William Edwards School (conversion date 01/08/11)

Willow Brook Primary School and Nursery (conversion date 01/09/14)

Willows Primary School, The (conversion date 01/10/16)

Winter Gardens Academy (conversion date 01/07/15)

Woodham Ley Primary School (conversion date 01/01/15)

Woodlands School (conversion date 01/04/15)

Woodside Academy (conversion date 01/12/12)

Woodville Primary School (conversion date 01/12/13)

## Free/Studio Schools

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

Becket Keys School Free School

Grove House School (joined 15/06/15, started 01/09/15)

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

NCB Studio School

Ongar Academy (joined 29/06/15)

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

Southend YMCA Community Free School (joined 01/04/14)

Tendring Enterprise Studio School Closed (31/8/16)

## Community Admission Body

Ardleigh Reservoir Committee

Changing Pathways (Formerly Basildon Women's Aid)

Brentwood Community Transport

Brentwood Leisure Trust

Cambridge Access Validating Agency

Care Quality Commission

Castle Point Citizen's Advice Bureau

Central Essex Community Service Community Interest Company

Chelmer Housing Partnership

Chelmsford Citizens Advice Bureau

## Community Admission Body

Chelmsford Community Transport Ltd  
Chelmsford Council For Voluntary Services  
Epping Forest Community Transport (joined 01/12/14)  
Essex Association Of Local Councils  
Essex Commercial Services Ltd  
Essex Joint Branch Board Of The Police Federation Of England And Wales  
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  
Orchestras Live  
Phoenix Group Homes  
Race Equality Foundation  
Rainbow Services (Harlow)  
Rochford Housing Association Limited  
Safer Places  
Social Care Institute For Excellence  
The Rural Community Council Of Essex

The SLM Community Leisure Charitable Trust

Thurrock Community Leisure Ltd

Thurrock Lifestyle Solutions  
Trading Standard Institute

University Of Essex

Worthing Homes Ltd

## Schools

All Saints C of E Primary School

Arthur Bugler Primary School (converted to academy 01/09/16)

Beauchamps School

Brinkley Grove Primary School

Broomfield Primary School

Buttsbury Infants School

Cathedral School

Chase Lane Primary School

Church Langley

Collingwood Primary School

Deanes School (converted to academy 01/10/16)

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

Ford End C of E Primary School

Galleywood Infants School

Great Dunmow Primary School

Great Totham School

Harlow Fields School

Hazelmere Junior

Harlowbury Primary School

Henham and Ugley Primary

Hockley Primary School

Holland Haven Primary School

Holland Park Primary School (converted 01/04/16)

Horndon on the Hill Primary School

Howbridge Infants School

Jerounds Community Infants

Katherines Primary School

Kingswode Hoe Primary

Kingswood Primary (Primary from 01/09/15)

Lawford Mead County Primary School (converted to academy 01/03/17)

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

Parsons Heath CE Primary

Powers Hall Infants

Riverside Primary

Rodings Primary School

Roding Valley Primary School

Sheering CofE Primary

St Andrews Junior School (Hatfield Peverel)

Schools	Transferee Admission Body	
St Andrews Primary School (North Weald)	Aaron Services Ltd (joined 01/04/14)	Dovercourt Healthcare Limited
St Benedicts College	Action Industrial Cleaning Services UK Ltd (joined 01/06/15)	Edwards and Blake Ltd (joined 01/08/15)
St Helen's RC Infant School	Affinity Trust (joined 12/05/14)	English Landscapes Maintenance Limited
St John Fisher RC Primary School	Alphaprint (Colchester) Limited	Essex Cares Limited
St Katherine's CofE Primary School	Apcoa Parking Services (Uk) Ltd	Essex Community Support Limited
St Luke primary 0100	Ashlyn Healthcare Limited	Essex Community Support Ltd (Re Reablement Mid Essex) (ceased 03/05/16)
St Mary's CofE Primary School	Barnardos	Essex Community Support Ltd (Re Reablement North East Essex) (ceased 03/05/16)
St Michaels C of E Junior School	Birkin Cleaning Services Ltd (joined 28/10/13)	Essex Community Support Ltd (Re Reablement South East Essex)
St Osyth CofE Primary School (converted to academy 01/05/16)	Blue Support Services Ltd (ceased 30/09/16)	Essex Community Support Ltd (Re Reablement South West Essex) (ceased 03/05/16)
St Peters CE Primary South Weald	Cater Link Ltd (joined 17/02/14 backdated)	Essex Community Support Ltd (Re Reablement West Essex) (ceased 03/05/16)
St Thomas of Canterbury Infant, Brentwood	Catering Academy Ltd	Essex Employment And Inclusion Limited
St Thomas of Canterbury Junior, Brentwood	Churchill Contract Services Limited	Essex Equipment Service Ltd
Staples Road Primary	Churchill Contract Services Ltd - Thurrock	Essex Shared Services Ltd (joined 01/08/14)
Tany's Dell Primary School	Churchill Contract Services Ltd - Boswells (joined 01/04/15)	Europa Facilities Management Limited
Thaxted Primary School	Churchill Contract Services Ltd - Epping St John (ceased 25/09/16)	Fusion Lifestyle
The Downs Primary School	Churchill Contract Services Ltd - Greensward Academy (joined 01/07/16) (ceased 26/09/16)	Goldenley Healthcare Limited
Theydon Bois Primary School	Churchill Contract Services Ltd - Roding Valley (joined 09/04/12 backdated) (Ceased February 16)	H Q Theatres Ltd
Thomas Willingale Primary School	Corporate Document Services	Kier Harlow Limited (ceased 31/01/17)
Trinity Dell Primary		Kier Services Limited
Upshire Primary School		L & L Cleaning Ltd (joined 14/09/15)
Waltham Holy Cross Primary (Primary from 01/09/15)		
Walton Primary School		
Wyburns Primary School		

## Transferee Admission Body

MCCH Society Limited
Mears Limited
Mitie Security Limited
Mitie Technical Facilities Management Ltd
Morrison Facilities Services Ltd (ceased 16/08/16)
Nightingale Cleaning Limited (ceased 31/7/16)
Pabulum Ltd (joined 01/04/15)
Pinnacle Fm Limited
Ringway Jacobs Limited
Riverside Truck Rental Limited - Basildon
Riverside Truck Rental Limited - Colchester (ceased 31/12/16)
RM Education Plc
Rushcliffe Care (ceased 03/07/16)
Schools Plus Ltd (joined 01/05/16)
Skanska Rashleigh Weatherfoil Ltd (Castle View School)
Skanska Rashleigh Weatherfoil Ltd (Columbus)
Skanska Rashleigh Weatherfoil Ltd (Cornelius)
Skanska Rashleigh Weatherfoil Ltd (Woodlands School)
SIm Charitable Trust (LM)
SIm Charitable Trust (SV)
SIm Health & Fitness (LM)
SIm Health & Fitness (SV)
Spurgeons (ceased 31/03/17)

The Papworth Trust
The Partyman Company Limited
Udata Infrastructure (Uk) Ltd
Vehicle Lease And Service Limited
Wates Living Space (Maintenance) Ltd (joined 12/06/14)
WRVS Food Services Ltd

## Resolution Body

Ashingdon Parish Council (joined 01/04/16)
Barling Magna Parish Council (ceased 26/02/16)
Barnston Parish Council (ceased 26/09/16)
Billericay Town Council
Blackmore Parish Council
Boreham Parish Council (joined 01/10/16)
Boxted Parish Council (joined 01/07/14)
Brightlingsea Town Council
Broomfield Parish Council
Buckhurst Hill Parish Council
Bulmer Parish Council (joined 01/11/15)
Burnham On Crouch Town Council
Canewdon Parish Council (joined 01/04/16)
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
Earls Colne Parish Council (Joined 01/05/15)
East Donyland Parish Council (joined 01/01/16)
Epping Town Council
Feering Parish Council (joined 01/11/16)
Fordham Parish Council (joined 01/07/14)
Frinton & Walton Town Council
Galleywood Parish Council
Great Baddow Parish Council
Great Horkesley Parish Council (joined 29/02/16)
Great Notley Parish Council
Great Yeldham Parish Council (joined 01/03/16)
Great Wakering Parish Council
Great Waltham Parish Council (joined 01/04/16)
Gt Dunmow Town Council
Halstead Town Council
Harwich Town Council
Hawkeell Parish Council
Herongate And Ingrave Pc
Heybridge Parish Council
Hockley Parish Council
Hullbridge Parish Council
Ingatestone & Fryerning Parish Council (joined 01/12/15)
Kelvedon Parish Council (joined 01/04/15)
Leigh On Sea Town Council
Little Baddow Parish Council (joined 01/07/16)

## Resolution Body

Little Clacton Parish Council  
 (joined 01/12/15)  
 Little Oakley Parish Council  
 (joined 28/09/15)  
 Little Yeldham Parish Council  
 Little Waltham Parish Council  
 (joined 01/04/16)  
 Loughton Town Council  
 Maldon Town Council  
 Mayland Parish Council  
 (joined 01/11/16)  
 Myland Community Council  
 Nazeing Parish Council  
 (joined 01/07/16)  
 North Weald (Bassett) Parish  
 Council  
 Purleigh Parish Council  
 (joined 01/04/16)  
 Ongar Town Council  
 Rayleigh Town Council  
 Runwell Parish Council  
 Saffron Walden Town Council  
 Sandon Parish Council  
 Sible Hedingham Parish  
 Council  
 Silver End Parish Council  
 (joined 01/08/16)  
 South Hanningfield P C  
 South Woodham Ferrers Town  
 Cnl  
 Springfield Parish Council  
 St Osyth Parish Council  
 Standsted Mountfitchet  
 Parish Council  
 Stanway Parish Council  
 Thaxted Parish Council  
 Tiptree Parish Council

Tollesbury Parish Council  
 (joined 01/11/16)  
 Wakes Colne Parish Council  
 Waltham Abbey Town Council  
 West Bergholt Parish Council  
 (joined 01/02/17)  
 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

Accent Catering Services Ltd  
 (joined 01/09/13 backdated)  
 (Ceased September 15)  
 Age Concern Essex  
 Alfred McAlpine Contruction  
 Ltd  
 Anglian Water Authority  
 Association of Public Service  
 Finance Officers  
 Axis Europe Plc  
 Basildon College  
 Basildon Community Housing  
 Association  
 Basildon DVC (Commission  
 for New Town)  
 Blackwater Housing  
 Association  
 Braintree College  
 Braintree, Dunmow & Witham  
 Joint Sanitary Committee  
 Braintree Womens Aid  
 Bramston Sports Centre  
 Brentwood High House Hostel

Brightlingsea Harbour  
 Committee  
 Business Link (Essex) Ltd  
 Castle Point Association of  
 Voluntary Service  
 Central Council for Education  
 & Training in Social Work  
 Centre for Education &  
 Training Health Visitors  
 Chelmsford Agency for  
 Volunteering  
 Chelmsford Environment  
 Partnership  
 Churchill Catering  
 Clacton & Harwich Education  
 Action Zone  
 Colchester And Tendring  
 Womans Refuge  
 Colchester MIND  
 Colchester Transport Ltd  
 Colchester Youth Arts  
 Partnership  
 Community Clean  
 Connaught Partnership Ltd  
 Crouch Harbour Authority  
 DC Leisure  
 East Anglian Regional  
 Examination Board  
 East Basildon Education  
 Action Zone  
 East of England Tourist Board  
 Eastern Orchestral Board  
 Eastwood Infants School  
 Eastwood Junior School  
 Elm Park (Ardleigh) Ltd  
 Elmy Landscapes  
 English National Board of  
 Nursing & Midwifery

## Bodies with no current contributors

Essex & Suffolk Water Company	Harlow Council for Voluntary Services	Open College Network Eastern Region (Ceased November 15)
Essex Careers & Business Partnership	Harlow Development Corporation	Palace Theatre Trust
Essex County Association for the Blind	Harlow ITEC	Papworth Trust
Essex County Scout Council (Ceased October 14)	Harlow Renaissance Ltd	Personal Social Services Council
Essex Economic Partnerships	Harlow Theatre Trust	Ph Jones Limited
Essex Federation of Congregational Women's Homes	Harlow Trade Union Centre	Renaissance Southend Ltd
Essex Joint Crematorium Committee	Harlow Community Transport (Ceased February 16)	RM Education
Essex Magistrates Courts Committee	Harlow Welfare right & Advice	Saffron Healthcare Ltd
Essex Physically Handicapped Association	Harwich Connexions Transport Co-operative Ltd	Saffron Walden Almshouses
Essex River Authority	Harwich Port Health Authority	Saffron Walden Museum Society
Essex Water Company	Head Office Cleaning	Saffron Walden Training College
Est, Essex, Southend & Thurrock	HBS Business Services Group Ltd	Serco
EXDRA	Home group (Ceased May 15)	Serco Public Services Limited (ceased December 15)
Exwaste Ltd	King Edward VI Alms House, Saffron Walden	Sherrell Healthcare Ltd
Family Service Units	Lambourne Parish Council	Sodexo
Federation of Public Passenger Transport Employees	Little Thurrock Primary School	SOS Domestic Abuse Projects (Ceased September 15)
Furtherwick Park School, The	Marks Tey Parish Council	South East England Virtual Education Action Zone
General Social Care Council	May Gurney	South East Essex College of Arts & Technology
Great Yeldham Prish Council	Mid Essex Primary Care Trust (previously Witham, Braintree & Halstead Care Trust)	South East Essex Technology Centre
Greenways Healthcare	Morrison FS Thurrock	South Essex Local Valuation Panel
Grove Infants School	National Board of Nursing , Midwifery & Health Visitors, Scotland	Southend Association of Voluntary Services
Grove Junior School	National Institute for Social Work	Southend Association of Voluntary Services
Harlow Co-op Development Agency	Northwick Park Infants School	Southend Citizens Advice
Harlow Council Employees Social Club	Northwick Park Junior School	Southend Education Action Zone
	Nursing & Midwifery Council	Southend Transport Ltd
	Okeley Healthcare Ltd	

## Bodies with no current contributors

St Georges Community Housing	Thurrock Thames Gateway Development Corporation	Welsh National Board of Nursing, Midwifery & Health Visitors
Thames Gateway South Essex Partnership	Tollesbury Parish Council	Westcliff Theatre & Art Centre
Thames Water Utilities Ltd	Torrells GM School	Westminster Drugs Project
Thameside Windows Ltd	Towngate Theatre	Windyridge Management Committee
The Inclusion Trust (ceased March 16)	Trans Vol	Winifred Healthcare
Thurrock and Basildon College	University College London (Ceased February 16)	Witham, Braintree & Halstead Care
Thurrock College	Veolia Enviromental Services (UK) PLC (previously Cleanaway Ltd)	WRVS
Thurrock Family Service Unit	Veolia Water East Ltd	

# 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 2016

### Statement by Consulting Actuary 2016 Actuarial Valuation

An actuarial valuation of the Essex Pension Fund was carried by the Fund's Actuary, Barnett Waddingham as at 31 March 2016 to determine the contribution rates with effect from 1 April 2017 to 31 March 2020. A schedule of contribution rates payable can be found on the following pages.

On the basis of the assumptions adopted, the valuation revealed that the value of the Fund's assets of £4,993m (on a smoothed basis) represented 89% of the Funding Target liabilities of £5,598m at the valuation date. See below table:

Past Service Fund Position	31 March 2016 £m
Smoothed asset value	4,993
Past service liabilities	
Active	1,855
Deferred Pensioners	1,088
Pensioners	2,655
Total	5,598
Surplus (Deficit)	(605)
<b>Funding level</b>	<b>89%</b>

The valuation also showed that a primary common rate of contribution of 16.3% 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. See below table:

Primary rate	% of Payroll
Total future service rate	22.8%
Less employee contribution rate	(6.5%)
Total Primary Rate	16.3%

# Essex Pension Fund – Contribution Rates Schedule – Actuarial Valuation 2016

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (% pay plus monetary adjustment)			Specific notes
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
Major employers									
1	Essex County Council (excluding schools)	16.1%	£11,850,258	£12,312,418	£12,792,602	16.1% plus £7,184,098	16.1% plus £7,464,278	16.1% plus £7,755,385	ii
	Former GM Essex Schools	16.1%	4.2%	4.2%	4.2%	20.3%	20.3%	20.3%	
2	Basildon District Council	16.0%	£7,057,123	-	-	16.0% plus £7,057,123	16.0%	16.0%	i
3	Braintree District Council	16.5%	£4,232,683	-	-	16.5% plus £4,232,683	16.5%	16.5%	i
4	Brentwood District Council	17.1%	£1,216,076	£1,263,503	£1,312,779	17.1% plus £1,216,076	17.1% plus £1,263,503	17.1% plus £1,312,779	ii
5	Castle Point B C	16.9%	£2,399,970	-	-	16.9% plus £2,399,970	16.9%	16.9%	i
6	Chelmsford Borough Council	15.5%	£4,107,681	-	-	15.5% plus £4,107,681	15.5%	15.5%	i
7	Colchester Borough Council	15.1%	£5,527,987	-	-	15.1% plus £5,527,987	15.1%	15.1%	i
8	Epping Forest D C	18.0%	£1,164,137	£1,209,538	£1,256,710	18.0% plus £1,164,137	18.0% plus £1,209,538	18.0% plus £1,256,710	ii
9	Harlow District Council	16.3%	£2,812,873	£2,812,873	£2,812,873	16.3% plus £2,812,873	16.3% plus £2,812,873	16.3% plus £2,812,873	
10	Maldon District Council	15.9%	£1,721,710	-	-	15.9% plus £1,721,710	15.9%	15.9%	i

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (% pay plus monetary adjustment)			Specific notes
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
11	Rochford District Council	16.3%	£634,142	£634,142	£634,142	16.3% plus £634,142	16.3% plus £634,142	16.3% plus £634,142	ii
12	Southend On Sea Borough Council (excluding schools)	16.6%	£11,200,823	-	-	16.6% plus £11,200,823	16.6%	16.6%	i
	Former GM Southend Schools	16.6%	7.3%	7.3%	7.3%	23.9%	23.9%	23.9%	
13	Tendring District Council	16.6%	£3,831,496	-	-	16.6% plus £3,831,496	16.6%	16.6%	i
14	Thurrock Borough Council (excluding schools)	16.1%	£7,619,631	-	-	16.1% plus £7,619,631	16.1%	16.1%	i
	Former GM Thurrock Schools	16.1%	5.3%	5.3%	5.3%	21.4%	21.4%	21.4%	
15	Uttlesford District Council	16.8%	£1,177,020	-	-	16.8% plus £1,177,020	16.8%	16.8%	i

Scheduled bodies									
84	Anglia Ruskin University	13.7%	-0.7% plus £1,040,396	tbc	tbc	13.0% plus £1,040,396	13.7% plus tbc	13.7% plus tbc	iii
149	Chelmsford FE College	18.2%	-0.4% plus £47,843	tbc	tbc	17.8% plus £47,843	18.2% plus tbc	18.2% plus tbc	iii

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (% pay plus monetary adjustment)			Specific notes
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
100	Colchester Borough Homes Ltd	16.6%	-	-	-	16.6%	16.6%	16.6%	
148	Colchester Institute	15.6%	£209,972	tbc	tbc	15.6% plus £209,972	15.6% plus tbc	15.6% plus tbc	iii
151	Epping Forest College	16.6%	£127,142	£132,101	£137,253	16.6% plus £127,142	16.6% plus £132,101	16.6% plus £137,253	
784	Essex Chief Constable	15.3%	£1,262,174	£1,262,174	£1,262,174	15.3% plus £1,262,174	15.3% plus £1,262,174	15.3% plus £1,262,174	ii
66	Essex Fire Authority	16.2%	£972,171	-	-	16.2% plus £972,171	16.2%	16.2%	i
810	Essex Shared Services Ltd	21.0%	£3,293	£3,421	£3,555	16.2% plus £3,293	16.2% plus £3,421	16.2% plus £3,555	
165	Harlow College	16.9%	-0.5% plus £117,845	-0.1% plus £122,441	0.1% plus £127,216	16.4% plus £117,845	16.8% plus £122,441	17.0% plus £127,216	i
72	Office of Police and Crime Commissioner	15.3%	£14,098	£14,098	£14,098	15.3% plus £14,098	15.3% plus £14,098	15.3% plus £14,098	ii
161	Palmer's College	16.3%	£33,687	tbc	tbc	16.3% plus £33,687	16.3% plus tbc	16.3% plus tbc	iii
34	Prospects College of Advanced Technology (PROCAT)	14.5%	£3,950	£4,104	£4,264	14.5% plus £3,950	14.5% plus £4,104	14.5% plus £4,264	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (% pay plus monetary adjustment)			Specific notes
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
163	South Essex College	16.2%	-1.4% plus £190,356	tbc	tbc	14.8% plus £190,356	16.2% plus tbc	16.2% plus tbc	iii
162	Seevic	16.2%	£38,606	£42,844	£47,272	16.2% plus £38,606	16.2% plus £42,844	16.2% plus £47,272	
597	South Essex Homes Ltd	17.9%	-	-	-	17.9%	17.9%	17.9%	
152	The Sixth Form College Colchester	18.2%	£21,821	tbc	tbc	18.2% plus £21,821	18.2% plus tbc	18.2% plus tbc	iii
56	University Of Essex	22.4%	£1,603,674	£1,603,674	£1,603,674	22.4% plus £1,603,674	22.4% plus £1,603,674	22.4% plus £1,603,674	
164	Writtle Agricultural College	16.2%	£123,176	tbc	tbc	16.2% plus £123,176	16.2% plus tbc	16.2% plus tbc	iii

#### Other admission bodies (typically used to be CABs)

31	Ardleigh Reservoir Committee	25.6%	£20,529	£20,529	£20,529	25.6% plus £20,529	25.6% plus £20,529	25.6% plus £20,529	
644	Brentwood Community Transport	26.8%	-3.5% plus £2,200	-1.5% plus £2,286	£2,375	23.3% plus £2,200	25.3% plus £2,286	26.8% plus £2,375	
585	Brentwood Leisure Trust	20.0%	-3.9% plus £24,962	-1.9% plus £25,936	£26,947	16.1% plus £24,962	18.1% plus £25,936	20.0% plus £26,947	
555	Cambridge Access Validating Agency	18.7%	£5,861	£5,861	£5,861	18.7% plus £5,861	18.7% plus £5,861	18.7% plus £5,861	ii

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (% pay plus monetary adjustment)			Specific notes
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
558	Care Quality Commission	23.1%	£52,200	£54,236	£56,351	23.1% plus £52,200	23.1% plus £54,236	23.1% plus £56,351	
540	Castle Point Citizen's Advice Bureau	26.5%	£3,242	£3,368	£3,500	26.5% plus £3,242	26.5% plus £3,368	26.5% plus £3,500	
768	Central Essex Community Service	15.8%	£2,000	£2,286	£2,375	15.8% plus £2,000	15.8% plus £2,286	15.8% plus £2,375	
501	Changing Pathways (Basildon Women's Refuge)	20.1%	-2.2% plus £1,200	-1.2% plus £1,247	£1,295	17.9% plus £1,200	18.9% plus £1,247	20.1% plus £1,295	
553	Chelmer Housing Partnership	16.2%	-	-	-	16.2%	16.2%	16.2%	
531	Chelmsford Citizens Advice Bureau	26.8%	-3.0% plus £4,400	-1.8% plus £4,572	£4,750	23.8% plus £4,400	25.0% plus £4,572	26.8% plus £4,750	
537	Chelmsford Community Transport	22.7%	£15,900	£16,520	£17,164	22.7% plus £15,900	22.7% plus £16,520	22.7% plus £17,164	
511	Chelmsford Council for Voluntary Services	24.4%	-2.8% plus £4,322	-1.2% plus £4,491	£4,666	21.6% plus £4,322	23.2% plus £4,491	24.4% plus £4,666	
814	Epping Forest Community Transport	26.1%	£1,000	£1,039	£1,080	26.1% plus £1,000	26.1% plus £1,039	26.1% plus £1,080	
544	Essex Association of Local Councils	18.8%	-1.0% plus £3,900	£4,052	£4,210	17.8% plus £3,900	18.8% plus £4,052	18.8% plus £4,210	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (% pay plus monetary adjustment)			Specific notes
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
627	Essex Police Federation	28.8%	-2.0% plus £3,500	£3,637	£3,778	26.8% plus £3,500	28.8% plus £3,637	28.8% plus £3,778	
618	Greenfields Comm Housing Ltd	20.0%	£84,500	-	-	20.0% plus £84,500	20.0%	20.0%	
67	Hamilton Lodge Trust Ltd	25.1%	-2.7% plus £16,200	-1.4% plus £16,832	£17,488	22.4% plus £16,200	23.7% plus £16,832	25.1% plus £17,488	
44	Harlow District Sports Trust	22.5%	-4.1% plus £30,000	-2.0% plus £30,170	£32,386	18.4% plus £30,000	20.5% plus £30,170	22.5% plus £32,386	
576	Harwich Connexions Ltd	29.1%	tbc	tbc	tbc	29.1% plus tbc	29.1% plus tbc	29.1% plus tbc	v
572	Hatfield Peverel Day Nursery	18.3%	-1.0% plus £900	£1,035	£1,175	17.3% plus £900	18.3% plus £1,035	18.3% plus £1,175	
582	Impulse Leisure	15.8%	-2.8% plus £8,900	-1.4% plus £9,247	£9,608	13.0% plus £8,900	14.4% plus £9,247	15.8% plus £9,608	
78	ITEC Learning Technologies Ltd	14.5%	-0.8% plus £28,000	-0.4% plus £29,092	£30,227	13.7% plus £28,000	14.1% plus £29,092	14.5% plus £30,227	
611	Moat Housing Group Ltd	18.6%	£36,495	-	-	18.6% plus £36,495	18.6%	18.6%	
801	North Essex Partnership University NHS Foundation Trust	21.6%	-	-	-	21.6%	21.6%	21.6%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (% pay plus monetary adjustment)			Specific notes
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
617	Orchestras Live	23.8%	£4,750	£4,935	£5,128	23.8% plus £4,750	23.8% plus £4,935	23.8% plus £5,128	
529	Phoenix Group Homes	22.5%	£6,522	£6,776	£7,041	22.5% plus £6,522	22.5% plus £6,776	22.5% plus £7,041	
518	Race Equality Foundation	20.2%	-5.1% plus £1,200	-2.6% plus £1,247	£1,295	15.1% plus £1,200	17.6% plus £1,247	20.2% plus £1,295	
271	Rainbow Services (Harlow)	26.5%	£2,562	-	-	26.5% plus £2,562	26.5%	26.5%	
614	Rochford Housing Association	22.3%	-2.4% plus £25,500	-1.0% plus £26,495	£27,528	19.9% plus £25,500	21.3% plus £26,495	22.3% plus £27,528	
500	Safer Places	22.5%	-2.9% plus £83,000	-2.5% plus £86,237	£89,600	19.6% plus £83,000	20.0% plus £86,237	22.5% plus £89,600	
549	Social Care Institute for Excellence	15.6%	£150,000	£155,850	£161,928	15.6% plus £150,000	15.6% plus £155,850	15.6% plus £161,928	
64	The Community Council Of Essex	23.1%	£20,700	£21,507	£22,346	23.1% plus £20,700	23.1% plus £21,507	23.1% plus £22,346	
601	The SLM Community Leisure Charitable Trust	16.1%	-2.0% plus £5,200	-1.0% plus £5,403	£5,614	14.1% plus £5,200	15.1% plus £5,403	16.1% plus £5,614	
538	The Trading Standards Inst	12.3%	£33,633	£34,944	£36,307	12.3% plus £33,633	12.3% plus £34,944	12.3% plus £36,307	
539	Thurrock Community Leisure Ltd	20.1%	£33,939	£34,288	£34,650	20.1% plus £33,939	20.1% plus £34,288	20.1% plus £34,650	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (% pay plus monetary adjustment)			Specific notes
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
785	Thurrock Lifestyle Solutions CIC	22.2%	-7.4% plus £11,000	-4.9% plus £11,429	-2.3% plus £11,875	14.8% plus £11,000	17.3% plus £11,429	19.9% plus £11,875	
516	University of Essex Commercial Services Ltd	24.3%	-2.0% plus £12,500	-1.0% plus £12,988	£13,494	22.3% plus £12,500	23.3% plus £12,988	24.3% plus £13,494	
534	Worthing Homes Ltd	20.9%	£132,000	£137,148	£142,497	20.9% plus £132,000	20.9% plus £137,148	20.9% plus £142,497	

Contractors									
812	Aaron Services Ltd	22.6%	-	-	-	22.6%	22.6%	22.6%	
820	Action Industrial Cleaning Services (UK) Ltd	27.0%	£1,048	-	-	27.0% plus £1,048	27.0%	27.0%	
808	Affinity Trust	23.1%	-	-	-	23.1%	23.1%	23.1%	
605	Alphaprint Colchester Limited	22.9%	-	-	-	22.9%	22.9%	22.9%	
547	APCOA	22.3%	-	-	-	22.3%	22.3%	22.3%	
586	Ashlyn Healthcare Ltd	22.7%	13.4%	13.4%	13.4%	36.1%	36.1%	36.1%	
770	Barnardos	26.3%	-26.3%	tbc	tbc	0.0%	tbc	tbc	
625	Bellfinger Europa FM Limited	16.7%	-	-	-	16.7%	16.7%	16.7%	
39	Birkin Cleaning Services Ltd	19.0%	-	-	-	19.0%	19.0%	19.0%	

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			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
803	Catering Academy Ltd	25.7%	-	-	-	25.7%	25.7%	25.7%	
815	Caterlink Ltd	21.3%	-	-	-	21.3%	21.3%	21.3%	
730	Churchill (Boswells Acad Trust)	20.2%	-	-	-	20.2%	20.2%	20.2%	
622	Corporate Document Services	20.3%	-	-	-	20.3%	20.3%	20.3%	
589	Dovercourt Healthcare Ltd	24.2%	-	-	-	24.2%	24.2%	24.2%	
790	ECS Ltd Reablement South East	18.6%	-8.4%	-8.4%	-8.4%	10.2%	10.2%	10.2%	
724	Edwards And Blake Ltd	17.4%	£6,756	£7,019	-	17.4% plus £6,756	17.4% plus £7,019	17.4%	
646	English Landscapes Maintenance	24.9%	-	-	-	24.9%	24.9%	24.9%	
633	Essex Cares Ltd	18.6%	-8.4%	-8.4%	-8.4%	10.2%	10.2%	10.2%	
636	Essex Community Support Limited	18.6%	-8.4%	-8.4%	-8.4%	10.2%	10.2%	10.2%	
635	Essex Equipment Service Ltd	18.6%	-8.4%	-8.4%	-8.4%	10.2%	10.2%	10.2%	
634	Essex Inclusion And Employment	18.6%	-8.4%	-8.4%	-8.4%	10.2%	10.2%	10.2%	
780	Fusion Lifestyle	21.3%	-	-	-	21.3%	21.3%	21.3%	

