

Essex Pension Fund Board	EPB/23/14
date: 17 September 2014	

2014 Interim Review & Funding Strategy Statement

Joint report by the Director for Essex Pension Fund and the Head of Essex Pension Fund

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1. Purpose of the Report

- 1.1 To present to the Board with an update on the Interim Review undertaken by Graeme Muir, Fund Actuary as at 31 March 2014.
- 1.2 To allow the Board to consider the impact of the Interim Review on the Funding Strategy.

2. Recommendations

- 2.1 That the 31 March 2014 Interim Review report be noted.
- 2.2 That no changes, at this time, are made to the Essex Pension Fund's Funding Strategy Statement.

3. Background

- 3.1 All Local Government Pension Scheme Funds are required to have a full Actuarial Valuation every three years. The last such Valuation was as at 31 March 2013, and the next is due as at 31 March 2016.
- 3.2 Alongside Actuarial Valuations, Funds are required to produce, consult on, and publish a Funding Strategy Statement (FSS). The Board agreed the FSS at its meeting on 5 March 2014.
- 3.3 The objectives of the FSS include “to determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions as possible”.
- 3.4 In the intervening years between Actuarial Valuations, Funds have the discretion to commission Interim Reviews.
- 3.5 Included within the 2014/15 Business Plan are the following two actions:
 - An interim review of the Fund as at 31 March 2014 will be commissioned from the Actuary;
 - Consideration will be given to whether the Funding Strategy requires review in the light of the results of the Interim Review.

4. Interim Review 31 March 2014

- 4.1 The Actuary has now completed this Review, and a summary is attached to this report at Annex A.
- 4.2 At the Board meeting, the Actuary will take Members through a presentation on the Interim Funding Review, with the opportunity for questions and discussion.

5. Funding Strategy Statement

- 5.1 The full Funding Strategy Statement including details of the link with the Fund’s investments strategies and risk register, is 22 pages and can be found both on infoBOARD and at <http://www.essexpensionfund.co.uk/pensionsWeb%20Documents/STATEMENTfundingstrategy%202013.pdf>
- 5.2 The section of the FSS entitled “*Solvency issues and Target Funding Levels*” which includes the maximum deficit recovery period for each category of employer is shown at Annex B.

6. Recommendation

- 6.1 Following discussion of the Actuary's presentation Members will be asked to consider the recommendation that, at this time, no change is made to the Funding Strategy Statement.

7. Link to Essex Pension Fund Objectives

- 7.1 One of the Fund's key objectives is "within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the FSS".

8. Risk Implications

- 8.1 Both the Interim Funding Review as at 31 March 2014, and reviewing the FSS in conjunction with the Interim Review are intended to monitor progress towards (including risks to that progress) achieving assets equal to 100% of liabilities.

9. Communication Implications

- 9.1 The next Employer Forum will include a presentation on the results of the 31 March 2014 Interim Funding Review.

10. Finance and Resources Implications

- 10.1 Maintaining the existing Funding Strategy (as is proposed at 2.2 and 6.1) will mean there is no change to the financial arrangements determined by the 2013 Actuarial valuation.

11. Background Papers

- 11.1 The 2014 Essex Pension Fund Funding Strategy Statement