Derbyshire Pension Fund

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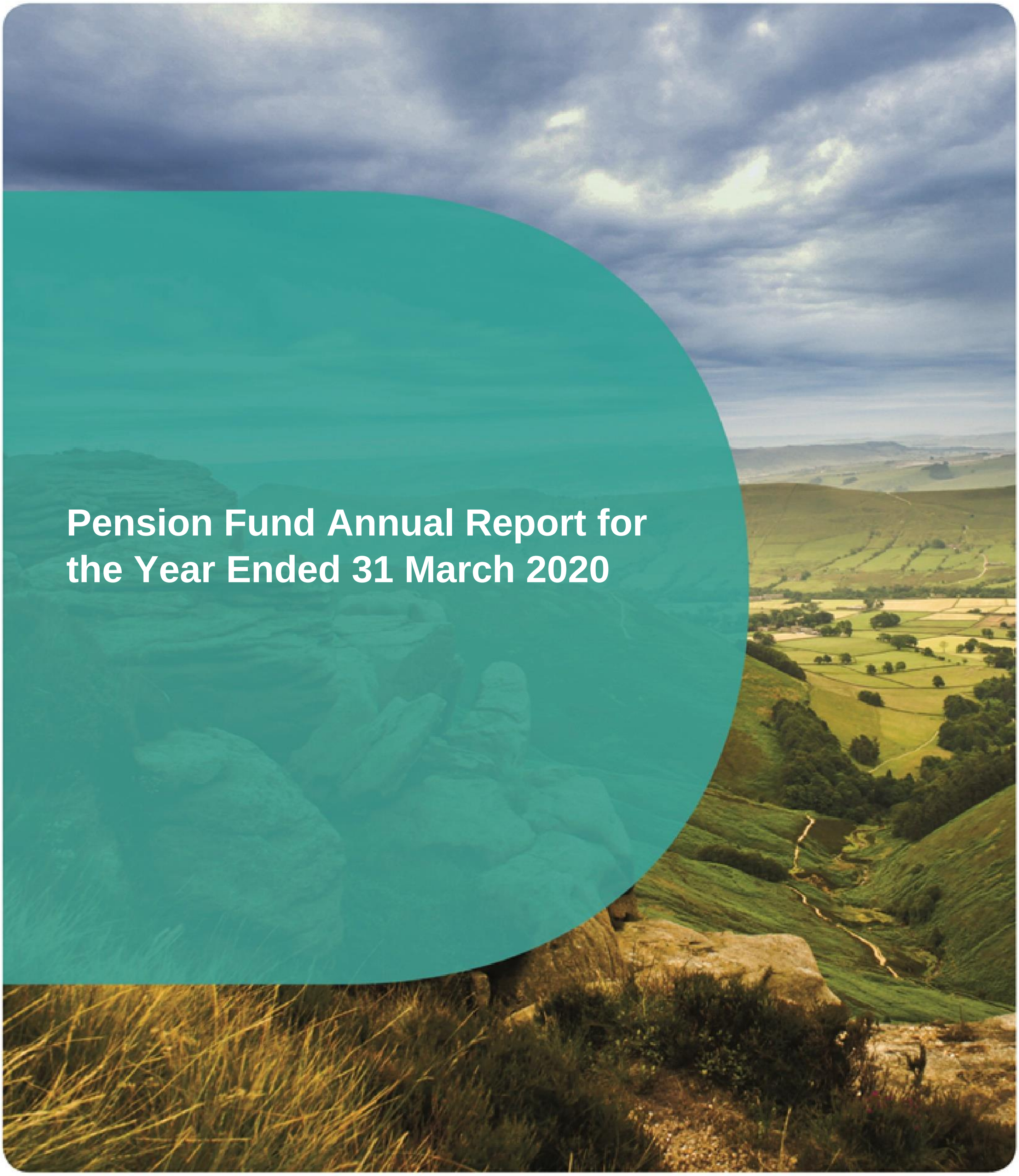


# Pension Fund Annual Report for the Year Ended 31 March 2020

County Hall, Matlock, Derbyshire, DE4 3AH
Administered by Derbyshire County Council

lgps

# Pension Fund Annual Report for the Year Ended 31 March 2020

## Contents

# Glossary of Terms and Abbreviations

| Abbreviation | Term |
|---|---|
| ABS | Annual Benefit Statement |
| AUM | Assets Under Management |
| AVCs | Additional Voluntary Contributions |
| Bps | Basis Points Charge |
| CARE | Career Average Revaluated Earnings |
| CIPFA | Chartered Institute of Public Finance Accountants |
| CPI | Consumer Price Inflation |
| CPS | Communications Policy Statement |
| DCC | Derbyshire County Council |
| DPF, Pension Fund or Fund | Derbyshire Pension Fund |
| ESG | Environmental, Social and Governance |
| FRC | Financial Reporting Council |
| FRS | Financial Reporting Statement |
| FSS | Funding Strategy Statement |
| GMP | Guaranteed Minimum Pension |
| HMRC | Her Majesty's Revenues & Customs |
| IAS | International Accounting Standard |
| IIMT | In-House Investment Management Team |
| IFRS | International Financial Reporting Standard |
| ISS | Investment Strategy Statement |
| LAPFF | Local Authority Pension Fund Forum |
| LGIM | Legal & General Investment Management |
| LGPS | Local Government Pension Scheme |
| LGPS Central | LGPS Central Pool |
| LGPS Central Partner Fund | The LGPS pension funds of Cheshire, Derbyshire Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Worcestershire and West Midlands; the collective owners of |

| | |
|---|---|
| | the LGPS Central Pool and the shareholders of LGPS Central Limited |
| LGPS Central JC | LGPS Central Pool Joint Committee |
| LGPS Central PAF | LGPS Central Pool Practitioners' Advisory Forum |
| LGPS Central SF | LGPS Central Pool Shareholders Forum |
| LGPSC | LGPS Central Limited |
| MiFID II | Markets in Financial Instruments Directive |
| MHCLG | Ministry of Housing Communities and Local Government |
| P&IC or Committee | Pensions and Investments Committee |
| PAS | Pensions Administration Strategy |
| RPI | Retail Price Inflation |
| PRIIPs | Packaged Retail and Insurance-based Investment Products |
| SAAB | Strategic Asset Allocation Benchmark |
| SAB | LGPS Shadow Advisory Board |
| SERPS | State Earnings-Related Pension Scheme |
| SLA | Service Level Agreement |
| SORP | Statement of Recommended Practice |
| SSC | Shared Service Centre |
| TCFD | Taskforce for Climate-related Financial Disclosures |
| TpR | The Pensions Regulator |

# Introduction

Derbyshire County Council is the administering authority for the Local Government Pension Scheme (LGPS) within Derbyshire, investing and administering Derbyshire Pension Fund (Pension Fund/Fund) on behalf of over 300 employers and over 100,000 memberships.

The policies and strategies set out in this report have been agreed by Derbyshire's Pensions and Investments Committee and aim to support the delivery of the Fund's objectives. Derbyshire Pension Board has continued to contribute to the development of policies and strategies during 2019/20 in its role of assisting the Council with the governance and administration of the Pension Fund.

The final stages of 2019-20 were dominated by the Covid-19 pandemic. At the end of January, the World Health Organisation declared that coronavirus was a global health emergency. By the end of March, the scale of the global crisis had become clearer and in large parts of the world social distancing and lockdown had become part of daily life.

In the UK, administrative staff delivering essential public services such as the payment of benefits, were classified as key workers. Guidance issued by the Pensions Regulator advised pensions funds to concentrate on: paying members' benefits; retirement processing; bereavement services; and any processes needed to ensure benefits are accurate.

Supported by the Council's ICT department, the Pension Fund Team adapted swiftly and efficiently to working at home and the critical activities of the Fund continued to be carried out, supporting the delivery of key services. A small number of people continued to work at County Hall in a Covid-secure environment, in order to keep the Fund's Pensions Helpline open and to deal with other tasks that could not be dealt with remotely. The efforts of all the members of the Team, and of the Fund's employers and suppliers during this period has ensured that services to members have been maintained during this challenging period.

The Fund's objective is to deliver secure, accurate and efficient administration of the LGPS, ensuring that sufficient assets are available to meet benefit payments for the Fund's members both now and in the future. Assets are accumulated in the Pension Fund through a combination of contributions from employees and employers within the scheme and from investment returns.

At the end of March 2020, the value of the Fund's assets had fallen to just over £4.6bn (2018-19, £4.9bn). Supportive monetary policy helped to deliver positive investment returns in the first three quarters of 2019-20 despite concerns about lower economic growth, the fall-out from the US-China Trade War, the uncertainty surrounding Brexit and increasing political concerns in the run up to the US Presidential Election. Global equity indices achieved all-time highs in February 2020 before the spread of the coronavirus hit markets sharply in the final quarter of the financial year, resulting in a negative investment return of 4.7% for the year ended 31 March 2020 (2018-19, 5.6%). The benefits of diversification were well demonstrated in 2019-20, with the UK equity market losing around 19% in value, whilst losses in major overseas equities markets ranged from 2%-13% in sterling terms and government bonds delivered positive returns. Subsequent to the period-end, equity and credit markets have recovered strongly. The Fund outperformed its benchmark by 0.7% in 2019-20.

During the year, when a further 43 new employers were onboarded, the Pension Fund Team successfully used Altair, the new pension administration system implemented in the first quarter of 2019, and started to work on the rollout of the associated i-Connect system, which will enable employers to automate the submission of their data. The Fund is committed to continually improving the services offered to its members and 2020-21 will see the launch of a Member Self-Service solution designed to allow members to access their real-time pension details on-line.

An actuarial valuation of the Fund’s assets and liabilities as at 31 March 2019 was undertaken during the financial year and reported that the Pension Fund’s funding ratio had increased from 87% at 31 March 2016 to 97% at 31 March 2019, primarily reflecting strong investment returns over the preceding three years. The funding level is the ratio of assets to liabilities at the valuation date, providing a high-level snapshot of the funding position at a particular date. As part of the valuation process, the Fund’s Actuary reviewed funding plans and set contribution rates for the Pension Fund’s participating employers for the period from 1 April 2020 to 31 March 2023.

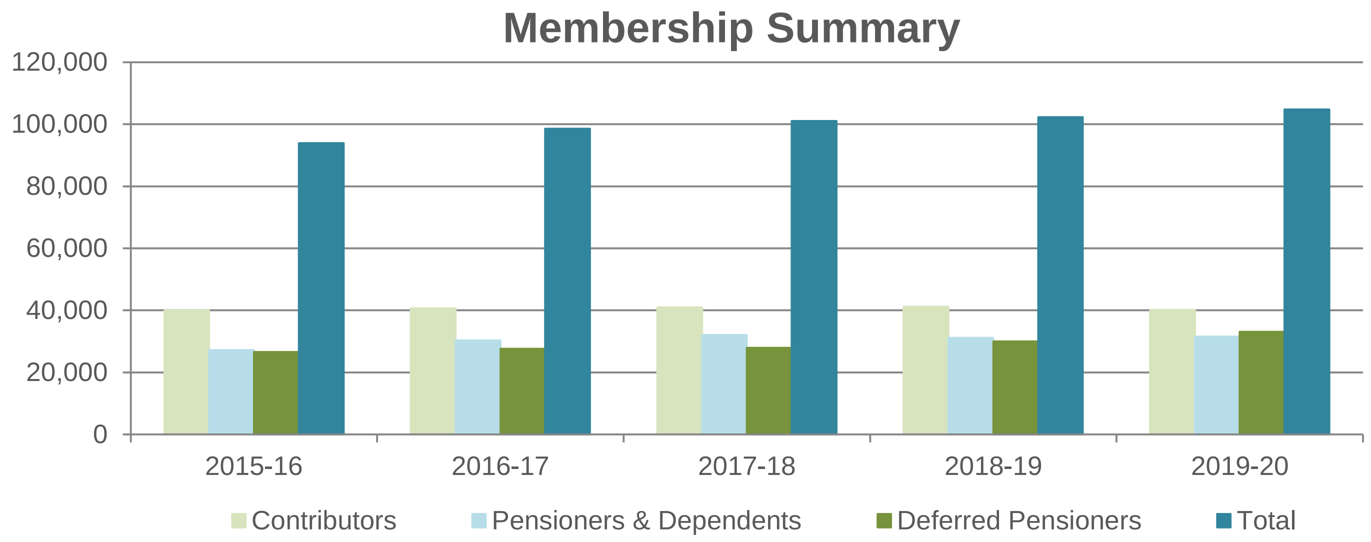
The Fund continues to work closely with its partners in the LGPS Central Pool, the LGPS pension funds of Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Worcestershire and West Midlands, overseeing the development and delivery of LGPS Central Limited (LGPSC), the company established to manage investments on behalf of the participating pension funds. In February 2020, the Fund transitioned its legacy UK Corporate Bond portfolio into an LGPSC Global Investment Grade Bond pooled product and expects further assets to be transitioned into LGPSC pooled products in 2020-21.

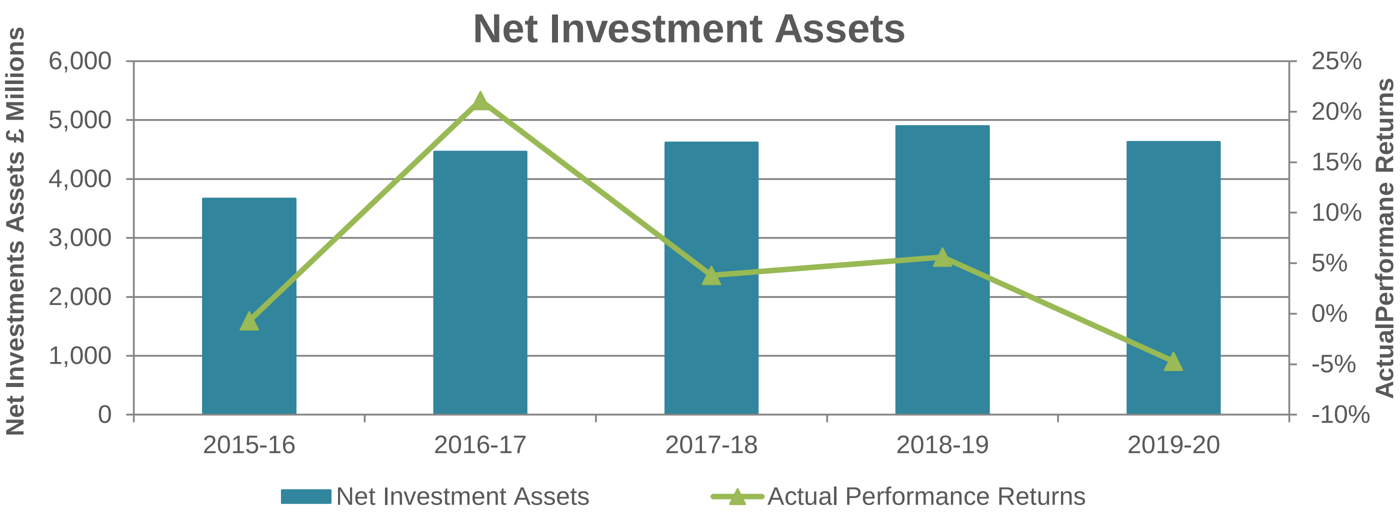
The Fund is committed to being a responsible long-term investor, ensuring that environmental, social and governance considerations are incorporated into the Fund’s investment processes. A Climate Risk Report was commissioned in 2019-20 to assess financially material climate-related risk and opportunities within the investment portfolio, incorporating climate scenario analysis and carbon risk metrics. The report was presented to the Pensions and Investments Committee in March 2020, together with a copy of the Fund’s first Taskforce for Climate-related Financial Disclosures (TCFD) report, a copy of which can be found on the Fund’s website. The TCFD report describes the way in which climate-related risks are managed by the Fund and includes the results of climate scenario analysis and carbon risk metrics analysis undertaken on the Fund’s assets. This analysis showed that compared to the blended benchmark, the Fund’s quoted equity portfolio was around 18% more carbon efficient than the benchmark.

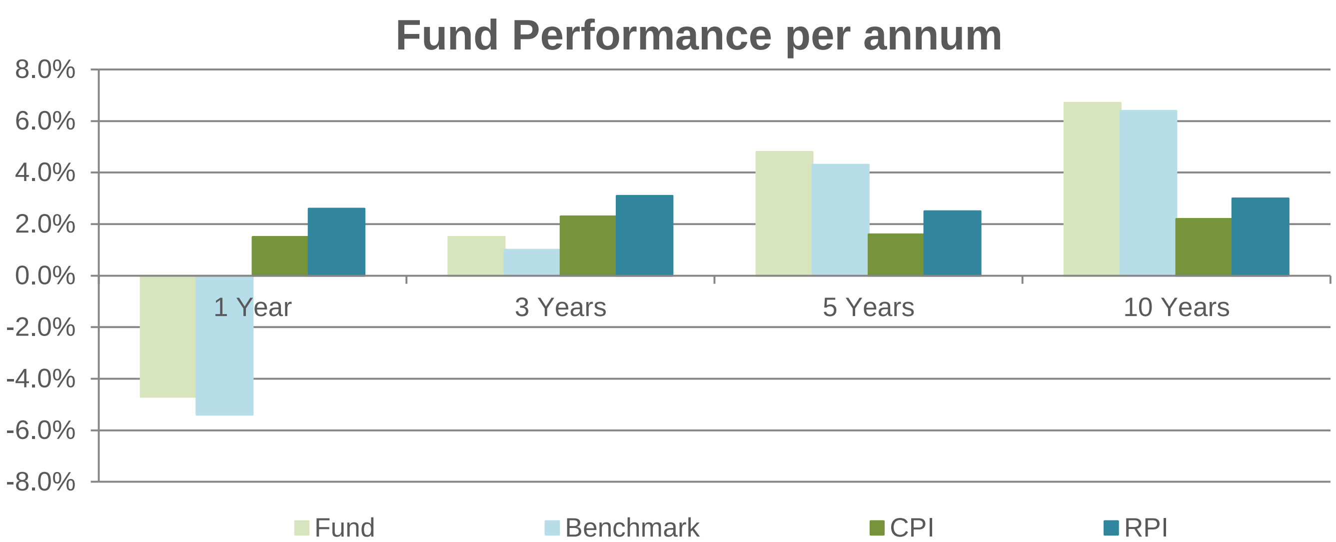
The TCFD report included a commitment to develop a Climate Strategy for the Pension Fund. Subsequent to the year end, a proposed Climate Strategy together with a proposed Responsible Investment Framework (RI Framework) and revised Investment Strategy Statement (ISS) were approved by Committee for consultation with the Fund’s members, employers and other stakeholders. Following consideration of the feedback from the consultation, Committee approved the ISS, RI Framework and Climate Strategy in November 2020.

The revised ISS includes a further modest switch from growth assets to income assets and a significant increase in the allocation to global sustainable equities. The RI Framework sets out a three pillar approach to responsible investing, covering the selection of investments, voting and engagement activities throughout the ownership of investments, and the transparent disclosure of responsible investment activities to stakeholders. The Climate Strategy sets out its support for the ambitions of the Paris Agreement, with the aim of having a portfolio of assets with new zero carbon emissions by 2050. The increased allocation to global sustainable equities, and the approval of standalone strategies to cover the Fund’s approach to responsible investment and to addressing the risks and opportunities related to climate change represent significant positive developments for the Pension Fund.

## Key Fund Statistics



# Governance

Derbyshire Pension Fund's governance arrangements are set out in the Governance Policy and Compliance Statement attached as Appendix 1.

## Administering Authority

Derbyshire County Council

## Derbyshire County Council Officers Responsible for the Fund

| | |
|---|---|
| Director of Finance & ICT | Peter Handford |
| Head of Pension Fund | Dawn Kinley |
| Investments Manager | Neil Smith |
| Pensions Administration Manager | Nigel Dowey (*) |
| Pension Fund Accountant | Rajwant Dosanjh |

(*) Retired in 2020-21

## Derbyshire County Council Pensions and Investments Committee

### Derbyshire County Council

Councillor Jim Perkins (Chair)
Councillor Ron Ashton
Councillor Neil Atkin (Vice-Chair)
Councillor John Boult
Councillor Peter Makin
Councillor Steve Marshall-Clarke
Councillor Ron Mihaly
Councillor Brian Ridgeway

### Derby City

Councillor Lisa Eldret (**)
Councillor Mike Carr

(**) Councillor Lucy Care replaced Councillor Lisa Eldret in 2020-21

### Non-voting trade union representatives

Paul Beresford (Unison)
Mick Wilson (Unison)

## Derbyshire Pension Board

| | |
|---|---|
| Independent Chair | Ronald Graham |
| Member Representative | Karen Gurney |
| Member Representative | Nick Read (Unison) |
| Employer Representative | Oliver Fishburn |
| Employer Representative | Neil Calvert |

## Independent External Investment Adviser

Anthony Fletcher (MJ Hudson-Allenbridge)

## Asset Pool and Asset Pool Operator

Asset Pool: LGPS Central Pool
Asset Pool Operator: LGPS Central Limited (LGPSC)

## Main Investment Managers

In House Investment Management Team: Multiple Asset Classes – details included in Investment Section
Colliers International: Property
LGPSC: Investment Grade Corporate Bonds and advisory services in respect of Japanese Equities and Asia Pacific Equities
LGIM: UK Equities (Passive)
UBS Asset Management: European Equities (Passive)
Wellington Management: US Equities

## Actuary

Hymans Robertson LLP

## Auditor

Mazars

## AVC Providers

Clerical Medical
Equitable Life
Prudential (Principal Provider)
Standard Life

## Custodian

Northern Trust

## Banker

Lloyds Bank

## Legal Advisers

Derbyshire County Council Legal Services

## Performance Measurement

Performance Evaluation Limited

## Property Valuation

Savills

### Scheme Administrator

In-House Pension Administration Team

### Voting Services

Institutional Shareholder Services

## Pensions and Investments Committee

Responsibility for discharging Derbyshire County Council's statutory functions as an employing authority and as administering authority for Derbyshire Pension Fund is delegated to Derbyshire County Council's Pensions and Investments Committee. In discharging these statutory functions the Committee's responsibilities include:

- Approving and monitoring performance targets
- Reviewing and approving statements, strategies and policies, including: the Governance Policy and Compliance Statement; Investment Strategy Statement; Quarterly tactical asset allocation; Funding Strategy Statement; Treasury Management Strategy; and other statutory policies required by the LGPS Regulations and strategy/policy statements in line with best practice
- Reviewing and considering reports, including: triennial actuarial valuation report and annual funding report; annual report; administration and investment performance reports; and risk register
- Ensuring arrangements are in place for: communicating with the Fund's stakeholders; considering admission body applications; and the adjudication of applications under the Application of Disagreements Procedure (including the appointment of adjudicators)
- Making appointments for the Fund, including: the actuary; independent investment advisor; external fund managers for segregated mandates in advance of the management of the investment assets transitioning to the investment pool; and AVC providers
- Overseeing the Fund's involvement in investment pooling

### Structure

The Committee comprises eight Elected Members representing the County Council and two Elected Members representing Derby City Council. The County Council and City Council members of the Committee reflect the political balance of the respective Councils.  Two trade union representatives are also entitled to attend meetings of the Pensions and Investments Committee as non-voting members.

## Meetings

The Pensions and Investments Committee is required to carry out certain statutory functions on at least a quarterly basis – for example reviewing investments, reviewing transactions, reviewing fund performance. The Committee meets at least six times a year and meetings are open to the public except for exempt and confidential items as defined by the Local Government Act 1972. Urgent matters which need to be addressed outside the committee timetable are dealt with by the County Council's Director of Finance & ICT in consultation with the Chair of the Pensions and Investments Committee as required.

The minutes of the Pensions and Investments Committee are presented to meetings of the Full County Council. A link to the public meeting papers and minutes is available on the Fund's website: https://www.derbyshirepensionfund.org.uk/about-the-fund/governance/pensions-and-investments-committee.aspx

A Member declaration of interest is made at the commencement of each Pensions and Investments Committee meeting. All Elected Members and officers are required to comply with Derbyshire County Council's Codes of Conduct which set out the standards of conduct required from Elected Members and employees, including the disclosure of conflicts of interest.

A register of attendance for 2019-20 is set out on the following page.

The day to day management of the Pension Fund is delegated to the Director of Finance & ICT who is supported by the Pension Fund Team which is comprised of the Head of Pension Fund and in house investment and administration teams.

**Register of Councillor Attendance at 2019-20 Pensions and Investment Committee Meetings**

| | 8 May-19 | 11 Jun-19 | 31 Jul-19 | 4 Sept-19 | 22 Oct-19 | 11 Dec-19 | 22 Jan-20 | 4 Mar-20 |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| **DCC Councillors** | | | | | | | | |
| Ron Ashton | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Neil Atkin (Vice Chair) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| John Boult | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ |
| Peter Makin | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✗ | ✓ |
| Steve Marshall-Clarke | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ |
| Ron Mihaly | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✗ | ✓ |
| Jim Perkins (Chair) | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ |
| Brian Ridgeway | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | | | | | | | | |
| Substitute Members | 1 | 1 | 1 | 1 | - | - | 4 | 1 |
| | | | | | | | | |
| **Derby City Councillors** | | | | | | | | |
| Mike Carr | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ |
| Lisa Eldret | | | | ✓ | ✓ | ✗ | ✓ | ✓ |

Councillor Lisa Eldret joined the Committee in September 2019. Councillor Lucy Care replaced Councillor Lisa Eldret in 2020-21.

# Derbyshire Pension Board Annual Report 2019/20

## Introduction

Derbyshire Pension Board (the Board) was established as part of the new governance structure for the LGPS which came into effect in April 2015. This is the fourth annual report for the Board covering the year to 31 March 2020.

The Board has continued to develop its important role in assisting Derbyshire County Council (the Council), the administering authority, with the governance and administration of Derbyshire Pension Fund (the Fund) and with ensuring compliance with pension legislation and with the provisions of the Pension Regulator's Code of Practice 14 (COP 14). The Board has also continued to encourage and support the administering authority as it seeks to adopt best practice.

Membership of the Fund continued to grow in 2019/20 rising to over 105,000 memberships, and the number of active participating employers grew from 256 at the end of March 2019 to 299 at the end of March 2020. The increasing number and diversity of employers continues to add to the challenges of administering the Fund.

Against this backdrop, the Board has overseen, advised upon and supported work throughout the year on the Fund's triennial valuation, a review of the Pensions Administration Strategy, a new complaints monitoring process and the development of the pensions administration system, Altair. The system was implemented in March 2019 and the Board has been reassured by the efficiency and service quality improvements achieved in its first year of operation. The Board will continue to monitor the addition of the i-Connect module to the system over the coming year as it is rolled out to enable automatic monthly transmission of data from the Fund's employing authorities.

One specific area of work driven by the Board, was the project to scan and digitise the Fund member records held on microfiche. The project involves scanning the contents of over 90,000 fiches and uploading the images onto the Fund members' Altair records. The Board was keen to progress this task because of the potential data retention issues inherent with this type of storage. Once the images are on the Altair system, the facility to run document retention reports will be available, thereby diminishing the potential for breaches of GDPR legislation. The Board was pleased to assist and support officers to fulfil their GDPR responsibilities during the year.

The Fund's investment return was -4.7% in 2019-20, outperforming the Fund's benchmark, which fell 5.4%, but lower than the Fund's assumed long-term investment return of 3.6% as markets fell sharply in response to the Covid-19 pandemic. Over 5 and 10 years, returns were comfortably ahead of inflation and the Fund outperformed its benchmark over the 1, 3, 5 and 10 year time periods.

The Board has continued to monitor closely the Fund's participation in the LGPS Central Pool (Pool) and has continued to support the application of robust governance arrangements with respect to the Pool and to oversight of LGPS Central Ltd (LGPSC), the company established to manage investments on behalf of the eight LGPS pension funds within the Pool.

Governance of the pooling arrangements continues to account for a significant proportion of Fund officers' time and the Board welcomes its role in supporting officers during this major programme of change.

Four members of the Board attended a training event with members of other Local Pension Boards within the Pool in June 2019; this included a session on the Board's role and duties with respect to the LGPS Central Pool presented by Bob Holloway, Pensions Secretary of the LGPS Scheme Advisory Board.

The Chairs of the Pension Boards within the Pool held an initial meeting in October 2018, met twice in the following year and will continue to meet (virtually while the Covid emergency lasts) to support the collaboration between the participating pension funds.

The links formed with other Boards and the opportunity to compare experience and share training has proved very valuable, particularly as the Fund moved into the unprecedented circumstances arising out of the pandemic.

A member of the Board attended the Joint Committee of the Pool in February 2020 to observe the public forum within the Central Pool providing oversight of the delivery of Pool objectives.

Board members became more accessible to the Fund members and employing authorities that they represent during 2019-20 with the creation of the Derbyshire Pension Board webpage on the Fund's website at: https://www.derbyshirepensionfund.org.uk/about-the-fund/governance/derbyshire-pension-board.aspx

**Board Members**

The Board is made up of five members, with an independent, non-voting Chair, two representatives of scheme members and two representatives of employer organisations. Membership in the year to 31st March 2020:

**Chair**

Ronald Graham

**Member Representatives**

| | |
|---|---|
| Karen Gurney | Employee of Derbyshire County Council* |
| Nick Read | TU Rep, UNISON East Midlands LGPS Committee |

**Employer Representatives**

| | |
|---|---|
| Neil Calvert | Northworthy Trust |
| Oliver Fishburn | Bolsover District Council** |

*Karen Gurney was reappointed to the Board in June 2019 following a recruitment process having come to the end of her initial term of office.

**Oliver Fishburn was appointed to the Board in May 2019, further to the resignation of Andy Butler on 31st March 2019 when he left his employment at Derby City Council.

It was agreed in December 2017, that the term of the Chair's contract would be for a maximum of four years with review breaks at 12 and 36 months. Ronald Graham continued as the Chair of the Board through 2019/20 and looks forward to his 36 month review during 2020-21. The terms of office for the Member and Employer Representatives at 31st March 2020 were as follows:

| Role | Name | Start Date | Term | Expiry |
|---|---|---|---|---|
| Member Rep | Karen Gurney | June 2019 | 4 Years | June 2023 |
| Member Rep | Nick Read | June 2018 | 4 Years | June 2022 |
| Employer Rep | O Fishburn | May 2019 | 4 Years | Sept 2023 |
| Employer Rep | N Calvert | Sept 2018 | 4 Years | Sept 2022 |

### Meeting Attendance

Members of the Board attended the following Pension Board meetings in 2019-20:

| Member | 17th May 2019 | 22nd October 2019 | 22nd January 2020 |
|---|---|---|---|
| Ronald Graham | ✓ | ✓ | ✓ |
| Oliver Fishburn | ✓ | ✓ | ✓ |
| Neil Calvert | ✓ | ✓ | ✓ |
| Karen Gurney | ✓ | ✓ | ✓ |
| Nick Read | ✓ | ✓ | ✓ |

### Conflicts of Interest

At each meeting members are required to declare any new conflicts of interest. Aside from holding the status that permits the employer / employee members to be Board members under the terms of the Regulations, no conflicts have been declared during the year.

### Training

Members of Derbyshire Pension Board are subject to the same Training Policy as members of the Pensions and Investments Committee and senior officers involved in the management and administration of the Fund.

The Fund aims to comply with:

- CIPFA Pensions Finance Knowledge and Skills Framework
- Knowledge and skills requirements of the Public Service Pensions Act 2013
- The Pensions Regulator's Code of Practice No.14, Governance and Administration of Public Service Pension Schemes 2015

### Training Attendance

Members of the Board attended the following training in 2019-20:
**Internal & Pool**

| Member | Fund Officers - Investing in Alternatives | LGPS Central Pool – LGPS Update/Pension Boards' Role in Pooling | LGPS Central Ltd - RI Day | LGPS Central Ltd - Infrastructure | LGPS Central Ltd - Stakeholder Day |
|---|---|---|---|---|---|
| Ronald Graham | ✗ | ✓ | ✓ | ✓ | ✓ |
| Neil Calvert | ✗ | ✓ | ✓ | ✓ | ✓ |
| Oliver Fishburn | ✗ | ✓ | ✗ | ✗ | ✓ |
| Karen Gurney | ✓ | ✓ | ✗ | ✓ | ✗ |
| Nick Read | ✗ | ✗ | ✓ | ✗ | ✗ |

**External**

Ronald Graham: May 19 PLSA Local Authority Conference; Oct 19 PLSA Annual Conference & Exhibition; Nov 19 PLSA Local Authority Update Conference
Neil Calvert: April 19 Eversheds Public Sector Pensions Conference; Nov 19 Eversheds Pensions Briefing
Karen Gurney: Nov 19 PLSA Local Authority Update Conference

**2019-20 Summary of Activities**

Below is a summary of the Board's activities during the year to 31st March 2020:

- Input into the development of the Fund's Complaints Policy and Procedure
- Input into the development of the Fund's Pensions Administration Strategy
- Input into the development of the Fund's data breach processes and guidance
- Quarterly review of the Fund's pensions administration performance against statutory targets
- Consideration of the Fund's progress on the issuance of Annual Benefit Statements, data improvement and GDPR requirements
- Quarterly review of the Fund's Risk Register
- Consideration of the Fund's pooling arrangements

During the year, members of the Board received regular updates on pension administration, LGPS asset pooling and on investment performance and they would like to record their thanks for the co-operation and help in the discharge of their duties that they received from officers of the Council.

Shortly before the end of the year, as a result of the Covid-19 crisis, the Fund became, without notice, subject to the government's lockdown obligations. The Board would also like to record, with gratitude, its admiration of the speed and professional manner in which all the staff of the Fund adapted to these incredibly difficult conditions and have continued to carry out the work of the Fund on, as far as possible, a 'business as usual basis', notwithstanding the substantial practical problems to which they have been and remain subject.

**Costs and Expenses**

| | 2018/19 | 2019/20 |
|---|---|---|
| | £ | £ |
| Members' Allowances (Travel)* | 1,855 | 1,353 |
| Training Costs & Subscriptions | 816 | 112 |
| Chairman's Services* | 30,500 | 15,000 |
| **Total** | **33,171** | **16,465** |

*£490 of travel expenses and £15,000 Chairman's fees & expenses relating to 2017-18 were included in the pension fund accounts for 2018-19.

**Future Work Plan**

The Board's work plan for 2020-21 includes:

- Continuing to input into the development of communications with members and employers.

- Ensuring that feedback is sought both from members and employers on the impact of the improved communications, and that action is taken as necessary on the basis of that feedback.
- In-depth consideration of the Fund's Risk Register.
- Monitoring progress towards a full 'self-service' system.
- Overseeing the progress of ongoing work to ensure the retention and storage of historical records complies with data protection legislation.
- Overseeing the roll out of the i-Connect system to enable secure, automated, monthly data returns from employing authorities.
- Supporting the planning and implementation of actions resulting from the outcome of the McCloud case and its implications for the LGPS and the Fund.
- Continued monitoring of the administrative performance of the Fund and supporting the development of more customer-focussed Key Performance Indicators.
- Assisting officers to ensure that the Fund has an adequate and resilient staffing structure.
- Regular reviews of the Fund's compliance with the requirements of the Pension Regulator's Code of Practice 14 (and its eventual successor).
- Continuing to develop relationships with the Pension Boards of other LGPS funds (both through the liaison group of Central Pool participant boards' Chairs and otherwise) to promote and ensure best practice.

## Training

The Fund's Training Policy was adopted in August 2017 and applies to all members of the Pensions and Investments Committee, all members of the Derbyshire Pension Board and senior officers involved in the management and administration of the Fund.

In relation to training for those involved in the governance and the day to day management and administration of the Fund, Derbyshire County Council's objectives are to ensure that:

- Those persons charged with the financial management and decision making with regard to the Fund are fully equipped with the knowledge and skills required to discharge the duties and responsibilities allocated to them
- Those persons responsible for the day-to-day administration and running of the Fund have the appropriate level of knowledge and skills required to discharge their duties and responsibilities
- Those persons responsible for providing governance and assurance of the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, to ensure their decisions are robust and soundly based
- Members of Derbyshire Pension Board have sufficient knowledge and understanding to challenge any failure to comply with the Regulations and other legislation relating to the governance and administration of Derbyshire Pension Fund and/or any failure to meet the standards and expectations set out in the Regulator's Codes of Practice

To assist in achieving these objectives, the Fund aims to comply with:

- CIPFA Pensions Finance Knowledge and Skills Frameworks
- Knowledge and skills requirements of the Public Service Pensions Act 2013

- The Pensions Regulator's Code of Practice No. 14, Governance and Administration of Public Service Pension Schemes 2015

CIPFA responded to the implementation of Local Pension Boards by issuing an expanded Knowledge and Skills Framework which identified a requirement for knowledge of eight core technical areas for those involved in the governance of public sector pension funds:

1. Pensions legislation
2. Public sector pensions governance
3. Pensions administration
4. Pensions accounting and auditing standards
5. Financial services procurement and relationship management
6. Investment performance and risk management
7. Financial markets and product knowledge
8. Actuarial methods, standards and practices.

Members of the Committee and the Pension Board complete self-evaluation forms on an annual basis assessing their knowledge of the eight core areas and also their knowledge about individual investment asset classes. A Training Plan is then developed based on the results of these assessments and is supplemented, where appropriate, to cover matters arising in the course of managing the Fund (e.g. additional training in advance of the consideration of new asset classes).

Training is delivered jointly to members of the Committee and the Pension Board where possible. Pension Board attendance at training is set out in the Pension Board Annual Report. Members of the Committee attended the following internal training in 2019-20:

| Councillors | Colliers Property Performance & Strategy June-19 | Alternatives IIMT July-19 | Induction Training IIMT Nov-19 |
|---|---|---|---|
| Ron Aston | ✓ | ✓ | ✗ |
| Neil Atkin | ✓ | ✓ | ✗ |
| John Boult | ✓ | ✓ | ✓ |
| Peter Makin | ✓ | ✗ | ✗ |
| Steve Marshall-Clarke | ✗ | ✓ | ✗ |
| Ron Mihaly | ✓ | ✓ | ✗ |
| Jim Perkins | ✓ | ✓ | ✗ |
| Brain Ridgeway | ✗ | ✓ | ✓ |
| Substitute | ✓ | ✓ | N/A |
| Mike Carr | ✓ | ✓ | ✗ |
| Lisa Eldret | ✗ | ✗ | ✓ |

Training was provided externally by LGPS Central Ltd (LGPSC) at a Responsible Investment Day in July 2019.

Members of the Committee also attended conferences organised by the Local Authority Pension Fund Forum and the Local Government Pensions Committee.

Subsequent to the period-end, there has also been a member training event which covered Investment Strategy Statements; Strategic Asset Allocation Benchmarks; Responsible Investment and Climate-related risk and opportunities. The event was attended by all members.

## Communication

The Pension Fund aims to deliver clear, timely and relevant communication to all stakeholders ensuring that its communications are:

- timely and relevant, and easy to read and understand
- tailored to meet the specific needs of the audience
- foster an improved understanding of the Local Government Pension Scheme to enable informed decision making

The successful launch of a dedicated website for the Fund in 2018 has greatly enhanced the Fund's ability to communicate with its stakeholders: https://www.derbyshirepensionfund.org.uk. The website provides access to a wide range of information for active, deferred and pensioner scheme members, prospective members and scheme employers.

Details of the Fund's methods of communication are contained in the Communications Policy Statement attached as Appendix 2.

## Risk Strategy and Risk Management

Derbyshire Pension Fund recognises the importance of effective risk management, including the identification and management of its key risks. Risk management is a process by which the Fund identifies, assesses and seeks, to the extent possible, to mitigate the risks associated with its activities. Effective risk management is a clear indicator of good governance and the Fund believes that maintaining a Risk Register is the primary document for identify, assessing and monitoring risks. The Fund's Risk Register is reviewed by the Director of Finance & ICT, the Pensions and Investments Committee and the Derbyshire Pension Board on a regular basis and identifies:

- The nature of the Risk
- The Cause and Effect
- A Risk Score
- Risk mitigation controls and procedures
- Risk Owner
- Directional movement since last update

The Risk Score is a combination of the risk occurring (probability) and the likely severity (financial impact). A low risk classification is based on a score of 4 or less; a medium risk score ranges between 5 and 11; and a high risk score is anything with a score of 12 and above. The Target Risk score shows the impact of the risk occurring once the planned risk mitigation procedures and controls have been completed.

The Fund's current identified high risk items, together with planned mitigation, are set out below:

| Key Risk | Comments and mitigation |
|---|---|
| Funding and fluctuation in assets and liabilities | There is a risk for any pension fund that assets may be insufficient to meet liabilities; funding levels fluctuate from one valuation to the next, principally reflecting external risks around both market returns and the discount rate used to value the Fund's liabilities. Every three years, the Fund undertakes an actuarial valuation to determine the expected cost of providing the benefits built up by members at the valuation date in today's terms (the liabilities) compared to the funds held by the Pension Fund (the assets), and to determine employer contribution rates. As part of the valuation exercise, the Pension Fund's Funding Strategy Statement (FSS) is reviewed, to ensure that an appropriate funding strategy is in place. The FSS sets out the funding policies adopted, the actuarial assumptions used and the time horizons considered for each category of employer. The Fund's 2020 FSS was approved by Committee in March 2020. The Fund was 87% funded at 31 March 2016. An annual assessment of the Fund's funding position was introduced in 2017 and a further assessment was carried out at December 2018. Using a risk based approach to determine the appropriate investment return assumption for reporting the whole Fund results, there was an improvement in the funding level of the Pension Fund to 97% at March 2019, with a reduction in the deficit from £564m to £163m. On a like-for-like basis of calculation, the funding level at March 2019 would have been approximately 92%. The funding level provides a high-level snapshot of the funding position at a particular date and could be very different the following day on a sharp move in investment markets. Whilst the Fund has a significant proportion of its assets in growth assets, the Strategic Asset Allocation Benchmark which came into effect from 1 January 2019 introduced a lower exposure to growth assets with the aim of protecting the improvement in the Fund's funding level following strong market gains since the triennial valuation in March 2016. |
| Potential impact of climate change | It is recognised that material climate change risks and opportunities could be experienced across the whole of the Fund's portfolio. The urgency of addressing the issue of climate change has increased as the world has experienced a number of extreme weather events and as five of the warmest years on record have been recorded since 2010. The Fund is exposed to risks related to the transition to a lower-carbon economy and to risks related to the physical impacts of climate change. Climate related risks are expected to affect most economic sectors and industries; however, opportunities will also be created for organisations focused on climate change mitigation and adaptation solutions. It is acknowledged that it is difficult to estimate the exact timing and severity of the physical effects of climate change. The Fund procured a Climate Risk Report from LGPSC structured around The Taskforce on Climate-related Financial Disclosures' (TCFD) four thematic areas of: governance; strategy; risk management; and metrics and targets. The report included an assessment of financially material climate-related risks within the Fund's investment portfolio, highlighted climate-related opportunities and provided an evidence base to support the development of a Climate Strategy and a Climate Stewardship Plan for the Pension Fund. Following the approval of the Climate Strategy by Committee in November 2020, the probability score will be reviewed. |

| | |
|---|---|
| LGPS Central Pool | The Fund is expected to transition the management of the majority of its investment assets to LGPSC, the operating company of the LGPS Central Pool (the Pool), over the next few years. The Fund is expected to invest via LGPSC's pooled investment vehicles and has recently transitioned its legacy UK corporate bond portfolio of around £300m into LGPSC's Global Active Investment Grade Corporate Multi-Manager Fund. The Fund also has in place advisory management agreements with LGPSC in respect of Japanese and Asia Pacific equities. LGPSC is a relatively new company which launched its first investment products in April 2018. There is a risk that the investment returns delivered by the company will not meet the investment return targets against the specified benchmarks. The Fund continues to take a meaningful role in the development of LGPSC, and has input into the design and development of the company's product offering to ensure that it will allow the Fund to implement its investment strategy. The company's manager selection process is scrutinised by the Partner Funds and the Fund will initially continue to carry out its own due diligence on selected managers as confidence is built in the company's manager selection skills. The performance of LGPSC investment vehicles is monitored and reviewed jointly by the Partner Funds under the Investment Working Group (a sub-group of the Partner Funds' Practitioners' Advisory Forum) and by the Pool's Joint Committee. The Fund's advisory mandates are reviewed and monitored internally; quarterly update meetings are held with the relevant managers within LGPSC. |
| McCloud judgement | The McCloud case relates to transitional protections given to scheme members in the judges' and firefighters' schemes which were found to be unlawful by the Court of Appeal on the grounds of age discrimination. MHCLG published its proposed remedy related to the McCloud judgement in July 2020. The proposed remedy involves the extension of the current underpin protection given to certain older members of the Scheme when the LGPS benefit structure was reformed in 2014. It removes the condition that requires a member to have been within ten years of their 2008 Scheme normal pension age on 1 Apr 2012 to be eligible for underpin protection. It is also proposed that underpin protection will apply where a member leaves with either a deferred or an immediate entitlement to a pension (previously it just applied to immediate entitlements). The underpin will give the member the better of the 2014 Scheme CARE or 2008 final salary benefits for the eligible period of service. The changes will be retrospective which means that benefits for all qualifying leavers since 1 April 2014 will need to be reviewed to determine whether the extended underpin will produce a higher benefit. This will have a significant impact on the administration of the Scheme. Analysis by Hymans Robertson (Hymans), the Fund's actuary, suggests that around 1.2m members of the LGPS, roughly equivalent to a quarter of all members, may be affected by the revised underpin. Locally it is estimated that around 26,000 members of the Fund are likely to fall into the scope of the proposed changes to the underpin. Any increase in benefits for members will need to be funded by scheme employers. At a whole scheme level, Hymans estimate that total liabilities might increase by around 0.2%, equivalent to around £0.5bn across the whole of the English and Welsh LGPS. This estimate is significantly less than the £2.5bn quoted in the MHCLG consultation. The difference is largely due to the materially higher pay growth assumption used by GAD. Hymans forecast that the impact of the remedy might be to increase average primary contributions by around 0.2% of pay, with an increase in secondary contributions of around 0.1% of pay. Whilst the impact at the whole scheme level is expected to be small, it may be material at an individual employer |

| | |
|---|---|
| | level. The impact on employers' funding arrangements is expected be dampened by the funding arrangements they have in place, however, it is likely there will be unavoidable upward pressure on contributions in future years. The uncertainty caused by the McCloud judgement is reflected on the Risk Register under two separate risks for clarity, one under Funding & Investments and one under Administration, although the two risks are closely linked. The funding risk relates to the risk of there being insufficient assets within the Fund to meet the increased liabilities. In line with advice issued by the SAB, the Fund's 2019 actuarial calculations were based on the current benefit structure, with no allowance made for the possible outcome of the cost cap mechanism or McCloud. However, an extra level of prudence was introduced into the setting of employer contribution rates to allow for the potential impact of the McCloud case. This has been clearly communicated to the Fund's employers in the valuation letters. In the short term, the impact of the uncertainty caused by the McCloud case is greatest for exit payments and credits as, at a cessation event, the cost of benefits is crystallised. The 2020 Funding Strategy Statement includes an allowance for a 1% uplift in a ceasing employer's total cessation liability for cessation valuations that are carried out before any changes to the LGPS benefit structure are confirmed. The funding risk score will be reviewed when MHCLG's remedy is confirmed. The administration risk relates to the enormous challenge that will be faced by administering authorities and employers in backdating scheme changes over such a significant period; this risk has been recognised by the SAB. Whilst the Fund already requires employers to submit information about changes in part-time hours and service breaks, the McCloud remedy may generate additional queries about changes since 1 April 2014; employers have, therefore, been asked to retain all relevant employee records. A McCloud Project Team has been set up to formalise the governance of this major impending project. The Fund will continue to keep up to date with news related to the McCloud remedy and the cost cap process from the Scheme Advisory Board, the Local Government Association, the Government Actuary's Department and the Fund's actuary. |

Investment risk is managed through the Pensions and Investments Committee's policy of holding different categories of investments (e.g. the strategic asset allocation between equities, bonds, property, alternatives and cash) and by holding a diversified equity spread by both geography and market sectors. The use of derivatives is currently restricted to hedging activity. Hedge Fund investment is not included in the Fund's strategic benchmark.

The strategic benchmark is designed to meet the Fund's target performance for the level of risk agreed by the Pensions and Investments Committee. The asset allocation is reviewed on a quarterly basis by the Committee for tactical purposes, supported by an external advisor and the Fund's investment managers. Each asset class is managed within an agreed permitted range to ensure that the Fund does not deviate too far away from the benchmark asset allocation, whilst allowing for a degree of flexibility.

Third party risks (e.g. external investment managers and the custodian) are managed through the use of appropriate contractual arrangements and the on-going monitoring of service levels, including periodic performance review meetings.

The Fund's participating employers (e.g. Scheduled Bodies and Admission Bodies) are required to pay over the employee and employer contributions deducted each month, by the 19th of the following month. Receipt is monitored monthly and any delays are followed up and resolved promptly reducing the risk that the correct level of contributions are not received. The amounts received are reconciled against each employing authority's year-end return, which is due before the end of April each year.

The Fund has developing an Employer Risk Management Framework to identify, manage and monitor the employers risk associated with:

- the funding requirement with respect to an employer/pools of employers
- the employer's/pools of employers' legal obligations to the Fund
- the financial ability of an employer to meet its liabilities to the Fund

Information collected for the purpose of assessing employer risk was utilised during the actuarial valuation process and formed an important part of determining employer contribution rates from April 2020.

**Internal Audit Reviews**

The Pension Fund forms part of the operations covered by the Derbyshire County Council internal audit Section.

**Third Party Assurance Reports**

The Pension Fund obtains and reviews copies of third party assurance reports (e.g. IASE 3402 (f AAF01/06) and SSAE 16/70) from each of its key external investment managers.

**Membership of Bodies**

The Fund is a member of the following bodies:

- Local Authority Pension Fund Forum and Pension
- Pensions and Lifetime Savings Association

# Financial Performance

The number of Members in the Pension Fund of has grown consistently over the last five years.

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|
| | | | | | |
| Contributors | 40,030 | 40,640 | 41,010 | 41,157 | 40,125 |
| Pensioners & Dependants | 26,622 | 27,599 | 27,959 | 30,024 | 31,548 |
| Deferred Pensions | 27,240 | 30,327 | 32,099 | 31,136 | 33,164 |
| **Number of Members** | **93,892** | **98,566** | **101,068** | **102,317** | **104,837** |

Net additions from Dealing with Members (contributions received less pension benefits paid out), Employers and Others Directly involved in the Fund turned negative in 2019-20.

| **£ in Million** | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|
| | | | | | |
| Contributions | 152.0 | 157.0 | 164.4 | 193.7 | 160.4 |
| Transfers in from other Pension Funds | 2.5 | 7.2 | 12.7 | 10.3 | 11.2 |
| Benefits | (139.6) | (145.9) | (155.3) | (160.9) | (172.6) |
| Payments to and on Account of Leavers | (6.5) | (6.9) | (17.2) | (13.0) | (17.7) |
| | | | | | |
| **Net Additions from Dealing with Members** | **8.4** | **11.4** | **4.6** | **30.1** | **(18.7)** |

The increase in Contributions in 2018-19, and subsequent reduction in 2019-20, reflected an advance employer's pension contribution payment of £39.716m on 12 June 2018 covering the period May 2018 to March 2020. On an adjusted basis, Net Additions from Dealing with Members was £4.8m in 2018-19 and £6.6m in 2019-20.

Cost-per-Member is a key measure for assessing the Fund's cost effectiveness. The costs of managing Derbyshire Pension Fund over the last five years were as follows:

| **£ per Member** | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|
| | | | | | |
| Number of Members | 93,892 | 98,566 | 101,068 | 102,317 | 104,837 |
| | | | | | |
| Investment Management Expenses (£000) | 15,272 | 18,898 | 22,602 | 24,829 | 26,054 |
| Cost per Member | £162.65 | £191.73 | £223.63 | £242.67 | £248.52 |
| *As a % of Net Investment Assets* | *0.42%* | *0.42%* | *0.49%* | *0.51%* | *0.60%* |
| | | | | | |
| Pensions Administration (£000) | 1,450 | 1,547 | 2,056 | 2,085 | 2,599 |
| Cost per Member | £15.44 | £15.70 | £20.34 | £20.38 | £24.79 |
| | | | | | |
| Oversight & Governance (£000) | 431 | 834 | 289 | 1,215 | 1,451 |
| Cost per Member | £4.59 | £8.46 | £2.86 | £11.87 | £13.84 |

The year-on-year increase in Investment Management Expenses per Member between 2015-16 and 2019-20 largely reflects the increase in the value of underlying investments and a shift in the

Fund's asset mix to above average cost alternative investments, following on-going changes to the Fund's approved strategic benchmark, which have increased the proportion of the Fund's investments allocated to private equity, infrastructure and indirect property investments.

Pension Administration Costs per Member remained reasonably flat between 2015-16 and 2016-17 but increased to £20.34 per member in 2017-18. The increase principally reflected a combination of contractual payments in respect of the pension administration system at the time and additional staffing resource to support the service. The cost per member then remained relatively flat at £20.38 in 2018-19 but increased to £24.79 in 2019-20 driven by a change in the pensions administration system and further additional resource to support the service.

Oversight and governance costs fell by £0.545m in 2017-18, reflecting a combination of lower legal fees and the inclusion of an income accrual of £0.500m for the costs of setting up LGPS Central Limited (LGPSC), which was refunded in 2018-19. Oversight and governance costs increased by £0.926m in 2018-19, and by a further £0.236m in 2019-20, principally reflecting LGPSC governance, operator and product development costs. These will be recurring costs going forward.

Net Return on Investment totalled -£222.3m in 2019-20.

| **£ in Million** | **2015-16** | **2016-17** | **2017-18** | **2018-19** | **2019-20** |
|---|---|---|---|---|---|
| | | | | | |
| Investment income net of taxes | 76.3 | 84.7 | 94.9 | 100.8 | 94.0 |
| Investment returns (*) | (90.1) | 725.9 | 96.9 | 181.7 | (316.3) |
| **Net Return on Investments** | **(13.8)** | **810.6** | **191.8** | **282.5** | **(222.3)** |
| | | | | | |
| *Actual Fund Investment Return* | *(0.7%)* | *21.1%* | *3.8%* | *5.6%* | *(4.7%)* |
| *Benchmark Fund Investment Return* | *(0.7%)* | *20.3%* | *3.2%* | *5.6%* | *(5.4%)* |

** Comprises Profits and Losses on Disposal of Investments and Changes in the Value of Investments*

Further details in respect of the Fund's investment performance in 2019-20, and over the longer term, are set out in the Investment section of this report.

Net Investment Assets totalled £4,632.1m at 31 March 2020, £268.6.m lower than those reported at 31 March 2019, largely reflecting the impact of a sharp market sell-off in February and March 2020 in response to the Covid-10 pandemic.

| **£ in Million** | **2015-16** | **2016-17** | **2017-18** | **2018-19** | **2019-20** |
|---|---|---|---|---|---|
| | | | | | |
| Investment Assets | 3,667.4 | 4,469.1 | 4,626.2 | 4,905.6 | 4,640.9 |
| Investment Liabilities | (1.6) | (5.0) | (6.8) | (4.9) | (8.8) |
| | | | | | |
| **Net Investment Assets** | **3,665.8** | **4,464.1** | **4,619.4** | **4,900.7** | **4,632.1** |
| | | | | | |
| *Growth / (Reduction)* | *(0.4%)* | *21.8%* | *3.5%* | *6.1%* | *(5.5%)* |

Net Non-Investment Assets totaled £25.4m at 31 March 2020. Year-on-Year changes in the value of Net Non-Investment Assets principally reflect changes in the Fund's operational cash balance.

| £ in Million | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|
| | | | | | |
| Current Assets | 11.1 | 14.0 | 30.2 | 32.3 | 31.4 |
| Current Liabilities | (5.2) | (5.5) | (5.5) | (4.5) | (6.0) |
| | | | | | |
| **Net Non-Investment Assets** | **5.9** | **8.5** | **24.7** | **27.8** | **25.4** |

The table below shows the forecast and actual Fund Account for 2019-20.

| £ in Million | 2019-20 Forecast | 2019-20 Actual |
|---|---|---|
| | | |
| Contributions | 170 | 172 |
| Benefits | (182) | (191) |
| **Net Additions from Dealing with Members, Employers and Others Directly involved in the Fund** | **(12)** | **(19)** |
| Management Expenses | (30) | (30) |
| **Net (Withdrawals)/Additions including Fund Management Expenses** | **(42)** | **(49)** |
| Investment Income (net of taxes) | 84 | 94 |
| **Net Increase in Net Assets Before Changes in Market Value** | **42** | **45** |
| Profits and Losses on Disposal of Investments and Changes in Value of Investments | n/f | (316) |
| **Net Increase in the Net Assets Available for Benefits During the Year** | **n/f** | **(271)** |

The Pension Fund does not make a forecast (n/f) for Profits and Losses of Investments and Changes in the Value of Investments as this is driven by market events which are outside of the Fund's control.

The actual Net Increase in Net Assets Before Changes in Market Value was £3m higher than forecast principally reflecting higher than expected investment income, partly offset by higher than expected benefit payments.

The table below shows the forecast and actual Management Expenses for 2019-20.

| £ in Million | 2019-20 Forecast | 2019-20 Actual |
|---|---|---|
| | | |
| Fund Value based Management Fees | 25.1 | 25.1 |
| In-House Management Team Expenses | 0.4 | 0.4 |
| Transaction Costs | 0.5 | 0.5 |
| Custody Fees | 0.1 | 0.1 |
| **Investment Management Expenses** | **26.1** | **26.1** |
| Pensions Administration Costs | 2.3 | 2.6 |
| Oversight & Governance Costs | 1.3 | 1.4 |
| **Management Expenses** | **29.7** | **30.1** |

Actual Management Expenses in 2019-20 were £30.1m, £0.4m higher than forecast, largely reflecting costs associated with a change in the pension administration system and incremental resource to support the service.

An analysis of Pension Fund Team Expenses, Pensions Administration Costs and Oversight & Governance Costs is set out below.

| **£ in Thousand** | **2018-19 Actual** | **2019-20 Actual** |
|---|---|---|
| | | |
| Staff costs | 1,842 | 1,917 |
| LGPSC costs | 756 | 811 |
| Premises, Supplies and services | 669 | 822 |
| Information technology | 148 | 465 |
| Net Actuary charges | 64 | 225 |
| DCC recharges | 117 | 146 |
| Costs of democracy | 42 | 29 |
| Custody | 40 | 33 |
| **Total** | **3,678** | **4,448** |

Combined Pension Fund Team Expenses, Pensions Administration Costs and Oversight & Governance Costs increased by £0.770m in 2019-20, principally reflecting an increase in information technology resulting from a change in the pension administration system, increased staff costs to support service levels and the impact of the 2019 triennial actuarial valuation.

# Investment

## Investment Policy

The primary objective of the Fund is to ensure that over the long term the Fund will be able to meet all benefit payments as and when the fall due. These payments will be met by contributions resulting from the funding strategy or asset returns and income resulting from the investment strategy. Therefore, the Pensions Fund's funding and investment strategies are inextricably linked. The Investment Strategy Statement (ISS), attached as Appendix 3, sets out the long term investment strategy of the Fund. Further details in respect of the Fund's funding strategy are set out in the Funding section of this report.