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			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
587	Goldenley Healthcare Ltd	23.3%	-	-	-	23.3%	23.3%	23.3%	
607	H Q Theatres Ltd	13.3%	-	-	-	13.3%	13.3%	13.3%	
796	Kier Services Limited	21.3%	-	-	-	21.3%	21.3%	21.3%	
816	L & L Cleaning Ltd	20.7%	£255	£265	-	20.7% plus £255	20.7% plus £265	20.7%	
590	Longfield Healthcare Ltd	12.2%	-	-	-	12.2%	12.2%	12.2%	
798	Mears Limited	21.6%	-	-	-	21.6%	21.6%	21.6%	
779	Mitie Security Limited	20.5%	-	-	-	20.5%	20.5%	20.5%	
767	Mitie Technical FM Ltd	21.0%	-	-	-	21.0%	21.0%	21.0%	
725	Pabulum Ltd	22.8%	-	-	-	22.8%	22.8%	22.8%	
621	Pinnacle FM	16.5%	-	-	-	16.5%	16.5%	16.5%	
781	Ringway Jacobs Limited	21.8%	£117,470	£122,051	£126,811	21.8% plus £117,470	21.8% plus £122,051	21.8% plus £126,811	
701	Riverside Truck Rental Ltd	21.2%	-	-	-	21.2%	21.2%	21.2%	
766	RM Education - Columbus ICT	10.4%	-	-	-	10.4%	10.4%	10.4%	
729	Skanska (Castle View)	30.6%	-	-	-	30.6%	30.6%	30.6%	
709	Skanska (Columbus)	28.6%	-	-	-	28.6%	28.6%	28.6%	
708	Skanska (Cornelius)	28.4%	-	-	-	28.4%	28.4%	28.4%	

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			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
802	Skanska (Woodlands School)	23.8%	-	-	-	23.8%	23.8%	23.8%	
774	SLM Charitable Trust (LM)	17.9%	-	-	-	17.9%	17.9%	17.9%	
773	SLM Charitable Trust (SV)	17.9%	-	-	-	17.9%	17.9%	17.9%	
772	SLM Health & Fitness (LM)	17.9%	-	-	-	17.9%	17.9%	17.9%	
771	SLM Health & Fitness (SV)	17.9%	-	-	-	17.9%	17.9%	17.9%	
594	Sweyne Healthcare Ltd	21.8%	-	-	-	21.8%	21.8%	21.8%	
794	The Partyman Company Limited	23.6%	-	-	-	23.6%	23.6%	23.6%	
799	Updata Infrastructure (UK) Ltd	17.8%	-	-	-	17.8%	17.8%	17.8%	
623	Vehicle Lease And Service Ltd	19.3%	£11,006	-	-	19.3% plus £11,006	19.3%	19.3%	
809	Wates Living Space (Maintenance) Ltd	17.6%	-	-	-	17.6%	17.6%	17.6%	
573	WRVS Food Services Ltd	22.4%	-	-	-	22.4%	22.4%	22.4%	
Town and parish councils									
530	Billericay Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
513	Blackmore Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	

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			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
807	Boxted Parish Council	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	
16	Brightlingsea Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
510	Broomfield Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
526	Buckhurst Hill Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
818	Bulmer Parish Council	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	
514	Burnham On Crouch Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
619	Canvey Island Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
89	Chappel Parish Council	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	
522	Chigwell Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
603	Coggeshall Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
806	Copford with Easthorpe Parish Council	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	
502	Danbury Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
82	Earls Colne Parish Council	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	
819	East Donyland Parish Council	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	
17	Epping Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	

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			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
804	Fordham Parish Council	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	
18	Frinton & Walton T C	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
92	Galleywood Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
27	Great Baddow Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
519	Great Dunmow Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
599	Great Notley Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
527	Great Wakering Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
787	Great Yeldham Parish Council	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	
19	Halstead Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
524	Harwich Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
521	Hawkwell Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
666	Herongate And Ingrave PC	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
504	Heybridge Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
775	Hockley Parish Council	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	
90	Hullbridge Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
80	Ingatestone & Fryerning PC	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)			Specific notes
			2017/18	2018/19	2019/20		2017/18	2018/19	2019/20	
65	Kelvedon Parish Council	19.6%	-2.9%	-0.4%	2.1%		16.7%	19.2%	21.7%	
525	Leigh On Sea Town Council	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	
817	Little Clacton Parish Council	19.6%	-2.9%	-0.4%	2.1%		16.7%	19.2%	21.7%	
797	Little Oakley Parish Council	19.6%	-2.9%	-0.4%	2.1%		16.7%	19.2%	21.7%	
536	Little Yeldham Parish Council	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	
523	Loughton Town Council	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	
98	Maldon Town Council	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	
620	Myland Community Council	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	
520	North Weald Parish Council	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	
546	Ongar Town Council	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	
528	Rayleigh Town Council	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	
551	Runwell Parish Council	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	
20	Saffron Walden Town Council	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	
596	Sible Hedingham Parish Council	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	
515	South Hanningfield P C	19.6%	0.3%	1.2%	2.1%		19.9%	20.8%	21.7%	

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			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
30	South Woodham Ferrers Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
91	Springfield Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
29	St Osyth Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
63	Stansted Mountfitchet Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
550	Stanway Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
642	Thaxted Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
545	Tiptree Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
793	Wakes Colne Parish Council	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	
21	Waltham Abbey Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
22	West Mersea Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
503	Witham Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
60	Wivenhoe Town Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	
200	Wormingford Parish Council	19.6%	-2.9%	-0.4%	2.1%	16.7%	19.2%	21.7%	
562	Writtle Parish Council	19.6%	0.3%	1.2%	2.1%	19.9%	20.8%	21.7%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
Academies											
319	Abbots Hall Primary School	17.1%	1.5%	2.1%	3.1%	4.1%	18.6%	19.2%	20.2%	21.2%	
384	Abbotsweld Primary Academy	17.1%	6.8%	6.8%	7.8%	7.9%	23.9%	23.9%	24.9%	25.0%	
776	Academies Enterprise Trust	17.1%	-3.5%	-1.1%	0.4%	1.9%	13.7%	16.0%	17.5%	19.0%	
314	Alec Hunter	17.1%	5.4%	6.1%	7.1%	7.9%	22.5%	23.2%	24.2%	25.0%	
741	Anglo European Academy	17.1%	3.3%	4.0%	5.0%	6.0%	20.4%	21.1%	22.1%	23.1%	
681	Ashingdon Academy	17.1%	0.0%	0.6%	1.6%	2.6%	17.1%	17.7%	18.7%	19.7%	
364	Aspire Academy Trust (Harlow)	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
640	Basildon Lower Academy	17.1%	7.9%	7.9%	7.9%	7.9%	25.0%	25.0%	25.0%	25.0%	
641	Basildon Upper Academy	17.1%	7.9%	7.9%	7.9%	7.9%	25.0%	25.0%	25.0%	25.0%	
289	Beacon Hill Academy	17.1%	2.4%	3.1%	4.1%	5.1%	19.6%	20.2%	21.2%	22.2%	
292	Becket Keys Church Of England Free School	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
290	Belfairs Community College Academy	17.1%	5.3%	5.3%	6.3%	7.3%	22.4%	22.4%	23.4%	24.4%	
313	Benyon	17.1%	1.7%	2.3%	3.3%	4.3%	18.8%	19.4%	20.4%	21.4%	
742	Billericay Academy	17.1%	3.0%	3.6%	4.6%	5.6%	20.1%	20.8%	21.8%	22.8%	
727	Boswells Academy	17.1%	7.0%	7.0%	7.9%	7.9%	24.1%	24.1%	25.0%	25.0%	

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			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
403	Braiwick Primary Academy	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
358	Brentwood County High School	17.1%	3.3%	4.0%	5.0%	6.0%	20.4%	21.1%	22.1%	23.1%	
301	Brentwood Ursuline Academy	17.1%	4.7%	5.4%	6.4%	7.4%	21.8%	22.5%	23.5%	24.5%	
294	Briscoe Primary And Nursery	17.1%	2.7%	3.4%	4.4%	5.4%	19.8%	20.5%	21.5%	22.5%	
720	Burnt Mill Academy	17.1%	1.8%	2.4%	3.4%	4.4%	18.9%	19.5%	20.5%	21.5%	
344	Burrsville Infant School	17.1%	1.1%	1.7%	2.7%	3.7%	18.2%	18.8%	19.8%	20.8%	
663	Buttsbury Academy	17.1%	3.2%	3.9%	4.9%	5.9%	20.3%	21.0%	22.0%	23.0%	
302	Cann Hall Academy	17.1%	1.4%	2.1%	3.1%	4.1%	18.6%	19.2%	20.2%	21.2%	
367	Castle View School	17.1%	4.0%	4.7%	5.7%	6.7%	21.1%	21.8%	22.8%	23.8%	
393	Castledon School Academy Trust	17.1%	2.2%	2.8%	3.8%	4.8%	19.3%	19.9%	20.9%	21.9%	
414	Cecil Jones Academy	17.1%	4.2%	4.9%	5.9%	6.9%	21.3%	22.0%	23.0%	24.0%	
295	Chafford Hundred Primary	17.1%	2.9%	3.6%	4.6%	5.6%	20.0%	20.7%	21.7%	22.7%	
398	Chase High School	17.1%	5.4%	6.1%	7.1%	7.9%	22.5%	23.2%	24.2%	25.0%	
667	Chelmer Valley High Academy	17.1%	3.9%	4.6%	5.6%	6.6%	21.0%	21.7%	22.7%	23.7%	
655	Chelmsford High School for Girls	17.1%	3.7%	4.4%	5.4%	6.4%	20.8%	21.5%	22.5%	23.5%	
411	Cherry Tree Academy	17.1%	2.3%	3.0%	4.0%	5.0%	19.4%	20.1%	21.1%	22.1%	

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			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
410	Chigwell Primary Academy	17.1%	2.7%	3.3%	4.3%	5.3%	19.8%	20.5%	21.5%	22.5%	
637	Clacton Coastal Academy	17.1%	6.1%	6.1%	7.1%	7.9%	23.2%	23.2%	24.2%	25.0%	
738	Clacton County Academy	17.1%	4.0%	4.7%	5.7%	6.7%	21.1%	21.8%	22.8%	23.8%	
651	Colchester Academy	17.1%	7.9%	7.9%	7.9%	7.9%	25.0%	25.0%	25.0%	25.0%	
760	Colchester High Girls Academy	17.1%	2.7%	3.3%	4.3%	5.3%	19.8%	20.4%	21.4%	22.4%	
723	Colchester Royal Grammar Acade	17.1%	2.6%	3.3%	4.3%	5.3%	19.7%	20.4%	21.4%	22.4%	
668	Colne Community Academy	17.1%	3.7%	4.3%	5.3%	6.3%	20.8%	21.5%	22.5%	23.5%	
736	Columbus Academy	17.1%	2.5%	3.2%	4.2%	5.2%	19.6%	20.3%	21.3%	22.3%	
345	Cooks Spinney Academy	17.1%	6.1%	6.1%	7.1%	7.9%	23.2%	23.2%	24.2%	25.0%	
340	Cornelius Vermuyden School	17.1%	4.3%	5.0%	6.0%	7.0%	21.4%	22.1%	23.1%	24.1%	
338	Corringham Primary School	17.1%	1.6%	2.2%	3.2%	4.2%	18.7%	19.3%	20.3%	21.3%	
348	Darlinghurst	17.1%	2.6%	3.2%	4.2%	5.2%	19.7%	20.3%	21.3%	22.3%	
669	Davenant Foundation Academy	17.1%	2.9%	3.6%	4.6%	5.6%	20.0%	20.7%	21.7%	22.7%	
658	Debden Park High Academy	17.1%	1.1%	1.8%	2.8%	3.8%	18.2%	18.9%	19.9%	20.9%	
401	Deneholm Primary School	17.1%	4.0%	4.7%	5.7%	6.7%	21.1%	21.8%	22.8%	23.8%	
307	Dilkes Primary Academy	17.1%	1.0%	1.6%	2.6%	3.6%	18.1%	18.7%	19.7%	20.7%	

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			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
374	East Tilbury Primary and Nursery	17.1%	2.3%	3.0%	4.0%	5.0%	19.4%	20.1%	21.1%	22.1%	
704	Eastwood Academy	17.1%	3.5%	4.2%	5.2%	6.2%	20.6%	21.3%	22.3%	23.3%	
656	Flitch Green Academy	17.1%	1.5%	2.1%	3.1%	4.1%	18.6%	19.2%	20.2%	21.2%	
388	Forest Hall School	17.1%	7.9%	7.9%	7.9%	7.9%	25.0%	25.0%	25.0%	25.0%	
334	Freshwaters Academy	17.1%	4.5%	5.2%	6.2%	7.2%	21.7%	22.3%	23.3%	24.3%	
743	Gable Hall Academy	17.1%	1.2%	1.9%	2.9%	3.9%	18.3%	19.0%	20.0%	21.0%	
351	Giffards Primary School	17.1%	1.9%	2.6%	3.6%	4.6%	19.1%	19.7%	20.7%	21.7%	
744	Gilberd Academy	17.1%	0.9%	1.5%	2.5%	3.5%	18.0%	18.7%	19.7%	20.7%	
320	Graham James Primary Academy	17.1%	-0.8%	-0.2%	0.8%	1.8%	16.3%	16.9%	17.9%	18.9%	
670	Great Baddow High Academy	17.1%	3.4%	4.0%	5.0%	6.0%	20.5%	21.1%	22.1%	23.1%	
682	Great Berry Academy	17.1%	0.2%	0.8%	1.8%	2.8%	17.3%	17.9%	18.9%	19.9%	
349	Great Clacton C of E Junior School	17.1%	-0.4%	0.2%	1.2%	2.2%	16.7%	17.3%	18.3%	19.3%	
296	Greensted Junior Academy	17.1%	0.6%	1.2%	2.2%	3.2%	17.7%	18.3%	19.3%	20.3%	
630	Greensward Academy	17.1%	7.9%	7.9%	7.9%	7.9%	25.0%	25.0%	25.0%	25.0%	
404	Grove House School - Free School	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	

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			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
361	Grove Wood Primary School	17.1%	2.3%	2.9%	3.9%	4.9%	19.4%	20.1%	21.1%	22.1%	
716	Gt Chesterford Primary Academy	17.1%	4.2%	4.9%	5.9%	6.9%	21.3%	22.0%	23.0%	24.0%	
683	Hadleigh Inf & Nurs Academy	17.1%	1.1%	1.7%	2.7%	3.7%	18.2%	18.8%	19.8%	20.8%	
711	Hadleigh Junior School Academy	17.1%	1.6%	2.2%	3.2%	4.2%	18.7%	19.3%	20.3%	21.3%	
763	Hamford Primary Sch Academy	17.1%	0.2%	0.8%	1.8%	2.8%	17.3%	17.9%	18.9%	19.9%	
737	Harris Academy Chafford Hundre	17.1%	4.4%	5.0%	6.0%	7.0%	21.5%	22.2%	23.2%	24.2%	
376	Harris Primary Academy Mayflower	17.1%	3.8%	4.3%	5.3%	6.3%	20.9%	21.4%	22.4%	23.4%	
745	Harwich And Dovercourt Academy	17.1%	4.1%	4.8%	5.8%	6.8%	21.2%	21.9%	22.9%	23.9%	
746	Hassenbrook Academy Trust	17.1%	4.4%	5.1%	6.1%	7.1%	21.5%	22.2%	23.2%	24.2%	
389	Hatfield Heath Primary School	17.1%	3.1%	3.8%	4.8%	5.8%	20.2%	20.9%	21.9%	22.9%	
327	Hathaway Academy (Prev Grays School)	17.1%	6.3%	6.3%	7.3%	7.9%	23.4%	23.4%	24.4%	25.0%	
310	Heddingham Academy	17.1%	4.2%	4.9%	5.9%	6.9%	21.3%	22.0%	23.0%	24.0%	
740	Helena Romanes Vi Form Academy	17.1%	4.8%	5.5%	6.5%	7.5%	21.9%	22.6%	23.6%	24.6%	

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			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
416	Henry Moore Primary School	17.1%	2.8%	3.5%	4.5%	5.5%	19.9%	20.6%	21.6%	22.6%	
765	Herringham Primary Sch Academy	17.1%	-0.2%	0.4%	1.4%	2.4%	16.9%	17.5%	18.5%	19.5%	
304	Heybridge Primary Academy	17.1%	4.9%	5.6%	6.6%	7.6%	22.0%	22.7%	23.7%	24.7%	
316	Highwood Primary	17.1%	3.4%	4.1%	5.1%	6.1%	20.5%	21.2%	22.2%	23.2%	
684	Hilltop Junior Academy	17.1%	1.0%	1.6%	2.6%	3.6%	18.1%	18.7%	19.7%	20.7%	
747	Hockerill Academy	17.1%	3.5%	4.1%	5.1%	6.1%	20.6%	21.2%	22.2%	23.2%	
365	Holt Farm Junior School	17.1%	0.0%	0.5%	1.5%	2.5%	17.1%	17.7%	18.7%	19.7%	
685	Holy Cross RC Primary Academy	17.1%	0.0%	0.6%	1.6%	2.6%	17.1%	17.7%	18.7%	19.7%	
671	Honywood Community Academy	17.1%	3.6%	4.2%	5.2%	6.2%	20.7%	21.3%	22.3%	23.3%	
372	Howbridge CofE Junior School	17.1%	1.8%	2.5%	3.5%	4.5%	19.0%	19.6%	20.6%	21.6%	
721	Hutton All Saints Academy	17.1%	-1.8%	-1.1%	0.0%	1.1%	15.4%	16.0%	17.1%	18.3%	
697	Hylands School Academy	17.1%	5.2%	5.9%	6.9%	7.9%	22.3%	23.0%	24.0%	25.0%	
412	Iceni Academy	17.1%	2.3%	3.0%	4.0%	5.0%	19.5%	20.1%	21.1%	22.1%	
297	James Hornsby High Academy	17.1%	5.3%	5.3%	6.3%	7.3%	22.4%	22.4%	23.4%	24.4%	
686	Jotmans Hall Primary Academy	17.1%	1.0%	1.6%	2.6%	3.6%	18.1%	18.8%	19.8%	20.8%	
291	Joyce Frankland Academy	17.1%	6.9%	6.9%	7.9%	7.9%	24.0%	24.0%	25.0%	25.0%	

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			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
378	Katherine Semar Infants School	17.1%	1.4%	2.1%	3.1%	4.1%	18.5%	19.2%	20.2%	21.2%	
379	Katherine Semar Junior School	17.1%	1.2%	1.8%	2.8%	3.8%	18.3%	19.0%	20.0%	21.0%	
293	Kenningtons Primary Academy	17.1%	0.9%	1.5%	2.5%	3.5%	18.0%	18.6%	19.6%	20.6%	
710	Kents Hill Infant Academy	17.1%	2.7%	3.3%	4.3%	5.3%	19.8%	20.5%	21.5%	22.5%	
759	Kents Hill Junior Academy	17.1%	2.7%	3.3%	4.3%	5.3%	19.8%	20.5%	21.5%	22.5%	
673	King Edmund Academy	17.1%	1.6%	2.3%	3.3%	4.3%	18.7%	19.4%	20.4%	21.4%	
672	King Edward Grammar Academy	17.1%	0.0%	0.5%	1.5%	2.5%	17.1%	17.7%	18.7%	19.7%	
654	King Harold B And E Academy	17.1%	2.8%	3.5%	4.5%	5.5%	20.0%	20.6%	21.6%	22.6%	
661	King John Academy	17.1%	3.8%	4.5%	5.5%	6.5%	20.9%	21.6%	22.6%	23.6%	
306	Kingsmoor Primary Academy	17.1%	1.4%	2.1%	3.1%	4.1%	18.6%	19.2%	20.2%	21.2%	
687	Kingston Primary Academy	17.1%	1.0%	1.6%	2.6%	3.6%	18.1%	18.7%	19.7%	20.7%	
337	Kirby Primary Academy	17.1%	4.1%	4.8%	5.8%	6.8%	21.2%	21.9%	22.9%	23.9%	
397	Langham Oaks School	17.1%	3.6%	4.2%	5.2%	6.2%	20.7%	21.3%	22.3%	23.3%	
764	Lansdowne Primary Sch Academy	17.1%	0.3%	0.9%	1.9%	2.9%	17.4%	18.0%	19.0%	20.0%	
362	Larchwood Primary School	17.1%	2.7%	3.4%	4.4%	5.4%	19.8%	20.5%	21.5%	22.5%	

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			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
413	Latchingdon CoFE Primary School	17.1%	2.6%	3.2%	4.2%	5.2%	19.7%	20.3%	21.3%	22.3%	
385	Latton Green Primary	17.1%	2.1%	2.7%	3.7%	4.7%	19.2%	19.8%	20.8%	21.8%	
688	Lee Chapel Primary Academy	17.1%	-0.8%	-0.2%	0.8%	1.8%	16.3%	16.9%	17.9%	18.9%	
395	Leigh Beck Infant & Nursery Academy	17.1%	5.4%	6.1%	7.1%	7.9%	22.5%	23.2%	24.2%	25.0%	
350	Little Parndon Academy	17.1%	6.2%	6.2%	7.2%	7.9%	23.3%	23.3%	24.3%	25.0%	
386	Longwood Primary Academy	17.1%	4.7%	5.4%	6.4%	7.4%	21.9%	22.6%	23.6%	24.6%	
762	Lyons Hall Primary Sch Academy	17.1%	0.3%	0.9%	1.9%	2.9%	17.4%	18.0%	19.0%	20.0%	
406	Maltese Road Primary School	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
632	Maltings Academy	17.1%	7.1%	7.1%	7.9%	7.9%	24.3%	24.3%	25.0%	25.0%	
732	Manningtree High Academy	17.1%	5.4%	6.1%	7.1%	7.9%	22.5%	23.2%	24.2%	25.0%	
321	Mark Hall School	17.1%	7.9%	7.9%	7.9%	7.9%	25.0%	25.0%	25.0%	25.0%	
757	Mayflower High School Academy	17.1%	3.9%	4.6%	5.6%	6.6%	21.0%	21.7%	22.7%	23.7%	
415	Maylandsea Primary School	17.1%	3.1%	3.8%	4.8%	5.8%	20.3%	20.9%	21.9%	22.9%	
352	Meadgate Primary Academy	17.1%	5.3%	5.3%	6.3%	7.3%	22.4%	22.4%	23.4%	24.4%	
330	Messing Primary School	17.1%	1.9%	2.5%	3.5%	4.5%	19.0%	19.6%	20.6%	21.6%	

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			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
380	Mildmay Junior School	17.1%	1.5%	2.1%	3.1%	4.1%	18.6%	19.3%	20.3%	21.3%	
390	Mistley Norman CofE Primary School	17.1%	6.0%	6.0%	7.0%	7.9%	23.1%	23.1%	24.1%	25.0%	
353	Monkwick Infant Academy	17.1%	1.0%	1.6%	2.6%	3.6%	18.1%	18.7%	19.7%	20.7%	
354	Monkwick Junior Academy	17.1%	2.2%	2.9%	3.9%	4.9%	19.3%	20.0%	21.0%	22.0%	
368	Montgomerie Primary School	17.1%	2.3%	2.9%	3.9%	4.9%	19.4%	20.0%	21.0%	22.0%	
739	Moulsham County Junior Academy	17.1%	0.8%	1.4%	2.4%	3.4%	17.9%	18.5%	19.5%	20.5%	
758	Moulsham High Academy	17.1%	5.0%	5.7%	6.7%	7.7%	22.1%	22.8%	23.8%	24.8%	
674	Moulsham Infants Academy	17.1%	1.3%	2.0%	3.0%	4.0%	18.5%	19.1%	20.1%	21.1%	
329	NCB Studio School	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
631	New Rickstones Academy	17.1%	7.9%	7.9%	7.9%	7.9%	25.0%	25.0%	25.0%	25.0%	
287	Newlands Spring Pri Academy	17.1%	-0.8%	-0.2%	0.8%	1.8%	16.3%	16.9%	17.9%	18.9%	
382	Northwick Park Primary & Nursery Academy	17.1%	1.1%	1.7%	2.7%	3.7%	18.2%	18.8%	19.8%	20.8%	
303	Notley Green Academy	17.1%	1.8%	2.4%	3.4%	4.4%	18.9%	19.5%	20.5%	21.5%	
689	Notley High & Braintree Viform	17.1%	2.7%	3.3%	4.3%	5.3%	19.8%	20.4%	21.4%	22.4%	
400	Olive AP Academy Thurrock	17.1%	4.0%	4.6%	5.6%	6.6%	21.1%	21.8%	22.8%	23.8%	
408	Ongar Academy	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
638	Ormiston Park Academy	17.1%	5.0%	5.7%	6.7%	7.7%	22.1%	22.9%	23.9%	24.9%	
712	Ormiston Rivers Academy	17.1%	3.6%	4.3%	5.3%	6.3%	20.7%	21.4%	22.4%	23.4%	
279	Our Lady Immaculate Primary Academy	17.1%	1.3%	2.0%	3.0%	4.0%	18.4%	19.1%	20.1%	21.1%	
381	Parkwood Academy	17.1%	3.9%	4.6%	5.6%	6.6%	21.0%	21.7%	22.7%	23.7%	
713	Passmores Academy Trust	17.1%	0.7%	1.3%	2.3%	3.3%	17.8%	18.4%	19.4%	20.4%	
369	Pear Tree Mead Academy	17.1%	1.0%	1.6%	2.6%	3.6%	18.1%	18.7%	19.7%	20.7%	
409	Pemberley Academy	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
748	Philip Morant Academy	17.1%	3.0%	3.7%	4.7%	5.7%	20.1%	20.8%	21.8%	22.8%	
690	Plumberow Primary Academy	17.1%	1.3%	1.9%	2.9%	3.9%	18.4%	19.0%	20.0%	21.0%	
749	Plume Academy	17.1%	3.3%	4.0%	5.0%	6.0%	20.4%	21.1%	22.1%	23.1%	
336	Potter Street Primary School	17.1%	-1.0%	-0.4%	0.6%	1.7%	16.1%	16.7%	17.7%	18.8%	
324	Powers Hall Junior	17.1%	1.6%	2.2%	3.2%	4.2%	18.7%	19.3%	20.3%	21.3%	
355	Prince Avenue Primary Academy	17.1%	3.3%	4.0%	5.0%	6.0%	20.4%	21.1%	22.1%	23.1%	
318	Purfleet Primary School	17.1%	1.6%	2.3%	3.3%	4.3%	18.7%	19.4%	20.4%	21.4%	
331	Purford Green	17.1%	3.4%	4.1%	5.1%	6.1%	20.5%	21.2%	22.2%	23.2%	
356	Purleigh Community Primary School	17.1%	0.2%	0.8%	1.8%	2.8%	17.3%	17.9%	18.9%	19.9%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
326	Quarry Hill	17.1%	4.2%	4.9%	5.9%	6.9%	21.3%	22.0%	23.0%	24.0%	
675	R A Butlers Infants Academy	17.1%	-0.1%	0.5%	1.5%	2.5%	17.0%	17.6%	18.6%	19.6%	
676	R A Butlers Junior Academy	17.1%	3.1%	3.7%	4.7%	5.7%	20.2%	20.8%	21.8%	22.8%	
332	Ravens Academy	17.1%	2.3%	3.0%	4.0%	5.0%	19.4%	20.1%	21.1%	22.1%	
317	Rayleigh Primary Academy	17.1%	1.3%	1.9%	2.9%	3.9%	18.4%	19.1%	20.1%	21.1%	
691	Robert Drake Primary Academy	17.1%	2.0%	2.7%	3.7%	4.7%	19.1%	19.8%	20.8%	21.8%	
357	Rochford Primary School	17.1%	2.6%	3.2%	4.2%	5.2%	19.7%	20.4%	21.4%	22.4%	
347	Rolph Church of England Primary School	17.1%	0.7%	1.3%	2.3%	3.3%	17.8%	18.4%	19.4%	20.4%	
407	Roseacres Primary School	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
346	Roydon Primary School (Academy)	17.1%	1.9%	2.6%	3.6%	4.6%	19.0%	19.7%	20.7%	21.7%	
692	Runwell Primary Academy	17.1%	1.4%	2.0%	3.0%	4.0%	18.5%	19.1%	20.1%	21.1%	
665	Saffron Walden High Academy	17.1%	3.0%	3.7%	4.7%	5.7%	20.2%	20.8%	21.8%	22.8%	
750	Sandon Academy	17.1%	4.5%	5.2%	6.2%	7.2%	21.6%	22.3%	23.3%	24.3%	
309	Shaw Primary Academy	17.1%	1.2%	1.8%	2.8%	3.8%	18.3%	18.9%	19.9%	20.9%	
728	Shenfield High Academy	17.1%	4.5%	5.2%	6.2%	7.2%	21.6%	22.3%	23.3%	24.3%	
323	Shenfield St Marys	17.1%	2.7%	3.3%	4.3%	5.3%	19.8%	20.4%	21.4%	22.4%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
278	Shoeburyness Academy	17.1%	7.0%	7.0%	7.9%	7.9%	24.1%	24.1%	25.0%	25.0%	
371	Sir Charles Kao UTC	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
693	South Benfleet Primary Academy	17.1%	2.4%	3.1%	4.1%	5.1%	19.5%	20.2%	21.2%	22.2%	
703	Southend High For Boys Academy	17.1%	1.5%	2.1%	3.1%	4.1%	18.6%	19.2%	20.2%	21.2%	
677	Southend High Girls Academy	17.1%	4.5%	5.2%	6.2%	7.2%	21.6%	22.4%	23.4%	24.4%	
377	Southend YMCA Community Free School	17.1%	-1.8%	-1.1%	0.0%	1.2%	15.3%	16.0%	17.2%	18.3%	
341	Southminster CofE Primary School	17.1%	3.8%	4.5%	5.5%	6.5%	20.9%	21.6%	22.6%	23.6%	
694	St Albans RC Primary Academy	17.1%	0.5%	1.1%	2.1%	3.1%	17.6%	18.2%	19.2%	20.2%	
339	St Andrews Primary School (Weeley)	17.1%	2.7%	3.4%	4.4%	5.4%	19.8%	20.5%	21.5%	22.5%	
751	St Bernards High Academy	17.1%	5.4%	6.1%	7.1%	7.9%	22.5%	23.2%	24.2%	25.0%	
360	St Cedds	17.1%	4.9%	5.6%	6.6%	7.6%	22.0%	22.7%	23.7%	24.7%	
761	St Christopher Academy	17.1%	2.5%	3.1%	4.1%	5.1%	19.6%	20.2%	21.2%	22.2%	
333	St Clare's RC Primary School - Clacton	17.1%	4.4%	5.1%	6.1%	7.1%	21.5%	22.2%	23.2%	24.2%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
752	St Cleres Co-Operative Academy	17.1%	0.7%	1.3%	2.3%	3.3%	17.8%	18.4%	19.4%	20.4%	
733	St Helena Academy	17.1%	3.3%	4.0%	5.0%	6.0%	20.4%	21.1%	22.1%	23.1%	
695	St Helens Rc Junior Academy	17.1%	0.5%	1.1%	2.1%	3.1%	17.6%	18.2%	19.2%	20.2%	
396	St James CofE Primary School - Harlow	17.1%	1.9%	2.5%	3.5%	4.5%	19.0%	19.7%	20.7%	21.7%	
328	St Lukes RC Academy (Harlow)	17.1%	1.7%	2.3%	3.3%	4.3%	18.8%	19.4%	20.4%	21.4%	
699	St Marks West Essex Academy	17.1%	2.7%	3.4%	4.4%	5.4%	19.8%	20.5%	21.5%	22.5%	
678	St Martins High Academy	17.1%	3.4%	4.1%	5.1%	6.1%	20.5%	21.2%	22.2%	23.2%	
312	St Marys Pri Academy Kelvedon	17.1%	3.4%	4.1%	5.1%	6.1%	20.6%	21.2%	22.2%	23.2%	
283	St Teresa'S Academy Colchester	17.1%	1.0%	1.6%	2.6%	3.6%	18.1%	18.7%	19.7%	20.7%	
343	St Teresa's Catholic Primary School - Basildon	17.1%	1.6%	2.2%	3.2%	4.2%	18.7%	19.3%	20.3%	21.3%	
282	St Thomas More Academy Saffron Walden	17.1%	1.1%	1.7%	2.7%	3.7%	18.2%	18.8%	19.8%	20.8%	
753	St Thomas More High Academy	17.1%	5.4%	6.1%	7.1%	7.9%	22.5%	23.3%	24.3%	25.0%	
754	St Thomas More Academy Colchester	17.1%	1.9%	2.6%	3.6%	4.6%	19.0%	19.7%	20.7%	21.7%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
391	Stambridge Primary School	17.1%	2.3%	2.9%	3.9%	4.9%	19.4%	20.0%	21.0%	22.0%	
322	Stanford-Le-Hope Primary	17.1%	1.3%	1.9%	2.9%	3.9%	18.4%	19.0%	20.0%	21.0%	
734	Stanway Academy	17.1%	3.1%	3.8%	4.8%	5.8%	20.2%	20.9%	21.9%	22.9%	
717	Stewards Academy	17.1%	4.1%	4.8%	5.8%	6.8%	21.2%	21.9%	22.9%	23.9%	
402	Stifford Clays	17.1%	3.9%	4.6%	5.6%	6.6%	21.0%	21.7%	22.7%	23.7%	
284	Stifford Primary Academy	17.1%	0.3%	0.9%	1.9%	2.9%	17.4%	18.0%	19.0%	20.0%	
718	Stisted Primary Academy	17.1%	0.2%	0.8%	1.8%	2.8%	17.3%	17.9%	18.9%	19.9%	
315	Sweyne Park Academy	17.1%	4.2%	4.8%	5.8%	6.8%	21.3%	22.0%	23.0%	24.0%	
311	Tabor Science Academy	17.1%	7.0%	7.0%	7.9%	7.9%	24.1%	24.1%	25.0%	25.0%	
417	Takeley Primary School	17.1%	3.5%	4.2%	5.2%	6.2%	20.7%	21.3%	22.3%	23.3%	
288	Tendring Enterprise Free School	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
698	Tendring Tech College Academy	17.1%	4.0%	4.7%	5.7%	6.7%	21.1%	21.8%	22.8%	23.8%	
300	Thameside Primary Academy	17.1%	-0.4%	0.2%	1.2%	2.2%	16.7%	17.3%	18.3%	19.3%	
659	The Appleton Academy	17.1%	3.3%	3.9%	4.9%	5.9%	20.4%	21.1%	22.1%	23.1%	
305	The Bromfords Academy	17.1%	4.5%	5.2%	6.2%	7.2%	21.7%	22.3%	23.3%	24.3%	
394	The Fitzwimarc School	17.1%	4.9%	5.6%	6.6%	7.6%	22.1%	22.8%	23.8%	24.8%	
609	The Gateway Academy	17.1%	-2.8%	-1.1%	0.3%	1.6%	14.3%	16.0%	17.4%	18.7%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
662	The Ockendon Academy	17.1%	1.3%	1.9%	2.9%	3.9%	18.4%	19.0%	20.0%	21.0%	
280	The Pioneer School	17.1%	0.8%	1.4%	2.4%	3.4%	17.9%	18.5%	19.5%	20.5%	
335	The Ramsey Academy, Halstead	17.1%	1.7%	2.3%	3.3%	4.3%	18.8%	19.4%	20.4%	21.4%	
735	Thomas Lord Audley Academy	17.1%	2.9%	3.6%	4.6%	5.6%	20.0%	20.7%	21.7%	22.7%	
719	Thriftwood Primary Academy	17.1%	1.6%	2.2%	3.2%	4.2%	18.7%	19.3%	20.3%	21.3%	
383	Thundersely Primary School	17.1%	2.2%	2.8%	3.8%	4.8%	19.3%	19.9%	20.9%	21.9%	
755	Thurstable Academy	17.1%	2.6%	3.3%	4.3%	5.3%	19.7%	20.4%	21.4%	22.4%	
359	Tilbury Pioneer Academy	17.1%	5.8%	5.8%	6.8%	7.8%	22.9%	22.9%	23.9%	24.9%	
363	Tudor Court Primary Academy	17.1%	2.9%	3.5%	4.5%	5.5%	20.0%	20.7%	21.7%	22.7%	
715	Tyrrells Primary Academy	17.1%	-0.4%	0.1%	1.1%	2.1%	16.7%	17.3%	18.3%	19.3%	
373	Unity Primary Academy	17.1%	1.9%	2.5%	3.5%	4.5%	19.0%	19.7%	20.7%	21.7%	
375	Water Lane Primary Academy	17.1%	1.6%	2.3%	3.3%	4.3%	18.8%	19.4%	20.4%	21.4%	
392	Waterman Primary School	17.1%	6.8%	6.8%	7.8%	7.9%	23.9%	23.9%	24.9%	25.0%	
664	West Hatch High Academy	17.1%	3.0%	3.6%	4.6%	5.6%	20.1%	20.8%	21.8%	22.8%	
679	Westborough Primary Academy	17.1%	-1.3%	-0.7%	0.3%	1.4%	15.8%	16.4%	17.5%	18.5%	
680	Westcliff High Boys Academy	17.1%	4.0%	4.7%	5.7%	6.7%	21.1%	21.8%	22.8%	23.8%	
702	Westcliff High Girls Academy	17.1%	5.0%	5.7%	6.7%	7.7%	22.1%	22.8%	23.8%	24.8%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
714	Westerings Primary Academy	17.1%	-0.9%	-0.3%	0.7%	1.7%	16.2%	16.8%	17.8%	18.8%	
696	Westwood Primary Academy	17.1%	1.0%	1.6%	2.6%	3.6%	18.1%	18.7%	19.7%	20.7%	
286	White Hall Academy	17.1%	-1.4%	-0.8%	0.3%	1.3%	15.7%	16.3%	17.4%	18.5%	
722	Wickford CofE Academy	17.1%	-0.6%	0.0%	1.0%	2.0%	16.5%	17.1%	18.1%	19.1%	
660	William De Ferrers Academy	17.1%	3.5%	4.2%	5.2%	6.2%	20.6%	21.3%	22.3%	23.3%	
756	William Edwards Academy	17.1%	4.2%	4.9%	5.9%	6.9%	21.3%	22.0%	23.0%	24.0%	
370	Willow Brook Primary School and Nursery	17.1%	3.0%	3.7%	4.7%	5.7%	20.2%	20.8%	21.8%	22.8%	
405	Winter Gardens Academy	17.1%	0.3%	0.9%	1.9%	2.9%	17.4%	18.0%	19.0%	20.0%	
387	Woodham Ley Primary School	17.1%	2.8%	3.4%	4.4%	5.4%	19.9%	20.6%	21.6%	22.6%	
399	Woodlands School	17.1%	0.6%	1.2%	2.2%	3.2%	17.7%	18.3%	19.3%	20.3%	
308	Woodside Primary Academy	17.1%	-0.7%	-0.1%	0.9%	1.9%	16.4%	17.0%	18.0%	19.0%	
342	Woodville School	17.1%	1.3%	1.9%	2.9%	3.9%	18.4%	19.0%	20.0%	21.0%	

