

<b>Essex Pension Fund Strategy Board</b>	<b>PSB 08</b>
<b>Date: 16 December 2020</b>	

## **2020 Actuarial Interim Review**

Joint report by the Employer Manager and the Fund Actuary  
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### **1. Purpose of the Report**

- 1.1 To present to the Board an update on the Interim Review undertaken by Graeme Muir, Fund Actuary as at 31 March 2020.
- 1.2 To give the Board the opportunity to consider the impact of the Interim Review on the Funding Strategy.

### **2. Recommendations**

- 2.1 That the Board note:
  - the 31 March 2020 Interim Review; and
  - that no changes are required to the Essex Pension Fund's Funding Strategy.

### **3. Background**

- 3.1 All Local Government Pension Scheme (LGPS) Funds are required to have a full Actuarial Valuation every three years. The last such Valuation was as at 31 March 2019, and the next is due as at 31 March 2022.
- 3.2 Alongside Actuarial Valuations, Funds are required to produce, consult on, and publish a Funding Strategy Statement (FSS). The Board agreed the FSS as part of an Out of Committee Process, undertaken during March 2020 with a further Out of Committee Process to approve the Exit Credit policy in June 2020.
- 3.3 A later paper at this meeting provides the proposed Ill Health Policy to be considered and subsequently included within the FSS.
- 3.4 The objectives of the FSS include:
  - to prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement; and
  - to recognise in drawing up its funding strategy, the desirability of employer contribution rates that are as stable as possible.
- 3.5 The Funds 2020/21 Business Plan includes the following two areas of activity that the Actuary will be commissioned to undertake:
  - an interim Fund review as at 31 March 2020; and
  - an FSS review as required to take account of results of the Interim Review.

### **4. Interim Review 31 March 2020**

- 4.1 The Actuary has now completed this Review and the report is attached at Appendix A. This indicates that the funding level has marginally declined from 97% to 96.2% in the 12 months to 31 March 2020.
- 4.2 At the 16 December 2020 Board meeting, the Actuary will take Members through a presentation regarding the Interim Funding Review, with the opportunity for questions and discussion.

## **5. Funding Strategy Statement**

- 5.1 The Fund Actuary and Fund Officers do not recommend that any changes to the FSS are required following the results of the Interim Review.

## **6. Link to Essex Pension Fund Objectives**

- 6.1 Prudently set levels of employer contributions that aim to achieve a fully funded position in the timescales determined in the FSS.
- 6.2 Recognise in drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible.
- 6.3 To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption, where necessary, of employer specific funding objectives.

## **7. Risk Implications**

- 7.1 Both the Interim Funding Review as at 31 March 2020 and reviewing the FSS in conjunction with the Interim Review are intended to monitor progress towards achieving assets equal to 100% of liabilities.
- 7.2 The risk implications of setting the Funding Strategy are set out within the FSS.

## **8. Finance and Resources Implications**

- 8.1 Maintaining the existing Funding Strategy (as is proposed at 5.1) will mean there is no change to the financial arrangements determined by the 2019 Actuarial Valuation.

## **9. Background Papers**

- 9.1 The published FSS and 2019 Actuarial Valuation can be found at:  
<https://www.essexpensionfund.co.uk/essex-pension-fund/about-us/forms-and-publications/>
- 9.2 Funding Update Report 31 March 2020.