The Pensions and Investments Committee is responsible for formulating the investment strategy of the Fund, determining the Strategic Asset Allocation Benchmark and the quarterly tactical asset allocation positions. The day-to- day management of the Pension Fund's investments is delegated to the Director of Finance & ICT and the In-House Investment Management Team.

In 2019-20, a significant proportion of the Fund's investments were managed internally on an active basis by the Fund's In-House Investment Management Team which is part of the Commissioning, Communities and Policy Department or by LGPSC, a company established to manage investments on behalf of the LGPS Central Pool. Further details in respect of the LGPS Central Pool are set out later. Where the appropriate skills were not available internally, or through LGPSC, external managers were used.

## Management of the Fund's Investment Assets

The Fund's investment assets were managed as follows in 2019-20:

**In-House Investment Management Team**: The internal team comprised of the Head of Pension Fund and the Investments Manager was responsible for managing: Sovereign Bonds (conventional and index-linked); Multi-Asset Credit; Japanese Equities; Asia Pacific Equities; Emerging Market Equities; Indirect Property; Infrastructure; and Private Equity.

Collective investment vehicles were selected by the internal team for: Multi-Asset Credit; Japanese, Asia Pacific and Emerging Market Equities; Indirect Property; Infrastructure; and Private Equity. LGPSC provide advisory services in respect of Japanese and Asia Pacific Equities.

**Direct Property:** Colliers International

**United Kingdom Equities:** Legal and General Investment Management (Passive)

**European Equities:** UBS Global Investment Management (Passive)

**US Equities:** Wellington Management International

**Investment Grade Corporate Bonds:** LGPS Central Limited

## Investment Administration

The Pension Fund's dedicated In-house Investment Administration Team is responsible for day-to-day investment administration. This team forms part of the wider In-House Management Investment Team.

The Pension Fund's custodian in 2019-20 was BNP Paribas Security Services until 30 June 2019. On 1 July 2019, the Pension Fund's custodian was changed to Northern Trust. The Pension Fund's custodian is responsible for the custody and safekeeping of the Fund's directly held listed securities. Non-listed securities (e.g. investments in pooled vehicles and closed-ended limited partnerships; each of which have their own custodian appointed by the relevant investment manager) are managed and monitored by the In-House Investment Administration Team.

## Responsible Investment

Responsible investment is an approach to investment that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long term returns.[1] The Fund's approach to Responsible Investment was previously set out in the ISS, however a new Responsible Investment Framework was approved in November 2020.

The Pensions and Investments Committee believes that responsible investment covers both incorporating ESG factors into the investment process and Fund stewardship and governance through considered voting and engagement with investee companies.

Effective management of financially material ESG risks should support the requirement to protect investment returns over the long term. The Fund's In-House Investment Management Team seek to understand relevant ESG factors alongside conventional financial considerations within the investment process, and the Fund's external investment managers, including LGPSC, are expected to do the same. Non-financial factors may be considered to the extent that they are not detrimental to the investment return.

The Fund recognises that financial markets will be impacted by climate change and by the response of climate change policy makers. Risks and opportunities related to climate change are likely to be experienced across the whole of the Fund's portfolio. The current understanding of the potential risks posed by climate change, together with the development of climate- related measurements and disclosures, are still at an early stage, and there is considerable variability in the quality and comparability of carbon emission estimates. It is recognised that it will take time for companies to adapt to the changing regulatory and market positions.

In 2019, the Fund commissioned a Climate Risk Report in from LGPS Central Limited which was received in February 2020 and was structured around the Taskforce for Climate-related Disclosures (TCFD) four thematic areas of governance; strategy; risk management and metric targets. The Climate Risk Report also included: an assessment of financial material climate-related risk and opportunities within the Fund's investment portfolio; climate scenario analysis; and carbon risk metrics. The Climate Risk Report was presented to the Fund's Pensions & Investments Committee in March 2020, together with a copy of the Fund's first TCFD report, a copy of which can be found on the Fund's website: [link]. In recognition of the potential material effect of climate change, and

[1]UN Principles for Responsible Investing

the response to climate change, on the assets and liabilities of the Fund, the Fund has developed a separate Climate Strategy which was approved by Committee in November 2020.

The Pensions and Investments Committee recognises its responsibility to act in the best interest of the Fund's employers and scheme members, whilst seeking to protect local tax payers and employers from unsustainable pension costs.

The Fund adopts a strategy of engagement with companies to influence behaviour and enhance value, rather than adopting a divestment approach, believing that this is more compatible with the administering authority's fiduciary duties and supports responsible investment.

Engagement allows the Fund to use its influence as an active owner, with other like-minded investors, to improve ESG practices in investee companies, influence that would be lost through a divestment approach. It is recognised that change takes time, as a long term investor the Fund takes a long term approach to its stewardship activities.

Membership of the Local Authority Pension Fund Forum (LAPFF) helps Derbyshire Pension Fund to engage with companies to understand relevant issues and to promote best practice. LAPFF was set up in 1991 and is a voluntary association of Local Authority pension funds based in the UK with combined assets of over £300bn. It exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders to promote high standards of corporate governance and corporate responsibility amongst the companies in which they invest.

Collective pressure from investors via organisations such as the LAPFF has helped to encourage listed companies to enhance their corporate governance and to improve their environmental and social impacts.

The Fund places great importance on the exercise of voting rights. The Fund's voting policy covers the Fund's directly held investments in the United Kingdom and North America. The Committee has appointed Institutional Shareholder Services (ISS), a specialist third party voting service provider to make recommendations on casting votes in respect of the Fund's directly held UK listed investments. Voting is carried out in line with recommendations from ISS, whose voting principles cover four key tenets on: accountability; stewardship; independence; and transparency. The Fund also periodically receives voting alerts from the LAPFF on certain resolutions. If the voting alert from the LAPFF conflicts with the voting service recommendation, due consideration is given to all the arguments before the vote is cast.

The Fund has appointed Wellington Management (Wellington) in a discretionary capacity to manage its directly held North American investments, including voting in line with local practice. Wellington have policies and procedures to ensure that they collect and analyse all relevant information for each meeting, applying their proxy voting guidelines accurately and executing votes in a timely manner.

A significant proportion of the Fund's assets are managed through pooled products, where the voting activity is carried out by external investment managers. These principally relate to funds managed Legal & General Investment Management (LGIM).

Voting activity is carried out in accordance with LGIM's voting policy, and is based on a set of corporate governance principles. Previous engagement with an investee company also determines the manner in which voting decisions are made and cast. Voting activity is combined with direct engagement with the investee company to ensure that the investee company fully understands any issues and concerns that LGIM may have and to encourage improvement. LGIM utilises the voting information services of ISS and Institutional Voting Information Services (IVIS) to conduct thorough analysis and research on investee companies.

The Fund expects an increasing proportion of its assets to be managed by LGPS Central Limited going forward, as assets are transitioned into its pooled products. LGPS Central Limited's Responsible Investment & Engagement Framework will be applied to both internally and externally managed investment mandates.

Copies of LGIM's and LGPS Central Limited's Stewardship Reports are presented to the Committee on a quarterly basis.

The Fund is a Tier 1 signatory to the Financial Reporting Council's UK Stewardship Code. The UK Stewardship Code has recently been updated (2020 Code), with the updated code coming into effect on 1 January 2020. The 2020 Code consists of 12 Principles for Asset Managers and Asset Owners, with a focus on the activities and outcomes of stewardship, not just policy statements. Organisations that want to become signatories the 2020 Code are required to produce an annual Stewardship Report explaining how they have applied the 2020 Code in the previous twelve months. To be included in the first list of signatories, organisations must submit a final report to the FRC by 31 March 2021. The Fund intends to fully comply with the 2020 Code.

Following the launch of the LGPS Central Pool, an increasing portion of the Fund's investments will be transitioned into products managed by LGPSC. LGPSC has developed a Responsible Investment & Engagement Framework (the Framework) incorporating the Responsible Investment beliefs of the Pension Funds within the LGPS Central Pool which will be applied to both internally and externally managed investment mandates.

The Framework contains the following beliefs:

- Long-termism: A long-term approach to investment will deliver better returns and the long-term nature of LGPS liabilities allows for a long-term investment horizon.
- Responsible Investment: Responsible Investment is supportive of risk adjusted returns over the long-term, across all asset classes. Responsible investment should be integrated into the investment process of LGPSC and its investment managers.
- Diversification, risk management and stewardship: Diversification across investments with low correlation improves the risk return profile. A strategy of engagement, rather than exclusion, is more compatible with fiduciary duty and more supportive of responsible investment, because the opportunity to influence companies through stewardship is waived in a divestment approach. Even well-diversified portfolios face systematic risk. Systematic risk can be mitigated over the long-term through widespread stewardship and industry participation.
- Corporate governance and cognitive diversity: Investee companies and asset managers with robust governance structures should be better positioned to handle the effects of shocks and stresses of future events. There is clear evidence showing that decision-making and performance are improved when company boards and investment teams are composed of cognitively diverse individuals.
- Fees and remuneration: The management fees of investment managers and the remuneration policies of investee companies are of significance for LGPSC's clients, particularly in a low-return

environment.  Fees and remuneration should be aligned with the long-term interests of our clients, and value for money is more important than the simple minimisation of costs.

- Risk and opportunity: Risk premia exist for certain investments; taking advantage of these can help to improve returns.  There is risk, but also opportunity in holding companies that have weak governance of financially material ESG issues.  Opportunities can be captured so long as they are aligned to LGPSC’s objectives and strategy, and so long as there is a sufficient evidence base upon which to make an investment decision.
- Climate change: Financial markets could be materially impacted by climate change and by the response of climate policy-makers.  Responsible investors should proactively manage this risk factor through stewardship activities, using partnerships of like-minded investors where feasible.

## Myners Principles

In line with best practice the Fund monitors, and reports on the extent to which it complies with the Myners Principles as set out in guidance published by the CIPFA in November 2012, entitled ‘‘Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom 2012’’. Where this guide makes comments on examples of good practice in the light of the principles, its intention is to help funds to apply the principles, they are not expected to implement every element. The Fund’s compliance with the six principles is set out below.

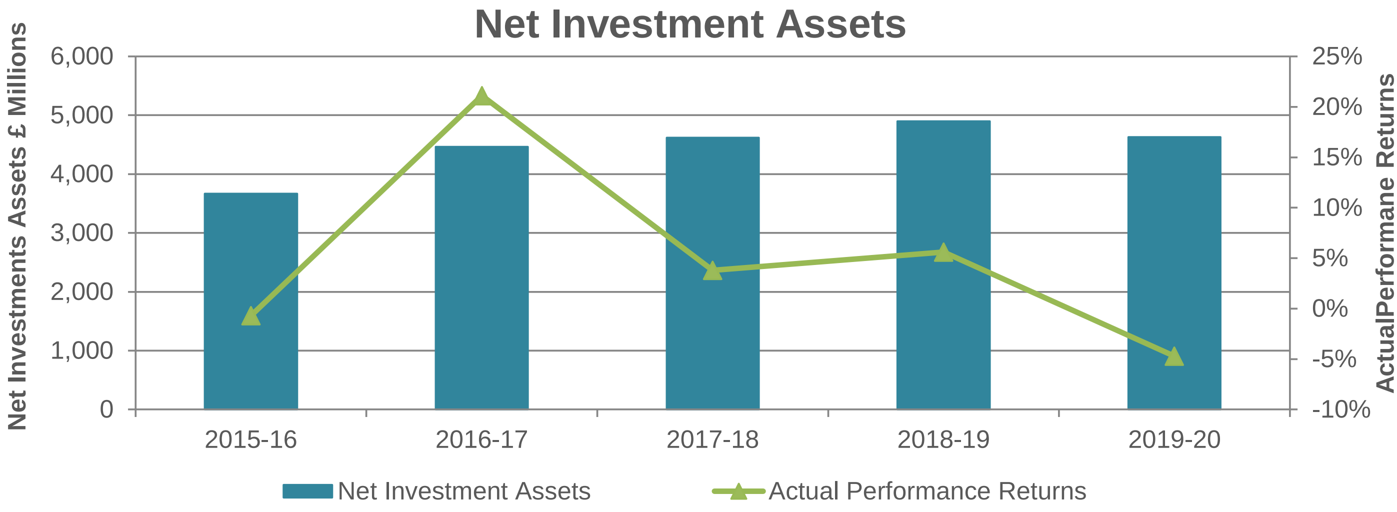
| Principle | Evidence of compliance |
|---|---|
| **Effective Decision Making**<br><br>• Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implications.<br>• Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest. | • The Fund has established a Local Pension Board in accordance with the Public Service Pensions Act 2013.<br>• The role of the Pensions and Investments Committee (the Committee) is defined in the Governance Policy & Compliance Statement.<br>• The Committee meets at least six times a year to discuss current issues and future policy; tactical asset allocation is discussed on a quarterly basis.<br>• Suitably qualified internal investment managers have been appointed to manage the investments of the Fund and LGPSC, an FCA regulated company, has been established to manage investments on behalf of the LGPS Central Pool Partner Funds. Where appropriate skills are not available internally, or through LGPSC, external managers are used.<br>• The Fund takes advice from its independent adviser and its Head of Pension Fund, both of whom attend the Committee.<br>• Members’ declarations of interests are made at the commencement of each meeting of the Committee.<br>• A training needs assessment programme has been established, and training is provided both internally and externally.<br>• An annual Pension Fund Service Plan is considered by the Committee. |
| **Clear Objectives**<br><br>• An overall investment objective(s) should be set out for the fund that takes account of the scheme’s liabilities, the | • The Fund’s investment strategy objectives aim to maximise the returns from investments within acceptable levels of risk, to contribute to the Fund having sufficient asset to cover accrued benefits and to enable employer contributions to be kept as stable as possible.<br>• The Fund’s asset allocation is specifically designed to achieve the Fund’s objectives, with tactical asset allocation reviewed quarterly at Committee. In determining the Fund’s asset allocation, the Committee consider all asset classes in terms of their suitability and diversification benefits. |

| | |
|---|---|
| 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 clearly communicated to advisers and investment managers. | • The Fund's objective is to generate a return at least equal to the rate assumed in the actuarial valuation. The actuarial valuation at 31st March 2019 was prepared on the basis of an investment return of 3.6% over the next 20 years.<br>• Target performance and timescales have been set by the Committee. The managers are required to adopt an active style of management and a flexible approach whilst seeking to contain risks in accordance with agreed parameters.<br>• Contracts for external investment managers specify targets, timescales and approach.<br>• The Fund's Funding Strategy Statement can be found on the Fund's website. |
| **Risk and Liabilities**<br><br>• In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities.<br>• These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk. | • A description of the risk assessment framework used for potential and existing investments is included in the Investment Strategy Statement.<br>• The Fund maintains a risk register and this is reviewed by the DCC Director of Finance & ICT, Pensions and Investments Committee and Local Pension Board on a regular basis. The risk register identifies the Fund's risk, including an assessment of the potential impact and probability, together with current and proposed mitigation controls and procedures.<br>• The Fund's 2019 triennial (completed in 2019-20) reported that the fund had a funding level of 97% at 31 March 2019. |
| **Performance Assessment**<br><br>• Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisers.<br>• 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. | • The Fund's performance is assessed on a quarterly basis, using data provided by Performance Evaluation Limited, a specialist performance measurement organisation.<br>• The Fund's performance is reviewed by the Committee on a quarterly basis, including an independent review by the Fund's external advisor.<br>• The asset class specific benchmarks are reviewed for appropriateness and approved by the Pensions and Investments Committee.<br>• The Local Pension Board also assists the administering authority to ensure the effective and efficient governance and administration of the Scheme. |

| | |
|---|---|
| **Responsible Owner**<br><br>• Recognise, and ensure that their partners in the investment chain adopt, the FRC's UK Stewardship Code.<br>• Include a statement of their policy on responsible ownership in the Investment Strategy Statement.<br>• Report periodically to Scheme members on the discharge of such responsibilities. | • The Fund has developed a Responsible Investment Framework which sets out the Fund's approach to responsible investment.<br>• The Fund has appointed a third party voting agency to provide voting services in the UK. Consideration is given to voting alerts from the LAPFF. Voting activity is undertaken in a number of overseas markets where votes are cast by the Fund's external investment manager in accordance with local practice.<br>• The stewardship reports in respect of the Fund's key investment managers are reported on a quarterly basis to the Committee.<br>• The Fund is a participating member of the LAPFF and receives information on environmental, social and governance issues.<br>• The Fund is a Tier 1 signatory to the Financial Reporting Council's UK Stewardship Code. |
| **Transparency & Reporting**<br><br>• 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.<br>• Provide regular communication to Scheme members in the form they consider most appropriate. | • The Fund's website contains a link to the non-exempt Pensions and Investments Committee reports and minutes, including performance reports, on the County Council's website.<br>• The following are published on the Fund's website:<br><br>○ Administration Strategy<br>○ Admissions, Cessations and Bulk Transfer Policy<br>○ Investment Strategy Statement<br>○ Pension Fund Annual Report, including the Statement of Accounts<br>○ Governance Policy & Compliance<br>○ Communication Policy Statement<br>○ Actuarial Valuation Report<br>○ Funding Strategy Statement<br>○ Complaints Policy<br>○ Taskforce for Climate-related Financial Disclosures<br>○ Responsible Investment Framework<br>○ Climate Strategy |

## Net Investment Assets

The chart below shows the Fund's Net Investment Assets at the last five period-ends, together with year-on-year change in value. Performance returns are the key driver of changes in value of net investment assets; net contributions from Dealing with Members have a limited impact.




## Strategic Asset Allocation Benchmark

The Fund's asset classes are allocated into three categories:

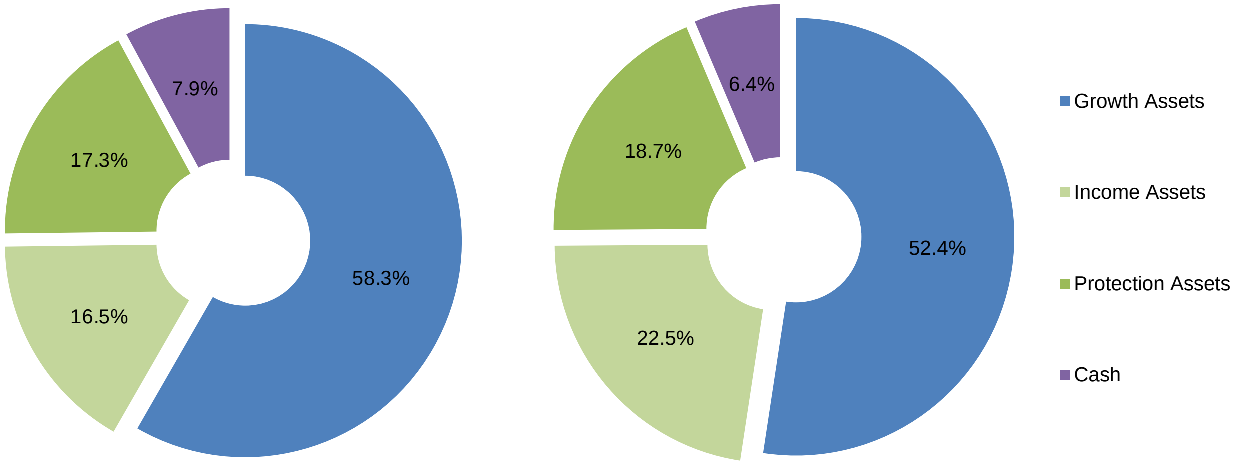
- **Growth Assets**: largely equities, plus other volatile higher return assets such as private equity.
- **Income Assets**: assets which are designed to deliver an excess return, but with more stable return patterns than Growth Assets because income represents a large proportion of the total return of these assets.
- **Protection Assets**: lower risk government or investment grade bonds, together with cash.

The Fund's Strategic Asset Allocation Benchmark, together with the actual asset class allocations at 31 March 2019 and 31 March 2020, are set out below.

| | 31 March 2019 Benchmark | 31 March 2019 Permitted Range | 31 March 2019 Actual | 31 March 2020 Benchmark | 31 March 2020 Permitted Range | 31 March 2020 Actual | New Intermediate Benchmark | New Final Benchmark |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| Total Quoted Equities | 53.0% | ± 8% | 55.6% | 53.0% | ± 8% | 49.1% | 52.0% | 51.0% |
| UK Equities | 16.0% | ± 4% | 18.0% | 16.0% | ± 4% | 15.9% | 14.0% | 12.0% |
| US Equities | 12.0% | ± 4% | 11.2% | 12.0% | ± 4% | 10.5% | 6.0% | - |
| European Equities | 8.0% | ± 3% | 10.0% | 8.0% | ± 3% | 7.9% | 4.0% | - |
| Japanese Equities | 5.0% | ± 2% | 6.3% | 5.0% | ± 2% | 6.2% | 5.0% | 5.0% |
| Asia-Pacific Equities | 4.0% | ± 2% | 5.2% | 4.0% | ± 2% | 4.5% | 2.0% | - |
| Emerging Market Equities | 5.0% | ± 2% | 4.9% | 5.0% | ± 2% | 4.2% | 5.0% | 5.0% |
| Global Sustainable Equities | 3.0% | ± 2% | - | 3.0% | ± 2% | - | 16.0% | 29.0% |
| Private Equity | 4.0% | ± 2% | 2.7% | 4.0% | ± 3% | 3.3% | 4.0% | 4.0% |
| **Growth Assets** | **57.0%** | **± 8%** | **58.3%** | **57.0%** | **± 8%** | **52.4%** | **56.0%** | **55.0%** |
| Infrastructure | 8.0% | ± 3% | 4.0% | 8.0% | ± 3% | 7.3% | 9.0% | 10.0% |
| Direct Property | 5.0% | ± 3% | 4.7% | 5.0% | ± 3% | 5.2% | 6.0% | 6.0% |
| Indirect Property | 4.0% | ± 3% | 3.3% | 4.0% | ± 3% | 3.7% | 3.0% | 3.0% |
| Multi-Asset Credit | 6.0% | ± 2% | 4.5% | 6.0% | ± 2% | 6.3% | 6.0% | 6.0% |
| **Income Assets** | **23.0%** | **± 6%** | **16.5%** | **23.0%** | **± 6%** | **22.5%** | **24.0%** | **25.0%** |
| Conventional Bonds | 6.0% | ± 2% | 5.6% | 6.0% | ± 2% | 6.0% | 6.0% | 6.0% |
| Index-Linked Bonds | 6.0% | ± 2% | 5.7% | 6.0% | ± 2% | 6.4% | 6.0% | 6.0% |
| Corporate Bonds | 6.0% | ± 2% | 6.0% | 6.0% | ± 2% | 6.3% | 6.0% | 6.0% |
| **Protection Assets** | **18.0%** | **± 5%** | **17.3%** | **18.0%** | **± 5%** | **18.7%** | **18.0%** | **18.0%** |
| **Cash** | **2.0%** | **0 – 8%** | **7.9%** | **2.0%** | **0 – 8%** | **6.4%** | **2.0%** | **2.0%** |

Subsequent to the period-end, the Committee approved a new Strategic Asset Allocation Benchmark in November 2020. The new Strategic Asset Allocation Benchmark includes a 2% switch from Growth Assets to Income Assets, and sees some of the Fund's regional equity allocations switched into Global Sustainable Equities. Given the quantum of the proposed changes between the current and Final Strategic Asset Allocation Benchmark, it is planned that the transition will be split into two phase through an Intermediate Strategic Asset Allocation Benchmark which will come into effect on 1 January 2021. The Final Strategic Asset Allocation Benchmark will come into effect by 1 January 2022 at the latest.

The Fund's actual asset allocation at 31 March 2019 and 31 March 2020 is set out below:




In the year to 31 March 2020, the Pension Fund reduced its weighting in respect of Growth Assets (58.3% to 52.4%) and Cash (7.9% to 6.4%) and increased its actual weight in respect of Income Assets (16.5% to 22.5%) and Protection Assets (17.3% to 18.7%). The actual weights reflect invested capital and are before commitments to closed-ended funds which have yet to be drawn-down by the managers. These investment commitments totalled £322.1m at 31 March 2020, and related to Multi-Asset Credit, Private Equity, Infrastructure and Indirect Property.

## Investment Performance

**The Fund's Performance Target**

The Fund's objective is to generate a return at least equal to the rate assumed in the actuarial valuation. The actuarial valuation at 31st March 2019 was prepared on the basis of an investment return of 3.6% over the next 20 years.

**The Fund's Long Term Performance**

| % per Annum | 1 Year | 3 Year Average | 5 Year Average | 10 Year Average |
|---|---|---|---|---|
| | | | | |
| The Fund | (4.7%) | 1.5% | 4.8% | 6.7% |
| Benchmark | (5.4%) | 1.0% | 4.3% | 6.4% |
| | | | | |
| Excess Return | 0.7% | 0.5% | 0.5% | 0.3% |
| | | | | |
| Consumer Price Index | 1.5% | 2.3% | 1.6% | 2.2% |
| Retail Price Index | 2.6% | 3.1%% | 2.5% | 3.0% |

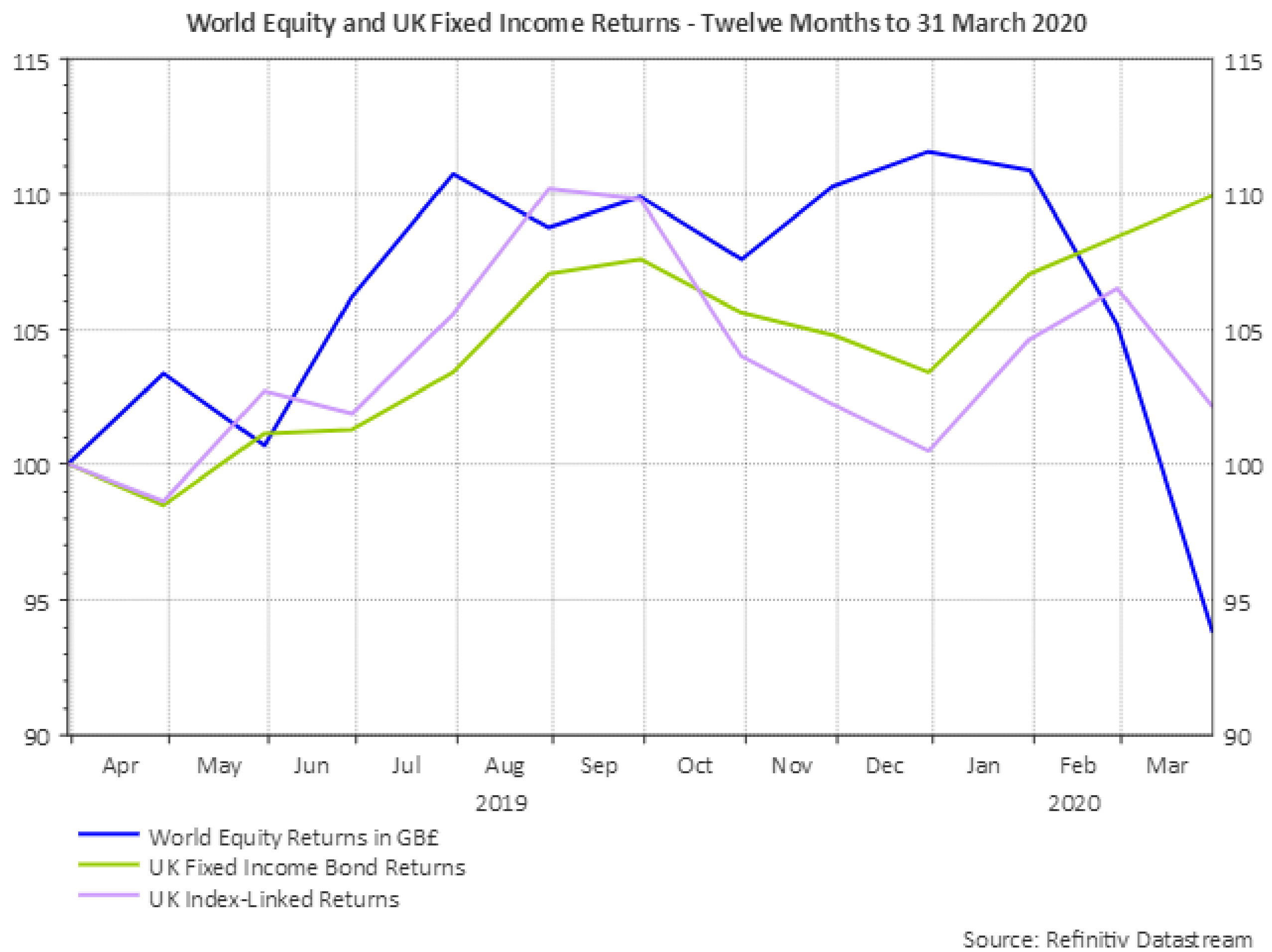
Source: Performance Evaluation Limited

Investment performance, including a comparison against the Benchmark Return, is calculated independently by Performance Evaluation Limited on a quarterly basis. Results are considered by the Pensions and Investments Committee as they become available and are reported to Fund Members on an annual basis as part of this report.

The Fund's 5 and 10 returns were comfortably ahead of inflation, delivering real returns, over all periods and ahead of the assumed long term investment return of 3.6% used in the last actuarial valuation to calculate the funding position of the Pension Fund. The Fund's 1 and 3 year returns were lower than the assumed long term investment return of 3.6% reflecting the impact of a significant market sell-off in February and March 2020 as a result of the Covid-19 pandemic. The Fund outperformed the benchmark return across all time periods.

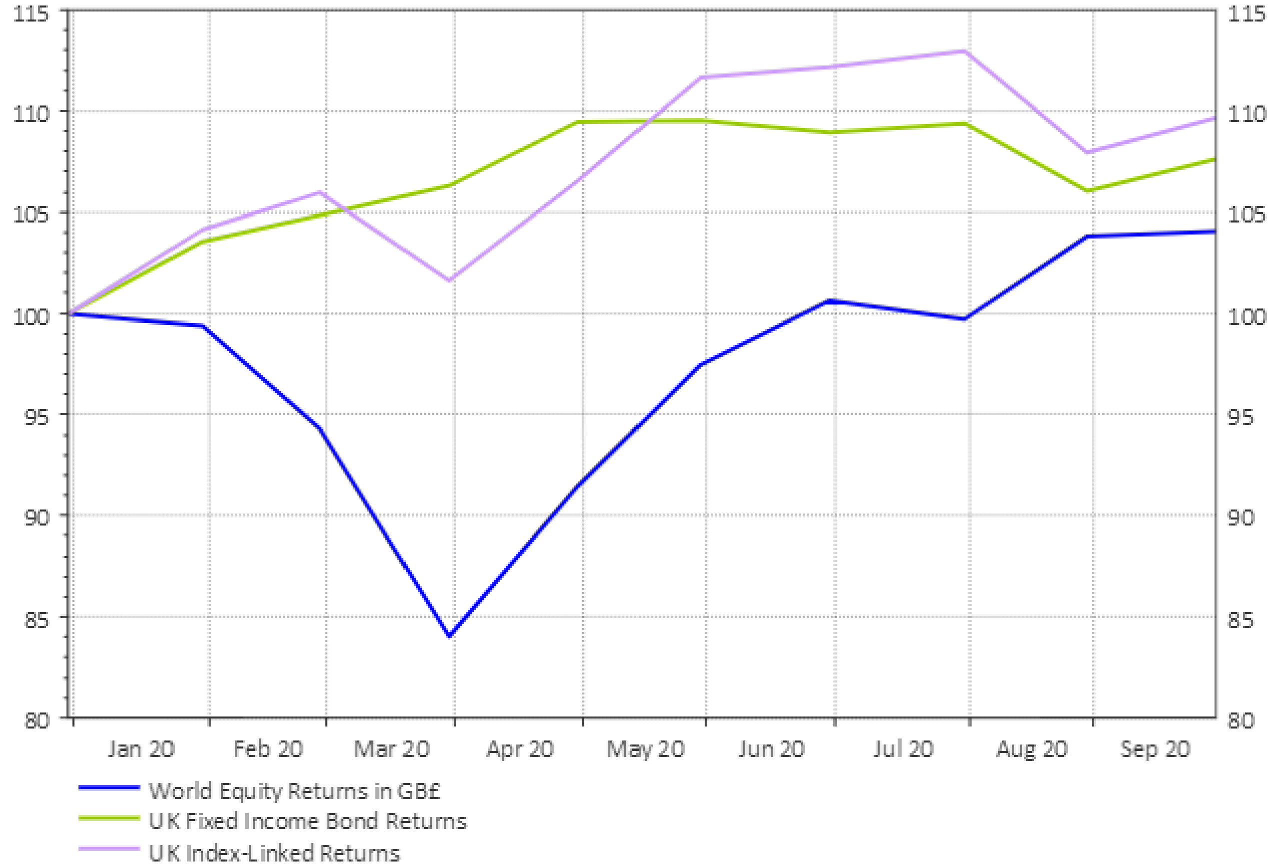
**Market Background 2019-20**

After several years of positive returns and ever higher equity markets, returns in 2019-20 were adversely impacted by a sharp sell-off in February and March 2020 in response to the Covid-19 pandemic. The economic impact of the containment measures imposed across the globe were unprecedented, as was the resultant policy response from the central banks. In April 2020, the International Monetary Fund (IMF) projected that the global economy would contract by -3% in 2020, in excess of the contraction experienced during the 2008-09 Global Financial Crisis.




As shown below, subsequent to the period-end, both equities and credit has recovered strongly as central banks and governments acted quickly to provide unprecedented levels of stimulus and economies started to reopen. Despite the strong rebound in risk assets, sovereign bonds held up well. As economies started to reopen, economic indicators improved, supported by the willingness of central banks to keep government and corporate borrowing costs low.

World Equity and UK Fixed Income Returns - Nine Months to 30 September 2020




Source: Refinitiv Datastream

The Fund's 2019-20 return of -4.7% compared with a return of 5.6% in 2018-19. In the twelve months to March 2020, equity returns to Sterling investors ranged from -2.1% in Japan to -18.5% in the United Kingdom, with overseas equity returns being positively impacted, on translation, by a weaker pound relative to the major overseas currencies. Returns were positive in the first nine months of the year but fell sharply in the final quarter of the year in response to the Covid-19 pandemic. This is illustrated by UK equity returns in 2019-20. In the first nine months of 2019-20, UK equities returned 8.9% but fell by 25.1% in the final quarter of the year, resulting in a total return for the year of -18.5%.

Government bond returns were positive in 2019-20, with UK Gilts returning 9.9% and UK Index-Linked returning 2.2%. These assets demonstrated their defensive qualities in Q4 2019-20, with prices rising as central banks reduced interest rates and restarted quantitative easing. However, corporate bonds and high-yield bonds fell sharply in Q4 2019-20, as investors switched into less risky assets (e.g. cash and sovereign bonds). Yield spreads widened significantly, reflecting concerns about the effect of lockdowns on corporate profits. UK Investment Grade Bonds returned -4.7% in the final quarter of 2019-20, whereas Sterling-hedged Global High Yield Bonds returned -14.2% in the final quarter.

Property (60% direct/40% indirect) returned 0.5% in 2019-20, down from 4.3% in 2018-19. The full effect of the Covid-19 pandemic has yet to flow through to the property sector, reflecting the illiquid nature of the asset class and it is highly likely that capital values and rental income collections will be adversely impacted in 2020-21.

## 2019-20 Performance by Asset Class

| Net Annualised Returns | Investment Assets | Year to Mar-20 | | 3 Years to Mar-20 | | 5 Years to Mar-20 | |
|---|---|---|---|---|---|---|---|
| | Mar-20 £m | Fund Return | Benchmark Return | Fund Return | Benchmark Return | Fund Return | Benchmark Return |
| | | | | | | | |
| Investment Grade Global Bonds (*) | 291.9 | 4.1% | 4.1% | - | - | - | - |
| **LGPSC Pooled Product** | **291.9** | | | | | | |
| Japanese Equities | 239.5 | (6.9%) | (2.1%) | (0.2%) | 1.4% | 4.9% | 6.0% |
| Asia Pacific Equities | 207.1 | (13.8%) | (11.2%) | (0.7%) | (0.7%) | 3.9% | 4.2% |
| **Pool Advisory Mandates** | **446.6** | | | | | | |
| **Total Pool Managed Assets** | **738.5** | | | | | | |
| United Kingdom Equities (**) | 739.7 | (18.6%) | (18.5%) | (4.2%) | (4.2%) | 0.8% | 0.6% |
| United States Equities | 486.0 | (3.9%) | (2.8%) | 4.0% | 5.0% | 9.7% | 10.1% |
| European Equities | 368.0 | (7.9%) | (8.0%) | (0.6%) | (0.6%) | 3.8% | 3.7% |
| Japanese Equities (***) | 47.3 | (11.2%) | (11.2%) | - | - | - | - |
| Emerging Market Equities (****) | 197.0 | (16.4%) | (13.0%) | (2.9%) | (1.2%) | 2.9% | 3.6% |
| Private Equity | 151.3 | 1.5% | (17.5%) | 6.2% | (3.2%) | 10.6% | 1.5% |
| Infrastructure | 339.9 | 10.9% | 2.8% | 8.9% | 2.7% | 10.3% | 2.4% |
| Property | 410.1 | 2.9% | 0.5% | 6.5% | 4.8% | 8.3% | 5.9% |
| Multi-Asset Credit | 293.3 | (5.5%) | (5.5%) | 1.1% | 0.5% | - | - |
| Conventional Bonds | 280.2 | 7.3% | 9.9% | 3.8% | 4.6% | 4.3% | 4.7% |
| Index-Linked Bonds | 297.0 | 3.4% | 2.2% | 3.5% | 2.7% | 5.4% | 5.7% |
| Corporate Bonds (*) | - | 9.4% | 9.2% | 5.5% | 5.1% | 5.2% | 5.2% |
| Cash | 292.6 | 0.1% | 0.5% | 0.3% | 0.4% | 0.4% | 0.4% |
| **Total Non-Pool Managed Assets** | **3,902.4** | | | | | | |
| **Total Investment Assets** | **4,640.9** | **(4.7%)** | **(5.4%)** | **1.5%** | **1.0%** | **4.8%** | **4.3%** |

*Source: Performance Evaluation Limited*
*Green: reflect periods prior to the launch of LGPSC on 1 April 2018, and as such are not attributable to LGPSC*
*(*) The Corporate Bond portfolio was transitioned into an LPGSC Investment Grade Global Bonds pooled product on 12 February 2020*
*(**) UK Equities were managed on a discretionary basis by LGPSC between April 2018 and November 2019. The mandate was terminated in November 2019. Over the course of the LGPSC discretionary mandate, the mandate under-performed the benchmark by 62bps on an annualized basis*
*(*) Relates to a proportion of the Japanese Equity allocation managed passively*
*(****) LGPSC provided an advisory service in respect of Emerging Market Equities between September 2018 and June 2019. The mandate was terminated in June 2019.*

### Pool Managed Investment Assets

Total pool managed assets fell from £1.6bn at 31 March 2019 to £0.7bn at 31 March 2020, accounting for 16% of total investment assets (2018-19, 33%). The reduction in pool managed assets reflects the termination of a UK Equity discretionary mandate in November 2019, and the termination of an Emerging Market Equity advisory mandate in June 2019. The investment assets managed by LGPSC at 31 March 2020 were as follows:

- The Fund transitioned its legacy UK Corporate Bond portfolio into an LGPSC Global Investment Grade Bond Fund on 12 February 2020.
- The Fund has an advisory management agreement with LGPSC for advisory services in respect of Japanese Equities and Asia Pacific Equities.

A Product Development Protocol has been developed jointly by the Partner Funds and LGPSC to ensure that all parties are involved at every stage of the product development lifecycle. The Fund is currently working closely with LGPSC, and the other Partner Funds, on several forthcoming LGPSC product launches, and anticipates that the level of investments assets managed by LGPSC will increase in 2020-21.

### Gross & Net Performance Returns

The performance returns by asset class shown in the table on the previous page are net of investment management expenses. The gross returns by asset class calculated by the Fund's third party performance measurement provider, Performance Evaluation Limited, only add back cash settled investment management expenses, and do not add back fees deducted at source in respect of pooled vehicles and closed ended limited partnerships. As a result, the gross returns by asset class reported by Performance Evaluation Limited are understated and have therefore not been presented. The Fund is currently working with Performance Evaluation Limited to ensure that the gross return calculations by asset class include all fees, and anticipates that both gross and net returns by asset class will be reported in the Fund's Annual Report from 2020-21 onwards.

Total investment management expenses in 2019-20 were £26.1m (2018-19, £24.8m), equivalent to 51.2 basis points of total average net investment assets at 31 March 2019 (2018-19, 51.4 basis points).

The Fund plans to respond to the LGPS Scheme Advisory Board's Transparency Code by obtaining where possible SAB template report submissions from each of the Fund's external managers from 2020-21 onwards.

## 2019-20 Investment Management Expenses

| £ in Thousands | LGPSC Pool * | Active External Manager ** | Passive External Manager * | Active IIMT Management *** | IIMT Managing & Monitoring *** | Transaction Costs | Total Investment Management Assets |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| **LGPSC Products**: | | | | | | | |
| **Pooled Investment Vehicle** | | | | | | | |
| Management Expenses | 4 | - | - | - | 13 | - | 17 |
| Average Investment Assets (£m) | 51.2 | - | - | - | 51.2 | 51.2 | 51.2 |
| Basis Points Charge | 8.2 | - | - | - | 2.6 | - | 3.3 |
| | | | | | | | |
| **Discretionary & Advisory Mandates** | | | | | | | |
| Management Expenses | 551 | 4,787 | - | - | 71 | 256 | 5,664 |
| Average Investment Assets (£m) | 1,028.3 | 581.0 | - | - | 1,063.4 | 1,063.4 | 1063.3 |
| Basis Point Charge | 5.4 | 82.3 | - | - | 0.7 | 2.4 | 53.3 |
| | | | | | | | |
| **LGPSC Pool Mandates** | | | | | | | |
| Management Expenses | 555 | 4,787 | - | - | 84 | 256 | 5,682 |
| Average Investment Assets (£m) | 1,079.5 | 581.0 | - | - | 1,114.6 | 1,114.6 | 1,114.6 |
| Basis Point Charge | 5.1 | 82.3 | - | - | 0.8 | 2.3 | 51.0 |
| | | | | | | | |
| **Non Asset Pool** | | | | | | | |
| Management Expenses | - | 19,498 | 295 | 52 | 257 | 271 | 20,372 |
| Average Investment Assets (£m) | - | 2,488.2 | 909.0 | 576.8 | 3,397.2 | 3,974 | 3,974 |
| Basis Point Charge | - | 78.4 | 3.2 | 0.9 | 0.8 | 0.7 | 51.3 |
| | | | | | | | |
| **Total** | | | | | | | |
| **Management Expenses (****)** | **555** | **24,285** | **295** | **52** | **341** | **526** | **26,054** |
| **Average Investment Assets (£m)** | **1079.5** | **3,069.5** | **909** | **576.8** | **4,511.8** | **5,088.6** | **5,088.6** |
| **Basis Point Charge** | **5.1** | **79.1** | **3.2** | **0.9** | **0.8** | **1.0** | **51.2** |

Note: IIMT = In-House Investment Management Team
* Ad valorem only including research and PRIIPS compliance
** Ad valorem plus performance fees including research and PRIIPS compliance
*** IIMT Fixed cost allocation
**** Excludes custody fees of £0.033m; equivalent to 0.1bps of average Investment Assets

Derbyshire Pension Fund

lgps

## 2018-19 Investment Management Expenses

| £ in Thousands | LGPSC Pool * | Active External Manager ** | Passive External Manager * | Active IIMT Management *** | IIMT Managing & Monitoring *** | Transaction Costs | Total Investment Management Assets |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| **LGPSC Products**: | | | | | | | |
| **Pooled Investment Vehicle** | | | | | | | |
| Management Expenses | - | - | - | - | - | - | - |
| Average Investment Assets (£m) | - | - | - | - | - | - | - |
| Basis Points Charge | - | - | - | - | - | - | - |
| | | | | | | | |
| **Discretionary & Advisory Mandates** | | | | | | | |
| Management Expenses | 764 | 8,316 | - | - | 136 | 645 | 9,861 |
| Average Investment Assets (£m) | 1,704.0 | 828.7 | - | - | 1,774.8 | 1,774.8 | 1,774.8 |
| Basis Point Charge | 4.5 | 100.4 | - | - | 0.8 | 3.6 | 55.6 |
| | | | | | | | |
| **LGPSC Pool Mandates** | | | | | | | |
| Management Expenses | 764 | 8,316 | - | - | 136 | 645 | 9,861 |
| Average Investment Assets (£m) | 1,704.0 | 828.7 | - | - | 1,774.8 | 1,774.8 | 1,774.8 |
| Basis Point Charge | 4.5 | 100.4 | - | - | 0.8 | 3.6 | 55.6 |
| | | | | | | | |
| **Non Asset Pool** | | | | | | | |
| Management Expenses | - | 14,369 | 295 | 52 | 196 | 154 | 14,968 |
| Average Investment Assets (£m) | - | 2,001.0 | 909.0 | 576.8 | 2,522.9 | 3,052.2 | 3,052.2 |
| Basis Point Charge | - | 71.8 | 3.2 | 0.9 | 0.8 | 0.5 | 49.0 |
| | | | | | | | |
| **Total** | | | | | | | |
| **Management Expenses (****)** | **764** | **22,685** | **203** | **46** | **332** | **799** | **24,829** |
| **Average Investment Assets (£m)** | **1,704.0** | **2,829.6** | **522.0** | **520.3** | **4,297.8** | **4,827.1** | **4,827.1** |
| **Basis Point Charge** | **4.5** | **80.2** | **3.9** | **0.9** | **0.8** | **1.7** | **51.4** |

Note: IIMT = In-House Investment Management Team
* Ad valorem only including research and PRIIPS compliance
** Ad valorem plus performance fees including research and PRIIPS compliance
*** IIMT Fixed cost allocation
**** Excludes custody fees of £0.040m; equivalent to 0.1bps of average Investment Assets

In 2019-20, LGPSC investment management fees totalled £0.555m (2018-19, £0.764m) in respect of LGPSC pooled vehicles (Global Investment Grade Bonds – commenced 12 February 2020), a UK Discretionary management mandate (terminated on 14 November 2019) and advisory management mandates in respect of Japanese, Asia Pacific and Emerging Market Equities. The underlying advisory mandate portfolios in respect of Japanese, Asia Pacific and Emerging Market Equities, were managed through the use of pooled vehicles in 2019-20, the cost of which is included in active external manager fees column. The Emerging Market Equity advisory mandate was terminated in June 2019.

Active external manager fees of £24.3m (2018-19, £22.7m) relate to the investment management expenses incurred in respect the Japanese, Asia Pacific and Emerging Market Equity pooled vehicles noted above, together with the external investment management expenses incurred in connection with the US Equities, Corporate Bonds (prior to transition into an LGPSC pooled product), Multi-Asset Credit, Private Equity, Infrastructure, Direct Property and Indirect Property portfolios.

Passive external manager fees of £0.3m (2018-19, £0.2m) relate to the passive management of UK Equities (from 14 November 2019); the European Equity portfolio and a proportion of the Japanese and Emerging Market Equity allocations.

The in-house investment management team expenses of £0.4m (2018-19, £0.4m) relate to the management of the Fund's sovereign bond portfolio, together with the management and monitoring of the performance of both LGPSC and other external managers.

The Fund principally invests through primary funds and has limited exposure to fund of fund structures.

Direct comparison of investment management expenses by party can be misleading as the level of fees payable does not take into account the different characteristics of the asset classes such as: investment style (e.g. active vs. passive); the complexity and liquidity of the asset class; and the stage of investment (e.g. commitment period vs. distribution phase), particularly with regard to the alternative asset classes. Costs should always be considered in relation to net performance and value for money.

### Analysis of the Fund's Assets at the Reporting Date

The Fund's net investment assets at 31 March 2020 are detailed below:

| **£ in Million** | **UK** | **Non-UK** | **Total** |
|---|---:|---:|---:|
| | | | |
| Equities | 741.0 | 1,544.9 | 2,285.9 |
| Bonds | 666.2 | 495.2 | 1,161.4 |
| Direct Property | 239.7 | - | 239.7 |
| Indirect Property | 118.6 | 51.8 | 170.4 |
| Alternatives | 242.2 | 249.0 | 491.2 |
| Cash and cash equivalents | 272.0 | 3.1 | 275.1 |
| Other | 6.9 | 1.5 | 8.4 |
| **Total** | **2,286.6** | **2,345.5** | **4,632.1** |

## Largest Direct Equity Holdings

The Fund's largest direct US Equity holdings at 31 March 2020, together with the comparable holdings at 31 March 2019, were as follows:

| Value of Holding in £000s | 31 March 2019 | 31 March 2020 |
|---|---|---|
| | | |
| Microsoft Corp | 20,222 | 26,715 |
| Amazon Con Inc | 24,617 | 24,235 |
| Apple Inc | 8,159 | 20,952 |
| Alphabet Inc | 17,122 | 14,182 |
| McDonald's Corp | 9,146 | 13,101 |
| Procter & Gamble Company | 8,257 | 11,648 |
| Facebook Inc | 10,946 | 10,868 |
| Charter Communication Inc | 3,755 | 9,822 |
| Coca-Cola Co | 9,241 | 9,241 |
| Pfizer Inc | - | 7,977 |

The Fund's largest indirect holdings at 31 March 2020, together with the comparable holdings at 31 March 2019, were as follows:

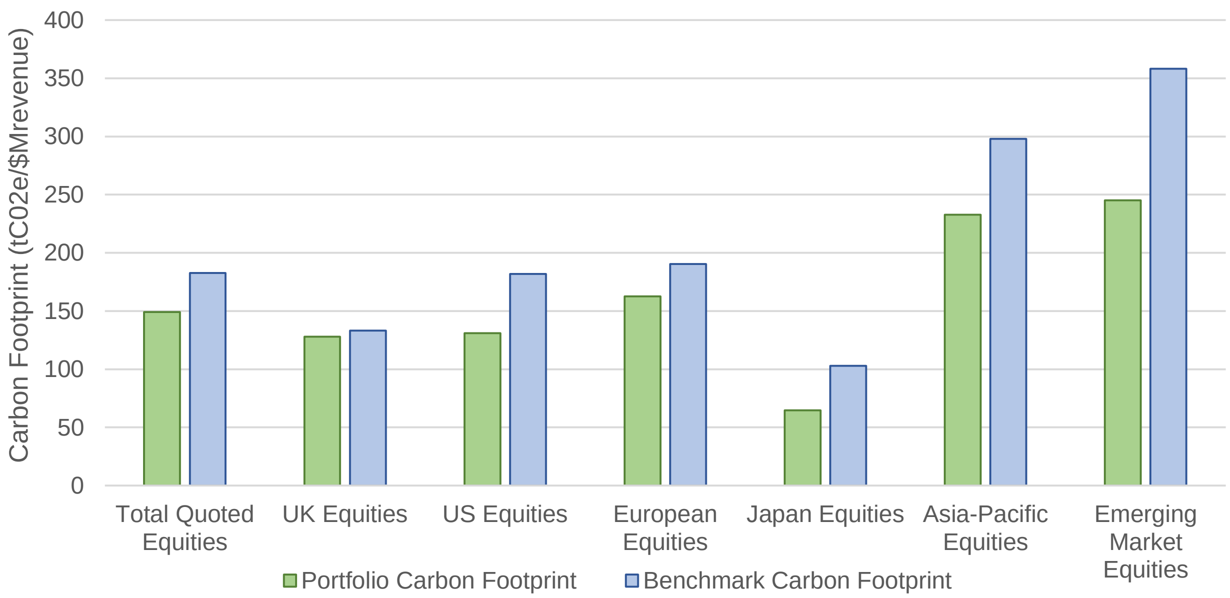
| Value of Holding in £000s | Asset Class | 31 March 2019 | 31 March 2020 |
|---|---|---|---|
| | | | |
| LGIM | UK Equities | - | 692,277 |
| UBS Life Europe | European Equities | 489,312 | 368,025 |
| LGPSC | Corporate Bonds | - | 291,883 |
| LGIM | Emerging Market Equities | 67,459 | 102,860 |
| CQS | Multi-Asset Credit | 40,626 | 94,072 |
| Janus Henderson | Multi-Asset Credit | 104,367 | 95,348 |
| JP Morgan | Infrastructure | - | 83,554 |
| Ballie Gifford | Japanese Equities | 72,070 | 65,895 |
| Stewart Investors | Asia-Pacific Equities | 80,780 | 64,090 |
| LGIM | Japanese Equities | - | 47,634 |

## Carbon Risk Metrics

The Fund received a report in 2019-20 on carbon risk metrics for its listed equities portfolios at 31 July 2019, which represent over 50% of the Fund's total assets. The poor availability of data in asset classes other than listed equities prevents a more complete analysis at this time. Carbon risk metrics aid the Fund in assessing the potential climate-related risks to which the Fund is exposed, and identifying areas for further risk management, including company engagement and fund manager monitoring. The Fund additionally monitors stewardship data.

In line with the TCFD guidance the Fund provides below the carbon footprints of the Fund's listed equity portfolios at 31 July 2019:

**Figure 1: Portfolio Carbon Footprints in each regional equity portfolio[2] [3]**




Compared to the blended benchmark, the Fund's Total Quoted Equities portfolio is around 18% more carbon efficient than the benchmark. This means that, on average, for every $m of economic output companies produce, the Fund's investee companies emit 18% fewer GHG emissions than the companies in the benchmark. Each regional equity portfolio has a lower portfolio carbon footprint than its regional benchmark. In addition, each regional equity portfolio has a lower than benchmark weight in companies with fossil fuel reserves (the Total Quoted Equities portfolio has around 12% less weight in fossil fuel companies that the benchmark - Figure 2) and a lower weight in thermal coal reserves (c. 25% lower in the Total Quoted Equities portfolio – Figure 3).

The carbon footprint analysis above includes scope 1 and 2 emissions (those emitted either directly by a company or indirectly through its procurement of electricity and steam) but does not include scope 3 emissions (those emitted by a company's suppliers and customers). This means that for some companies the assessment of their carbon footprint could be considered an 'understatement'. Examples could include an online retailer whose logistics emissions are not included in scope 1 or 2.

The Fund has chosen not to include scope 3 emissions in the carbon footprint metrics for two reasons: (1) the rate of scope 3 disclosure remains insufficient to use reliably in carbon foot-printing analysis; and (2) the inclusion of scope 3 emissions leads to double-counting at the portfolio level. To overcome the risk of 'understating' carbon risk, the Fund additionally assesses its exposure to fossil fuel reserves.

[2] Certain information ©2019 MSCI ESG Research LLC. Reproduced by permission

[3] The blended benchmark comprises the underlying regional benchmarks, weighted in proportion to the current GBP amount in each equity region

**Figure 2: Exposure to companies with fossil fuel reserves in each regional equity portfolio[4]**

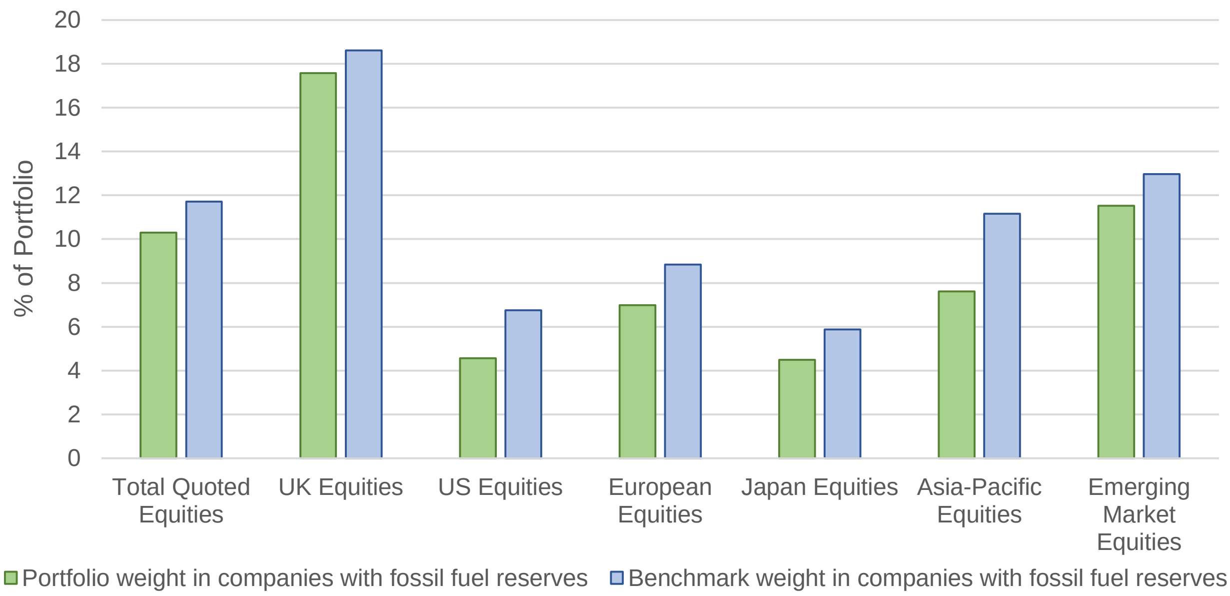



**Figure 3: Exposure to thermal coal reserves in each regional equity portfolio[5]**

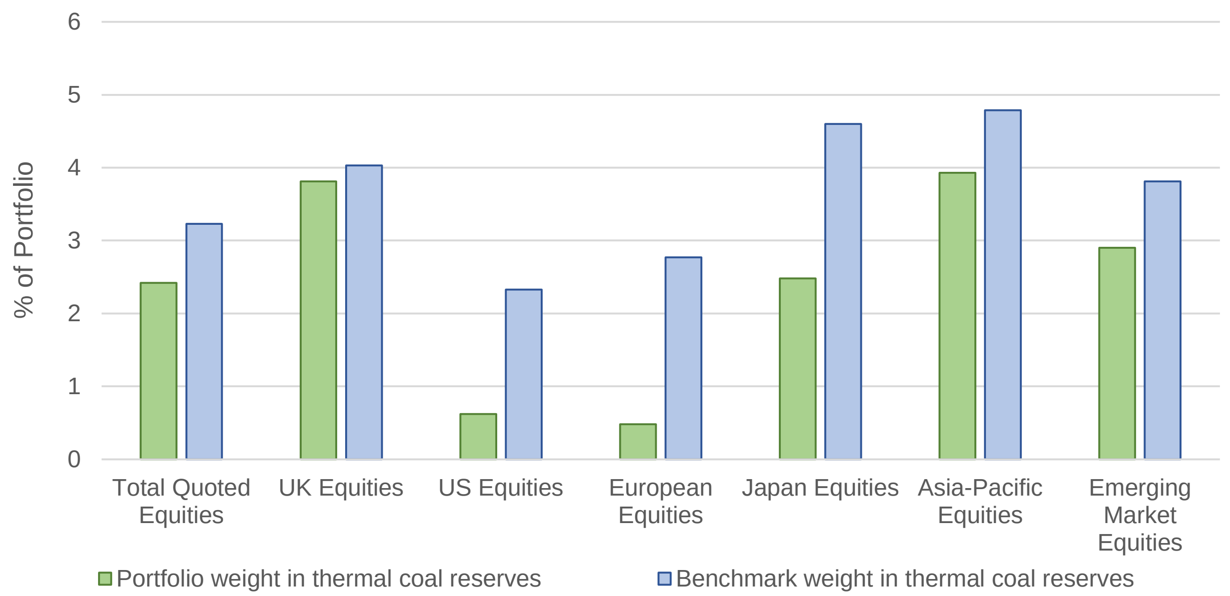
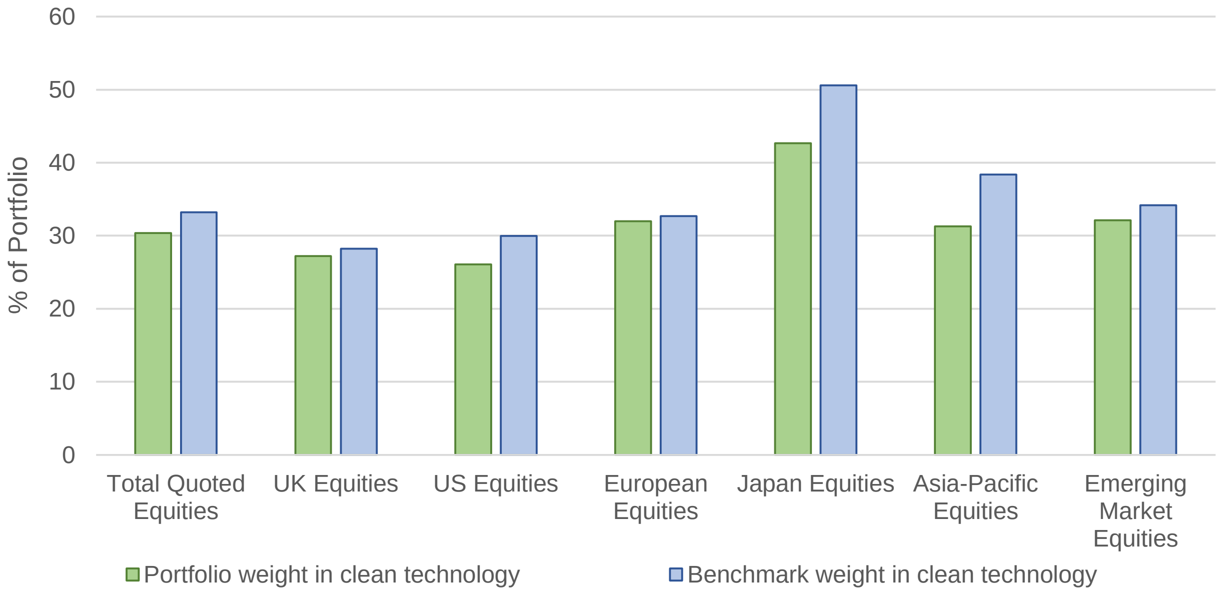



Figure 3 indicates that the Fund's Total Quoted Equities portfolio has around a 9% lower exposure to clean technology than the blended portfolio benchmark. The Fund notes that this measure should be viewed with some caution as there appears to be a moderate positive correlation in the dataset between sectors that have a high carbon intensity (or a higher weight in fossil fuel reserves) and those that have a higher weight in clean technology. For example, Utilities and Oil & Gas are the sectors with the third and fourth highest weight in clean technology. This correlation means that it may be difficult to have a diversified portfolio that is simultaneously carbon efficient, is underweight fossil fuels, and overweight clean technology. The Fund's exposure to clean

[4] Certain information ©2019 MSCI ESG Research LLC. Reproduced by permission
[5] Certain information ©2019 MSCI ESG Research LLC. Reproduced by permission

technology should increase as result of the recent decision (not included in the results above) to invest in Global Sustainable Equities. Furthermore, the analysis takes no account of the Fund's unquoted on-shore & offshore, solar and hydro renewable energy infrastructure investments.