# Post 2016 Valuation Employers Rates and Adjustment Certificate

## Introduction

A schedule of contribution rates payable by employers post 2016 Valuation are as follows:

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (% pay plus monetary adjustment)			Specific notes
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
Contractors									
825	Allied Healthcare Ltd – Mid Essex	19.4%	-	-	-	19.4%	19.4%	19.4%	
826	Allied Healthcare Ltd – North East Essex	19.4%	-	-	-	19.4%	19.4%	19.4%	
827	Allied Healthcare Ltd – South West Essex	19.4%	-	-	-	19.4%	19.4%	19.4%	
828	Allied Healthcare Ltd – West Essex	19.4%	-	-	-	19.4%	19.4%	19.4%	
842	Ecocleen Services Ltd (Ramsey Academy)	27.8%	-5.0%	-3.8%	-2.0%	22.8%	24.0%	25.8%	
847	Ecocleen Services Ltd (Richard De Clare Academy)	17.2%	-4.4%	-3.4%	-2.4%	12.8%	13.8%	14.8%	
844	HTS (Property and Environment) Ltd	21.8%	-	-	-	21.8%	21.8%	21.8%	
834	Millard House Care Ltd	25.2%	-4.2%	-3.2%	-2.2%	21.0%	22.0%	23.0%	
838	Schools Office Services	28.1%	-4.6%	-3.1%	-1.6%	23.5%	25.0%	26.5%	
824	Schools Plus	18.5%	-1.5%	-	1.5%	17.0%	18.5%	20.0%	
846	Servest Group Ltd	20.4%	-	-	-	20.4%	20.4%	20.4%	
Town and parish councils									
608	Ashingdon Parish Council	19.6%	-2.90%	-0.40%	2.10%	16.70%	19.20%	21.70%	
831	Boreham Parish Council	19.6%	0.30%	1.20%	2.10%	19.90%	20.80%	21.70%	
821	Canewdon Parish Council	19.6%	-2.90%	-0.40%	2.10%	16.70%	19.20%	21.70%	
598	Feering Parish Council	19.6%	0.30%	1.20%	2.10%	19.90%	20.80%	21.70%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions (% pay plus monetary adjustment)			Specific notes
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	
832	Great Horkesley Parish Council	19.6%	0.30%	1.20%	2.10%	19.90%	20.80%	21.70%	
835	Great Waltham Parish Council	19.6%	0.30%	1.20%	2.10%	19.90%	20.80%	21.70%	
830	Little Baddow Parish Council	19.6%	0.30%	1.20%	2.10%	19.90%	20.80%	21.70%	
649	Little Waltham Parish Council	19.6%	-2.90%	-0.40%	2.10%	16.70%	19.20%	21.70%	
829	Mayland Parish Council	19.6%	0.30%	1.20%	2.10%	19.90%	20.80%	21.70%	
833	Nazeing Parish Council	19.6%	0.30%	1.20%	2.10%	19.90%	20.80%	21.70%	
822	Purleigh Parish Council	19.6%	-2.90%	-0.40%	2.10%	16.70%	19.20%	21.70%	
840	Silver End Parish Council	19.6%	0.30%	1.20%	2.10%	19.90%	20.80%	21.70%	
75	Tollesbury Parish Council	19.6%	0.30%	1.20%	2.10%	19.90%	20.80%	21.70%	
843	West Bergholt Parish Council	19.6%	0.30%	1.20%	2.10%	19.90%	20.80%	21.70%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
Academies converted after 31 March 2016											
421	Alton Park Academy	17.1%	3.1%	3.8%	4.8%	5.8%	20.2%	20.9%	21.9%	22.9%	
441	Arthur Bugler Primary School	17.1%	4.0%	4.7%	5.7%	6.7%	21.1%	21.8%	22.8%	23.8%	
448	Bardfield Primary & Nursery School	17.1%	3.5%	4.1%	5.1%	6.1%	20.6%	21.3%	22.3%	23.3%	
458	Barling Magna Community Primary School	17.1%	3.5%	4.1%	5.1%	6.1%	20.6%	21.2%	22.2%	23.2%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
442	Blenheim Primary School & Children's Centre	17.1%	5.8%	5.8%	6.8%	7.8%	22.9%	22.9%	23.9%	24.9%	
457	Bournemouth Park Primary School	17.1%	5.6%	6.3%	7.3%	7.9%	22.7%	23.4%	24.4%	25.0%	
443	Bournes Green Infant School	17.1%	4.7%	5.4%	6.4%	7.4%	21.8%	22.5%	23.5%	24.5%	
438	Camulos Academy	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
447	Chadwell St Mary Primary School	17.1%	3.2%	3.9%	4.9%	5.9%	20.3%	21.0%	22.0%	23.0%	
456	Debden C of E Primary Academy	17.1%	2.8%	3.3%	4.3%	5.3%	19.9%	20.4%	21.4%	22.4%	
432	Diocese of Chelmsford Vine Schools	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
440	Friars Primary School & Nursery	17.1%	5.5%	6.2%	7.2%	7.9%	22.6%	23.3%	24.3%	25.0%	
459	Great Wakering Primary Academy	17.1%	3.5%	4.1%	5.1%	6.1%	20.6%	21.2%	22.2%	23.2%	
427	Hamstel Infant School & Nursery	17.1%	5.2%	5.9%	6.9%	7.9%	22.3%	23.0%	24.0%	25.0%	
428	Hamstel Junior School	17.1%	5.7%	5.7%	6.7%	7.7%	22.8%	22.8%	23.8%	24.8%	
446	Hinguar Primary School	17.1%	3.6%	4.3%	5.3%	6.3%	20.8%	21.4%	22.4%	23.4%	
422	Holland Park Academy	17.1%	2.3%	2.9%	3.9%	4.9%	19.4%	20.0%	21.0%	22.0%	
460	Kings Road	17.1%	4.2%	4.9%	5.9%	6.9%	21.3%	22.0%	23.0%	24.0%	
461	Lawford Mead Primary	17.1%	4.2%	4.9%	5.9%	6.9%	21.3%	22.0%	23.0%	24.0%	
430	Larkrise Primary School	17.1%	4.3%	5.0%	6.0%	7.0%	21.4%	22.1%	23.1%	24.1%	
439	Lubbins Park	17.1%	4.0%	4.7%	5.7%	6.7%	21.1%	21.8%	22.8%	23.8%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
445	Magna Carta Primary Academy	17.1%	3.3%	3.8%	4.8%	5.8%	20.4%	20.9%	21.9%	22.9%	
453	Market Field School	17.1%	2.6%	3.2%	4.2%	5.2%	19.7%	20.4%	21.4%	22.4%	
435	Merrylands Primary School	17.1%	2.3%	3.0%	4.0%	5.0%	19.4%	20.1%	21.1%	22.1%	
429	Northlands Primary School & Nursery	17.1%	2.4%	3.1%	4.1%	5.1%	19.5%	20.2%	21.2%	22.2%	
454	Perryfields Junior School	17.1%	3.9%	4.6%	5.6%	6.6%	21.0%	21.7%	22.7%	23.7%	
426	Phoenix Primary School & Nursery, The	17.1%	3.3%	3.9%	4.9%	5.9%	20.4%	21.0%	22.0%	23.0%	
418	Porters Grange	17.1%	4.7%	5.4%	6.4%	7.4%	21.8%	22.5%	23.5%	24.5%	
420	Ramsden Hall School	17.1%	2.9%	3.6%	4.6%	5.6%	20.0%	20.7%	21.7%	22.7%	
444	Richard de Clare Community School	17.1%	3.2%	3.9%	4.9%	5.9%	20.3%	21.0%	22.0%	23.0%	
431	Ryedene Primary School	17.1%	2.9%	3.5%	4.5%	5.5%	20.0%	20.6%	21.6%	22.6%	
455	Shalford Primary School	17.1%	2.8%	3.3%	4.3%	5.3%	19.9%	20.4%	21.4%	22.4%	
433	Sir Martin Frobisher Academy	17.1%	0.6%	1.2%	2.2%	3.2%	17.7%	18.3%	19.3%	20.3%	
451	St James Cof E Primary School Colchester	17.1%	2.7%	3.4%	4.4%	5.4%	19.8%	20.5%	21.5%	22.5%	
452	St Margaret's CofE Primary School Bowers Clifford	17.1%	4.9%	5.6%	6.6%	7.6%	22.0%	22.7%	23.7%	24.7%	
423	St Osyth CofE Primary School	17.1%	3.4%	4.1%	5.1%	6.1%	20.5%	21.2%	22.2%	23.2%	
424	Templars Primary & Nursery	17.1%	2.6%	3.2%	4.2%	5.2%	19.7%	20.3%	21.3%	22.3%	

Employer Code	Employer Name	Primary rate	Secondary rate (% pay plus monetary adjustment)				Total contributions (% pay plus monetary adjustment)				Specific notes
			2017/18 H1	2017/18 H2	2018/19	2019/20	2017/18 H1	2017/18 H2	2018/19	2019/20	
425	The Deanes School	17.1%	2.8%	3.3%	4.3%	5.3%	19.9%	20.4%	21.4%	22.4%	
437	The Willows Primary School	17.1%	3.2%	3.8%	4.8%	5.8%	20.3%	20.9%	21.9%	22.9%	
449	Thorpe Greenways Infant School	17.1%	5.1%	5.8%	6.8%	7.8%	22.2%	22.9%	23.9%	24.9%	
450	Thorpe Greenways Junior School	17.1%	4.1%	4.8%	5.8%	6.8%	21.2%	21.9%	22.9%	23.9%	
434	Thorpedene Primary School	17.1%	3.2%	3.9%	4.9%	5.9%	20.4%	21.0%	22.0%	23.0%	
419	West Leigh Junior School	17.1%	5.3%	5.3%	6.3%	7.3%	22.5%	22.5%	23.5%	24.5%	
285	West Thurrock Academy	17.1%	-0.3%	0.3%	1.3%	2.3%	16.8%	17.4%	18.4%	19.4%	
436	Whitmore Primary School & Nursery	17.1%	3.0%	3.6%	4.6%	5.6%	20.1%	20.8%	21.8%	22.8%	

Academies converted since 2016 valuation report issued											
642	John Ray Junior School	17.1%	4.2%	4.9%	5.9%	6.9%	21.3%	22.0%	23.0%	24.0%	
464	Maple Grove Primary School	17.1%	4.2%	4.9%	5.9%	6.9%	21.3%	22.0%	23.0%	24.0%	
465	Somers Heath Primary	17.1%	6.0%	6.0%	7.0%	7.9%	23.1%	23.1%	24.1%	25.0%	
463	Treetops School	17.1%	6.0%	6.0%	7.0%	7.9%	23.1%	23.1%	24.1%	25.0%	

# Barnett Waddingham Final Comments

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## Funding Strategy Statement

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

## Risks

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

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

Please note that this is not an exhaustive list. Further information will be set out in greater detail in the Funding Strategy Statement found in Section 6 of this report.

## Rates and Adjustment Certificate

The contributions payable in respect of benefit accrual, expenses and any deficit contributions under each employer's recovery period have been set out in Appendix 3 in the Rates and Adjustments Certificate in accordance with Regulation 62 of the Regulations. In this certificate no allowance will be made for additional costs arising which need to be met by additional contributions by the employer such as non-ill health early retirements.

The contributions as set out above in the Rates and Adjustments Certificate are set so that each employers assets (including future contributions) are projected to be sufficient to cover the benefit payments for their members, on the assumptions set out in this report. Where there is currently a deficit for an individual employer, this is targeted in line with the Fund's Funding Strategy Statement and all employers have a deficit recovery period of no longer than 27 years.

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

The next formal valuation is due to be carried out as at 31 March 2019 however we would recommend that the financial position of the Fund is monitored regularly during the period leading up to the next formal valuation.

**Graeme Muir FFA**  
**Barnett Waddingham LLP**  
**Mark Norquay 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 and 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 and 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 and 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 93 to 148 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 2017 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 and Customer Services*



## Fund Account

The table below shows the Essex Pension Fund Account for the year ended March 2017:

2015/16		2016/17	
£000	Note	£000	£000
		<b>Dealing with members and others directly involved in the Fund</b>	
		Contributions receivable	
(53,964)	3	Member contributions	(54,497)
(168,443)	3	Employers' contributions	(169,859)
(7,936)	4	Transfers in from other Pension Funds	(12,465)
(1,576)		Other income	(1,720)
<b>(231,919)</b>		<b>Total Income</b>	<b>(238,541)</b>
		<b>Expenditure</b>	
		Benefits payable	
177,467	5	Pensions	183,131
31,935		Commutation of pensions & lump sum retirement benefits	36,481
6,344		Lump sum death benefits	5,693
		Payments to and on account of Leavers	
544		Refunds of contributions	680
321		State scheme premiums	378
5,288	6	Transfers out to other schemes	11,890
33,097	7	Management expenses	36,645
<b>254,996</b>		<b>Total expenditure</b>	<b>274,898</b>
<b>23,077</b>		<b>Net additions from dealings with members</b>	<b>36,357</b>
		Returns on investments	
(87,752)	8	Investment income	(85,320)
(43,640)	9	Profit and losses on disposal of investments and changes in market value of investments	(947,557)
3,834	10	Taxes on income	2,571
<b>(127,558)</b>		<b>Net returns on investments</b>	<b>(1,030,306)</b>
<b>(104,481)</b>		<b>Net (increase)/decrease in the assets available for benefits during the year</b>	<b>(993,949)</b>
<b>(4,932,623)</b>		<b>Net assets as at 1 April</b>	<b>(5,037,104)</b>
<b>(5,037,104)</b>		<b>Net assets as at 31 March</b>	<b>(6,031,053)</b>

The Fund in 2016/17 has changed its policy in the treatment of administration recharges in accordance with CIPFA's guidance. In prior years admin expenses were offset by the administration income received to the Fund from employers. For 2016/17 the administration expenses (shown within management expenses above) are shown gross of this income. The income totalling £1.306m (£1.281m in 2015/16) is now shown under other income in the Fund Account. The change in policy has a net nil effect.

## Net Asset Statement

The table below shows the Essex Pension Fund Net Asset Statement for the year ended 31 March 2017 and 31 March 2016:

31 March 2016 £000	Note	31 March 2016 £000
	<b>9 Investments at market value</b>	
	Investment assets	
235,486	Fixed interest securities	241,885
3,124,105	Equities	3,797,199
144,369	Index linked securities	252,209
358,780	Property	366,185
215,089	Property unit trusts	211,841
247,281	Private Equity	297,552
162,085	Infrastructure	191,819
77,675	Timber	101,983
76,705	Illiquid Debt	101,367
248,358	Other managed funds	261,836
17,300	Derivative contracts	20,544
116,692	Cash/deposits	156,226
7,632	Other investment balances	9,084
<b>5,031,557</b>		<b>6,009,730</b>
	Investment liabilities	
(35,744)	Derivative contracts	(21,941)
(353)	Other investment balances	(2,977)
<b>(36,097)</b>		<b>(24,918)</b>
<b>4,995,460</b>	<b>▼ Total investments</b>	<b>5,984,812</b>
	<b>11 Long term assets</b>	
5,196	Contributions due from employers	4,294
	<b>11 Current assets and liabilities</b>	
	Current Assets	
26,311	Cash	35,592
17,669	Contributions due from employers and other current assets	17,257
<b>5,044,636</b>		<b>6,041,955</b>
	Current liabilities	
<b>(7,532)</b>	<b>▼ Unpaid benefits and other current liabilities</b>	<b>(10,902)</b>
<b>5,037,104</b>	<b>Net assets of the scheme available to fund benefits as at 31 March</b>	<b>6,031,053</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 2016.

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

The Council has delegated its pension functions to the Essex Pension Fund 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 Board. The Fund’s Investment Strategy Statement 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 700 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 2017. Employers can also opt to pay a reduced contribution. This is commonly referred to as the “50/50 option”. At any time an active member can opt to pay half of their normal contribution. This option results in the pension built up during this time being reduced by half. Employee contributions are matched by employers’ contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2016. 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 2016/17 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 2016/17 (SORP).

The Code also incorporates the 2015 Statement of Recommended Practice (SORP) 'Financial Reports of Pension Schemes'.

The accounts are prepared on a going concern basis.

The financial statements summarise the Fund's transactions for the financial year ended 31 March 2017 and its position as at 31 March 2017. 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 (IAS26) as at 31 March 2017 using IAS19 methodology is included in the notes to the accounts and can be found in Note 15. The actuarial position of the scheme as at 31 March 2016 is dealt with in Section 4 of 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 (also referred to as Primary 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 (also referred to as Secondary Contributions) are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund Actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and financial strain contributions are accounted for in the period in which the liability arises. Any amounts due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term 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 discloses its pension fund management expenses where possible, in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

#### 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 direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. In 2016/17 this totalled £1.955m (£2.346m in 2015/16).

The Fund in 2016/17 has changed its policy in the treatment of administration recharges in accordance with CIPFA's guidance. In prior years admin expenses were offset by the administration income received to the Fund from employers. For 2016/17 the administration expenses are shown gross of this income. The income totalling £1.306m (£1.281m in 2015/16) is now shown under other income in the Fund Account. The change in policy has a net nil effect.

#### 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 direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. In 2016/17 this totalled £1.249m (£1.073m 2015/16).

### **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. For the investment managers who manage the main asset classes of the Fund these are broadly based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. With the investment managers who manage the alternative assets the fees are generally calculated on a commitment basis.

Some of the Fund's investments are via pooled vehicles. In the majority of cases the investment manager deducts its management fees directly i.e. the Fund are not invoiced for these costs.

The gross up of management fees are offset through the change in market value of these investments.

Where an investment manager's fee 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 2016/17, £4.186m of fees is based on such estimates (2015/16: £3,037m). A creditor has been raised and the actual invoice amount is shown within current liabilities.

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

## **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.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 9). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted where possible the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/

Investment Association, 2016).

## **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 2016/17, these are mainly valued as at 31 December 2016, 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 2017 has been made. The 31 December valuation is adjusted for payments in receiving information from the private equity fund managers. In 2016/17 these are valued as at 31 December 2016 and are compiled in accordance with the guidelines issued by the British 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**

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 2017, 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 Actuarial present value of promised retirement benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 15).

### **2.22 Financial instruments**

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

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

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

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

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

### **2.23 Critical judgements in applying accounting policies**

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:

#### **2.23.1 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.

#### **2.23.2 Unquoted private equity**

Unquoted private equities are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted private equities as at 31 March 2017 was £297.6m (£247.3m as at 31 March 2016).

#### **2.23.3 Infrastructure**

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

The value of infrastructure as at 31 March 2017 was £191.8m (£162.1m as at 31 March 2016).

#### **2.23.4 Timber**

Timber valuations are determined by independent appraisers that typically estimate fair market values in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and standards of professional appraisal practice that prevail in the countries where assets are located. The value of timber as at 31 March 2017 was £102.0m (£77.7m as at 31 March 2016)

#### **2.23.5 Pension fund liability**

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

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

#### **2.24 Assumptions made about the future and other major sources of estimation uncertainty**

The Fund Accounts contains estimated figures that are based on assumptions made about the future or that are otherwise uncertain.

Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different

from the assumptions and estimates. The items in the Net Asset Statement at 31 March 2017 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>A 0.1% p.a. decrease in the discount rate assumption would result in an increase in the pension liability of £89m.</p> <p>An increase of the CPI assumption by 0.1% p.a. increases the value of liabilities by approximately £76m</p> <p>A 0.1% p.a. increase in the long-term rate of salary increase would increase the value of liabilities by approximately £8m.</p> <p>Increasing the long-term rate of improvement used in the mortality projection by 0.25% p.a. would increase the liability by approximately £54m.</p>
Freehold and Leasehold property Pooled Property Funds	Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of the property.	The effect of variations in the factors supporting the valuation could result in an increase or decrease in the value of directly held property currently valued as £366.2m.

Item	Uncertainties	Approximate effect if actual results differ from assumptions
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 £693m. There is a risk that this investment may be under or overstated in the accounts.

\* Results are taken from the 2016 Actuarial Valuation

## 2.25 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 authorised 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

2015/16 £000	2016/17 £000
53,964	54,497
Employee's normal contributions	
Employers' contributions	
114,743	116,907
Normal contributions	
48,247	48,613
Deficit recovery contributions	
5,453	4,339
Augmentation contributions	
<b>168,443</b>	<b>169,859</b>
<b>222,407</b>	<b>224,356</b>

The terminology for both employer contribution categories have now been changed as follows:

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

In 2014/15 Colchester Women's Refuge entered into a three year cessation plan. The final payment of £0.021m was paid in 2016/17.

In 2015/16 Essex County Scout Council entered into a five year cessation plan. The second instalment of £0.028m was received in 2016/17. Three further payments of £0.030m are due in 2017/18, 2018/19 and 2019/20.

In 2016/17 Southend Domestic Abuse Projects entered into a payment plan, agreeing 5 years of instalment totalling £0.076m with a review agreed as at March 2019 valuation.

In 2016/17 final termination amounts were received from University College London £0.457m and Inclusion Trust £0.500m.

### 3.2 By type

2015/16					2016/17	
Member £000	Member £000 restated	Employer £000	Employer £000 restated		Member £000	Employer £000
16,741	16,741	50,956	50,956	Administering Authority	16,631	49,942
32,540	33,558	101,047	104,499	Scheduled Bodies	34,657	109,190
949	-	5,499	-	Admitted Bodies	-	-
1,286	1,218	4,526	6,575	Community Admission Bodies	1,257	4,408
2,177	2,176	5,611	5,609	Transferee Admission Bodies	1,667	5,438
271	271	804	804	Resolution Bodies	285	881
<b>53,964</b>	<b>53,964</b>	<b>168,443</b>	<b>168,443</b>		<b>54,497</b>	<b>169,859</b>

An exercise took place in 2016/17 where the category of each employer was reviewed. This resulted in some revisions. 2015/16 figures have been restated to reflect the revised employer categories. This change had a nil effect on the bottom line.

#### 4 Transfers in from other schemes

2015/16 Transfers in £000		2016/17 Transfers in £000
-	Group transfers	-
7,936	Individual transfers	12,465
<b>7,936</b>	<b>Total</b>	<b>12,465</b>

During 2016/17 and 2015/16 no group transfers from other schemes were received.

#### 5 Benefits Payable

2015/16 £000	2015/16 £000 restated		2016/17 £000
65,215	62,215	Administering authority	66,286
91,145	95,237	Scheduled bodies	99,054
8,085	-	Admitted bodies	-
7,123	11,113	Community admission bodies	11,207
5,375	5,378	Transferee admission bodies	6,002
524	524	Resolution bodies	582
<b>177,467</b>	<b>177,467</b>	<b>Total</b>	<b>183,131</b>

An exercise took place in 2016/17 where the category of each employer was reviewed. This resulted in some revisions. 2015/16 figures have been restated to reflect the revised employer categories. This change had a nil effect on the bottom line.

#### 6 Transfers out to other schemes

2015/16 £000		2016/17 Transfers out £000
-	Group transfers	1,560
5,288	Individual transfers	10,330
<b>5,288</b>	<b>Total</b>	<b>11,890</b>

In 2016/17 there were 2 bulk transfers out both to Bedfordshire Pension Fund, Single Fraud Investigation Unit for £0.706m and Police for £0.854m. No amounts were payable in respect of group transfers to other schemes during 2015/16.

## 7 Management Expenses

### 7.1 By Type

2015/16 £000		2016/17 £000
2,346	Administrative costs	1,955
29,678	Investment management expenses	33,441
1,073	Oversight and governance	1,249
<b>33,097</b>	<b>Total</b>	<b>36,645</b>

The direct running costs recharged back to the Fund are apportioned out as per the CIPFA guidance on LGPS Management Costs.

Administration costs are now shown gross of administration income received from employers.

Administration Income received in from employers totalled £1.306m for 2016/17 (£1.281m in 2015/16) and is now shown within 'Other Income'.

Investment transaction costs are shown within Note 7 under Investment management expenses these were £0.723m for 2016/17 (£0.768m in 2015/16).

### 7.2 Investment Management Expenses

2015/16 £000		2016/17 £000
28,619	Management fees	32,325
294	Custody fees	393
768	Transaction Costs	723
<b>29,678</b>	<b>Total</b>	<b>33,441</b>

## 8. Investment Income

### 8.1 By type

2015/16 £000		2016/17 £000
25,865	Dividends from equity	27,863
1,016	Income from index linked securities	597
4,855	Private Equity Income	7,385
15,748	Infrastructure/timberland Income	10,216
11,978	Managed fund income	11,589
6,739	Income from pooled property investments	8,383
19,443	Net rent from property	14,120
458	Interest from cash deposits	528
1,056	Other	1,722
<b>87,158</b>	<b>Total investment income showing rent from property net</b>	<b>82,403</b>
594	Add back: Property Operating Expenses	2,917
<b>87,752</b>	<b>Total investment income showing rent from property gross</b>	<b>85,320</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

2015/16 £000		2016/17 £000
19,486	Rental Income from investment property	16,494
(290)	Direct operating expenses arising from investment property	(2,124)
<b>19,196</b>	<b>Total</b>	<b>14,370</b>

### 8.3 Contracted rental receivable

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

2016/17 £000		2016/17 £000
17,445	Within one year	17,372
51,547	Between one and five years	48,684
41,141	Beyond five years	34,010
<b>110,133</b>	<b>Contracted rent</b>	<b>100,066</b>

## 8.4 Movement in the fair value of investment properties

	Freehold £000	Leasehold £000	Total £000
<b>Fair value at 1 April 2015</b>	<b>240,745</b>	<b>81,390</b>	<b>322,135</b>
Additions	33,166	24	33,190
Disposals	(9,349)	(9,855)	(19,204)
Net gain/loss on fair value	20,008	2,651	22,659
<b>Fair value at 31 March 2016</b>	<b>284,570</b>	<b>74,210</b>	<b>358,780</b>
Additions	34,088	23	34,111
Disposals	(17,519)	(4,968)	(22,487)
Net gain/loss on fair value	(3,724)	(495)	(4,219)
<b>Fair value at 31 March 2017</b>	<b>297,415</b>	<b>68,770</b>	<b>366,185</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:

2016			2017	
£000's	%		£000's	%
79,117	1.6	Alcentra Ltd	110,431	1.8
63	-	Alliance Bernstein	68	-
619,170	12.4	Aviva Investors	614,135	10.3
398,000	8.0	Baillie Gifford and Co	545,337	9.1
283		FIL Pensions Management	80	-
242,654	4.9	Stewart Investors (formerly First State)	310,126	5.2
235,487	4.7	Goldman Sachs Asset Management International	241,885	4.0
256,999	5.1	Hamilton Lane	314,735	5.3
1,558,146	31.2	Legal and General Investment Management	1,784,487	29.8
(17,767)	-0.4	Legal and General Investment Management (Currency)	(1,923)	-
383,882	7.7	Longview Partners	496,049	8.3
392,774	7.9	Marathon Asset Management Ltd	515,330	8.6
346,624	6.9	M&G Investments	473,767	7.9
237,654	4.8	M&G Investments Alpha Opportunities	255,159	4.3
60,724	1.2	M&G Investments Infracapital	38,260	0.6
9,546	0.2	M&G Investments Financing Fund	5,882	0.1
106,673	2.1	Partners Group Management II S.à r.l	160,523	2.7

2016			2017	
£000's	%		£000's	%
1,158	-	RWC Specialist UK Focus Fund (formerly Hermes)	2,580	-
77,972	1.6	Stafford Timberland Limited	104,883	1.8
6,301	0.1	Other	13,018	0.2
<b>4,995,460</b>	<b>100.0</b>		<b>5,984,812</b>	<b>100.0</b>

## 9.2 Reconciliation of movements in investments and derivatives for the year ended 31 March 2017

2016/17	Value at 1 April 2016 £000	2016/17 Movement				Cash Movement £000	Value at 31 March 2017 £000
		Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000		
<b>Fixed interest securities</b>							
UK quoted	235,486	-	-	-	6,399		241,885
<b>Equities</b>	<b>3,124,105</b>	<b>289,068</b>	-	<b>(574,205)</b>	<b>958,231</b>		<b>3,797,199</b>
UK quoted	120,027	42,803	-	(36,939)	24,471		150,362
Overseas quoted	1,243,844	244,753	-	(251,333)	403,677		1,640,941
UK unit life assurance policies	263,814	-	-	(44,720)	46,475		265,569
Overseas unit life assurance policies	794,022	-	-	(236,832)	225,271		782,461
Global unit life assurance policies	355,774	-	-	(699)	129,024		484,099
Global unit trusts	346,624	1,512	-	(3,682)	129,313		473,767
<b>Index linked securities</b>	<b>144,369</b>	<b>106,275</b>	-	<b>(35,710)</b>	<b>37,275</b>		<b>252,209</b>
Index linked unit life assurance policies	50,770	99,700	-	(29,706)	17,232		137,996
UK public sector quoted	93,599	6,575	-	(6,004)	20,043		114,213
<b>Properties</b>	<b>573,869</b>	<b>46,274</b>	<b>1</b>	<b>(37,687)</b>	<b>(4,431)</b>	-	<b>578,026</b>
UK properties (freehold)	284,570	34,088	-	(17,519)	(3,724)		297,415
UK properties (leasehold)	74,210	23	-	(4,968)	(495)		68,770
Property unit trusts	215,089	12,163	1	(15,200)	(212)		211,841
<b>Private equity</b>	<b>247,281</b>	<b>51,049</b>	-	<b>(77,142)</b>	<b>76,364</b>	-	<b>297,552</b>
UK unquoted	39	-	-	(13)	(5)		21
Overseas unquoted	247,242	51,049	-	(77,129)	76,369		297,531
<b>Infrastructure</b>	<b>162,085</b>	<b>59,354</b>	-	<b>(65,016)</b>	<b>35,396</b>	-	<b>191,819</b>
UK unquoted	60,724	-	-	(45,744)	16,316		31,296
overseas unquoted	101,361	59,354	-	(19,272)	19,080		160,523

2016/17	2016/17 Movement						Value at 31 March 2017 £000
	Value at 1 April 2016 £000	Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000	Cash Movement £000	
<b>Timber (Overseas unquoted)</b>	<b>77,675</b>	<b>15,991</b>	-	<b>(1,003)</b>	<b>9,320</b>		<b>101,983</b>
<b>Illiquid Debt</b>	<b>76,705</b>	<b>35,028</b>	-	<b>(12,054)</b>	<b>1,688</b>	-	<b>101,367</b>
UK unquoted	25,294	-	-	(126)	3,084		28,252
Overseas unquoted	51,411	35,028	-	(11,928)	(1,396)		73,115
<b>Other managed funds</b>							
UK unquoted	<b>248,358</b>	<b>6,721</b>	-	<b>(6,983)</b>	<b>13,740</b>		<b>261,836</b>
<b>Cash</b>							
Cash deposits held at the custodian/other	<b>116,692</b>	-	-	<b>186,425</b>	<b>(186,425)</b>	<b>39,534</b>	<b>156,226</b>
Sterling	76,543					25,531	102,074
Foreign currency	40,149			186,425	(186,425)	14,003	54,152
	<b>5,006,625</b>	609,760	1	(623,375)	947,557	39,534	<b>5,980,102</b>
<b>Other investment balances</b>							
Assets	<b>7,632</b>						<b>9,084</b>
Amounts receivable for sales of investments	1,720						2,663
Investment income due	5,912						6,421
Liabilities	<b>(353)</b>						<b>(2,977)</b>
Amounts payable for purchase of investments	(203)						(2,619)
Investment withholding tax payable	(150)						(255)
Amounts payable in respect of GLF	-						(103)
<b>Derivative pending foreign currency contracts</b>	<b>(18,444)</b>						<b>(1,397)</b>
Assets	17,300						20,544
Liabilities	(35,744)						(21,941)
	<b>4,995,460</b>						<b>5,984,812</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 2016/17 the total transaction costs were £0.723m (£0.768m in 2015/16). These are included within investment management expenses (Note 7).

### 9.3 Reconciliation of movements in investments and derivatives for the year ended 31 March 2016

2015/16	2015/16 Movement						Value at 1 March 2016 £000
	Value at 1 April 2015 £000	Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000	Cash Movement £000	
<b>Fixed interest securities</b>							
UK quoted	232,568	-	-	-	2,918		235,486
<b>Equities</b>	<b>3,065,508</b>	<b>460,422</b>	<b>-</b>	<b>(400,626)</b>	<b>(1,199)</b>		<b>3,124,105</b>
UK quoted	153,973	9,641	(1,694)	(36,200)	(5,693)		120,027
Overseas quoted	1,278,488	254,675	(98,301)	(209,200)	18,182		1,243,844
UK unit life assurance policies	243,770	37,379	(3,388)	(9,603)	(4,344)		263,814
Overseas unit life assurance policies	780,132	137,901	26,087	(142,342)	(7,756)		794,022
Global unit life assurance policies	309,953	585	47,975	(540)	(2,199)		355,774
Global unit trusts	299,192	20,241	29,321	(2,741)	611		346,624
<b>Index linked securities</b>	<b>216,532</b>	<b>45,558</b>	<b>11</b>	<b>(119,397)</b>	<b>1,565</b>		<b>144,369</b>
Index linked unit life assurance policies	40,702	26,366	75,001	(92,361)	1,062		50,770
UK public sector quoted	175,830	19,192	(74,890)	(27,036)	503		93,599
<b>Properties</b>	<b>539,587</b>	<b>39,642</b>	<b>5,608</b>	<b>(45,049)</b>	<b>34,081</b>	-	<b>573,869</b>
UK properties (freehold)	240,745	33,166	-	(9,349)	20,008		284,570
UK properties (leasehold)	81,390	24	-	(9,855)	2,651		74,210
Property unit trusts	217,452	6,452	5,608	(25,845)	11,422		215,089
<b>Private equity</b>	<b>237,979</b>	<b>46,354</b>	<b>-</b>	<b>(69,980)</b>	<b>32,928</b>	-	<b>247,281</b>
UK unquoted	164	-	-	(125)	-		39
Overseas unquoted	237,815	46,354	-	(69,855)	32,928		247,242
<b>Infrastructure</b>	<b>158,975</b>	<b>24,534</b>	<b>-</b>	<b>(49,110)</b>	<b>27,686</b>	-	<b>162,085</b>
UK unquoted	84,080	1,330	-	(38,671)	13,985		60,724
overseas unquoted	74,895	23,204	-	(10,439)	13,701		101,361
<b>Timber (Overseas unquoted)</b>	<b>49,057</b>	<b>19,134</b>	<b>-</b>	<b>(1,074)</b>	<b>10,558</b>		<b>77,675</b>
<b>Illiquid Debt</b>	<b>63,329</b>	<b>12,564</b>	<b>-</b>	<b>(3,853)</b>	<b>4,665</b>	-	<b>76,705</b>
UK unquoted	24,442	-	-	(69)	921		25,294
Overseas unquoted	38,887	12,564	-	(3,784)	3,744		51,411

2015/16	2015/16 Movement						Value at 1 March 2016 £000
	Value at 1 April 2015 £000	Purchases £000	Net Transfers £000	Sale Proceeds £000	Change in Market Value £000	Cash Movement £000	
<b>Other managed funds</b>							
UK unquoted	253,665	5,648	-	(4,081)	(6,874)		248,358
Overseas unquoted	-						-
<b>Cash</b>							
Cash deposits held at the custodian/other	109,810	-	-	62,688	(62,688)	6,882	116,692
Sterling	71,342					5,201	76,543
Foreign currency	38,468			62,688	(62,688)	1,68	40,149
	<b>4,927,010</b>	653,856	5,719	(630,482)	43,640	6,882	<b>5,006,625</b>
<b>Other investment balances</b>							
Assets	<b>6,434</b>						<b>7,632</b>
Amounts receivable for sales of investments	1,232						1,720
Investment income due	5,202						5,912
Liabilities	<b>(1,987)</b>						<b>(353)</b>
Amounts payable for purchase of investments	(1,873)						(203)
Investment withholding tax payable	(114)						(150)
<b>Derivative pending foreign currency contracts</b>	<b>(25,304)</b>						<b>(18,444)</b>
Assets	22,902						17,300
Liabilities	(48,206)						(35,744)
	<b>4,906,153</b>						<b>4,995,460</b>

#### 9.4 Analysis of investments by asset type

31 March 2016 £000		31 March 2017 £000
	<b>Fixed interest securities</b>	
<b>235,486</b>	UK quoted	<b>241,885</b>
<b>3,124,105</b>	<b>Equities</b>	<b>3,797,199</b>
120,027	UK quoted	150,362
1,243,844	Overseas quoted	1,640,941
263,814	UK unit life assurance policies	265,569
794,022	Overseas unit life assurance policies	782,461
355,774	Global unit life assurance policies	484,099
346,624	Global unit trusts	473,767
<b>144,369</b>	<b>Index-linked securities</b>	<b>252,209</b>
50,770	UK unit linked life assurance policies	137,996
93,599	UK public sector quoted	114,213
<b>573,869</b>	<b>Property</b>	<b>578,026</b>
284,570	UK properties (freehold)	297,415
74,210	UK properties (leasehold)	68,770
215,089	Property unit trusts	211,841
<b>247,281</b>	<b>Private Equity</b>	<b>297,552</b>
39	UK unquoted	21
247,242	Overseas unquoted	297,531
<b>162,085</b>	<b>Infrastructure</b>	<b>191,819</b>
60,724	UK unquoted	31,296
101,361	Overseas unquoted	160,523
<b>77,675</b>	<b>Timber:</b> Overseas unquoted	<b>101,983</b>
<b>76,705</b>	<b>Illiquid Debt</b>	<b>101,367</b>
25,294	UK unquoted	28,252
51,411	Overseas unquoted	73,115
<b>248,358</b>	<b>Other managed funds:</b> UK unquoted	<b>261,836</b>
<b>(18,444)</b>	<b>Derivative contracts</b>	<b>(1,397)</b>
<b>17,300</b>	<b>Assets:</b> Derivative pending foreign currency contracts	20,544
<b>(35,744)</b>	<b>Liabilities:</b> Derivative pending foreign currency contracts	(21,941)

31 March 2016 £000		31 March 2017 £000
	<b>Cash Deposits</b>	
<b>116,692</b>	<b>Cash deposits held at custodian/other</b>	<b>156,226</b>
76,543	Sterling	102,074
40,149	Foreign currency	54,152
<b>4,988,181</b>		<b>5,978,705</b>
	<b>Other investments balances</b>	
<b>7,632</b>	<b>Assets</b>	<b>9,084</b>
1,720	Amounts receivable for sales of investments	2,663
5,912	Investment income due	6,421
<b>(353)</b>	<b>Liabilities</b>	<b>(2,977)</b>
(203)	Amounts payable for purchase of investments	(2,619)
(150)	Investment withholding tax payable	(255)
-		(103)
<b>4,995,460</b>	<b>Value at 31 March</b>	<b>5,984,812</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 2016			31 March 2017	
£000	%		£000	%
355,774	7.1	Legal and General FTSE RAFI AW 3000 Index	484,099	8.0
346,624	6.9	M&G Investments Global Dividend Fund	473,767	7.9
344,396	6.8	Legal and General North America Equity Index	340,024	5.6
257,839	5.1	Legal and General Europe (ex UK) Equity Index	258,444	4.3

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

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

31 March 2016			31 March 2017	
£'000	%	Asset Type / Name	£'000	%
<b>UK QUOTED EQUITIES</b>				
20,188	16.8%	Unilever plc Ord GBP 0.031	25,396	16.9%

31 March 2016			31 March 2017	
£'000	%	Asset Type / Name	£'000	%
16,255	13.5%	WPP Plc Ord GBP 0.10	18,933	12.6%
-	-	Whitbread Ord GBP 0.76	16,428	10.9%
14,038	11.7%	Compass Group Ord GBP 0.10	16,096	70.7%
13,263	11.1%	Lloyds Banking GP Ord GBP 0.1	12,932	8.6%
7,592	6.3%	Sabmiller plc Ord USD 0.10	-	-
7,224	6.0%	Arm Holdings Ord GBP 0.0005	-	-
6,020	5.0%	Reckitt Benck GBP Ord GBP0.10	6,135	4.1%
<b>PROPERTY</b>				
26,900	7.5%	Canning Town Business Park, London	30,140	8.2%
-	-	201 Deansgate, Manchester	29,150	8.0%
21,950	6.1%	48/49 Chancery Lane, London	20,800	5.7%
<b>PROPERTY UNIT TRUSTS</b>				
34,388	16.0%	Aviva Investors Property Fund	25,711	12.1%
19,616	9.1%	Industrial Property Investment Fund	20,958	9.9%
13,679	6.4%	Unite UK Student Accommodation Fund	19,081	9.0%
18,846	8.8%	Blackrock UK Property Fund	18,855	8.9%
16,174	7.5%	Standard Life Property Fund Closed	16,456	7.8%
14,726	6.8%	Lothbury Property Fund	15,495	7.3%
14,756	6.9%	Airport Industrial Fund	15,353	7.2%
13,986	6.5%	Standard Life UK Shopping Centre	13,639	6.4%
12,020	5.6%	Henderson UK Retail Warehouse Fund	10,900	5.1%
<b>PRIVATE EQUITY</b>				
11,409	4.6%	American Securities Partners VI LP	16,088	5.4%
<b>INFRASTRUCTURE</b>				
50,068	30.9%	Partners Group Global Infrastructure 2009 S.C.A., SICAR	52,777	27.5%
31,948	19.7%	Partners Group Global Infrastructure 2012 LP	47,252	24.6%
4,523	2.8%	Partners Group Global Infrastructure 2015 (USD) S.C.A., SICAR	34,967	18.2%
60,724	37.5%	Infracapital Partners	31,296	16.3%

31 March 2016			31 March 2017	
£'000	%	Asset Type / Name	£'000	%
14,513	9.0%	Partners Group Global Infrastructure 2011 S.C.A., SICAR	16,586	8.6%
		<b>TIMBER</b>		
47,405	61.0%	Stafford International Timberland VI Fund LP	52,523	51.5%
30,270	39.0%	Stafford International Timberland VII Fund (No 2) LP	49,460	48.5%
		<b>ILLIQUID DEBT</b>		
51,412	67.0%	Clareant European DLF Investor Feeder (No.2) LP	47,225	46.6%
25,294	33.0%	Alcentra Global Multi-Credit Solutions Class IV A GBP	28,252	27.9%
		Clareant European Direct Lending Fund II (GBP) LP	25,890	25.5%
		<b>OTHER MANAGED FUNDS</b>		
237,654	95.7%	M&G Alpha Opportunities Fund	255,159	97.4%
		<b>CASH</b>		
29,730	25.5%	Northern Trust Liquidity Fund GBP	50,057	32.1%
36,360	31.2%	BNP Paribas Investment Partners GBP	40,861	26.2%
22,334	19.1%	Northern Trust Liquidity Fund US\$	29,906	19.2%
-	-	BNP Paribas Investment Partners US\$	10,106	6.5%

## 9.7. Analysis of derivatives

### 9.7.1 Objectives and policies for holding derivatives

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

### 9.7.2 Futures

There were no outstanding exchange traded futures contracts as at 31 March 2017 and 31 March 2016.

### 9.7.3 Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment returns, 66.6% (63.9% in 2015/16) of the Fund's NAS is in overseas assets

as at 31 March 2017. 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 2017

Settlement	Currency Bought	Local value £000	Currency sold	Local value £000	Asset value £000	Liability value £000	Net value £000
Up to one month	AUD	27,196	GBP	16,918	-	(327)	(327)
Up to one month	CAD	25,990	GBP	15,683	-	(98)	(98)
Up to one month	CHF	25,253	GBP	20,392	-	(216)	(216)
Up to one month	EUR	83,857	GBP	72,700	-	(974)	(974)
Up to one month	GBP	15,885	AUD	27,247	-	(738)	(738)
Up to one month	GBP	15,620	CAD	25,990	36	-	36
Up to one month	GBP	19,898	CHF	25,253	-	(278)	(278)
Up to one month	GBP	88,527	EUR	104,232	-	(631)	(631)
Up to one month	GBP	54,176	JPY	7,901,132	-	(2,529)	(2,529)
Up to one month	GBP	9,085	SEK	104,857	-	(307)	(307)
Up to one month	GBP	367,192	USD	455,626	2,822	-	2,822
Up to one month	GBP	38	ZAR	632	-	-	-
Up to one month	GBP	17	BRL	68	-	-	-
Up to one month	GBP	29	HKD	279	-	-	-
Up to one month	JPY	7,901,132	GBP	56,478	227	-	227
Up to one month	JPY	62,384	USD	561	-	(1)	(1)
Up to one month	SEK	101,405	GBP	9,261	-	(179)	(179)
Up to one month	USD	454,155	GBP	365,872	-	(2,679)	(2,679)
Up to one month	USD	4	JPY	484	-	-	-
Up to one month	ZAR	14	GBP	1	-	-	-
One to six months	GBP	49,574	AUD	81,078	244	-	244
One to six months	GBP	47,470	CAD	78,129	651	-	651
One to six months	GBP	61,391	CHF	76,328	270	-	270
One to six months	GBP	239,024	EUR	278,444	508	-	508
One to six months	GBP	169,580	JPY	23,826,145	-	(1,584)	(1,584)
One to six months	GBP	25,707	SEK	284,145	215	-	215
One to six months	GBP	1,134,218	USD	1,415,236	4,171	-	4,171
<b>Open forward currency contracts at 31 March 2017</b>					<b>9,144</b>	<b>(10,541)</b>	<b>(1,397)</b>
<b>Open forward currency contracts at 31 March 2016</b>					<b>20,031</b>	<b>(38,475)</b>	<b>(18,444)</b>

### 9.7.5 Analysis of open forward currency contracts as at 31 March 2016

Settlement	Currency Bought	Local value £000	Currency sold	Local value £000	Asset value £000	Liability value £000	
Up to one month	AUD	28,380	GBP	15,073	116	-	116
Up to one month	CAD	24,175	GBP	12,880	123	-	123
Up to one month	CHF	28,689	GBP	20,793	50	-	50
Up to one month	EUR	81,608	GBP	64,460	242	-	242
Up to one month	GBP	13,491	AUD	28,388	-	(1,702)	(1,702)
Up to one month	GBP	11,605	CAD	24,175	-	(1,398)	(1,398)
Up to one month	GBP	19,408	CHF	28,689	-	(1,435)	(1,435)
Up to one month	GBP	76,654	EUR	104,265	-	(6,018)	(6,018)
Up to one month	GBP	33,840	JPY	6,104,120	-	(3,946)	(3,946)
Up to one month	GBP	6,075	SEK	77,074	-	(540)	(540)
Up to one month	GBP	282,414	USD	421,526	-	(10,863)	(10,863)
Up to one month	GBP	-	ZAR	9	-	-	-
Up to one month	JPY	6,104,120	GBP	38,380	-	(594)	(594)
Up to one month	SEK	77,074	GBP	6,568	47	-	47
Up to one month	USD	421,526	GBP	298,081	-	(4,805)	(4,805)
One to six months	GBP	39,775	AUD	(77,717)	-	(1,684)	(1,684)
One to six months	GBP	34,466	CAD	(66,568)	-	(1,335)	(1,335)
One to six months	GBP	53,427	CHF	(74,174)	-	(615)	(615)
One to six months	GBP	203,578	EUR	(260,131)	-	(3,028)	(3,028)
One to six months	GBP	142,753	JPY	(22,848,727)	1,081	-	1,081
One to six months	GBP	21,505	SEK	(256,012)	-	(512)	(512)
One to six months	GBP	902,202	USD	(1,270,596)	18,372	-	18,372
<b>Open forward currency contracts at 31 March 2016</b>					<b>20,031</b>	<b>(38,475)</b>	<b>(18,444)</b>
<b>Open forward currency contracts at 31 March 2015</b>					<b>11,970</b>	<b>(37,274)</b>	<b>(25,304)</b>

## 10 Taxation

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

2015/16 £000	2016/17 £000
560 UK withholding tax	206
3,157 Overseas withholding tax	2,130
117 Payment to HMRC in respect of returned contributions	235
<b>3,834 Total</b>	<b>2,571</b>

## 11 Current Assets and Liabilities

### Current Assets

#### 11.1 Analysis of current assets

31 March 2016 £000	31 March 2017 £000	£000
<b>Cash Balances</b>		
788 Cash at bank	1,560	
25,523 Cash on short term deposit within 3 months	34,032	
<b>26,311</b>		<b>35,592</b>
<b>Debtors</b>		
3,784 Contributions due – employees	4,091	
13,398 Contributions due – employers	12,410	
487 Sundry debtors	756	
<b>17,669</b>		<b>17,257</b>
<b>43,980 Total</b>		<b>52,849</b>

#### 11.2 Analysis of debtors

31 March 2016		31 March 2017	
Short term £000	Long term £000	Short term £000	Long term £000
3,505	5,058	4,513	3,810
11,412	24	10,107	17
29	-	19	-
2,033	114	1,968	467
690	-	650	-
<b>17,669</b>	<b>5,196</b>	<b>17,257</b>	<b>4,294</b>
<b>Total</b>			

### 11.3 Analysis of long term debtors by type

31 Mar 2016 £000	31 Mar 2017 £000
<b>Long Term Debtors</b>	
83 Financial strain instalments due	160
5,113 Other employer contributions due	4,134
<b>5,196 Total</b>	<b>4,294</b>

### 11.4 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

### 11.5 Analysis of current liabilities

31 Mar 2016 £000	31 Mar 2017 £000
<b>Creditors</b>	
(193) Contributions due – employers	(316)
(3,037) Investment manager fees payable	(4,186)
(4,091) Benefits payable	(4,246)
(211) Other	(2,154)
<b>(7,532) Total</b>	<b>(10,902)</b>

### 11.6 Analysis of creditors

31 Mar 2016 £000	31 Mar 2017 £000
<b>Creditors</b>	
(111) Central government bodies	(282)
(1,399) Other local authorities	(3,668)
(2) NHS bodies	-
(851) Public corporations and trading funds	(296)
(5,169) Other entities and individuals	(6,656)
<b>(7,532) Total</b>	<b>(10,902)</b>

### 11.7 Contingent Liabilities and Contractual Commitments

As at 31 March 2017 the Fund had a commitment to contribute a further £654.7m to its existing partnership investments, including private equity, infrastructure, illiquid debt, timber and financing (£479.2m as at 31 March 2016). 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.

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

2015/16 £000	2016/17 £000
6,178 Value of AVC fund at beginning of year	5,837
655 Employees contributions	703
(27) Investment income and change in market value	669
(969) Benefits paid and transfers out	(873)
<b>5,837</b>	<b>6,336</b>

#### 12.2 Analysis of AVC investments by Provider

2015/16 £000	2016/17 £000
131 Equitable Life	112
718 Prudential	1,031
4,988 Standard Life	5,193
<b>5,837</b>	<b>6,336</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 gross costs of £2.516m (£2.495m in 2015/16) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Fund and contributed £49.942m to the Fund in 2016/17 (£50.956m in 2015/16). 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 23 March 2016. This service is provided to the Fund at a cost of £0.027m (£0.026m in 2015/16).

During the year to 31 March 2017, the Pension Fund had an average investment balance of £30.618m (£27.089m in 2015/16) earning £0.117m interest (£0.143m in 2015/16).

### **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 2015 the entitlement of Councillors to join the Pension fund has now been removed. Those Members of the Essex Pension Fund Strategy Board and Investment Steering Committee who, during 2016/17, were also members of the LGPS are listed overleaf.

<b>County Councillors</b>	S. Barker N. J. Hume J. Whitehouse* K. Bobbin* M. Mackrory*
<b>Representative of scheme employers</b>	C. Riley
<b>Representative of scheme members</b>	S. Child
<b>Representative of smaller employing bodies</b>	J. Moore
* Membership relates to non-councillor service	

From 1 April 2015 pension funds were required to establish a local Pensions Board under section 5 of the Public Service Pensions Act 2013 and Local Government Pension Scheme Regulations 2013. Members of this new Board (Essex Pension Fund Advisory Board), who, during 2016/17, were also members of the LGPS are listed below:

<b>Representatives of scheme employers</b>	J. Durrant S. Walsh
<b>Representative of scheme members</b>	K. Flowers** P. Hewitt J. Hunt
**Member of PAB until January 2017	M. Paget

The employees of Essex County Council who held key positions in the financial management of the Essex Pension Fund during 2016/17 were the Executive Director for Corporate and Customer Services, the Director for Essex Pension Fund and the Head of Essex Pension Fund. During 2016/17 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 2016/17 was £0.156m (£0.164m in 2015/16). The 2016/17 current service cost in respect of these personnel was £0.068m (£0.075m in 2015/16). 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 **Agency Services**

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

2015/16 £000		2016/17 £000
1,554	Administering authority	1,514
5,509	Scheduled bodies	5,356
-	- Admitted Bodies	-
152	Community admission bodies	137
1	Transferee admission bodies	-
2	Resolution bodies	2
22	Former employers'	22
<b>7,240</b>		<b>7,031</b>

## 15 Actuarial Present Value of Promised Retirement Benefit

### 15.1 Actuarial Valuation 2016

An actuarial valuation of the Essex Pension Fund was carried out as at 31 March 2016 to determine the contribution rates with effect from 1 April 2017 to 31 March 2020.

On the basis of the assumptions adopted, the valuation revealed that the value of the Fund's assets of £4,993m (on a smoothed basis) represented 89% of the Funding Target liabilities of £5,598m at the valuation date. The valuation also showed that a primary rate of contribution of 16.3% of Pensionable Pay per annum was required from employers. The primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

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

The 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:

	<b>Past and Future liabilities</b>
	<b>Rate per annum</b>
Rate of discount	<b>5.10%</b>
Short term pay increase	<b>In line with CPI assumptions for 31 March 2016 to 31 March 2020</b>
Long term pay increase	<b>3.90%</b>
Rate of increase to pensions in payment	<b>2.40%</b>
Pension increases on GMP	<b>Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that Funds will be required to pay the entire inflationary increases.</b>

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2019. Based on the results of this valuation, the contributions payable by the individual employers will be revised with effect from 1 April 2020.

## 15.2 IAS 19 Actuarial present value of promised retirement benefits

Many of the Fund's employers comply with the accounting disclosure requirements of either IAS 19 or FRS 102. These accounting standards specify the approach taken when calculating liabilities for disclosure in an employer's annual accounts. IAS 19 / FRS 102 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 102.

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

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

In order to assess the present value of the Fund's obligation on this basis, the Actuary, allowing for the different financial assumptions required under IAS 19 has used a roll forward approach in valuing the Fund's liabilities which were last calculated at the triennial actuarial valuation as at 31 March 2016.

Liabilities are valued using a discount rate based on corporate bond yields. At 31 March 2017 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 2017 is 19 years which in turn means a discount rate of 2.7% per annum (3.6% as at 31 March 2016). The value of the Fund's promised retirement benefits as at 31 March 2017 was £9,485m (£7,438m as at 31 March 2016).

## 16 Financial Instruments

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

### 16.1 Classification of financial instruments

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

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

The debtor figure of £21.551m as at 31 March 2017 (£22.865m as at 31 March 2016) has been classified as statutory debtors and therefore been excluded from the below note.

The creditor figure of £10.902m as at 31 March 2017 (£7.532 as at 31 March 2016) excludes statutory creditors of £6.716m (£4.495m as at 31 March 2016).

In addition financial assets held by the Fund on a direct basis for example direct property has also been excluded for the below note.