**Figure 4: Exposure to clean technology in each regional equity portfolio[6]**




Whilst the Fund's carbon risk metrics results show that the Fund already has a lower carbon footprint, together with lower exposure to fossil fuel reserves and thermal coal reserves that the blended portfolio benchmark, the Fund has developed a separate Climate Strategy subsequent to the period-end which was approved by Committee in November 2020 and sets out the Fund's approach to addressing the risks and opportunities related to climate change.

Copies of the Fund's latest TCFD report and Climate Strategy can be found on the Fund's website:

www.derbyshirepensionfund.org.uk/about-the-fund/policies-strategies-and-statements

[6] Certain information ©2019 MSCI ESG Research LLC. Reproduced by permission

## LGPS Central Pool

Derbyshire Pension Fund has partnered with the LGPS pension funds of Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Worcestershire and West Midlands to form a collective investment pool, known as LGPS Central, in accordance with Government requirements for pooling the management of LGPS investment assets. These pension funds (collectively known as the Partner Funds) currently manage over £40bn of assets. Collective investment management offers the potential for substantial savings in investment management fees, increased opportunities for investor engagement and access to a shared pool of knowledge and expertise.

LGPSC, the company established to manage investments on behalf of the LGPS Central Pool, received authorisation from the Financial Conduct Authority in 2017-18. Four members of Derbyshire County Council's In-House Investment Management Team transferred to the company on 1 April 2018.

The contact details for LGPSC are as follows:

LGPS Central Limited
Mander House
Wolverhampton
WV1 3NB

FCA Registration Number: 10425159

The total set up costs including funding in respect of LGPSC totalled £16.1m, comprising set-up costs of £4.1m and net funding of £12.0m. The set-up costs and net funding were shared equally between the eight Partner Funds forming the LGPS Central Pool. These are analysed as follows:

| **£ in Thousands** | **Total Pool** | **Fund Share** |
|---|---:|---:|
| | | |
| Recruitment | 215 | 27 |
| Procurement | 20 | 2 |
| Professional fees | 1,491 | 187 |
| Information technology | 779 | 97 |
| Staff costs | 1,131 | 142 |
| Premises | 395 | 49 |
| Other | 80 | 10 |
| **Set-Up Costs Before Transition Costs** | **4,111** | **514** |
| Net Funding (see below) | 11,984 | 1,498 |
| **Total Set-Up Costs Including Net Funding** | **16,095** | **2,012** |
| Transition Costs | | - |
| **Set-Up Costs After Transition Costs** | | **2,012** |
| | | |
| Share Capital | | 1,315 |
| Debt | | 685 |
| **Total Funding** | | **2,000** |
| Repayment of set-up costs | | (502) |
| **Net Funding** | | **1,498** |

| **By Financial Year** | | |
|---|---|---|
| 2016/17 | | 95 |
| 2017/18 | | 1,510 |
| **Set-Up costs After Transition Costs** | | **2,012** |

The set-up costs relate entirely to directly attributable costs only, incurred either by the Partner Funds (e.g. seconded staff and costs prior to the incorporation of LGPSC) or LGPSC following its incorporation. Whilst each of the Partner Funds also incurred additional indirect costs (e.g. on-going staff and resources deployed to set-up the LGPS Central Pool) these have not been captured.

The total set up costs including funding of £16.1m (£4.1m of implementation costs and £12m of injected capital) compare to an estimate of £3.4m for implementation costs and £10m for regulatory capital included in the detailed business case submission to MHCLG in June 2016. The extra implementation costs largely related to additional professional fees and technology costs. An Internal Capital Adequacy Assessment Process was undertaken during 2017 to assess the level of capital necessary to adequately support relevant business risks within LGPS Central Ltd. The Partner Funds injected sufficient capital to cover: the regulatory capital requirement plus a buffer; operational liquidity and repayment of the implementation costs.

The Fund incurred transition costs totalling £2.286m in 2019-20 (2018-19, £nil) in respect of the transition of the legacy UK corporate bond portfolio into the LGPSC Global Investment Grade Bond pooled vehicle in February 2020. The actual/target portfolio also under-performed the benchmark over the transition period (12 February to 23 March 2020) resulting in a £6.095m loss in value over the transition period.

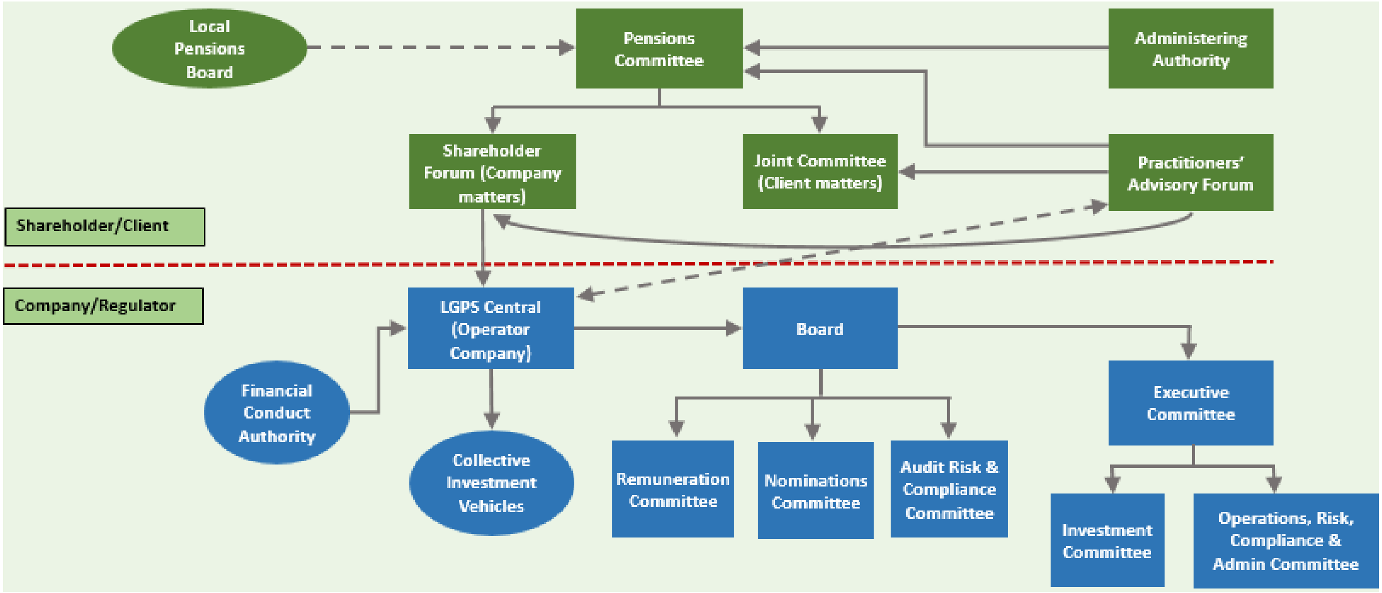
The Fund expects transition costs to increase from 2020-21 onwards, as the investment assets of the Fund are transitioned into pooled products launched by LGPSC. The transition of the Fund's remaining assets into products offered by LGPSC is likely to take several years.

In 2019-20, LGPSC investment management fees totalled £0.555m (2018-19, £0.764m) in respect of a LGPSC pooled vehicles (Global Investment Grade Bonds – commenced 12 February 2020), a UK Discretionary management mandate (terminated on 14 November 2019) and advisory management mandates in respect of Japanese and Asia Pacific and Emerging Market Equities.

The Fund also incurred £0.831m in 2019-20 (2018-19, £0.756m) in respect of Governance, Operator Running and Product Development in connection with LGPSC.

Whilst collective investment management offers the potential for substantial savings in investment management fees, it is too early to assess pooling cost savings for Derbyshire Pension Fund. The Fund has incurred its share of the cost of setting up the pooling company but only started to transition assets into LGPSC products in 2019-20. The level of transitions will increase going forward as relevant products are developed and launched. However, there are positive early indicators based on fee rates achieved by LGPSC to date. Pooling has also exerted downward pressure on investment management fees generally. The Fund anticipates being able to provide the relevant cost savings analysis from 2020-21 onwards.

## LGPS Central Pool Governance Arrangements




The governance arrangements of the LGPS Central Pool include the following bodies:

**Joint Committee:** to provide oversight of the delivery of the objectives of the Pool, the delivery of client service, the delivery against the LGPSC business case and to deal with common investor issues. The Joint Committee provides assistance, guidance and recommendations to the individual Councils, taking into consideration the conflicting demands and interests of the participants within the Pool. The Joint Committee does not have delegated authority to make binding decisions on behalf of the participating Councils.

Membership of the Joint Committee consists of one elected member from each participating council. The Chair of the Pensions and Investments Committee, or his/her nominee, represents Derbyshire County Council on the LGPS Central Joint Committee.

The Joint Committee meet twice in 2019-20 (2018-19, 2); a link to the minutes of the LGPS Central Joint Committee can be found on the Fund's website:

[www.derbyshirepensionfund.org.uk/about-the-fund/investments/lgps-central-pool.aspx](www.derbyshirepensionfund.org.uk/about-the-fund/investments/lgps-central-pool.aspx)

**Shareholders' Forum:** to oversee the operation and performance of LGPSC and to represent the ownership rights and interests of the shareholding councils with the LGPS Central Pool. Collective shareholder discussions take place in the Shareholders' Forum and aim to ensure that the Councils act in a unified way in company meetings, having agreed to a common set of principles. Unanimous decisions are required for certain reserved company matters. Shareholders' Forum meetings are distinct from LGPSC company meetings, however members of the Shareholders' Forum also represent the councils at company meetings.

Membership of the Shareholders' Forum consists of one representative from each shareholding council. The Director of Finance & ICT represents Derbyshire at the Shareholders' Forum and at LGPSC company meetings, with delegated authority to make decisions on any matter which requires a decision by the shareholders of LGPSC.

There was one meeting of the Shareholders' Forum in 2019-20 (2018-19, 2), with the planned Shareholders' Forum meeting in March 2020 cancelled because of the Covid-19 pandemic.

**Practitioners' Advisory Forum:** a working group of officers appointed by the shareholding councils within the Pool to support the delivery of the objectives of the Pool and to provide support for the Pool's Joint Committee and Shareholders' Forum. The Director of Finance and ICT, the Head of Pension Fund and the Investments Manager represent Derbyshire on the Practitioners' Advisory Forum as required.

**Asset Pool Training**

The Fund's officers provide regular update reports to the Pensions and Investments Committee on the progression of the LGPS Central Pool.

**Identified Risks**

Monitoring and managing the risks associated with pooling form part of the Fund's overall risk management procedures as set out in the Governance, Management and Financial Performance Section.

The Fund has identified one high risk item in respect of the LGPS Central Pool, details of which can be found in the Governance section of this Annual Report.

# Funding

Benefit payments in the LGPS are guaranteed by regulations and are meet by contributions from employees and employers and from investment asset returns. Employee contribution rates are fixed and investment returns depend on market conditions and manager performance. Employers pay the balance of the cost of delivering benefits to members of the scheme and their dependants. The Funding Strategy Statement, which is set out at Appendix 4, focuses on how employer liabilities are measured, the pace at which those liabilities are funded, and how employers or pools of employers pay for their own liabilities.

The objectives of the Funding Strategy Statement are:

- To ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment
- To ensure that employer contribution rates are reasonably stable where appropriate
- To minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers)
- To reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years
- To use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations

The Fund's actuary, Hymans Robertson, carries out a valuation of the Fund every three years in line with LGPS regulations. The purpose of the valuation is to review the financial position of the Fund and to set employer contribution rates and is effectively the Fund's triennial budgeting exercise.

A copy of the annual report produced by Hymans Robertson, setting out the Pension Fund's overall level of funding as reported in the last triennial valuation at 31 March 2019 is set out overleaf. A copy of the full triennial valuation at 31 March 2019 is set out at Appendix 5.

The Pension Fund's funding level at 31st March 2019 was 97% up from a level of 87% at the end of March 2016; the funding level demonstrates the extent to which the assets held by the Fund cover the accrued benefits at a particular point in time. The Fund introduced an intra-period assessment of the funding position in 2017 where the financial assumptions used in the valuation are updated to reflect known changes in market conditions. The next scheduled intra-period valuation will be carried out in 2020-21. The next triennial valuation will be carried out as at 31 March 2022.

The main purpose of the triennial actuarial valuation is to set employer contribution rates that, together with future investment returns on the assets within the Fund, have a high likelihood of ensuring that there are sufficient assets to pay members' benefits as they fall due. The employer contribution rates determined as part of the March 2019 valuation took effect from 1st April 2020.

# Derbyshire Pension Fund ("the Fund")
# Actuarial Statement for 2019/20

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

## Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2020. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to return their portion of the Fund to full funding over 19 years if the valuation assumptions are borne out. Asset-liability modelling has been carried out which demonstrates that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is still at least a 70% likelihood that the Fund will return to full funding over 19 years.

## Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2019. This valuation revealed that the Fund's assets, which at 31 March 2019 were valued at £4,929 million, were sufficient to meet 97% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £163 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2020 to 31 March 2022 were set in accordance with the Fund's funding policy as set out in its FSS.

## Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2019 valuation report.

## Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

## Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2019 valuation were as follows:

| Financial assumptions | 31 March 2019 |
|---|---|
| Discount rate | 3.6% |
| Salary increase assumption | 3.0% |
| Benefit increase assumption (CPI) | 2.3% |

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2018 model with an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.25% p.a. for both women and men.

Based on these assumptions, the average future life expectancies at age 65 are as follows:

| | Males | Females |
|---|---|---|
| Current Pensioners | 21.6 years | 23.7 years |
| Future Pensioners* | 22.6 years | 25.1 years |

*Aged 45 at the 2019 Valuation.

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

## Experience over the period since 31 March 2019

Since the last formal valuation, real bond yields have fallen placing a higher value on the liabilities and there have been negative asset returns. All else being equal, these will result in a weaker funding position.

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.

Barry Dodds FFA

14 April 2020

For and on behalf of Hymans Robertson LLP

# Scheme Administration

The Fund is administered in-house on a day to day basis by the Pension Administration Team which is part of the Commissioning, Communities and Policy Department and is led by Dawn Kinley, Head of Pension Fund and supported by five Pensions Team Managers.

The LGPS is a statutory scheme with regulations made under the Superannuation Act 1972 and the Public Service Pensions Act 2013. The LGPS is a defined benefits scheme based, since 1 April 2014, on 'Career Average Revaluated Earnings' (CARE). Members' benefits are determined strictly in accordance with the scheme regulations and are not subject to changes affecting the Fund's assets. Where members joined the scheme before 1 April 2014, protections are in place for their benefits to be based on accrued scheme membership to that date and their full-time equivalent pensionable pay at retirement.

During 2019-20, Scheme members were required to pay a contribution rate of between 5.5% and 12.5% of their pensionable pay, depending on the appropriate pay banding. Employer contribution rates, also expressed as a percentage of pensionable pay, and tailored specifically to each employer, were applied to cover the accrual of new benefits earned by members. The contribution to fund any past service deficit was applied as a cash sum or a supplementary percentage of pensionable pay.

The triennial scheme valuation completed by the scheme Actuary as at 31 March 2016, determined employer contribution rates for the three years from 1 April 2017 to 31 March 2020. The triennial scheme valuation as at 31 March 2019, determined employer contribution rates from 1 April 2020 to 31 March 2023.

As an administering authority under The Local Government Pension Scheme Regulations 2013, Derbyshire County Council is responsible for administering the LGPS for all local authority employers in the county and certain other organisations. Some employers participate under admission agreements. A full list of employers is provided at Appendix 6.

## Administration

Pension administration broadly comprises:

- maintaining a database of:
    1. active members (i.e. contributors)
    2. pensioners, including widows, widowers and dependants
    3. those with deferred benefits that will become payable in the future
- providing Annual Benefit Statements to active and deferred Scheme members
- providing estimates of benefits
- the calculation and payment of retirement benefits
- the calculation and payment of transfer values to other schemes
- processing transfer values from "club" and other local government schemes
- providing valuations and splitting pensions in divorce cases

- communicating with employers and Scheme members on scheme changes and pensions issues
- onboarding new Scheme employers
- supporting employers to carry out their responsibilities under the LGPS Regulations
- reconciling employers' monthly and annual contribution rates
- managing the exit of employers no longer participating in the LGPS
- providing Pension Savings Statements to Scheme members as appropriate
- providing data for triennial valuations and annual FRS17 disclosures
- reporting to the Pensions and Investment Committee on scheme changes, discretions and disputes
- replying to queries from Scheme members and employers

The Fund has four administration teams designed to deal with specific areas and managed by Pension Team Managers:

| | |
|---|---|
| Two Benefits Teams | Sue Hubbleday and Wayne Stone |
| Technical and Finance Team | Rachel James |
| Regulations and Communications Team | Steve Webster |

During 2018-19, a temporary Project Team was created to manage the migration to and the implementation of a new pension administration system and other development projects, managed by Emma Whysall. The Project Team commenced work on further projects during 2019-20, including the development of the following additional functionalities to the core pension administration system:

- i-Connect - a secure automated data exchange service for employers
- Member self-service – a secure online self-service portal for scheme members

No significant services are outsourced, with the exception of the pensioner payroll service which is provided by Derbyshire County Council's HR Services Team. A Service Level Agreement between the Pension Fund and the Council details the services provided. The cost of the service to the Fund is reviewed each year.

**Pension Administration System**

A contract for the provision of the Fund's pension administration system was awarded to Aquila Heywood in June 2018 for a period of ten years, and the Fund went 'live' on Aquila Heywood's Altair system on 4$^{th}$ March 2019.

The new system has begun to provide efficiency savings and an improved quality of service for scheme members and employers, including reduced backlogs of casework built up under the previous pension administration system.

**Costs of Administering the Fund**

There were 47 full-time equivalent members of pension administration staff working for the Fund as at 31 March 2020 (42 in 2018-19) and the cost of administration, excluding actuarial and audit fees, was £2.599m (2018-19, £2.085m) comprising staffing costs, IT, central charges and the cost of providing a pensions payroll for pensioners. A breakdown is shown below.

| **£ in Thousand** | **2018-19 Actual** | **2019-20 Actual** |
|---|---|---|
| Staff costs | 1,554 | 1,806 |
| Premises, Supplies and services | 385 | 328 |
| Information technology | 146 | 465 |
| **Total** | **2,085** | **2,599** |

The total cost of administration expressed as a cost per member for the past five years has been:

| **£ per Member** | **2015-16** | **2016-17** | **2017-18** | **2018-19** | **2019-20** |
|---|---|---|---|---|---|
| | | | | | |
| The Fund | £15.44 | £15.70 | £20.34 | £20.38 | £24.79 |
| All English Authorities | £20.00 | £20.25 | £20.41 | £21.77 | £22.93 |

The cost per member remained relatively stable between 2015 and 2017 but has increased in recent years to support:

- the increasing complexity of LGPS administration and the need to demonstrate good governance in line with the Pension Regulator's Code of Practice 14
- the increasing number of employers in the Fund, due to academisation and the contracting out of services previously provided by Councils and schools
- remedial work to cleanse data and complete cases outstanding from the previous pension administration system
- the management and implementation of data migration to the new system

The administration costs for 2019-20 were impacted by an up-front licence fee payment in respect of the Altair system. The Fund believes that the ongoing investment in headcount (see below), together with the change in the pension administration system, leaves the Fund well positioned to improve service levels to members and employers, drive efficiency savings, demonstrate value for money and be prepared for future challenges in its ongoing administration.

The table below shows the year-end number of full-time equivalent pension administration staff over the last five years:

| **Year-End Number** | **2015-16** | **2016-17** | **2017-18** | **2018-19** | **2019-20** |
|---|---|---|---|---|---|
| Full-Time Equivalent Staff (FTE) | 36 | 38 | 44 | 42 | 47 |

**Performance**

Operational performance is reported periodically to the Pensions and Investments Committee and the Derbyshire Pension Board.

During 2018-19, software issues had limited the Fund's ability to optimize its operational performance. This had a particular impact on the notification of deferred benefits which, because there is no immediate payment of benefit involved, were given a lower priority than cases where members' benefits are payable immediately. A programme to recover the Fund's results for compliance with meeting targets for deferred benefit cases progressed during 2019-20. A report of cases processed within the required 2 months for deferred benefits during 2019-20 would result in a distorted figure due to the requirement to progress the recovery programme, therefore, has not been included in the table below as a one-off measure.

The following performance levels for 2019-20 have been measured against The Occupational Pension Schemes (Disclosure of Information) Regulations.

| Operation | Target for completion | Processed within target |
|---|---|---|
| Payment of retirement benefits | 1 month | 97% |
| Completion of death cases | 2 months | 91% |
| Provision of retirement estimates | 2 months | 96% |
| Payment of Transfer Out | 6 months | 95% |
| Provision of Transfer Out quote | 3 months | 70% |
| Provision of Transfer In quote | 2 months | 70% |
| Payment of contributions refund | 2 months | 99% |

In other areas of activity, during 2019-20 the Fund has:

- onboarded 37 academies and 6 admitted bodies as new employers in the Fund
- completed an address tracing exercise which resulted in over 400 records being updated
- continued data cleansing work relating to the GMP reconciliation exercise for active, deferred and beneficiary members following completion of the work relating to pensioner members
- produced and distributed IAS19 and FRS102 Accounting Disclosure Reports for 198 employers
- produced and distributed Annual Benefit Statements, reflecting membership to 31 March 2020, to 88.6% of the Fund's active and deferred members by 31 August 2020 and to 91% of those members (or 94.3% of relevant members for whom the Fund holds an up to date address) by late October 2020
- monitored and periodically reported to the Council's Pensions and Investments Committee, on employer performance in the areas of retirements, deaths in service and refunds

**Data Quality**

The Pension Regulator acknowledges that complete, accurate scheme records are a vital part of the administrative function. The Regulator defines two types of data held in scheme records:

- **Common Data** used to identify scheme members and would include names, addresses, national insurance number and date of birth.
- **Conditional Data** essential to calculate benefit entitlements such as, member contributions, pensionable pay, service history.

To measure the Fund's data quality, the software provider, Aquila Heywood, has provided the latest common and conditional data results for 2019/20.

The results for the last 3 years are shown in the table below:

| Year | Common data | Conditional data |
|---|---|---|
| 2017/18 | 95% | 85% |
| 2018/19 | 97.6% | 92.3% |
| 2019/20 | 98% | 92.5% |

**Pension Fund website**

The Fund's website, which was launched in October 2018, has continued to be developed as a valuable information source for scheme members and employers.

The website contains dedicated areas for all types of members and employers and was developed to be easily accessible for all and user friendly.

60,627 separate visits to the website were made by scheme members, employers and other Fund stakeholders during 2019-20. The website's functionality includes a benefit estimate calculation service which is still hosted on the main County Council website, and, therefore, not included in the total of visits to the Pension Fund's website.

The calculator was used by scheme members to carry out 36,922 calculations during 2019-20.

The administration team continue to review and develop the website to maintain up to date information and ensure that scheme members and employers have an easily accessible and reliable resource available at all times.

The website address is: www.derbyshirepensionfund.org.uk

**Other services to Fund members**

Services provided by the Fund to scheme members during 2019-20 included:

- a one-stop Pension Fund Helpline service, as well as the facility to contact the Fund via email and website enquiry form
  - telephone 01629 538900
  - email pensions@derbyshire.gov.uk
  - website enquiry form
- member drop-in sessions at locations across the County designed to help members to understand their Annual Benefit Statements, although all aspects of membership are covered
- member presentations to either help communicate significant changes in the LGPS Regulations or to assist where the members' employer is restructuring or outsourcing and Fund members may be affected
- newsletters for active and deferred members produced in collaboration with other Funds to ensure accuracy and to share costs and resource

**Other services to Fund employers**

Services provided by the Fund to scheme employers during 2019-20 included:

- early intervention / support with contracting out exercises and risk-sharing arrangements
- a regular Employers' Newsletter, and information update letters emailed to employer contacts
- site visits and training sessions at employers' requests and where support requirements were identified by the Fund
- employer forums held for all employers and, on some occasions, targeted at specific groups of employers

Feedback was requested at all member presentations and employer forums and has continued to be positive. Suggested improvements mainly related to the suitability of venues and their facilities rather than the content of the sessions, and will be considered before future arrangements are made.

The Coronavirus pandemic resulted in all member and employer sessions being temporarily postponed from March 2020 onwards.

**Dealing with Employer Bodies**
The Pension Fund maintains a Pension Administration Strategy (PAS), in line with Regulation 59 of the LGPS Regulations 2013, which is reviewed and revised annually.

The PAS is circulated to all employers and published on the Pension Fund website. It sets out the roles and the service standards to be achieved by the Fund and by the employers to enable the efficient administration of Fund members' records. This includes details of how administrative underperformance by employers will be monitored and managed.

The Fund maintains an up to date list of named contacts for each employer along with a list of authorised signatories. This is held on the Fund's 'Employer Database' with other relevant information to assist in dealing with employers.

Employers were required from May 2018 to update their discretions policy documents following the implementation of revised LGPS regulations. During 2019-20 the Fund continued to assist employers with updating their discretions policies by providing training events, and a document template and guidance notes which were available on the Fund's website. Since the Fund requested in 2018 that employers update their discretions policy, over 300 have submitted revised policies.

The Fund also works closely with employers seeking to contract out services where TUPE transfers of Fund members are involved. Communication efforts to encourage employers to involve the Fund at the planning stage have continued, and the Fund has worked with a number of employers and staff groups in 2019-20 to share knowledge and experience and to support smooth transfers and fully informed funding decisions.

**Appeals & Ombudsman Escalations**
Set out below are tables which show the numbers of Stage 1 and Stage 2 adjudications which were adjudicated by the Administering Authority in 2019-20. The tables also show the number of cases submitted to or determined by The Pensions Ombudsman in 2019-20 in respect of cases escalated following the two-stage adjudication process.

**Stage 1 Appeals against the administering authority: 2019-20**

| Total | Appeals upheld | Appeals dismissed | Progressed to Stage 2 |
|---|---|---|---|
| 4 | 4 | 0 | 1 |

**Stage 2 Appeals adjudicated by administering authority: 2019-20**

| Total | Appeals upheld | Appeals dismissed | Progressed to Ombudsman |
|---|---|---|---|
| 2 | 1 | 1 | 0 (to date) |

**Complaints escalated to or determined by The Pensions Ombudsman: 2019-20**

| Total | Upheld | Dismissed | Awaiting determination |
|---|---|---|---|
| 5 | 0 | 3 | 2 |

Five cases were escalated to, or determined by, the Ombudsman during 2019/20.

The three cases which were determined, and dismissed by the Ombudsman during 2019/20 all related to complaints about decisions by an employer regarding ill health retirement applications.

The two cases awaiting determination relate to a further complaint about an ill health retirement decision by the employer, and a complaint against the Administering Authority's rejection of a transfer out of the Pension Fund.

In all cases where the adjudication and/or the Ombudsman noted and identified errors or inadequate processes by the Pension Fund, officers have reviewed procedures and made any necessary changes to ensure as far as possible that similar appeals are avoided.

During 2019-20 a number of initiatives were undertaken to assist with improving the Fund's service to scheme members and employers with the aim of reducing the numbers of appeals.

These included:

- Increased number of sessions for scheme members including:
    - Member drop in sessions
    - 'Understanding your pension' sessions
    - Annual Allowance sessions

(During 2019-20 a total of 32 separate sessions dedicated to scheme members were held at venues around the County)

- Improved Annual Benefit Statements to help members understand their LGPS pension
- The publication on the Fund's website of an 'Employers' guide to appeals' to help employers understand their role upon receipt of an appeal
- An employers' training session in November 2019 on ill health retirement and appeals including presentations by an Independent Registered Medical Practitioner, HR, Legal and LGPS specialists
- A trial procurement of training resources from Heywoods, the provider of the Fund's pensions administration system, to assist with staff training programmes

- The development of a new complaints procedure to improve the recording of and response to complaints from scheme members and employers
- Improved administrative procedures to ensure all tasks involving scheme members are monitored and tracked

**Schedule of Contributions**
A schedule of contributions for the year showing the amounts paid by individual employers and their employees is provided at Appendix 6.

**Arrears of Contributions**
Employers are required to collect contributions from active Scheme members and pay these together with their employer's contribution to the County Council not later than the 19th of the following month to which the contributions relate. The Fund fully reconciles each employers' monthly contributions to their annual year-end return.

The Fund monitors collections each month and reports late payments to the Pensions and Investments Committee periodically. The Fund can levy a late payment fee on employers for under-performance (e.g. late payment of contributions; late submission of a year-end return; etc.) based on a sliding scale linked to the frequency of under-performance.

In 2019-20, the overall receipt of employers' monthly contribution payments and related statements by the due date were as follows:

| | |
|---|---|
| Monthly contribution payments received by 19th of the following month | 95.9% |
| Monthly statement of contributions paid received by 19th of the following month | 92.6% |

Late payments and submission of monthly statements were actively discussed with Scheme Employers to improve return rates.

Late payment charges were issued to 2 employers in 2019-20 and the Fund worked with both employers to ensure that problems were resolved.

Derbyshire Pension Fund

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# Fund Activity

## Membership:

| | 31/03/16 | 31/03/17 | 31/03/18 | 31/03/19 | 31/03/20 |
|---|---|---|---|---|---|
| Contributors | 40,030 | 40,640 | 41,010 | 41,157 | 40,125 |
| Deferred Pensions | 27,240 | 30,327 | 32,099 | 31,136 | 33,164 |
| Pensioners / Dependants | 26,622 | 27,599 | 27,959 | 30,024 | 31,548 |
| **Total** | **93,892** | **98,566** | **101,068** | **102,317** | **104,837** |

## Retirements from Active Status:

| | 31/03/16 | 31/03/17 | 31/03/18 | 31/03/19 | 31/03/20 |
|---|---|---|---|---|---|
| Ill Health | 26 | 42 | 39 | 32 | 55 |
| Age retirement | 621 | 644 | 593 | 564 | 676 |
| Flexible | 59 | 77 | 86 | 79 | 100 |
| Redundancy | 119 | 138 | 94 | 75 | 155 |
| Efficiency | 53 | 34 | 28 | 14 | 4 |
| Employer Consent | 0 | 0 | 0 | 0 | 0 |
| **Total** | **878** | **935** | **840** | **764** | **990** |

## Retirements from Deferred Status:

| | 31/03/16 | 31/03/17 | 31/03/18 | 31/03/19 | 31/03/20 |
|---|---|---|---|---|---|
| Ill Health | 16 | 5 | 12 | 7 | 8 |
| Age retirement | 423 | 479 | 552 | 687 | 730 |
| Employer Consent | 0 | 0 | 0 | 0 | 0 |
| **Total** | **439** | **484** | **564** | **694** | **738** |

## Deaths in Service:

| | 31/03/16 | 31/03/17 | 31/03/18 | 31/03/19 | 31/03/20 |
|---|---|---|---|---|---|
| Deaths in service | 30 | 28 | 26 | 29 | 27 |

## Deaths of Deferred Beneficiaries:

| | 31/03/16 | 31/03/17 | 31/03/18 | 31/03/19 | 31/03/20 |
|---|---|---|---|---|---|
| Deaths of deferred beneficiaries | 26 | 26 | 31 | 42 | 35 |

## Deaths of Pensioners / Dependants:

| | 31/03/16 | 31/03/17 | 31/03/18 | 31/03/19 | 31/03/20 |
|---|---|---|---|---|---|
| Deaths of pensioners & dependants | 554 | 639 | 682 | 693 | 753 |

**Transfers-in:**

| | 31/03/16 | 31/03/17 | 31/03/18 | 31/03/19 | 31/03/20 |
|---|---|---|---|---|---|
| Inter-fund Transfers (from the LGPS) | 26 | 153 | 266 | 221 | 239 |
| Club Transfer (Public Sector Transfer Club) | 2 | 3 | 32 | 40 | 22 |
| Non Club | 0 | 2 | 0 | 0 | 6 |
| Personal Pension | 0 | 0 | 0 | 0 | 0 |
| **Total** | **28** | **158** | **298** | **261** | **267** |

**Transfers-out:**

| | 31/03/16 | 31/03/17 | 31/03/18 | 31/03/19 | 31/03/20 |
|---|---|---|---|---|---|
| Inter-fund Transfers (from the LGPS) | 45 | 42 | 198 | 171 | 273 |
| Club Transfer (Public Sector Transfer Club) | 37 | 21 | 42 | 25 | 50 |
| Non Club | 12 | 17 | 57 | 31 | 9 |
| Personal Pension | 2 | 0 | 1 | 4 | 35 |
| Overseas | 0 | 3 | 1 | 1 | 1 |
| **Total** | **96** | **83** | **299** | **232** | **368** |

**Trivials:**

| | 31/03/16 | 31/03/17 | 31/03/18 | 31/03/19 | 31/03/20 |
|---|---|---|---|---|---|
| From active status | 7 | 2 | 3 | 0 | 0 |
| From deferred status | 13 | 8 | 52 | 70 | 41 |
| From pension in payment | 1 | 0 | 2 | **2** | **46** |
| **Total** | **21** | **10** | **57** | **72** | **87** |

*Trivials are payment of small pensions via a single one-off lump sum.*

**Summary of Fund Employers:**

| | Active at 31 March 2020 | Ceased in 2019-20 | Total |
|---|---|---|---|
| Scheduled body | 243 | 0 | 243 |
| Admitted body | 56 | 4 | 60 |
| **Total** | **299** | **4** | **303** |

# Statement of Accounts

# Derbyshire Pension Fund

# 2019-20

Derbyshire Pension Fund

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## Explanatory Forward

Derbyshire County Council administers the Local Government Pension Scheme (LGPS) for employees, pensioners and dependents of a variety of bodies in Derbyshire, including: Councils; Police and Fire Authorities (for civilian employees); the University of Derby, Colleges and Academies (non-teaching staff); Charities and some private companies providing services to local councils.

Derbyshire Pension Fund (the Fund) has over 300 participating employers and over 100,000 members, either active contributors, pensioners or deferred pensioners (people who have stopped paying into the scheme but are not yet receiving a pension).

The benefits payable to members within the Fund are determined by regulations and are guaranteed. Assets in the Fund meet members' benefit payments when they fall due and are accumulated through a combination of contributions from employees and employers within the Fund and from investment returns (both income and capital). The Fund continues to be cash flow positive, with combined contributions and investment income exceeding benefit payments.

At the end of March 2020, the value of the Fund's assets had fallen to just over £4.6bn. Supportive monetary policy helped to deliver positive investment returns in the first three quarters of 2019-20 despite concerns about lower economic growth, the fall-out from the US-China Trade War, the uncertainty surrounding Brexit and increasing political concerns in the run up to the US Presidential Election. Global equity indices achieved all-time highs in February 2020 before the spread of the coronavirus hit markets sharply in the final quarter of the financial year, resulting in a negative investment return of 4.7% for the year ended 31 March 2020. The benefits of diversification were well demonstrated in 2019-20, with the UK equity market losing around 19% in value, whilst losses in major overseas equities markets ranged from 2%-13% in sterling terms and government bonds delivered positive returns.

During the year, the Pension Fund Team successfully used Altair, the new pension administration system implemented in the first quarter of 2019, and the rollout of the associated i-Connect system, which will enable employers to automate the submission of their data, commenced.

The actuarial valuation of the Fund's assets and liabilities as at 31 March 2019 was undertaken during the financial year. As part of the valuation process, the Fund's Actuary reviewed funding plans and set contribution rates for the Pension Fund's participating employers for the period from 1 April 2020 to 31 March 2023.

A separate Annual Report is produced for the Fund which, in addition to the Fund's accounts, includes the governance arrangements for the Fund, detailed performance information and the Fund's approved policy statements. The Annual Report is available on Derbyshire Pension Fund's website:

https://derbyshirepensionfund.org.uk/about-the-fund/annual-report/annual-report.aspx

## Membership Statistics

| | Actuals | | |
|---|---|---|---|
| | 31 Mar 2018 | 31 Mar 2019 | 31 Mar 2020 |
| Contributors | 41,010 | 41,157 | 40,125 |
| Pensioners and Dependants | 27,959 | 30,024 | 31,548 |
| Deferred Pensioners | 32,099 | 31,136 | 33,164 |

## Employers' Contributions

Employers pay pension contributions into the Fund. The contribution rates payable by the County, Unitary and District Councils expressed as a percentage of pensionable payroll and fixed cash amounts are:

| Council | 2019-20 | 2020-21 |
|---|---|---|
| Derbyshire County | 14.5% plus £15.536m | 15.5% plus £15.536m |
| Derby City | 13.5% plus £6.981m | 14.5% plus £6.981m |
| Amber Valley Borough | 14.0% plus £1.057m | 15.0% plus £1.057m |
| District of Bolsover | 13.9% plus £0.962m | 14.9% plus £0.962m |
| Chesterfield Borough | 14.2% plus £1.991m | 15.2% plus £1.991m |
| Derbyshire Dales | 13.6% plus £0.645m | 14.6% plus £0.561m |
| Erewash Borough | 13.1% plus £1.125m | 14.1% plus £0.999m |
| High Peak Borough | 12.4% plus £1.833m | 13.4% plus £1.833m |
| North East Derbyshire | 13.7% plus £1.527m | 14.7% plus £1.527m |
| South Derbyshire | 13.8% plus £0.678m | 14.8% plus £0.678m |

The percentage rates that were determined by the Actuary in the valuation of the Fund at 31 March 2016, for 2017-18 to 2019-20, and in the valuation of the Fund at 31 March 2019, for 2020-21 to 2022-23, are intended to cover the cost of future service of active Fund members, with the past service deficit being addressed by an annual fixed cash amount.

## Members' Contributions

For 2019-20 the contribution rates payable by members into the Fund are determined by The Local Government Pension Scheme 2013 Regulations. The rates are between 5.5% and 12.5% of members' pay, including non-contractual overtime, depending on their pay banding. There is no change to these rates for 2020-21.

## Investment Policy

During 2019-20 responsibility for policy matters rested with a Pensions and Investments Committee which is comprised of eight County Councillors, two Derby City Councillors and two non-voting Trade Union representatives. The Pensions and Investments Committee received advice from the Director of Finance & ICT and from one independent external adviser.

Day-to-day management of the Fund is delegated to the Director of Finance & ICT and his in-house staff, operating within a policy framework laid down by the Committee.

Policy is determined by reference to The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which require that advice is taken at regular intervals and place an onus on administering authorities to determine the balance of their investments and take account of risk.

The Fund has a central (strategic) benchmark asset allocation which is designed to meet the performance requirements for the level of risk agreed by the Pensions and Investments Committee. There were no changes to the benchmark allocation in 2019-20, following the change part-way through 2018-19, which re-balanced the Fund's assets from Growth Assets (e.g. Equities and Private Equity) to Income Assets (e.g. Infrastructure, Multi Asset Credit and Property). The Pensions and Investments Committee has a degree of flexibility around the central benchmark allocation and decides the specific allocations (weights) for each asset class at its quarterly meetings. In the table below, the column showing the benchmark return is what would have been achieved via neutrally weighted index returns, whereas the actual Fund returns are a function of both active asset allocation and active stock selection decisions.

## Investment Returns

The table below shows the Fund's returns over 1, 3, 5 and 10 years to 31 March 2020, compared to those of its strategic benchmark, as well as the impact of inflation on Fund returns.

| | Return | | Inflation | | Fund Real Return | |
|---|---|---|---|---|---|---|
| **Periods to 31 Mar 2020** | **Derbyshire Fund** | **Benchmark** | **CPI** | **RPI** | **Versus CPI Inflation** | **Versus RPI Inflation** |
| | **% pa** | **% pa** | **%** | **%** | **%** | **%** |
| 1 Year | (4.7) | (5.4) | 1.5 | 2.6 | (6.2) | (7.3) |
| 3 Years | 1.5 | 1.0 | 2.3 | 3.1 | (0.8) | (1.6) |
| 5 Years | 4.8 | 4.3 | 1.6 | 2.5 | 3.2 | 2.3 |
| 10 Years | 6.7 | 6.4 | 2.2 | 3.0 | 4.5 | 3.7 |

On a year by year basis, returns tend to fluctuate significantly according to economic and market conditions. Long-term returns are a more appropriate guide to the performance of the Fund.

The Fund out-performed over the one, three, five and ten year periods relative to the benchmark. It is important to note that the Fund delivered real returns over the five and ten year periods, with returns ahead of inflation in these periods. Real returns over the one and three year periods have been impacted by the Covid-19 pandemic.

After several years of positive returns and ever higher equity markets, returns in 2019-20 were adversely impacted by a sharp sell-off in February and March 2020 in response to the Covid-19 pandemic. The economic impact of the containment measures imposed across the globe were unprecedented, as was the resultant policy response from the central banks. In April 2020, the International Monetary Fund (IMF) projected that the global economy would contract by -3% in 2020, in excess of the contraction experienced during the 2008-09 Global Financial Crisis.

The Fund's 2019-20 return of -4.7% compared with a return of 5.6% in 2018-19. In the twelve months to March 2020, equity returns to Sterling investors ranged from -2.1% in Japan to -18.5% in the United Kingdom, with overseas equity returns being positively impacted, on translation, by a weaker pound relative to the major overseas currencies. Returns were positive in the first nine months of the year but fell sharply in the final quarter of the year in response to the Covid-19 pandemic. This is illustrated by UK equity returns in 2019-20. In the first nine months of 2019-20, UK equities returned 8.9% but fell by 25.1% in the final quarter of the year, resulting in a total return for the year of -18.5%.

Government bond returns were positive in 2019-20, with UK Gilts returning 9.9% and UK Index-Linked returning 2.2%. These assets demonstrated their defensive qualities in Q4 2019-20, with prices rising as central banks reduced interest rates and restarted quantitative easing. However, corporate bonds and high-yield bonds fell sharply in Q4 2019-20, as investors switched into less risky assets (e.g. cash and sovereign bonds). Yield spreads widened significantly, reflecting concerns about the effect of lockdowns on corporate profits. UK Investment Grade Bonds returned -4.7% in the final quarter of 2019-20, whereas Sterling-hedged Global High Yield Bonds returned -14.2% in the final quarter.

Property (60% direct/40% indirect) returned 0.5% in 2019-20, down from 4.3% in 2018-19. The full effect of the Covid-19 pandemic has yet to flow through to the property sector, reflecting the illiquid nature of the asset class and it is highly likely that capital values and rental income collections will be adversely impacted in 2020-21.

**Actuarial Position of the Fund**

Every three years an actuarial valuation of the Fund is undertaken in accordance with the provisions of The Local Government Pension Scheme Regulations 2013. The purpose of the valuation is to review the funding strategy and ensure that the Fund has a contribution plan and investment strategy in place that will enable it to pay members' benefits as they fall due. A valuation of the Fund was undertaken as at 31 March 2019 and set the level of contributions payable by each participating employer for the three years commencing 1 April 2020.

At 31 March 2019, the Net Assets of the Fund were £4.929bn and the Past Service Liabilities were £5.092bn. The Fund's deficit of £0.163bn is being recovered in accordance with its Funding Strategy Statement, which is available on the Council's website at:

www.derbyshirepensionfund.org.uk/about-the-fund/policies-strategies-and-statements

The funding level is the Fund's ratio of assets to liabilities at the valuation date. The funding level at the 2019 valuation was 97%, a significant improvement on the funding level at the 2016 valuation of 87%.

It should be noted that the actuary adopted a risk-based approach to determine an appropriate investment return assumption for reporting the whole Fund results at the 2019 valuation, in line with the approach taken for setting contribution rates. The Fund's assets were valued at their market value on the valuation date. On a like-for-like basis of calculation, the funding level at March 2019 would have been approximately 92%.

A number of factors, both positive and negative, impacted on the overall funding level in the 2019 valuation.

The actual investment return on the Fund's assets for the period 31 March 2016 to 31 March 2019 was 33.3%, increasing the market value of the Fund's assets and improved the funding position by £1.219bn over the period. Employers' and members' contributions paid to the Fund in the period improved the funding position by a further £0.509bn.

The accrual of new members' benefits and interest on members' benefits already accrued in the period since the last valuation increased the value of the Fund's liabilities and reduced the funding position by £1.066bn in that same period. Changes in actuarial assumptions reduced the funding position by an additional £0.189bn, with an improvement in longevity assumptions being more than offset by changes in the financial assumptions used to calculate the present value of the Fund's liabilities.

Assumptions used in the March 2019 actuarial valuation:

| | **Assumption** |
|---|---|
| Benefit Increases (CPI Inflation) | 2.30% |
| Career Average Revalued Earnings (CARE) Revaluation (CPI Inflation) | 2.30% |
| CPI Price Inflation | 2.30% |
| Discount Rate | 3.60% |
| Future Investment Return* | 3.60% |
| Life Expectancy at age 65 - Female - Current Pensioners*** | 23.7 years |
| Life Expectancy at age 65 - Female - Future Pensioners** | 25.1 years |
| Life Expectancy at age 65 - Male - Current Pensioners*** | 21.6 years |
| Life Expectancy at age 65 - Male - Future Pensioners** | 22.6 years |
| Salary Increases (0.70% over CPI Inflation) | 3.00% |

* 77% likelihood that the Fund's investments will return at least 3.60% over the next 20 years based on asset projections.
** Future Pensioners are assumed to be aged 45 at the valuation date.
*** Current Pensioners are assumed to be aged 65 at the valuation date.

The contribution rates required have been determined using a “risk based” approach. The level of contribution rate to give an appropriate likelihood of meeting an employer’s funding target, within the agreed timeframe, is determined for each employer. The full rate of an employer’s contribution provides for the cost of year-by-year accrual of benefits in respect of current Fund members and the amount required to meet a shortfall in respect of the assets required for pensions in payment (including those payable to survivors of former members) and benefits accrued by other members, which will become payable in the future (known as a past service deficiency).

**Further Information**

Derbyshire Pension Fund’s Investment Strategy Statement, Funding Strategy Statement, Actuarial Valuation Report, Governance Compliance Statement, Communications Policy Statement and Annual Report are available on the Derbyshire Pension Fund's website at www.derbyshirepensionfund.org.uk.

Derbyshire Pension Fund

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# FUND ACCOUNT

| 2018-19 £m | | Note | 2019-20 £m |
|---|---|---|---|
| | | | |
| | **Dealings with Members, Employers and Others Directly Involved in the Fund** | | |
| 193.715 | Contributions | 6,23 | 160.457 |
| 10.324 | Transfers in from Other Pension Funds | 7 | 11.195 |
| **204.039** | | | **171.652** |
| | | | |
| (160.930) | Benefits | 8,23 | (172.634) |
| (12.976) | Payments to and on Account of Leavers | 9 | (17.676) |
| **(173.906)** | | | **(190.310)** |
| | | | |
| **30.133** | **Net Additions/(Reductions) from Dealings with Members, Employers and Others Directly Involved in the Fund** | | **(18.658)** |
| | | | |
| (28.129) | Management Expenses | 10 | (30.104) |
| | | | |
| **2.004** | **Net Additions/(Withdrawals) Including Fund Management Expenses** | | **(48.762)** |
| | | | |
| | **Returns on Investments** | | |
| 100.816 | Investment Income | 11 | 93.983 |
| 0.033 | Taxes on Income | 12 | (0.037) |
| 181.703 | Profits and Losses on Disposal of Investments and Changes in Value of Investments | 13 | (316.288) |
| **282.552** | **Return on Investments** | | **(222.342)** |
| | | | |
| **284.556** | **Net Increase in the Net Assets Available for Benefits During the Year** | | **(271.104)** |
| | | | |
| 4,644.031 | Opening Net Assets of the Fund | | 4,928.587 |
| **4,928.587** | **Closing Net Assets of the Fund** | | **4,657.483** |

## NET ASSETS STATEMENT

| 31 Mar 2019 £m | | Note | 31 Mar 2020 £m |
|---|---|---|---|
| | | | |
| 4,905.599 | Investment Assets | 13-15 | 4,640.864 |
| (4.874) | Investment Liabilities | 13-15 | (8.768) |
| 32.336 | Current Assets | 17 | 31.420 |
| (4.474) | Current Liabilities | 18 | (6.033) |
| **4,928.587** | **Net Assets of the Scheme Available to Fund Benefits at the Period End** | | **4,657.483** |

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pensions and Investments Committee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial present value of promised retirement benefits is disclosed in Note 22 of these accounts.

## NOTES TO THE PENSION FUND ACCOUNTS

Derbyshire Pension Fund ("the Fund") is administered by Derbyshire County Council and is governed by Local Government Pension Scheme Regulations and associated pension legislation. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Fund is a funded defined benefit scheme, administered locally by the Council on behalf of its own employees (except teachers, former NHS employees and new employees working in Public Health, for whom separate pension arrangements apply), Unitary and District Council employees within Derbyshire and employees of other bodies who are specifically authorised by the Regulations. On 1 April 2014, the Fund, which had previously been a final salary scheme, became a Career Average Revalued Earnings (CARE) scheme.

### 1. Basis of preparation

The accounts have been prepared on a going concern basis, in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 ("the Code"), which is based upon International Financial Reporting Standards (IFRS), which require the Fund's accounts to comply with IAS 26 Accounting and Reporting by Retirement Benefit Plans, subject to the interpretations and adaptations for the Public Sector detailed in the Code and the Statement of Recommended Practice 2015 ("SORP"): Financial Reports of Pension Schemes insofar as it is relevant.

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pensions and Investments Committee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial present value of promised retirement benefits is disclosed in Note 22 of these accounts.

The amount of separately invested Additional Voluntary Contributions ("AVCs") paid by members during the year and their value at the net assets statement date are not included in the Pension Fund financial statements in accordance with Regulation 4 (1)(b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

### 2. Accounting policies

#### Contributions

Employee contributions are accounted for when deducted from members' pay. Employer normal contributions are accounted for in the period to which the corresponding pay relates. Other employer contributions, such as deficit funding contributions, are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, on a cash basis.

**Benefits**
Benefits and payments to leavers are accounted for in the period they fall due for payment. Where a member has a choice about the form of their benefit, the benefit is accounted for and the liability is recognised when the member notifies the Council of their decision as to what form of benefit they will take. Where a member has no choice about the form of benefit, the benefit is accounted for in the period of leaving/retirement/death, being the period in which the liability to pay the benefit arises.

**Transfers**
Where past service liabilities do not transfer between schemes until assets/liabilities have been transferred, transfers are accounted for on a cash basis. Where trustees have agreed to accept past service liabilities in advance of the transfer of funds, the transfer is accounted for in accordance with the terms of the agreement.

**Management expenses**
Management expenses are accounted for on an accruals basis. They are analysed in accordance with CIPFA Guidance "Accounting for Local Government Pension Scheme Management Costs (2016)".

**Investment income**
Dividends from quoted securities are accounted for when the securities are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statements as an investment asset. Rent is accounted for in accordance with the terms of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Interest on cash and bonds is accrued on a daily basis. Income arising on the underlying investments of accumulation funds is accounted for within change in market value of investments.

**Taxes on income**
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 the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable taxation is accounted for as a fund expense as it arises.

**Foreign currency transactions**
Dividends, interest and purchases and sales of investments in foreign currencies are accounted for at the market exchange rate at the date of transaction. End of year market exchange rates are used to value overseas assets at the end of the accounting period.

Exchange gains and losses relating to the translation of investments are accounted for as part of change in market value included in the Fund Account and those relating to current assets and liabilities are accounted for within the Fund Account under an appropriate heading.

**Cash and cash equivalents**
Cash comprises cash in hand and on-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.

**Basis of valuation**
Financial assets and liabilities are included in the net assets statement on a fair value basis as at the reporting date. A financial asset or liability is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset or liability. From this date any gains or losses arising from changes in the fair value of the asset or liability are recognised 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 (Note 15). The basis of valuation of each class of financial investment asset and liability is set out in Note 15.

### 3. Accounting Standards issued and not yet applied

At the balance sheet date the following interpretations, new standards and amendments to existing standards have been published but not yet adopted by the Code:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long–term Interests in Associates and Joint Ventures. The Fund has no Associates and Joint Ventures and these amendments would not have impacted on the Fund's 2019-20 accounts.
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle makes amendments to IFRS 3 and IFRS 11 in relation to joint operations, to IAS 12 in respect of the income tax consequences of dividends and to IAS 23 relating to the calculation of capitalisation rate on general borrowing. The improvements would not have impacted on the Fund's 2019-20 accounts.
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement – these amendments make it mandatory for the current service cost and the net interest for the period after a remeasurement to be determined using the assumptions used for the remeasurement and also clarifies the effect of a Plan amendment regarding what is known as the asset ceiling. These amendments to IAS 19 would not have impacted on the Fund's 2019-20 accounts.

### 4. Critical judgements made in applying the accounting policies

In applying the accounting policies in Note 2, it has not been necessary to make any critical judgements.

### 5. Assumptions made and other estimation uncertainty

**Covid-19**
The outbreak of Covid-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has had, and continues to have, a significant impact on global financial markets. The majority of the countries in which the Fund invests have implemented severe restrictions on the movement of populations, with a resultant significant impact on economic activity. The impact of these restrictions, including the subsequent lifting of restrictions, will vary from country to country. The actions taken by the various governments and central banks around the world, including those of the United Kingdom, provide an indication of the potential severity of the downturn and post-recovery environment, which could be significantly different to past crises and take much longer. The Covid-19 outbreak has led to weaker GDP in many of the countries in

which the Fund invests, and the impact is likely to differ significantly by country, and by industry and sector. It is not possible to predict the future trajectory of the Covid-19 outbreak, including the future impact on global financial markets, asset prices and bond yields.

The Fund's basis of valuation for each class of financial investment is set out in greater detail in Note 15 to these accounts, and there have been no changes to the valuation techniques used in the year. A significant proportion of the Fund's financial investments relate to Level 1 assets where there is a readily available daily bid market price, Level 2 assets where the fair value can be determined based on other market data or market prices, and cash deposits.

The remainder of the Fund's financial investments relate to Level 3 assets, including unquoted private equity, infrastructure, private debt investments and indirect property assets. These assets are valued using the most recently reported net assets statement for that investment, adjusted for drawdowns and distributions to the final day of the accounting period, if the net assets statement is not produced to that date.

Level 3 assets also include the Fund's direct property portfolio which is independently valued by Savills at market value on the final day of the accounting period, determined in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards. In their March 2020 Valuation Report, Savills noted that ''market activity is being impacted in many sectors and at the valuation date we do not consider that we can rely upon previous market evidence to fully inform opinions of value. Indeed, the current response to Covid-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as indicated in Global Valuation Technical and Performance Standards and Practice Guidance Applications VPS 3 and VPGA 10 of the Royal Institute of Chartered Surveyors (RICS) Red Book Global Standards, containing mandatory rules, best practice guidance and related commentary for all members undertaking asset valuations. Consequently, less certainty – and a higher degree of caution – should be attached to our valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that the valuation of these properties are kept under frequent review''.

The value of the Fund's Level 3 assets at 31 March 2020 was £2,175.402m, accounting for 46.9% of total investment assets. The estimated impact of price risk in respect of Level 3 assets is ±7.5%, equating to £161.681m at 31 March 2020. Potential price changes are determined based on the observed historical volatility of asset class returns, for example, 'risker' assets such as equities display greater volatility than bonds.

**Actuarial present value of promised retirement benefits**

These accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year, however, the actuarial present value of promised retirement benefits is disclosed in these accounts. Estimation of the net liability to pay pensions depends on several 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 Fund investments. The Fund has engaged Hymans Robertson LLP as its Actuary to provide expert advice about the assumptions to be applied. The effect of changes in these estimates on the Fund's actuarial present value of promised retirement benefits is disclosed in the Report of the Actuary, in Note 22.

**Impact of McCloud judgement**

When the Local Government Pension Scheme (LGPS) benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018, the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. In July 2019, the Chief Secretary to the Treasury confirmed that the principles of the outcome would be accepted as applying to all public service schemes.

It is expected that the remedy in the LGPS will involve the extension of some form of statutory underpin to members who were not originally protected. The protection is expected to be extended to qualifying members who have left the scheme since April 2014, as well as to active members. The remedy is expected to result in a retrospective increase in benefits for some members, which in turn would give rise to a past service cost for the Fund's employers. In addition, it is understood that the LGPS cost cap process will be restarted once the McCloud remedy has been agreed.

Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases, in particular, can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression.

The Fund's Actuary made no estimated allowance for the McCloud judgement in its 2019 actuarial valuation, following instruction from the LGPS Scheme Advisory Board to value liabilities in the 31 March 2019 funding valuations in line with the current LGPS Regulations benefit structure.

The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019. The Fund's Actuary has adjusted GAD's estimate to better reflect the Derbyshire Pension Fund's (Fund) local assumptions, particularly salary increases and withdrawal rates. The revised estimate as it applies to the Fund, is that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be around 0.5% higher as at 31 March 2020, an increase of approximately £31.1m for the Fund as a whole. The Actuary has made an allowance for this potential increase in liabilities in its disclosure of the actuarial present value of promised retirement benefits, in Note 22, the Report of the Actuary.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

**Indexation and equalisation of Guaranteed Minimum Pensions (GMP)**

Guaranteed Minimum Pension (GMP) was accrued by members of the LGPS between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However, overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. Thereafter the Government's preferred approach is to convert GMP to scheme pension. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

For the 2019 valuation, given the Government's preference for conversion to scheme benefits, the Fund Actuary has assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers (known as a full GMP indexation allowance). Full GMP indexation allowance is therefore included in the Fund Actuary's disclosure of the actuarial present value of promised retirement benefits, in Note 22, the Report of the Actuary.

**Britain leaving the European Union**

There remains a high level of uncertainty around the implementation of the 2016 Brexit referendum result. The United Kingdom left the European Union on 31 January 2020 and is now in a transition period until 31 December 2020, while the UK and European Union negotiate additional arrangements. Brexit developments have caused volatility in asset prices and hence also in bond yields. It is not possible to predict future Brexit developments with any degree of certainty, including the trading arrangements put in place with both the European Union and other non-European Union trading partners but these are likely to cause further volatility in asset prices and bond yields and therefore impact future actuarial assumptions. However, pronouncements from the US Federal Reserve on the future direction of US interest rates and developments with respect to the Covid-19 pandemic and in global politics have the potential to cause similar levels of volatility in asset prices and bond yields and to materially impact future actuarial assumptions.

## 6. Contributions

| | 2018-19 | 2019-20 |
|---|---|---|
| | £m | £m |
| **Employers** | | |
| Normal | 96.261 | 89.191 |
| Deficit Funding | 57.276 | 29.346 |
| **Members** | | |
| Normal | 40.178 | 41.920 |
| | **193.715** | **160.457** |

Employers' contributions rates payable in 2018-19 and 2019-20 were set as part of the 2016 valuation which revealed an overall funding level of 86.7%.

On 12 June 2018 Derby City Council paid employer contributions of £39.716m to the Fund, covering the period May 2018 to March 2020. During 2018-19, normal employer contributions due from Derby City Council amounted to £14.429m. The balance of Derby City's employer contributions received during 2018-19 were disclosed as deficit funding employer contributions and this is the main reason for the decrease in employer's deficit funding contributions and normal contributions in 2019-20.

## 7. Transfers in from other pension funds

| | 2018-19 | 2019-20 |
|---|---|---|
| | £m | £m |
| Individual transfers in from other pension funds | **10.324** | **11.195** |

## 8. Benefits

| | 2018-19 | 2019-20 |
|---|---|---|
| | £m | £m |
| Pensions | 127.949 | 134.375 |
| Commutation of pensions and lump sum retirement benefits | 29.033 | 33.597 |
| Lump sum death benefits | 3.948 | 4.662 |
| | **160.930** | **172.634** |

## 9. Payments to and on account of leavers

| | 2018-19 | 2019-20 |
|---|---|---|
| | £m | £m |
| Refund of contributions to members leaving the Fund | 0.650 | 0.383 |
| Group transfers out to other pension funds | 0.048 | 0.000 |
| Individual transfers out to other pension funds | 12.278 | 17.293 |
| | **12.976** | **17.676** |

Group transfers out in 2018-19 relate to the transfer of members from Derby City Council to the Department of Education.

Individual transfers out to other pension funds have increased in 2019-20, from £12.278m to £17.293m. During the year, the Pension Fund Team successfully used Altair, the new pension administration system. The speed at which transfer requests are processed has increased, with more cases being completed than in the previous year. In addition, actuarial factors for calculating cash equivalent transfer values (CETVs) were amended, with effect from November 2018, part way through the previous year. In most cases these were increased. CETVs calculated using the new factors are therefore higher than they would have been before the change.

## 10. Management expenses

Management expenses are analysed in accordance with CIPFA Guidance "Accounting for Local Government Pension Scheme Management Costs (2016)".

| | 2018-19 | 2019-20 |
|---|---|---|
| | £m | £m |
| Investment management expenses | 24.829 | 26.054 |
| Administrative costs | 2.085 | 2.599 |
| Oversight and governance costs | 1.215 | 1.451 |
| | **28.129** | **30.104** |

Oversight and governance costs increased by £0.236m in 2019-20, largely reflecting higher LGPS Central Limited governance, operator and product development costs (£0.057m) and higher actuarial costs resulting from the triennial valuation (£0.161m). Oversight and governance costs includes audit fees of £0.019m (2018-19: £0.022m).

Administration costs increased by £0.514m in 2019-20, reflecting investment into the headcount and systems to support improvements in service delivery to scheme members and employers. Pension administration costs per member were £24.79 in 2019-20 (2018-19: £20.38).

Investment management expenses are analysed below:

| | 2018-19 | 2019-20 |
|---|---|---|
| | **£m** | **£m** |
| Fund value based management fees | 23.653 | 25.129 |
| In house management fees | 0.338 | 0.365 |
| Transaction costs | 0.798 | 0.527 |
| Custody fees | 0.040 | 0.033 |
| | **24.829** | **26.054** |

Fund value based management fees increased by £1.476m, to £25.129m in 2019-20, reflecting an increase in the average value of underlying investments during the year. Based on average investment assets across the year, management fees as a proportion of average investment assets were 0.50% in both 2018-19 and 2019-20.

Transaction costs relate to the following asset classes:

| | 2018-19 | 2019-20 |
|---|---|---|
| | **£m** | **£m** |
| Equities | 0.797 | 0.527 |
| Bonds | 0.001 | 0.000 |
| | **0.798** | **0.527** |

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment financial asset or liability. An incremental cost is one that would not have been incurred if the scheme had not acquired or disposed of the financial instrument. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties.

Commissions decreased by £0.028m in 2019-20, to £0.301m. Stamp duty decreased by £0.244m in 2019-20, to £0.226m, reflecting the termination of the Fund's discretionary mandate in respect of UK equities and the resultant transition into a pooled product.

Directly held investment properties are not financial assets and transaction costs in respect of them are capitalised into their initial cost, rather than expensed.

Direct transaction costs do not include debt premiums or discounts, financing costs or internal administration or handling costs.

Costs are incurred indirectly by the Fund on sales and purchases of pooled investment vehicles through the difference between the highest price a buyer of a security or other asset is willing to pay and the lowest price a seller is willing to offer (bid-offer spread).

Such costs are not separately identifiable but are reflected in the cost of these investment purchases and in the proceeds from their sale (Note 13).

## 11. Investment income

| | 2018-19 | 2019-20 |
|---|---|---|
| | £m | £m |
| Income from equities | 65.274 | 46.751 |
| Income from bonds | 9.623 | 10.130 |
| Net rents from properties | 10.087 | 10.230 |
| Income from pooled investment vehicles | 13.491 | 24.236 |
| Interest on cash deposits | 2.341 | 2.636 |
| | **100.816** | **93.983** |

Income from equities has decreased by £18.523m in 2019-20, to £46.751m, reflecting a reduction in UK dividend income following the transition of the Fund's direct UK equity portfolio into an accumulation unit pooled product, which is a pooled investment vehicle where dividend income is reinvested and not distributed. Income from pooled investment vehicles has increased by £10.745m in 2019-20, to £24.236m reflecting on-going investment into income generating pooled investment vehicles, principally in respect of infrastructure and private debt funds.

Rents from properties are net of £1.198m of property expense (2018-19, net of £0.528m of property expense), which includes a £0.191m credit loss allowance adjustment for property rent debtors at the year end. The income or expense each year is the net of property management expenses recovered by service charges to tenants and irrecoverable property management expenses, for instance, rates on vacant properties.

## 12. Taxes on income

| | 2018-19 | 2019-20 |
|---|---|---|
| | £m | £m |
| Taxation (receivable)/payable | **(0.033)** | **0.037** |

From 6 April 2016 there are no notional tax charges for UK dividends. Taxes on income relate to withholding taxes in respect of overseas investment income, which are recoverable by the Fund. In 2019-20 there is an overall tax debit because of withholding tax which has yet to be reclaimed.

## 13. Investment assets and liabilities

| | Value at 31 Mar 2019 | Purchases & hedging payments | Sales & hedging receipts | Profits & losses on disposal of investments & changes in value of investments | Value at 31 Mar 2020 |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| **Investment assets** | | | | | |
| Equities | 1,794.650 | 423.155 | (1,345.678) | (59.461) | 812.666 |
| Bonds | 553.372 | 45.821 | (55.847) | 32.837 | 576.183 |
| Pooled investment vehicles | 1,942.878 | 1,596.170 | (539.664) | (279.330) | 2,720.054 |
| Properties | 229.350 | 14.468 | 0.000 | (4.168) | 239.650 |
| Currency hedging contracts | 0.000 | 0.000 | 0.000 | 3.032 | 3.032 |
| | *4,520.250* | *2,079.614* | *(1,941.189)* | *(307.090)* | *4,351.585* |
| Cash deposits & short term loans | 371.103 | | | 0.000 | 275.110 |
| Other investment balances | 14.246 | | | 0.000 | 14.169 |
| | **4,905.599** | | | **(307.090)** | **4,640.864** |
| **Investment liabilities** | | | | | |
| Currency hedging contracts | (1.534) | 413.876 | (403.144) | (9.198) | 0.000 |
| Other investment balances | (3.340) | | | 0.000 | (8.768) |
| | **(4.874)** | | | **(9.198)** | **(8.768)** |
| | **4,900.725** | | | **(316.288)** | **4,632.096** |

The total of profits and losses on disposal of investments and changes in value of investment assets and investment liabilities has decreased the Fund's value by £316.288m during 2019-20 (2018-19, £181.703m increase). This total includes all increases and decreases in the market value of investments held at any time during the year and profits and losses realised on sales of investments during the year.

At 31 March 2020 the Fund's investments accounting for more than 5% of the total value of the Fund's net assets available for benefits were:

- UBS Life Europe Ex-UK Equity Tracker Fund £368.025m, representing 7.9% (2019, £489.312m, 9.9%).
- LGIM UK Equity Index Fund £692.277m, representing 14.9% (2019, nil).

Currency hedging receipts and payments represent the transactions settled during the year on currency hedging contracts relating to sovereign fixed income holdings. The Fund's objective is to decrease risk in the portfolio by entering into forward contracts to match a proportion of assets that are already held in the portfolio without disturbing the underlying assets.

At the year end, there was one currency hedging contract, with less than six months to expiry, with a gross contract value of £112.323m (2019, one contract, with less than six months to expiry, with a gross contract value of £93.094m).

Investment assets are further analysed below:

| | 31 Mar 2019 | 31 Mar 2020 |
|---|---|---|
| | **£m** | **£m** |
| **Equities** | | |
| UK quoted | 1,014.080 | 165.255 |
| UK unquoted | 1.315 | 1.315 |
| Overseas quoted | 779.255 | 646.096 |
| | **1,794.650** | **812.666** |
| **Bonds** | | |
| UK quoted | 455.958 | 462.177 |
| UK unquoted | 0.685 | 0.685 |
| Overseas quoted | 96.729 | 113.321 |
| | **553.372** | **576.183** |
| **Pooled Investment Vehicles** | | |
| Property – unquoted | 139.751 | 149.857 |
| Property - quoted | 22.502 | 20.575 |
| Other quoted | 1,010.635 | 763.727 |
| Other unquoted | 769.990 | 1,785.895 |
| | **1,942.878** | **2,720.054** |
| **Properties** | | |
| UK freehold | 177.750 | 191.550 |
| UK leasehold | 51.600 | 48.100 |
| | **229.350** | **239.650** |

| | 31 Mar 2019 | 31 Mar 2020 |
|---|---|---|
| | £m | £m |
| **Cash deposits and short term loans** | | |
| Sterling cash deposits | 34.215 | 22.525 |
| Money market funds | 0.000 | 5.000 |
| Other Sterling short term loans | 330.700 | 244.500 |
| Foreign currency | 6.188 | 3.085 |
| | **371.103** | **275.110** |

Pooled investment vehicles are further analysed below:

| | 31 Mar 2019 | 31 Mar 2020 |
|---|---|---|
| | £m | £m |
| **Pooled Investment Vehicles** | | |
| Funds Invested in Property | 162.253 | 170.432 |
| Unit Trusts | 84.719 | 76.563 |
| Unitised Insurance Policies | 556.771 | 1,107.937 |
| Other Managed Funds | 1,139.135 | 1,365.122 |
| | **1,942.878** | **2,720.054** |

The proportion of the market value of net investment assets managed in-house and by each external manager at the year end is set out below. The analysis at 31 March 2019 has been restated to separately disclose investment assets managed by Legal and General Investment Management (LGIM).

| | Restated 31 Mar 2019 | | 31 Mar 2020 | |
|---|---|---|---|---|
| | £m | % | £m | % |
| In-house | 2,675.282 | 54.6 | 2,398.881 | 51.8 |
| Colliers Capital Holdings Ltd | 230.869 | 4.7 | 241.845 | 5.2 |
| Legal and General Investment Management | 67.459 | 1.4 | 842.719 | 18.2 |
| LGPS Central Ltd | 885.126 | 18.1 | 291.642 | 6.3 |
| UBS Global Asset Management Life Ltd | 489.312 | 10.0 | 367.990 | 7.9 |
| Wellington Management International Ltd | 552.677 | 11.2 | 489.019 | 10.6 |
| | **4,900.725** | **100.0** | **4,632.096** | **100.0** |

All fund managers operating the pooled investment vehicles are registered in the United Kingdom except for:

| Fund | Country of registration of fund manager |
|---|---|
| Aberdeen Global Japan Smaller Companies Fund | Luxembourg |
| AMP Capital Infrastructure Debt Fund III | Luxembourg |
| Barings Global Private Loan Fund I | Luxembourg |
| Barings Global Private Loan Fund II | Luxembourg |
| Barings Global Private Loan Fund III | Luxembourg |
| CVC Credit Partners European Direct Lending Fund II | Luxembourg |
| Fidelity Eurozone Select Real Estate Fund | Luxembourg |
| Invesco Real Estate Europe Fund | Luxembourg |
| J P Morgan Funds Latin American Equity Fund | Luxembourg |
| M&G European Property Fund | Luxembourg |
| Macquarie European Infrastructure Fund 5 (MEIF 5) | Luxembourg |
| Macquarie European Infrastructure 5 Co Investment Fund | Luxembourg |
| Macquarie European Infrastructure Fund 6 (MEIF 6) | Luxembourg |
| Macquarie European Infrastructure 6 Co Investment Fund | Luxembourg |
| Macquarie GIG Renewable Energy Fund 2 SCSp | Luxembourg |
| Polunin Emerging Markets Developing Countries Fund | Luxembourg |
| SL Capital Infrastructure Fund II | Luxembourg |
| Baring Australia Fund | Republic of Ireland |
| CQS Credit Multi Asset Fund | Republic of Ireland |
| JO Hambro Capital Management Japan Fund | Republic of Ireland |
| Montanaro UK Smaller Companies Fund | Republic of Ireland |
| Adam Street 2017 Global Fund Program | Cayman Islands |
| 3i Infrastructure Plc | Channel Islands |
| Baird Capital Partners Europe Fund | Channel Islands |
| Epiris II LP Fund | Channel Islands |
| Foresight Solar | Channel Islands |
| HICL Infrastructure Company Limited | Channel Islands |
| International Public Partnerships Limited | Channel Islands |
| Partners Group – Global Value 2008 Fund | Channel Islands |
| Princess Private Equity Holding Limited | Channel Islands |
| The Renewables Infrastructure Group Limited | Channel Islands |

## 14. Fund investments by geographical sector (at market value)

| | 31 Mar 2019 | | 31 Mar 2020 | |
|---|---|---|---|---|
| | £m | % | £m | % |
| UK | 2,600.120 | 53.1 | 2,286.628 | 49.4 |
| N America | 775.745 | 15.8 | 783.607 | 16.9 |
| Europe | 703.542 | 14.4 | 695.025 | 15.0 |
| Asia and other | 821.318 | 16.7 | 866.836 | 18.7 |
| | **4,900.725** | **100.0** | **4,632.096** | **100.0** |

UK investments fell in both absolute terms and as a percentage of total investment assets between 31 March 2019 and 31 March 2020 as on-going changes to the asset allocation, together with weaker relative returns from UK assets, reduced the Fund's exposure to UK investment assets. As the proportion of UK investment assets fell, allocations to North American, European and Asian assets increased, driven by higher levels of Private Equity, Infrastructure, Multi-Asset Credit and Indirect Property fund draw-downs. The North American geographical allocation also benefited from stronger relative returns.

## 15. Fair value – Basis of valuation

The basis of valuation of each class of financial investment asset and liability is set out below. There has been no change in the valuation techniques used during the year. All investment assets and liabilities have been valued using fair value techniques as follows:

- Market quoted investments, where there is a readily available market price, are valued at the bid market price on the final day of the accounting period.
- Quoted bonds are valued at net market value excluding accrued income.
- Pooled investment vehicles are included at closing bid price for funds with bid/offer spreads, or if single priced, at the closing price. For unquoted pooled investment vehicles this is at the price advised by the fund manager.
- Unquoted investments are valued at fair value, at the price or net asset value advised by the fund manager, or for private equity investments, based on the Fund's share of net assets at the year end, using the latest financial information available from the respective fund managers, adjusted for drawdowns and distributions to the final day of the accounting period, if the latest financial information is not produced to that date.
- Property is included at market value on the final day of the accounting period, determined in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards. The property portfolio was independently valued by Savills, Property Advisers.
- Fair value for investment property is calculated using the investment method of valuation, the premise of which is that all current and future income streams are capitalised at a rate or rates compared against yields achieved in market investment transactions and adjusted for individual characteristics of the subject property, based on valuer's opinions, wholly derived from observable prices achieved in market transactions.
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract on that date.

Financial investment assets and liabilities valued using fair value techniques have been classified into the three levels of what is known as a fair value hierarchy. The hierarchy is ordered according to the quality and reliability of information used to determine recurring fair values, with Level 1 being of the highest quality and reliability.

- Level 1 – Assets and liabilities assigned to Level 1 in the fair value hierarchy are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. The Fund's investments classified as Level 1 are quoted UK and Overseas Equities and quoted UK and Overseas Bonds issued by governments.
- Level 2 – Assets and liabilities assigned to Level 2 in the fair value hierarchy are those where quoted market prices are not available, for instance in a market that is not considered to be active, or where observable valuation techniques are used to determine fair value. The Fund's investments classified as Level 2 are quoted Pooled Investment Vehicles, Currency Hedging Contracts and unquoted LGPSC Bonds and Equities.

- Level 3 – Assets and liabilities assigned to Level 3 in the fair value hierarchy are those where at least one input which could have a significant effect on an instrument's valuation is not based on observable market data. The Fund's investments classified as Level 3 are unquoted Pooled Investment Vehicles and Properties.

The Fund's fair value hierarchy of investment financial assets, loans and receivables and financial liabilities is as follows:

| | 31 Mar 2019 | 31 Mar 2020 |
|---|---|---|
| | **£m** | **£m** |
| **Financial Assets** | | |
| **Level 1** | | |
| UK quoted equities | 1,014.080 | 165.255 |
| Overseas quoted equities | 779.255 | 646.096 |
| UK quoted bonds | 455.958 | 462.177 |
| Overseas quoted bonds | 96.729 | 113.321 |
| | **2,346.022** | **1,386.849** |
| **Level 2** | | |
| Property - quoted pooled investment vehicles | 22.502 | 20.575 |
| Other quoted pooled investment vehicles | 1,010.635 | 763.727 |
| UK unquoted equities | 1.315 | 1.315 |
| UK unquoted bonds | 0.685 | 0.685 |
| Currency hedging contracts | 0.000 | 3.032 |
| | **1,035.137** | **789.334** |
| **Level 3** | | |
| Property – unquoted pooled investment vehicles | 139.751 | 149.857 |
| Other unquoted pooled investment vehicles | 769.990 | 1,785.895 |
| UK freehold properties | 177.750 | 191.550 |
| UK leasehold properties | 51.600 | 48.100 |
| | **1,139.091** | **2,175.402** |

| | 31 Mar 2019 | 31 Mar 2020 |
|---|---|---|
| | £m | £m |
| **Loans and Receivables at Amortised Cost** | | |
| Sterling cash deposits | 34.215 | 22.525 |
| Money market funds | 0.000 | 5.000 |
| Other Sterling short term loans | 330.700 | 244.500 |
| Foreign currency | 6.188 | 3.085 |
| Other investment balances | 14.246 | 14.169 |
| | **385.349** | **289.279** |
| **Financial Assets** | **4,905.599** | **4,640.864** |
| **Financial Liabilities** | | |
| **Level 2** | | |
| Currency hedging contracts | (1.534) | 0.000 |
| | **(1.534)** | **0.000** |
| **Loans and Receivables at Amortised Cost** | | |
| Other investment balances | (3.340) | (8.768) |
| | (3.340) | (8.768) |
| **Financial Liabilities** | **(4.874)** | **(8.768)** |
| | **4,900.725** | **4,632.096** |

Additional information in respect of the fair value measurement is provided below.

| Description of asset | Valuation hierarchy | Basis of valuation | Observable and unobservable inputs | Key sensitivities affecting the valuation |
|---|---|---|---|---|
| UK quoted equities | Level 1 | Bid market price | Not required | Not required |
| Overseas quoted equities | Level 1 | Bid market price | Not required | Not required |
| UK quoted bonds | Level 1 | Net market value excluding accrued income | Not required | Not required |
| Overseas quoted bonds | Level 1 | Net market value excluding accrued income | Not required | Not required |
| Property quoted pooled investment vehicles | Level 2 | Fair value based on price or net asset value advised by the fund manager | Not required | Not required |
| Other quoted pooled investment vehicles | Level 2 | Fair value based on price or net asset value advised by the fund manager | Not required | Not required |
| UK unquoted equities | Level 2 | Fair value based on price or net asset value advised by the fund manager | Not required | Not required |
| UK unquoted bonds | Level 2 | Fair value based on price or net asset value advised by the fund manager | Not required | Not required |
| Currency hedging contracts | Level 2 | Published exchange prices at the year-end date | Not required | Not required |

| Description of asset | Valuation hierarchy | Basis of valuation | Observable and unobservable inputs | Key sensitivities affecting the valuation |
|---|---|---|---|---|
| Property unquoted pooled investment vehicles | Level 3 | Investment method whereby all current and future income streams are capitalised at the rate or rates compared against yields achieved in market investment transactions and adjusted for individual characteristics of the subject property, based on valuer's opinion, wholly derived from observable prices achieved in market transactions | Existing lease term rentals; Independent market research; Covenant strength for existing tenants; Actual and assumed vacancy levels; Estimated rental growth; Discount rate | Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes in market prices |
| Other unquoted pooled investment vehicles (private equity; infrastructure; private debt) | Level 3 | At the price or net asset value advised by the manager using the latest financial information available from the respective manager, adjusted for drawdowns and distributions to the final date of the accounting period, if the latest financial information is not produced to that date | Private Equity & Infrastructure: EBITDA; Revenue & EBITDA multiple; Discount for lack of marketability; Control premium; Discounted cash flows<br>Private Debt: Comparable valuation of similar assets; Revenue & EBITDA; Discounted cash flows; Asset security; Enterprise value estimation | Valuations could be impacted by material events occurring between the date of the financial statements provided and the year-end date, by changes to expected cash flows, and any differences between the audited and unaudited accounts |
| UK freehold and leasehold properties | Level 3 | Determined in accordance with the RICS Valuation Standards | Existing lease term rentals; Independent market research; Covenant strength for existing tenants; Actual and assumed vacancy levels; Estimated rental growth; Discount rate | Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes in market prices |

Below is a reconciliation of the movement in fair value measurements within Level 3 of the fair value hierarchy from the start to the end of 2019-20:

| | Value at 31 Mar 2019 | Purchases | Sales | Unrealised gains/ (losses) | Realised gains/ (losses) | Value at 31 Mar 2020 |
|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m |
| **Financial Assets** | | | | | | |
| **Level 3** | | | | | | |
| **Pooled investment vehicles** | | | | | | |
| Property – unquoted | 139.751 | 14.149 | (6.440) | 2.332 | 0.065 | 149.857 |
| Other unquoted | 769.990 | 1,581.873 | (356.548) | (324.491) | 115.071 | 1,785.895 |
| **Properties** | | | | | | |
| UK freehold | 177.750 | 14.468 | 0.000 | (0.668) | 0.000 | 191.550 |
| UK leasehold | 51.600 | - | 0.000 | (3.500) | 0.000 | 48.100 |
| | **1,139.091** | **1,610.490** | **(362.988)** | **(326.327)** | **115.136** | **2,175.402** |

Unrealised and realised gains and losses are recognised in the profit and losses on disposal of investments and changes in value of investments line of the fund account.

The impact of the Covid-19 pandemic on investment values is considered in Note 5. Having analysed historical data and current market levels, the Fund has determined that the Level 3 values at 31 March 2020 above are likely to be accurate to within the ranges set out in the sensitivity analysis below:

| | Value at 31 Mar 2020 | Assessed valuation range | Value on increase | Value on decrease |
|---|---|---|---|---|
| | £m | % | £m | £m |
| **Level 3 sensitivity** | | | | |
| Direct property | 239.650 | 15.0 | 275.598 | 203.702 |
| Diversified multi-asset credit funds | 189.421 | 5.0 | 198.892 | 179.950 |
| Equity index tracking funds | 842.771 | 2.0 | 859.626 | 825.915 |
| Global investment grade credit fund | 291.883 | 5.0 | 306.477 | 277.289 |
| Indirect property | 149.857 | 15.0 | 172.336 | 127.378 |
| Infrastructure | 261.905 | 12.5 | 294.643 | 229.167 |
| Private debt | 103.868 | 10.0 | 114.255 | 93.481 |
| Private equity | 96.047 | 20.0 | 115.256 | 76.838 |
| | **2,175.402** | **7.5** | **2,337.083** | **2,013.720** |

Derbyshire Pension Fund

## 16. Additional Voluntary Contributions

In accordance with Regulation 4(1)(b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Accounts do not include employees' Additional Voluntary Contributions ("AVCs"). The amounts involved are not material in relation to the size of the overall Pension Fund.

Members may make AVCs which are invested separately from the Fund's assets. These investments are specifically allocated to the provision of additional benefits for those members. These are money purchase arrangements where the member uses the invested amount to provide an additional lump sum or to purchase an annuity or buy additional benefits in the Local Government Pension Scheme.

On 1 January 2020, all members' AVCs with Equitable Life Assurance Society were transferred to Utmost Life and Pensions. Utmost Life and Pensions has been unable to provide AVC information to align with the production of the Fund's accounts for the year ended 31 March 2020. As a result of operational constraints, caused by the Covid-19 crisis, Utmost Life and Pensions had postponed production of financial information but this has now resumed. Utmost Life and Pensions are unable to provide a date when the financial information will be issued but will endeavour to do this to allow statutory deadlines to be met.

Including Utmost Life and Pensions funds at 31 March 2019 values, the total value of funds provided by AVC contributions at 31 March 2020 was:

| | **31 Mar 2019** | **31 Mar 2020** |
|---|---|---|
| | **£m** | **£m** |
| **Utmost Life and Pensions** | | |
| With profits fund | 0.182 | |
| Unit-linked funds | 0.413 | |
| Total Utmost Life and Pensions | *0.595* | *0.595* |
| **Standard Life** | | |
| Managed fund | 0.761 | 0.657 |
| Multi asset managed fund | 0.082 | 0.106 |
| Protection fund | 0.084 | 0.088 |
| Ethical fund | 0.104 | 0.088 |
| With profits fund | 0.326 | 0.334 |
| Total Standard Life | *1.357* | *1.273* |

| | 31 Mar 2019 | 31 Mar 2020 |
|---|---|---|
| | **£m** | **£m** |
| **Prudential Assurance Company Ltd** | | |
| Deposit fund | 2.427 | 2.290 |
| With profits cash accumulation fund | 4.111 | 4.874 |
| Blackrock Aquila | 0.040 | 0.000 |
| Cash fund | 0.130 | 0.236 |
| Discretionary fund | 0.689 | 0.656 |
| Dynamic global equity passive fund | 0.000 | 0.109 |
| Dynamic growth funds | 0.072 | 0.409 |
| Fixed interest fund | 0.091 | 0.127 |
| Global equity fund | 0.394 | 0.329 |
| Index-linked fund | 0.326 | 0.325 |
| International equity fund | 0.413 | 0.367 |
| Long-term bond fund | 0.000 | 0.006 |
| Long-term gilt passive fund | 0.195 | 0.229 |
| Positive impact fund | 0.000 | 0.131 |
| Property fund | 0.227 | 0.193 |
| Socially responsible fund | 0.116 | 0.000 |
| UK equity fund | 0.187 | 0.166 |
| UK equity passive fund | 0.333 | 0.120 |
| Total Prudential Assurance | *9.751* | *10.567* |
| **Clerical Medical** | | |
| With profits fund | 0.218 | 0.156 |
| Unit linked fund | 0.158 | 0.073 |
| Total Clerical Medical | *0.376* | *0.229* |
| **Total AVC Investments** | **12.079** | **12.664** |
| | | |
| **Death in Service Cover** | | |
| Utmost Life and Pensions | **0.117** | ***0.117*** |

Death in Service cover is payable by the AVC provider where an employee has opted to pay an extra life insurance sum. The Local Government Pension Scheme Regulations 2013 require the death grant payable for contributors into the LGPS to be three times their "final pay" (in the case of a part-time employee it is three times their actual pensionable pay). The Inland Revenue limit for death in service cover is four times “final pay”, so the maximum extra amount insurable is, therefore, restricted to an amount equivalent to one times “final pay” and in the case of a part-time contributor, their actual pensionable pay.  “Final pay” is defined in the above Regulations.

| | Utmost Life £m | Prudential £m | Standard Life £m | Clerical Medical £m | Total £m |
|---|---|---|---|---|---|
| **Value at 31 Mar 2019** | **0.595** | **9.751** | **1.357** | **0.376** | **12.079** |
| **Income** | | | | | |
| Contributions received | | 2.260 | 0.021 | 0.005 | *2.286* |
| Interest and bonuses and change in market value | | 0.084 | (0.075) | (0.002) | *0.007* |
| Transfers in | | 0.049 | 0.000 | 0.000 | *0.049* |
| **Expenditure** | | | | | |
| Life assurance premiums | | 0.000 | 0.000 | 0.000 | *0.000* |
| Retirement benefits | | (1.577) | (0.009) | (0.144) | *(1.730)* |
| Transfers out and withdrawals | | 0.000 | (0.021) | (0.006) | *(0.027)* |
| **Value at 31 Mar 2020** | ***0.595*** | **10.567** | **1.273** | **0.229** | ***12.664*** |

## 17. Current assets

| | 31 Mar 2019 £m | 31 Mar 2020 £m |
|---|---|---|
| Employers’ contributions due | 5.374 | 5.275 |
| Employees’ contributions due | 1.924 | 2.000 |
| Amounts owed by Derbyshire County Council | 3.899 | 0.000 |
| Sundry debtors | 0.864 | 1.164 |
| Cash balance | 20.275 | 22.981 |
| | **32.336** | **31.420** |

Employers’ and employees’ contributions due at 31 March 2020 have been received since the year-end.

As at 31 March 2020, the Fund was owed rent totalling £0.763m in respect of 2019-20 (31 March 2019, nil, net rent prepayment). Whilst the Fund's discretionary direct property manager is actively managing the collection of this rent, the Covid-19 outbreak in Q4 2019-20 has had a significant impact on the trading and cash flows of some of the Fund's tenants, particularly those in the Retail and Leisure Sectors. As a result, the Fund has provided a credit loss allowance of £0.191m against these rents.

## 18. Current liabilities

| | 31 Mar 2019 | 31 Mar 2020 |
|---|---|---|
| | £m | £m |
| Unpaid benefits | 1.768 | 2.206 |
| Sundry creditors | 2.706 | 2.772 |
| Amounts owed to Derbyshire County Council | 0.000 | 1.056 |
| | **4.474** | **6.034** |

## 19. Related party transactions

**Derbyshire County Council**
The Council is the administering authority for the purposes of the Fund under The Local Government Pension Scheme Regulations 2013.

Included in management expenses in 2019-20 are charges from the Council of £2.510m (2018-19, £2.269m) for expenses incurred in respect of oversight and governance of the Fund, for Fund administration and for management of the Fund's in-house investments.

At 31 March 2020 the Fund owed the Council £1.056m (31 March 2019, the Council owed the Fund £3.899m).

It has not been possible to apportion, on a reasonable basis, the costs and benefits of key management personnel between the Council and the Fund. However, Members' Allowances and Officers' Remuneration are disclosed in Notes 32 and 33 of the Council's Statement of Accounts.

**LGPS Central Limited**
LGPS Central Limited (LGPSC) has been established to manage investment assets on behalf of eight LGPS funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool, of which the Council, as the administering authority for the Fund, is one of the shareholders.

The Fund had £1.315m invested in share capital and £0.685m in a loan to LGPSC at 31 March 2020 (31 March 2019, £1.315m and £0.685m, respectively) and was owed interest of £0.036m on the loan to LGPSC on the same date (2018-19, £0.043m).

In February 2020, the Fund transitioned its UK Corporate Bond portfolio into LGPSC's Investment Grade Credit sub-fund and paid associated management fees of £0.004m to LGPSC in 2019-20. LGPSC also provided advisory management services in respect of the Fund's Japanese Equities and Asia Pacific Ex-Japanese Equities in the year. LGPSC's advisory management services mandate for Emerging Market Equities was terminated on 15 June 2019 and its mandate to manage the Fund's UK Equity portfolio on a discretionary basis was terminated on 14 November 2019. The charges in respect of these services totalled £0.551m in 2019-20 (2018-19, £0.764m), of which £0.065m was payable to LGPSC at 31 March 2020 (31 March 2019, £0.211m).

The Fund incurred £0.813m in respect of Governance, Operator Running and Product Development in connection with LGPSC in 2019-20 (2018-19, £0.756m), of which £0.213m was payable to LGPSC at 31 March 2020 (31 March 2019, £0.125m).

LGPSC leases office space from the Council. The lease commenced on 14 June 2018 and is for a duration of five years, with a break clause at 30 June 2021. The rental income received and receivable by the Council from LGPSC in 2019-20 amounted to £0.014m (2018-19, £0.014m). For the duration of the lease term, subsequent years' rentals will be subject to an annual increase of 2.8%.

## 20. Investment commitments

At the end of the financial year, investment commitments in respect of future payments were:

| | 31 Mar 2019 | 31 Mar 2020 |
|---|---|---|
| | **£m** | **£m** |
| Unquoted investments | 421.617 | 292.133 |
| Other Sterling short-term loans | 40.000 | 30.000 |
| | **461.617** | **322.133** |

Unquoted investments commitments are commitments to invest in Multi-Asset Credit, Private Equity, Infrastructure and Indirect Property investments, not yet drawn-down by the managers. Revisions to the Fund's approved Strategic Asset Allocation Benchmark between July 2015 and January 2019 increased the proportion of the Fund's investments required to be invested in Multi-Asset Credit, Private Equity, Infrastructure and Indirect Property investments from 5% to 22% in 2019-20.

This has resulted in a higher level of unquoted investment commitments than has been the case in previous years. The reduction of £129.484m between 31 March 2019 and 31 March 2020 principally reflects the payment of a USD 110 million commitment to an infrastructure fund on 1 April 2019.

Since the year-end, the Fund has signed-up to an additional £25m private equity commitment.

The Other Sterling short-term loans commitments are commitments to make short-term investments at the year-end. There is no provision or creditor for these amounts in the financial statements as the legal obligation to pay was not fulfilled at 31 March 2020. These commitments will be met using funds received from the maturity of earlier investments and therefore have no impact on the financial position reported.

There were two such commitments at 31 March 2020 (2019, four), which were secured to take advantage of higher rates available at that time because of a cash shortage in the market.

## 21. Financial instruments

Many requirements of the financial instruments standards (IAS 39, IAS 32, IFRS 7 and IFRS 9), which govern the recognition, measurement, presentation and disclosure of financial instruments, are not applicable to the Fund's accounts, since all material financial instruments are carried in the net assets statement at fair value.

**Nature and extent of risks arising from financial instruments**
Certain financial risks are a necessary and appropriate component of the investment strategy of the Fund in order for it to achieve the targeted long term rate of return assumed by the Fund Actuary. This rate of return is used in drawing up the Funding Strategy Statement and setting employer contribution rates.

The overall financial risk for the Fund is that its assets could be insufficient to meet its liabilities to pay benefits. At the financial instrument level, the Fund's key risks are:

- **Credit risk** – the risk of the Fund suffering loss due to another party defaulting on its financial obligations;
- **Liquidity risk** – the risk that funds might not be available to meet commitments because the Fund's assets are not readily marketable or easily turned into cash;
- **Market risk** - the risk that the Fund's financial instruments may suffer an adverse change in value, which is common to an entire class of assets or liabilities.

Responsibility for Fund investments has been delegated to the Council's Pensions and Investments Committee (the Committee). Day to day responsibility for the management of the Fund is delegated to the Director of Finance and ICT; the investments are managed by a combination of internal and external investment managers and investment advice is provided by an independent investment advisor. The Fund's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks.

As required by the Fund's Investment Strategy Statement, the Fund is invested in accordance with the Strategic Asset Allocation guidelines, to maximise returns within appropriate levels of risk, taking into account the Fund's liabilities and projected cash flows.

These Strategic Asset Allocation guidelines were approved by the Pensions and Investments Committee, following an external asset/liability study.

Economic background, market returns, asset allocation, investment activity, investment strategy and investment performance are monitored and reviewed by the Committee on a quarterly basis.

**Credit risk**

The Fund is primarily exposed to credit risk through its daily treasury management activities and through its forward currency contracts, which address the currency risk on overseas bonds. Credit risk on cash deposits and short term loans arises from deposits with banks, financial institutions and UK government and local authorities. Credit risk on forward currency contracts arises from contracts with large banks.

There is also a credit risk in respect of income due at the year end from the Fund's direct property tenants. As at 31 March 2020, the Fund was owed rent totalling £0.763m (31 March 2019, nil, net rent prepayment). Whilst the Fund's discretionary direct property manager is actively managing the collection of this rent, the Covid-19 outbreak in Q4 2019-20 has had a significant impact on the trading and cash flows of some of the Fund's tenants, particularly those in the Retail and Leisure Sectors. As a result, the Fund has provided a credit loss allowance of £0.191m against these rents, calculated using a non-recovery rate of 25%, based on information provided by the in-house investment management team.

| | Rental Income Debt 31 Mar 2020 £m | Expected Non-Recovery Rate % | General Loss Allowance £m | Total Loss Allowance 31 Mar 2020 £m |
|---|---|---|---|---|
| **Property Rental Income** | **0.763** | **25.0** | **0.191** | **0.191** |

A reconciliation of the opening and closing balances of the potential credit losses on the Fund's financial assets for the year ended 31 March 2020 is provided as follows:

| | Value at 31 Mar 2019 £m | Change in average default risk rate £m | Value at 31 Mar 2020 £m |
|---|---|---|---|
| **Credit Loss Allowance** | **0.000** | **0.191** | **0.191** |

**Treasury activities** - The Fund places security of capital and liquidity ahead of investment return. Credit risk on treasury activities is minimised through the Fund's annual Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Ratings Services and are approved counterparties on this basis. Investments with local authorities, the Government's Debt Management Office, UK Treasury Bills and Certificates of Deposit are also permissible. The Fund has agreed maximum loan durations and joint limits for each counterparty.

The limits for financial institutions are based on the above credit assessment and are approved each year. The financial institutions' credit ratings and supplementary information are monitored throughout the year to ensure compliance with the policy.

The Treasury Management Investment Strategy for 2019-20 was approved by Full Council on 6 February 2019 and by the Pensions and Investments Committee on 8 May 2019.

The Fund's maximum exposure to credit risk in relation to its treasury/cash deposit investments and operating cash in banks, building societies, money market funds and UK local authorities of £298.091m (2019, £391.378m) cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare, generally, for such entities to be unable to meet their commitments; the approach to risk assessment taken by the Fund makes this remote.

A risk of non-recovery applies to all of the Fund's deposits, but there was no evidence at 31 March 2020 that this was likely to occur. No breaches of the Fund's counterparty criteria occurred during the reporting period. At 31 March 2020, the Fund had £22.981m in its operational account with Lloyds Bank.

**Forward currency contracts** - Credit risk from forward currency contracts is minimised by limiting the extent of these contracts to managing the currency risk on overseas sovereign bonds, the value of which comprise 2% (2019, 2%) of investment assets at the year end and by selecting large banks as the counterparties. The forward currency contract at the year end was with Bank of New York Mellon.

The maximum credit risk exposure on forward currency contracts is the full amount of the foreign currency which the Fund pays when the settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the Fund. At the year end, there was one currency hedging contract, with less than six months to expiry, with a gross contract value of £112.323m (2019, one contract, with less than six months to expiry, with a gross contract value of £93.094m). The Fund does not expect any losses from non-performance by any of its counterparties in relation to this contract.

**Other financial assets** - Bonds mainly include investments in UK and US Government securities and certain corporate bond funds. The Fund does not expect any losses from non-performance by any of its counterparties in relation to these financial assets.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of the financial assets as they are marked to market. The market value of financial assets represents the Fund's exposure to credit risk in relation to those assets.

The selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur during settlement of transactions.

**Liquidity risk**

The Fund continues to be cash flow positive, with combined contributions and investment income exceeding benefit payments. There is, therefore, no present requirement to realise assets in order to meet liabilities to pay benefits, as these are more than covered by contributions and investment income, and there is net cash available for investment. The Fund does, however, sell investments from time to time as part of normal investment management activities.

The majority of the Fund's investments are readily marketable and may be easily realised, if required. Emphasis is placed on treasury deposits of up to six months' duration to ensure that longer term investment strategy is not compromised by lack of liquidity. Listed equities may also be liquidated at short notice, normally two working days. Holdings of investments which may be less easy to realise are limited. Current Pensions and Investments Committee guidelines limit investments in property to 12%, multi asset credit to 8%, infrastructure to 11% and private equity to 6%.

Sufficient funds are retained on instant access accounts to ensure that payment of benefits and the settlement of investment transactions can be made without the need to borrow.

The Fund manages its liquidity position using a comprehensive cash flow management system, as required by the CIPFA Code of Practice.

Maturity analysis for liabilities at the year end:

- There were no financial liabilities within the portfolio at the year end other than those that arose from the trading of investments. Such liabilities fall due within 12 months of the year end.

- There were no derivative financial liabilities held at the year-end in respect of currency hedging contracts (2019, one).

**Market risk**

The Fund is exposed to market risk because it is inherent in the investments the Fund makes. It can result from changes in such measures as interest and exchange rates and changes in prices due to factors other than these. This risk cannot be eliminated but it can be reduced.

The objective of market risk management is to manage and control market risk exposure to within acceptable parameters, whilst optimising the return on risk. Excessive volatility in market risk is managed through diversification. Risk reduction arises from the different investments not being perfectly correlated.

The Fund has applied diversification at various levels; that is, diversification between countries, asset classes, sectors and individual securities. Diversification reduces both the upside and downside potential and allows for more consistent performance under a wide range of economic conditions.

Risk of exposure to specific markets is limited by adhering to defined ranges within the asset allocation guidelines, which are monitored and reviewed by the Committee on a quarterly basis.

**Interest rate risk** – This risk primarily impacts on the valuation of the Fund's bond holdings and to a lesser degree the return it receives on cash held. A rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the Fund Account would rise;
- investments at fixed rates – the fair value of the assets would fall.

The Fund has a number of strategies for managing interest rate risk. Interest rates and the durations of the bond portfolios are monitored during the year, by the Fund's in-house and external managers. Within the annual Treasury Management Strategy, maximum limits are set for fixed and variable interest rate exposure. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, subject to liquidity requirements.

**Other price risk** – Other price risk originates from factors specific to the individual instrument or to its issuer, or from factors affecting all instruments in the market.

The Fund manages price risk by holding fixed interest bonds, index-linked stocks and property and by holding a diversified equity portfolio spread geographically, across market sectors and across investments. Contracts specify the level of risk to be taken by the external Fund managers investing in overseas equities. These external managers are monitored by in-house managers.

A Fund specific benchmark has been drawn up, which is designed to meet the Fund's performance requirements for the level of risk agreed by the Committee. Economic background, asset allocation, recent transactions, investment strategy and performance are monitored by the Committee on a quarterly basis.

The impact of the Covid-19 pandemic on investment values is considered in Note 5.

The table below quantifies the level of price risk that the Fund's investment assets and liabilities at 31 March 2020 are potentially exposed to. Potential price changes are determined based on the observed historical volatility of asset class returns, for example, 'riskier' assets such as equities display greater potential volatility than bonds. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the last three years. The volatility shown for total investment assets and liabilities in both tables below incorporates the impact of correlation across asset classes, which dampens volatility, therefore the value on increase/decrease figures of the asset classes will not sum to the total assets figure.

| | Value at 31 Mar 2020 £m | Change % | Value on increase £m | Value on decrease £m |
|---|---|---|---|---|
| **Underlying asset type** | | | | |
| UK Government bonds | 229.907 | 4.57 | 240.414 | 219.400 |
| UK index-linked bonds | 232.270 | 8.16 | 251.223 | 213.317 |
| Corporate bonds | 292.568 | 3.60 | 303.100 | 282.036 |
| Overseas index-linked bonds | 64.381 | 6.64 | 68.656 | 60.106 |
| Overseas bonds | 51.972 | 0.00 | 51.972 | 51.972 |
| UK equities | 740.993 | 14.66 | 849.623 | 632.363 |
| Overseas equities | 1,544.907 | 11.77 | 1,726.743 | 1,363.071 |
| Private equity | 151.285 | 9.23 | 165.249 | 137.321 |
| Infrastructure | 339.931 | 5.19 | 357.573 | 322.289 |
| Multi asset credit | 293.289 | 5.62 | 309.772 | 276.806 |
| Cash | 275.110 | 0.12 | 275.440 | 274.780 |
| Other investment balances | 5.401 | - | - | - |
| Properties (non-financial instruments) | 410.082 | 2.55 | 420.539 | 399.625 |
| **Total investment assets and liabilities** | **4,632.096** | **7.55** | **4,981.819** | **4,282.373** |

**Currency risk** - The Fund is exposed to currency risk through its overseas equity shares, its overseas bonds and its foreign currency holdings. The overseas equity exposure is not hedged; if Sterling weakens this currency exposure will make a positive contribution to the Fund's performance in Sterling terms. The overseas sovereign bond exposure is hedged.

The table below quantifies the level of currency risk that the Fund's overseas investment assets at 31 March 2020 are potentially exposed to. Currency risk on overseas sovereign bonds is managed using forward currency contracts, therefore sovereign overseas bonds have been excluded from the table. Potential aggregate currency exposure within the Fund at 31 March 2020 is determined using a currency "basket" based on the Fund's currency mix at that date. The weight of each currency multiplied by the change in its exchange rate relative to Sterling is summed to create the aggregate currency change of the basket. The outcomes are then applied to all unhedged overseas assets.

| | Value at 31 Mar 2020 £m | Change % | Value on increase £m | Value on decrease £m |
|---|---|---|---|---|
| **Underlying asset type** | | | | |
| Overseas equities | 1,544.907 | 8.90 | 1,682.404 | 1,407.410 |
| Overseas bonds | 32.639 | 8.90 | 35.544 | 29.734 |
| Overseas cash | 3.085 | 10.31 | 3.403 | 2.767 |
| **Overseas investment assets** | **1,580.631** | **8.88** | **1,720.991** | **1,440.271** |

## 22. Actuarial Present Value of Promised Retirement Benefits

Below is an extract from the Report of the Actuary, showing the actuarial present value of the Fund's promised retirement benefits, required by the Code. If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation is carried out using assumptions in line with IAS19 and not the Pension Fund's funding assumptions.

*"The promised retirement benefits at 31 March 2020 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.*

*Note that the figures below include an allowance for the "McCloud Ruling", i.e. an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes.*

*The figures below include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.*

| | ***31 Mar 2019 £m*** | ***31 Mar 2020 £m*** |
|---|---|---|
| *Active members* | *3,847.000* | *2,829.000* |
| *Deferred members* | *1,309.000* | *1,164.000* |
| *Pensioners* | *1,956.000* | *2,240.000* |
| ***Present Value of Promised Retirement Benefits*** | ***7,112.000*** | ***6,233.000*** |

*It should be noted the above figures are appropriate for the Administering Authority only for the preparation of the Pension Fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).*

***Assumptions***

*The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2020 and 31 March 2019. I estimate that the impact of the change in financial assumptions to 31 March 2020 is to decrease the actuarial present value by £592m. I estimate that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £233m.*

*Financial assumptions*

| ***Year ended (% p.a.)*** | ***31 Mar 2019 %*** | ***31 Mar 2020 %*** |
|---|---|---|
| *Pension Increase Rate* | *2.50* | *1.90* |
| *Salary Increase Rate* | *3.00* | *2.60* |
| *Discount Rate* | *2.40* | *2.30* |

*Longevity assumptions*

*Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, with an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.25% p.a. for both women and men. Based on these assumptions, the average future life expectancies at age 65 are summarised below:*

| | ***Males*** | ***Females*** |
|---|---|---|
| *Current Pensioners* | *21.6 years* | *23.7 years* |
| *Future Pensioners** | *22.6 years* | *25.1 years* |

**Future pensioners are assumed to be aged 45 at the latest formal valuation as at 31 March 2019.*

*Please note that the longevity assumptions have changed since the previous IAS26 disclosure for the Fund.*

*Commutation assumptions*

*An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.*

***Sensitivity Analysis***

*CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:*

| ***Sensitivity to the assumptions for the year ended 31 Mar 2020*** | ***Approximate increase to liabilities %*** | ***Approximate monetary amount £m*** |
|---|---|---|
| *0.5% p.a. increase in the Pension Increase Rate* | *9* | *592* |
| *0.5% p.a. increase in the Salary Increase Rate* | *1* | *43* |
| *0.5% p.a. decrease in the Real Discount Rate* | *10* | *639* |

*The principal demographic assumption is the longevity assumption. For sensitivity purposes, I estimate that a 1 year increase in life expectancy would approximately increase the liabilities by around 3-5%."*

*Barry Dodds FFA*
*14 April 2020*
*For and on behalf of Hymans Robertson LLP*

## 23. Participating Employers

The participating employers with active members in the Fund are Derbyshire County Council (which is also the Administering Authority), Derby City Council (Unitary Authority), District Councils (which are Scheduled Bodies), further Scheduled Bodies and Admission Bodies. The Unitary and District Councils are listed in the foreword of this Annual Report. Other participating employers are listed on the following pages.