31 March 2016			31 March 2017		
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
<b>Financial assets</b>					
235,486	-	- Fixed interest securities	241,885	-	-
3,124,105	-	- Equities	3,797,199	-	-
144,369	-	- Index linked securities	252,209	-	-
215,089	-	- Pooled unit trusts	211,841	-	-

31 March 2016			31 March 2017		
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
247,281	-	- Private equity	297,552	-	-
143,049	-	- Infrastructure	140,266	-	-
77,675	-	- Timber	101,983	-	-
25,293	-	- Illiquid debt	28,252	-	-
248,358	-	- Other managed funds	261,836	-	-
17,300	-	- Derivative contracts	20,544	-	-
-	143,003	- Cash deposits	-	191,818	-
7,632	-	- Other investment balances	9,084	-	-
-	-	- Debtors	-	-	-
<b>4,485,637</b>	<b>143,003</b>	-	<b>5,362,651</b>	<b>191,818</b>	-
		<b>Financial liabilities</b>			
(35,744)	-	- Derivative contracts	(21,941)	-	-
(353)	-	- Other investments balances	(2,977)	-	-
-	-	(3,037) Creditors	-	-	(4,186)
(36,097)	-	(3,037)	(24,918)	-	(4,186)
<b>4,449,540</b>	<b>143,003</b>	<b>(3,037)</b>	<b>5,337,733</b>	<b>191,818</b>	<b>(4,186)</b>
		<b>Balance at the end of the year</b>			
		<b>4,589,506</b>			<b>5,525,365</b>
		<b>Total</b>			

## 16.2 Net gains and losses on financial instruments

Asset value as at 31 March 2016 £000		Asset value as at 31 March 2017 £000
	<b>Financial assets</b>	
75,863	Fair value through profit and loss	1,133,174
(62,688)	Loans and receivables	(186,425)
<b>13,175</b>	<b>Total</b>	<b>946,749</b>

Financial assets held by the Fund on a direct basis for example direct property has also been excluded for the below note.

The net gains and losses differs from the Fund Account by gains and losses of financial assets held directly. The gains and losses of these assets were as at £0.808m 31 March 2017 (£30.465m as at 31 March 2016).

### **16.3 Valuation of financial instruments carried at fair value**

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

#### **16.3.1 Level 1**

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

#### **16.3.2 Level 2**

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

#### **16.3.3 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.

## Fair Value Basis

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
Market Quoted Equities Unit Trusts Money Market Funds Absolute Returns	Level 1	Published Bid Market Price	N/A	N/A
Unit Linked Life Assurance Policies	Level 2	Valuation technique with quoted prices of a similar asset	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place
Fixed Income	Level 2	The prices are published reflecting the NAV at each dealing point but are not exchange traded	Price of recent transactions for identical instrument	Significant change in economic circumstances or time lapse since the transaction took place
Forward Foreign Exchange Derivatives	Level 2	Market exchange rates at the year end	Price of recent transactions for identical instrument	Risk of an exchange rate changing between the transaction date and the subsequent settlement date volatility of the exchange rates during the hedge period
Property	Level 3	Assets are based on valuations received from the Managers which are determined in accordance with the last known NAV and adjusted for subsequent capital calls and distributions and other relevant information provided by the real estate fund	Pricing inputs are unobservable and include situations where there is little market activity Estimated rental growth Covenant strength for existing tendancies Discount rate Land/building valuation surveys	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market prices and volume of sales and purchases

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
Distressed Debt	Level 3	The valuation techniques used include comparison to recent arm's length transactions, reference to other instruments that are sustainably the same, discounted cash flow analysis, option adjusted spread models and, if applicable, enterprise valuation	These techniques may include a number of assumptions relating to variables such as credit risk and interest rates	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, earning multiple and discount rates used in the discounted cash flow analysis
Infrastructure	Level 3	The valuation of the investment assets is 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	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets Valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows and fair value adjustments
Private Equity	Level 3	The valuation of the investment are carried at fair value as determined in good faith by the General Partner in accordance with the terms of the Partnership Agreement and US GAAP	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets Valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, earning multiple and discount rates used in the discounted cash flow analysis

Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key Sensitivities affecting the Valuation
Timberlands	Level 3	Valuation technique is based on accepted valuation techniques that include discounted cashflow and multiple earnings	Management's cash flow projections Estimates of growth expectations and profitability Profit margin expectations Adjustments to current prices for similar assets Valuation techniques	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Funds reporting date by changes to expected cash flows, earning multiple and discount rates used in the discounted cash flow analysis

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 2016				Values as at 31 March 2017		
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
			<b>Financial assets</b>			
2,047,211	1,730,039	708,387	Fair value through profit and loss	2,630,251	1,952,506	779,894
143,003	-	-	Loans and receivables	191,818	-	-
<b>2,190,214</b>	<b>1,730,039</b>	<b>708,387</b>		<b>2,822,069</b>	<b>1,952,506</b>	<b>779,894</b>
			<b>Non Financial assets</b>			
		<b>429,228</b>	Fair value through profit and loss			<b>490,853</b>
			<b>Financial liabilities</b>			
(353)	(35,744)	-	Fair value through profit and loss	(2,977)	(21,941)	-
(3,037)	-	-	Financial liabilities measured at amortised cost	(4,186)	-	-

Values as at 31 March 2016				Values as at 31 March 2017			
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	
(3,390)	(35,744)	-		(7,163)	(21,941)	-	
2,186,824	1,694,295	1,137,615	Total net assets per level	2,814,906	1,930,565	1,270,747	
		5,018,734	Total Net Assets			6,016,218	

#### 16.4 Transfers between hierarchy levels

The Pensions Research Accountants Group (PRAG) published a practical guidance for investment disclosures during 2016 in response to FRS102 amendments in respect of the fair value hierarchy disclosures alignment with IFRS. The paper states that pooled fund holdings should not just be analysed in terms of their underlying investments but should also be dependent on the nature and the investors ability to exit the holding. Taking this into account the following movements have been made.

Values as at 31 March 2016				Values as at 31 March 2017			
Movement to/(from)				Movement to/(from)			
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	
			<b>Financial assets</b>				
			Fair value through profit and loss				
(1,413,610)	1,413,610		L&G equity unit assurance policies	(1,532,129)	1,532,129		
(50,770)	50,770		L&G index linked unit assurance policies	(137,996)	137,996		
(17,300)	17,300		Derivative Contracts	(20,544)	20,544		
	(215,089)	215,089	Pooled property unit trusts		(211,841)	211,841	
(1,481,680)	1,266,591	215,089		(1,690,669)	1,478,828	211,841	
			<b>Financial liabilities</b>				

Values as at 31 March 2016				Values as at 31 March 2017			
Movement to/(from)				Movement to/(from)			
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	
			Fair value through profit and loss				
35,744	(35,744)		Derivative Contracts	21,941	(21,941)		
35,744	(35,744)	-		21,941	(21,941)	-	
(1,445,936)	1,230,847	215,089	Movement between levels	(1,668,728)	1,456,887	211,841	

## 16.5 Reconciliation of fair value measurements within Level 3

2016/17	Value at 1 April 2016 £000	2016/17 Movement						Value at 31 March 2017 £000
		Transfer to Level 3 £000	Purchases £000	Net Transfers £000	Sale Proceeds £000	Unrealised profit/loss £000	Realised profit/ loss £000	
<b>Properties</b>	<b>358,780</b>	<b>215,089</b>	<b>46,274</b>	<b>1</b>	<b>(37,687)</b>	<b>8,615</b>	<b>(13,046)</b>	<b>578,026</b>
UK properties (freehold)	284,570		34,088		(17,519)	111	(3,835)	297,415
UK properties (leasehold)	74,210		23		(4,968)	(2,195)	1,700	68,770
Property unit trusts	-	215,089	12,163	1	(15,200)	10,699	(10,911)	211,841
<b>Private equity</b>	<b>247,281</b>		<b>51,049</b>	<b>-</b>	<b>(77,142)</b>	<b>43,152</b>	<b>33,212</b>	<b>297,552</b>
UK unquoted	39			-	(13)	(18)	13	21
Overseas unquoted	247,242		51,049		(77,129)	43,170	33,199	297,531
<b>Infrastructure</b>	<b>162,085</b>		<b>59,354</b>	<b>-</b>	<b>(65,016)</b>	<b>10,140</b>	<b>25,256</b>	<b>191,819</b>
UK unquoted	60,724		-		(45,744)	(7,065)	23,381	31,296
Overseas unquoted	101,361		59,354		(19,272)	17,205	1,875	160,523
<b>Timber (Overseas unquoted)</b>	<b>77,675</b>		<b>15,991</b>		<b>(1,003)</b>	<b>9,281</b>	<b>39</b>	<b>101,983</b>
<b>Illiquid Debt</b>	<b>76,705</b>		<b>35,028</b>	<b>-</b>	<b>(12,054)</b>	<b>(803)</b>	<b>2,491</b>	<b>101,367</b>
UK unquoted	25,294		-		(126)	3,084	-	28,252
Overseas unquoted	51,411		35,028		(11,928)	(3,887)	2,491	73,115
	<b>922,526</b>	<b>215,089</b>	<b>207,696</b>	<b>1</b>	<b>(192,902)</b>	<b>70,385</b>	<b>47,952</b>	<b>1,270,747</b>

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

### 17.1 Risk and risk management

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

### 17.2 Market risk

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

Market risk is inherent in the investments that the Fund makes. To mitigate market risk the investments are made in a diversified pool of asset classes and investment approaches to ensure a risk adjusted balance between categories. The Fund takes formal advice from its institutional investment consultant (Hymans Robertson LLP) along with the Fund's independent adviser and the portfolio is split between a number of managers and investment strategies with different benchmarks and performance targets. Full details can be found in the Statement of Investment Principles shown in section 6 of this report and is also available from the website [www.essexpensionfund.co.uk](http://www.essexpensionfund.co.uk). Investment risk and strategy are regularly reviewed by the ISC.

### 17.3 Other price risk

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

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All investments present a risk of loss of capital. The level of volatility will vary by asset class and also over time. The Fund has some diversification in the asset classes in which it invests, which seeks to reduce the correlation of price movements between different asset types, while employing

specialist investment managers to best deploy capital in line with the Funds overall strategy. The LGPS investment regulations also contain prescribed limits to avoid over-concentration in specific areas.

#### 17.4 Other price risk sensitivity analysis

In consultation with its institutional consultants, Hyman Robertson, an analysis of historical data and expected return movements during the accounting periods in question was undertaken. The table below shows the potential price movements deemed possible for the accounting period 2016/17. 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 2016 Potential market movements	Asset type	31 Mar 2017 Potential market movements
9.2%	UK bonds	8.7%
18.0%	UK equities	15.8%
21.0%	Overseas equities	18.4%
7.0%	UK index linked bonds	7.1%
15.0%	Pooled property unit trusts	14.2%
29.0%	Private equity	28.5%
15.0%	Timber	11.3%
15.0%	Infrastructure funds	11.3%
14.0%	Illiquid debt	12.3%
15.0%	Property	14.2%
1.0%	Cash	0.0%

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 2016 £000	%	Value on increase £000	Value on decrease £000	Asset type	31 Mar 2017 £000	%	Value on increase £000	Value on decrease £000
116,692	1.0	117,859	115,525	<b>Cash and equivalents</b>	156,226	-	156,226	156,226
				<b>Investment portfolio assets</b>				
235,486	9.2	257,151	213,821	UK bonds	241,885	8.7	262,929	220,841
120,027	18.0	141,632	98,422	UK equities	150,362	15.8	174,119	126,605

31 Mar 2016 £000	%	Value on increase £000	Value on decrease £000	Asset type	31 Mar 2017 £000	%	Value on increase £000	Value on decrease £000
1,243,844	21.0	1,505,051	982,637	Overseas equities	1,640,941	18.4	1,942,874	1,339,008
263,814	18.0	311,301	216,327	UK equities unit insurance policies	265,569	15.8	307,529	223,609
794,022	21.0	960,767	627,277	Overseas equities insurance policies	782,461	18.4	926,434	638,488
355,774	21.0	430,487	281,061	Global equities insurance policies	484,099	18.4	573,173	395,025
346,624	21.0	419,415	273,833	Global unit trusts	473,767	18.4	560,940	386,594
144,369	7.0	154,475	134,263	UK index linked bonds	252,209	7.1	270,116	234,302
215,089	15.0	247,352	182,826	Pooled property unit trusts	211,841	14.2	241,922	181,760
247,281	29.0	318,992	175,570	Private equity	297,552	28.5	382,354	212,750
162,085	15.0	186,398	137,772	Infrastructure	191,819	11.3	213,495	170,143
77,675	15.0	89,326	66,024	Timber	101,983	12.3	113,507	90,459
76,705	14.0	87,444	65,966	Illiquid Debt	101,367	11.3	113,835	88,899
248,358	15.0	285,612	211,104	Other managed funds	261,836	14.2	291,423	232,249
358,780	15.0	412,597	304,963	Property	366,185	-	418,183	314,187
(18,444)	-	(18,444)	(18,444)	Net derivative assets	(1,397)	-	(1,397)	(1,397)
5,912	-	5,912	5,912	Investment income due	6,421	-	6,421	6,421
(150)	-	(150)	(150)	WHT payable	(255)	-	(255)	(255)
1,720	-	1,720	1,720	Amounts receivable for sales	2,663	-	2,663	2,663
(203)	-	(203)	(203)	Amounts payable for purchases	(2,619)	-	(2,619)	(2,619)
-	-	-	-	Amounts payable for GLF	(103)	-	(103)	(103)
<b>4,995,460</b>		<b>5,914,694</b>	<b>4,076,226</b>	<b>Total assets available to pay benefits</b>	<b>5,984,812</b>		<b>6,953,769</b>	<b>5,015,855</b>

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

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

Barnett Waddingham's approach adopted at the 2016 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 2017 to 30 June 2017. The discount rate is based on the expected investment return from the Fund's assets.
- the market value of assets at 31 March 2017 is then adjusted to also be smoothed over the same six month period so that a consistent comparison can be made with the liabilities.

### 17.6 Interest rate risk

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

The Fund's direct exposure to interest rate movements as at 31 March 2017 and 31 March 2016 are shown below. The underlying assets are shown at their fair value.

31 Mar 2016 £000	Asset Type	31 Mar 2017 £000
116,692	Cash and cash equivalents	156,226
26,311	Cash balances	35,592
235,486	Fixed interest securities	241,885
144,369	Index-linked securities	252,209
76,705	Illiquid debt	101,367
<b>599,563</b>	<b>Total</b>	<b>787,279</b>

### 17.7 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.

Asset value as at 31 March 2016 £0000	Change in year in the net assets to pay benefits		Asset type	Asset value as at 31 March 2017 £000	Change in year in the net assets to pay benefits	
	+100 BPS £000	-100 BPS £000			+100 BPS £000	-100 BPS £000
116,692	1,167	(1,167)	Cash and cash equivalents	156,226	1,562	(1,562)
26,311	263	(263)	Cash balances	35,592	356	(356)
235,486	2,355	(2,355)	Fixed interest securities	241,885	2,419	(2,419)
144,369	1,444	(1,444)	Index-linked securities	252,209	2,522	(2,522)
76,705	767	(767)	Illiquid debt	101,367	1,014	(1,014)
<b>599,563</b>	<b>5,996</b>	<b>(5,996)</b>	<b>Total change in assets available</b>	<b>787,279</b>	<b>7,873</b>	<b>(7,873)</b>

## 17.8 Currency risk

Currency risk is the extent to which the fair value of future cash flows of a financial asset/liability will fluctuate due to changes in exchange rates. The Fund is exposed to currency risk on all assets that are denominated in any currency other than sterling its reporting currency. To reduce the volatility associated with fluctuating currency rates the ISC has put in place a passive currency overlay programme which is managed by Legal and General Investment Management. The Fund hedges 50% of the US Dollar, Euro, 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 2017 and 31 March 2016:

31 Mar 2016 £'000	Currency exposure - asset type	31 Mar 2017 £'000
1,243,844	Overseas equities quoted	1,640,941
794,022	Overseas unit life assurance policies	782,461
355,774	Global unit life assurance policies	484,099
346,624	Global unit trusts	473,767

31 Mar 2016 £'000	Currency exposure - asset type	31 Mar 2017 £'000
247,242	Overseas private equity	297,531
101,361	Overseas infrastructure	160,523
77,675	Overseas timber	101,983
51,411	Overseas illiquid debt	73,115
<b>3,217,953</b>	<b>Total overseas assets</b>	<b>4,014,420</b>

### 17.9 Currency risk sensitivity analysis

In consultation with the Fund's institutional consultant, Hymans Robertson the Fund considers the likely volatility associated with exchange rate movements to be in the region of 13% (13% as at 31 March 2016) (approximately one standard deviation) assuming other factors remain constant.

The table below shows the effect of a 13% (13% as at 31 March 2016) 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:

Asset value as at 31 March 2016 £'000	Change in year in the net assets to pay benefits		Asset type	Asset value as at 31 March 2017 £'000	Change in year in the net assets to pay benefits	
	+13% £'000	-13% £'000			+13% £'000	-13% £'000
1,243,844	1,405,544	1,082,144	Overseas equities quoted	1,640,941	1,854,263	1,427,619
794,022	897,245	690,799	Overseas unit life assurance policies	782,461	884,181	680,741
355,774	402,025	309,523	Global unit life assurance policies	484,099	547,032	421,166
346,624	391,685	301,563	Global unit trusts	473,767	535,357	412,177
247,242	279,383	215,101	Overseas private equity	297,531	336,210	258,852
101,361	114,538	88,184	Overseas infrastructure	160,523	181,391	139,655
77,675	87,773	67,577	Overseas timber	101,983	115,241	88,725
51,411	58,094	44,728	Overseas illiquid debt	73,115	82,620	63,610
<b>3,217,953</b>	<b>3,636,287</b>	<b>2,799,619</b>	<b>Total change in assets available</b>	<b>4,014,420</b>	<b>4,536,295</b>	<b>3,492,545</b>

### **17.10 Credit risk**

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

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

### **17.11 Commercial**

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

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

Monthly receipt of contributions is closely monitored by the Employer team. In addition, member records are updated throughout the year with any new information provided to them. At the end of the financial year employers are required to provide Essex Pension Fund with an annual return which is used to 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 2017 is provided in Note 11.

### **17.12 Foreign currency contracts**

Forward currency contracts are undertaken by Legal & General for the passive currency overlay programme and by the Fund's appointed fund managers. The largest single contracts are entered into for the overseas equity passive currency overlay; the counterparties on these contracts as at 31 March 2016 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 2016. Further details of forward foreign exchange contracts are provided in note 9.

Exposure at 31 March 2016			Exposure at 31 March 2017	
£000	%	Counterparty	£000	%
-	-	Barclays Capital	58,779	2.1%
40,156	1.8%	BNP Paribas Capital Markets	140,525	5.0%
123,342	5.4%	Citigroup	357,393	12.6%
-	-	Goldman Sachs	338,690	11.9%
136,249	6.0%	Deutsche Bank AG	-	-
301,887	13.2%	HSBC	416,105	14.7%
137,876	6.1%	J P Morgan Securities	115,216	4.1%
406,036	17.8%	Lloyds	236,434	8.3%
177,099	7.8%	Merrill Lynch	171,317	6.0%
128,820	5.6%	Morgan Stanley	-	-
844	0.0%	RBC Europe	147,062	5.2%
168,668	7.4%	RBS	240,276	8.5%
-	-	SEB	-	-
-	-	SG Securities	117,330	4.1%
259,625	11.4%	Standard Chartered	396,013	14.0%
137,649	6.0%	UBS	19,614	0.7%
261,879	11.5%	Westpac Bank Corp	79,886	2.8%
<b>2,280,130</b>	<b>100.0%</b>	<b>Total</b>	<b>2,834,640</b>	<b>100.0%</b>

### 17.13 Futures

There were no open futures contracts as at 31 March 2016 and 31 March 2015 respectively.

### 17.14 Bonds

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

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

Both M&G and GSAM manage pooled assets against a LIBOR plus benchmark. At 31 March 2017, the average credit quality of the M&G bond mandate was A- rated (BBB+ rated as at 31 March 2016) and the portfolio has suffered 5 defaults since inception, none was experienced in the financial year ending 31 March 2017. The average credit rating of the financing fund was BB+ rated as at 31 March 2017 (BB+ rated as at 31 March 2016) and the portfolio has not suffered any defaults since inception. The

portfolio managed by GSAM as at 31 March 2017 had an average credit quality of AA+ (AA+ rated as at 31 March 2016) and has suffered 6 defaults since inception, 2 occurring in 2011/12 and 3 in 2015/16 and 1 in 2016/17.

### 17.15 Cash held on deposit and current accounts

#### Cash managed internally

The Fund has operated a separate bank account since 1 April 2010 with Lloyd's Bank plc, which is also banker to the Administering Authority. The bank holds an A (A as at 31 March 2016) 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 Fund Investment Steering Committee (ISC). The ISC have approved the management of cash in accordance with the policies and practices followed by the Administering Authority for its own investments as outlined in the CIPFA Code of Practice for Treasury Management in the Public Services. The Administering Authority sets detailed credit criteria having taken independent advice and has maximum exposure limits to any single institution. Details of such are shown in the tables below.

At 31 March 2017, £35.592m (£26.311m as at 31 March 2016) 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 2017, the total balance held in Sterling and US dollar AAA money market funds was £130.930m with a smaller balance of £25.296m held in the Northern Trust current account (£88.424m and £28.268m as at 31 March 2016 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 2016			31 March 2017	
Rating	£000		Rating	£000
<b>Cash managed externally</b>				
Cash held on deposit				
AAA	36,360	BNP Paribas Investment Partners	AAA	50,967
AAA	52,064	Northern Trust	AAA	79,963
	<u>88,424</u>			<u>130,930</u>
Cash held in current account				

31 Mar 2016			31 March 2017		
Rating	£000		Rating	£000	
AA-	28,268	Northern Trust	AA	25,296	
	<b>116,692</b>	<b>Total cash managed externally</b>		<b>156,226</b>	
		<b>Cash managed internally</b>			
		Cash held on deposit			
AAA	3,002	Blackrock	AAA	7,502	
AA-	7,508	HSBC	AA-	7,500	
A	-	Santander UK	A	4,001	
AAA	10,004	Standard Life (formerly IGNIS)	AAA	10,002	
AA-	5,009	Svenska Handelsbanken	AA-	5,027	
		Cash held in Current Account			
A	788	Lloyds TSB Bank plc	A	1,560	
	<b>26,311</b>	<b>Total cash managed internally</b>		<b>35,592</b>	
	<b>143,003</b>	<b>Total</b>		<b>191,818</b>	

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

31 March 2016 £000		31 March 2017 £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				
88,424	AAA rated	130,930	80,000	0.0367%	48
28,268	AA rated	25,296		0.0067%	2
-		-		0.0620%	-
<b>116,692</b>	<b>Total cash managed externally</b>	<b>156,226</b>			<b>50</b>
	<b>Cash managed Internally</b>				
	Deposit with bank and other financial institutions				
13,006	AAA rated	17,504	10,000	0.0367%	6
12,517	AA rated	12,527	7,500	0.0067%	1
788	A rated	5,561	5,000	0.0620%	3

31 March 2016 £000		31 March 2017 £000	Maximum limit per financial institution £'000	Historical risk of default %	Estimated maximun exposure to default and uncollectability £'000
-	BBB Rated		5,000	0.1500%	-
<b>26,311</b>	<b>Total cash managed Internally</b>	<b>35,592</b>			<b>10</b>
<b>143,003</b>	<b>Total cash</b>	<b>191,818</b>			<b>60</b>

#### 17.16 Liquidity risk

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

The ISC reviews its strategy on a yearly basis and where necessary takes steps to ensure that the Fund has adequate readily realisable resources to meet its financial commitments. The majority of the Fund's investments are quoted on major stock markets and are in readily realisable form. The Fund's allocation to alternative investments, which are relatively illiquid, was as a result of a review of strategic asset allocation on 21 June 2016, 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.

The Fund as at 31 March 2017 had immediate access to its pension fund cash holdings held internally and externally of £190.567m (£143,003m as at 31 March 2016). 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.

#### 17.17 Refinancing risk

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

#### 17.18 Custody

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Northern Trust are the global custodian with responsibility for safeguarding the assets of the Fund. As at 31 March 2017 Northern Trust had \$7.1 trillion of assets under custody (31 March 2016, \$6.2 trillion) and had a credit rating of AA (31 March 2016, AA-) Monthly reconciliations are performed between the underlying records of the custodian and all investment managers and partnerships of the Fund.

#### **17.19 Investment management**

The Fund has appointed a number of segregated and pooled fund managers to manage portions of the Fund. An Investment Management Agreement is in place for each relationship. All appointments meet the requirements set out in the LGPS (Management and Investment of Funds) Regulations 2016. 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. In addition to presenting to the ISC, managers also meet with Fund officers and advisers to review progress on an annual basis.

## 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 2017, which comprise the Fund Account, the Net Assets Statement and the related notes.

### **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, 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 2016-17.

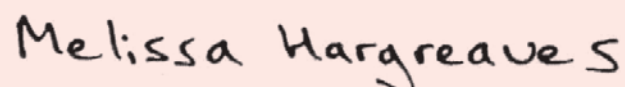
We also read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information consists only of Essex Pension Fund Annual Report & Accounts 2016/17.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. 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 2017 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

We have not considered the effects of any events between the date we signed our report on the full annual statement of accounts on 22 September 2017 and the date of this statement.



**Melissa Hargreaves (Senior Statutory Auditor)**  
for and on behalf of Ernst & Young LLP, Appointed Auditor  
Manchester

**18 October 2017**



## SECTION 6

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# OTHER INFORMATION

March 2017

# Essex Pension Fund Investment Strategy Statement

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## Introduction and background

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

Essex County Council is the Administering Authority for the Fund under the Regulations. In 2008, a Pension Board was established to exercise on behalf of Essex County Council all the powers and duties of the Council in relation to its functions as Administering Authority of the Essex Pension Fund, except where they have been specifically delegated by the Council to another Committee or an officer. Responsibility for setting and monitoring investment strategy has been specifically delegated to the Essex Pension Fund Investment Steering Committee (“ISC”). Responsibility for the day to day management of the Fund has been delegated to the Section 151 Officer (“s151O”) and the Director for Essex Pension Fund.

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

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

with section 5 of the Public Service Pension Act 2013 and Part 3 of the LGPS Regulations 2013.

## Investment strategy and the process for ensuring suitability of investments

### Fund Objective

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

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

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

- to establish a clear and transparent fund-specific strategy which will identify how employers’ pension liabilities are best met going forward;
- to support the desirability of maintaining as nearly constant employer contribution rates as possible; and
- to take a prudent longer-term view of funding those liabilities.

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

### Funding Level

The funding level of the Pension Fund is the

value of the Fund's assets expressed as a percentage of the Fund's liabilities at the most recent actuarial valuation of the Fund. The funding level at March 2016 was 89%. The Funding Strategy provides for the Fund to return to a fully funded position over a period of 15 years. In accordance with the Funding Strategy Statement, the PSB determined the rate of contributions payable by each of the employers in the Fund for the three years starting 1 April 2017.

### **Investment Beliefs**

The ISC has adopted 4 core investment beliefs covering the following areas:

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

Details are set out in appendix B.

### **Investment Strategy**

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

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

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

The initial requirements are small (c. 0.5% of total Fund assets) and is expected to be

more than met by the income on assets. There should be no need to disinvest the capital value of any asset. The time at which the sale of assets will become a requirement will be subject to periodic review.

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

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

### **Asset Allocation**

The Fund has an 87% allocation to 'growth' (equities and alternatives) assets in order to meet the long term funding assumptions set out in the 2016 actuarial valuation.

The Fund's investments are allocated across a range of asset classes. The largest allocation is to equities which also accounts for the majority of the investment risk taken by the Fund. Over the long term, equities are expected to outperform other liquid asset classes, particularly bonds. Allocation to asset classes other than equities and bonds, allows the Fund to gain exposure to other forms of return which can help to reduce the overall volatility of the portfolio. These assets are in the main negatively correlated to equities and are expected to generate returns broadly similar over the long term and so allocation to these can maintain the expected return and assist in the management of volatility.

The 13% allocation to bonds is designed to manage overall levels of funding volatility within agreed levels.

### **Investment Allocation**

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

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 C. Appendix D details the objectives and investment rationale of the mandates.

### **Types of investment to be held**

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

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

### **Currency hedging**

The Fund, to reduce the volatility associated with fluctuating currency rates (currency risk), has put in place a passive currency programme which is managed by Legal and General Investment Management. The Fund hedges 50% of its major overseas currency exposure within the equity portfolio.

Investment Managers have discretion to utilise hedges for risk management purposes.

### **Risk measurement and management** **Risk**

The Fund is exposed to a number of risks

which pose a threat to the Fund meeting its objectives. These risks are set out and monitored as part of 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 across 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.

#### **Expected return on investments**

Over the long term, the overall level of investment return is expected to exceed the

rate of return assumed by the Actuary in valuing the Fund and setting funding requirements.

### Realisation of investments

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

## Asset pooling

### Overview

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

All eleven funds are committed to collaboratively working together to meet the government's criteria for pooling and have signed a Memorandum of Understanding to underpin their partnership.

The proposed structure and basis on which the ACCESS Pool will operate in order to meet the Government's criteria was set out in the July 2016 submission to Government. A copy of the submission is available on the ACCESS website at [www.accesspool.org](http://www.accesspool.org)

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

The first arrangements to be brought under the ACCESS structure will be the passively managed assets. Arrangements are due to be put in place over the course of 2017.

## Assets to be invested inside the Pool

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

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

The Fund is monitoring developments with a view to transitioning liquid assets across to the Pool as and when suitable sub-funds to meet the Fund's investment strategy requirements are in place.

Any assets that are not currently invested in the ACCESS Pool will be subject to review at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money. The Essex Pension Fund is working towards the expectation that over time all investments will be pooled with the exception of direct property and operational cash. The table below sets out the rationale.

## Assets to be invested outside the Pool

Asset Class	Manager	Strategic Allocation %	Reason for not investing in the ACCESS Pool
Direct Property	Aviva Investors	Up to 12%	<ul style="list-style-type: none"> <li>Investment manager skill is a major determinant of returns. The availability of quality investment managers for a large mandate is untested.</li> <li>The portfolio has been built to specific risk and return requirements</li> <li>Portfolio designed to account for target holding sizes, to reflect the total portfolio size and achieve the required level of diversification</li> <li>Moving holdings to part of a bigger direct portfolio would have significant cost implications such as Stamp Duty Land Tax (SDLT)</li> <li>To reshape the portfolio to meet new objectives would be inconsistent with the value for money criteria</li> <li>Project Pool analysis showed that increasing direct mandate size does not result in incremental cost savings</li> </ul>
Operational Cash	In-house	n/a	A reasonable level of operational cash will be required to maintain efficient administration of scheme. This will be held in house as ECC will need to manage cashflow to meet statutory liabilities, including monthly pension payroll payments.

This will be reviewed periodically by the ISC.

## Environmental, Social & Governance Considerations

### Fiduciary duty

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

### Policy

The ISC does not place restrictions on investment managers in choosing investments except in limiting the size of single investments. The ISC expects investment managers to place their primary consideration on financially material factors when selecting investments for inclusion in the portfolio, including any ESG factors considered to be financially material. An assessment of appropriate ESG capability is made before the manager is appointed.

However, the ISC will allow investment managers to consider non-financially material factors in selecting investments providing that such decisions are not expected to be financially detrimental to the Fund (either in terms of expected return or risk) or that the investment could 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.

The ISC has determined that restricting investment may be of financial detriment to

the Fund depending on price and outlook. Hence pursuing divestment goes against the Committee's fiduciary duty and responsibilities to maximise returns and manage costs for participating employers who ultimately bear the investment risk should a shortfall arise.

### Exercise of voting rights

The Fund has instructed its Fund Managers to vote in accordance with their in house policies and practices.

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.

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

### Engagement

The Fund expects its investment managers to take account of social, environmental and ethical considerations in the selection, retention and realisation of investments as an integral part of the normal investment research and analysis process. This is insofar as these matters are regarded as impacting on the current and future valuations of individual investments. The Fund believes taking account of such considerations forms part of the investment managers' normal fiduciary duty.

Instead of divesting, the ISC believes that

they will have greater influence on the future direction of companies if they remain invested. Overall engagement activities are viewed by the Committee as a key element of the broader approach to responsible investment. Remaining invested provides the Fund with a voice on how companies are generating their revenues and how they will change in the future.

The Fund is a long term investor and therefore has an interest in the long term direction and success of the companies in which it invests. Divestment reduces the Fund's ability to influence how big companies change in the future.

### **Ongoing Monitoring**

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

### **Stock Lending**

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

- **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 fund manager.

## Appendix A – Responsibilities

### ISC Responsibilities

- To approve and annually review the content of the ISS.
- 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 ISS.
- 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 Strategy 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 Strategy and Advisory Boards).

### Custodian Responsibilities

- To safeguard all segregated assets (excluding direct property holdings, unitised holdings and cash held separately with either the Administering Authority or investment managers) within the Fund and ensure that all associated income is collected, including dividends and tax

reclaims. Also to ensure that corporate actions affecting the securities are dealt with, including rights issues, bonus issues and acquisitions.

- To provide regular statements of transactions, corporate actions, income and asset valuations as required by the Administering Authority.
- To report to the ISC in person on the assets of the Fund if required.
- To inform the Fund of any areas of concern which arise in its dealings with investment managers.
- To report the performance of the Fund's assets

### External Advisers

#### 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 Statements with supporting notes and disclosures. External Audit will review the annual report as a whole and the accounts contained in it and then report:

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

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

## Appendix B – Core Investment Beliefs

### Long term approach

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

This is largely based on covenant. Unlike the private sector, the covenant underlying the Fund is effectively gilt-edged. This means that short term volatility of returns can be acceptable in the pursuit of long term gain. Whilst there is a need to consider stability of contributions, at current maturity levels and with deficits spread over 20 years, it is largely the future service rate which is expected to drive instability. One of the best ways to avoid this is to build in margins over the long term. More recently, the ISC has noted the increasing maturity of the Fund and potential change in cashflow position on the horizon. It is therefore also taking this into consideration in decision making.

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

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

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

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

### Diversification

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

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

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

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

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

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

## Benchmarks

### **Where appropriate, benchmarks should represent the full opportunity set.**

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

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

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

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

As emerging markets develop both politically and economically, become more robust and less dependent on the fortunes of a small number of developed economies (such as the US), the risk of investing in these countries should decrease. The return demanded by investors for investing in these ‘riskier’

countries will therefore fall reflecting the increased security. This reduction in required return would tend to lead to a systematic increase in stock prices. As a result, a strategic allocation to emerging markets of at least the market cap weight if not slightly above is favoured.

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

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

## Active versus passive management

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

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

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

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

### **Constraints on active managers reduce their ability to add value**

Active managers should not be unnecessarily

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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 C – Fund Strategy and structure

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	Active Cash plus	M&G	5.5	Infrastructure	IFM Investors	6.0
							JPMorgan	
	LGIM		-	-	-		M&G	
	Longview		-	-	-		Partners Group	
	Baillie Gifford		-	-	-	Timber	Stafford	2.0
	LGIM RAFI					Loans	M&G	0.5
						illiquid debt	Alcentra	2.5
Emerging	Stewart Investors	5.0	-	-	-	-	-	-
Total		60.0	Total		13.0	Total		27.0

The Fund also hedges 50% of the currency risk arising from its investment in overseas equities via a currency overlay mandate with Legal and General.

	Effective Benchmark	L&G Equity	L&G Bonds	L&G RAFI	Longview	Marathon	Baillie Gifford LTGG	M&G	Stewart	GSAM	M&G	Property	Timber	Direct lending	Infrastructure	Financing	Private Equity
<b>Fund Weighting</b>	<b>100.0</b>	<b>20.0</b>	<b>2.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>5.0</b>	<b>5.5</b>	<b>5.5</b>	<b>12.0</b>	<b>2.0</b>	<b>2.5</b>	<b>6.0</b>	<b>0.5</b>	<b>4.0</b>
UK equities (All Cap)	3.4	16.8															
UK equities (Mid/Small Cap)	1.7	8.6															
<b>Global equities</b>	<b>35.0</b>			<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>								
North America	6.5	32.7															
Europe	4.8	24.1															
Japan	2.3	11.3															
Pacific ex-Japan	1.3	6.5															
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														
UK Gilts																	
UK Corps																	
Libor+	11.0									100.0	100.0						
<b>Total bonds</b>	<b>13.0</b>									<b>100.0</b>	<b>100.0</b>						
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			
<b>Total alternatives</b>	<b>27.0</b>											<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
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	100.0

## Appendix D – Fund Manager Mandate Objectives

### Legal and General Investment Management

#### Passive Mandate (Regional Indexes) – 22% of the Fund

##### Investment Objective

The objective is to match the Benchmark gross of fees over rolling three year periods. The Benchmark is the average of the respective FTSE indices for each of the asset classes and markets in which the mandate is invested and weighted in accordance to the proportions in the mandate's asset allocation shown below:

##### Investment Allocations:

The asset allocations are as below:

Asset Class	Target Allocation	Range
Equities	%	%
UK Equities Index	25.4	23.4 - 27.4
North America Equity Index	32.7	30.7 - 34.7
Europe Equity Index	24.1	22.1 - 26.1
Japan Equity Index	11.3	9.8 – 12.8
Asia Pacific ex Japan Index	6.5	5.75 – 7.25
<b>Total equities</b>	<b>100</b>	
Bonds		
UK Index-linked (Over 5 Year Index-linked Gilts Index)	100	
<b>Total bonds</b>	<b>100</b>	

### Investment Restrictions

Legal and General may not invest in unlisted securities. The manager may invest up to 100% of its mandate in pooled life funds.

#### Legal and General Investment Management Global Equity Passive Mandate (RAFI) - 7% of the Fund

##### Investment Objective

The objective is to match the Benchmark gross of fees over rolling three year periods. The benchmark being the L&G FTSE RAFI AW 3000.

#### Legal and General Investment Management Passive Currency Mandate

The mandate requires Legal & General to hedge 50% of the estimated value of the exposure to certain overseas equity markets. The hedge is adjusted on a quarterly basis with the new positions calculated using estimated values as at close of business two days before the quarter end.

### Baillie Gifford

#### Global Equity Mandate – 7% of the Fund

##### Investment Objective

The objective is to seek to outperform the MSCI AC World Index by 3%, gross of fees, per annum over rolling 5 year periods.

### Investment Restrictions

The investment restrictions on the manager's discretion in the management of the mandate are set out in full in the Investment Management agreement. The main restrictions are set out below:

The manager aims to ensure adequate diversification, holdings between 30 and 60 stocks. No more than 10% of the portfolio is held in any individual stock and a minimum of six sectors are represented at all times.

The Manager takes a pragmatic approach to risk the greatest risk is an absolute loss of capital, therefore, on an ongoing basis the manager reviews themes and stock concentrations in the portfolio as well as how stocks might perform in different scenarios, and levels of correlation between them.

Consistent with their long-term investment philosophy the portfolio turnover is low.

### **Longview Partners**

#### **Global Equity Mandate – 7% of the Fund**

##### **Investment Objective**

The objective is to seek to outperform the MSCI AC World Index by 3%, gross of fees, per annum over rolling 3 year periods.

##### **Investment Restrictions**

The investment restrictions on the manager's discretion in the management of the mandate are set out in full in the Investment Management agreement. The main restrictions are set out below:

The manager aims to ensure adequate diversification, holdings between 30 and 50 stocks. No more than 7% of the portfolio is held in any individual stock and a range of sectors will be represented at all times

No restrictions are placed on companies domiciled in a country included within the benchmark. A maximum of 20% of the portfolio at time of purchase may be invested in companies domiciled in countries not included within the benchmark

Longview may not lend any stock, fund, share or asset forming part of the portfolio or borrow cash and/or securities for leveraging of the Portfolio.

### **Marathon Asset Management**

#### **Global Equity Mandate – 7% of the Fund**

##### **Investment Objective**

The objective is to seek to outperform the MSCI AC World Index by 3%, gross of fees, per annum over rolling 3 year periods.

##### **Investment Restrictions**

The investment restrictions on the manager's discretion in the management of the mandate are set out in full in the Investment Management agreement. The main restrictions are set out below:

Investment will be permitted in ordinary share, preference shares, convertible bonds, warrants and cash

The Fund will be diversified, containing a minimum of 100 securities

The Fund will not hold more than 3% of the issued share capital of any one security

The maximum percentage of the Fund which may be invested in any one share is 10% of the Fund or its benchmark weighting whichever is the greater.

Cash and Cash equivalent securities will not exceed 10% of the Fund's value except for short periods when rebalancing is taking place

### **M&G Investments**

#### **Global Equity Mandate – 7% of the Fund**

##### **Investment Objective**

The objective is to seek to outperform the MSCI AC World Index by 3%, gross of fees, per annum over rolling 3 year periods.

The fund aims to deliver a dividend yield above the market average, by investing mainly in a range of global equities. The fund aims to grow distributions over the long term whilst also maximising total return (the combination of income and growth of capital).

#### Investment Restrictions

There are no investment restriction's placed on the manager as this investment is in M&G Global Dividend pooled fund. The Fund itself has built in restrictions, but offers flexibility to allocate across sectors and geographies without constraints.

#### Stewart Investors

##### Global Equity Mandate – 5% of the Fund

#### Investment Objective

The objective is to seek to outperform the MSCI EM Index by 4%, gross of fees, per annum over rolling 3 year periods.

#### Investment Restrictions

The investment restrictions on the manager's discretion in the management of the mandate are set out in full in the Investment Management agreement. The main restrictions are set out below:

Investment will be permitted in ordinary share, preference shares, convertible bonds, warrants and cash

The Fund will be diversified, containing a minimum of 30 securities

The Fund will not hold more that 3% of the issued share capital of any one security

Cash and Cash equivalent securities will not exceed 10% of the Fund's value expect for short periods when rebalancing is taking place

#### Aviva

##### Property Mandate – 12% of the Fund

#### Investment Objective

The objective is to seek to outperform the Benchmark by 1% per annum gross of fees over rolling three year periods. The Benchmark is the weighted average of the IPD PPFI All Balanced Property Funds Index.

This objective is to be achieved by investing in a combination of direct and indirect property portfolios.

#### Investment Restrictions

The Fund is managed on a discretionary basis and the manager shall transition the Fund to comply with the target allocation and permitted ranges as below.

Asset allocation and control ranges  
Aviva will invest in a range of property investments, subject to the following constraints.

Asset Allocation	Target Allocation	Range
	%	%
Direct Property	75	50 - 100
Indirect Property	25	25 - 50
Cash*	0	0 - 20
<b>Total</b>	<b>100</b>	

\*In times of severe market stress there is flexibility to hold up to a maximum of 20% in cash

#### M & G

##### Fixed Income Mandate – 5.5% of the Fund

### Investment Objective

The Fund seeks a total return of 1 month Libor +2% net of fees p.a. over the medium term.

### Investment Restrictions

There are no specific investment restriction's placed on the manager as this investment is in M&G's Alpha Opportunities Fund which aims to take advantage of highly diversified opportunities in public and private credit markets, including but not limited to investment grade and high yield corporate bonds, leveraged loans, asset-backed, and mortgage backed securities.

### Goldman Sachs Asset Management

#### Fixed Income Mandate – 5.5% of the Fund

### Investment Objective

The Fund seeks a total return of 3 month Libor +2% gross of fees p.a. over the medium term.

### Investment Restrictions

There are no specific investment restriction's placed on the manager as this investment is in its STAR I Fund which aims to take advantage of highly diversified opportunities in public and private credit markets, including but not limited to investment grade and high yield corporate bonds, leveraged loans, asset-backed, and mortgage backed securities.

### Hamilton Lane

#### Private Equity Mandate - 4% of the Fund

### Investment Objective

The Fund seeks a total return of 3% - 5% p.a. above quoted equity markets.

### Investment Restrictions

Hamilton Lane has a global investment mandate in primary partnerships, secondary partnerships and co-investments within private equity. No restrictions have been placed on the

fund other than prior approval will need to be sought if the manager wishes the Fund to co-invest.

### Partners Group

#### Infrastructure Mandate - 4% of the Fund

### Investment Objective

The Fund seeks an IRR of 8% to 10% p.a.

### Investment Restrictions

There are no specific restrictions placed on the manager as this is a pooled investment in Partner's Group Global Infrastructure and Partner's Direct fund which seeks investment opportunities in direct, secondary and primary infrastructure markets.

### M&G Infracapital\*

#### Infrastructure Mandate - 2% of the Fund

At present this investment is being wound up and capital is being returned.

### Investment Objective

The Fund seeks a total return of CPI + 4% p.a. and IRR of 10% -15% p.a.

### Investment Restrictions

There are no specific restrictions placed on the manager as this Infracapital is a pooled investment in which seeks investment opportunities in direct, secondary and primary infrastructure space.

### IFM Investors\*

#### Infrastructure Mandate - 1% of the Fund

### Investment Objective

The Fund seeks an expected return of 8% to 12% p.a. net.

### Investment Restrictions

There are no specific restrictions placed on the manager as this is a pooled open

ended investment in IFM Investors Global Infrastructure Fund which seeks investment opportunities in global core infrastructure assets over a broad sector.

### **JPMorgan\***

#### **Infrastructure Mandate - 1% of the Fund**

##### **Investment Objective**

The Fund seeks an expected return of 8% to 12% p.a. net.

##### **Investment Restrictions**

There are no specific restrictions placed on the manager as this is a pooled open ended investment in JPMorgan IFF fund which seeks investment opportunities in OECD regions of core and core plus infrastructure assets concentrating on transportation regulated utilities and contracted power assets.

### **Stafford Timberland**

#### **Timberland Mandate - 2% of the Fund**

##### **Investment Objective**

The Fund seeks an IRR of 10% p.a.

##### **Investment Restrictions**

There are no specific restrictions placed on the manager as this is a pooled investment in its Stafford International Timberland VI Fund and its Stafford International Timberland VII Fund (no2) which seeks investment opportunities in direct, secondary and primary timberland.

### **Alcentra Limited**

#### **Illiquid Debt Mandate – 2.5% of the Fund**

##### **Investment Objective**

The Fund invests both indirectly and directly and seeks 7% -9% net returns and 10% -12% net returns respectively

### **Investment Restrictions**

There are no specific restrictions placed on the manager as this is a pooled investment in which seeks both direct and indirect investment opportunities in the illiquid debt space.

### **M&G**

#### **Financing Mandate – 0.5% of the Fund**

##### **Investment Objective**

The Fund seeks a return of LIBOR +4-6% (net of fees) p.a.

##### **Investment Restrictions**

There are no specific restrictions placed on the manager as this is a pooled investment in its Stafford International Timberland VI Fund and its Stafford International Timberland VII Fund (no2) which seeks investment opportunities in direct, secondary and primary timberland.

\*The allocation of 1% each to IFM Investors and JPMorgan will replace the 2% allocation to M&G Infracapital when the investment is wound up during to 2017/2018.

## 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: 01/03/2017							
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Investment Risks										
Investments	To maximise the returns from investments within reasonable risk parameters	I1	If investment return is below that assumed by the Actuary in funding the plan this could lead to an increasing deficit and additional contribution requirements. The larger the level of mismatch between assets and liabilities the bigger this risk.	4	3	12	Diversified portfolio; Annual Strategy Review; Asset Liability Study, extended recovery periods to smooth contribution increases.	3	3	9

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund		Date: 01/03/2017								
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
<b>Investment Risks</b>										
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: 01/03/2017								
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
<b>Investment Risks</b>										
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: 01/03/2017								
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
<b>Investment Risks</b>										
Investments	To ensure the Fund is properly managed	I8	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	I9	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: 01/03/2017							
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
<b>Investment Risks</b>										
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; AAF0106 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
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

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund				Date: 01/03/2017						
Objectives Area at Risk	Objective at Risk	Risk Ref	Description of Risk of not Achieving the Objectives	Gross Impact	Gross Probability	Gross Risk score	Possible Actions	Residual Impact	Residual Probability	Residual Risk Score
Investment Risks										
Investments	To ensure the Fund is properly managed	I16	The implementation of MiFID II (January 2018) leads to the Fund being categorised by some / all of its service providers as a 'retail client' - the result of which could reduce the range of sub asset classes in which the Fund is able to invest, and may even require divestment from the current portfolio.	4	3	12	1. Representations at national level aimed towards LGPS retaining professional client status. 2. Fund Officers working with Fund Managers & Investment Advisers aimed towards the Essex Fund retaining professional client status. Developments continue to be monitored.	4	2	8
Funding Risks										
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F1	Investment markets perform below actuarial assumptions resulting in reduced assets, reduced solvency levels and increased employer contributions	4	2	8	Use of a diversified portfolio which is regularly monitored against targets and reallocated appropriately. At each triennial valuation assess funding position and progress made to full funding. Full annual interim reviews to enable consideration of the position. A specific scorecard measure is in place on this matter.	2	2	4

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund		Date: 01/03/2017								
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
<b>Funding Risks</b>										
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 increased deficits, reduced solvency levels and increased employer contributions	4	3	12	Annual interim reviews to enable consideration of the position and the continued appropriateness of the funding/investment strategies and to monitor the exposure to unrewarded risks.	3	3	9
Funding	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	F3	Investment managers fail to achieve performance targets (i.e. ensure funding target assumptions are consistent with funding objectives) which reduces solvency levels and increases required in employers' contributions	3	3	9	Diversified investment structure and frequent monitoring against targets with potential for a change of managers where considered appropriate.	2	2	4

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund				Date: 01/03/2017						
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	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
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

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund		Date: 01/03/2017								
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
<b>Funding Risks</b>										
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
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

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund				Date: 01/03/2017						
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	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
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: 01/03/2017								
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
<b>Funding Risks</b>										
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: 01/03/2017							
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
<b>Funding Risks</b>										
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: 01/03/2017							
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
<b>Funding Risks</b>										
Funding	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	F14	Adoption of either an inappropriately slow or rapid pace of funding in the specific circumstances for any particular employer	3	4	12	At each triennial actuarial valuation an analysis is carried out to assess covenant and affordability on a proportional basis. On-going dialogue with employers.	2	2	4
Funding	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	F15	Failure to ensure appropriate transfer is paid to protect the solvency of the Fund and equivalent rights are acquired for transferring members in accordance with the regulations.	2	3	6	Follow the standardised approach to bulk transfers of liabilities as part of admission policy framework, complying with any statutory requirements and protecting the interests of the Fund's employers by measuring the solvency of the Fund and relevant employers before and after transfer.	2	1	2

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund		Date: 01/03/2017								
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
<b>Funding Risks</b>										
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 Spring 2015 the ISC agreed to divert a portion of UK equity dividend income (L&G) & property rental income (AVIVA) to supplement contribution income in order to meet pension benefit expenditure.	2	1	2

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund		Date: 01/03/2017								
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
<b>Funding Risks</b>										
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. Same mitigations for both risks F19 & F20	3	2	6

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund			Date: 01/03/2017							
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
<b>Funding Risks</b>										
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></p> <p>Administering Authorities should ensure that:</p> <ul style="list-style-type: none"> <li>Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.</li> </ul>	<p>Responsibility for approval and review of the investment strategy of the Essex Pension Fund has been delegated to the Investment Steering Committee (ISC). Every quarter, the ISC reports its activity to the Essex Pension Strategy Board (the Strategy Board), the body with overall responsibility for the Essex Pension Fund.</p> <p>The day to day running of the Fund has been delegated to the S1510. The ISC is supported by the S1510, the Director for Essex Pension Fund and other Fund officers.</p> <p>Institutional investment advice to the ISC and Fund officers is commissioned from Hymans Robertson. Furthermore Mark Stevens acts as an independent investment adviser.</p> <p>An on-going programme of training for Members of the ISC and Strategy Board is in place based on the CIPFA Knowledge &amp; Skills Framework. Launch of infoBOARD (an online document repository for ISC/ Strategy Board Members) in July 2013. Member training is also recorded and feeds into the scorecard on quarterly basis</p> <p>Fund officers hold relevant qualifications and maintain appropriate on-going professional development (CPD).</p> <p>The Essex Pension Fund is a member of the CIPFA Pensions Network.</p>	<p>On-going Member and Fund officer training.</p>

Description of Principle	Essex Pension Fund's position	Future actions
<p><b>2. Clear objectives</b></p> <p>An overall investment objective(s) should be set for the fund that takes account of the scheme liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be communicated to advisers and investment managers.</p>	<p>The Funding Strategy Statement (FSS) and Investment Strategy Statement (ISS) set out the Essex Pension Fund's primary funding objectives.</p> <p>Specific investment objectives are in place for each mandate in the portfolio, and these are regularly monitored by the ISC.</p> <p>The Strategy Board has also agreed 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 ISS. A register of risks of not achieving each of the Funds objectives is maintained and reviewed on a quarterly basis.</p>	<p>The ISC is scheduled to consider an asset liability study based on the outcomes of the 2016 Valuation, in early 2017.</p> <p>In light of the draft Investment Regulations consultation provoking the Investment Regulations 2009 the Fund will be required to produce an Investment Strategy Statement (ISS). This has been reflected in the Fund's 2016/17 business plan.</p>

Description of Principle	Essex Pension Fund's position	Future actions
<p><b>4. Performance assessment</b></p> <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 Strategy Board and ISC was undertaken in March 2017. The outcome of this review was reported back to the Strategy Board at their 8 March 2017 meeting. This included an assessment of both the Strategy Board &amp; ISC's effectiveness and that of the support received from Fund officers and advisers.</p> <p>Strategy Board &amp; ISC attendance and training outcomes are measured in the quarterly scorecard.</p>	<p>A further effectiveness review is scheduled for 2017/18.</p>

Description of Principle	Essex Pension Fund's position	Future actions
<p><b>5. Responsible ownership</b></p> <p>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 Investment Strategy Statement includes the following:</p> <p><i>"The Fund fully supports the UK Stewardship Code and requires those of its investment managers who hold shares on its behalf to comply with it or to provide the ISC with an explanation of why it is not appropriate to do so, in the exercise of the mandate that they have been given, and how they will instead achieve and demonstrate the same level of responsible share ownership."</i></p> <p>Investment Manager reports circulated to ISC Members include details of voting records.</p>	

Description of Principle	Essex Pension Fund's position	Future actions
<p><b>6. Transparency &amp; reporting</b> 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>Annual Report and Accounts</li> <li>Funding Strategy Statement</li> <li>Investment Strategy Statement</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>	

## Definition of Terms

<b>ACCESS</b>	A Collaboration of Central, Eastern and Southern Shires
<b>AAF0106</b>	Internal Control report undertaken by an external auditor
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy
<b>CPD</b>	Continuing Professional Development
<b>CPI</b>	Consumer Price Index
<b>ECC</b>	Essex County Council, Administering Authority of Essex Pension Fund also known as Scheme Manager
<b>ESG</b>	Environmental, Social & Governance
<b>EY</b>	Ernst & Young
<b>FRC</b>	Financial Reporting Council
<b>FSS</b>	Funding Strategy Statement
<b>FTSE</b>	Financial Times Stock Exchange
<b>GDP</b>	Gross Domestic Product
<b>IPD PPFI</b>	Pooled Property Fund Index
<b>IRR</b>	Internal Rate of Return
<b>ISC</b>	Investment Steering Committee
<b>ISS</b>	Investment Strategy Statement
<b>LA</b>	Local Authority
<b>LGPS</b>	Local Government Pension Scheme
<b>LIBOR</b>	London Inter-Bank Offer Rate
<b>MiFiD II</b>	Markets in Financial Instruments Directive
<b>MSCI AC</b>	Morgan Stanley Capital Index All Countries
<b>MSCI EM</b>	Morgan Stanley Capital Index Emerging Markets
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PAB</b>	Essex Pension Fund Advisory Board
<b>PSB</b>	Essex Pension Fund Strategy Board
<b>S151O</b>	Section 151 Officer
<b>SDLT</b>	Stamp Duty Land Tax
<b>SIP</b>	Statement of Investment Principles

March 2017

# Essex Pension Fund Funding Strategy Statement

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This Statement has been prepared by Essex County Council (the Administering Authority) to set out the funding strategy for the Essex County Council Pension Fund (the Fund), in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (as amended) and the guidance paper issued in August 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Panel.

## 1. Introduction

The Local Government Pension Scheme Regulations 2013 (as amended) provide the statutory framework from which the Administering Authority is required to prepare a Funding Strategy Statement (FSS). The key requirements for preparing the FSS can be summarised as follows:

- After consultation with all relevant interested parties involved with the Fund the Administering Authority will prepare and publish their funding strategy;
- In preparing the FSS, the Administering Authority must have regard to:
  - the guidance issued by CIPFA for this purpose;
  - the Statement of Investment Principles (SIP) / Investment Strategy Statement (ISS) for the Fund published under Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016; and
  - the Public Services Pensions Act 2013 section 13
- 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/ISS.

Benefits payable under the Local Government Pension Scheme (the Scheme) are guaranteed by statute and therefore the pensions promise is secure. The FSS addresses the issue of managing the need to fund those benefits over the long term, whilst at the same time, facilitating scrutiny and accountability through improved transparency and disclosure.

The Scheme is a defined benefit scheme under which the benefits are specified in the governing legislation (the Local Government Pension Scheme Regulations 2013). The required levels of employee contributions are also specified in the Regulations.

Employer contributions are determined in accordance with the Regulations (principally Administration Regulation 62) which require that an actuarial valuation is completed 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 desirability of maintaining 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 with its focus at all times on those actions which are in the best long-term interests of the Fund.

### 3. Funding Objectives and purpose of the Fund

The funding objectives of the Fund are:

- 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 manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives;
- to maintain liquidity in order to meet projected net cash-flow outgoings;
- to minimise unrecoverable debt on termination of employer participation; and
- to have consistency between the investment strategy and funding

strategy; and

- to maximise returns within reasonable risk parameters.

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 is required to:

- operate a pension fund;
- collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in the LGPS Regulations;
- invest surplus monies in

- accordance with the LGPS 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 Statement of Investment Principles (SIP) / Investment Strategy Statement (ISS), both after consultation with interested parties;
  - monitor all aspects of the Fund's performance and funding and amend the FSS/SIP(ISS) when necessary;
  - take measures as set out in the regulations to safeguard the Fund against the consequences of employer default; and
  - effectively manage any potential conflicts of interests arising from its dual role as both fund administrator and scheme employer.

Each Employer should:

- deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate in accordance with the LGPS regulations (Regulation 9);
- pay over all contributions, including their own as determined by the Fund Actuary, promptly by the due date;
- develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain;

- notify the Administering Authority promptly of all changes to active membership or, other changes proposed, which affect future funding; and
- complete year end procedures in a timely manner.

The Fund Actuary should:

- prepare valuations, including the setting of employers' contribution rates at a level to ensure solvency, after agreeing assumptions with the Administering Authority and having regard to the FSS and the LGPS Regulations;
- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters such as pension strain costs, ill health retirement costs;
- provide advice and valuations on the termination of admission agreements;
- provide advice to the administering authority on bonds or other forms of security against the financial effect on the fund of employer default;
- assist the administering authority in assessing whether employer contributions need to be revised between valuations as required by the regulations; and
- ensure that the administering authority is aware of any professional guidance or other professional requirements which may be of relevance to his or her role in advising the Fund.

## 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 ongoing 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.

Under Section 13(4) (c) of the Public Service Pensions Act 2013 The Government Actuary's Department (GAD) (as the person appointed by the responsible authority) must, following an actuarial valuation, report on whether the rate of employer contributions to the pension fund are set at an appropriate level to ensure the solvency of the pension fund and long term cost efficiency of the scheme so far as relating to the pension fund. Section 13 requires Funds to be compared with other Funds within the Scheme.

- 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 2016. The results of the valuation indicate that overall the assets of the Fund represented 89% 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:

- 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 ongoing 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);
- where an employer has an ongoing funding level above 100%, and cessation is on a 'least risk basis' payment towards the cessation debt will commence.
- the Fund will for the purpose of administration, the calculation of contribution rates and for the setting of maximum deficit recovery periods, continue to deal with town and parish councils (T&PC) as a group.
  - the Fund 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.

- the administering authority may by written notice ('a suspension notice') to an exiting employer suspend that employer's liability to pay an exit payment for a period of up to 3 years subject to conditions in Local Government Pension Scheme regulation 64(2a-c)
- 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;
- from 1 April 2017 all Academies will be placed in a pool;
- in the event of an Academy conversion, the Fund Actuary will undertake a calculation of the assets and liabilities attributable to the preceding school(s). These assets and liabilities will then be migrated from the Local Authority to the Academy pool;
- we will set objective and maximum deficit recovery periods for the remaining employers
  - the agreed deficit recovery periods will be set at levels that safeguard the interests of the Fund by having regard to the Fund's judgement of the strength of covenant and the financial stability of individual employers;

- individual employers will, at the discretion of the Fund and the Fund's Actuary, be able to increase their deficit recovery period up to the maximum deficit recovery period subject to providing assurance of greater strength of covenant and financial stability. (e.g. guarantor employer consent, provision of a bond, a deposit, a parent company guarantee or other surety);
- where a deficit recovery period greater than that of "average future working life" was applied at the 2013 valuation; the starting point for the deficit recovery period to be applied at the 2016 valuation is three years less than that previously applied. The Fund may, at its discretion, allow this three year period to be reapplied.

Whilst a deficit exists, annual contributions will not normally be reduced. This may result in a shorter deficit recovery period than described above.

## 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	2013 deficit recovery period less three years	27 years
C	Scheduled - other. 2	Further & Higher education corporations	average remaining working life	12 years
D	Scheduled - other. 1	Further & Higher education corporations providing evidence of financial security to the satisfaction of the Essex PEnsion Fund	2013 deficit recovery period less three years	24 years
F	Contractor	contract length	contract length	contract length
G	Community admission 1	Voluntary, not for profit, charities, housing associations	average remaining working life	average remaining working life
H	Community admission 2	Employer providing evidence of financial security to the satisfaction of the Essex Pension Fund	average remaining working life	12 years
Pooled employers			Maximum Recovery Period	
B	Scheduled - Academies	Academies	24 years	
E	Resolution	Town / Parish Councils	24 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 H employers could include the agreement and provision of a guarantee by a Category A employer.
4. While a deficit exists, annual contributions will not generally be reduced. This may result in a shorter deficit recovery period than the Objective.
5. Contributions generally 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 2017/18 to 2019/20.
- The 2017/18, 2018/19 and 2019/20 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 2017.
- Individual employers retain the freedom to
  - make a lump sum payment prior to 1 April 2017, following agreement with the administering authority. The annual deficit amounts certified for financial years 2017/18, 2018/19 and 2019/20 will reflect the actuarially assessed value of making this payment, either utilising the payment over the three years or over the deficit recovery period;
  - decide to repay their share of the deficit over a shorter period should they so choose; and
  - make additional payments to the Fund over and above the minimum employer contribution rates certified.