Contributions and benefits, by participating employer type, in respect of the year, are as follows:

| | 2018-19 | | 2019-20 | |
|---|---|---|---|---|
| | **Benefits** | **Contributions** | **Benefits** | **Contributions** |
| | **£m** | **£m** | **£m** | **£m** |
| Derbyshire County Council | 77.156 | 69.871 | 82.316 | 71.426 |
| Scheduled Bodies | 78.346 | 119.592 | 84.389 | 84.347 |
| Admission Bodies | 5.428 | 4.252 | 5.929 | 4.684 |
| | **160.930** | **193.715** | **172.634** | **160.457** |

The contribution rates payable by the County, Unitary and District Councils expressed as a percentage of pensionable payroll and fixed cash amounts are:

| Council | 2019-20 | 2020-21 |
|---|---|---|
| Derbyshire County | 14.5% plus £15.536m | 15.5% plus £15.536m |
| Derby City | 13.5% plus £6.981m | 14.5% plus £6.981m |
| Amber Valley Borough | 14.0% plus £1.057m | 15.0% plus £1.057m |
| District of Bolsover | 13.9% plus £0.962m | 14.9% plus £0.962m |
| Chesterfield Borough | 14.2% plus £1.991m | 15.2% plus £1.991m |
| Derbyshire Dales | 13.6% plus £0.645m | 14.6% plus £0.561m |
| Erewash Borough | 13.1% plus £1.125m | 14.1% plus £0.999m |
| High Peak Borough | 12.4% plus £1.833m | 13.4% plus £1.833m |
| North East Derbyshire | 13.7% plus £1.527m | 14.7% plus £1.527m |
| South Derbyshire | 13.8% plus £0.678m | 14.8% plus £0.678m |

The contribution rates payable by other Scheduled Bodies, expressed as a percentage of pensionable payroll are:

| | Total contribution rate % of pensionable payroll | |
|---|---|---|
| | **2019-20** | **2020-21** |
| **Scheduled Bodies** | | |
| Peak District National Park Authority | 14.0 plus £0.224m | 15.0 plus £0.224m |
| Chesterfield Crematorium | 17.8 plus £0.020m | 17.8 plus £0.029m |
| Derbyshire Police Authority | 12.9 plus £1.465m | 13.9 plus £1.465m |
| Derbyshire Fire & Rescue | 13.2 plus £0.170m | 14.2 plus £0.170m |
| Derby Homes Limited | 13.4 plus £0.290m | 14.4 plus £0.290m |
| Rykneld Homes | 16.4 | 17.4 |
| University of Derby | 12.7 plus £0.745m | 16.3 |

| | Total contribution rate % of pensionable payroll | |
|---|---|---|
| | 2019-20 | 2020-21 |
| Chesterfield College | 13.9 plus £0.158m | 15.0 plus £0.166m |
| Derby College | 13.7 plus £0.441m | 16.5 plus £0.350m |
| Landau Forte College | 12.3 plus £0.003m | 13.5 |
| Akaal Academy Trust Derby | 19.5 | 18.5 |
| Aldecar Infant School | 21.0 | 18.3 |
| Allenton Primary | 27.9 | 26.9 |
| All Saints Infants School | 21.0 | 17.8 |
| All Saints Junior School | 21.0 | 19.1 |
| All Saints Catholic Voluntary Academy (Glossop) | 21.0 | 16.0 |
| Alvaston Junior Academy | 21.0 | 22.7 |
| Arboretum Primary School | 21.0 | 18.6 |
| Ash Croft Primary Academy | 21.0 | 20.4 |
| Ashgate Croft School - from 1 June 2019 | 21.0 | 21.0 |
| Ashwood Spencer Academy | 21.0 | 20.3 |
| Bishop Lonsdale Church of England Primary School | 25.8 | 24.8 |
| Bolsover Church of England Junior | 21.0 | 17.9 |
| Breadsall Hill Top Primary | 21.0 | 20.4 |
| Brimington Infant School | 18.9 | 19.9 |
| Brimington Junior School | 18.3 | 19.3 |
| Brookfield Academy | 20.0 | 21.0 |
| Brookfield Primary School - from 1 May 2019 | 21.0 | 21.0 |
| Brooklands Primary School - from 1 July 2019 | 21.0 | 21.0 |
| Carlyle Infant and Nursery School - from 1 August 2019 | 21.0 | 21.0 |
| Cavendish Close Junior | 21.0 | 19.5 |
| Cavendish Multi-Academy Trust | 19.3 | 21.1 |
| Chaddesden Park Primary | 21.0 | 23.3 |
| Chellaston Academy - to 31 March 2020 | 20.9 | 0.0 |
| Chellaston Fields - from 1 August 2019 | 21.0 | 21.0 |
| Christ Church Church of England Primary School | 21.5 | 21.5 |
| Christ The King Catholic Voluntary Academy (Alfreton) | 21.0 | 17.4 |

| | Total contribution rate % of pensionable payroll | |
|---|---|---|
| | 2019-20 | 2020-21 |
| Church Gresley Infant and Nursery School - from 1 September 2019 | 21.0 | 21.0 |
| Cloudside Junior | 21.0 | 17.4 |
| Cotton Farm Primary Academy | 21.0 | 21.5 |
| Da Vinci Academy | 21.0 | 24.1 |
| Darley Churchtown Primary | 21.0 | 17.5 |
| David Neiper Academy | 17.8 | 18.8 |
| Derby Cathedral School | 21.0 | 19.3 |
| Derby Manufacturing University Technical College | 21.1 | 20.1 |
| Derby Moor Community Sports College | 21.0 | 17.4 |
| Derby Pride Academy | 15.5 | 16.5 |
| Derby St Chads C of E (VC) Nursery and Infant School | 21.0 | 19.3 |
| Derwent Primary | 21.0 | 20.8 |
| Djanogly Learning Trust (Multi-Academy Trust) | 21.0 | 17.9 |
| Dovedale Primary School (Willows Academy Trust) | 20.9 | 20.9 |
| Ecclesbourne Academy | 22.6 | 23.6 |
| Eckington Junior | 19.4 | 19.4 |
| Eckington School | 21.0 | 19.2 |
| English Martyrs Catholic Voluntary Academy | 18.5 | 19.5 |
| Esteem Multi-Academy Trust | 21.0 | 16.6 |
| Firs Estate Primary School | 21.0 | 18.5 |
| Frederick Gent | 21.0 | 18.3 |
| Friesland School | 21.0 | 16.5 |
| Gamesley Primary School | 21.0 | 17.9 |
| Grampian Primary Academy | 19.2 | 20.2 |
| Granville Sports College | 21.0 | 15.5 |
| Griffe Field Primary School | 21.0 | 22.4 |
| Hackwood Primary Academy - from 1 September 2019 | 21.0 | 21.0 |
| Hardwick Primary | 21.0 | 19.4 |
| Heanor Gate Science College | 20.5 | 21.5 |
| Heath Primary School | 21.0 | 16.4 |
| Heritage High School | 21.0 | 18.0 |

| | Total contribution rate % of pensionable payroll | |
|---|---|---|
| | **2019-20** | **2020-21** |
| Hilton Primary School | 21.0 | 17.0 |
| Hodthorpe Primary School - from 1 August 2019 | 21.0 | 21.0 |
| Holbrook Primary School | 22.4 | 22.4 |
| Holme Hall Primary School - from 1 April 2019 | 21.0 | 21.0 |
| Hope Valley College | 23.3 | 24.3 |
| Horsley Woodhouse Primary School | 21.0 | 18.8 |
| Howitt Primary Community School | 21.0 | 18.2 |
| Inkersall Primary School | 20.2 | 21.2 |
| Immaculate Conception Academy Trust | 20.7 | 19.7 |
| Ironville and Codnor Park Primary | 21.0 | 17.0 |
| Ivy House School - from 1 October 2019 | 21.0 | 21.0 |
| John King Infant | 21.0 | 17.3 |
| John Port Academy | 20.4 | 21.4 |
| John Flamsteed Community School | 20.2 | 21.2 |
| Kilburn Junior School | 21.0 | 16.8 |
| Kirk Hallam Academy | 18.4 | 19.4 |
| Kirkstead Junior Academy | 21.0 | 18.0 |
| Lakeside Community Primary School | 21.0 | 19.1 |
| Landau Forte Moorhead Academy | 19.6 | 20.6 |
| Langwith Basset Junior Academy | 21.0 | 16.1 |
| Lawn Primary School - from 1 December 2019 | 21.0 | 21.0 |
| Leesbrook School | 19.7 | 20.7 |
| Longford C of E Primary School - from 1 August 2019 | 21.0 | 21.0 |
| Longwood Community Infant | 21.0 | 16.3 |
| Loscoe C of E Primary School and Nursery | 21.0 | 16.7 |
| Mary Swanwick Primary | 21.0 | 20.2 |
| Merrill Academy | 22.5 | 23.5 |
| Newbold Church of England Primary School | 17.3 | 18.3 |
| New Whittington Primary | 21.0 | 16.2 |
| Noel Baker School | 21.0 | 23.5 |
| North Wingfield Primary and Nursery Academy - from 1 March 2020 | 21.0 | 21.0 |
| Odyssey Trust (Multi-Academy Trust) | 21.0 | 19.7 |

| | Total contribution rate % of pensionable payroll | |
|---|---|---|
| | 2019-20 | 2020-21 |
| Old Hall Junior School - from 1 June 2019 | 21.0 | 21.0 |
| Outwood Academy Newbold | 20.2 | 21.2 |
| Peak Multi Academy Trust - from 1 April 2019 | 20.9 | 20.3 |
| Peartree Junior | 21.0 | 21.6 |
| Pennine Way Junior Academy | 19.7 | 20.7 |
| QEGS Multi-Academy Trust | 21.6 | 22.6 |
| Ravensdale Junior School - from 1 September 2019 | 21.0 | 21.0 |
| Redhill Primary School | 20.7 | 21.7 |
| Reigate Park Primary Academy | 21.0 | 18.7 |
| Richardson Endowed Primary School - from 1 June 2019 | 21.0 | 21.0 |
| Sawley Infant School (Willows Academy Trust) | 20.0 | 21.0 |
| Sawley Junior School (Willows Academy Trust) | 21.2 | 21.2 |
| Scargill Primary | 21.0 | 19.9 |
| Shardlow Primary School (Willows Academy Trust) | 23.3 | 22.3 |
| Shirebrook Academy | 20.4 | 21.4 |
| Somercotes Infant School | 21.0 | 16.1 |
| Somerlea Park Junior | 21.0 | 20.0 |
| Springwell Community College - from 1 March 2020 | 21.0 | 21.0 |
| St Alban's Catholic Voluntary Academy (Derby) | 21.0 | 20.3 |
| St Andrew's School - from 1 September 2019 | 21.0 | 21.0 |
| St Anne's Catholic Voluntary Academy (Buxton) | 21.0 | 19.2 |
| St Benedict Voluntary Catholic Academy | 22.0 | 23.0 |
| St Charles' Catholic Primary Voluntary Academy (Hadfield) | 21.0 | 17.5 |
| St Edward's Catholic Academy | 20.0 | 20.0 |
| St Elizabeth's Catholic Voluntary Academy (Belper) | 21.0 | 17.3 |
| St George's Primary (New Mills) | 21.0 | 19.2 |
| St George's Voluntary Catholic Academy | 20.1 | 21.1 |
| St Giles Church of England Aided Primary School | 20.3 | 21.3 |
| St Giles Primary (Killamarsh) | 21.0 | 16.9 |
| St Giles School - from 1 November 2019 | 21.0 | 21.0 |
| St John Fisher Catholic Voluntary Academy | 21.7 | 22.7 |

| | Total contribution rate % of pensionable payroll | |
|---|---|---|
| | **2019-20** | **2020-21** |
| St John Houghton Catholic Voluntary Academy | 20.6 | 21.6 |
| St Joseph's Catholic Primary School (Matlock) | 20.0 | 21.0 |
| St Joseph's Catholic Primary School Voluntary Academy | 17.6 | 18.6 |
| St Joseph's Catholic Voluntary Academy (Derby) | 21.0 | 20.1 |
| St Laurence Primary School | 21.2 | 21.2 |
| St Margaret's Catholic Voluntary Academy (Glossop) | 21.0 | 16.5 |
| St Mary's Catholic High School Academy Trust | 21.4 | 22.4 |
| St Mary's Catholic Voluntary Academy (Derby) | 21.0 | 20.3 |
| St Mary's Catholic Voluntary Academy (Glossop) | 21.0 | 19.0 |
| St Mary's Catholic Voluntary Academy (New Mills) | 21.0 | 15.5 |
| St Peter's C of E Aided Junior School - from 1 March 2020 | 21.0 | 21.0 |
| St Philip Howard Catholic Voluntary Academy | 20.2 | 20.2 |
| St Thomas Catholic Voluntary Academy (Ilkeston) | 21.0 | 17.5 |
| St Thomas More Catholic Voluntary Academy (Buxton) | 21.0 | 18.2 |
| St Werburgh's C of E Primary School - from 1 October 2019 | 21.0 | 21.0 |
| Street Lane Primary School | 21.0 | 19.0 |
| Swanwick Hall School | 20.2 | 21.2 |
| Temple Normanton Primary | 21.0 | 24.8 |
| The Bolsover Academy | 20.9 | 21.9 |
| The Green Infant School - from 1 November 2019 | 21.0 | 21.0 |
| The Long Eaton Academy | 19.9 | 20.9 |
| The Mease at Hilton - from 1 September 2019 | 21.0 | 21.0 |
| The Ormiston Ilkeston Enterprise Academy | 23.7 | 24.7 |
| The Pingle Academy | 21.0 | 18.9 |
| The Ripley Academy | 25.0 | 26.0 |
| Tupton Hall School - from 1 October 2019 | 21.0 | 21.0 |
| Tupton Primary and Nursery Academy - from 1 July 2019 | 21.0 | 21.0 |
| Turnditch Church of England Primary School | 20.2 | 21.2 |

| | Total contribution rate % of pensionable payroll | |
|---|---|---|
| | 2019-20 | 2020-21 |
| Village Primary School | 21.0 | 20.1 |
| Walter Evans Primary School | 21.0 | 21.1 |
| Walton Holymoorside Primary School - from 1 June 2019 | 21.0 | 21.0 |
| Walton On Trent C of E Primary and Infant School | 21.0 | 19.0 |
| West Park Academy | 21.2 | 22.2 |
| Westfield Infant School - from 1 June 2019 | 21.0 | 21.0 |
| William Gilbert Endowed (C of E) Primary School | 21.2 | 22.2 |
| Wilsthorpe School | 21.0 | 19.0 |
| Woodlands School | 19.9 | 20.9 |
| Woodthorpe Cof E Primary School - from 1 June 2019 | 21.0 | 21.0 |
| Wyndham Primary Academy (Boulton Primary School) | 16.7 | 17.7 |
| Zaytouna Primary School (previously Al-Madinah School) | 20.0 | 20.0 |
| Town and Parish Councils - Group 1 | 23.8 | 18.2 |
| Town and Parish Councils - Group 2 | 17.2 | 18.8 |

## Town and Parish Councils

| Group 1 | Group 2 |
|---|---|
| Ashbourne Town Council | Alfreton Town Council |
| Belper Town Council | Blackwell Parish Council |
| Clay Cross Parish Council | Breaston Parish Council |
| Dronfield Town Council | Bretby Parish Council |
| Eckington Parish Council | Burnaston Parish Council |
| Killamarsh Town Council | Clowne Parish Council |
| Matlock Town Council | Codnor Parish Council |
| New Mills Town Council | Darley Dale Town Council |
| Old Bolsover Town Council | Draycott Parish Council |
| Pinxton Parish Council | Glapwell Parish Council |
| Shirebrook Town Council | Hatton Parish Council |
| Staveley Town Council | Heanor and Loscoe Town Council |
| Whitwell Parish Council | Heath and Holmewood Parish Council |
| Wirksworth Town Council | Kilburn Parish Council |
| | North Wingfield Parish Council |
| | South Normanton Parish Council |
| | Stenson Fields Parish Council |
| | Tibshelf Parish Council |
| | Ticknall Parish Council |
| | Tupton Parish Council |
| | Wingerworth Parish Council |
| | Woodville Parish Council |

The contribution rates payable by Admission Bodies, expressed as a percentage of pensionable payroll are:

| | Total contribution rate % of pensionable payroll | |
|---|---|---|
| | 2019-20 | 2020-21 |
| 7 Hills Leisure Trust - to 31 March 2019 | 25.3 | 0.0 |
| Accuro FM Ltd - from 1 January 2019 | 32.4 | 32.4 |
| Action for Children | 28.1 | 16.5 |
| Active Nation | 28.2 plus £0.002m | 19.8 |
| Alliance Environmental Services Ltd | 16.9 | 18.3 |
| Amber Valley Schools Sports Partnership | 21.0 | 23.0 |
| Arvato Government Services Ltd (Derbyshire Dales) | 13.8 | 0.0 |
| Arvato Government Services (Sefton) Ltd | 14.5 | 14.5 |
| Aspens Services Ltd | 28.2 plus £0.001m | 28.5 |
| Balfour Beatty Power Networks Ltd | 16.5 | 17.3 |
| Balfour Beatty (Derby BSF) | 20.6 | 25.1 |
| Barnados - to 30 June 2019 | 21.1 | 0.0 |
| Belper Leisure Centre Ltd | 31.4 | 33.3 plus £0.001m |
| Caterlink Ltd (Abercrombie) | 27.8 | 28.8 |
| Caterlink Ltd (Cavendish Learning Trust) | 28.3 | 29.6 |
| Caterlink Ltd (De Ferrers Trust) | 30.2 | 31.7 |
| Caterlink Ltd (Lea Primary) | 30.2 | 12.9 |
| Caterlink Ltd (Reigate Primary) | 27.9 | 58.9 |
| Caterlink Ltd (Shirebrook/Stubbin Wood) | 31.0 | 16.0 |
| Caterlink Ltd (St Marys) | 31.2 | 33.4 |
| Caterlink Ltd (St Marys High School) | 31.8 | 31.2 |
| Caterlink Ltd (Swanwick Hall) | 32.6 | 57.4 |
| Chesterfield Care Group | 25.2 | 3.3 |
| Churchill Contractor Services (St Marys) | 33.9 | 40.0 |
| Clean Slate (UK) Ltd (Pottery) | 30.4 plus £0.001m | 16.4 |
| Compass Contract Services (UK) Ltd | 10.3 | 17.0 |
| Compass Services Ltd (DCC) | 16.5 | 18.5 |
| Connex Community Support | 33.3 | 21.0 |
| Crich Tramway Museum Society | 24.0 plus £0.015m | 30.8 |
| CSE Education | 29.0 | 26.3 |
| Derby County Community Trust | 23.1 | 35.5 plus £0.008m |
| Derby Museums & Arts Trust | 19.2 | 22.1 |

| | Total contribution rate % of pensionable payroll | |
|---|---|---|
| | **2019-20** | **2020-21** |
| Derbyshire Building Control | 23.2 | 26.1 |
| Derbyshire Student Residences Ltd | 25.8 | 27.7 |
| Elite Cleaning and Environmental Services - to 31 August 2019 | 32.8 | 0.0 |
| EMH Homes | 22.3 plus £0.161m | 21.1 |
| Futures Homescape Ltd | 23.9 plus £0.103m | 33.4 plus £0.095m |
| Interserve Catering Services Ltd | 20.2 | 24.4 |
| Interserve Integrated Services Ltd | 7.1 | 20.8 |
| KCLS Ltd (Tibshelf Infant) | 34.4 | 6.9 |
| Kier Ltd | 13.8 | 13.8 |
| Leisure Amber Valley BC | 13.8 | 13.8 |
| Leisure High Peak BC - to 31 March 2019 | 1.4 | 0.0 |
| Legacy Leisure Ltd (Parkwood Leisure) Erewash | 27.2 | 26.8 |
| Macintyre Care Ltd | 2.0 | 0.0 |
| Mellors Catering | 25.7 | 0.0 |
| Mellors Catering (Murray Park) | 31.7 | 30.0 |
| Mitie Facilities Services Ltd | 37.7 | 30.2 |
| Norwest Holst Ltd (previously Vinci plc) | 33.0 | 9.5 |
| NSL Ltd | 22.3 | 20.3 |
| Office Care Ltd (Brookfield Academy) - to 11 October 2019 | 29.5 | 0.0 |
| Parkwood Leisure Limited (Buxton Pavillion) | 24.3 | 24.3 |
| Platform Housing Group (previously known as Waterloo Housing Group) | 28.1 plus £0.018m | 11.4 |
| RM Education Ltd | 28.8 | 33.7 |
| SIV Enterprises Ltd - to 31 March 2019 | 4.6 | 0.0 |
| Superclean Services Wothorpe Ltd (Fire) - to 31 March 2019 | 11.2 | 0.0 |
| Taylor Shaw | 34.7 | 24.4 |
| Veolia (Amber Valley Refuse) | 6.1 | 0.0 |
| Veolia (Chesterfield Refuse) | 17.5 | 8.3 |
| Vinci Construction UK (Ashcroft & Portway) | 31.7 | 30.8 |
| Vinci plc (Ravensdale) - to 31 March 2019 | 29.9 | 0.0 |
| Wealdon Leisure - from 1 August 2018 | 24.5 | 25.8 |

## 24. Subsequent Events

### Covid-19

The outbreak of Covid-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has had, and continues to have, a significant impact on global financial markets. The majority of the countries in which the Fund invests have implemented severe restrictions on the movement of populations, with a resultant significant impact on economic activity. The impact of these restrictions, including the subsequent lifting of restrictions, will vary from country to country. The actions taken by the various governments and central banks around the world, including those of the United Kingdom, provide an indication of the potential severity of the downturn and post-recovery environment, which could be significantly different to past crises and take much longer. The Covid-19 outbreak has led to weaker GDP in many of the countries in which the Fund invests, and the impact is likely to differ significantly by country, and by industry and sector. It is not possible to predict the future trajectory of the Covid-19 outbreak, including the future impact on global financial markets, asset prices and bond yields.

The Fund's basis of valuation for each class of financial investment is set out in greater detail in Note 15 to these accounts, and there have been no changes to the valuation techniques used in the year. A significant proportion of the Fund's financial investments relate to Level 1 assets where there is a readily available daily bid market price, Level 2 assets where the fair value can be determined based on other market data or market prices, and cash deposits.

The remainder of the Fund's financial investments relate to Level 3 assets, including unquoted private equity, infrastructure, private debt investments and indirect property assets. These assets are valued using the most recently reported net assets statement for that investment, adjusted for drawdowns and distributions to the final day of the accounting period, if the net assets statement is not produced to that date.

Level 3 assets also include the Fund's direct property portfolio which is independently valued by Savills at market value on the final day of the accounting period, determined in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards. In their March 2020 Valuation Report, Savills noted that ''market activity is being impacted in many sectors and at the valuation date we do not consider that we can rely upon previous market evidence to fully inform opinions of value. Indeed, the current response to Covid-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as indicated in Global Valuation Technical and Performance Standards and Practice Guidance Applications VPS 3 and VPGA 10 of the Royal Institute of Chartered Surveyors (RICS) Red Book Global Standards, containing mandatory rules, best practice guidance and related commentary for all members undertaking asset valuations. Consequently, less certainty – and a higher degree of caution – should be attached to our valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that the valuation of these properties are kept under frequent review''.

The value of the Fund's Level 3 assets at 31 March 2020 was £2,175.402m, accounting for 46.9% of total investment assets. The estimated impact of price risk in respect of Level 3 assets is ±7.5%, equating to £161.681m at 31 March 2020. Potential price changes are determined based on the observed historical volatility of asset class returns, for example, 'risker' assets such as equities display greater volatility than bonds.

# Auditor's Opinion

**Independent Auditor's Statement to the Members of Derbyshire County Council on the Pension Fund Financial Statements included within the Derbyshire Pension Fund Annual Report**

## Report on the financial statements

We have examined the Pension Fund financial statements for the year ended 31 March 2020 included within the Derbyshire Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including the summary of significant accounting policies.

## Opinion

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of Derbyshire County Council for the year ended 31 March 2020 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

## Respective responsibilities of the Director of Finance & ICT and the auditor

As explained more fully in the Statement of the Director of Finance & ICT's Responsibilities, the Director of Finance & ICT 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 the Members of Derbyshire County Council as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of Derbyshire County Council.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of Derbyshire County Council describes the basis of our opinions on the financial statements.

## Use of this auditor's statement

This report is made solely to the members of Derbyshire County Council, as a body and as administering authority for the Derbyshire Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Derbyshire County Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Derbyshire County Council and Derbyshire County Council's members as a body, for our audit work, for this statement, or for the opinions we have formed.

CWaddell

Cameron Waddell
Key Audit Partner

for and on behalf of Mazars LLP
Salvus House
Aykley Heads
DURHAM
DH1 5TS

16 December 2020

# Appendix 1: Governance Policy and Compliance Statement

*Approved by Pensions and Investments Committee 4 November 2020*

## Introduction

This is the Governance Policy and Compliance Statement (the Statement) for Derbyshire Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the LGPS). The Fund is managed and administered by Derbyshire County Council (the Council) in accordance with the Local Government Pension Scheme Regulations 2013 (2013 Regulations). At a national level, the LGPS is governed by the Ministry of Housing, Communities and Local Government (MHCLG) and the LGPS Scheme Advisory Board.

The 2013 Regulations require an administering authority, after consultation with such persons as it considers appropriate, to prepare, publish and keep under review, a written statement setting out:

- whether it delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee or an officer of the authority;
- the terms, structure and operational procedures of any such delegations;
- the frequency of any committee or sub-committee meetings;
- whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether these representatives have voting rights;
- 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; and
- details of the terms, structure and operational procedures relation to the local pension board.

## Governance Objectives

The Pension Fund's governance objectives are to:

- Meet the highest standards of good governance through the application of the key principles of openness and transparency, accountability, integrity, clarity of purpose and effectiveness.
- Ensure robust governance arrangements are in place to facilitate informed decision making supported by appropriate advice, policies and strategies, which do not unreasonably favour one group of stakeholders over another.
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise.
- Comply with all appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance.

The identification and management of conflicts of interest is integral to the Fund achieving its governance objectives. A Conflicts of Interest Policy has, therefore, been developed for the Pension Fund and it was approved by the Pensions and Investments Committee on 4 November 2020.

## Governance Arrangements

Under the terms of the Council's Constitution, responsibility for the functions of the Council as the administering authority of Derbyshire Pension Fund is delegated to the Pensions and Investments Committee. A Local Pension Board, set up in 2015 in accordance with the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, assists the Council with the governance and administration of the Fund.

The day to day management of the Pension Fund is delegated to the Director of Finance & ICT who is supported by the Head of Pension Fund and in-house investment and administration teams. A proportion of the Fund's investment assets are managed by LGPS Central Limited (the Fund's pooling company) and by other external fund managers.

### Pensions and Investments Committee

The Committee comprises eight voting Councillors representing the County Council and two voting Councillors representing Derby City Council. The County Council and City Council members of the Committee reflect the political balance of the respective Councils. Two trade union representatives are also entitled to attend meetings of the Pensions and Investments Committee as non-voting members.

Officers of the Council and an independent investment adviser also attend meetings to provide advice and support to members of the Committee. Other experts attend Committee to provide advice as required.

The Committee meets eight times a year (six formal committee meetings and two training sessions) and its responsibilities include reviewing and approving the Fund's:

- Governance Policy and Compliance Statement
- Investment Strategy Statement
- Funding Strategy Statement
- Treasury Management Statement
- Quarterly tactical asset allocation
- Other statutory policies required by the Local Government Pension Scheme Regulations and strategy/policy statements in line with best practice

The Committee also receives and considers the Fund's:

- Triennial actuarial valuation report and annual funding reports

* Annual Report
* Administration and investment performance reports
* Risk Register

The Committee ensures arrangements are in place for:

* Communicating with the Fund's stakeholders
* Considering admission body applications
* The adjudication of applications under the Application for Adjudication of Disagreements Procedure (AADP) (including the appointment of adjudicators)

The Committee is responsible for appointing the Fund's:

* Actuary
* Independent investment adviser
* External fund managers for segregated mandates in advance of the management of the investment assets transitioning to the investment pool
* AVC providers

To oversee the Fund's involvement in investment pooling, the Committee:

* Ensures that the Fund is effectively represented in the Pool's governance structure.
* Determines what is required from the Pool to enable the Fund to deliver its Investment Strategy.
* Is responsible for the selection, appointment and dismissal of an investment pooling operator (the Operator) to manage the Fund's assets.
* Monitors the performance and effectiveness of the Operator both as a shareholder in the Operator and as an investor in the Operator's products.
* Ensures that appropriate measures are in place to monitor and report on the ongoing costs and cost savings of investment pooling.
* Ensures that the responsible investment, corporate governance and voting policies of the Fund are delivered effectively.
* Receives and considers reports and recommendations from the Pool's Joint Committee, Shareholders' Forum and Practitioners' Advisory Forum.

**Derbyshire Pension Board**

The Public Service Pensions Act 2013 introduced a framework for regulatory oversight by the Pensions Regulator and introduced a new governance structure for the LGPS which came into effect in April 2015 and included the requirement for administering authorities to establish Local Pension Boards.

Derbyshire Pension Board (the Board) consists of two Scheme Member representatives and two Scheme Employer representatives together with a non-voting Independent Chair.

Officers of the Council attend Pension Board meetings to provide advice and support to members of the Board.

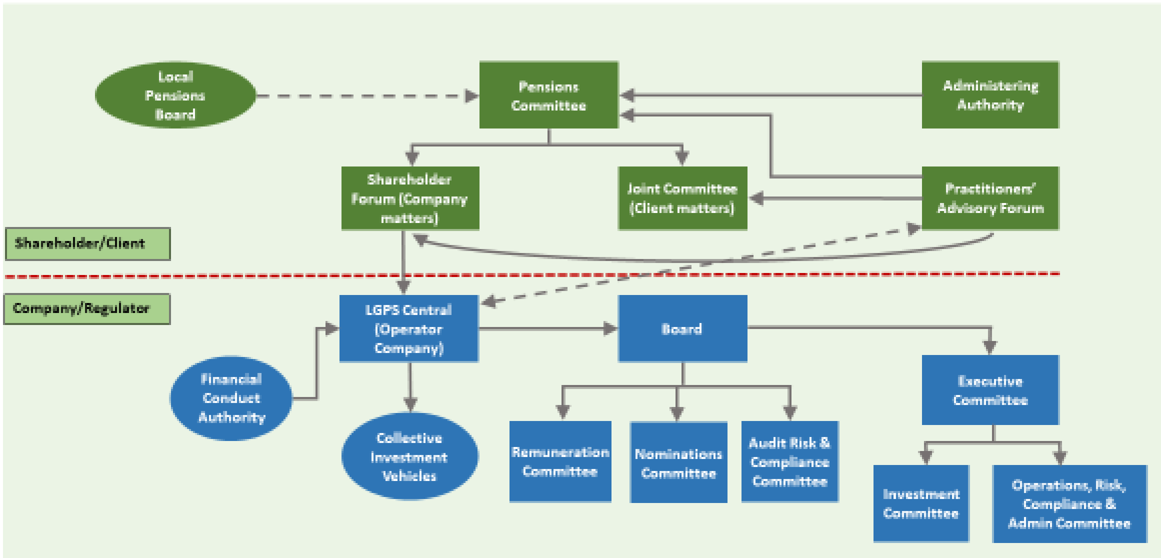
The role of the Pension Board is to assist the administering authority to ensure the effective and efficient governance and administration of the LGPS, including:

- Securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme
- Securing compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme

**LGPS Central Pool**

Derbyshire Pension Fund has partnered with the LGPS pension funds of Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Worcestershire and West Midlands to form a collective investment pool, known as LGPS Central (the Pool), in accordance with Government requirements for the pooling of LGPS investment assets.

## LGPSC Governance Arrangements




The governance arrangements of the Pool include the following bodies:

**Joint Committee:** to provide oversight of the delivery of the objectives of the Pool, the delivery of client service, the delivery against the LGPS Central business case and to deal with common investor issues. The Joint Committee provides assistance, guidance and recommendations to the individual Councils, taking into consideration the conflicting demands and interests of the participants within the Pool. The Joint Committee does not have delegated authority to make binding decisions on behalf of the participating Councils.

Membership of the Joint Committee consists of one elected member from each participating council. The Chair of the Pensions and Investments Committee, or his/her nominee, represents Derbyshire County Council on the LGPS Central Joint Committee.

**Shareholders' Forum:** to oversee the operation and performance of LGPS Central Ltd and to represent the ownership rights and interests of the shareholding councils with the LGPS Central Pool. Collective shareholder discussions take place in the Shareholders' Forum and aim to ensure that the Councils act in a unified way in company meetings, having agreed to a common set of principles. Unanimous decisions are required for certain reserved company matters. Shareholder Forum meetings are distinct from LGPS Central Ltd company meetings, however members of the Shareholders' Forum also represent the councils at company meetings.

Membership of the Shareholders' Forum consists of one representative from each shareholding council. The Director of Finance & ICT, or his/her nominee, represents Derbyshire County Council at the Shareholders' Forum and at LGPS Central Ltd company meetings, with delegated authority to make decisions on any matter which requires a decision by the shareholders of LGPSC.

**Practitioners' Advisory Forum:** a working group of officers appointed by the shareholding councils within the Pool to support the delivery of the objectives of the Pool and to provide support for the Pool's Joint Committee and Shareholders' Forum. The Director of Finance and ICT, the Head of Pension Fund and the Investments Manager represent Derbyshire on the Practitioners' Advisory Forum as required. PAF is supported by four individual working groups: Client Oversight & Governance Group; Finance Working Group; Investment Working Group; and Responsible Investment Working Group.

## Review and Compliance with Best Practice

This Governance Policy and Compliance Statement will be reviewed annually and will be revised following any material change in the governance arrangements of the Pension Fund.

The 2013 Regulations require Administering Authorities to prepare and publish a statement which sets out the extent to which the governance arrangements of the Fund comply with statutory guidance issued by the Secretary of State which is based on best practice principles. The Fund's statement is set out below:

| Principle | Compliance |
|---|---|
| **Structure** | |
| The management of the administration of benefits and | **Compliant** The Pensions and Investments Committee is |

Derbyshire Pension Fund

lgps

| | |
|---|---|
| strategic management of fund assets clearly rests with the main committee established by the appointing council. | responsible for these functions under the Terms of Reference included in the Council's constitution. |
| The representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee. | **Partially Compliant** Membership of the Pensions and Investments Committee includes two representatives from Derby City and two non-voting Trade Union representatives as well as eight representatives from the administering authority (also the largest employing body). In practice the Trade Union representatives tend to represent the interests of all scheme members. Membership and employer representation will be kept under review. |
| That where a secondary committee or panel has been established, the structure ensures effective communication across both levels. | **Not applicable** |
| 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. | **Not applicable** |
| **Representation** | |
| That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:<br>• Employing authorities (including non-scheme employers e.g. admitted bodies)<br>• Scheme members (including deferred and pensioner scheme members)<br>• Where appropriate, independent professional observers<br>• Expert advisors (on an ad-hoc basis) | **Partially Compliant** Membership of the Pensions and Investments Committee includes two representatives from Derby City and two non-voting Trade Union representatives, as well as eight representatives from the administering authority (also the largest employing body).<br>In practice the Trade Union representatives tend to represent the interests of all scheme members. Membership and employer representation will be kept under review.<br>The Fund's Independent Investment Advisor attends the investment related Pensions and Investments |

| | |
|---|---|
| | Committee meetings. Other independent experts attend meetings of the Committee as required e.g. the Fund's Actuary attends to discuss the triennial valuation. Derbyshire Pension Board (the Board) includes two employer representatives (currently one represents a District Council and one represents a Multi-Academy Trust) and two member representatives. The Board has an independent Chair. |
| That where lay members sit on a main or secondary committee, they are treated equally in terms of access to reports, meetings and training and are given full opportunity to contribute to the decision making process, with or without voting rights. | **Compliant** All members of the Pensions and Investments Committee, the Pension Board and trade union representatives receive the same Committee meeting reports and have access to the same training. All voting and non-voting members of the Committee are given full opportunity to contribute to the decision making process. |
| **Selection and Role of Lay Members** | |
| 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. | **Compliant** All members of the Pensions and Investments Committee receive training on the status, role and function they are required to perform when they join the Committee. |
| 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. | **Compliant** Declarations of interest are required at each Pensions and Investments Committee meeting and recorded in the minutes of the meeting. |
| **Voting** | |
| The policy 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. | **Compliant** The policy on voting rights is clear and transparent. All elected members on the Pensions and Investments Committee have voting rights. The elected members represent employers, local taxpayers and scheme beneficiaries. |

| **Training/Facility Time/Expenses** | |
|---|---|
| That in relation to the way in which statutory and related decisions are taken by the administering authority, there is clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision making process. | **Compliant** The Fund has a training policy which applies to all members of the Pensions and Investments Committee and the Pension Board.<br>A training plan has been developed based on self-assessment forms completed by the members of both bodies and a log of all training is maintained.<br>The reimbursement of member expenses is in line with the County Council's policy of member reimbursement. |
| 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. | See above. |
| That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken. | See above. |
| **Meetings** | |
| That an administering authority's main committee or committees meets at least quarterly. | **Compliant** The Pensions and Investments Committee meets eight times a year (six formal meetings and two training sessions). |
| That an administering authority's secondary committee or panel meets at least twice a year and is synchronised with the dates when the main committee sits. | **Not applicable** |
| That an administering authority who does not include lay members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented. | **Not applicable** However, an annual Employers' Forum is held to which all employing bodies are invited. |
| **Access** | |
| That subject to any rules in the Council's constitution, all members of the main and secondary committees or panels have equal access to | **Compliant** All members of the Pensions and Investments Committee (and the Pension Board) have the same access to committee |

| | |
|---|---|
| committee papers, documents and advice that falls to be considered at meetings of the main committee. | papers, documents and advice to be considered at the Pensions and Investments Committee. |
| **Scope** | |
| That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements. | **Compliant** The Pensions Committee and the Investments Committee have been combined into the Pensions and Investments Committee which covers all aspects of investment, administration and governance. The Committee is now also supported by the Pension Board which assists with governance and administration matters. |
| **Publicity** | |
| 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. | **Compliant** The Governance Policy and Compliance Statement is published on the Pension Fund's website. Vacancies for Derbyshire Pension Board are advertised on the website. |

# Appendix 2: Communications Policy Statement

*Approved by Pensions and Investments Committee 8 May 2019*

## Introduction

This is the Communications Policy Statement (the Statement) of Derbyshire Pension Fund (the Fund), which is managed and administered by Derbyshire County Council. The Fund is part of the Local Government Pension Scheme which provides pension benefits to eligible public sector workers, including those employed by councils, universities, colleges, academies, charities and private companies who deliver public services.

One of the Fund's core objectives is to deliver clear, timely and relevant communication to all stakeholders. This Statement sets out how the Fund communicates with its members, employers, staff and wider stakeholders and has been produced in accordance with the Local Government Pension Scheme Regulations 2013 (Regulation 61). This requires authorities that administer the Local Government Pension Scheme (LGPS) to prepare, maintain and publish a statement of policy concerning communications with:

- members;
- representatives of members;
- prospective members; and
- Scheme employers.

The statement must set out the policy with regard to:

- the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;

- the format, frequency and method of distributing such information or publicity; and

- the promotion of the Scheme to prospective members and their employers.

The Fund aims to ensure that its communications:

- are timely and relevant, and are easy to read and understand;
- are tailored to meet the specific needs of the audience; and
- foster an improved understanding of the Local Government Pension Scheme to enable informed decision making.

Derbyshire Pension Fund currently has around 280 participating employers and around 100,000 members. A dedicated team has been established to focus on the interpretation of legislative and governance requirements and to communicate Scheme information to all of the Fund's stakeholders.

## Audience

The Fund has a varied audience of stakeholders with whom it communicates, including:

- Scheme members (active/deferred/pensioner) and their representatives;
- Prospective scheme members;
- Scheme employers;
- Pensions Fund staff; and
- Other bodies, for example Pensions & Investments Committee and Pension Board.

In addition, there are a number of other bodies with whom the Fund communicates on a regular basis, such as Her Majesty's Revenue and Customs (HMRC), the Ministry of Housing, Communities and Local Government (MHCLG), the LGPS Scheme Advisory Board (SAB), the Pensions Regulator (TPR), the Pensions Advisory Service, and other pension providers.

## Objectives

The Fund's overriding objective is to ensure that it delivers clear, timely and accessible communications to its stakeholders. To achieve this, the Fund will:

- Communicate information about the Scheme's rules and regulations in an effective, jargon-free and timely manner to the different groups of customers and stakeholders to enable them to make fully informed pensions decisions;

- Keep customers and stakeholders informed about the management and administration of the Fund;

- Consult with key stakeholders on changes to policies and procedures that affect the Fund and its stakeholders;

- Seek to continually improve the Fund's communication methods by requesting and analysing feedback;

- Promote the LGPS as an attractive benefit to Scheme members and an important tool in recruitment to employers;

- Work with employers to enable them to fulfil their responsibility to communicate and share information with members in relation to the Scheme;

- Communicate with stakeholders in a cost effective manner, utilising technology to its fullest potential;

- Maintain the Fund's commitment to regional and national initiatives, taking advantage of partnership working and innovative communication methods developed and tested elsewhere, and sharing the Fund's own experience in return;

- Enable equality of access to Pension Fund communications; and

- Manage information securely to the standards required by the Data Protection Act 2018.

## Accessibility

The Fund aims to ensure that all members can access its services, whatever their needs, and is committed to increasing digital access and delivery of services; making the best use of technology. The Fund's website is designed to meet the World Wide Web Consortium Accessibility Guidelines (version two) "Double-A" standard, which is currently the recommended minimum standard for all council websites. However, more traditional methods of communications will continue to be offered as required.

All print and electronic communications are designed with consideration for those with additional needs. A phone contact number (01629 538704) is available for anyone experiencing difficulty in understanding any of the Fund's documents.

A distinct identity has been developed for Derbyshire Pension Fund to provide Fund members and other stakeholders with additional clarity on the role of the County Council as the administering authority.

## Communication methods

The Fund has developed a variety of communication methods to ensure that all stakeholders are informed and up to date. A number of these communication methods are targeted at specific stakeholder groups and are set out later in this Statement. The following methods are used to communicate with all stakeholders:

- **Derbyshire Pension Fund website**

Via the website, www.derbyshirepensionfund.org.uk, the Fund provides access to an extensive range of information for active, deferred and pensioner Scheme members, prospective members and Scheme employers. The website is the prime source of information on the Pension Scheme and ensures timely, up-to-date and easy-to-access information for all the Fund's audiences. It contains links to other relevant organisations and is regularly updated with all new legislation and relevant information.

As well as an information resource on the LGPS, the website contains downloadable forms and factsheets for members on a range of topics, including the Scheme guide, Additional Voluntary Contributions (AVCs), transfers etc. This is a valuable resource centre for all stakeholders including Pension Fund staff. It will also be used as the portal for the Fund's online member self-service facility which is expected to go live in 2020.

The website includes a general enquiry form to enable members to easily submit queries to the Fund, a feedback form for members to express opinion on the service delivered to them, and also a death notification form for family and/or employers to inform the Fund in writing of the death of a member. All forms are securely transferred to our main inbox for action.

Additionally, information relating to the business of both the Derbyshire County Council Pensions and Investments Committee and Pension Board can be found on or via the Fund's website.

The Fund will continue to maintain and develop this key resource.

- **Email**

The Fund has a generic email address for all enquiries: pensions@derbyshire.gov.uk.

- **Telephone**

The fund has a dedicated Pensions Helpline number, 01629 538900, which is available Monday to Friday 8.30am to 5.00pm.

- **Annual Report**

An Annual Report will continue to be produced and published by the Fund. This report sets out the governance, operational, financial and investment management arrangements of the Fund during the financial year. It also includes a copy of the most up to date Actuarial Valuation of the Fund, together with the Fund's key policy statements and the Fund's Statement of Accounts for the financial year.

The Annual Report is available on request. However, it can be accessed via the Fund's website. All participating employers are notified when the Annual Report has been published.

- **Funding and Investment Strategy Statements**

The Funding Strategy Statement focuses on how employer liabilities are measured, the pace at which the liabilities are funded and how employers, or pools of employers, pay for their own liabilities. It is prepared by the County Council as the administering authority of the Pension Fund in collaboration with the Fund's actuary and following consultation with the Fund's employers and other stakeholders.

The Investment Strategy Statement sets out long term investment strategy of the Pension Fund. It is prepared by the County Council, as the administering authority of the Pension Fund in collaboration with the Fund's independent investment adviser and following consultation with the Fund's stakeholders.

A core objective of the Fund is to ensure sufficient assets are available to meet members' benefit payments. These payments are guaranteed by regulations and will be met by contributions resulting from the funding strategy or asset returns and income resulting from the investment strategy. As key documents, both are made available to all stakeholders via the Fund's website and will be reviewed regularly.

## Communications to our members

There are 3 categories of Scheme member;

- Active members who are contributing to the Scheme;
- Deferred members who have left the Scheme, but have not yet accessed their pension benefits; and
- Pensioner members who are in receipt of their pension.

It is recognised that communication with each category requires a different, specific approach.

- **Communication with active members**

  On joining the scheme, new active members are provided with a Membership Certificate, a link to the Scheme information on the website, and forms and information to enable them to request a transfer-in of any previous pensionable service.

  Thereafter, Annual Benefit Statements are provided, summarising each member's pension account balance, together with a projection of entitlement to their normal pension age. These statements are currently posted to the members' home addresses.

  The Fund also produces an Active Members' Newsletter each year and publishes it on the Fund website. Active members are directed to the newsletter via a link provided in their Annual Benefit Statement. The content comprises current pension topics within the LGPS and the pensions industry in general, plus important repeated messages.

  Face to face communications with active members are carried out via Member Presentations and Drop-in Sessions at various venues around the County. The presentations are used to help explain a significant change in the LGPS Regulations, or to assist where the members' employer is going through a restructuring or outsourcing exercise that will have pension-related implications. The Drop-In sessions are targeted to coincide with particular events, such as the issue of the Annual Benefit Statements.

- **Communication with deferred members**

  Annual Benefit Statements are provided, summarising each member's pension account balance, together with a projection of entitlement to their normal pension age. These statements are currently posted to members' home addresses.

  The Fund also produces a Deferred Members' Newsletter each year and publishes it on the Fund website. Deferred members are directed to the newsletter via a link provided in their Annual Benefit Statement. The content comprises current pension topics within the LGPS and the pensions industry in general, plus important repeated messages.

- **Communication with pensioner members**

  The Fund issues pay advice slips to pensioners each March, April and May notifying them of the percentage rate of annual Pensions Increase and explaining how it is applied. Pensioners are also alerted to any variations in their net monthly amount of 1% or more by the issue of a payslip. The Fund issues P60s annually in respect of the pension received in the previous financial year.

  Life certificates are issued each year to pensioners living abroad to ensure that they maintain eligibility for benefit. With regard to domestic pensioners, the Fund participates in the National Fraud Initiative and may share information with other bodies responsible for auditing or administering public funds for the purpose of preventing and detecting fraud.

- **Communication with prospective members**

  Communication with prospective Scheme members is initially achieved via their employers. Employers are supported in promoting the scheme to all of their staff and information is provided by employers within contracts of employment directing employees to the Fund website and the benefits of LGPS membership.

## Communications with scheme employers

The Fund published the Derbyshire Pension Fund Pensions Administration Strategy in 2015, and updated it in 2018 in accordance with the LGPS Regulations. The Pensions Administration Strategy sets out the standards of performance and best practice that the Fund and Scheme employers should aim to meet when carrying out their Scheme functions and responsibilities. It also sets out the approach the Fund will take to underperformance by employers, including a structure for the charging of avoidable administration costs.

Regular, large-scale employer events are provided at various venues, some aimed at all employers and others targeted at particular groups, such as academies. Site visits and workshops are also undertaken to assist individual employers with specific issues and / or provide direct training to their staff. The visits are often requested by employers, but the Fund will also be proactive where it identifies that a particular employer would benefit from assistance.

Employers are invited to events and kept up to date with developments that impact on their application of the LGPS regulations by Employer Newsletters which are emailed to key contacts. At least one Newsletter is produced each quarter and both the receipt and the opening of the email are monitored, which assists the Fund in maintaining an up to date circulation list of employer contacts.

## Communications with Pension Fund staff

It is important to ensure that all Pension Fund staff have access to the relevant information and technical knowledge to enable them to perform their duties. This is achieved via use of email, internal meetings, as well as internal and external training events on specific topics.

## Communications with other key stakeholders

The Pensions and Investments Committee is responsible for the management and administration of the Fund on behalf of the County Council and meets eight times each year. Pension Fund staff work closely with the Chair, Deputy Chair and Members of the Committee to ensure that they are fully informed about Pension Fund matters and that they are fully supported in fulfilling their duties and responsibilities. Two trade union representatives are entitled to attend meetings of the Committee as non-voting members and to receive all of the Committee papers.

The Derbyshire Pension Board was set up in 2015 (in accordance with the Public Services Pensions Act 2013) to assist Derbyshire County Council in its role as the administering authority in complying with Scheme governance and administration responsibilities and complying with the requirements of the Pensions Regulator’s code of practice for the governance and administration of public service pension schemes. The Board comprises a Chair, two Employer Representatives and two Fund Member Representatives. Pension Fund staff work closely with the Pension Board, attending the quarterly meetings and ensuring that Board members can fulfil their duties and responsibilities.

Local taxpayers have access to Pension Fund information via the Fund’s website:
www.derbyshirepensionfund.org.uk

## Communications Policy Statement review

This Statement will be reviewed annually.

Derbyshire Pension Fund

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# Appendix 3: Investment Strategy Statement

*Approved by Pensions and Investments Committee 4 November 2020*

## Introduction

This is the Investment Strategy Statement (the ISS) of Derbyshire Pension Fund (the Fund), which is administered by Derbyshire County Council. The ISS is drawn up in compliance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Regulations) and has been prepared following consultation with such persons as Derbyshire County Council considered appropriate.

The ISS will be reviewed following any material change in the factors which are judged to have a bearing on the stated investment policy and at least every three years as required by the Regulations.

The primary objective of the Fund is to ensure that over the long term the Fund will be able to meet all benefit payments as and when they fall due. These payments will be met by contributions resulting from the funding strategy or asset returns and income resulting from the investment strategy. The funding and investment strategies are, therefore, inextricably linked; the Funding Strategy Statement can be found on the Fund's website at: [link]

## Fund Governance

Derbyshire County Council is an administering authority for the Local Government Pension Scheme in accordance with Local Government Pension Scheme Regulations 2013. The Pensions and Investments Committee (the Committee) is responsible for discharging Derbyshire County Council's statutory function as the administering authority for the Fund.

The Committee is responsible for determining the Fund's investment policy, monitoring performance and overall stewardship of the Fund. Members of the Committee act in a similar manner to trustees and take advice from Anthony Fletcher, the Fund's Independent Adviser and from the Director of Finance & ICT and the Fund's in-house investment managers.

A proportion of the Fund's investments are managed on an active basis by the Fund's in-house Investment Team, and by LGPS Central Limited, a company established to manage investments on behalf of eight LGPS pension funds across the Midlands. Where the appropriate skills are not available internally, or through LGPS Central Limited, external managers are used.

In 2015, Derbyshire Pension Board was established to assist the administering authority to ensure the effective and efficient governance and administration of the Local Government Pension Scheme.

Full details of the Fund's governance arrangements, including the governance arrangements for the LGPS Central Pool, are contained in the Governance Policy and Compliance Statement which is published on the Fund's website:
www.derbyshirepensionfund.org.uk/about-the-fund/policies-strategies-and-statements

## Investment Objectives

The Committee has agreed a long term investment strategy that aims to maximise the returns from investments within acceptable levels of risk, contributes to the Fund having sufficient assets to cover the accrued benefits, and enables employer contributions to be kept as stable as possible.

The investment strategy takes into account the following beliefs:

- A long term approach to investment will deliver better returns
- The long term nature of LGPS liabilities allows for a long term investment horizon
- Asset allocation is the most important factor in driving long term investment returns
- Liabilities influence the asset structure; funds exist to meet their obligations
- Risk premiums exist for certain investments; taking advantage of these can help to improve investment returns
- Markets can be inefficient, and mispriced for long periods of time; therefore there is a place for active and passive investment management
- Diversification across investments with low correlation improves the risk/return profile
- Secure and growing income streams underpin the ability to meet future liabilities
- Responsible investment can enhance long term investment performance
- Investment management costs should be minimized where possible but net investment returns after costs are the most important factor

## Strategic Asset Allocation Benchmark

The Committee aims to balance risk and reward by apportioning the Fund's assets over a range of asset classes to achieve the Fund's goals, to manage risk and to match the investment horizons. The objective is to generate a return that is at least equal to the investment return assumed by the actuary in the actuarial valuation. The assumed investment return is used by the actuary to 'discount' the Fund's liabilities to a present day value. The actuarial valuation at 31 March 2019 was prepared on the basis of an investment return of **3.6%** per annum over the next 20 years.

For the longer term, the assumed investment return beyond 20 years is expressed as a margin above long term 'risk free' interest rates. The margin represents the excess return that should be available to the Fund from investing in riskier assets (e.g. equities) and is known as the asset outperformance assumption (AOA).

At the 31 March 2019 valuation, the AOA was 1.8% over a long term UK bond yield of 1.5% giving a longer term investment assumption of **3.3%**. The 31 March 2016 valuation was prepared on the basis of a single discount rate of 4% (1.8% AOA & long term UK bond yield of 2.2%). The lower discount rates used for the March 2019 valuation reflects lower expected investment returns going forward.

The Strategic Asset Allocation Benchmark (the Benchmark) for the Fund has been formulated in consultation with Anthony Fletcher, following the completion of the 2019 triannual valuation conducted by Hymans Robertson, the Fund's actuary. The Benchmark takes into account the required level of return and an appropriate balance between generating long term investment returns and exposure to investment risk. The Benchmark includes a wide variety of asset classes, in order to diversify sources of risk and return, and equity allocations spread by geographic regions. It takes into account the future expected returns from the different asset classes, the historic levels of volatility of each asset class and the level of correlation between the asset classes.

The Fund's asset classes are allocated into three categories:

- Growth Assets: largely equities, plus other volatile higher return assets such as private equity
- Income Assets: assets which are designed to deliver an excess return, but with more stable return patterns than Growth Assets because income represents a large proportion of the total return of these assets
- Protection Assets: lower risk government or investment grade bonds, together with cash

The asset allocation of the Fund is reviewed on a quarterly basis, and tactical positions around the Benchmark are agreed by the Committee following advice from the Fund's in-house investment managers and the Fund's Independent Adviser.

The Fund's Final Benchmark, together with an Intermediate Benchmark designed to allow the Fund to manage the transition risk towards the Final Benchmark, is set out in the following table:

| **Asset Category** | **Intermediate Asset Allocation** | **Intermediate Permitted Range** | **Final Asset Allocation** | **Final Permitted Range** | **Performance Benchmark** |
|---|---|---|---|---|---|
| | | | | | |
| **Growth Assets** | **56.0%** | **+/- 8%** | **55.0%** | **+/- 8%** | |
| *Total Quoted Equities* | *52.0%* | *+/- 8%* | *51.0%* | *+/- 8%* | |
| -UK Equities | 14.0% | +/- 6% | 12.0% | +/- 4% | FTSE All Share |
| -North America | 6.0% | +/- 6% | - | - | FTSE World N America |
| -Europe | 4.0% | +/- 4% | - | - | FTSE AW Developed Europe Ex-UK Net |
| -Japan | 5.0% | +/- 2% | 5.0% | +/- 2% | FTSE World Japan |
| -Pacific ex-Japan | 2.0% | +/- 2% | - | - | FTSE All World Asia-Pacific ex Japan |
| -Emerging Markets | 5.0% | +/- 2% | 5.0% | +/- 2% | FTSE Emerging Markets |
| -Global Sustainable | 16.0% | +/- 16% | 29.0% | +/- 8% | FTSE All World |
| Private Equity | 4.0% | +/- 2% | 4.0% | +/- 2% | FTSE All Share + 1% |
| **Income Assets** | **24.0%** | **+/- 6%** | **25.0%** | **+/- 6%** | |
| Property | 9.0% | +/- 3% | 9.0% | +/- 3% | IPD UK Quarterly Property Index |
| Infrastructure | 9.0% | +/- 3% | 10.0% | +/- 3% | LIBOR 3m + 2% |
| Multi-Asset Credit | 6.0% | +/- 2% | 6.0% | +/- 2% | 40% Libor 3m + 3% / 30% ICE BofA Global High Yield Index, GBP / 30% S&P & LSTA Leveraged Loan Index, GBP |
| **Protection Assets** | **20.0%** | **+/- 5%** | **20.0%** | **+/- 5%** | |
| Fixed Income | 6.0% | +/- 2% | 6.0% | +/- 2% | FTSE UK Gov Fixed All Stocks |
| Index Linked Bonds | 6.0% | +/- 2% | 6.0% | +/- 2% | FTSE UK I-L All Stocks |
| Global Non-Government Bonds | 6.0% | +/- 2% | 6.0% | +/- 2% | 50% ICE GBP Non-Gilt Index (ex EM) / 50% ICE Global Corporate Index (ex GBP and EM), hedged to GBP Base |
| Cash | 2.0% | 0 - 8% | 2.0% | 0 - 8% | Sterling 7 Day LIBID |
| **Total** | **100.0%** | | **100.0%** | | |

The Intermediate Benchmark is expected to come into effect on 1 January 2021, with the Final Benchmark expected to come into effect on 1 January 2022 at the latest.

## Asset Classes

All financial instruments are open to consideration by the Committee. The Fund currently invests in quoted and unquoted securities of UK and overseas markets, including equities, government and non-government bonds, multi-asset credit, property, infrastructure and cash, either directly or via pooled vehicles. Derivatives are used to hedge the currency exposure of the overseas government bond holdings. The use of derivatives may be extended further in the future for the purpose of efficient portfolio management or to hedge other specific risks. The introduction of any new financial instrument/asset class or any extended use of derivatives will only be considered by the Committee following the receipt of appropriate training and advice from suitably qualified persons.

### Growth Assets

**Equities**

Equities are classed as growth assets with the potential to provide returns in excess of inflation from growth in both capital values and income. Reinvested income accounts for a large proportion of long term equity returns. As equity returns are linked to company
revenues and profits, investing in equities increases exposure to volatility. Investors expect to be compensated for that volatility by higher returns.

Over the last 50 years, in the UK, equities have provided a real return (after inflation) of 5.3% pa, compared with a real return of 3.4% pa from long dated government bonds and 1.0% pa from cash. Over the last 20 years, the respective real returns were 1.8% pa, 3.1% pa and -0.3% pa. In the US, the real returns over the last 50 years were 6.1% pa from equities, 4.1% pa from 20 year government bonds and 0.7% pa from cash. US respective real returns over 20 years were 3.8% pa, 4.8% pa and -0.5% pa.[7] Despite the increasing correlation between the majority of developed equity markets, investing in selected different geographic regions still provides portfolio diversification and investing in emerging markets generally provides access to higher economic growth rates and exposure to different economic drivers of return.

[7] *Source: Barclays Equity Gilt Study 2020*

**Private Equity**
Private equity investment refers to investment in unquoted, privately owned companies. Investors expect to receive an illiquidity premium for investing in this asset class and target returns above those expected from publicly quoted equities. Returns from private equity primarily come from capital growth, rather than income when investments are exited (realised) following a period of business growth/transformation. Private equity offers access to a broader universe of companies than the publicly quoted space.

## Income Assets

**Property**
Property investments have traditionally been split between three different sectors: office; retail and industrial. Increasingly within the asset management industry, exposure to niche sectors such as student accommodation and exposure to debt secured against property assets is also included within the property asset class. Returns from this asset class come from rental income and the change in market values. Rental income has accounted for a large proportion of total returns over the long term. Given the relative stability of rental income, which gives property bond like characteristics, the returns from property are generally expected to fall between the returns from equities and those from bonds.

Property investment can be carried out directly via the purchase of physical properties or indirectly via the purchase of pooled vehicles or property company shares. The majority of the Fund’s property exposure is gained via direct investment; pooled vehicles are used to gain exposure to niche sectors and overseas assets. The Fund’s exposure to property debt is currently contained within the allocation to corporate bonds.

**Infrastructure**
Infrastructure offers access to long term predictable cash flows, which are often linked to inflation. A low correlation to the business cycle and the other major asset classes provides diversification benefits and long investment horizons. The majority of the Fund’s infrastructure investments are in developed European core assets (long term assets with regulated returns) and social PFI concessions (typically schools, hospitals and military accommodation).

**Multi-Asset Credit**
Multi-asset credit typically relates to sub-investment grade corporate bonds and includes private debt, high yield debt and asset-backed securities. Multi-Asset Credit offers a predictable income stream and a yield pick-up relative to sovereign bonds and investment grade corporate bonds reflecting the increased risk of default.

## Protection Assets

**Sovereign & Corporate Bonds**
Bonds offer predictable streams of income and predictable returns if held to maturity. They are held as stabilising assets to reduce volatility and to provide diversification. As pension funds mature they can be used to provide liquidity and to match liabilities as they fall due.

The Fund holds conventional fixed income, index-linked and investment grade corporate bonds. Index linked bonds are regarded as a particularly good match for pension fund liabilities. The majority of the Fund's government bond holdings are issued by the government of the United Kingdom; the currency exposure of any overseas sovereign bonds holdings is hedged to sterling.

**Cash**
Cash management for the Fund comprises cash held in the Fund's cash accounts (i.e. bank and money market funds) and cash held in the custodian's bank account in respect of segregated mandates.

The Fund holds cash to fulfil its daily liquidity requirements, and depending on market conditions, also as a protection asset. The Fund's cash balances are managed by Derbyshire County Council's Treasury Management Team in line with the Fund's annual Treasury Management Strategy.

Each of the Fund's segregated mandates has a cash account with the Fund's custodian. Cash in these accounts is held primarily for the investment managers' day to day liquidity requirements and fluctuates depending on trading activity and dividend income. Each segregated mandate includes a maximum cash limit.

# Risk

The overall risk for the Fund is that its assets will be insufficient to meet its liabilities. The Funding Strategy Statement, which is drawn up following the triennial actuarial valuation of the Fund, sets out how any deficit in assets compared with liabilities is to be addressed.

Underlying the overall risk, the Fund is exposed to demographic risks, regulatory risks, governance risks and financial risks (including investment risk). The measures taken by the Fund to control these risks are included in the Funding Strategy Statement and are reviewed periodically by the Committee via the Fund's risk register. The primary investment risk is that the Fund fails to deliver the returns anticipated in the actuarial valuation over the long term. The Committee anticipates expected market returns on a prudent basis to reduce the risk of underperforming expectations.

It is important to note that the Fund is exposed to external, market driven, fluctuations in asset prices which affect the liabilities (liabilities are partially estimated with reference to government bond yields) as well as the valuation of the Fund's assets. Holding a proportion of the assets in government bonds helps to mitigate the effect of falling bond yields on the liabilities to a certain extent. Further measures taken to control/mitigate investment risks are set out in more detail below:

### Concentration

The Committee manages the risk of exposure to a single asset class by holding different categories of investments (e.g. equities, bonds, property, alternatives and cash) and by holding a diversified equity portfolio, spread by both geography and market sectors. Each asset class is managed within an agreed permitted range to ensure that the Fund does not deviate too far away from the Benchmark, which has been designed to meet the required level of return with an appropriate level of exposure to risk, taking into consideration the level of correlation between the asset classes.

### Volatility

The Benchmark contains a high proportion of equities with a commensurate high degree of volatility. The strong covenant of the major employing bodies enables the Committee to take a long term perspective and to access the forecast inflation plus returns from equities.

### Performance

Investment managers are expected to outperform the individual asset class benchmarks detailed in the overall Strategic Asset Allocation Benchmark. The Fund's performance is measured by an independent provider and reported to the Committee on a quarterly basis. The Committee takes a long term approach to the evaluation of investment performance, but will take steps to address persistent underperformance.

### Liquidity

Close attention is paid to the Fund's projected cash flows; the Fund is currently cash flow positive, in that annually there is an excess of cash paid into the Fund from contributions and investment income after pension benefits are paid out. The Fund expects to be cash flow positive for the short to medium term. Despite the growing proportion of illiquid investments in the Fund, a large proportion of the assets are held in liquid assets and can be realised quickly, in normal circumstances, in order for the Fund to pay its immediate liabilities.

## Currency

The Fund's liabilities are denominated in sterling which means that investing in overseas assets exposes the Fund to a degree of currency risk. The Committee regards the currency exposure associated with investing in overseas equities as part of the return on the overseas equities; the currency exposure in respect of the Fund's Income Assets and Protection Assets is hedged back to sterling.

## Stock Lending

The Fund does not currently participate in any standalone stock-lending arrangements.  As part of the LGPS Central pool, the funds managed by LGPS Central Limited do participate in stock-lending arrangements, and LGPS Central Limited has put controls are in place to protect the security of the Fund's assets.

## Custody

The risk of losing economic rights to the Fund's assets is managed by the use of a global custodian for custody of the assets, regular scrutiny of the Fund's providers, and the maintenance of independent investment accounting records.

# LGPS Central Pool

Derbyshire Pension Fund is part of the LGPS Central Pool (the Pool) with the LGPS funds of Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. The Pool has been established in accordance with Government requirements for the pooling of LGPS investment assets. Collective investment management offers the potential for substantial savings in investment management fees, increased opportunities for investor engagement and access to a shared pool of knowledge and expertise.

The eight administering authorities of the pension funds within the LGPS Central Pool are equal shareholders in LGPS Central Limited.  LGPS Central Limited (the Company) has been established to manage investments on behalf of the Pool, and received authorization from the Financial Conduct Authority in January 2018. The Company launched its first sub-funds within an Authorised Contractual Scheme collective investment vehicle in April 2018, and has launched several additional sub-funds since that date.

The transition of the Fund's assets into products offered by the Company is likely to take several years. In February 2019, the Fund transitioned its Non-Government Bond portfolio into the LGPS Central Global Active Investment Grade Corporate Bond Multi Manager Fund.  LGPS Central Limited also provides the Fund with general advisory services in respect of the Fund's Japanese and Asia-Pacific Ex-Japan Equity portfolios. Responsibility for determining the Strategic Asset Allocation Benchmark and the tactical quarterly asset allocation positions remains with the Fund.

Robust governance arrangements have been established both within the Company and within the wider Pool to ensure that the Company operates effectively and meets the objectives of the pension funds within the LGPS Central Pool.

A Joint Committee, set up in accordance with provisions of the Local Government Act 1972, provides oversight of the delivery of the objectives of the Pool, the delivery of client service, the delivery against the LGPS Central Pool business case and deals with common investor issues.

A Shareholders' Forum, comprising one shareholder representative from each of the participating administering authorities, oversees the operation and performance of LGPS Central Limited and represents the ownership rights and interests of the shareholding councils within the LGPS Central Pool.

To support the Joint Committee and the Shareholders' Forum, a Practitioners' Advisory Forum has been created, consisting of Officers from each of the shareholding councils within the Pool. This forum provides day-to-day oversight of the Operator, scrutinizing the delivery of products, investment performance and investment costs, monitoring customer service and the delivery of wider investor services, such as voting and responsible investment.

## Responsible Investment

The Fund's approach to responsible investment, together with the management of climate-related risks and opportunities, are set out in the Fund's Responsible Investment Framework and Climate Strategy.  Copies of the Fund's Responsible Investment Framework and Climate Strategy can be found on the Fund's website:

www.derbyshirepensionfund.org.uk

# Appendix 4: Funding Strategy Statement

*Prepared in collaboration with Hymans Robertson LLP*

*Approved by Pensions and Investments Committee 4 March 2020*

## 1 Introduction

### 1.1 What is this document?

This is the Funding Strategy Statement (FSS) of the Derbyshire Pension Fund ("the Fund"), which is administered by Derbyshire County Council ("the Administering Authority").

It has been prepared by the Administering Authority in collaboration with the Fund's actuary, Hymans Robertson LLP, and after consultation with the Fund's employers and investment adviser. It is effective from 4 March 2020.

### 1.2 What is the Derbyshire Pension Fund?

The Fund is part of the national Local Government Pension Scheme (LGPS). The LGPS was set up by the UK Government to provide retirement and death benefits for local government employees, and those employed in similar or related bodies, across the whole of the UK. The Administering Authority runs the Derbyshire Fund, in effect the LGPS for the Derbyshire area, to make sure it:

- receives the proper amount of contributions from employees and employers, and any transfer payments;
- invests the contributions appropriately, with the aim that the Fund's assets grow over time with investment income and capital growth; and
- uses the assets to pay Fund benefits to the members (as and when they retire, for the rest of their lives), and to their dependants (as and when members die), as defined in the LGPS Regulations. Assets are also used to pay transfer values and administration costs.

The roles and responsibilities of the key parties involved in the management of the Fund are summarised in Appendix B.

### 1.3 Why does the Fund need a Funding Strategy Statement?

Employees' benefits are guaranteed by the LGPS Regulations, and do not change with market values or employer contributions. Investment returns will help pay for some of the benefits, but probably not all, and certainly with no guarantee. Employees' contributions are fixed in those Regulations also, at a level which covers only part of the cost of the benefits.

Therefore, employers need to pay the balance of the cost of delivering the benefits to members and their dependants.

The FSS focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers or pools of employers pay for their own liabilities. This statement sets out how the Administering Authority has balanced the conflicting aims of:

- affordability of employer contributions,
- transparency of processes,
- stability of employers' contributions, and
- prudence in the funding basis.

There are also regulatory requirements for an FSS, as given in Appendix A.

The FSS is a summary of the Fund's approach to funding its liabilities, and this includes reference to the Fund's other policies; it is not an exhaustive statement of policy on all issues. The FSS forms part of a framework which includes:

- the LGPS Regulations;
- the Rates and Adjustments Certificate (confirming employer contribution rates for the next three years) which can be found in an appendix to the formal valuation report;
- the Fund's policies on admissions, cessations and bulk transfers;
- actuarial factors for valuing individual transfers, early retirement costs and the costs of buying added service; and
- the Fund's Investment Strategy Statement (see Section 4)

### 1.4 How does the Fund and this FSS affect me?

This depends who you are:

- a member of the Fund, i.e. a current or former employee, or a dependant: the Fund needs to be sure it is collecting and holding enough money so that your benefits are always paid in full;
- an employer in the Fund (or which is considering joining the Fund): you will want to know how your contributions are calculated from time to time, that these are fair by comparison to other employers in the Fund, in what circumstances you might need to pay more and what happens if you cease to be an employer in the Fund. Note that the FSS applies to all employers participating in the Fund;
- an Elected Member whose council participates in the Fund: you will want to be sure that the council balances the need to hold prudent reserves for members' retirement and death benefits, with the other competing demands for council money;
- a Council Tax payer: your council seeks to strike the balance above, and also to minimise cross-subsidies between different generations of taxpayers.

### 1.5 What does the FSS aim to do?

The FSS sets out the objectives of the Fund's funding strategy, such as:

- to ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (**NB** this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

### 1.6 How do I find my way around this document?

In Section 2 there is a brief introduction to some of the main principles behind funding, i.e. deciding how much an employer should contribute to the Fund from time to time.

In Section 3 we outline how the Fund calculates the contributions payable by different employers in different situations.

In Section 4 we show how the funding strategy is linked with the Fund's investment strategy.

In the Appendices we cover various issues in more detail if you are interested:

A. the regulatory background, including how and when the FSS is reviewed,

B. who is responsible for what,

C. what issues the Fund needs to monitor, and how it manages its risks,

D. some more details about the actuarial calculations required,

E. the assumptions which the Fund actuary currently makes about the future,

F. a glossary explaining the technical terms occasionally used here.

If you have any other queries please contact Dawn Kinley, Head of Pension Fund in the first instance at e-mail address (dawn.kinley@derbyshire.gov.uk).

## 2 Basic Funding issues

(More detailed and extensive descriptions are given in Appendix D).

### 2.1 How does the actuary calculate the required contribution rate?

**2.1 How does the actuary calculate the required contribution rate?** In essence this is a three-step process:

1. Calculate the funding target for that employer, i.e. the estimated amount of assets it should hold in order to be able to pay all its members' benefits. See Appendix E for more details of what assumptions we make to determine that funding target;
2. Determine the time horizon over which the employer should aim to achieve that funding target. See the table in 3.3 and Note (c) for more details;
3. Calculate the employer contribution rate such that it has at least a given likelihood of achieving that funding target over that time horizon, allowing for various possible economic outcomes over that time horizon. See 2.3 below, and the table in 3.3 Note (e) for more details.

### 2.2 What is each employer's contribution rate?

This is described in more detail in Appendix D. Employer contributions are normally made up of two elements:

a) the estimated cost of benefits being built up each year, after deducting the members' own contributions and including an allowance for administration expenses. This is referred to as the "*Primary rate*", and is expressed as a percentage of members' pensionable pay; plus

b) an adjustment for the difference between the Primary rate above, and the actual contribution the employer needs to pay, referred to as the "*Secondary rate*". In broad terms, payment of the Secondary rate is in respect of benefits already accrued at the valuation date. The Secondary rate may be expressed as a percentage of pay and/or a monetary amount in each year.

The rates for all employers are shown in the Fund's Rates and Adjustments Certificate, which forms part of the formal Actuarial Valuation Report. Employers' contributions are expressed as minima, with employers able to pay contributions at a higher rate. Account of any higher rate will be taken by the Fund actuary at subsequent valuations, i.e. will be reflected as a credit when next calculating the employer's contributions.

### 2.3 What different types of employer participate in the Fund?

Historically the LGPS was intended for local authority employees only. However over the years, with the diversification and changes to delivery of local services, many more types and numbers of employers now participate. There are currently more employers in the Fund than ever before, a significant part of this being due to new academies.

In essence, participation in the LGPS is open to public sector employers providing some form of service to the local community. Whilst the majority of members will be local authority employees (and ex-employees), the majority of participating employers are those providing services in place of (or alongside) local authority services: academy schools, contractors, housing associations, charities, etc.

The LGPS Regulations define various types of employer as follows:

**Scheduled bodies** - councils, and other specified employers such as academies and further education establishments. These must provide access to the LGPS in respect of their employees who are not eligible to join another public sector scheme (such as the Teachers Scheme). These employers are so-called because they are specified in a schedule to the LGPS Regulations.

It is now possible for Local Education Authority schools to convert to academy status, and for other forms of school (such as Free Schools) to be established under the academies legislation. All such **academies (or Multi Academy Trusts)**, as employers of non-teaching staff, become separate new employers in the Fund. As academies are defined in the LGPS Regulations as “Scheduled Bodies”, the Administering Authority has no discretion over whether to admit them to the Fund, and the academy has no discretion whether to continue to allow its non-teaching staff to join the Fund. There has also been guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) regarding the terms of academies’ membership in LGPS Funds.

**Designating employers** - employers such as town and parish councils are able to participate in the LGPS via resolution (and the Fund cannot refuse them entry where the resolution is passed). These employers can designate which of their employees are eligible to join the scheme.

Other employers are able to participate in the Fund via an admission agreement, and are referred to as ‘admission bodies’. These employers are generally those with a “community of interest” with another scheme employer – **community admission bodies** (“CAB”) or those providing a service on behalf of a scheme employer – **transferee admission bodies** (“TAB”). CABs will include housing associations and charities, TABs will generally be contractors. The Fund is able to set its criteria for participation by these employers and can refuse entry if the requirements as set out in the Fund’s admissions policy are not met. (NB The terminology CAB and TAB has been dropped from recent LGPS Regulations, which instead combine both under the single term ‘admission bodies’; however, we have retained the old terminology here as we consider it to be helpful in setting funding strategies for these different employers.

### 2.4 How does the calculated contribution rate vary for different employers?

All three steps above are considered when setting contributions (more details are given in Section 3 and Appendix D).

1. The **funding target** is based on a set of assumptions about the future, (e.g. investment returns, inflation, pensioners’ life expectancies). If an employer is approaching the end of its participation in the Fund then its funding target may be set on a more prudent

basis, so that its liabilities are less likely to be spread among other employers after its cessation;

2. The **time horizon** required is the period over which the funding target is achieved. Employers may be given a lower time horizon if they have a less permanent anticipated membership, or do not have taxraising powers to increase contributions if investment returns under-perform; and

3. The **likelihood of achieving** the funding target over that time horizon will be dependent on the Fund's view of the strength of employer covenant and its funding profile. Where an employer is considered to be weaker then the required likelihood will be set higher, which in turn will increase the required contributions (and vice versa).

For some employers it may be agreed to pool contributions, see 3.4.

Any costs of non ill-health early retirements must be paid by the employer, see 3.6.

Costs of ill-health early retirements are covered in 3.7 and 3.8.

## 2.5 How is a funding level calculated?

An employer's "funding level" is defined as the ratio of:

- the market value of the employer's share of assets (see Appendix D, section D5, for further details of how this is calculated), to
- the value placed by the actuary on the benefits built up to date for the employer's employees and exemployees (the "liabilities"). The Fund actuary agrees with the Administering Authority the assumptions to be used in calculating this value.

If this is less than 100% then it means the employer has a shortfall, which is the employer's "deficit"; if it is more than 100% then the employer is said to be in "surplus". The amount of deficit or shortfall is the difference between the asset value and the liabilities value.

It is important to note that the funding level and deficit/surplus are only measurements at a particular point in time, on a particular set of assumptions about the future. Whilst we recognise that various parties will take an interest in these measures, for most employers the key issue is how likely it is that their contributions will be sufficient to pay for their members' benefits (when added to their existing asset share and anticipated investment returns).

In short, funding levels and deficits are short term, high level risk measures, whereas contribution-setting is a longer term issue.

## 2.6 How does the Fund recognise that contribution levels can affect council and employer service provision, and council tax?

The Administering Authority and the Fund actuary are acutely aware that, all other things being equal, a higher contribution required to be paid to the Fund will mean less cash available for the employer to spend on the provision of services. For instance:

- Higher Pension Fund contributions may result in reduced council spending, which in turn could affect the resources available for council services, and/or greater pressure on council tax levels;
- Contributions which Academies pay to the Fund will therefore not be available to pay for providing education; and
- Other employers will provide various services to the local community, perhaps through housing associations, charitable work, or contracting council services. If they are required to pay more in pension contributions to the LGPS then this may affect their ability to provide the local services at a reasonable cost.

Whilst all this is true, it should also be borne in mind that:

- The Fund provides invaluable financial security to local families, whether to those who formerly worked in the service of the local community who have now retired, or to their families after their death;
- The Fund must have the assets available to meet these retirement and death benefits, which in turn means that the various employers must each pay their own way. Lower contributions today will mean higher contributions tomorrow: deferring payments does not alter the employer's ultimate obligation to the Fund in respect of its current and former employees;
- Each employer will generally only pay for its own employees and ex-employees (and their dependants), not for those of other employers in the Fund;
- The Fund strives to maintain reasonably stable employer contribution rates where appropriate and possible. However, a recent shift in regulatory focus means that solvency within each generation is considered by the Government to be a higher priority than stability of contribution rates;
- The Fund wishes to avoid the situation where an employer falls so far behind in managing its funding shortfall that its deficit becomes unmanageable in practice: such a situation may lead to employer insolvency and the resulting deficit falling on the other Fund employers. In that situation, those employers' services would in turn suffer as a result;
- Council contributions to the Fund should be at a suitable level, to protect the interests of different generations of council tax payers. For instance, underpayment of contributions for some years will need to be balanced by overpayment in other years; the council will wish to minimise the extent to which council tax payers in one period are in effect benefitting at the expense of those paying in a different period.

Overall, therefore, there is clearly a balance to be struck between the Fund's need for maintaining prudent funding levels, and the employers' need to allocate their resources appropriately. The Fund achieves this through various techniques which affect contribution increases to various degrees (see 3.1). In deciding which of these techniques to apply to any given employer, the Administering Authority takes a view on the financial standing of the employer, i.e. its ability to meet its funding commitments and the relevant time horizon.

The Administering Authority is building an employer risk assessment framework using a knowledge base which will be regularly monitored and kept up-to-date. This database will include such information as the type of employer, its membership profile and funding position, any guarantors or security provision, material changes anticipated, etc.

For instance, where the Administering Authority has reasonable confidence that an employer will be able to meet its funding commitments, then the Fund will permit options such as stabilisation (see 3.3 Note (b)), a longer time horizon relative to other employers, and/or a lower likelihood of achieving their funding target. Such options will temporarily produce lower contribution levels than would otherwise have applied. This is permitted in the expectation that the employer will still be able to meet its obligations for many years to come.

On the other hand, where there is doubt that an employer will be able to meet its funding commitments or withstand a significant change in its commitments, then a higher funding target, and/or a shorter time horizon relative to other employers, and/or a higher likelihood of achieving the target may be required.

The Fund actively seeks employer input, including to its funding arrangements, through various means: see Appendix A.

## 2.7 What approach has the Fund taken to dealing with uncertainty arising from the McCloud court case and its potential impact on the LGPS benefit structure?

The LGPS benefit structure from 1 April 2014 is currently under review following the Government's loss of the right to appeal the McCloud and other similar court cases. The courts have ruled that the 'transitional protections' awarded to some members of public service pension schemes when the schemes were reformed (on 1 April 2014 in the case of the LGPS) were unlawful on the grounds of age discrimination. At the time of writing, MHCLG has not provided any details of changes as a result of the case. However it is expected that benefits changes will be required and they will likely increase the value of liabilities. At present, the scale and nature of any increase in liabilities are unknown, which limits the ability of the Fund to make an accurate allowance.

The LGPS Scheme Advisory Board (SAB) issued advice to LGPS funds in May 2019. As there was no finalised outcome of the McCloud case by 31 August 2019, the Fund Actuary has acted in line with SAB's advice and valued all member benefits in line with the current LGPS Regulations.

The Fund, in line with the advice in the SAB's note, has considered how to allow for this risk in the setting of employer contribution rates. As the benefit structure changes that will arise from the McCloud judgement are uncertain, the Fund has elected to allow for the potential impact in the assessment of employer contribution rates at the 2019 valuation by increasing the required likelihood of reaching the funding target.

Once the outcome of the McCloud case is known, the Fund may revisit the contribution rates set to ensure they remain appropriate.

The Fund has also considered the McCloud judgement in its approach to cessation valuations. Please see note (j) to table 3.3 for further information.

### 2.8 When will the next actuarial valuation be?

On 8 May 2019 MHCLG issued a consultation seeking views on (among other things) proposals to amend the LGPS valuation cycle in England and Wales from a three year (triennial) valuation cycle to a four year (quadrennial) valuation cycle.

The Fund intends to carry out its next actuarial valuation in 2022 (3 years after the 2019 valuation date) in line with MHCLG's desired approach in the consultation. The Fund has therefore instructed the Fund Actuary to certify contribution rates for employers for the period 1 April 2020 to 31 March 2023 as part of the 2019 valuation of the Fund.

## 3 Calculating contributions for individual Employers

### 3.1 General comments

A key challenge for the Administering Authority is to balance the need for stable, affordable employer contributions with the requirement to take a prudent, longer-term view of funding and ensure the solvency of the Fund. With this in mind, the Fund's three-step process identifies the key issues:

1. What is a suitably (but not overly) prudent funding target?
2. How long should the employer be permitted to reach that target? This should be realistic but not so long that the funding target is in danger of never actually being achieved.
3. What likelihood is required to reach that funding target? This will always be less than 100% as we cannot be certain of the future. Higher likelihood "bars" can be used for employers where the Fund wishes to reduce the risk that the employer ceases leaving a deficit to be picked up by other employers.

These and associated issues are covered in this Section.

The Administering Authority recognises that there may occasionally be particular circumstances affecting individual employers that are not easily managed within the rules and policies set out in the Funding Strategy Statement. Therefore the Administering Authority reserves the right to direct the actuary to adopt alternative funding approaches on a case by case basis for specific employers.

## 3.2 The effect of paying lower contributions

In limited circumstances the Administering Authority may permit employers to pay contributions at a lower level than is assessed for the employer using the three-step process above. At its absolute discretion the Administering Authority may:

- extend the time horizon for targeting full funding;
- adjust the required likelihood of meeting the funding target;
- permit an employer to participate in the Fund's stabilisation mechanisms;
- permit extended phasing in of contribution rises or reductions;
- pool contributions amongst employers with similar characteristics; and/or
- accept some form of security or guarantee in lieu of a higher contribution rate than would otherwise be the case.

Employers which are permitted to use one or more of the above methods will often be paying, for a time, contributions less than required to meet their funding target, over the appropriate time horizon with the required likelihood of success. Such employers should appreciate that:

- their true long term liability (i.e. the actual eventual cost of benefits payable to their employees and exemployees) is not affected by the pace of paying contributions;
- lower contributions in the short term will result in a lower level of future investment returns on the employer's asset share. Thus, deferring a certain amount of contribution may lead to higher contributions in the longterm; and
- it may take longer to reach their funding target, all other things being equal.

Overleaf (3.3) is a summary of how the main funding policies differ for different types of employer, followed by more detailed notes where necessary.

Section 3.4 onwards deals with various other funding issues which apply to all employers.

## 3.3 The different approaches used for different employers

| Type of employer | Scheduled Bodies | | | | Designating employers | Community Admission Bodies | | Transferee Admission bodies* |
|---|---|---|---|---|---|---|---|---|
| **Sub-type** | **Local Authorities, Police and Fire** | **Arms Length Management Organisations, Peak District National Park and Chesterfield Crematorium** | **Academies** | **Universities and Colleges** | **Town and Parish Councils (pooled)** | **Open to new entrants** | **Closed to new entrants** | **(all)** |
| **Funding Target Basis used** | Ongoing participation basis, assumes long-term Fund participation (see Appendix E) | | | | Ongoing participation basis, assumes long-term Fund participation (see Appendix E) | Ongoing participation basis, but may move to “gilts exit basis” - see Note (a) | | Ongoing participation basis, assumes fixed contract term in the Fund (see Appendix E) |
| **Primary rate approach** | (see Appendix D – D.2) | | | | | | | |
| **Stabilised contribution rate?** | Yes - see Note (b) | Yes - see Note (b) | Yes - see Note (b) | No | No | No | No | No |
| **Maximum time horizon – Note (c)** | 19 years | 19 years | 19 years | 15 years** | 19 years | 12 years | 12 years | The lower of 12 years and the outstanding contract term |
| **Secondary rate – Note (d)** | Percentage of payroll and/or Monetary amount | Percentage of payroll and/or Monetary amount | Percentage of Payroll | Percentage of payroll and/or Monetary amount | Percentage of Payroll | Percentage of payroll and/or Monetary amount | Percentage of payroll and/or Monetary amount | Percentage of payroll and/or Monetary amount |
| **Treatment of surplus** | Covered by stabilisation arrangement | Covered by stabilisation arrangement | Covered by stabilisation arrangement | Reduce contributions by spreading the surplus over 15 years | Reduce contributions by spreading the surplus over 19 years | Preferred approach: contributions kept at Primary rate. However, reductions may be permitted by the Admin. Authority | | Reduce contributions by spreading the surplus over the lower of 12 years and the outstanding contract term |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Likelihood of achieving target – Note (e)** | 70% | 70% | 70% | 75% | 70% | 85% (50% if gilts exit basis) | 85% (50% if gilts exit basis) | 75% |
| **Phasing of contribution changes** | Covered by stabilisation arrangement | Covered by stabilisation arrangement | Covered by stabilisation arrangement | 3 years | 3 years | 3 years | 3 years | None |
| **Review of rates – Note (f)** | Administering Authority reserves the right to review contribution rates and amounts, and the level of security provided, at regular intervals between valuations | | | | | | | Particularly reviewed in last 3 years of contract |
| **New employer** | n/a | n/a | Note (g) | n/a | n/a | Note (h) | | Notes (h) & (i) |
| **Cessation of participation: exit debt/credit payable** | Cessation is assumed not to be generally possible, as Scheduled Bodies are legally obliged to participate in the LGPS. In the rare event of cessation occurring (machinery of Government changes for example), the cessation calculation principles applied would be as per Note (j). | | | | Can be ceased. Exit debt/credit will be calculated on a basis appropriate to the circumstances of cessation – see Note (k). | Can be ceased subject to terms of admission agreement. Exit debt/credit will be calculated on a basis appropriate to the circumstances of cessation – see Note (j). | | Participation is assumed to expire at the end of the contract. Cessation debt/credit calculated on the ongoing participation basis, unless the admission agreement is terminated early by the contractor or letting employer in which case the low risk exit basis may apply. Letting employer will be liable for future deficits and contributions arising. See Note (j) for further details |

* Where the Administering Authority recognises a fixed contribution rate agreement between a letting employer and a contractor, the certified employer contribution rate will be derived in line with the methodology specified in the risk sharing agreement. Additionally, in these cases, upon cessation the contractor's assets and liabilities will transfer back to the letting employer ordinarily with no crystallisation of any deficit or surplus. Further detail on fixed contribution rate agreements is set out in note (i).

** The time horizon for universities and colleges has been reduced from that used at the 31 March 2016 valuation as a means of recognising the potential shortening of these bodies' lifetimes within the Fund. In addition, the Fund reserves the right to use a different likelihood of success for these bodies than stated in the table above if there are concerns in relation to their individual circumstances.

### Note (a) (Gilts exit basis for CABs and Designating Employers closed to new entrants)

In the circumstances where:

- the employer is a Designating Employer, or an Admission Body but not a Transferee Admission Body, and
- the employer has no guarantor, and
- the admission agreement is likely to terminate, or the employer is likely to lose its last active member, within a timeframe considered appropriate by the Administering Authority to prompt a change in funding,

the Administering Authority may set a higher funding target (e.g. based on the return from long-term gilt yields) by the time the agreement terminates or the last active member leaves, in order to protect other employers in the Fund. This policy will increase regular contributions and reduce, but not entirely eliminate, the possibility of a final deficit payment being required from the employer when a cessation valuation is carried out.

The Administering Authority also reserves the right to adopt the above approach in respect of those Designating Employers and Admission Bodies with no guarantor, where the strength of covenant is considered to be weak but there is no immediate expectation that the admission agreement will cease or that the Designating Employer will alter its designation.

### Note (b) (Stabilisation)

Stabilisation is a mechanism where employer contribution rate variations from year to year are kept within a predetermined range, thus allowing those employers' rates to be relatively stable. In the interests of stability and affordability of employer contributions, the Administering Authority, on the advice of the Fund Actuary, believes that stabilising contributions can still be viewed as a prudent longer-term approach. However, employers whose contribution rates have been "stabilised" (and may therefore be paying less than their theoretical contribution rate) should be aware of the risks of this approach and should consider making additional payments to the Fund if possible. This stabilisation mechanism allows short term investment market volatility to be managed so as not to cause volatility in employer contribution rates, on the basis that a long term view can be taken on net cash inflow, investment returns and strength of employer covenant.

The current stabilisation mechanism applies if:

- the employer satisfies the eligibility criteria set by the Administering Authority (see below) and;
- there are no material events which cause the employer to become ineligible, e.g. significant reductions in active membership (due to outsourcing or redundancies), or changes in the nature of the employer (perhaps due to Government restructuring), or changes in the security of the employer.

On the basis of extensive modelling carried out for the 2019 valuation exercise the stabilised details are as follows:

| Type of employer | Local Authorities, Police and Fire | Arms Length Management Organisations, Peak District National Park and Chesterfield Crematorium | Academies |
|---|---|---|---|
| **Max cont. increase** | 1% | 1% | 1% |
| **Max cont. decrease** | 0% | 0% | -1% |

The stabilisation criteria and limits will be reviewed at the next formal valuation. However, the Administering Authority reserves the right to review the stabilisation criteria and limits at any time before then, on the basis of membership and/or employer changes as described above.

### Note (c) (Maximum time horizon)

The maximum time horizon starts at the commencement of the revised contribution rate (1 April 2020 for the 2019 valuation). The Administering Authority would normally expect the same period to be used at successive triennial valuations, but would reserve the right to propose alternative time horizons, for example where there were no new entrants.

### Note (d) (Secondary rate)

For some employers where stabilisation is not being applied, the Secondary contribution rate for each employer covering the period until the next formal valuation will often be set as a percentage of salaries. However, the Administering Authority reserves the right to amend these rates between formal valuations and/or to require these payments in monetary terms instead, for instance where:

- the employer is relatively mature, i.e. has a large Secondary contribution rate (e.g. above 15% of payroll), or
- there has been a significant reduction in payroll due to outsourcing or redundancy exercises, or
- the employer has closed the Fund to new entrants.

### Note (e) (Likelihood of achieving funding target)

Each employer has its funding target calculated, and a relevant time horizon over which to reach that target.
Contributions are set such that, combined with the employer's current asset share and anticipated market movements over the time horizon, the funding target is achieved with a given minimum likelihood. A higher required likelihood bar will give rise to higher required contributions, and vice versa.

The way in which contributions are set using these three steps, and relevant economic projections, is described in further detail in Appendix D.

Different likelihoods are set for different employers depending on their nature and circumstances: in broad terms, a higher likelihood will apply due to one or more of the following:

- the Fund believes the employer poses a greater funding risk than other employers,
- the employer does not have tax-raising powers;
- the employer does not have a guarantor or other sufficient security backing its funding position;

  and/or
- the employer is likely to cease participation in the Fund in the short or medium term.

The Fund reserves the right to use a different likelihood of achieving target than is specified in the table in section 3.3 for any employer, to take into account its specific circumstances.

### Note (f) (Regular Reviews)

Such reviews may be triggered by significant events including but not limited to: significant reductions in payroll, altered employer circumstances, Government restructuring affecting the employer's business, or failure to pay contributions or arrange appropriate security as required by the Administering Authority.

The result of a review may be to require increased contributions (by strengthening the actuarial assumptions adopted and/or moving to monetary levels of deficit recovery contributions), and/or an increased level of security or guarantee.

### Note (g) (New Academy conversions)

At the time of writing, the Fund's policies on academies' funding issues are as follows:

i. The new academy will be regarded as a separate employer in its own right and will not be pooled with other employers in the Fund. The only exception is where the academy is part of a Multi Academy Trust
(MAT) in which case the academy's figures will be calculated as below but can be combined, for the purpose of setting contribution rates, with those of the other academies in the MAT;

ii. The new academy's past service liabilities on conversion will be calculated based on its active Fund members on the day before conversion. For the avoidance of doubt, these liabilities will include all past service of those members, but will exclude the liabilities relating to any ex-employees of the school who have deferred or pensioner status;

iii. The new academy will be allocated an initial asset share from the ceding council's assets in the Fund. This asset share will be calculated using the estimated funding position of the ceding council at the date of academy conversion. The share will be based on the active members' funding level, having first allocated assets in the council's share to fully fund deferred and pensioner members. The assets allocated to the academy will be limited if necessary so that its initial funding level is subject to a maximum of 100%. The asset allocation will be based on market conditions and the academy's active Fund membership on the day prior to conversion;

iv. The new academy will pay contributions initially linked to the ceding Council's contribution rate;

v. At the next formal actuarial valuation, the new academy's calculated contribution rate will be based on the time horizon and likelihood of achieving funding target outlined for Academies in the table in Section 3.3 above;

vi. It is possible for an academy to leave one MAT and join another. If this occurs, all active, deferred and pensioner members of the academy transfer to the new MAT.

The Fund's policies on academies are subject to change in the light of any amendments to MHCLG and/or DfE guidance (or removal of the formal guarantee currently provided to academies by the DfE). Any changes will be notified to academies, and will be reflected in a subsequent version of this FSS. In particular, policies (iv) and (v) above will be reconsidered at each valuation.

### Note (h) (New Admission Bodies)

With effect from 1 October 2012, the LGPS 2012 Miscellaneous Regulations introduced mandatory new requirements for all Admission Bodies brought into the Fund from that date. Under these Regulations, all new Admission Bodies will be required to provide some form of security, such as a guarantee from the letting employer, an indemnity or a bond. The security is required to cover some or all of the following:

- the strain cost of any redundancy early retirements resulting from the premature termination of the contract;
- allowance for the risk of asset underperformance;
- allowance for the risk of a greater than expected rise in liabilities;
- allowance for the possible non-payment of employer and member contributions to the Fund; and/or
- the current deficit.

Transferee Admission Bodies: For all TABs, the security must be to the satisfaction of the Administering Authority as well as the letting employer, and will be reassessed on a regular basis. See also Note (i) below.

Community Admission Bodies: The Administering Authority will only consider requests from CABs (or other similar bodies, such as section 75 NHS partnerships) to join the Fund if they are sponsored by a Scheduled Body with tax raising powers, who also guarantee their liabilities.

The above approaches reduce the risk, to other employers in the Fund, of potentially having to pick up any shortfall in respect of Admission Bodies ceasing with an unpaid deficit.

### Note (i) (New Transferee Admission Bodies)

A new TAB usually joins the Fund as a result of the letting/outsourcing of some services from an existing employer (normally a Scheduled Body such as a council or academy) to another organisation (a "contractor"). This involves the TUPE transfer of some staff from the letting employer to the contractor. Consequently, for the duration of the contract, the contractor is a new participating employer in the Fund so that the transferring employees maintain their eligibility for LGPS membership. At the end of the contract the employees revert to the letting employer or to a replacement contractor.

Ordinarily, the TAB would be set up in the Fund as a new employer with responsibility for all the accrued benefits of the transferring employees; in this case, the contractor would usually be assigned an initial asset allocation equal to the past service liability value of the employees' Fund benefits. The quid pro quo is that the contractor is then expected to ensure that its share of the Fund is also fully funded at the end of the contract: see Note (j).

**Risk Sharing**

Employers which "outsource" have flexibility in the way that they can deal with the pension risk potentially taken on by the contractor. In particular there are three different routes that such employers may wish to adopt. Clearly as the risk ultimately resides with the employer letting the contract, it is for them to agree the appropriate route with the contractor:

i) Pooling

Under this option the contractor is pooled with the letting employer. In this case, the contractor pays the same rate as the letting employer, which may be under a stabilisation approach.

ii) Letting employer retains pre-contract risks

Under this option the letting employer would retain responsibility for assets and liabilities in respect of service accrued prior to the contract commencement date. The contractor would be responsible for the future liabilities that accrue in respect of transferred staff. The contractor's contribution rate could vary from one valuation to the next. It would be liable for any deficit (or entitled to any surplus) at the end of the contract term in respect of assets and liabilities attributable to service accrued during the contract term.

iii) Fixed contribution rate agreed

Under this option the contractor pays a fixed contribution rate throughout its participation in the Fund and on cessation does not pay any exit debt or receive an exit credit. In other words, the pensions risks "pass through" to the letting employer.

The Administering Authority is willing to administer any of the above options as long as the approach is documented in the Admission Agreement as well as the transfer agreement.

Alternatively, letting employers and Transferee Admission Bodies may operate any of the above options by entering into a separate Side Agreement. The Administering Authority would not necessarily be a party to this side agreement, but may treat the Admission Agreement as if it incorporates the side agreement terms where this is permitted by legislation or alternatively agreed by all parties.

Any risk sharing agreement should ensure that some element of risk transfers to the contractor where it relates to their decisions and it is unfair to burden the letting employer with that risk. For example the contractor should typically be responsible for pension costs that arise from:

- above average pay increases, including the effect in respect of service prior to contract commencement even if the letting employer takes on responsibility for the latter under (ii) above; and
- redundancy and early retirement decisions.

### Note (j) (Admission Bodies Ceasing)

Notwithstanding the provisions of the Admission Agreement, the Administering Authority may consider any of the following as triggers for the cessation of an admission agreement with any type of body:

- Last active member ceasing participation in the Fund (NB recent LGPS Regulation changes mean that the Administering Authority has the discretion to defer taking action for up to three years, so that if the employer acquires one or more active Fund members during that period then cessation is not triggered. The current Fund policy is that this is left as a discretion and may or may not be applied in any given case);
- The insolvency, winding up or liquidation of the Admission Body;
- Any breach by the Admission Body of any of its obligations under the Agreement that they have failed to remedy to the satisfaction of the Fund;
- A failure by the Admission Body to pay any sums due to the Fund within the period required by the Fund; or
- The failure by the Admission Body to renew or adjust the level of the bond or indemnity, or to confirm an appropriate alternative guarantor, as required by the Fund.

On cessation, the Administering Authority will instruct the Fund actuary to carry out a cessation valuation to determine whether there is any deficit or surplus. Where there is a deficit, payment of this amount in full would normally be sought from the Admission Body; where there is a surplus, following the LGPS (Amendment) Regulations 2018 which came into effect on 14th May 2018, this will normally result in an exit credit payment to the Admission Body. If a risk-sharing agreement has been put in place (please see note (i) above) no cessation debt or exit credit may be payable, depending on the terms of the agreement.

As discussed in Section 2.7, the LGPS benefit structure from 1 April 2014 is currently under review following the Government's loss of the right to appeal the McCloud and other similar court cases. The Fund has considered how it will reflect the current uncertainty regarding the outcome of this judgement in its approach to cessation valuations. For cessation valuations that are carried out before any changes to the LGPS benefit structure (from 1 April 2014) are confirmed, the Fund's policy is that the actuary will apply a 1% uplift to the ceasing employer's total cessation liability, as an estimate of the possible impact of resulting benefit changes. The Fund Actuary charges a fee for carrying out an employer's cessation valuation, and there will be other Fund administration expenses associated with the cessation, both of which the Fund may recharge to the employer. For the purposes of the cessation valuation, this fee will be treated as an expense incurred by the employer and will be deducted from the employer's cessation surplus or added to the employer's cessation deficit, as appropriate. This process improves administrative efficiency as it reduces the number of transactions required to be made between the employer and the Fund following an employer's cessation. For non-Transferee Admission Bodies whose participation is voluntarily ended either by themselves or the Fund, or where a cessation event has been triggered, the Administering Authority must look to protect the interests of other ongoing employers. The actuary will therefore adopt an approach which, to the extent reasonably practicable, protects the other employers from the likelihood of any material loss emerging in future:

(a) Where a guarantor does not exist then, in order to protect other employers in the Fund, the cessation liabilities and final surplus/deficit will normally be calculated using a "gilts exit basis", which is more prudent than the ongoing participation basis. This has no allowance for potential future investment outperformance above gilt yields, and has added allowance for future improvements in life expectancy. This could give rise to significant cessation debts being required.

(b) Where there is a guarantor for future deficits and contributions, the details of the guarantee will be considered prior to the cessation valuation being carried out. In some cases the guarantor is simply guarantor of last resort and therefore the cessation valuation will be carried out consistently with the approach taken had there been no guarantor in place. Alternatively, where the guarantor is not simply guarantor of last resort, the cessation may be calculated using the ongoing participation basis as described in Appendix E;

(c) Again, depending on the nature of the guarantee, it may be possible to simply transfer the former Admission Body's liabilities and assets to the guarantor, without needing to crystallise any deficit or surplus. This approach may be adopted where the employer cannot pay the contributions due, and this is within the terms of the guarantee.

Under (a) and (c), any shortfall would usually be levied on the departing Admission Body as a single lump sum payment. If this is not possible then the Fund may spread the payment subject to there being some security in place for the employer such as a bond indemnity or guarantee.

In the event that the Fund is not able to recover the required payment in full, then the unpaid amounts fall to be shared amongst all of the other employers in the Fund. This may require an immediate revision to the Rates and Adjustments Certificate affecting other employers in the Fund, or instead be reflected in the contribution rates set at the next formal valuation following the cessation date.

As an alternative, where the ceasing Admission Body is continuing in business, the Fund at its absolute discretion reserves the right to enter into an agreement with the ceasing Admission Body. Under this agreement the Fund would accept an appropriate alternative security to be held against any deficit on the gilts exit basis, and would carry out the cessation valuation on the ongoing participation basis: Secondary contributions would be derived from this cessation debt. This approach would be monitored as part of each formal valuation and secondary contributions would be reassessed as required. The Admission Body may terminate the agreement only via payment of the outstanding debt assessed on the gilts exit basis. Furthermore, the Fund reserves the right to revert to the "gilts exit basis" and seek immediate payment of any funding shortfall identified. The Administering Authority may need to seek legal advice in such cases, as the Admission Body would have no contributing members.

## 3.4 Pooled contributions

From time to time, with the advice of the Actuary, the Administering Authority may set up pools for employers with similar or complementary characteristics. This will always be in line with its broader funding strategy. The current pools in place within the Fund are as follows:

- Schools generally are also pooled with their funding Council. However there may be exceptions for specialist or independent schools.
- Smaller Transferee Admission Bodies may be pooled with the letting employer, provided all parties (particularly the letting employer) agree.
- Town and Parish Councils Pre and Post 2001 Pools are generally pooled as a way of sharing experience and smoothing out the effects of costly but relatively rare events such as ill-health retirements or deaths in service.

The intention of the pool is to minimise contribution rate volatility which would otherwise occur when members join, leave, take early retirement, receive pay rises markedly different from expectations, etc. Such events can cause large changes in contribution rates for very small employers in particular, unless these are smoothed out for instance by pooling across a number of employers.

It is recognised that pooling can result in cross subsidies from one employer to another over time. This can arise from the different membership profiles of the different employers within a pool and from different experience. Over longer time periods, it would be expected that the experience will even out between employers and that each employer, will on average, pay a fair level of contributions. The pools will be reviewed at each valuation to determine if the membership remains appropriate.

On the other hand it should be noted that the employers in the pool will still have their own individual funding positions tracked by the Actuary. This may show that if they were a stand-alone employer then some employers would be much better funded, and others much more poorly funded, than the pool average. This therefore means that if any given employer was funding on a stand-alone basis, as opposed to being in the pool, then its contribution rate could be much higher or lower than the pool contribution rate.

It should also be noted that, if an employer is considering ceasing from the Fund, its required contributions would be based on its own funding position (rather than the pool average), and the cessation terms would also apply: this would mean potentially very different (and in particular possibly much higher) contributions would be required from the employer in that situation.

Those employers which have been pooled are identified in the Rates and Adjustments Certificate.

Employers who are permitted to enter (or remain in) a pool at the 2019 valuation will not normally be advised of their individual contribution rate unless agreed by the Administering Authority.

Community Admission Bodies that are deemed by the Administering Authority to have closed to new entrants are not usually permitted to participate in a pool.

### 3.5 Additional flexibility in return for added security

The Administering Authority may permit greater flexibility to the employer's contributions if the employer provides added security to the satisfaction of the Administering Authority.

Such flexibility includes a reduced rate of contribution, an extended time horizon, or permission to join a pool with another body (e.g. the Local Authority).

Such security may include, but is not limited to, a suitable bond, a legally-binding guarantee from an appropriate third party, or security over an employer asset of sufficient value.

The degree of flexibility given may take into account factors such as:

- the extent of the employer's deficit;
- the amount and quality of the security offered;
- the employer's financial security and business plan; and
- whether the admission agreement is likely to be open or closed to new entrants.

### 3.6 Non-ill health early retirement costs

It is assumed that members' benefits are payable from the earliest age that the employee could retire without incurring a reduction to their benefit (and without requiring their employer's consent to retire). (**NB** the relevant age may be different for different periods of service, following the benefit changes from April 2008 and April 2014). Employers are required to pay additional contributions ('strain') wherever an employee retires before attaining this age. The actuary's funding basis makes no allowance for premature retirement except on grounds of ill-health.

Strain costs would ordinarily be paid in full in the year in which the strain is incurred.

### 3.7 Ill health early retirement costs

In the event of a member's early retirement on the grounds of ill-health, a funding strain will usually arise, which can be very large. Such strains are currently met by each employer, although individual employers may elect to take external insurance (see 3.8 below).

To mitigate this risk, individual employers may elect to use external insurance, which has been made available by the Fund (see 3.8 below).

### 3.8 Ill health risk management

The Fund recognises ill health early retirement costs can have a significant impact on an employer's funding and contribution rate, which could ultimately jeopardise their continued operation.

The Administering Authority is currently reviewing its policy on managing ill health early retirement costs.

If an employer provides satisfactory evidence to the Administering Authority of a current external insurance policy covering ill health early retirement strains, then:

- the employer's contribution to the Fund each year is reduced by the amount of that year's insurance premium, so that the total contribution is unchanged, and

- there is no need for monitoring of ill health allowances versus experience (as typically required for some employers).

When an active member retires on ill health early retirement the claim amount will be paid directly from the insurer to the insured employer. This amount should then be paid to the Fund to allow the employer's asset share to be credited.

The employer must keep the Administering Authority notified of any changes in the insurance policy's coverage or premium terms, or if the policy is ceased.

### 3.9 Employers with no remaining active members

In general an employer ceasing in the Fund, due to the departure of the last active member, will pay a cessation debt or receive an exit credit on an appropriate basis (see 3.3, Note (j)) and consequently have no further obligation to the Fund. Thereafter it is expected that one of three situations will eventually arise:

a) The employer's asset share runs out before all its ex-employees' benefits have been paid. In this situation the other Fund employers will be required to contribute to pay all remaining benefits: this will be done by the Fund actuary apportioning the remaining liabilities on a pro-rata basis at successive formal valuations;

b) The last ex-employee or dependant dies before the employer's asset share has been fully utilised. In this situation the remaining assets would be apportioned pro-rata by the Fund's actuary to the other Fund employers.

c) In exceptional circumstances the Fund may permit an employer with no remaining active members and a cessation deficit to continue contributing to the Fund. This would require the provision of a suitable security or guarantee, as well as a written ongoing commitment to fund the remainder of the employer's obligations over an appropriate period. The Fund would reserve the right to invoke the cessation requirements in the future, however. The Administering Authority may need to seek legal advice in such cases, as the employer would have no contributing members.

### 3.10 Policies on bulk transfers

The Fund has a separate written policy which covers bulk transfer payments into, out of and within the Fund. Each case will be treated on its own merits, but in general:

- The Fund will not pay bulk transfers greater than the lesser of (a) the asset share of the transferring employer in the Fund, and (b) the value of the past service liabilities of the transferring members;
- The Fund will not grant added benefits to members bringing in entitlements from another Fund unless the asset transfer is sufficient to meet the added liabilities; and
- The Fund may permit shortfalls to arise on bulk transfers if the Fund employer has suitable strength of covenant and commits to meeting that shortfall in an appropriate period. This may require the employer's Fund contributions to increase between valuations.

### 3.11 Policies on intra-fund transfers

Where members transfer between employers within the Derbyshire Pension Fund, the assets that will be transferred from the transferring employer's asset share to the receiving employer's asset share will depend on the circumstances of the member(s)' transfer. In particular:

- Note (g) to Table 3.3 explains how assets will be allocated to new academy schools when members transfer from the ceding employer at the academy conversion date;
- Note (i) to Table 3.3 explains how assets will be allocated to new transferee admission bodies when services are outsourced from a scheduled body;
- If an individual member changes his/her employment from one employer in the Fund to another employer in the Fund, assets equal to the individual's cash equivalent transfer value (using standard Club factors) will be transferred from the transferring employer to the receiving employer;
- For all other cases, the Fund's default approach will be to transfer assets equal to the transferring liabilities (assessed on the Fund's ongoing funding basis) from the transferring employer's asset share to the receiving employer's asset share, unless there are specific circumstances which would merit an alternative approach.

## 4 Funding strategy and links to investment strategy

### 4.1 What is the Fund's investment strategy?

The Fund has built up assets over the years, and continues to receive contribution and other income. All of this must be invested in a suitable manner, which is the investment strategy.

Investment strategy is set by the Administering Authority, after consultation with the employers and after taking investment advice. The precise mix, manager make up and target returns are set out in the Investment Strategy Statement, which is available to members and employers.

The investment strategy is set for the long-term, but is reviewed from time to time. Normally a full review is carried out as part of each actuarial valuation, and is kept under review annually between actuarial valuations to ensure that it remains appropriate to the Fund's liability profile.

The same investment strategy is currently followed for all employers.

### 4.2 What is the link between funding strategy and investment strategy?

The Fund must be able to meet all benefit payments as and when they fall due. These payments will be met by contributions (resulting from the funding strategy) or asset returns and income (resulting from the investment strategy). To the extent that investment returns or income fall short, then higher cash contributions are required from employers, and vice versa

Therefore, the funding and investment strategies are inextricably linked.

### 4.3 How does the funding strategy reflect the Fund's investment strategy?

In the opinion of the Fund actuary, the current funding policy is consistent with the current investment strategy of the Fund. The actuary's assumptions for future investment returns (described further in Appendix E) are based on the current benchmark investment strategy of the Fund. The future investment return assumptions underlying each of the fund's three funding bases include a margin for prudence, and are therefore also considered to be consistent with the requirement to take a "prudent longer-term view" of the funding of liabilities as required by the UK Government (see Appendix A1).

In the short term – such as the three yearly assessments at formal valuations – there is the scope for considerable volatility in asset values. However, the actuary takes a long term view when assessing employer contribution rates and the contribution rate setting methodology takes into account this potential variability.

The Fund does not hold a contingency reserve to protect it against the volatility of equity investments.

### 4.4 Does the Fund monitor its overall funding position?

The Administering Authority will monitor the relative funding position, i.e. changes in the relationship between asset values and the liabilities value, on an annual basis. It will report this to the regular Pensions Committee meetings, and also to employers through newsletters and Employers Forums.

## 5 Statutory reporting and comparison to other LGPS Funds

### 5.1 Purpose

Under Section 13(4)(c) of the Public Service Pensions Act 2013 ("Section 13"), the Government Actuary's Department must, following each triennial actuarial valuation, report to MHCLG on each of the LGPS Funds in England & Wales. This report will cover whether, for each Fund, the rate of employer contributions are set at an appropriate level to ensure both the solvency and the long term cost efficiency of the Fund. This additional MHCLG oversight may have an impact on the strategy for setting contribution rates at future valuations.

### 5.2 Solvency

For the purposes of Section 13, the rate of employer contributions shall be deemed to have been set at an appropriate level to ensure solvency if:

(a) the rate of employer contributions is set to target a funding level for the Fund of 100%, over an appropriate time period and using appropriate actuarial assumptions (where appropriateness is considered in both absolute and relative terms in comparison with other funds); and either

(b) employers collectively have the financial capacity to increase employer contributions, and/or the Fund is able to realise contingent assets should future circumstances require, in order to continue to target a funding level of 100%; or

(c) there is an appropriate plan in place should there be, or if there is expected in future to be, a material reduction in the capacity of fund employers to increase contributions as might be needed.

### 5.3 Long Term Cost Efficiency

The rate of employer contributions shall be deemed to have been set at an appropriate level to ensure long term cost efficiency if:

i. the rate of employer contributions is sufficient to make provision for the cost of current benefit

accrual, ii. an appropriate adjustment is made to that rate for any surplus or deficit in the Fund.

In assessing whether the above condition is met, MHCLG may have regard to various absolute and relative considerations. A relative consideration is primarily concerned with comparing LGPS pension funds with other LGPS pension funds. An absolute consideration is primarily concerned with comparing Funds with a given objective benchmark.

Relative considerations include:

1. the implied deficit recovery period; and
2. the investment return required to achieve full funding after 20 years.

Absolute considerations include:

1. the extent to which the contributions payable are sufficient to cover the cost of current benefit accrual and the interest cost on any deficit;
2. how the required investment return under "relative considerations" above compares to the estimated future return being targeted by the Fund's current investment strategy;
3. the extent to which contributions actually paid have been in line with the expected contributions based on the extant rates and adjustment certificate; and
4. the extent to which any new deficit recovery plan can be directly reconciled with, and can be demonstrated to be a continuation of, any previous deficit recovery plan, after allowing for actual Fund experience.

MHCLG may assess and compare these metrics on a suitable standardised market-related basis, for example where the local funds' actuarial bases do not make comparisons straightforward.

# Appendix A Regulatory framework

## A1 Why does the Fund need an FSS?

The Ministry of Housing, Communities and Local Government (MHCLG) has stated that 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 regulatory framework to maintain **as nearly constant employer contribution rates as possible**; and to take a **prudent longer-term view** of funding those liabilities."*

These objectives are desirable individually, but may be mutually conflicting.

The requirement to maintain and publish a FSS is contained in LGPS Regulations which are updated from time to time. In publishing the FSS the Administering Authority has to have regard to any guidance published by Chartered Institute of Public Finance and Accountancy (CIPFA) (most recently in 2016) and to its Statement of Investment Principles / Investment Strategy Statement.

This is the framework within which the Fund's actuary carries out triennial valuations to set employers' contributions and provides recommendations to the Administering Authority when other funding decisions are required, such as when employers join or leave the Fund. The FSS applies to all employers participating in the Fund.

## A2 Does the Administering Authority consult anyone on the FSS?

Yes. This is required by LGPS Regulations. It is covered in more detail by the most recent CIPFA guidance, which states that the FSS must first be subject to "consultation with such persons as the authority considers appropriate", and should include "a meaningful dialogue at officer and elected member level with council tax raising authorities and with corresponding representatives of other participating employers".

In practice, for the Fund, the consultation process for this FSS was as follows:

a) A draft version of the FSS was published on Derbyshire County Council's website (with a link from the Fund's website) on 6th January 2020, with comments invited from all of the Fund's stakeholders; a link to the website was issued to all participating employers and members of the Derbyshire Pension Board;

b) Comments were requested by 2nd February 2020;

c) Following the end of the consultation period the FSS was updated where required and then published on the Derbyshire Pension Fund website, in March 2020.

## A3 How is the FSS published?

The FSS is made available through the following routes:

Published on the website

A copy sent by e-mail to each participating employer in the Fund;

A copy sent by e-mail to the members of the Derbyshire Pension Board.

A link to the FSS is included in the annual report and accounts of the Fund;

A copy sent by email to the Fund's independent investment adviser;

Copies made available on request.

## A4 How often is the FSS reviewed?

The FSS is reviewed in detail at least every three years as part of the triennial valuation (which may move to every four years in future – see Section 2.8). This version is expected to remain unaltered until it is consulted upon as part of the formal process for the next valuation.

It is possible that (usually slight) amendments may be needed within the three year period. These would be needed to reflect any regulatory changes, or alterations to the way the Fund operates (e.g. to accommodate a new class of employer). Any such amendments would be consulted upon as appropriate:

- trivial amendments would be simply notified at the next round of employer communications,
- amendments affecting only one class of employer would be consulted with those employers,
- other more significant amendments would be subject to full consultation.

In any event, changes to the FSS would need agreement by the Pensions and Investments Committee and would be included in the relevant Committee Meeting minutes.

## A5 How does the FSS fit into other Fund documents?

The FSS is a summary of the Fund's approach to funding liabilities. It is not an exhaustive statement of policy on all issues, for example there are a number of separate statements published by the Fund including the Investment Strategy Statement, Admissions, Cessations and Bulk Transfers policies, Governance Strategy and Communications Strategy. In addition, the Fund publishes an Annual Report and Accounts with up to date information on the Fund. These documents can be found on the Fund's website: www.derbyshirepensionfund.org.uk

# Appendix B Responsibilities of key parties

The efficient and effective operation of the Fund needs various parties to each play their part.

## B1 The Administering Authority should:-

1. operate the Fund as per the LGPS Regulations;
2. effectively manage any potential conflicts of interest arising from its dual role as Administering Authority and a Fund employer;
3. collect employer and employee contributions, and investment income and other amounts due to the Fund;
4. ensure that cash is available to meet benefit payments as and when they fall due;
5. pay from the Fund the relevant benefits and entitlements that are due;
6. invest surplus monies (i.e. contributions and other income which are not immediately needed to pay benefits) in accordance with the Fund's Investment Strategy Statement (ISS) and LGPS Regulations;
7. communicate appropriately with employers so that they fully understand their obligations to the Fund;
8. take appropriate measures to safeguard the Fund against the consequences of employer default;
9. manage the valuation process in consultation with the Fund's actuary;
10. provide data and information as required by the Government Actuary's Department to carry out their statutory obligations (see Section 5);
11. prepare and maintain a FSS and a ISS, after consultation;
12. notify the Fund's actuary of material changes which could affect funding (this is covered in a separate agreement with the actuary); and
13. monitor all aspects of the fund's performance and funding and amend the FSS and ISS as necessary and appropriate.

## B2 The Individual Employer should:-

1. deduct contributions from employees' pay correctly;
2. pay all contributions, including their own as determined by the actuary, promptly by the due date;
3. have a policy and exercise discretions within the regulatory framework; make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits, early retirement strain; and

4. notify the Administering Authority promptly of all changes to its circumstances, prospects or membership, which could affect future funding.

## B3 The Fund Actuary should:-

1. prepare valuations, including the setting of employers' contribution rates. This will involve agreeing assumptions with the Administering Authority, having regard to the FSS and LGPS Regulations, and targeting each employer's solvency appropriately;
2. provide data and information as required by the Government Actuary's Department to carry out their statutory obligations (see Section 5);
3. provide advice relating to new employers in the Fund, including the level and type of bonds or other forms of security (and the monitoring of these);
4. prepare advice and calculations in connection with bulk transfers and individual benefit-related matters;
5. assist the Administering Authority in considering possible changes to employer contributions between formal valuations, where circumstances suggest this may be necessary;
6. advise on the termination of employers' participation in the Fund; and
7. fully reflect actuarial professional guidance and requirements in the advice given to the Administering Authority.

## B4 Other parties:-

1. investment advisers (either internal or external) should ensure the Fund's ISS remains appropriate, and consistent with this FSS;
2. investment managers, custodians and bankers should all play their part in the effective investment (and dis-investment) of Fund assets, in line with the ISS;
3. auditors should comply with their auditing standards, ensure Fund compliance with all requirements, monitor and advise on fraud detection, and sign off annual reports and financial statements as required;
4. governance advisers may be appointed to advise the Administering Authority on efficient processes and working methods in managing the Fund;
5. legal advisers (either internal or external) should ensure the Fund's operation and management remains fully compliant with all regulations and broader local government requirements, including the Administering Authority's own procedures;
6. MHCLG (assisted by the Government Actuary's Department) and the Scheme Advisory Board, should work with LGPS Funds to meet Section 13 requirements.

## Appendix C Key risks and controls

### C1 Types of risk

The Administering Authority has an active risk management programme in place. The measures that it has in place to control key risks are summarised below under the following headings: financial; demographic; regulatory; and governance.