In determining the deficit recovery period(s) the Administering Authority has had regard to:

- the responses made to the consultation with employers on the FSS principles;
- the need to balance a desire to attain the target as soon as possible against the major increases in the level of employers' contributions which a shorter period would require;
- section 13 of the Public Service Pensions Act 2013 to ensure employer contributions are set at an appropriate level to ensure the solvency of the Fund; and
- the Administering Authority's views on the strength of the participating employers' covenants in achieving the objective.

Where a category A 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 two years to the Fund including interest;

Where a category B-H employer allows an early retirement, for any reason other than ill health, that produces a strain cost, payment of the strain is to be met in the form of an immediate lump sum to the Fund.

Where an existing payment plan exists and the employer is ceasing full settlement will be required of any outstanding amounts before the final cessation date.

Levels of ill health will be monitored and will normally be reflected in assumptions at triennial valuations or sooner if deemed necessary.

Employers that are able to and have closed the Scheme to new members, or have had no new members in the previous two years to 31 March 2016, 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;
- where a community admission body has an ongoing funding level above 100% payment shall commence towards termination in line with the "least risk" exit basis;
- 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; and
- in the case of charities the Fund and the Fund Actuary will work to achieve the best approach available without any detrimental impact to the running of the charity, but ensuring an agreed payment plan is reached to recover any

deficit – prudentially appropriate.

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.
- In the case where a contractor wishes to offer a broadly comparable scheme, rather than apply to become an admission body of the Fund, standardised bulk transfer terms will be offered via the Actuary's Letter. The letter will be structured so as to target an asset transfer to the contractor's Broadly Comparable scheme such that it is equivalent to 100% of the past service liabilities reserved for by the Fund in respect of the transferring members' accrued service as at the date of transfer. The Fund will only agree to any variations in the standard in exceptional circumstances and with the prior agreement of the transferring scheme employer.

## 6. Link to investment policy

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

### Investment Strategy

The 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	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		M&G	
	M&G		-	-	-	Infrastructure	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>

As part of the review of the Statement of Investment Principles, Investment Consultants Hymans Robertson conducted a review of the Fund's investment structure using their Asset Model (HRAM), the stochastic scenario generator developed by Hymans Robertson LLP, calibrated using market data as at 31 October 2014. The result was an expectation of a 6.4% p.a. return which rose to 7.2% with the inclusion of investment managers' outperformance.

### 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 2016 the discount rate used, in order to calculate the current value of future pension benefits payable is 5.1%.

## 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.

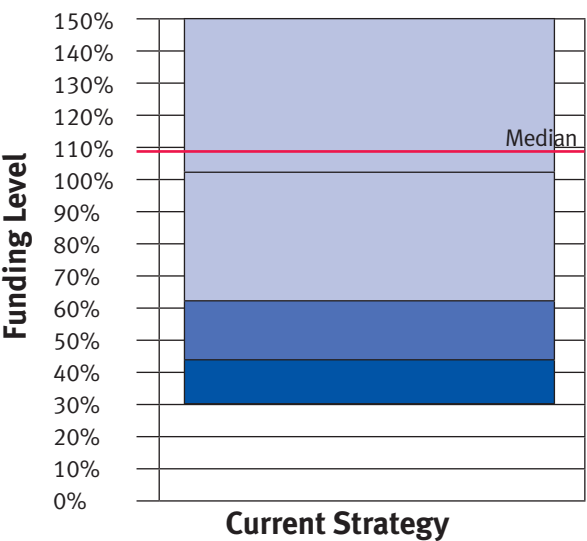
The funding of defined benefits is by its nature uncertain. The funding strategy is based on both financial and demographic assumptions. These assumptions are specified in the actuarial valuation report. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge 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**

The impact of the investment strategy will be added to the FSS on completion of the 2017 asset liability study (ALS) . \*(The ALS is part of actions for the 2017/18 business plan included on PSB agenda) The outcome of the 2014 ALS is set out below.

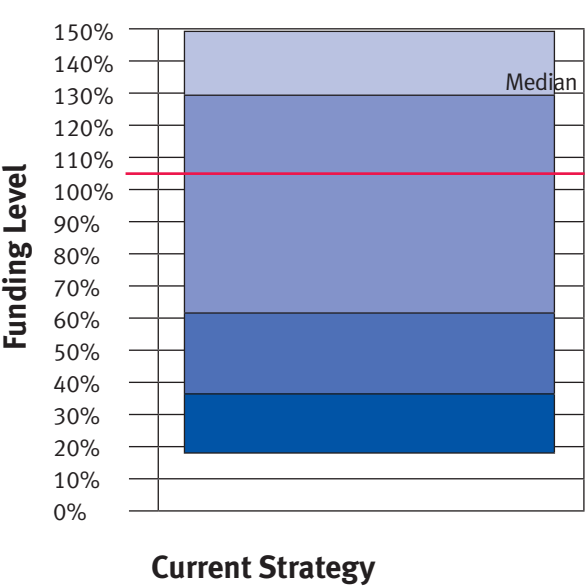
Charts A and B below show the projected range of outcomes for the funding level in 2025 and 2034 assuming that the current investment strategy remains in place for the full period (62% equities, 24.5% in alternatives and 13.5% in bonds). These are effectively slices across the funnel of outcomes shown in the example above at years 2025 and 2034, with the median line shown. We also mark the 100% funded line, which is the objective we are aiming to achieve.

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



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

**Chart B: 2034 projection of current investment strategy**



Comment:

- 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 Mark Stevens.

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 – Essex Pension Fund Risk Register

Essex Pension Fund Risk Register										
Risk Area: Essex Pension Fund			Date:05/09/2016							
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:05/09/2016							
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:05/09/2016							
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:05/09/2016							
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:05/09/2016							
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:05/09/2016							
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:05/09/2016							
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:05/09/2016							
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:05/09/2016							
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:05/09/2016							
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:05/09/2016							
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

The table below outlines the agreed financial and statistical assumptions as discussed at the meeting on 14 September 2016.

Financial assumptions		31 March 2016 % p.a.	31 March 2013 % p.a.
Discount rate		5.1%	5.8%
Pay increases	Long-term	3.9%	4.5%
	Short-term	CPI for period from 31 March 2016 to 31 March 2020	In line with CPI for period from 31 March 2013 to 31 March 2015
Retail Price Inflation (RPI)		3.3%	3.5%
Consumer Price Inflation (CPI)		2.4%	2.7%
Pension increases		2.4%	2.7%

Demographic assumptions	31 March 2016	31 March 2013
Pre-retirement mortality - base table	GAD tables (updated)	GAD tables
Post-retirement mortality (member) - base table	S2PA tables with a multiplier of 105% for males and 100 % for females	S1PA tables
Post-retirement mortality (dependant) - base table	S2PA tables with a multiplier of 100% for female dependants and 105% for male dependants	S1PA tables
Allowance for improvements in life expectancy	2015 CMI Model with a long-term rate of improvement of 1.5% p.a.	2012 CMI Model with a long-term rate of improvement of 1.5% p.a.
Promotional salary scale	GAD tables (updated)	GAD tables
Allowance for early retirements (ill health)	GAD tables (updated)	GAD tables
Allowance for withdrawals	GAD tables (updated)	GAD tables
Allowance for cash commutation	Members will commute pension at retirement to provide a lump sum of 50% of the additional maximum allowed under HMRC rules and this will beat a rate of £12 lump sum for £1 of pension	Members will commute pension at retirement to provide a lump sum of 60% of the additional maximum allowed under HMRC rules and this will be at a rate of £12 lump sum for £1 of pension
Allowance for 50:50 membership	Based on members' current section	10% of active members will opt to pay 50% of contributions for 50% of benefits under the new scheme

Demographic assumptions	31 March 2016	31 March 2013
Partner age difference	Males are three years older than their spouse and females are three years younger than their spouse	Males are three years older than their spouse and females are three years younger than their spouse
Proportion married	There is an 75%/70% chance that male/female members will, at retirement or earlier death, have a dependant who is eligible for death benefits	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
Retirement age	For each tranche of benefit, the “tranche retirement age” is the earliest age a member could retire with unreduced benefits. Each member is assumed to retire at the weighted average of these for all tranches of benefit.	For each tranche of benefit, the “tranche retirement age” is the earliest age a member could retire with unreduced benefits. Each member is assumed to retire at the weighted average of these for all tranches of benefit.

Past Service funding position	Final basis 31 March 2016 £m
Smoothed asset value	4,993
Past service liabilities	
Actives	1,855
Deferred pensioners	1,088
Pensioners	2,655
Total	5,598
Surplus (Deficit)	-605
Funding level	89%

# Essex Pension Fund

## Governance Policy and Compliance Statement

as at 13 July 2016

### Introduction

This Policy and Compliance Statement outlines the governance arrangements for the Essex Pension Fund, maintained by Essex County Council, as required by Regulation 55 of the Local Government Pension Scheme Regulations 2013 (“The Regulations”).

Under that provision all LGPS Funds in England and Wales are required to produce a Governance Compliance Statement, keep it under review, revise it following any material change in its delegation arrangements and publish it, following such consultation as it considers appropriate. 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;
- d. details of the terms, structure and operational procedures relating to the local pension board established under The Regulations.

Each administering authority is required to:

- a. keep the statement under review;
- b. make such revisions as are appropriate following a material change in respect of any of the matters mentioned in points a. to d., above; and
- c. if revisions are made, publish the statement as revised.

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 16 December 2015. There have been some changes to the governance arrangements since the previous Policy and Statement.

In 2013 the Public Service Pensions Act required that each public sector scheme establish a Pension Board. The subsequent amendments to The Regulations specify the role of the Board for LGPS funds. The Regulations require the creation of a Local Board to assist the scheme manager (in Essex Pension Fund's case, The Essex Pension Fund Strategy Board and the Essex Pension Fund Investment Steering Committee):

- to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS;
- to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;
- in such other matters as the LGPS regulations may specify.
- secure the effective and efficient governance and administration of the LGPS for the Essex Pension Fund;
- provide the Scheme Manager with such information as it requires in order to ensure that any member of the Board or person to be appointed to the Board does not have a conflict of interest.

### About The Essex Pension Fund

Under the Local Government Pension Scheme Regulations 2013, Essex County Council is required to maintain a pension fund ("the Fund") for its employees and those of other

Scheme Employers within its area.

Essex County Council therefore administers the Fund for its own employees and those of the 14 District/Borough/Unitary Councils and numerous other bodies. In total there are over 580 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 under the Public Service Pensions Act 2013 (all as amended):

- Local Government Pension Scheme (LGPS) Transitional Provisions, Savings and Amendment Regulations 2014;
- Local Government Pension Scheme (LGPS) Regulations 2013;
- 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 2014 employee contributions have been banded according to employees' annual pensionable pay. The rates payable vary from 5.5% to 12.5% of annual pensionable pay.

### Membership Summary as 31 March 2015

Active Members	50,965
Pensioner/Dependants	35,455
Deferred Members	44,038
Total	130,458

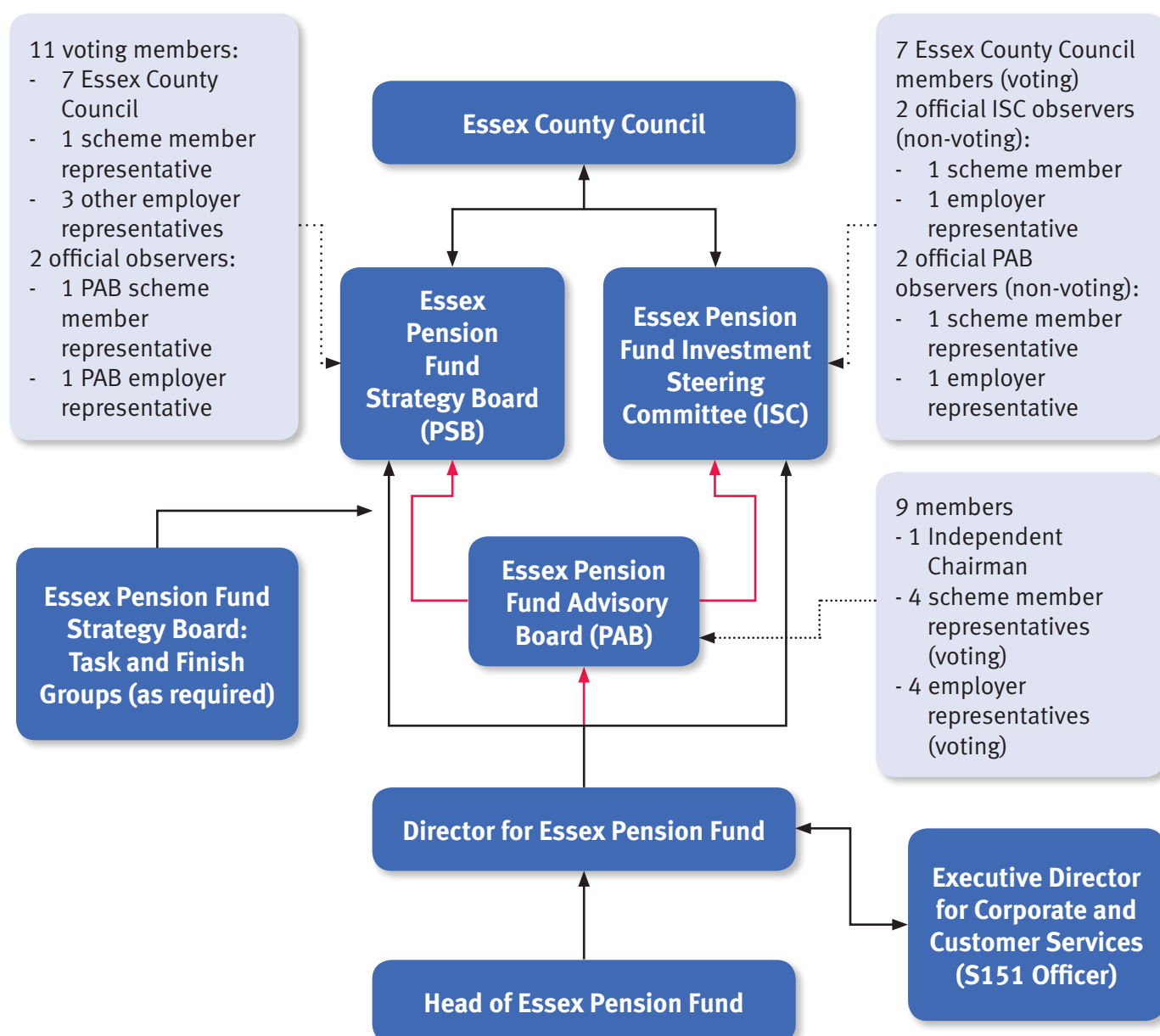
\* Deferred pensioners are former active members who have chosen not to transfer

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 (“the Council”) has delegated its functions in relation to the maintenance of the Essex Pension Fund as follows:

### 1. To the Essex Pension Fund Strategy Board (PSB) (formerly known as 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. The delegation 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 compliance with The Regulations, to oversee the day to day administration and payment of pensions including the Internal Disputes Resolution Procedures. To ensure the Fund 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 Essex Pension Fund Investment Steering Committee (ISC):

- 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.
- ix. To approve the Fund’s Treasury Management Strategy.

### 3. To the Executive Director for Corporate and Customer Services (S151 Officer):

- i. To act as the Council’s officer appointed under section 151 of the Local

Government Act 1972 and to make such decisions as are necessary for the proper administration of the Council's financial affairs.

- ii. To be the Proper Officer under Section 151 of the Local Government Act 1972.
- iii. To be responsible for all the Council's powers and duties with respect to pensions including the Essex Pension Fund and the Council's involvement with other pension schemes

Note 1: The Executive Director for Corporate and Customer Services is not empowered to change the managers of the Pension Fund unless the Chief Executive agrees following a recommendation from the ISC.

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

#### **4. To the Director for Essex Legal Services:**

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

Under the Public Service Pensions Act 2013, the Essex Pension Fund's Local Pension Board is known as the Essex Pension Fund Advisory Board (PAB). The functions of the PAB are set out in its terms of reference and are summarised below:

#### **The Essex Pension Fund Advisory Board**

- i. To assist the Administering Authority:
  - a. to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
  - b. to secure compliance with requirements imposed in relation

to the LGPS by the Pensions Regulator (tPR).

- ii. To secure the effective and efficient governance and administration of the LGPS for the Essex Pension Fund ("EPF").
- iii. To help ensure that the EPF is managed and administered effectively and efficiently and complies with the tPR's Code of Practice (CoP – "Governance and administration of public service pension schemes") No. 14.
- iv. To assist the Scheme Manager in this case the Administering Authority with such matters as the scheme regulations may specify.
- v. To be a "critical friend" to the PSB and the ISC.
- vii. To provide oversight of decisions made by the PSB to ensure that due process has been followed.
- viii. The Board may review any decision made by or on behalf of the Scheme Manager.
- ix. The Board will adopt a policy statement on reporting breaches identified under viii.
- x. At the invitation of the PSB, the Board may also undertake other tasks.
- xi. Appoint Observers to attend meetings of the PSB and the ISC.

## Board/Committee Representation

### The Essex Pension Fund Strategy Board (PSB)

The Essex Fund Pension Strategy Board is composed as follows:

Representing	No	Term of Office	Comments
Essex County Council	7	until 2017 County Council Elections	
District/Borough Councils in Essex	1	4 years (from May 2015 until 2019 District/Borough Council elections)	Nominated by Essex Borough and District Leaders/Chief Executives Meeting
Unitary Councils in Essex	1	4 years (from May 2015 until 2019 Unitary Authority elections)	One from either Southend-on-Sea and Thurrock Councils
Scheme Members	1	4 years from date of appointment	Nominated by UNISON
Smaller Employing Bodies	1	2 years, from Employer Forum 2015 until Employer Forum 2017	To be nominated following voting by either eligible employers attending the Employer Forum or election process
<b>Total</b>	<b>11</b>		
PAB Employer representative (observer)	1	A review of the PAB is due to commence by October 2016 with any changes implemented by May 2017.	PAB Nomination
PAB Employee representative (observer)	1		PAB Nomination

All members of the Board have equal voting rights.

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

The Strategy 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 Strategy 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 Essex Pension Fund Investment Steering Committee (ISC)

The Essex Pension Fund Investment Steering Committee is composed as follows:

Representing	No	Term of Office	Comments
Essex County Council (voting)	7	Until 2017 County Council Elections	
<b>Total</b>	<b>7</b>		
Employer representative (observer)	1	4 years (from May 2015 until 2019 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
PAB Employer representative (observer)	1	A review of the PAB is due to commence by October 2016 with any changes implemented by May 2017.	PAB Nomination
PAB Employee representative (observer)	1		PAB Nomination

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 Pension Fund 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 ongoing 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.

## The Essex Pension Fund Advisory Board (PAB)

The Essex Pension Fund Advisory Board is composed as follows:

Representing	No	Term of Office	Comments
Independent Chair (non-voting)	1	A review of the PAB is due to commence by October 2016 with any changes implemented by May 2017	
A review of the PAB is due to commence by October 2016 with any changes implemented by May 2017			
Essex County Council	1		
District/Borough Councils in Essex	1		Nominated by Essex Borough and District Leaders/Chief Executives Meeting
Unitary Councils in Essex	1		One from either Southend-on-Sea and Thurrock Councils
Smaller Employing Bodies	1		Essex Fire Authority
Scheme Members	3		2 deferred and 1 active member
Scheme Member	1		Nominated by UNISON
<b>Total</b>	<b>9</b>		

The Essex Pension Fund Advisory Board is appointed by Essex County Council as its Local Pensions Board in accordance with section 5 of the Public Service Pensions Act 2013 and Part 3 of the Local Government Pension Scheme Regulations 2013.

The Essex Pension Fund Advisory Board has no delegated decision making ability, on behalf of Essex County Council.

With the exception of the Chair, who has no vote, all members of the Board have equal voting rights.

There are no substitute members.

The Pension Advisory Board is supported in the execution of its responsibilities by staff from the Authority's Pension Fund function as well as advisers to the fund such as the Independent Governance and Administration Adviser and other advisers as considered necessary (e.g. the Fund Actuary, institutional investment adviser).

The Pension Advisory Board meets at least twice per year.

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The Pension Advisory Board will follow the dedicated EPF 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 Pension Advisory Board reports its activities at the end of each financial year to the Authority and will be publicly disclosed.

## Governance Compliance Statement: Section 101 Committees

As can be seen, Essex Pension Fund governance arrangements in respect of the PSB and ISC are fully compliant with the latest guidance issued by the Secretary of State for Communities and Local Government (issued in 2008):

Description of Principle	Essex Pension Fund's Position	Future Action
<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. (b) that representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee. (c) that where a secondary committee or panel has been established, the structure ensures effective communication across both levels. (d) that where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	<p>The Essex Pension Fund Strategy Board was established as the Essex Pension Fund Board in 2008, changing its name on 1st April 2015 following the formation of the Essex Pension Fund Advisory Board. It is an overarching body to oversee the functions of the County Council as Administering Authority of the Fund, except where they have been specifically delegated to another committee or officers.</p> <p>Its functions include monitoring the administration of the Pension Scheme, exercising Pension Fund discretions and determining Pension Fund policy towards employer admission arrangements. Membership of the Pension Strategy Board is drawn from the County Council as well as other scheme employers and member representatives. All representatives have full voting rights and receive appropriate training and development.</p> <p>In addition to the Pension Strategy Board the Fund has also put in place an Investment Steering Committee (ISC). The role of the ISC is to oversee and approve all matters related to the Fund's investments. Their main role is to decide asset allocation, appoint investment managers and periodically review and monitor investment manager performance. All decisions of the ISC are ultimately ratified by the Pension Strategy Board.</p>	<p>The Fund has developed a rolling three year business plan, which includes the training, development and effectiveness of the Pension Strategy Board and ISC. This plan is reviewed quarterly.</p>
<b>A Structure</b>	<p>Membership of the ISC is drawn from the County Council representatives of the Pension Strategy Board, all of which have full voting rights as well as employer and member representatives from the Pension Strategy Board (who have observer status only).</p>	

Description of Principle	Essex Pension Fund's Position	Future Action
<p><b>B Representation</b></p> <p>(a) that all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> <li>(i) employing authorities (including non-scheme employers, e.g. admitted bodies);</li> <li>(ii) scheme members (including deferred and pensioner scheme members);</li> <li>(iii) independent professional observers;</li> <li>(iv) expert advisers (on an ad hoc basis).</li> </ul> <p>(b) that where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p>	<p>The terms of reference of both the Pension Strategy Board and the ISC set out the term of office for individual members. The terms of reference of the Pension Strategy Board also sets out the mechanism by which representatives from different sectors of scheme employers are able to volunteer for membership of the Pension Strategy Board. For example:</p> <ul style="list-style-type: none"> <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> <li>• District and Borough Council representatives are nominated by the Leaders/Chief Executives of those organisations.</li> </ul> <p>All members of the Pension Strategy Board and ISC are treated equally in terms of provision of meeting papers, opportunity to contribute (full voting rights on the Pension Strategy Board) and knowledge and skills training.</p> <p>In addition, the Pension Strategy Board has appointed an independent governance and administration adviser to assist the Pension Strategy Board and its officers.</p>	
<p><b>C Selection and Role of Lay Members</b></p> <p>(a) that committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p>	<p>This is clearly set out in the terms of reference of both the Pension Strategy Board and ISC.</p>	<p>Continually monitor and review to ensure that the functions of the Pension Strategy Board and ISC remain appropriate.</p>

Description of Principle	Essex Pension Fund's Position	Future Action
<b>C Selection and Role of Lay Members</b>  (b) that at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.		
<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 Strategy 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 as members of the PSB, when considering any decisions taken by the ISC that are subsequently referred to the PSB.</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><b>Training</b> The Fund has put in place a comprehensive knowledge and skills training strategy in place, which covers all aspects of the CIPFA knowledge and skills framework.</p> <p>The document sets out the strategy agreed by the Pension Strategy Board concerning the training and development of:</p> <ul style="list-style-type: none"> <li>all the members of the Pension Strategy 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 Strategy 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>	A training plan has been formed and will be rolled out from 2016.

Description of Principle	Essex Pension Fund's Position	Future Action
<p><b>E Training/ Facility Time/ Expenses</b></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> <p><b>Facility Time/ Expenses</b>  PSB members who are also elected members of Essex County Council will be subject to the Essex County Council Members' Allowance Scheme as set out in the Council's constitution.</p> <p>PSB members who are elected members of local authorities participating in the Essex Pension Fund will be subject to the policies and constitution that apply in respect of the Council of which they are members.</p> <p>PSB members who are not elected members will be entitled to claim travel and subsistence allowances equivalent to the Essex County Council Members' Allowance Scheme as set out in the Council's constitution. Expenses will only be payable in connection with PSB business and will be met by the EPF.</p> <p>Employers of a PSB member are encouraged to allow facilities' time where relevant.</p> <p>All costs associated with attendance at training courses, conferences, and seminars away from County Hall, for all PSB members, will be met by the EPF. Events must be relevant, in line with the Fund's training strategy and be approved by the Director of the EPF.</p>	<p>A training plan has been formed and will be rolled out from 2016.</p>

Description of Principle	Essex Pension Fund's Position	Future Action
<p><b>F Meetings – Frequency</b></p> <p>(a) that an administering authority's main committee or committees meet at least quarterly.</p> <p>(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.</p> <p>(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>	<p>The Pension Strategy Board and ISC meet a minimum of four times a year.</p> <p>Meetings of both the Pension Strategy Board and ISC are arranged so that outputs from the ISC are available to the Pensions Strategy Board in a timely manner.</p>	
<p><b>G Access</b></p> <p>(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>	<p>All members of the Pension Strategy Board and ISC are provided access to all committee papers and documentation via the Pension Fund's on-line portal infoBOARD.</p>	

Description of Principle	Essex Pension Fund's Position	Future Action
<b>H Scope</b> (a) that administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	The role of the Pension Strategy 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 Strategy 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.	
<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> .	

## Governance Compliance Statement: Essex Pension Fund Advisory Board

At present the latest guidance issued by the Secretary of State for Communities and Local Government does not extend to the governance arrangements of the newly formed local Board, the Essex Pension Fund Advisory Board (PAB). The following table sets out how the PAB complies with the requirements applicable to local pension boards, as set out in the LGPS Regulations, Scheme Advisory Board Guidance and The Pensions Regulator's Code of Practice No. 14.

Requirement	Essex Pension Fund's Position	Future Action
<b>A - LGPS 2013 Regulations</b>		
Where the Scheme manager is a committee of a local authority the local pension board may be the same committee if approval in writing has been obtained from the Secretary of State.	The PAB has been set up as a separate, stand-alone Board. Essex County Council has not taken steps to seek Secretary of State approval for the setting up of a joint arrangement with the PSB.	The County Council will monitor, with interest, the success of any scheme manager that does receive Secretary of State approval to the setting up of a joint arrangement.
Where the administration and management of a Scheme is wholly or mainly shared by two or more administering authorities, those administering authorities may establish a joint local pension board if approval in writing has been obtained from the Secretary of State.	The Essex Pension Fund is solely managed by Essex County Council.	
Only employer and scheme member representatives shall be entitled to vote	Although the PAB has an independent Chair voting rights only extend to the employer and member representatives	
The administering authority has established a fair and transparent process for the appointment of local pension board members	<p>The terms of reference of the PAB set out the term of office for individual members. The terms of reference of the PAB also sets out the mechanism by which representatives from different sectors of scheme employers are able to volunteer for membership of the PAB. For example:</p> <p>Employers Representatives</p> <ul style="list-style-type: none"> <li>• District and Borough Council representatives are nominated by the Leaders/Chief Executives of those organisations; and</li> <li>• Small employing body representatives are nominated following voting by eligible employers attending the Pension Fund Employer Forum.</li> </ul>	

Requirement	Essex Pension Fund's Position	Future Action
	<p>Member Representatives</p> <ul style="list-style-type: none"> <li>• Member representatives are nominated by the individual unions; and</li> <li>• by members individually.</li> </ul> <p>All members of the PAB are treated equally in terms of provision of meeting papers, opportunity to contribute (full voting rights) and knowledge and skills training.</p> <p>In addition, the Pension Strategy Board has appointed an independent governance and administration adviser to assist the both the PSB and its officers.</p>	
The local pension board consists of at least 4 members of whom 2 are employer representatives and 2 scheme member representatives	<p>The PAB includes a membership of 4 employer and 4 member representatives and an independent Chair. Each of the 4 employer and 4 member representatives has equal voting rights. The independent Chair has no voting rights.</p> <p>The PAB has no decision making powers.</p>	
Employer and scheme member representatives have the capacity to represent their constituency.	<p>The Fund has put in place a comprehensive knowledge and skills training strategy in place, which covers all aspects of the CIPFA knowledge and skills framework.</p> <p>The document sets out the strategy agreed by the PAB concerning the training and development of its members.</p> <p>The training strategy was established to aid members of the PAB 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 responsibilities put upon them.</p>	A training plan has been formed and will be rolled out from 2016.

Requirement	Essex Pension Fund's Position	Future Action
	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.	
Where the local pension board is not a joint body also exercising delegated decision making powers; a) no officer or elected member of the administering authority who is also responsible for the discharge of functions under LGPS 2013 may be a member of the local pension board, and b) any elected member of the administering authority who is a member of the pension board must be an employer or scheme member representative.	No officer or elected member on the PAB has any responsibility for the discharge of function under the LGPS Regulations as part of their normal duties.	
No person to be appointed to the pension board may have a conflict of interest.	All members of the PAB are required to adopt and adhere to the County Council's published conflict of interest policy. Where any conflict or potential conflict is identified it must be declared and any remedial action taken to resolve the conflict or potential conflict must be carried out in accordance with the County Council's stated conflicts policy in place at that time	
No member of a pension board may have a conflict of interest.	All members of the PAB are required to adopt and adhere to the County Council's published conflict of interest policy. Where any conflict or potential conflict is identified it must be declared and any remedial action taken to resolve the conflict or potential conflict must be carried out in accordance with the County Council's stated conflicts policy in place at that time.	

Requirement	Essex Pension Fund's Position	Future Action
<b>B – Training</b>		
There is a clear policy on training which complies with the Pension Regulator's code of practice no. 14	<p>The Fund has put in place a comprehensive knowledge and skills training strategy in place, which covers all aspects of the CIPFA knowledge and skills framework.</p> <p>The document sets out the strategy agreed by the PAB concerning the training and development of its members.</p> <p>The training strategy was established to aid members of the PAB 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 responsibilities 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>	
<b>C – Expenses and facility time</b>		
There is a clear policy on the reimbursement of expenses and use of facility time.	<p>Provision has been made in the accounting procedures to identify the costs incurred in the establishment and operational costs of the local pension board. Participating employers are also encouraged to allow facilities' time where relevant.</p> <p>PAB members who are also elected members of Essex County Council will be subject to the Essex County Council Members' Allowance Scheme as set out in the Council's constitution.</p>	

Requirement	Essex Pension Fund's Position	Future Action
	<p>PAB members who are elected members of local authorities participating in the Essex Pension Fund will be subject to the policies and constitution that apply in respect of the Council of which they are members.</p> <p>PAB members who are not elected members will be entitled to claim travel and subsistence allowances equivalent to the Essex County Council Members' Allowance Scheme as set out in the Council's constitution. Expenses will only be payable in connection with PAB business and will be met by the EPF.</p> <p>Employers of a PAB member are encouraged to allow facilities' time where relevant.</p> <p>All costs associated with attendance at training courses, conferences, and seminars away from County Hall, for all PAB members, will be met by the EPF. Events must be relevant, in line with the Fund's training strategy and be approved by the Director of the EPF</p>	
<b>D – Conduct of members</b>		
The members of a Local Pension Board should have regard to the 'Seven Principles of Public Life' ("the Nolan Principles").	All members of the PAB will have been made aware of the Seven Principles of Public Life as part of their initial induction and as part of regular reminders in ongoing training and development.	
<b>E – Reporting Breaches</b>		
There should be a policy in place for the reporting of breaches of the law.	It is the responsibility of all members of the PAB to understand their individual and collective responsibilities in this area and to familiarise themselves with the steps they should follow in the event a breach of the law is suspected.	
<b>F – Internal reporting</b>		
There should be a clear mechanism for the Pension Board to report its requests, recommendations or concerns	This is covered within the PAB terms of reference.	

# Essex Pension Fund Advisory Board

## Annual Report 2016/17

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### Chairman's Report

This is the second Annual Report of the Essex Pension Fund Advisory Board, covering the period from 1 July 2016 until 30 June 2017.

### Roles and Functions

The Essex Pension Fund Advisory Board (PAB) has been established as the Local Pension Board for Essex in accordance with section 5 of the Public Service Pension Act 2013 and Part 3 of the LGPS Regulations 2013

The remit of the PAB includes assisting the Administering Authority as Scheme Manager:

- to secure compliance with the LGPS regulations and any other legislation relating to governance and administration of the LGPS
- to secure compliance with requirements imposed in relation to the LGPS by the Pension Regulator.

A web link to the papers detailing the establishment of the PAB (including the full Terms of Reference) can be found at the link below:

<http://cmis.essexcc.gov.uk/essexcmis5/CalendarofMeetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/3109/Committee/50/SelectedTab/Documents/Default.aspx>

The establishment of the PAB was approved by Essex County Council (ECC) in February 2015 with the following membership:

- 4 employer representatives made up of ECC (1), Borough/City District (1), Unitary (1), other employers (1)
- 4 scheme member representatives of which 1 has been nominated by the trade unions and the rest drawn from the total scheme membership
- 1 independent non-voting chairman

The PAB met in Sept 2016, January 2017 and June 2017.

In addition to these meetings, PAB Members have attended as observers at each of the:

- four meetings of the Pension Strategy Board (PSB) (the Fund's s101 committee) which took place in July 2016, September 2016, December 2016 and March 2017;
- four meetings of the Investment Steering Committee (ISC) (the Fund's s101 sub-committee) which took place in November 2016, February 2017, April 2017 and June 2017.

## Membership of the PAB

The membership of the Board as at 1 July 2016 was as follows:

### Independent Chairman

Nicola Mark	Head of Norfolk Pension Fund
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### Scheme Member Representatives

Keith Flowers (until Jan 2017)	Unison, Chelmsford City Council (Currently Pending)
Paul Hewitt	Deferred Member, Southend Borough Council/ Harlow District Council
Jenny Hunt	Deferred Member, Anglia Ruskin University
Mark Paget	Active Member, Essex County Council

### Employer Representatives

James Durrant	Essex Fire Authority
Cllr Terry Cutmore ( from March 2017)	Rochford District Council
Cllr John Galley (until August 2016)	Chelmsford City Council
Cllr Shane Hebb (from September 2016)	Thurrock Borough Council
Cllr Barry Johnson (until August 2016)	Thurrock Borough Council
Cllr Simon Walsh	Essex County Council

Attendance at PAB meetings to date is 73%.

## Conflicts of interest

The Public Service Pensions Act 2013 requires that a member of a pension board does not have a conflict of interest. A conflict as defined as “a financial or other interest which is likely to prejudice a person’s exercise of functions as a member of the pension board.” The Act is clear that actual membership of the LGPS is not in and of itself a conflict of interest, so would not preclude a scheme member from serving on the PAB.

The Essex Pension Fund has a policy for the management of potential conflicts in order to ensure that they do not become actual conflicts and all members of the PAB are familiar with this policy.

In addition conflicts of interest is a standing item on all PAB agendas and any interests noted by members are recorded so that action can be taken to exclude the conflicted individual from proceedings where necessary.

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## Pension Advisory Board Member Training

The Public Service Pensions Act 2013<sup>1</sup> requires that members of local pension boards have an appropriate level of knowledge and understanding in order to carry out their role. Any individual appointed to a local pension board must be conversant with;

- The regulations of the Local Government Pension Scheme, including historical regulations and transitional provisions, to the extent that they still affect members; and
- any document recording policy about the administration of the scheme

Local Pension Board members must also have knowledge and understanding of:

- the law relating to pensions, and
- such other matters as may be prescribed in other legislation.

The degree of knowledge and understanding required by local pension board members is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the Local Pension Board.

## Degree of Knowledge and Understanding

Members of the local pension board are expected to be conversant with the rules of the LGPS and the policies of the Fund. “Being conversant with” implies a working knowledge of what is relevant to the subject under discussion. A Board member should have an understanding of what is relevant to their role and be able to identify and challenge a failure to comply with;

- the LGPS Regulations;
- other legislation relating to the governance and administration of the scheme;
- requirements imposed by the Pensions Regulator; and
- any failure to meet the standards and expectations set out in any relevant code of practice issued by the Pensions Regulator.

## Areas of Knowledge and Understanding

The areas in which the PAB would be expected to be conversant include, but are not limited to:

- Scheme approved policies (e.g. managing conflicts of interest, reporting breaches of the law or record keeping)
- Risk assessment and management
- Scheme booklets and other members communications
- The role of Local Pension Board Members and the scheme manager
- Policies in relation to the exercise of discretions
- Communications with scheme members and employers
- Key policy documents on administration, funding, and investment.

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

## Training Strategy and Policy

At its meeting of 15 January 2016 Members received a report which set out a strategy on how members of the Pension Strategy Board, the Investment Steering Committee and the Pension Fund Advisory Board will achieve full compliance with the CIPFA Knowledge and Skills Framework and Pensions Regulator's Code of Practice and acquire the knowledge and skills necessary to carry out their functions. Members of the PAB fully endorsed the strategy and re-iterated their commitment to knowledge and skills.

The approach of the training strategy is summarised below:

- Credits are awarded for attendance at formally arranged training sessions and other relevant events which increase knowledge of the LGPS;
- PAB members are expected to complete the Pension Regulator's on-line toolkit designed to provide a sound understanding of the roles and responsibilities of public service pension board members;
- Assessments of member's knowledge and skills are used to determine areas for further training. Officers will maintain a record of the credits obtained by each individual member;
- The approach to training will be flexible, in order to recognise the ever changing landscape of LGPS;
- Training will be delivered in a way that complements the activities set out in the Fund's business plan.

This year the PAB have received the following training sessions which have taken place within formal PAB meetings;

Date of meeting	Topics Covered
21 September 2016	Statement of Investment Principles (SIP) Update on the reform of the Local Government Pension Scheme Actuarial Valuation 2016: Background and Process Review of Pension Advisory Board Local Pension Board Annual Report Communications
26 January 2017	Actuarial Valuation 2016: Draft Funding Strategy Statement Review of Pension Advisory Board Review of Annual Surveys
6 June 2017	Report of Investment Strategy Statement Actuarial Valuation Update Update on reform of the Local Government Pension Scheme Annual Report

In addition the opportunity has been available for members of the PAB to attend training sessions outside of PAB meetings, including training sessions which have taken place within PSB or ISC meetings.

Details of observing at Essex Pension Fund Strategy Board and Investment Steering Committee meetings and training events (internal and external) are recorded throughout the year.

## Outcomes and recommendations

Decisions about the running of the Pension Fund are made by the Essex Pension Fund Strategy Board and Investment Steering Committee which are delegated to carry out that function by Essex County Council in its capacity as the Administering Authority for the Essex Pension Fund.

The role of the PAB is to assist the Administering Authority to ensure compliance and to make recommendations to improve the efficient and effective administration and governance of the pensions function.

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

Date	Area	Action
All meetings	Decisions of the Pensions Strategy Board and the Investment Steering Group	The PAB's meetings are based on the issues considered at meetings of the Pension Strategy Board and the Investment Steering Committee.
21 September 2016	Statement of Investment Principles	Resolved The Board noted the requirement to produce a Statement of Investment Principles and the new regulations which required the Fund to produce an Investment Strategy Statement going forward. The Board also noted the consultation process.
21 September 2016	The LGPS investment pooling reform	It was Agreed that: 1. The Board noted the update. 2. A session on pooling would be organised for new Members of the Board
21 September 2016	Valuation 2016/17	Resolved: The Valuation cycle was explained and the Board noted the timetable, the key assumptions and the headline results. In addition it was explained how the Funding Strategy links to the overall valuation.  It was also noted the consultation to scheme employers would commence
21 September 2016	Review of the PAB	Resolved: The Board noted the timeframe for completing their 18 month review and agreed to commence the process.

Date	Area	Action
21 September 2016	PAB Annual Report	Resolved: The draft Annual report for 15/16 was agreed and past to the Pension Strategy Board (PSB) in September 2016 to note.
21 September 2016	Communications Update	Resolved: It was noted that the Annual Benefit statements were successfully delivered within timescale and a discussion on the digital aspirations for future distribution was noted.  Further developments regarding the ABS will be discussed at future PAB meetings.
26 January 2017	Update on the Actuarial Valuation 2016/17 and the draft Funding Strategy Statement (FSS)	Resolved: It was noted the Fund Actuary, requirement to assist the Government Actuary Department (GAD) to produce the Funds position using standardise assumptions in addition to the Fund specific assumption.  The Board noted the latest version of the FSS
26 January 2017	Review of PAB	Recommended: The latest review of the PAB report was discussed in addition to various options in relation to the structure of the Board.  The agreed report on the PAB's first 18 months performance which reviewed its efficacy was presented at the March meeting of the PSB
26 January 2017	Review of Annual Surveys	It was noted that the Fund issues annual surveys to both Employers and Employees. Feedback on the draft 2017 surveys was given by the Board.  It was Agreed that any further comments on the format of the surveys be passed to Fund Officers for their consideration.
6 June 2017	Appointment of Vice-Chairman	Resolved: Paul Hewitt Voted Vice-chairman

Date	Area	Action
6 June 2017	Other actions following the review of the Essex Pension Fund Advisory Board Independent Chairman	Update was given by the Head of Essex Pension Fund on other actions.  It was noted the reciprocal Chairman agreement will need to be reviewed as the Pooling agenda progresses.
	National Scheme Advisory Board Survey	An independent Chairman could cost £10-£20k per year and a reciprocal arrangement with another pool (not ACCESS) would have costs and conflict of interest issues.
	Effectiveness of the PAB Survey	Action: 31 May SAB survey launched and all members encouraged to complete. IGGA to circulate information to help with responses.  IGGA also to circulate questionnaires regarding effectiveness of PAB
6 June 2017	Post-County Election Update	Noted: Update by KM regarding post county election & update of PSB & ISC membership.
6 June 2017	Investment Strategy Statement	Action: report by KM on Investment Strategy Statement (ISS) consultation. Members were invited to submit their view as part of the consultation and to respond by 26 June 2017
6 June 2017	Actuarial Valuation Process Update	Resolved: Report on valuation update by KM including the possible pooling arrangements for Academies.
6 June 2017	Update on reform of the Local Government Pension Scheme	The Board received a verbal update from the Director of the Essex Pension Fund on Pooling and the Inter-Authority Agreement (IAA).  It was noted that an update was given on the progress of Pooling and IAA at the February and May meetings of Full Council.
6 June 2017	Communications Update	Update by MM on Fund surveys. Noted an update to be given at September Board
6 June 2017	Annual Report	Action: Draft report received and agreed the final report brought to the September meeting to agree.
6 June 2017	Urgent Business	It was noted the Fund had received a national award

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Full agendas and minutes for all PAB meetings can be found on the Essex County Council website under the Committees section of Your Council, or by following the link below;

[Essex Pension Fund Advisory Board](#)

### **Review of the PAB**

A review of the PAB has taken place during the last year. The Terms of Reference have been updated accordingly to include the appointment of a Vice Chairman of the PAB; this was agreed at Full Council on 16th May 2017.

At the June 2017 meeting of the PAB it was agreed that the Chairman's reciprocal arrangement would be reviewed on an ongoing basis and a recommendation on a future change if required will be brought to a future PSB.

### **Future Dates of Meetings**

The PAB agreed to the following meeting dates which would be kept under review:

20 September 2017

24 January 2018

# 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

### September 2015

#### 1 Introduction

This is the Training Strategy for the Essex Pension Fund (“the EPF”).

It sets out the strategy to be considered by the EPF Strategy Board (“the PSB”), and subsequently put to the EPF Advisory Board (“the PAB”) for their consideration, concerning the training and development of the:

- members of the PSB;
- members of the PAB;
- officers of the EPF responsible for the management of the EPF (the “Officers”).

The training strategy is established to aid the PSB and the PAB 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. A code of practice and a framework of knowledge and skills have been developed by CIPFA which Local Government Pension Scheme (LGPS) funds are expected to sign up to.

The objective of the CIPFA knowledge and skills framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by officers and advisers to the s101 Pension Committee. In relation to the EPF, this is the PSB.

Essex County Council set up the PAB as its Local Pension Board as it was required to by the Public Service Pensions Act 2013. The same Act also amended The Pensions Act 2004 requiring the Pensions Regulator to issue a code of practice relating to the requirements of the knowledge and understanding of Board members i.e. members of the PAB. Guidance covering the knowledge and understanding of local pension boards in the LGPS has also been issued by the Shadow Scheme Advisory Board (SSAB) in January 2015. Although this has not been designated as statutory guidance it should be acknowledged as good guidance to which the PAB should refer to. The guidance for local pension boards issued by the SSAB is designed to assist the individual PAB members in undertaking their role to assist the Scheme Manager (the Essex County Council) in the effective governance and administration of the LGPS.

The training necessary to achieve the additional knowledge and skills will be contained in the appropriate training plan(s); an example for the PAB is given in the appendix.

### 1.1 Strategy Objectives

The EPF objectives relating to knowledge and skills are to:

- Ensure the EPF is managed and its services delivered by people who have the appropriate knowledge and expertise;
- Ensure the EPF is effectively governed and administered;
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and are well based, and regulatory requirements or guidance of the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Communities and Local Government are met.

To achieve these objectives –

**The PSB Members** require an understanding of:

- Their responsibilities as delegated to them by Essex County Council as an administering authority of an LGPS fund;
- The fundamental requirements relating to pension fund investments;
- The operation and administration of the EPF;
- Controlling and monitoring the funding level; and
- Taking effective decisions on the management of the EPF.

**PAB members** must be conversant with:

- The relevant LGPS Regulations and any other regulations governing the LGPS;
- Any document recording policy about

the administration of the EPF;

and have knowledge and understanding of:

- The law relating to pensions; and
- Such other matters as may be prescribed.

To assist in achieving these objectives, the EPF will aim for full compliance with the CIPFA Knowledge and Skills Framework and Code of Practice to meet the skill set within that Framework. Attention will also be given to the guidance issued by the Scheme Advisory Board, the Pensions Regulator and guidance issued by the Secretary of State. So far as is possible, targeted training will also be provided that is timely and directly relevant to the PSB's and PAB's activities as set out in the EPF's 3-year business plan. For example, funding strategy training will be given at the PSB meeting that discusses the Funding Strategy Statement.

Existing PSB and PAB members will have received and new members will receive induction training to cover the role of a local pension board and to understand the duties and obligations of an LGPS administering authority, including funding and investment matters.

All those with decision making responsibility in relation to LGPS pension matters as well as PAB members 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 PSB Members and representatives with a role

on the PSB and to all the PAB members. Other officers involved in the management and administration of the EPF will have their own 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 and ensure that knowledge and skills are recorded, assessed and maintained;
- Provide those with responsibility for governing of the EPF to evaluate the information they receive and effectively challenge it where appropriate;
- Support effective and robust decision making;
- Allow members of the PSB and PAB to recognise and manage potential conflicts of interest;
- Meet the required needs in relation to the EPF's objectives.

### 1.4 Summary

This training strategy:

- Assists in meeting the EPF's objectives;
- Meets the business plan;
- Will assist in achieving delivery of effective governance and management;
- Will equip those responsible with appropriate knowledge and skills;
- Promote ongoing development of the decision makers;
- Lead to demonstrating compliance with the CIPFA Knowledge and Skills Framework;
- Lead to demonstrating compliance with statutory requirements and appropriate consideration of associated guidance.

## 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 strategy training can be provided at the PSB meeting that discusses 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 to fill knowledge gaps.

## 3 Delivery of Training

### 3.1 Training resources

Consideration will be given to various training resources available in delivering training to the PSB members, PAB members or officers in order to achieve efficiencies. These may include but are not restricted to:

For PSB and PAB 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>• Self-improvement and familiarisation with regulations and documents</li></ul>	<ul style="list-style-type: none"><li>• Attending courses, seminars and external events</li></ul>
<ul style="list-style-type: none"><li>• The Pension Regulator's e-learning programme</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>• Attending courses, seminars and external events</li></ul>	<ul style="list-style-type: none"><li>• Internally developed sessions</li></ul>
<ul style="list-style-type: none"><li>• Internally developed training days and pre/post PSB/PAB sessions*</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>• Shared training with other funds or frameworks*</li></ul>	<ul style="list-style-type: none"><li>• Circulated reading material</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>• Circulated reading material</li></ul>	

\*These may be shared training events for PSB and PAB members

### 3.2 Training Plans

To be effective, training must be recognised as a continual process and will be centred on 3 key points.

- The individual;
- The general pensions environment;
- Coping with change and hot topics.

Training plans will be developed at least on an annual basis. These will be updated as required taking account of the identification of any knowledge gaps, changes in legislation, EPF events (e.g. the triennial valuation) and receipt of updated guidance.

Induction training will be provided for all new officers with pension responsibilities, new members of the PSB and PAB. This will involve covering the requirements of the training strategy alongside guidance and information on the requirements of their roles.

### 3.3 External Events

A log of potential external events which may count towards credits will be maintained on an ongoing basis by the Head of EPF. This will be updated as information on events becomes available and will be provided at PSB and PAB meetings.

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After attendance at an external event, PSB and PAB members will be expected to provide verbal feedback at their following PSB/PAB meeting either during the meeting or to an officer 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 PSB/PAB members.

Officers attending external events will be expected to report to their direct line manager with feedback 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 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, PSB and PAB 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 PSB and PAB will be agreed by the appropriate chairman. Attendance at events for officers will be agreed via their relevant line manager.

A list of known future events and seminars will be presented at each PSB/PAB meeting.

The Head of EPF will decide an appropriate level of credits for attendance at an event depending on the type of event, its content and relevance to knowledge maintenance but based on the guide given in section 5 below. 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 or issued guidance 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 PSB in the near future or is subject to review by the PAB. These will also count as credits in maintaining knowledge.

## 5 Recording Training

### 5.1 Training credits

As a measure of training given or knowledge level, PSB and PAB members are expected to have a minimum level of training credits. Credits will be awarded in recognition of attendance at training events, successful completion of recognised training assessment or for attendance at relevant industry events or seminars. This approach recognises that members of the PSB and PAB may have different learning styles, while at the same time requiring that an appropriate core level of knowledge is attained.

Credits will be awarded in accordance with the following guide:

Method of attaining credit	Number of credits awarded
Completion of a single module of the Pensions Regulators e-learning toolkit. There are 7 modules in total	1 credit per module passed and valid for 2 years
Attendance at a training event organised by the Essex Pension Fund. This would typically be held as part of a full PSB or PAB meeting.	1 credit per session
Successful completion of a knowledge assessment following a training event	1 credit per assessment passed and valid for 2 years (a pass being awarded for achieving at least 2/3rds of the available marks)
Attendance at an approved conference, seminar or external training event	2 credit for a full day's attendance 1 credit for a half day's attendance

## 5.2 Number of credits required

Members of the PSB and PAB will be expected to accumulate 21 credits over a rolling 2 year period. 21 credits can be obtained by, for example, completing the Pension Regulator's e-learning toolkit, attending 7 EPF training events and passing 4 knowledge assessments. These will be measured and monitored by the Head of EPF over rolling 2-year periods ending at the relevant prior meeting and recorded. The number of credits is set at a level that encourages both attendance at training sessions and assessment.

It is acknowledged that where an individual is new to the role there will be a lead-in period before the member will be expected to demonstrate the full range of knowledge and skills. However, in any event, the scoring of credits will be reset to zero as at 1 April 2015 following the introduction of the new governance arrangements.

## 5.3 Scorecard

For the purposes of disclosing the level of knowledge and understanding of the PSB

and PAB through the scorecard mechanism at PSB meetings, the following will be recorded separately for the PSB and PAB:

- Total number of credits possible in the period in question i.e. the last 2 years starting at 1 April 2015 or later for a new member joining after that date, assuming one assessment takes place per meeting cycle;
- Total number of credits achieved in the same period.

The latter score will be flagged as green if this represents at least 90% of the potential target, amber for between 60% and 89% (inclusive) and red if below 60%.

Separately, the Head of EPF will hold a record of each individual's training credits split between attendance and assessment and will be shared with the chairman of the relevant PSB/PAB from time to time (see also section 8 below).

# 6 CIPFA Requirements

## 6.1 CIPFA Knowledge & Skills Framework

In January 2010 CIPFA launched technical guidance for Elected Representatives on s101 pension committees 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 skills required 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 in managing LGPS funds.

## **6.2 Local Pension Boards: A Technical Knowledge and Skills Framework**

In August 2015 CIPFA extended the Knowledge and Skills Framework to specifically include members of local pension boards, albeit there exists an overlap with the original framework. The framework identifies the following areas as being key to the understanding of local pension board members;

- Pensions Legislation;
- Public Sector Pensions Governance;
- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and

Relationship Management;

- Investment Performance and Risk Management;
- Financial markets and product knowledge;
- Actuarial methods, standards and practices.

## **6.3 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 PSB fully supports 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 EPF will take in order to comply with the principles of the CIPFA Knowledge and Skills Code of Practice.

## **7 Guidance from the Scheme Advisory Board**

### **7.1 General Principles**

The Scheme Advisory Board has taken note of the regulatory requirements and the principles of the Pension Regulator's code of practice and in January 2015 published Guidance for

administering authorities to support them in establishing their local pension board. The Guidance includes a section designed to help local pension board members to understand their knowledge and understanding obligations.

Knowledge and understanding must be considered in the light of the role of a local pension board and Essex County Council will make appropriate training available to assist and support PAB members in undertaking their role.

## **7.2 PSB members**

Although the CIPFA knowledge and skills framework complements the code of practice that should be adopted by administering authorities there is no legal requirement for knowledge and understanding for members of a s101 pension committee. However, the view of the EPF is that members of the PSB should have no less a degree of knowledge and skills than those required in legislation by the PAB. Sections 7.3 to 7.5 below are therefore still relevant in the consideration of the training needs of PSB members.

## **7.3 Degree of Knowledge and Understanding**

The role of the PAB is to assist the scheme manager i.e. the administering authority. To fulfil this role, PAB members should have sufficient knowledge and understanding to challenge failure to comply with regulations, any other legislation or professional advice relating to the governance and administration of the LGPS and/or statutory guidance or codes of practice.

PAB members should understand the regulatory structure of the LGPS and the documentary recording of policies around the administration of the EPF in enough detail to know where they are relevant and where it will apply.

## **7.4 Acquiring, Reviewing and Updating Knowledge and Understanding**

PAB members should commit sufficient time in their learning and development and be aware of their responsibilities immediately they take up their position. The EPF will therefore provide induction training for all new PAB members [and this was carried out at their meeting held on 17 July 2015].

## **7.5 Flexibility**

It is recognised that a rigid training plan can frustrate knowledge attainment when too inflexible to reflect a change in pension law or new responsibilities required of PAB members. Learning programmes will therefore be flexible to deliver the appropriate level of detail required.

# **8 The Pensions Regulator**

## **8.1 E-learning toolkit**

The Regulator has developed an on line tool designed to help those running public service schemes to understand the governance and administration requirements in the public service schemes code of practice. The toolkit is an easy to use resource and covers 7 short modules. These are:

- Conflicts of Interests;
- Managing Risk and Internal Controls;
- Maintaining Accurate Member Data;
- Maintaining Member Contributions;
- Providing Information to Members and Others;
- Resolving Internal Disputes;
- Reporting Breaches of the Law.

These modules are designed to apply to all public service schemes and are not LGPS specific. Completion of the toolkit will not in itself provide PAB members with all

the information they require to fulfil their knowledge and skills obligations. It does however provide a good grounding in some general areas and all PAB members will be expected to complete the full 7 modules over time.

## 9 Training records and certification

### 9.1 Progress and achievement

Personalised training plans will be used to document and address any knowledge gaps and update areas of learning where required and assist in the acquisition of new areas of knowledge in the event of change.

Progress and achievement will be certificated at least on an annual basis individually to all PSB members, PAB members and officers.

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.

## 10 Risk

### 10.1 Risk Management

The compliance and delivery of this training strategy is at risk in the event of –

- Frequent changes in membership of the PSB or PAB;
- Poor individual commitment;
- Resources not being available;
- Poor standards of training;
- Inappropriate training plans.

These risks will be monitored by officers within the scope of this training strategy and be reported where appropriate.

## Appendix

### PAB Training Plan - example

#### Training plan –

##### General –

Due to the new nature of local pension boards it is unlikely that members will be experts in all areas for which they can assist the Scheme Manager. Training of PAB members must therefore be structured and relevant to ensure individuals have and maintain the necessary knowledge and understanding to effectively meet their legal obligations to assist the EPF. In accordance with section 248A of the 2004 Act, every individual who is a member of a Local Pension Board must be conversant with:

- the rules of the LGPS, in other words the Regulations and other regulations governing the LGPS (including the Transitional Regulations, earlier regulations and the Investment Regulations); and
- any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund, and

have knowledge and understanding of:

- the law relating to pensions; and
- such other matters as may be prescribed.

The legal requirement for knowledge and understanding for members of a Local Pension Board i.e. the PAB does not apply to members of a Pension Committee (i.e. PSB). However, the requirement serves as a useful benchmark for the knowledge and understanding that a member of the decision-making PSB should have.

Given the role of the PAB to assist the Administering Authority, members of the PAB should have sufficient knowledge and

understanding to challenge any failure by the Administering Authority to comply with the Regulations and other legislation relating to the governance and administration of the LGPS (which should be interpreted as including the Regulations and other legislation relating to investment and funding matters) and/or any failure to meet the standards and expectations set out in the Pensions Regulator's Code of Practice No. 14.

Regulation 107(2) of the Local Government Pension Scheme Regulations 2013 only requires employer and scheme member representatives to have the capacity to represent their respective community. However regulation 109 of the Regulations requires the administering authority to have regard to guidance issued by the Secretary of State in relation to local pension boards. Whilst the guidance on the creation and operation of local pension boards issued by the SSAB is not (as yet) statutory, such guidance must be held up to be good practice. This training plan will therefore be in line with the guidance.

#### The Training Strategy

The EPF Knowledge and Skills Training Strategy sets out the fund's objectives and approach with regard to the knowledge and skills required by both the members of the PSB and the PAB.

#### The training plan

With the training strategy in place it is important to have an induction training event in place for all new PAB members. The purpose of this should be to advise them of their roles and responsibilities and how this is different from that of the PSB. It is the opportunity to familiarise them with the role ahead and where information can be obtained and perhaps importantly their terms of reference and remit. The induction day should also be used to

introduce them to the training strategy and their training plan for the tenure of their membership. It is suggested the induction takes no longer than a half day.

The training should then as far as is possible be structured along with the business they are conducting. This will not be known until the local pension board has met on a number of occasions so it is necessary to put something in place at an early stage but can be flexible enough to be able to change according to requirements.

The induction training event was in fact carried out at the PAB's first meeting held on 17 July 2015.

The training plan was as follows:

### Induction half day to cover:

#### Why are we here?

- The background to LPBs (the PAB)
- The Public Service Pensions Act
- The LGPS Regulations

#### Your role

- How it differs from the PSB
- Non decision making
- Conduct and conflicts
- Reporting of breaches
- Assist the scheme manager
- Data protection

#### Your responsibilities

- Terms of reference
- Policies
- Reporting

### Your knowledge and skills

- Put a strategy/plan in place
- Maintaining records
- Knowledge gaps and maintaining knowledge

The induction half day will then followed by further training events to cover the following modules:

#### Module 1

Introduction to documents and recording policies of the administration of the LGPS in the EPF.

#### Advise attendees of (but not limited to)

- any scheme booklets and information and communication channels
- relevant policies of the EPF
- the policies and documents the EPF is required to have in place to satisfy LGPS regulations
- the risk register
- valuation reports
- annual report and accounts

#### Module 2

Background and understanding of the legislative framework of the LGPS and general pensions legislation applicable to the LGPS.

This will look at subjects like:

- the difference between the public sector (LGPS) and private sector pension arrangements
- local authority law and how administering authorities are constituted
- overview of the LGPS and the raft of regulations
- other legislation that impacts on the LGPS and its administration

---

## Module 3

The role and responsibility of the administering authority (Administration, Funding and Investment) and the roles and responsibilities of employers in the EPF.

This module will cover:

- the membership and the benefit structure of the LGPS
- record keeping and internal controls
- IDRP
- statements and reports and accounts
- reporting breaches
- valuations and cessations
- permitted and restricted investments
- appointment and management of investment managers and custodians

## Module 4

The role of advisers and key persons, key bodies connected to the LGPS.

Explaining the role of key advisers and bodies such as:

- The Pensions Regulator
- Financial Services Authority
- HMRC
- Pensions Ombudsman
- the fund actuary
- auditors

# Essex Pension Fund

## COMMUNICATIONS POLICY

### Introduction

This Communication Policy has been prepared by the Essex Pension Fund (the Fund) and is effective from April 2016. 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 may 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 may be 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.

- **Employer 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.
- **Email alerts** – The fund sends a number of e-mail alerts to employers throughout the year with important pension related news and information.
- **Report and Accounts** – The Report and Accounts are produced annually and 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 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

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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> Report and Accounts	Electronic only
	<b>Emp</b> Employer Presentations/Meetings	
August	<b>Act</b> Annual Benefit Statements	
	<b>Act</b> 'Prime' newsletter	To be sent with Annual Benefit Statements
September	<b>Opt</b>	
	<b>Act</b>	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
December	Emp	Employer Forums	If valuation results out
January	Act	Review Scheme literature	
	Act	Employee Roadshows	Drop-in session
	Opt		
February	Act	Employee Roadshows	Drop-in session
	Opt		
	Act	Review Scheme Literature	
	Emp	Employer Training EOY & Valuation	
March	Act	Employee Roadshows	Drop-in session
	Opt		
	Emp	Employer Presentations/Meetings	
	Emp	'Scheme Employer' newsletter	E-newsletter
	Emp	Employer Forum	

## 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.



This information is issued by:  
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