### C2 Financial risks

| Risk | Summary of Control Mechanisms |
| --- | --- |
| Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities and contribution rates over the longterm. | Only anticipate long-term returns on a relatively prudent basis to reduce risk of under-performing.<br>Assets invested on the basis of specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc.<br>Analyse progress at three yearly valuations for all employers.<br>Inter-valuation roll-forward of liabilities between valuations at whole Fund level. |
| Inappropriate long-term investment strategy. | Overall investment strategy options considered as an integral part of the funding strategy. Used asset liability modelling to measure 4 key outcomes.<br>Chosen option considered to provide the best balance. |
| Active investment manager under-performance relative to benchmark. | Quarterly investment monitoring analyses market performance and active managers relative to their index benchmark. |
| Pay and price inflation significantly more than anticipated. | The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.<br>Inter-valuation monitoring, as above, gives early warning.<br>Some investment in bonds also helps to mitigate this risk.<br>Employers pay for their own salary awards and should be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer serving employees. |

| Risk | Summary of Control Mechanisms |
|---|---|
| Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies | An explicit stabilisation mechanism has been agreed as part of the funding strategy. Other measures are also in place to limit sudden increases in contributions. |
| Orphaned employers give rise to added costs for the Fund | The Fund seeks a cessation debt (or security/guarantor) to minimise the risk of this happening in the future.<br><br>If it occurs, the Actuary calculates the added cost spread pro-rata among all employers – (see 3.9). |
| Effect of possible asset underperformance as a result of climate change | Climate change risk is monitored via the Fund's risk register.<br><br>The impact of climate change on long term funding has been modelled and considered as part of the formal 2019 actuarial valuation. |

## C3 Demographic risks

| Risk | Summary of Control Mechanisms |
|---|---|
| Pensioners living longer, thus increasing cost to Fund. | Set mortality assumptions with some allowance for future increases in life expectancy.<br><br>The Fund Actuary has direct access to the experience of over 50 LGPS funds which allows early identification of changes in life expectancy that might in turn affect the assumptions underpinning the valuation. |
| Maturing Fund – i.e. proportion of actively contributing employees declines relative to retired employees. | Continue to monitor at each valuation, consider seeking monetary amounts rather than % of pay and consider alternative investment strategies. |
| Deteriorating patterns of early retirements | Employers are charged the extra cost of non ill-health retirements following each individual decision.<br><br>Employer ill health retirement experience is monitored as part of each formal actuarial valuation, and insurance is an option. |
| Reductions in payroll causing insufficient deficit recovery payments | In many cases this may not be sufficient cause for concern, and will in effect be caught at the next formal valuation. However, there are protections where there is concern, as follows: |
| **Risk** | **Summary of Control Mechanisms** |
| | Employers in the stabilisation mechanism may be brought out of that mechanism to permit appropriate contribution increases (see Note (b) to 3.3).<br><br>For other employers, review of contributions is permitted in general between valuations (see Note (f) to 3.3) and may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts. |

## C4 Regulatory risks

| Risk | Summary of Control Mechanisms |
|---|---|
| Changes to national pension requirements and/or HMRC rules e.g. changes arising from public sector pensions reform. | The Administering Authority considers all consultation papers issued by the Government and comments where appropriate.<br><br>The Administering Authority is monitoring the progress on the McCloud court case and will consider an interim valuation or other appropriate action once more information is known.<br><br>The government's long term preferred solution to GMP indexation and equalisation - conversion of GMPs to scheme benefits - was built into the 2019 valuation. |
| Time, cost and/or reputational risks associated with any MHCLG intervention triggered by the Section 13 analysis (see Section 5). | Take advice from Fund Actuary on position of Fund as at prior valuation, and consideration of proposed valuation approach relative to anticipated Section 13 analysis. |
| Changes by Government to particular employer participation in LGPS Funds, leading to impacts on funding and/or investment strategies. | The Administering Authority considers all consultation papers issued by the Government and comments where appropriate.<br><br>Take advice from Fund Actuary on impact of changes on the Fund and amend strategy as appropriate. |

## C5 Governance risks

| Risk | Summary of Control Mechanisms |
|---|---|
| Administering Authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements) or not advised of an employer closing to new entrants. | The Administering Authority has a close relationship with employing bodies and communicates required standards e.g. for submission of data.<br>The Actuary may revise the rates and Adjustments certificate to increase an employer's contributions between triennial valuations<br>Deficit contributions may be expressed as monetary amounts. |
| Actuarial or investment advice is not sought, or is not heeded, or proves to be insufficient in some way | The Administering Authority maintains close contact with its specialist advisers.<br>Advice is delivered via formal meetings involving Elected Members, and recorded appropriately.<br>Actuarial advice is subject to professional requirements such as peer review. |
| Administering Authority failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body. | The Administering Authority requires employers with Best Value contractors to inform it of forthcoming changes.<br>Community Admission Bodies' memberships are monitored and, if active membership decreases, steps will be taken to minimise the risk of the employer leaving behind an unpaid debt if it were to exit. |
| An employer ceasing to exist with insufficient funding or adequacy of a bond. | The Administering Authority believes that it would normally be too late to address the position if it was left to the time of departure.<br>The risk is mitigated by:<br>Seeking a funding guarantee from another scheme employer, or external body, where-ever possible (see Notes (h) and (j) to 3.3).<br>Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice.<br>Vetting prospective employers before admission.<br>Where permitted under the regulations requiring a bond to protect the Fund from various risks.<br>Requiring new Community Admission Bodies to have a guarantor. |

| Risk | Summary of Control Mechanisms |
| --- | --- |
| | Reviewing bond or guarantor arrangements at regular intervals (see Note (f) to 3.3).<br><br>Reviewing contributions well ahead of cessation if thought appropriate (see Note (a) to 3.3). |
| An employer ceasing to exist resulting in an exit credit being payable | The Administering Authority regularly monitors admission bodies coming up to cessation.<br><br>The Administering Authority invests in liquid assets to ensure that exit credits can be paid when required. |

Derbyshire Pension Fund

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# Appendix D – The calculation of Employer contributions

In Section 2 there was a broad description of the way in which contribution rates are calculated. This Appendix considers these calculations in much more detail.

As discussed in Section 2, the actuary calculates the required contribution rate for each employer using a threestep process:

- Calculate the funding target for that employer, i.e. the estimated amount of assets it should hold in order to be able to pay all its members' benefits. See Appendix E for more details of what assumptions we make to determine that funding target;
- Determine the time horizon over which the employer should aim to achieve that funding target. See the table in 3.3 and Note (c) for more details;
- Calculate the employer contribution rate such that it has at least a given likelihood of achieving that funding target over that time horizon, allowing for various possible economic outcomes over that time horizon. See the table in 3.3 Note (e) for more details.

The calculations involve actuarial assumptions about future experience, and these are described in detail in Appendix E.

## D1 What is the difference between calculations across the whole Fund and calculations for an individual employer?

Employer contributions are normally made up of two elements:

a) the estimated cost of ongoing benefits being accrued, referred to as the "Primary contribution rate" (see D2 below); plus

b) an adjustment for the difference between the Primary rate above, and the actual contribution the employer needs to pay, referred to as the "Secondary contribution rate" (see D3 below).

The contribution rate for each employer is measured as above, appropriate for each employer's assets, liabilities and membership. The whole Fund position, including that used in reporting to MHCLG (see section 5), is calculated in effect as the sum of all the individual employer rates. MHCLG currently only regulates at whole Fund level, without monitoring individual employer positions.

## D2 How is the Primary contribution rate calculated?

The Primary element of the employer contribution rate is calculated with the aim that these contributions will meet benefit payments in respect of members' **future** service in the Fund. This is based upon the cost (in excess of members' contributions) of the benefits which employee members earn from their service each year.

The Primary rate is calculated separately for all the employers, although employers within a pool will pay the contribution rate applicable to the pool as a whole. The Primary rate is calculated such that it is projected to:

1. meet the required funding target for all future years' accrual of benefits*, excluding any accrued assets,
2. within the determined time horizon (see note 3.3 Note (c) for further details),
3. with a sufficiently high likelihood, as set by the Fund's strategy for the category of employer (see 3.3 Note (e) for further details).

* The projection is for the current active membership where the employer no longer admits new entrants, or additionally allows for new entrants where this is appropriate.

The projections are carried out using an economic modeller (the "Economic Scenario Service") developed by the Fund's actuary Hymans Robertson: this allows for a wide range of outcomes as regards key factors such as asset returns (based on the Fund's investment strategy), inflation, and bond yields. Further information about this model is included in Appendix E. The measured contributions are calculated such that the proportion of outcomes meeting the employer's funding target (at the end of the time horizon) is equal to the required likelihood.

The approach includes expenses of administration to the extent that they are borne by the Fund, and includes allowances for benefits payable on death in service and on ill health retirement.

### D3 How is the Secondary contribution rate calculated?

The Fund aims for the employer to have assets sufficient to meet 100% of its accrued liabilities at the end of its funding time horizon based on the employer's funding target assumptions (see Appendix E).

The Secondary rate is calculated as the balance over and above the Primary rate, such that the total contribution rate is projected to:

1. meet the required funding target relating to combined past and future service benefit accrual, including accrued asset share (see D5 below)
2. at the end of the determined time horizon (see 3.3 Note (c) for further details)
3. with a sufficiently high likelihood, as set by the Fund's strategy for the category of employer (see 3.3 Note (e) for further details).

The projections are carried out using an economic modeller (the "Economic Scenario Service") developed by the Fund Actuary Hymans Robertson: this allows for a wide range of outcomes as regards key factors such as asset returns (based on the Fund's investment strategy), inflation, and bond yields. Further information about this model is included in Appendix E. The measured contributions are calculated such that the proportion of outcomes meeting the employer's funding target (at the end of the time horizon) is equal to the required likelihood.

### D4 What affects a given employer's valuation results?

The results of these calculations for a given individual employer will be affected by:

1. past contributions relative to the cost of accruals of benefits;
2. different liability profiles of employers (e.g. mix of members by age, gender, service vs. salary);

3. the effect of any differences in the funding target, i.e. the valuation basis used to value the employer's liabilities at the end of the time horizon;
4. any different time horizons;
5. the difference between actual and assumed rises in pensionable pay;
6. the difference between actual and assumed increases to pensions in payment and deferred pensions;
7. the difference between actual and assumed retirements on grounds of ill-health from active status;
8. the difference between actual and assumed amounts of pension ceasing on death;
9. the additional costs of any non ill-health retirements relative to any extra payments made; and/or
10. differences in the required likelihood of achieving the funding target.

### D5 How is each employer's asset share calculated?

The Administering Authority does not operate separate bank accounts or investment mandates for each employer. Therefore it cannot account for each employer's assets separately. Instead, the Fund Actuary must apportion the assets of the whole Fund between the individual employers. There are broadly two ways to do this:

1) A technique known as "analysis of surplus" in which the Fund actuary estimates the surplus/deficit of an employer at the current valuation date by analysing movements in the surplus/deficit from the previous actuarial valuation date. The estimated surplus/deficit is compared to the employer's liability value to calculate the employer's asset value. The actuary will quantify the impact of investment, membership and other experience to analyse the movement in the surplus/deficit. This technique makes a number of simplifying assumptions due to the unavailability of certain items of information. This leads to a balancing, or miscellaneous, item in the analysis of surplus, which is split between employers in proportion to their asset shares.
2) A 'cashflow approach' in which an employer's assets are tracked over time allowing for cashflows paid in (contributions, transfers in etc.), cashflows paid out (benefit payments, transfers out etc.) and investment returns on the employer's assets.

Until 31 March 2016 the Administering Authority used the 'analysis of surplus' approach to apportion the Fund's assets between individual employers.

Since then, the Fund has adopted a cashflow approach for tracking individual employer assets.

The Fund Actuary tracks employer assets on an annual basis. Starting with each employer's assets from the previous year end, cashflows paid in/out and investment returns achieved on the Fund's assets over the course of the year are added to calculate an asset value at the year end.

The approach has some simplifying assumptions in that all cashflows and investment returns are assumed to have occurred uniformly over the course of the year. As the actual timing of cashflows and investment returns are not allowed for, the sum of all employers' asset values will deviate from the whole fund asset total over time (the deviation is expected to be minor). The difference is split between employers in proportion to their asset shares at each triennial valuation.

### D6 How does the Fund adjust employer asset shares when an individual member moves from one employer in the Fund to another?

Under the cashflow approach for tracking employer asset shares, the Fund has allowed for any individual members transferring from one employer in the Fund to another, via the transfer of a sum from the ceding employer's asset share to the receiving employer's asset share. This sum is equal to the member's Cash Equivalent Transfer Value (CETV) as advised by the Fund's administrators.

Derbyshire Pension Fund

lgps

# Appendix E – Actuarial assumptions

## E1 What are the actuarial assumptions used to calculate employer contribution rates?

These are expectations of future experience used to place a value on future benefit payments ("the liabilities") and future asset values. Assumptions are made about the amount of benefit payable to members (the financial assumptions) and the likelihood or timing of payments (the demographic assumptions). For example, financial assumptions include investment returns, salary growth and pension increases; demographic assumptions include life expectancy, probabilities of ill-health early retirement, and proportions of member deaths giving rise to dependants' benefits.

Changes in assumptions will affect the funding target and required contribution rate. However, different assumptions will not of course affect the actual benefits payable by the Fund in future.

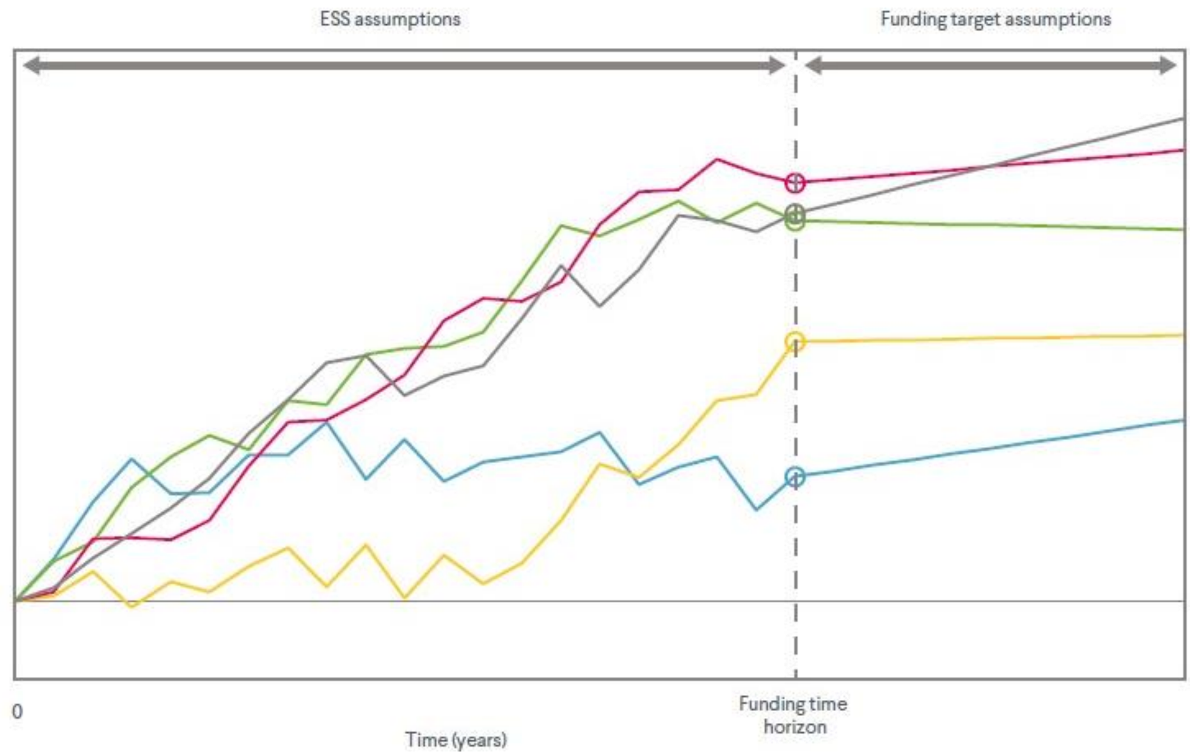
For instance, taking pension increases (which follow price inflation) as an example:

- a higher assumed rate of increase will give higher assumed costs and hence higher calculated contributions;
- the actual cost of pensions will vary by the rate of actual price inflation, not what had been assumed in the past.

The actuary's approach to calculating employer contribution rates involves the projection of each employer's future benefit payments, contributions and investment returns into the future under 5,000 possible economic scenarios. Future inflation (and therefore benefit payments) and investment returns for each asset class (and therefore employer asset values) are variables in the projections. By projecting the evolution of an employer's assets and benefit payments 5,000 times, a contribution rate can be set that results in a sufficient number of these future projections (determined by the employer's required likelihood) being successful at the end of the employer's time horizon. In this context, a successful contribution rate is one which results in the employer having met its funding target at the end of the time horizon.

Setting employer contribution rates therefore requires two types of assumptions to be made about the future:

1. Assumptions to project the employer's assets, benefits and cashflows to the end of the funding time horizon. For this purpose the actuary uses Hymans Robertson's proprietary stochastic economic model - the Economic Scenario Service ("ESS").
2. Assumptions to assess whether, for a given projection, the funding target is satisfied at the end of the time horizon. For this purpose, the Fund has two different funding bases – see E3 below.




Details on the ESS assumptions and funding target assumptions are included below (in E2 and E3 respectively).

## E2 What assumptions are used in the ESS?

The actuary uses Hymans Robertson's ESS model to project a range of possible outcomes for the future behaviour of asset returns and economic variables. With this type of modelling, there is no single figure for an assumption about future inflation or investment returns. Instead, there is a range of what future inflation or returns will be which leads to likelihoods of the assumption being higher or lower than a certain value.

The ESS is a complex model to reflect the interactions and correlations between different asset classes and wider economic variables. The table below shows the calibration of the model as at 31 March 2019. All returns are shown net of fees and are the annualised total returns over 5, 10 and 20 years, except for the yields which refer to the simulated yields at that time horizon.

| | | Annualised total returns | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Cash | Index Linked Gilts (medium) | Fixed Interest Gilts (medium) | UK Equity | Overseas Equity | Property | A rated corporate bonds (medium) | RPI inflation expectation | 17 year real govt bond yield | 17 year govt bond yield |
| 5 years | 16th %'ile | -0.4% | -2.3% | -2.9% | -4.1% | -4.1% | -3.5% | -2.7% | 1.9% | -2.5% | 0.8% |
| | 50th %'ile | 0.7% | 0.5% | 0.3% | 4.0% | 4.1% | 2.4% | 0.8% | 3.3% | -1.7% | 2.1% |
| | 84th %'ile | 2.0% | 3.3% | 3.4% | 12.7% | 12.5% | 8.8% | 4.0% | 4.9% | -0.8% | 3.6% |
| 10 years | 16th %'ile | -0.2% | -1.8% | -1.3% | -1.5% | -1.4% | -1.5% | -0.9% | 1.9% | -2.0% | 1.2% |
| | 50th %'ile | 1.3% | 0.0% | 0.2% | 4.6% | 4.7% | 3.1% | 0.8% | 3.3% | -0.8% | 2.8% |
| | 84th %'ile | 2.9% | 1.9% | 1.7% | 10.9% | 10.8% | 7.8% | 2.5% | 4.9% | 0.4% | 4.8% |
| 20 years | 16th %'ile | 0.7% | -1.1% | 0.1% | 1.2% | 1.3% | 0.6% | 0.7% | 2.0% | -0.7% | 2.2% |
| | 50th %'ile | 2.4% | 0.3% | 1.0% | 5.7% | 5.8% | 4.3% | 1.9% | 3.2% | 0.8% | 4.0% |
| | 84th %'ile | 4.5% | 2.0% | 2.0% | 10.3% | 10.4% | 8.1% | 3.0% | 4.7% | 2.2% | 6.3% |
| | Volatility (Disp) (1 yr) | 1% | 7% | 10% | 17% | 17% | 14% | 11% | 1% | | |

## E3 What assumptions are used in the funding target?

At the end of an employer's funding time horizon, an assessment will be made – for each of the 5,000 projections – of how the assets held compare to the value of assets required to meet the future benefit payments (the funding target). Valuing the cost of future benefits requires the actuary to make assumptions about the following financial factors:

- Benefit increases and CARE revaluation
- Salary growth
- Investment returns (the "discount rate")

Each of the 5,000 projections represents a different prevailing economic environment at the end of the funding time horizon and so a single, fixed value for each assumption is unlikely to be appropriate for every projection. For example, a high assumed future investment return (discount rate) would not be prudent in projections with a weak outlook for economic growth. Therefore, instead of using a fixed value for each assumption, the actuary references economic indicators to ensure the assumptions remain appropriate for the prevailing economic environment in each projection. The economic indicators the actuary uses are: future inflation expectations and the prevailing risk free rate of return (the yield on long term UK government bonds is used as a proxy for this rate).

The Fund has two funding bases which will apply to different employers depending on their type. Each funding basis has a different assumption for future investment returns when determining the employer's funding target.

| **Funding basis** | **Ongoing participation basis** | **Low risk exit basis** |
|---|---|---|
| **Employer type** | All employers except closed Community Admission Bodies | Community Admission Bodies that are closed to new entrants |
| **Investment return assumption underlying the employer's funding target (at the end of its time horizon)** | Long term government bond yields plus an asset outperformance assumption (AOA) of 1.8% p.a. | Long term government bond yields with no allowance for outperformance on the Fund's assets |

## E4 What other assumptions apply?

The following assumptions are those of the most significance used in both the projection of the assets, benefits and cashflows and in the funding target.

### a) Salary growth

After discussion with Fund officers, the salary increase assumption at the 2019 valuation has been set to be a blended rate combined of:

1. 2% p.a. until 31 March 2022, followed by
2. the retail prices index (RPI) thereafter.

This gives a single “blended” assumption of CPI plus 0.7%. This is a change from the previous valuation, which assumed a blended assumption of CPI plus 0.6%. The change has led to a reduction in the funding target (all other things being equal).

### b) Pension increases

Since 2011 the consumer prices index (CPI), rather than RPI, has been the basis for increases to public sector pensions in deferment and in payment. Note that the basis of such increases is set by the Government, and is not under the control of the Fund or any employers.

At this valuation, we have continued to assume that CPI is 1.0% per annum lower than RPI. (Note that the reduction is applied in a geometric, not arithmetic, basis).

### c) Life expectancy

The demographic assumptions are intended to be best estimates of future experience in the Fund based on past experience of LGPS funds which participate in Club Vita, the longevity analytics service used by the Fund, and endorsed by the actuary.

The longevity assumptions that have been adopted at this valuation are a bespoke set of “VitaCurves”, produced by the Club Vita’s detailed analysis, which are specifically tailored to fit the membership profile of the Fund. These curves are based on the data provided by the Fund for the purposes of this valuation.

Allowance has been made in the ongoing valuation basis for future improvements in line with the 2018 version of the Continuous Mortality Investigation model published by the Actuarial Profession and a 1.25% per annum minimum underpin to future reductions in mortality rates. This updated allowance for future improvements will generally result in lower life expectancy assumptions and hence a reduced funding target (all other things being equal).

### d) General

The same financial assumptions are adopted for most employers (on the ongoing participation basis identified above), in deriving the funding target underpinning the Primary and Secondary rates: as described in (3.3), these calculated figures are translated in different ways into employer contributions, depending on the employer’s circumstances.

The demographic assumptions, in particular the life expectancy assumption, in effect vary by type of member and so reflect the different membership profiles of employers.

## Appendix F – Glossary

| | |
|---|---|
| **Administering Authority** | The council with statutory responsibility for running the Fund, in effect the Fund's "trustees". |
| **Admission Bodies** | Employers where there is an Admission Agreement setting out the employer's obligations. These can be Community Admission Bodies or Transferee Admission Bodies. For more details (see 2.3). |
| **Covenant** | The assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term. |
| **Designating Employer** | Employers such as town and parish councils that are able to participate in the LGPS via resolution. These employers can designate which of their employees are eligible to join the Fund. |
| **Employer** | An individual participating body in the Fund, which employs (or used to employ) **members** of the Fund. Normally the assets and **funding target** values for each employer are individually tracked, together with its **Primary rate** at each **valuation**. |
| **Funding basis** | The combined set of assumptions made by the actuary, regarding the future, to calculate the value of the funding target at the end of the employer's time horizon. The main assumptions will relate to the level of future investment returns, salary growth, pension increases and longevity. More prudent assumptions will give a higher funding target, whereas more optimistic assumptions will give a lower funding target. |
| **Gilt** | A UK Government bond, i.e. a promise by the Government to pay interest and capital as per the terms of that particular gilt, in return for an initial payment of capital by the purchaser. Gilts can be "fixed interest", where the interest payments are level throughout the gilt's term, or "index-linked" where the interest payments vary each year in line with a specified index (usually RPI). Gilts can be bought as assets by the Fund, but are also used in funding as an objective measure of a riskfree rate of return. |
| **Guarantee / guarantor** | A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the Fund can consider the employer's **covenant** to be as strong as its guarantor's. |
| **Letting employer** | An employer which outsources or transfers a part of its services and workforce to another employer (usually a contractor). The contractor will pay towards the LGPS benefits accrued by the transferring members, but ultimately the obligation to pay for these benefits will revert to the letting employer. A letting employer will usually be a local authority, but can sometimes be another type of employer such as an Academy. |

| | |
|---|---|
| **LGPS** | The Local Government Pension Scheme, a public sector pension arrangement put in place via Government Regulations, for workers in local government. These Regulations also dictate eligibility (particularly for Scheduled Bodies), members' contribution rates, benefit calculations and certain governance requirements. The LGPS is divided into 100 Funds which map the UK. Each LGPS Fund is autonomous to the extent not dictated by Regulations, e.g. regarding investment strategy, employer contributions and choice of advisers. |
| **Maturity** | A general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter. This has implications for investment strategy and, consequently, funding strategy. |
| **Members** | The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into actives (current employee members), deferreds (exemployees who have not yet retired) and pensioners (ex-employees who have now retired, and dependants of deceased ex-employees). |
| **Primary contribution rate** | The employer contribution rate required to pay for ongoing accrual of active members' benefits (including an allowance for administrative expenses). See Appendix D for further details. |
| **Profile** | The profile of an employer's membership or liability reflects various measurements of that employer's **members**, i.e. current and former employees. This includes: the proportions which are active, deferred or pensioner; the average ages of each category; the varying salary or pension levels; the lengths of service of active members vs their salary levels, etc. A membership (or liability) profile might be measured for its **maturity** also. |
| **Rates and Adjustments Certificate** | A formal document required by the LGPS Regulations, which must be updated at the conclusion of the formal **valuation**. This is completed by the actuary and confirms the contributions to be paid by each employer (or pool of employers) in the Fund for the period until the next valuation is completed. |
| **Scheduled Bodies** | Types of employer explicitly defined in the LGPS Regulations, whose employees must be offered membership of their local LGPS Fund. These include Councils, colleges, universities, academies, police and fire authorities etc, other than employees who have entitlement to a different public sector pension scheme (e.g. teachers, police and fire officers, university lecturers). |
| **Secondary contribution rate** | The difference between the employer's actual and **Primary contribution rates**. See Appendix D for further details. |
| **Stabilisation** | Any method used to smooth out changes in employer contributions from one year to the next. This is very broadly required by the LGPS Regulations, but in practice is particularly employed for large stable employers in the Fund. |
| **Valuation** | A risk management exercise to review the **Primary and Secondary contribution rates**, and other statutory information for a Fund, and usually individual employers too. |

# Appendix 5: Actuarial Valuation Report 2019

## 1 Introduction

### Background to the actuarial valuation

We have been commissioned by Derbyshire County Council ("the Administering Authority") to carry out an actuarial valuation of the Derbyshire Pension Fund ("the Fund") as at 31 March 2019 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 ("the Regulations").

The actuarial valuation is a risk management exercise with the purpose of reviewing the current funding plans and setting contribution rates for the Fund's participating employers for the period from 1 April 2020 to 31 March 2023. This report summarises the outcomes of the valuation and the underlying advice provided to the Administering Authority throughout the valuation process.

This summary report is the culmination of other communications in relation to the valuation, in particular:

- Our 2019 valuation toolkit which sets out the methodology used when reviewing funding plans:
- Our papers dated March 2019 and August 2019 which discuss the valuation assumptions;
- Our Initial Results Report dated November 2019 which outlines the whole fund results and inter-valuation experience;
- The Funding Strategy Statement which details the approach taken to adequately fund the current and future benefits due to members.

### Reliances and Limitations

This report has been prepared for the sole use of Derbyshire County Council in its role as Administering Authority of the Fund to provide an actuarial valuation of the Fund as required under the Regulations. It has not been prepared for any other third party or for any other purpose. We make no representation or warranties to any third party as to the accuracy or completeness of this report, no reliance should be placed on this report by any third party and we accept no responsibility or liability to any third party in respect of it.



The totality of our advice complies with the Regulations as they relate to actuarial valuations. The following Technical Actuarial Standards[8] are applicable in relation to this report and have been complied with where material:

- TAS 100 – Principles for technical actuarial work;
- TAS 300 – Pensions.

[8] Technical Actuarial Standards (TASs) are issued by the Financial Reporting Council (FRC) and set standards for certain items of actuarial work.

### Use of this report by other parties

This report is addressed to the Administering Authority of the Fund only. We appreciate that other parties may also seek information about the 2019 valuation process and methodology. We would encourage such parties to refer to the following publicly available documents for further information:

- The Fund's Funding Strategy Statement;
- The Fund's Investment Strategy Statement;
- Published meeting papers and minutes for the quarterly meetings of the Fund's Pensions Committee.

Considering these papers alongside this valuation report will provide a more complete view of the Fund's funding strategy and decision-making process surrounding this. These documents are available on the Fund's website or on request.

## 2 Valuation approach

### Employer contribution rates

The purpose of the valuation is to review the current funding strategy and ensure the Fund has a contribution plan and investment strategy in place that will enable it to pay members' benefits as they fall due.

Valuations for open defined benefit multi-employer pension funds such as the Derbyshire Pension Fund are complex. Firstly, the time horizons are very long; benefits earned in the LGPS today will be paid out over a period of the next 80 years or more, and new members will continue to join in the future. Secondly, as they depend on unknowns such as future inflation and life expectancy, the actual value of future benefit payments is uncertain. Finally, to keep contributions affordable, the Fund invests in return seeking assets which have higher levels of future volatility.

Given the above and that the future cannot be predicted with certainty, employer contribution rates can only ever be an estimate. However, the valuation approach adopted uses an understanding of the Fund, and the uncertainties and risks discussed above, to quantify the likelihood of the contribution plan and investment strategy for each employer being sufficient to fund future benefits.

This is achieved in practice by following the process outlined below.

Step 1: The Fund sets a funding target (or funding basis) for each employer which defines the estimated amount of assets to be held to meet the future benefit payments.

Step 2: The Fund sets the funding time horizon over which the funding target is to be achieved.

Step 3: The Fund sets contributions that give a sufficiently high likelihood of meeting the funding target over the set time horizon.

These three steps are central to the "risk-based" approach to funding which is described in Guide 5 of our 2019 valuation toolkit[9].

The risk-based approach uses an Asset Liability Model (described in Guide 6) of the 2019 valuation toolkit) to project each employer's future benefit payments, contributions and investment returns into the future under 5,000 possible economic scenarios. Future inflation (and therefore benefit payments) and investment returns for each asset class (and therefore asset values) are variables in the projections. Further details of these variables are provided in Appendix 2. The investment strategy underlying the projection of employer asset values is provided in Appendix 1.

By projecting the evolution of an employer's assets and benefit payments 5,000 times, a contribution rate can be set that results in a sufficient number of the future projections being successful i.e. meeting the funding target by the funding time horizon.

The risk-based approach to setting employer contributions allows the Fund and its employers to understand and quantify the level of risk inherent in funding plans, something that is not possible using a single set of assumptions alone.

Further detail on the approach to calculating contributions for individual employers, including the parameters used in the three steps for each type of employer, is set out in the Funding Strategy Statement dated March 2020.

[9] https://www.hymans.co.uk/media/uploads/LGPS_2019_Valuation_Toolkit_Guides.pdf

## Funding position as at 31 March 2019

The valuation also offers an opportunity to measure the Fund's funding position as at 31 March 2019. Whilst this measurement has limited insight into understanding the long term ability to be able to pay members' benefits, it is a useful summary statistic.

For the purposes of this valuation we have adopted a "mark to market" approach, for measuring the funding position, meaning that the Fund's assets have been taken into account at their market value and the liabilities have been valued by reference to a single set of assumptions based on market indicators at the valuation date. These assumptions are detailed in Appendix 2. As we have taken a market-related approach to the valuation of both the assets and the liabilities, we believe that they have been valued on a consistent basis.

## Significant events

The figures in this report are based on our understanding of the benefit structure of the LGPS in England and Wales as at 31 March 2019. Details can be found at http://www.lgpsregs.org/.

**McCloud ruling**

The LGPS benefit structure is currently under review following the Government's loss of the right to appeal the McCloud and other similar court cases. At the time of writing, the format and scope of any benefit changes in light of the McCloud ruling is still unknown. In line with the advice issued by the Scheme Advisory Board in May 2019, the following allowance has been made at the valuation for the McCloud ruling:

- Employer contribution rates: additional prudence in funding plans via an increase in the likelihood of success (step 3) when setting contribution rates;
- Measurement of funding position at 31 March 2019: no allowance.

Further details of the approach taken are set out in Section 2.7 of the Funding Strategy Statement.

**Indexation and equalisation of Guaranteed Minimum Pensions (GMP)**

As a result of the Government's introduction of a single-tier state pension (STP) there is currently uncertainty around who funds certain elements of increases on GMPs for members reaching State Pension Age after 6 April 2016.

As part of the introduction of STP, the Government confirmed that public service pension schemes, including the LGPS, will be responsible for funding all increases on GMP as an 'interim solution'. In their January 2018 consultation response, HM Treasury confirmed that the 'interim solution' will continue to remain in place up to 5 April 2021. Thereafter the Government's preferred approach is to convert GMP to scheme pension.

For the 2019 valuation, given the Government's preference for conversion to scheme benefits, we have assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers. This has served to increase the value placed on the liabilities.

The Government have also stated that their preferred long term indexation solution of converting GMP to scheme pension will also meet the requirements of equalisation.

## 3 Valuation results

### Employer contribution rates

The key objective of the Fund is to set employer contributions that are likely to be sufficient to meet both the cost of new benefits accruing and to address any funding surplus or deficit relative to the funding target over the agreed time horizon. A secondary objective is to maintain relatively stable employer contribution rates.

In order to meet the above objectives, the methodology set out in Section 2 has been used to set employer contributions from 1 April 2020.

Employer contributions are made up of two elements:

a) the estimated cost of future benefits being built up each year, after deducting members' own contributions and including an allowance for the Fund's administration expenses. This is referred to as the "*Primary rate*", and is expressed as a percentage of members' pensionable pay; plus

b) an adjustment for the difference between the Primary rate above, and the total contribution the employer needs to pay, referred to as the "*Secondary rate*". In broad terms, the Secondary rate is in respect of benefits already accrued at the valuation date. The Secondary rate may be expressed as a percentage of pay and/or a monetary amount in each year.

The Primary rate and Secondary rate for every contributing employer in the Fund is set out in the Rates and Adjustments Certificate in Appendix 3.

Each employer has been certified primary and secondary contributions that are appropriate for that employer's circumstances and which reflects that employer's experience. However, broadly speaking:

- Primary contribution rates have been subject to some upwards pressure as a result of a weaker outlook for future investment returns and the additional prudence built into funding plans to allow for the McCloud ruling;
- Secondary contributions have decreased as employer assets have increased since 31 March 2016, reducing any extra contributions required in respect of benefits accrued to the valuation date. The impact of this on secondary contributions has been partially offset by the additional prudence built into funding plans to allow for the McCloud ruling.

The table below summarises the whole fund Primary and Secondary Contribution rates at this valuation. The Primary rate is the payroll weighted average of the underlying individual employer primary rates and the Secondary rate is the total of the underlying individual employer secondary rates, calculated in accordance with the Regulations and CIPFA guidance. The whole fund Primary and Secondary contributions calculated at the 2016 valuation of the Fund are shown for comparison.

| | Last Valuation 31 March 2016 | | This Valuation 31 March 2019 | |
|---|---|---|---|---|
| Primary Rate (% of pay) | 17.1% | | 18.5% | |
| Secondary Rate (£) | 2017/18<br>2018/19<br>2019/20 | 19,396,000<br>19,316,000<br>19,224,000 | 2020/21<br>2021/22<br>2022/23 | 17,432,000<br>17,752,000<br>18,079,000 |

The Primary rate includes an allowance of 0.4% of pensionable pay for the Fund's expenses (0.3% at the 2016 valuation).

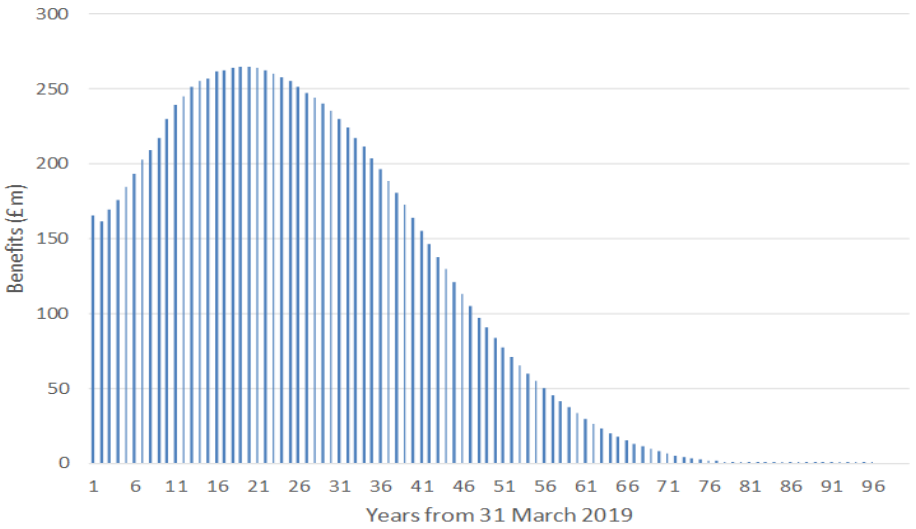
The total expected contributions to be received by the Fund over the period 1 April 2020 to 31 March 2023 is higher overall in monetary terms than the expected contributions over the period 1 April 2017 to 31 March 2020.

The average employee contribution rate is 6.3% of pensionable pay (6.1% at the 2016 valuation).

## Funding position as at 31 March 2019

The funding position is a summary statistic often quoted to give an indication of the health of the fund. It is limited as it provides only a snapshot in time and is based on a single set of assumptions about the future. To measure the funding position at 31 March 2019, we compare the value of the Fund's assets on that date against the expected cost (including an allowance for future investment returns) of all the future benefit payments accrued up to the valuation date (the liabilities).

The chart below details the projected future benefit payments based on the membership data summarised in Appendix 1 and the demographic, salary and benefit increases assumptions summarised in appendix 2.



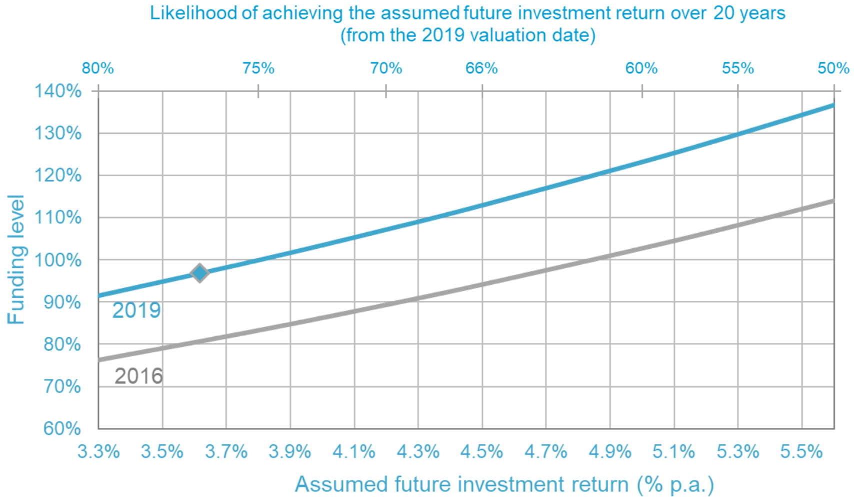

Using an assumption about the future investment return generated from the

Fund's assets then allows a value to be placed on these payments in today's money; the liabilities. The higher the assumed investment return, the lower the liability value and therefore the higher the funding level.

The value placed on the liabilities is extremely sensitive to the investment return assumption. Based on the Fund's current investment strategy (detailed in Appendix 1) and the same model used in the contribution rate calculations, it is estimated that:

- There is a 50% likelihood of the Fund's investments achieving at least an annual return of 5.6% p.a. over the next 20 years;
- There is a 75% likelihood of the Fund's investments achieving at least an annual return of 3.8% p.a. over the next 20 years; and
- There is an 80% likelihood of the Fund's investments achieving at least an annual return of 3.3% p.a. over the next 20 years.

The following chart shows how the funding level varies with the future investment return assumption (blue line). For comparison, the funding level associated with the same choice of investment return assumption at the 2016 valuation is also shown (grey line).




From this chart, we can see that:

- Regardless of the investment return assumption used, there has been a genuine improvement in the funding position at 31 March 2019 compared to the last valuation, reflecting an increase in the assets held today per pound of benefit to be paid out in future;
- The funding position would be 100% if future investment returns were around 3.8% p.a. (at 2016, the investment return would have needed to be 4.9% p.a.). The likelihood of the Fund's assets yielding at least this return is around 75%.
- If future investment returns were 5.6% p.a. then the Fund currently holds sufficient assets to meet 135% of the accrued liabilities. The likelihood of the Fund's assets yielding at least this return is 50%. 135% can therefore be considered the "best estimate" funding position.

**Reported funding position**

The valuation outputs are more meaningful when stakeholders can understand the likelihood, and hence the level of prudence, attached to them. The above chart does this for the measurement of the funding position.

However, there is still a requirement to report a single funding position at 31 March 2019. This reported position must include a margin of prudence.

For the purpose of reporting a funding level and an associated funding surplus/deficit for the 2019 valuation, an investment return of 3.6% p.a. has been used. It is estimated that the Fund's assets have a 77% likelihood of achieving this return.

The resulting funding position is as follows:

| Valuation Date | 31 March 2016 | 31 March 2019 |
|---|---|---|
| **Past Service Liabilities** | **(£m)** | **(£m)** |
| Employees | 1,703 | 2,019 |
| Deferred Pensioners | 758 | 923 |
| Pensioners | 1,776 | 2,150 |
| **Total Liabilities** | **4,236** | **5,092** |
| **Assets** | **3,672** | **4,929** |
| **Surplus / (Deficit)** | **(564)** | **(163)** |
| **Funding Level** | **87%** | **97%** |

There has been an improvement in the reported funding level since 31 March 2016 from 87% to 97% and a reduction in the funding deficit from £564m to £163m.

A breakdown of the key factors that have influenced the reported funding position from 31 March 2016 to 31 March 2019 are detailed overleaf.

| Change in the surplus/deficit position | Assets (£m) | Liabilities (£m) | Surplus / (Deficit) (£m) |
|---|---|---|---|
| **Last valuation at 31 March 2016** | **3,672** | **4,236** | **(564)** |
| **Cashflows** | | | |
| Employer contributions paid in | 393 | | 393 |
| Employee contributions paid in | 116 | | 116 |
| Benefits paid out | (464) | (464) | 0 |
| Net transfers into / out of the Fund* | (5) | | (5) |
| Other cashflows (e.g. Fund expenses) | (8) | | (8) |
| **Expected changes in membership** | | | |
| Interest on benefits already accrued | | 536 | (536) |
| Accrual of new benefits | | 530 | (530) |
| **Membership experience vs expectations** | | | |
| Salary increases less than expected | | (6) | 6 |
| Benefit increases less than expected | | (1) | 1 |
| Early retirement strain (and contributions) | 6 | 5 | 1 |
| Ill health retirement gain | | (24) | 24 |
| Early leavers greater than expected | | (4) | 4 |
| Pensions ceasing greater than expected | | (13) | 13 |
| Commutation greater than expected | | (5) | 5 |
| Other membership experience | | (20) | 19 |
| **Changes in market conditions** | | | |
| Investment returns on the Fund's assets | 1,219 | | 1,219 |
| Changes in future inflation expectations | | 132 | (132) |
| **Changes in actuarial assumptions** | | | |
| Change in demographic assumptions (excl. longevity) | | (17) | 17 |
| Change in longevity assumptions | | (164) | 164 |
| Change in salary increase assumption | | 14 | (14) |
| Change in discount rate | | 356 | (356) |
| **This valuation at 31 March 2019** | **4,929** | **5,092** | **(163)** |

*We have insufficient data to value the impact on the liabilities as a result of all transfers in / out.

Note that figures may not sum due to rounding

Since the previous valuation, various events have taken place which affect the value placed on the liabilities, including:

- There is an interest cost of £536m. This is broadly three years of compound interest (or expected investment returns) at 4.0% p.a. applied to the previous valuation liability value of £4,236m. The benefits that have been accrued to the valuation date are three years closer to payment at 31 March 2019 than they were at 31 March 2016, meaning there is a shorter period for future investment returns to help meet this cost. This serves to increase the value placed on the liabilities;
- The areas of membership experience that have had the greatest impact on the surplus/deficit position of the Fund are set out below, together with their impact on the liabilities:

| | Expected | Actual | Difference | Impact on Liabilities |
|---|---|---|---|---|
| **Pre-retirement experience** | | | | |
| Early leavers (no of lives) | 9,512 | 11,327 | 1,815 | Positive |
| Ill health retirements (no of lives) | 321 | 135 | (186) | Positive |
| Salary increases (p.a.) | 3.3% | 3.1% | (0.2%) | Positive |
| **Post-retirement experience** | | | | |
| Benefit increases (p.a.) | 2.1% | 2.1% | (0.0%) | Broadly neutral |
| Pensions ceasing (£m) | 8,593 | 9,394 | 801 | Positive |

- The changes to the longevity assumptions used for the valuation have resulted in a modest reduction in life expectancies. This has served to reduce the liabilities by £164m;
- The assumed rate of future CPI inflation has increased from 2.1% p.a. at 31 March 2016 to 2.3% p.a. at 31 March 2019. This has increased the value of the liabilities by £132m;
- The assumed rate of future investment returns has decreased from 4.0% p.a. to 3.6% p.a. This has increased the value of the liabilities by £356m.

There has been a large increase in the value of the Fund's assets since the previous valuation because:

- The investment return on the Fund's assets for the period 31 March 2016 to 31 March 2019 was 33.3%. This has increased the value of the assets by £1,219m.

**Projection of the funding position**

The progression of the funding position will depend on various factors including future asset performance, economic conditions and membership movements. If the financial and demographic assumptions made at this valuation are borne out in practice, and there are no changes to the valuation assumptions, we project that the funding level at the 2022 valuation date will be approximately the same as at 31 March 2019. This allows for contributions to be paid as described in Appendix 3.

# 4 Sensitivity analysis

The results set out in this report are based on assumptions about the future. The actual cost of providing the benefits will depend on the actual experience of the Fund, which could be significantly better or worse than assumed. This section discusses the sensitivity of the results to some of the key assumptions.

## Sensitivity of contribution rates to changes in assumptions

The approach to setting employer contribution rates mitigates the limitation of relying on one particular set of assumptions about the future by recognising the uncertainty around future investment returns and inflation. Therefore, there is no need to carry out additional analysis of the sensitivity of contribution rates to changes in financial assumptions.

The contribution rates are sensitive to changes in demographic assumptions. The results in this section in relation to the funding position can be broadly applied to the contribution rates.

## Sensitivity of the funding position to changes in assumptions

The reported valuation funding position is based on one set of actuarial assumptions about the future of the Fund. If all of the assumptions made were exactly borne out in practice then the liability value presented in this report would represent the actual cost of providing accrued benefits from the Fund as it stands at 31 March 2019.

### Sensitivity of the funding position to future investment returns

The chart in Section 3 details how the funding position varies with the future assumed investment return.

### Sensitivity of the funding position to future inflation

Pensions (both in payment and in deferment) in the LGPS increase annually in line with CPI. Furthermore, benefits accrued in the CARE scheme are revalued annually in line with CPI. If future CPI inflation is higher than the assumed rate of 2.3% p.a. then the cost of the benefits will be higher than we have set out in Section 3.

The table quantifies the impact on the funding position of varying the benefit increases and CARE revaluation (CPI) assumption below.

| CPI Assumption | Surplus/(Deficit) | Funding Level |
|---|---|---|
| **% pa** | **(£m)** | **%** |
| 2.1% | (31) | 99% |
| 2.3% | (163) | 97% |
| 2.5% | (295) | 94% |

### Sensitivity of the funding position to life expectancy

The main area of demographic risk is people living longer than expected. If long term mortality rates fall at a rate of 1.5% p.a. (compared to the assumed 1.25% p.a.) then members will live slightly longer than we have assumed in this valuation. The impact on the funding position is detailed below.

| Long term rate of improvement | Surplus/(Deficit) | Funding Level |
|---|---|---|
| **% pa** | **(£m)** | **%** |
| 1.25% | (163) | 97% |
| 1.50% | (205) | 96% |

### Other demographic risks to consider

There are other risk factors which would have an impact on the funding position.  Examples of these include the level of ill health retirements, withdrawals from the scheme and take up of the 50:50 option.  These are probably unlikely to change in such a way that would rank them as amongst the highest risks facing the Fund and therefore there has been no further quantification of their risk.

### Comment on sensitivity analysis

Note that the tables above show the effect of changes to each assumption in isolation.  In reality, it is perfectly possible for the experience of the Fund to deviate from more than one of the assumptions simultaneously and so the precise effect on the funding position is therefore more complex. Furthermore, the range of assumptions shown here is by no means exhaustive and should not be considered as the limits of how extreme experience could actually be.

### Other risks to consider

### Regulatory, Administration and Governance risks

As well as financial and demographic risks, the Fund also faces:

- Regulatory risks – central government legislation could significantly change the cost of the scheme in the future; and
- Administration and governance risk – failures in administration processes could lead to incorrect data and inaccuracies in the actuarial calculations.

These risks are considered and monitored by the Fund as part of its ongoing risk management framework.

### Resource and environment risks

The Fund is exposed to risks relating to future resource constraints and environmental changes. These risks may prove to be material.

Climate change is a complex issue for the Fund. Adverse future climate change outcomes will have an impact on future longevity, inflation, government and corporate bond yields and equity returns.

Whilst there has been no explicit increase in certified employer contribution related to climate change, these risks have been considered by the Administering Authority when assessing the output from contribution rate ('comPASS') modelling. These risks were explored further as part of the stabilisation modelling commissioned by the Awarding Authority.

### Risk management

Employers participating in the Fund are exposed to a number of risks. These include, but are not limited to:

- Investment risk;
- Market risks;
- Demographic risks;
- Regulatory risks;
- Administration and Governance risks;
- Resource and Environmental risks.

The Funding Strategy Statement has further details about these risks and what actions the Fund takes to monitor, mitigate and manage each one.

### Post calculation events

There has recently been significant volatility in the financial markets as a result of the economic uncertainty associated with the COVID-19 pandemic. At 29 March 2020, we estimate that the whole fund investment return since 31 March 2019 would be in the region of -5% to -10%.

As an open scheme, with a strong covenant, the LGPS as a whole is able to take a long term outlook when considering the general funding implications of such external events.  For employers who have a very short time horizon, recent market falls may be more immediately impactful and the administering authority may take steps to engage individually with these employers about the deteriorated funding position.

At the time of writing, it is very uncertain how this will affect the long term economy and investment returns. Therefore no allowance has been made for this ongoing volatility in the 2019 valuation results or contribution rates detailed in the Rates & Adjustments Certificate.  This situation will be monitored closely to understand what impact it may have on the Fund and participating employers.

## 5 Final comments

The Fund's valuation operates within a broader framework, and this document should therefore be considered alongside the following:

- the Funding Strategy Statement, which in particular highlights how different types of employer in different circumstances have their contributions calculated;
- the Investment Strategy Statement, which sets out the investment strategy for the Fund;
- the general governance of the Fund, such as meetings of the Pensions Committee and Local Pension Board, decisions delegated to officers, the Fund's business plan, etc;
- the Fund's risk register; and
- the information the Fund holds about the participating employers.

### Intervaluation employer events

**New employers joining the Fund**

Any new employers or admission bodies joining the Fund should be referred to the Fund Actuary to assess the required level of contribution. Depending on the number of transferring members the ceding employer's rate may also need to be reviewed.

**Cessations and bulk transfers**

Any employer who ceases to participate in the Fund should be referred to us in accordance with Regulation 64 of the Regulations.

Any bulk movement of scheme members:

- involving 10 or more scheme members being transferred from or to another LGPS fund; or
- involving 2 or more scheme members being transferred from or to a nonLGPS pension arrangement; should be referred to us to consider the impact on the Fund.

**Valuation frequency**

Under the provisions of the LGPS regulations, the next formal valuation of the Fund is due to be carried out as at 31 March 2022 where contribution rates payable from 1 April 2023 will be set.

Barry Dodds

Richard Warden

Fellows of the Institute and Faculty of Actuaries

For and on behalf of Hymans Robertson LLP

31 March 2020

# Appendix 1 – Data

## Membership data as at 31 March 2019

A summary of the membership data provided by the Administering Authority for the purposes of the valuation at 31 March 2019 is shown below. The corresponding membership data from the previous valuation is also shown for reference.

| Whole Fund Membership Data | Last Valuation 31 March 2016 | This Valuation 31 March 2019 |
|---|---|---|
| Employee members Number | 34,762 | 37,033 |
| Total Actual Pay (£000) | 574,275 | 626,894 |
| Total Accrued Pension (£000) (80ths) | - | 33,246 |
| Total Accrued Pension (£000) (60ths) | - | 31,786 |
| Total Accrued Pension (£000) (CARE) | 20,328 | 49,826 |
| Average Age (liability weighted) | 51.4 | 51.7 |
| Future Working Lifetime (years) | 9.2 | 8.2 |
| Deferred pensioners | | |
| Number | 33,131 | 36,160 |
| Total Accrued Pension (£000) | 43,586 | 50,035 |
| Average Age (liability weighted) | 50.7 | 50.9 |
| Pensioners | | |
| Number | 26,513 | 29,860 |
| Total pensions in payment (£000) | 110,609 | 131,207 |
| Average Age (liability weighted) | 68.0 | 68.3 |
| Average duration of liabilities | 16.7 | 18.2 |

## Benchmark investment strategy

The following investment strategy, extracted from the Fund's Investment Strategy Statement, has been used to assess employer contribution rates and to set the future investment return assumption as at 31 March 2019:

| % allocation | Current strategy |
|---|---|
| UK equities | 16% |
| Overseas equities | 37% |
| Infrastructure | 8% |
| Private equity | 4% |
| Total growth assets | 65% |
| Cash | 2% |
| Index-linked gilts | 6% |
| Fixed interest gilts | 6% |
| UK Corporate Bonds | 6% |
| Total protection assets | 20% |
| Multi asset credit | 6% |
| Property | 9% |
| Total income generating assets | 15% |
| Grand total | 100% |

## Other data used in this valuation

We have also relied upon asset and accounting data from the Fund's published 2016/17, 2017/18 and 2018/19 Annual Report and Accounts. Employer level cashflow data was provided by the Administering Authority and reconciled against the information shown in these documents.

## Comment on data quality

The results of the valuation are dependent on the quality of the data provided to us by the Administering Authority for the specific purpose of this valuation. We have carried out validations on the membership data provided to ensure it is fit for the purpose of the valuation. Further details can be found in our report issued to the Administering Authority entitled "Data report for 2019 valuation", dated March 2020. We believe the membership data is fit for the purposes of this valuation.

## Appendix 2 – Assumptions

### Financial assumptions used to set employer contribution rates

**Projection of assets and benefit payments**

The approach to setting employer contribution rates does not rely on a single set of assumptions but involves the projection of an employer's future benefit payments, contributions and investment returns under 5,000 future economic scenarios. In this modelling, inflation (and therefore benefit payments) and investment returns for each asset class (and employer asset values) are variables and take different values in each projection.

The model underlying these projections is Hymans Robertson's proprietary economic model, the Economic Scenario Service (ESS). The ESS is a complex model to reflect the interactions and correlations between different asset classes and wider economic variables. The table below shows the calibration of the model as at 31 March 2019. All returns are shown net of fees and are the annualised total returns over 5, 10 and 20 years, except for the yields which refer to simulated yields at that time horizon.

| | | Annualised total returns | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Cash | Index Linked Gilts (medium) | Fixed Interest Gilts (medium) | UK Equity | Overseas Equity | Property | Corp Medium A | Inflation | 17 year real yield | 17 year yield |
| 5 years | 16th %'ile | -0.4% | -2.3% | -2.9% | -4.1% | -4.1% | -3.5% | -2.7% | 1.9% | -2.5% | 0.8% |
| | 50th %'ile | 0.7% | 0.5% | 0.3% | 4.0% | 4.1% | 2.4% | 0.8% | 3.3% | -1.7% | 2.1% |
| | 84th %'ile | 2.0% | 3.3% | 3.4% | 12.7% | 12.5% | 8.8% | 4.0% | 4.9% | -0.8% | 3.6% |
| 10 years | 16th %'ile | -0.2% | -1.8% | -1.3% | -1.5% | -1.4% | -1.5% | -0.9% | 1.9% | -2.0% | 1.2% |
| | 50th %'ile | 1.3% | 0.0% | 0.2% | 4.6% | 4.7% | 3.1% | 0.8% | 3.3% | -0.8% | 2.8% |
| | 84th %'ile | 2.9% | 1.9% | 1.7% | 10.9% | 10.8% | 7.8% | 2.5% | 4.9% | 0.4% | 4.8% |
| 20 years | 16th %'ile | 0.7% | -1.1% | 0.1% | 1.2% | 1.3% | 0.6% | 0.7% | 2.0% | -0.7% | 2.2% |
| | 50th %'ile | 2.4% | 0.3% | 1.0% | 5.7% | 5.8% | 4.3% | 1.9% | 3.2% | 0.8% | 4.0% |
| | 84th %'ile | 4.5% | 2.0% | 2.0% | 10.3% | 10.4% | 8.1% | 3.0% | 4.7% | 2.2% | 6.3% |
| | Volatility (Disp) (1 yr) | 1% | 7% | 10% | 17% | 17% | 14% | 11% | 1% | | |

**Funding target**

At the end of an employer's funding time horizon, an assessment is made – for each of the 5,000 projections – of how the assets held compare to the value of assets required to meet the future benefit payments (the funding target). To value the cost of future benefits, assumptions are made about the following financial factors:

- Benefit increases and CARE revaluation;
- Salary growth;
- Investment returns (the "discount rate").

Each of the 5,000 projections represents a different prevailing economic environment at the end of the funding time horizon and so a single, fixed value for each assumption is not appropriate for every projection. Therefore, instead of using a fixed value, each assumption is set with reference to an economic indicator. The economic indicators used are:

| Assumption | Economic Indicator |
|---|---|
| **Benefit increases** | Future CPI inflation expectations |
| **CARE revaluation** | Future CPI inflation expectations |
| **Salary increases** | As above plus 0.7% p.a. |
| **Future investment returns** | Prevailing risk free rate of return plus margin |

The Fund has two funding bases which will apply to different employers depending on their type. Each funding basis uses a different margin in the future investment return assumption.

| Funding Basis | Margin above risk-free rate |
|---|---|
| **Ongoing participation** | 1.8% |
| **Gilts exit** | 0% |

## Financial assumptions used to assess the funding position

### Salary and Benefit Increases

| Financial Assumptions (p.a.) | 31 March 2016 | 31 March 2019 |
|---|---|---|
| Benefit increases and CARE revaluation (CPI) | 2.1% | 2.3% |
| Salary increases | 2.7%* | 3.0%** |

*CPI plus 0.6%
**CPI plus 0.7%

### Investment Return

The reported funding position is based on an assumed future investment return of 3.6% p.a.. The derivation of this assumption is set out in Section 3. The equivalent assumption at the 2016 valuation was 4.0% p.a.. This was derived in a different way, please see the 2016 valuation report for further details.

### Demographic assumptions

The same demographic assumptions are used in setting contribution rates and assessing the current funding position.

### Longevity

As the fund is a member of Club Vita, the baseline longevity assumptions are a bespoke set of Vita Curves that are tailored to fit the membership profile of the Fund. These curves are based on the data the Fund has provided us with for the purposes of this valuation.

We have also allowed for future improvements in mortality based on the CMI 2018 model with an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.25% p.a. for both women and men.

| Longevity Assumptions | 31 March 2016 | 31 March 2019 |
|---|---|---|
| Baseline Longevity | Club Vita | Club Vita |
| Future Improvements | CMI2013, Peaked, 1.25% p.a. long term | CMI2018, Smoothed, 1.25% p.a. long term |

Full details are available on request.

The longevity assumptions result in the following typical future life expectancies from age 65 (figures for 2016 shown for comparison):

| Assumed Life Expectancy | | 31 March 2016 | 31 March 2019 |
|---|---|---|---|
| Male | | | |
| | Pensioners | 21.9 years | 21.6 years |
| | Non-pensioners | 23.9 years | 22.6 years |
| Female | | | |
| | Pensioners | 24.4 years | 23.7 years |
| | Non-pensioners | 26.5 years | 25.1 years |

Non-pensioners are assumed to be aged 45 at the valuation date

### Other demographic assumptions

We are in the unique position of having a very large local authority data set from which to derive our other demographic assumptions. We have analysed the trends and patterns that are present in the membership of local authority funds and tailored our demographic assumptions to reflect LGPS experience. The resulting demographic assumptions are as follows:

Derbyshire Pension Fund

lgps

| Demographic Assumptions | |
|---|---|
| **Retirements in normal health** | We have adopted the retirement age pattern assumption as used for the purpose of the 2016 LGPS cost cap valuation. Further details are available on request. |
| **Death in Service** | See sample rates below |
| **Retirements in ill health** | See sample rates below |
| **Withdrawals** | See sample rates below |
| **Promotional salary increases** | See sample increases below |
| **Family details** | A varying proportion of members are assumed to have a dependant at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. The dependant of a male member is assumed to be 3 years younger than him and the dependant of a female member is assumed to be 3 years older than her. |
| **Commutation** | 50% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits for service to 1 April 2008 (equivalent 75% for service from 1 April 2008). |
| **50:50 option** | 0.5% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option. |

## Sample rates for demographic assumptions

### Males

| Age | Salary Scale | Incidence per 1000 active members per annum | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Death Before Retirement | Withdrawals | | Ill Health Tier 1 | | Ill Health Tier 2 | |
| | | FT & PT | FT | PT | FT | PT | FT | PT |
| 20 | 105 | 0.21 | 252.69 | 527.36 | 0.00 | 0.00 | 0.00 | 0.00 |
| 25 | 117 | 0.21 | 166.91 | 348.34 | 0.00 | 0.00 | 0.00 | 0.00 |
| 30 | 131 | 0.26 | 118.43 | 247.12 | 0.00 | 0.00 | 0.00 | 0.00 |
| 35 | 144 | 0.30 | 92.53 | 193.05 | 0.10 | 0.07 | 0.02 | 0.01 |
| 40 | 150 | 0.51 | 74.50 | 155.38 | 0.16 | 0.12 | 0.03 | 0.02 |
| 45 | 157 | 0.85 | 69.98 | 145.92 | 0.35 | 0.27 | 0.07 | 0.05 |
| 50 | 162 | 1.36 | 57.68 | 120.15 | 0.90 | 0.68 | 0.23 | 0.17 |
| 55 | 162 | 2.13 | 45.42 | 94.66 | 3.54 | 2.65 | 0.51 | 0.38 |
| 60 | 162 | 3.83 | 40.49 | 84.34 | 6.23 | 4.67 | 0.44 | 0.33 |
| 65 | 162 | 6.38 | 0.00 | 0.00 | 11.83 | 8.87 | 0.00 | 0.00 |

### Females

| Age | Salary Scale | Incidence per 1000 active members per annum | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Death Before Retirement | Withdrawals | | Ill Health Tier 1 | | Ill Health Tier 2 | |
| | | FT & PT | FT | PT | FT | PT | FT | PT |
| 20 | 105 | 0.12 | 204.63 | 290.53 | 0.00 | 0.00 | 0.00 | 0.00 |
| 25 | 117 | 0.12 | 137.69 | 195.46 | 0.07 | 0.07 | 0.02 | 0.01 |
| 30 | 131 | 0.18 | 115.42 | 163.82 | 0.09 | 0.10 | 0.03 | 0.02 |
| 35 | 144 | 0.30 | 99.62 | 141.34 | 0.18 | 0.19 | 0.05 | 0.04 |
| 40 | 150 | 0.48 | 82.91 | 117.60 | 0.27 | 0.29 | 0.08 | 0.06 |
| 45 | 157 | 0.77 | 77.37 | 109.72 | 0.36 | 0.39 | 0.10 | 0.08 |
| 50 | 162 | 1.13 | 65.23 | 92.41 | 0.68 | 0.73 | 0.24 | 0.18 |
| 55 | 162 | 1.49 | 48.67 | 69.02 | 2.51 | 2.69 | 0.52 | 0.39 |
| 60 | 162 | 1.90 | 39.23 | 55.55 | 4.00 | 4.28 | 0.54 | 0.40 |
| 65 | 162 | 2.44 | 0.00 | 0.00 | 7.18 | 7.69 | 0.00 | 0.00 |

## Prudence in assumptions

We are required to include a degree of prudence within the valuation. This has been achieved position in both the setting of contributions and assessment of funding

### Contribution rates

- Employer funding plans have been set such that the likelihood the employer's funding target is met by the end of the funding time horizon is more than 50%. The actual likelihood varies by employer. Further detail in is the Funding Strategy Statement.

### Funding position

- The Fund's investments have a 77% likelihood of returning at least the assumed return.

All other assumptions represent our "best estimate" of future experience.

The assumptions used in this valuation have been agreed with the Administering Authority and are set out in the Fund's Funding Strategy Statement dated 08 January 2020.

## Appendix 3 – Rates and Adjustments certificate

In accordance with regulation 62(4) of the Regulations we have made an assessment of the contributions that should be paid into the Fund by participating employers for the period 1 April 2020 to 31 March 2023 in order to maintain the solvency of the Fund.

The method and assumptions used to calculate the contributions set out in the Rates and Adjustments certificate are detailed in the Funding Strategy Statement dated 08 January 2020 and in Appendix 2 of our report on the actuarial valuation dated 31 March 2020. These assumptions underpin our estimate of the number of members who will become entitled to a payment of pensions under the provisions of the LGPS and the amount of liabilities arising in respect of such members.

The table below summarises the whole fund Primary and Secondary Contribution rates for the period 1 April 2020 to 31 March 2023. The Primary rate is the payroll weighted average of the underlying individual employer primary rates and the Secondary rate is the total of the underlying individual employer secondary rates, calculated in accordance with the Regulations and CIPFA guidance.

| Whole Fund Contribution Rate | | |
|---|---|---|
| Primary Rate (% of pay) | 18.5% | |
| Secondary Rate (£) | 2020/21<br>2021/22<br>2022/23 | 17,432,000<br>17,752,000<br>18,079,000 |

The required minimum contribution rates for each employer in the Fund are set out below.

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| Employer code | Employer/Pool name | Contributions currently in payment 2019/2020 | Primary Rate % 1 April 2020 - 31 March 2023 | Secondary Rate | | | | | | Total Contribution Rate | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2020/2021 | | 2021/2022 | | 2022/2023 | | 2020/2021 | 2021/2022 | 2022/2023 |
| | | | | % of pay | £ | % of pay | £ | % of pay | £ | | | |
| **Councils** | | | | | | | | | | | | |
| | **Derbyshire County Council**[1] | 14.5% plus £15,536,000 | 18.2% | -2.7% | £15,536,000 | -2.7% | £15,536,000 | -2.7% | £15,536,000 | 15.5% plus £15,536,000 | 15.5% plus £15,536,000 | 15.5% plus £15,536,000 |
| | | | | | | | | | | | | |
| | **Derby City Council** | 13.5% plus £6,981,000 | 17.6% | -3.1% | £6,981,000 | -3.1% | £6,981,000 | -3.1% | £6,981,000 | 14.5% plus £6,981,000 | 14.5% plus £6,981,000 | 14.5% plus £6,981,000 |
| 460 | ENGIE Services Ltd[2] | 20.6% | 28.0% | -3.0% | £0 | -3.0% | £0 | -3.0% | £0 | 25.1% | 25.1% | 25.1% |
| 479 | Action For Children[2] | 28.1% | 28.6% | -12.1% | £0 | -12.1% | £0 | -12.1% | £0 | 16.5% | 16.5% | 16.5% |
| | | | | | | | | | | | | |
| | **High Peak Borough Council** | 12.4% plus £1,833,000 | 18.3% | -4.9% | £1,833,000 | -4.9% | £1,833,000 | -4.9% | £1,833,000 | 13.4% plus £1,833,000 | 13.4% plus £1,833,000 | 13.4% plus £1,833,000 |
| 485 | Alliance Environmental Services | 16.9% | 18.3% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 18.3% | 18.3% | 18.3% |
| | | | | | | | | | | | | |
| | **Erewash Borough Council** | 13.1% plus £1,125,000 | 17.8% | -3.7% | £999,000 | -3.7% | £999,000 | -3.7% | £999,000 | 14.1% plus £999,000 | 14.1% plus £999,000 | 14.1% plus £999,000 |
| 499 | Parkwood Leisure (Erewash)[2] | 27.2% | 28.1% | -1.3% | £0 | -1.3% | £0 | -1.3% | £0 | 26.8% | 26.8% | 26.8% |
| | | | | | | | | | | | | |
| | **Derbyshire Dales District Council** | 13.6% plus £645,000 | 17.6% | -3.0% | £561,000 | -3.0% | £561,000 | -3.0% | £561,000 | 14.6% plus £561,000 | 14.6% plus £561,000 | 14.6% plus £561,000 |
| 493 | Wealden Leisure Ltd (Freedom Leisure)[2] | 24.5% | 26.9% | -1.2% | £0 | -1.2% | £0 | -1.2% | £0 | 25.8% | 25.8% | 25.8% |
| | | | | | | | | | | | | |
| 131 | Bolsover District Council | 13.9% plus £962,000 | 18.1% | -3.2% | £962,000 | -3.2% | £962,000 | -3.2% | £962,000 | 14.9% plus £962,000 | 14.9% plus £962,000 | 14.9% plus £962,000 |
| | Chesterfield Borough Council | 14.2% plus £1,991,000 | 17.7% | -2.5% | £1,991,000 | -2.5% | £1,991,000 | -2.5% | £1,991,000 | 15.2% plus £1,991,000 | 15.2% plus £1,991,000 | 15.2% plus £1,991,000 |
| 136 | North East Derbyshire District Council | 13.7% plus £1,527,000 | 18.0% | -3.3% | £1,527,000 | -3.3% | £1,527,000 | -3.3% | £1,527,000 | 14.7% plus £1,527,000 | 14.7% plus £1,527,000 | 14.7% plus £1,527,000 |
| | South Derbyshire District Council | 13.8% plus £678,000 | 17.6% | -2.8% | £678,000 | -2.8% | £678,000 | -2.8% | £678,000 | 14.8% plus £678,000 | 14.8% plus £678,000 | 14.8% plus £678,000 |
| 130 | Amber Valley Borough Council | 14.0% plus £1,057,000 | 18.3% | -3.3% | £1,057,000 | -3.3% | £1,057,000 | -3.3% | £1,057,000 | 15.0% plus £1,057,000 | 15.0% plus £1,057,000 | 15.0% plus £1,057,000 |
| | | | | | | | | | | | | |
| | Town and Parish Councils (Pre 2001) | 23.8% | 18.4% | -0.2% | £0 | -0.2% | £0 | -0.2% | £0 | 18.2% | 18.2% | 18.2% |
| | Town and Parish Councils (Post 2001) | 17.2% | 19.1% | -0.3% | £0 | -0.3% | £0 | -0.3% | £0 | 18.8% | 18.8% | 18.8% |
| | | | | | | | | | | | | |
| **Other Scheduled Bodies** | | | | | | | | | | | | |
| 40 | Peak District National Park Authority | 14.0% plus £224,000 | 18.0% | -3.0% | £224,000 | -3.0% | £224,000 | -3.0% | £224,000 | 15.0% plus £224,000 | 15.0% plus £224,000 | 15.0% plus £224,000 |
| 123 | Derby Homes Ltd | 13.4% plus £290,000 | 17.5% | -3.1% | £290,000 | -3.1% | £290,000 | -3.1% | £290,000 | 14.4% plus £290,000 | 14.4% plus £290,000 | 14.4% plus £290,000 |
| | Rykneld Homes | 16.4% | 17.6% | -0.2% | £0 | -0.2% | £0 | -0.2% | £0 | 17.4% | 17.4% | 17.4% |
| 139 | Chesterfield Crematorium | 17.8% plus £29,000 | 18.0% | 0.8% | £29,000 | 0.8% | £29,000 | 0.8% | £29,000 | 18.8% plus £29,000 | 18.8% plus £29,000 | 18.8% plus £29,000 |
| | Police and Crime Commissioner for Derbyshire | 12.9% plus £1,465,000 | 17.3% | -3.4% | £1,465,000 | -3.4% | £1,465,000 | -3.4% | £1,465,000 | 13.9% plus £1,465,000 | 13.9% plus £1,465,000 | 13.9% plus £1,465,000 |
| 403 | Derbyshire Fire & Rescue | 13.2% plus £170,000 | 17.5% | -3.3% | £170,000 | -3.3% | £170,000 | -3.3% | £170,000 | 14.2% plus £170,000 | 14.2% plus £170,000 | 14.2% plus £170,000 |
| | | | | | | | | | | | | |
| **Further Education Establishments** | | | | | | | | | | | | |
| | University of Derby | 12.7% plus £745,000 | 21.0% | -4.7% | £0 | -3.6% | £0 | -2.6% | £0 | 16.3% | 17.4% | 18.4% |
| | Derby College | 13.7% plus £441,000 | 21.6% | -5.1% | £350,000 | -4.1% | £360,000 | -3.1% | £371,000 | 16.5% plus £350,000 | 17.5% plus £360,000 | 18.5% plus £371,000 |
| | Chesterfield College | 12.9% plus £158,000 | 21.5% | -6.5% | £166,000 | -5.2% | £171,000 | -3.9% | £176,000 | 15.0% plus £166,000 | 16.3% plus £171,000 | 17.6% plus £176,000 |
| | | | | | | | | | | | | |
| **Community Admission Bodies** | | | | | | | | | | | | |
| 120 | Futures Housing (Amber Valley Housing) | 23.9% plus £103,000 | 33.4% | 0.0% | £95,000 | 0.0% | £95,000 | 0.0% | £95,000 | 33.4% plus £95,000 | 33.4% plus £95,000 | 33.4% plus £95,000 |
| 185 | Belper Leisure Centre Ltd | 31.4% | 33.3% | 0.0% | £1,000 | 0.0% | £1,000 | 0.0% | £1,000 | 33.3% plus £1,000 | 33.3% plus £1,000 | 33.3% plus £1,000 |
| 404 | Derbyshire Student Residences Ltd | 25.8% | 27.7% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 27.7% | 27.7% | 27.7% |
| 457 | Derby Museums & Art Trust | 19.2% | 28.0% | -5.9% | £0 | -5.9% | £0 | -5.9% | £0 | 22.1% | 22.1% | 22.1% |
| 467 | Derby County Community Trust | 23.1% | 35.5% | 0.0% | £8,000 | 0.0% | £8,000 | 0.0% | £8,000 | 35.5% plus £8,000 | 35.5% plus £8,000 | 35.5% plus £8,000 |
| | | | | | | | | | | | | |
| **Transferee Admission Bodies** | | | | | | | | | | | | |
| | Leisure Amber Valley | 13.8% | 30.2% | -16.5% | £0 | -16.5% | £0 | -16.5% | £0 | 13.8% | 13.8% | 13.8% |
| 124 | East Midlands Homes (Three Valleys Housing Ltd) | 22.3% plus £161,000 | 28.4% | -7.3% | £0 | -7.3% | £0 | -7.3% | £0 | 21.1% | 21.1% | 21.1% |
| 128 | Waterloo Housing Group | 28.1% plus £18,000 | 30.2% | -18.8% | £0 | -18.8% | £0 | -18.8% | £0 | 11.4% | 11.4% | 11.4% |
| 170 | Crich Tramway Museum | 24.0% plus £15,000 | 30.8% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 30.8% | 30.8% | 30.8% |
| 184 | Chesterfield Care Group | 25.2% | 28.8% | -25.5% | £0 | -25.5% | £0 | -25.5% | £0 | 3.3% | 3.3% | 3.3% |
| 414 | Veolia (Chesterfield Refuse) | 17.5% | 31.2% | -22.9% | £0 | -22.9% | £0 | -22.9% | £0 | 8.3% | 8.3% | 8.3% |

Derbyshire Pension Fund

lgps

| Employer code | Employer/Pool name | Contributions currently in payment 2019/2020 | Primary Rate % 1 April 2020 - 31 March 2023 | Secondary Rate | | | | | | Total Contribution Rate | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2020/2021 | | 2021/2022 | | 2022/2023 | | 2020/2021 | 2021/2022 | 2022/2023 |
| | | | | % of pay | £ | % of pay | £ | % of pay | £ | | | |
| **Transferee Admission Bodies continued** | | | | | | | | | | | | |
| 416 | VINCI (ex Norwest Hoist) | 33.0% | 33.8% | -24.2% | £0 | -24.2% | £0 | -24.2% | £0 | 9.5% | 9.5% | 9.5% |
| 417 | Veolia (Amber Valley Refuse) | 6.1% | 31.9% | -31.9% | £0 | -31.9% | £0 | -31.9% | £0 | 0.0% | 0.0% | 0.0% |
| 418 | Interserve Integrated Services | 7.1% | 33.2% | -12.4% | £0 | -12.4% | £0 | -12.4% | £0 | 20.8% | 20.8% | 20.8% |
| 419 | Interserve Catering Services | 20.2% | 32.8% | -8.5% | £0 | -8.5% | £0 | -8.5% | £0 | 24.4% | 24.4% | 24.4% |
| 424 | Balfour Beatty Living Places(Balfour Beatty PLC) | 16.5% | 32.2% | -14.8% | £0 | -14.8% | £0 | -14.8% | £0 | 17.3% | 17.3% | 17.3% |
| 425 | MacIntyre Care | 2.0% | 30.1% | -30.1% | £0 | -30.1% | £0 | -30.1% | £0 | 0.0% | 0.0% | 0.0% |
| 443 | Mitie Facilities Services Ltd | 37.7% | 32.5% | -2.3% | £0 | -2.3% | £0 | -2.3% | £0 | 30.2% | 30.2% | 30.2% |
| 444 | Compass Services (DCC) | 16.5% | 31.7% | -13.2% | £0 | -13.2% | £0 | -13.2% | £0 | 18.5% | 18.5% | 18.5% |
| 445 | Active Nation | 28.2% plus £2,000 | 31.8% | -12.0% | £0 | -12.0% | £0 | -12.0% | £0 | 19.8% | 19.8% | 19.8% |
| 451 | Compass Services (City) | 10.3% | 31.6% | -14.7% | £0 | -14.7% | £0 | -14.7% | £0 | 17.0% | 17.0% | 17.0% |
| 453 | Clean Slate (Pottery) | 30.4% plus £600 | 32.7% | -16.3% | £0 | -16.3% | £0 | -16.3% | £0 | 16.4% | 16.4% | 16.4% |
| 466 | Arvato Public Services Ltd (Derbyshire Dales) | 13.8% | 29.6% | -29.6% | £0 | -29.6% | £0 | -29.6% | £0 | 0.0% | 0.0% | 0.0% |
| 468 | Aspens Services Ltd | 28.2% plus £1,000 | 30.4% | -1.9% | £0 | -1.9% | £0 | -1.9% | £0 | 28.5% | 28.5% | 28.5% |
| 470 | VINCI Contruction UK LTD (Ashcroft & Portway) | 31.7% | 33.4% | -2.6% | £0 | -2.6% | £0 | -2.6% | £0 | 30.8% | 30.8% | 30.8% |
| 471 | NSL Limited | 22.3% | 30.1% | -9.9% | £0 | -9.9% | £0 | -9.9% | £0 | 20.3% | 20.3% | 20.3% |
| 472 | Mellors Catering Services Ltd | 25.7% | 32.3% | -32.3% | £0 | -32.3% | £0 | -32.3% | £0 | 0.0% | 0.0% | 0.0% |
| 475 | Connex Community Support | 13.3% | 34.4% | -13.4% | £0 | -34.4% | £0 | -34.4% | £0 | 21.0% | 0.0% | 0.0% |
| 478 | Taylor Shaw Ltd (Edwards and Blake, Elior) | 34.7% | 31.9% | -7.5% | £0 | -7.5% | £0 | -7.5% | £0 | 24.4% | 24.4% | 24.4% |
| 480 | CSE Educational Systems | 29.0% | 32.4% | -6.1% | £0 | -6.1% | £0 | -6.1% | £0 | 26.3% | 26.3% | 26.3% |
| 481 | Mellors (Murray Park) | 31.7% | 34.0% | -3.9% | £0 | -3.9% | £0 | -3.9% | £0 | 30.0% | 30.0% | 30.0% |
| 482 | Derbyshire Building Control Partnership Limited | 23.2% | 28.2% | -0.4% | £0 | -0.4% | £0 | -0.4% | £0 | 27.8% | 27.8% | 27.8% |
| 483 | Amber Valley School Sports Partnership | 21.0% | 24.1% | -1.1% | £0 | -1.1% | £0 | -1.1% | £0 | 23.0% | 23.0% | 23.0% |
| 484 | Caterlink Ltd (Lea Primary) | 30.2% | 27.6% | -14.8% | £0 | -14.8% | £0 | -14.8% | £0 | 12.9% | 12.9% | 12.9% |
| 486 | Insight Services Ltd- Tibshelf Infant School - (KCLS Ltd) | 34.4% | 34.1% | -27.2% | £0 | -27.2% | £0 | -27.2% | £0 | 6.9% | 6.9% | 6.9% |
| 488 | Caterlink (Shirebrook Stubbin Wood) | 30.8% | 31.4% | -15.4% | £0 | -15.4% | £0 | -15.4% | £0 | 16.0% | 16.0% | 16.0% |
| 490 | Caterlink (Swanwick Hall) | 29.8% | 31.7% | 25.7% | £0 | 25.7% | £0 | 25.7% | £0 | 57.4% | 57.4% | 57.4% |
| 491 | Caterlink (St Mary's Chesterfield) | 29.1% | 31.8% | 1.6% | £0 | 1.6% | £0 | 1.6% | £0 | 33.4% | 33.4% | 33.4% |
| 492 | Caterlink (Reigate Primary) | 27.9% | 27.0% | 31.9% | £0 | 31.9% | £0 | 31.9% | £0 | 58.9% | 58.9% | 58.9% |
| 494 | Caterlink (Abercrombie) | 27.8% | 31.0% | -2.2% | £0 | -2.2% | £0 | -2.2% | £0 | 28.8% | 28.8% | 28.8% |
| 495 | Caterlink Ltd (St Mary's High School) | 31.8% | 30.6% | 0.5% | £0 | 0.5% | £0 | 0.5% | £0 | 31.2% | 31.2% | 31.2% |
| 497 | Churchill Contract Services Ltd (St Mary's Chesterfield) | 32.0% | 31.8% | 8.2% | £0 | 8.2% | £0 | 8.2% | £0 | 40.0% | 40.0% | 40.0% |
| 500 | Caterlink Ltd (De Ferrers Trust) | 30.2% | 30.5% | 1.3% | £0 | 1.3% | £0 | 1.3% | £0 | 31.7% | 31.7% | 31.7% |
| 502 | Caterlink Ltd (Cavendish Learning Trust) | 28.3% | 30.5% | -0.8% | £0 | -0.8% | £0 | -0.8% | £0 | 29.6% | 29.6% | 29.6% |
| 503 | Parkwood Leisure (HPBC - Buxton Pavilion) | 24.3% | 24.0% | 0.3% | £0 | 0.3% | £0 | 0.3% | £0 | 24.3% | 24.3% | 24.3% |
| 505 | Accuro FM Ltd | 32.4% | 28.9% | 3.5% | £0 | 3.5% | £0 | 3.5% | £0 | 32.4% | 32.4% | 32.4% |
| | | | | | | | | | | | | |
| **Academies** | | | | | | | | | | | | |
| | Cavendish Learning Trust | 19.3% | 18.5% | 2.5% | £0 | 2.5% | £0 | 2.5% | £0 | 21.1% | 21.1% | 21.1% |
| | Djanogly Learning Trust | 21.0% | 19.3% | -1.4% | £0 | -1.4% | £0 | -1.4% | £0 | 17.9% | 17.9% | 17.9% |
| | Esteem Multi-Academy Trust | 21.0% | 18.1% | -1.5% | £0 | -1.5% | £0 | -1.5% | £0 | 16.6% | 16.6% | 16.6% |
| | Odyssey Collaborative Trust | 21.0% | 17.8% | 1.9% | £0 | 1.9% | £0 | 1.9% | £0 | 19.7% | 19.7% | 19.7% |
| | Ormiston Ilkeston Enterprise Authority | 23.7% | 19.2% | 5.5% | £0 | 6.5% | £0 | 7.5% | £0 | 24.7% | 25.7% | 26.7% |
| | Peak Multi-Academy Trust | 20.9% | 18.8% | 1.6% | £0 | 1.6% | £0 | 1.6% | £0 | 20.3% | 20.3% | 20.3% |
| | Queen Elizabeth Grammar School Multi-Academy Trust | 21.6% | 18.1% | 4.5% | £0 | 5.5% | £0 | 6.5% | £0 | 22.6% | 23.6% | 24.6% |
| | | | | | | | | | | | | |
| | **Frederick Gent School** | 21.0% | 18.5% | -0.2% | £0 | -0.2% | £0 | -0.2% | £0 | 18.3% | 18.3% | 18.3% |
| 487 | RM Education Ltd[2] | 28.8% | 30.3% | 3.3% | £0 | 3.3% | £0 | 3.3% | £0 | 33.7% | 33.7% | 33.7% |
| | | | | | | | | | | | | |
| 199 | Derby Manufacturing University Technical College | 21.1% | 17.9% | 2.2% | £0 | 1.2% | £0 | 0.2% | £0 | 20.1% | 19.1% | 18.1% |
| 336 | The Ecclesbourne School | 22.6% | 18.5% | 5.1% | £0 | 6.1% | £0 | 7.1% | £0 | 23.6% | 24.6% | 25.6% |
| 337 | Kirk Hallam Community Academy | 18.4% | 18.0% | 1.4% | £0 | 2.4% | £0 | 3.4% | £0 | 19.4% | 20.4% | 21.4% |
| 338 | John Port Spencer Academy | 20.4% | 18.2% | 3.2% | £0 | 4.2% | £0 | 5.2% | £0 | 21.4% | 22.4% | 23.4% |
| 340 | Brookfield Academy | 20.0% | 18.4% | 2.6% | £0 | 3.6% | £0 | 4.6% | £0 | 21.0% | 22.0% | 23.0% |
| 341 | The Long Eaton School | 19.9% | 17.8% | 3.1% | £0 | 4.1% | £0 | 5.1% | £0 | 20.9% | 21.9% | 22.9% |
| 342 | West Park School | 21.2% | 18.5% | 3.7% | £0 | 4.7% | £0 | 5.7% | £0 | 22.2% | 23.2% | 24.2% |
| 345 | Hope Valley College | 23.3% | 18.0% | 6.3% | £0 | 7.3% | £0 | 8.3% | £0 | 24.3% | 25.3% | 26.3% |

| Employer code | Employer/Pool name | Contributions currently in payment 2019/2020 | Primary Rate % 1 April 2020 - 31 March 2023 | Secondary Rate | | | | | | Total Contribution Rate | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2020/2021 | | 2021/2022 | | 2022/2023 | | 2020/2021 | 2021/2022 | 2022/2023 |
| | | | | % of pay | £ | % of pay | £ | % of pay | £ | | | |
| **Academies continued** | | | | | | | | | | | | |
| 347 | Pennine Way Junior Academy | 19.7% | 18.7% | 2.0% | £0 | 3.0% | £0 | 4.0% | £0 | 20.7% | 21.7% | 22.7% |
| 348 | Heanor Gate Science College | 20.5% | 19.0% | 2.5% | £0 | 3.5% | £0 | 4.5% | £0 | 21.5% | 22.5% | 23.5% |
| 349 | Lees Brook Community School | 19.7% | 17.8% | 2.9% | £0 | 3.9% | £0 | 4.9% | £0 | 20.7% | 21.7% | 22.7% |
| 351 | Redhill Academy | 20.7% | 19.2% | 2.5% | £0 | 3.5% | £0 | 4.5% | £0 | 21.7% | 22.7% | 23.7% |
| 352 | St John Houghton Catholic Voluntary Academy | 20.6% | 16.6% | 5.0% | £0 | 6.0% | £0 | 7.0% | £0 | 21.6% | 22.6% | 23.6% |
| 353 | Allestree Woodlands School | 19.9% | 17.8% | 3.1% | £0 | 4.1% | £0 | 5.1% | £0 | 20.9% | 21.9% | 22.9% |
| 354 | Grampian Primary Academy | 19.2% | 16.6% | 3.6% | £0 | 4.6% | £0 | 5.6% | £0 | 20.2% | 21.2% | 22.2% |
| 360 | Saint Benedict Voluntary Catholic Academy | 22.0% | 19.0% | 4.0% | £0 | 5.0% | £0 | 6.0% | £0 | 23.0% | 24.0% | 25.0% |
| 361 | St Mary's Catholic High School, a Catholic Voluntary Academy | 21.4% | 18.7% | 3.7% | £0 | 4.7% | £0 | 5.7% | £0 | 22.4% | 23.4% | 24.4% |
| 362 | St John fisher Catholic Voluntary Academy | 21.7% | 19.4% | 3.3% | £0 | 4.3% | £0 | 5.3% | £0 | 22.7% | 23.7% | 24.7% |
| 363 | St Georges Voluntary Catholic Academy | 20.1% | 17.9% | 3.2% | £0 | 4.2% | £0 | 5.2% | £0 | 21.1% | 22.1% | 23.1% |
| 364 | Wyndham Primary Academy | 16.7% | 17.7% | 0.0% | £0 | 1.0% | £0 | 2.0% | £0 | 17.7% | 18.7% | 19.7% |
| 365 | The Bolsover School | 20.9% | 19.1% | 2.8% | £0 | 3.8% | £0 | 4.8% | £0 | 21.9% | 22.9% | 23.9% |
| 366 | Landau Forte Academy Moorhead (Landau Forte Charitable Trust) | 19.6% | 18.5% | 2.1% | £0 | 3.1% | £0 | 4.1% | £0 | 20.6% | 21.6% | 22.6% |
| 367 | Derby Pride Academy | 15.5% | 15.8% | 0.7% | £0 | 1.7% | £0 | 2.7% | £0 | 16.5% | 17.5% | 18.5% |
| 368 | Merrill Academy | 22.5% | 18.1% | 5.4% | £0 | 6.4% | £0 | 7.4% | £0 | 23.5% | 24.5% | 25.5% |
| 371 | English Martyrs Catholic Voluntary Academy | 18.5% | 18.8% | 0.7% | £0 | 1.7% | £0 | 2.7% | £0 | 19.5% | 20.5% | 21.5% |
| 372 | Newbold Church of England Primary School | 17.3% | 17.7% | 0.6% | £0 | 1.6% | £0 | 2.6% | £0 | 18.3% | 19.3% | 20.3% |
| 373 | Bishop Lonsdale Church of England Primary School & Nursery | 25.8% | 19.3% | 5.5% | £0 | 4.5% | £0 | 3.5% | £0 | 24.8% | 23.8% | 22.8% |
| 374 | Zaytouna Primary School | 20.0% | 17.6% | 2.4% | £0 | 2.4% | £0 | 2.4% | £0 | 20.0% | 20.0% | 20.0% |
| 375 | The Ripley Academy | 25.0% | 19.0% | 7.0% | £0 | 8.0% | £0 | 9.0% | £0 | 26.0% | 27.0% | 28.0% |
| 376 | St Joseph's Catholic Primary School A Voluntary Academy(Mansfield) | 17.6% | 18.1% | 0.5% | £0 | 1.5% | £0 | 2.5% | £0 | 18.6% | 19.6% | 20.6% |
| 377 | Dovedale Primary School | 20.9% | 17.8% | 3.1% | £0 | 3.1% | £0 | 3.1% | £0 | 20.9% | 20.9% | 20.9% |
| 378 | Sawley Infant and Nursery School | 20.0% | 19.2% | 1.8% | £0 | 2.8% | £0 | 3.8% | £0 | 21.0% | 22.0% | 23.0% |
| 379 | Sawley Junior School | 21.2% | 18.5% | 2.7% | £0 | 2.7% | £0 | 2.7% | £0 | 21.2% | 21.2% | 21.2% |
| 380 | Shardlow Primary School | 23.3% | 19.7% | 2.6% | £0 | 1.6% | £0 | 0.6% | £0 | 22.3% | 21.3% | 20.3% |
| 381 | Immaculate Conception Catholic Primary | 20.7% | 17.7% | 2.0% | £0 | 1.0% | £0 | 0.0% | £0 | 19.7% | 18.7% | 17.7% |
| 382 | Allenton Primary School | 27.9% | 17.8% | 9.1% | £0 | 8.1% | £0 | 7.1% | £0 | 26.9% | 25.9% | 24.9% |
| 383 | Outwood Academy Newbold | 20.2% | 18.4% | 2.8% | £0 | 3.8% | £0 | 4.8% | £0 | 21.2% | 22.2% | 23.2% |
| 384 | Turnditch Church of England Primary School | 20.2% | 18.0% | 3.2% | £0 | 4.2% | £0 | 5.2% | £0 | 21.2% | 22.2% | 23.2% |
| 385 | William Gilbert Endowed (C of E) Primary School | 21.2% | 20.1% | 2.1% | £0 | 3.1% | £0 | 4.1% | £0 | 22.2% | 23.2% | 24.2% |
| 386 | St Laurence CofE VA Primary School | 21.2% | 18.4% | 2.8% | £0 | 2.8% | £0 | 2.8% | £0 | 21.2% | 21.2% | 21.2% |
| 387 | Akaal Primary School | 19.5% | 17.5% | 1.0% | £0 | 0.0% | £0 | -1.0% | £0 | 18.5% | 17.5% | 16.5% |
| 388 | Inkersall Primary School | 20.2% | 18.1% | 3.1% | £0 | 4.1% | £0 | 5.1% | £0 | 21.2% | 22.2% | 23.2% |
| 389 | St Philip Howard Catholic Voluntary Academy | 20.2% | 17.4% | 2.8% | £0 | 2.8% | £0 | 2.8% | £0 | 20.2% | 20.2% | 20.2% |
| 390 | St Giles CofE Aided Primary School (Matlock) | 20.3% | 17.6% | 3.7% | £0 | 4.7% | £0 | 5.7% | £0 | 21.3% | 22.3% | 23.3% |
| 391 | Walter Evans CofE Primary & Nursery School | 21.0% | 18.3% | 2.9% | £0 | 2.9% | £0 | 2.9% | £0 | 21.1% | 21.1% | 21.1% |
| 392 | Swanwick Hall School | 20.2% | 18.6% | 2.6% | £0 | 3.6% | £0 | 4.6% | £0 | 21.2% | 22.2% | 23.2% |
| 393 | John Flamsteed Community School | 20.2% | 18.6% | 2.6% | £0 | 3.6% | £0 | 4.6% | £0 | 21.2% | 22.2% | 23.2% |
| 395 | David Nieper Academy | 17.8% | 18.2% | 0.6% | £0 | 1.6% | £0 | 2.6% | £0 | 18.8% | 19.8% | 20.8% |
| 396 | Christ Church Primary School | 21.5% | 19.0% | 2.5% | £0 | 2.5% | £0 | 2.5% | £0 | 21.5% | 21.5% | 21.5% |
| 422 | Landau Forte College Derby (Landau Forte Charitable Trust) | 12.3% plus £3,000 | 16.6% | -3.1% | £0 | -2.1% | £0 | -1.1% | £0 | 13.5% | 14.5% | 15.5% |
| 439 | Shirebrook Academy | 20.4% | 18.0% | 3.4% | £0 | 4.4% | £0 | 5.4% | £0 | 21.4% | 22.4% | 23.4% |
| 601 | Holbrook CE Primary School | 22.4% | 18.6% | 3.8% | £0 | 3.8% | £0 | 3.8% | £0 | 22.4% | 22.4% | 22.4% |
| 602 | St Edwards Catholic Academy | 20.0% | 18.7% | 1.3% | £0 | 1.3% | £0 | 1.3% | £0 | 20.0% | 20.0% | 20.0% |
| 603 | St Joseph's Catholic Primary School (Matlock) | 20.0% | 19.5% | 1.5% | £0 | 2.5% | £0 | 3.5% | £0 | 21.0% | 22.0% | 23.0% |
| 604 | Mary Swanwick Primary School | 21.0% | 19.0% | 1.2% | £0 | 1.2% | £0 | 1.2% | £0 | 20.2% | 20.2% | 20.2% |
| 605 | Brimington Manor Infant School | 18.9% | 19.6% | 0.3% | £0 | 1.3% | £0 | 2.3% | £0 | 19.9% | 20.9% | 21.9% |
| 606 | Brimington Junior School | 18.3% | 19.2% | 0.1% | £0 | 1.1% | £0 | 2.1% | £0 | 19.3% | 20.3% | 21.3% |
| 607 | Noel-Baker Academy | 21.0% | 18.7% | 4.8% | £0 | 4.8% | £0 | 4.8% | £0 | 23.5% | 23.5% | 23.5% |
| 608 | All Saints CofE Infant School (Matlock) | 21.0% | 18.1% | -0.3% | £0 | -0.3% | £0 | -0.3% | £0 | 17.8% | 17.8% | 17.8% |
| 609 | St Giles CE Primary School (Killamarsh) | 21.0% | 17.7% | -0.8% | £0 | -0.8% | £0 | -0.8% | £0 | 16.9% | 16.9% | 16.9% |
| 612 | All Saints Junior School (Matlock) | 21.0% | 19.1% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 19.1% | 19.1% | 19.1% |
| 613 | Heritage High | 21.0% | 18.6% | -0.6% | £0 | -0.6% | £0 | -0.6% | £0 | 18.0% | 18.0% | 18.0% |
| 614 | New Whittington Primary | 21.0% | 18.4% | -2.2% | £0 | -2.2% | £0 | -2.2% | £0 | 16.2% | 16.2% | 16.2% |
| 615 | Eckington Juniors | 19.4% | 19.1% | 0.3% | £0 | 0.3% | £0 | 0.3% | £0 | 19.4% | 19.4% | 19.4% |

Derbyshire Pension Fund

lgps

| Employer code | Employer/Pool name | Contributions currently in payment 2019/2020 | Primary Rate % 1 April 2020 - 31 March 2023 | Secondary Rate | | | | | | Total Contribution Rate | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2020/2021 | | 2021/2022 | | 2022/2023 | | 2020/2021 | 2021/2022 | 2022/2023 |
| | | | | % of pay | £ | % of pay | £ | % of pay | £ | | | |
| Academies continued | | | | | | | | | | | | |
| 616 | Darley Churchtown Primary School | 21.0% | 18.1% | -0.6% | £0 | -0.6% | £0 | -0.6% | £0 | 17.5% | 17.5% | 17.5% |
| 617 | Temple Normanton Junior Academy | 21.0% | 20.2% | 4.6% | £0 | 4.6% | £0 | 4.6% | £0 | 24.8% | 24.8% | 24.8% |
| 618 | Da Vinci Academy | 21.0% | 18.1% | 6.0% | £0 | 6.0% | £0 | 6.0% | £0 | 24.1% | 24.1% | 24.1% |
| 619 | The Pingle Academy | 21.0% | 19.0% | -0.1% | £0 | -0.1% | £0 | -0.1% | £0 | 18.9% | 18.9% | 18.9% |
| 621 | Derwent Community Primary School | 21.0% | 17.9% | 2.9% | £0 | 2.9% | £0 | 2.9% | £0 | 20.8% | 20.8% | 20.8% |
| 622 | Breadsall Hill Top Primary | 21.0% | 18.6% | 1.8% | £0 | 1.8% | £0 | 1.8% | £0 | 20.4% | 20.4% | 20.4% |
| 623 | Pear Tree Junior School | 21.0% | 19.1% | 2.5% | £0 | 2.5% | £0 | 2.5% | £0 | 21.6% | 21.6% | 21.6% |
| 624 | Granville Academy | 21.0% | 17.2% | -1.7% | £0 | -1.7% | £0 | -1.7% | £0 | 15.5% | 15.5% | 15.5% |
| 625 | St Georges CofE Primary (New Mills) | 21.0% | 18.9% | 0.3% | £0 | 0.3% | £0 | 0.3% | £0 | 19.2% | 19.2% | 19.2% |
| 626 | Scargill CofE Primary | 21.0% | 19.5% | 0.4% | £0 | 0.4% | £0 | 0.4% | £0 | 19.9% | 19.9% | 19.9% |
| 627 | Cavendish Close Junior Academy | 21.0% | 18.2% | 1.3% | £0 | 1.3% | £0 | 1.3% | £0 | 19.5% | 19.5% | 19.5% |
| 628 | Cloudside Academy | 21.0% | 18.8% | -1.4% | £0 | -1.4% | £0 | -1.4% | £0 | 17.4% | 17.4% | 17.4% |
| 629 | Somercotes Infants | 21.0% | 18.4% | -2.3% | £0 | -2.3% | £0 | -2.3% | £0 | 16.1% | 16.1% | 16.1% |
| 630 | Somerlea Park Junior | 21.0% | 19.3% | 0.7% | £0 | 0.7% | £0 | 0.7% | £0 | 20.0% | 20.0% | 20.0% |
| 631 | Bolsover CofE Junior School | 21.0% | 18.3% | -0.4% | £0 | -0.4% | £0 | -0.4% | £0 | 17.9% | 17.9% | 17.9% |
| 633 | Firs Primary School | 21.0% | 18.6% | -0.1% | £0 | -0.1% | £0 | -0.1% | £0 | 18.5% | 18.5% | 18.5% |
| 634 | Hardwick Primary School | 21.0% | 17.6% | 1.8% | £0 | 1.8% | £0 | 1.8% | £0 | 19.4% | 19.4% | 19.4% |
| 635 | Derby Moor Academy | 21.0% | 16.9% | 0.5% | £0 | 0.5% | £0 | 0.5% | £0 | 17.4% | 17.4% | 17.4% |
| 636 | John King Infant Academy | 21.0% | 18.0% | -0.7% | £0 | -0.7% | £0 | -0.7% | £0 | 17.3% | 17.3% | 17.3% |
| 637 | Longwood Infant Academy | 21.0% | 18.4% | -2.1% | £0 | -2.1% | £0 | -2.1% | £0 | 16.3% | 16.3% | 16.3% |
| 639 | Kirkstead Junior Academy | 21.0% | 18.4% | -0.4% | £0 | -0.4% | £0 | -0.4% | £0 | 18.0% | 18.0% | 18.0% |
| 641 | Ironville and Codnor Park Primary School | 21.0% | 17.9% | -0.9% | £0 | -0.9% | £0 | -0.9% | £0 | 17.0% | 17.0% | 17.0% |
| 644 | Chaddesden Park Primary School | 21.0% | 18.6% | 4.7% | £0 | 4.7% | £0 | 4.7% | £0 | 23.3% | 23.3% | 23.3% |
| 645 | Eckington School | 21.0% | 19.0% | 0.2% | £0 | 0.2% | £0 | 0.2% | £0 | 19.2% | 19.2% | 19.2% |
| 646 | Village Primary Academy | 21.0% | 18.0% | 2.1% | £0 | 2.1% | £0 | 2.1% | £0 | 20.1% | 20.1% | 20.1% |
| 647 | Street Lane Primary School | 21.0% | 19.7% | -0.7% | £0 | -0.7% | £0 | -0.7% | £0 | 19.0% | 19.0% | 19.0% |
| 648 | Ash Croft Primary Academy | 21.0% | 18.9% | 1.5% | £0 | 1.5% | £0 | 1.5% | £0 | 20.4% | 20.4% | 20.4% |
| 649 | Langwith Bassett Junior Academy | 21.0% | 18.2% | -2.1% | £0 | -2.1% | £0 | -2.1% | £0 | 16.1% | 16.1% | 16.1% |
| 650 | Friesland School | 21.0% | 18.7% | -2.2% | £0 | -2.2% | £0 | -2.2% | £0 | 16.5% | 16.5% | 16.5% |
| 657 | All Saints Catholic Voluntary Academy (Glossop) | 21.0% | 17.2% | -1.2% | £0 | -1.2% | £0 | -1.2% | £0 | 16.0% | 16.0% | 16.0% |
| 658 | Christ the King Catholic Voluntary Academy | 21.0% | 18.8% | -1.4% | £0 | -1.4% | £0 | -1.4% | £0 | 17.4% | 17.4% | 17.4% |
| 659 | St Alban's Catholic Voluntary Academy (Derby) | 21.0% | 18.7% | 1.6% | £0 | 1.6% | £0 | 1.6% | £0 | 20.3% | 20.3% | 20.3% |
| 660 | St Anne's Catholic Voluntary Academy (Buxton) | 21.0% | 19.9% | -0.7% | £0 | -0.7% | £0 | -0.7% | £0 | 19.2% | 19.2% | 19.2% |
| 661 | St Charles Catholic Primary Voluntary Academy (Hadfield) | 21.0% | 18.6% | -1.1% | £0 | -1.1% | £0 | -1.1% | £0 | 17.5% | 17.5% | 17.5% |
| 662 | St Elizabeth's Catholic Voluntary Academy (Belper) | 21.0% | 19.1% | -1.8% | £0 | -1.8% | £0 | -1.8% | £0 | 17.3% | 17.3% | 17.3% |
| 663 | St Joseph's Catholic Voluntary Academy (Derby) | 21.0% | 19.0% | 1.1% | £0 | 1.1% | £0 | 1.1% | £0 | 20.1% | 20.1% | 20.1% |
| 664 | St. Margaret's Catholic Voluntary Academy (Glossop) | 21.0% | 18.7% | -2.2% | £0 | -2.2% | £0 | -2.2% | £0 | 16.5% | 16.5% | 16.5% |
| 665 | St Mary's Catholic Voluntary Academy (Derby) | 21.0% | 18.2% | 2.1% | £0 | 2.1% | £0 | 2.1% | £0 | 20.3% | 20.3% | 20.3% |
| 667 | St Mary's Catholic Voluntary Academy (New Mills) | 21.0% | 18.3% | -2.8% | £0 | -2.8% | £0 | -2.8% | £0 | 15.5% | 15.5% | 15.5% |
| 668 | St Thomas Catholic Voluntary Academy (Ilkeston) | 21.0% | 18.7% | -1.2% | £0 | -1.2% | £0 | -1.2% | £0 | 17.5% | 17.5% | 17.5% |
| 669 | St Thomas More Voluntary Academy (Buxton) | 21.0% | 19.1% | -0.9% | £0 | -0.9% | £0 | -0.9% | £0 | 18.2% | 18.2% | 18.2% |
| 670 | Derby Cathedral School | 21.0% | 19.7% | -0.4% | £0 | -0.4% | £0 | -0.4% | £0 | 19.3% | 19.3% | 19.3% |
| 671 | St Mary's Catholic Voluntary Academy (Glossop) | 21.0% | 19.5% | -0.5% | £0 | -0.5% | £0 | -0.5% | £0 | 19.0% | 19.0% | 19.0% |
| 672 | Alvaston Junior Academy | 21.0% | 19.4% | 3.3% | £0 | 3.3% | £0 | 3.3% | £0 | 22.7% | 22.7% | 22.7% |
| 673 | Reigate Park Primary Academy | 21.0% | 18.2% | 0.5% | £0 | 0.5% | £0 | 0.5% | £0 | 18.7% | 18.7% | 18.7% |
| 674 | Cottons Farm Primary Academy | 21.0% | 19.4% | 2.1% | £0 | 2.1% | £0 | 2.1% | £0 | 21.5% | 21.5% | 21.5% |
| 675 | Hilton Primary School | 21.0% | 18.4% | -1.4% | £0 | -1.4% | £0 | -1.4% | £0 | 17.0% | 17.0% | 17.0% |
| 676 | Loscoe CofE Primary School and Nursery | 21.0% | 18.2% | -1.5% | £0 | -1.5% | £0 | -1.5% | £0 | 16.7% | 16.7% | 16.7% |
| 677 | Ashwood Spencer Academy | 21.0% | 18.7% | 1.6% | £0 | 1.6% | £0 | 1.6% | £0 | 20.3% | 20.3% | 20.3% |
| 678 | Wilsthorpe School | 21.0% | 18.5% | 0.5% | £0 | 0.5% | £0 | 0.5% | £0 | 19.0% | 19.0% | 19.0% |
| 679 | Gamesley Primary Academy | 21.0% | 18.0% | -0.1% | £0 | -0.1% | £0 | -0.1% | £0 | 17.9% | 17.9% | 17.9% |
| 682 | Lakeside Primary Academy | 21.0% | 17.3% | 1.8% | £0 | 1.8% | £0 | 1.8% | £0 | 19.1% | 19.1% | 19.1% |
| 684 | Walton on Trent CofE Primary & Nursery School | 21.0% | 18.9% | 0.1% | £0 | 0.1% | £0 | 0.1% | £0 | 19.0% | 19.0% | 19.0% |
| 685 | Griffe Field Primary School | 21.0% | 19.2% | 3.2% | £0 | 3.2% | £0 | 3.2% | £0 | 22.4% | 22.4% | 22.4% |
| 686 | Horsley Woodhouse Primary School | 21.0% | 18.5% | 0.2% | £0 | 0.2% | £0 | 0.2% | £0 | 18.8% | 18.8% | 18.8% |
| 687 | Kilburn Junior School | 21.0% | 17.7% | -0.9% | £0 | -0.9% | £0 | -0.9% | £0 | 16.8% | 16.8% | 16.8% |

| Employer code | Employer/Pool name | Contributions currently in payment 2019/2020 | Primary Rate % 1 April 2020 - 31 March 2023 | Secondary Rate | | | | | | Total Contribution Rate | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2020/2021 | | 2021/2022 | | 2022/2023 | | 2020/2021 | 2021/2022 | 2022/2023 |
| | | | | % of pay | £ | % of pay | £ | % of pay | £ | | | |
| **Academies continued** | | | | | | | | | | | | |
| 688 | Aldercar Infant School | 21.0% | 18.5% | -0.2% | £0 | -0.2% | £0 | -0.2% | £0 | 18.3% | 18.3% | 18.3% |
| 689 | Heath Primary School | 21.0% | 17.3% | -0.9% | £0 | -0.9% | £0 | -0.9% | £0 | 16.4% | 16.4% | 16.4% |
| 690 | Howitt Primary Community School | 21.0% | 18.9% | -0.7% | £0 | -0.7% | £0 | -0.7% | £0 | 18.2% | 18.2% | 18.2% |
| 691 | Derby St Chad's CofE (VC) Nursery and Infant School | 21.0% | 18.2% | 1.1% | £0 | 1.1% | £0 | 1.1% | £0 | 19.3% | 19.3% | 19.3% |
| 693 | Arboretum Primary School | 21.0% | 17.4% | 1.2% | £0 | 1.2% | £0 | 1.2% | £0 | 18.6% | 18.6% | 18.6% |
| | | | | | | | | | | | | |
| **Post 2019 valuation employers** | | | | | | | | | | | | |
| 701 | Portway Junior School (Odyssey Collaborative Trust) | 21.0% | 17.8% | 1.9% | £0 | 1.9% | £0 | 1.9% | £0 | 19.7% | 19.7% | 19.7% |
| 702 | Cherry Tree Hill Primary (Odyssey Collaborative Trust) | 21.0% | 17.8% | 1.9% | £0 | 1.9% | £0 | 1.9% | £0 | 19.7% | 19.7% | 19.7% |
| 703 | Beaufort Primary School (Odyssey Collaborative Trust) | 21.0% | 17.8% | 1.9% | £0 | 1.9% | £0 | 1.9% | £0 | 19.7% | 19.7% | 19.7% |
| 704 | Holme Hall Primary School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 705 | Brookfield Primary | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 706 | Richardson Endowed Primary School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 707 | Woodthorpe CofE Primary | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 708 | Ashgate Croft Primary | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 709 | Old Hall Junior School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 710 | Walton Holymoorside Primary | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 711 | Westfield Infants | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 713 | Brooklands Primary School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 714 | Tupton Primary School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 716 | Carlyle Infant & Nursery School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 717 | Hodthorpe Primary School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 718 | Kensington Junior School (Djanogly Learning Trust) | 21.0% | 19.3% | -1.4% | £0 | -1.4% | £0 | -1.4% | £0 | 17.9% | 17.9% | 17.9% |
| 719 | Longford CofE Primary School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 720 | NE Derbyshire Support Centre (Esteem Trust) | 21.0% | 18.1% | -1.5% | £0 | -1.5% | £0 | -1.5% | £0 | 16.6% | 16.6% | 16.6% |
| 721 | St Clares Special School (Esteem Trust) | 21.0% | 18.1% | -1.5% | £0 | -1.5% | £0 | -1.5% | £0 | 16.6% | 16.6% | 16.6% |
| 722 | St Andrews Special School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 723 | Church Gresley Infant and Nursery School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 724 | Ravensdale Junior School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 725 | Chellaston Fields Academy | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 726 | The Mease at Hilton | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 727 | Hackwood Primary | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 728 | Ivy House School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 729 | Tupton Hall School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 730 | St Werburgh Primary School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 731 | St Giles Primary Chaddesden | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 732 | The Green Infant School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 733 | Lawn Primary School | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 734 | St Peter's CE Aided Junior | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 735 | Springwell Community College | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |
| 736 | North Wingfield Primary & Nursery Academy | 21.0% | 21.0% | 0.0% | £0 | 0.0% | £0 | 0.0% | £0 | 21.0% | 21.0% | 21.0% |

## Notes

(1) The contributions due for 1 April 2020 to 31 March 2023 are shown in the table. With the agreement of the Administering Authority, this employer has agreed to make a cash payment of £56,379,340 in April 2020 in respect of contributions due for the year to 31 March 2021. The cash amount payable for the year to 31 March 2021 will be reduced in return for this early payment by 1.75% for the period 1 April 2020 to 31 March 2021 (i.e. the above amounts will be multiplied by 0.9825). With the agreement of the Administering Authority, the employer may also make a cash payment in April 2021 in respect of contributions due in the year to 31 March 2022 and/or April 2022 in respect of contributions due in the year to 31 March 2023. The reduction in the amount payable will be calculated by the Fund actuary at that time based on updated payroll estimates. As the employer has estimated, in advance, the pensionable pay for 2020/21 (and will estimate for 2021/22 and/or 2022/23 if prepaying those contributions), a balancing adjustment to reflect the actual pensionable pay over the year would be made at the end of each year (no later than 30th April following the year-end).

(2) These are pass through employers for which we have calculated a stand-alone rate. However, they are pooled with their respective Awarding Authority for all funding risks. For the employer RM Education Ltd (487), this is Frederick Gent School.

(3) Contributions expressed as a percentage of payroll should be paid into Derbyshire Pension Fund ("the Fund") at a frequency in accordance with the requirements of the Regulations;

(4) Further sums should be paid to the Fund to meet the costs of any early retirements and/or augmentations using methods and factors issued by us from time to time or as otherwise agreed.

(5) Payments may be required to be made to the Fund by employers to meet the capital costs of any ill-health retirements that exceed those allowed for within our assumptions. If an employer has ill health liability insurance in place with a suitable insurer and provides satisfactory evidence to the Administering Authority, then their certified contribution rate may be reduced by the value of their insurance premium, for the period the insurance is in place.

(6) The certified contribution rates represent the **minimum** level of contributions to be paid. Employing authorities may pay further amounts at any time and future periodic contributions may be adjusted on a basis approved by the Fund Actuary.

(7) There has been significant volatility in the financial markets during February and March 2020 as a result of the COVID-19 pandemic. This volatility may impact funding balance sheets for those employers planning to exit the Fund during the period covered by this Rates and Adjustments Certificate. In order to effectively manage employer exits from the Fund, the Administering Authority reserves the right to revisit the contribution rates for employers that are expected to cease participation in the Fund before 31 March 2023. An employer will be contacted by the Administering Authority in this instance.

(8) The Town and Parish Councils are split as per the following table:

| Town and Parish Councils (Pre 2001) | | Town and Parish Councils (Post 2001) | |
|---|---|---|---|
| 144 | Shirebrook Town Council | 142 | Morton Parish Council |
| 145 | New Mills Town Council | 155 | Glapwell Parish Council |
| 147 | Clay Cross Parish Council | 161 | Burnaston Parish Council |
| 148 | Eckington Parish Council | 165 | North Wingfield Parish Council |
| 149 | Smalley Parish Council | 174 | Tupton Parish Council |
| 150 | Pinxton Parish Council | 186 | Alfreton Town Council |
| 151 | Wirksworth Town Council | 187 | Wingerworth Parish Council |
| 152 | Old Bolsover Town Council | 188 | Heanor & Loscoe Town Council |
| 153 | Bakewell Town Council | 189 | Darley Dale Town Council |
| 157 | Belper Town Council | 234 | Tibshelf Parish Council |
| 159 | Elmton Parish Council | 235 | Kilburn Parish Council |
| 160 | Killamarsh Parish Council | 236 | Codnor Parish Council |
| 162 | Dronfield & District Jnt Burial | 237 | Shardlow & Great Wilne Parish Council |
| 171 | Ashbourne Town Council | 238 | Ticknall Parish Council |
| 172 | Dronfield Town Council | 239 | Stenson Fields Parish Council |
| 173 | Whitwell Parish Council | 240 | Heath & Holmewood Parish Council |
| 175 | Staveley Town Council | 241 | Bretby Parish Council |
| 178 | Matlock Town Council | 242 | Breaston Parish Council |
| 179 | Whaley Bridge Town Council | 243 | Woodville Parish Council |
| 181 | Willington Parish Council | 244 | Elvaston Parish Council |
| 182 | Holymoorside Parish Council | 245 | Hatton Parish Council |
| | | 248 | Clowne Parish Council |
| | | 250 | Draycott Parish Council |
| | | 251 | Blackwell Parish Council |

Derbyshire Pension Fund

lgps

Signature:

| | | |
|---|---|---|
| Name: | Barry Dodds | Richard Warden |
| Qualification: | Fellows of the Institute and Faculty of Actuaries | |
| Firm: | Hymans Robertson LLP<br>20 Waterloo Street<br>Glasgow<br>G2 6DB | |
| Date: | 31 March 2020 | |

## Appendix 4 – Section 13 dashboard

The following information has been provided to assist the Government Actuary's Department in complying with Section 13 of the Public Service Pensions Act.

| Item | |
|---|---|
| **Past service funding position - local funding basis** | |
| Funding level (assets/liabilities) | 97% |
| Funding level (change since last valuation) | 10% increase |
| Asset value used at the valuation | £4,928,587,000 |
| Value of liabilities | £5,091,629,000 |
| Surplus (deficit) | £163,042,000 |
| Discount rate(s) | 3.6% p.a. |
| Assumed pension increases (CPI) | 2.3% p.a. |
| Method of derivation of discount rate, plus any changes since previous valuation | There is a 77% likelihood that the Fund's investments will return at least 3.6% over the next 20 years based on a stochastic asset projection.<br>The assumption at the 2016 valuation was 1.8% above the yield available on long-dated fixed interest gilts. |
| Assumed life expectancies at age 65: | |
| Average life expectancy for current pensioners - men currently age 65 | 21.6 years |
| Average life expectancy for current pensioners - women currently age 65 | 23.7 years |
| Average life expectancy for future pensioners - men currently age 45 | 22.6 years |
| Average life expectancy for future pensioners - women currently age 45 | 25.1 years |
| **Past service funding position - SAB basis (for comparison purposes only)** | |
| Market value of assets | £4,928,587,000 |
| Value of liabilities | £4,257,610,000 |
| Funding level on SAB basis (assets/liabilities) | 116% |
| Funding level on SAB basis (change since last valuation) | 13% increase |
| **Contribution rates payable** | |
| Primary contribution rate | 18.5% of pay |
| Secondary contribution rate (cash amounts in each year in line with CIPFA guidance): | |
| Secondary contribution rate 2020/21 | £17,432,000 |
| Secondary contribution rate 2021/22 | £17,752,000 |
| Secondary contribution rate 2022/23 | £18,079,000 |
| Giving total expected contributions: | |
| Total expected contributions 2020/21 (£ figure based on assumed payroll of £645.9m) | £136,732,000 |
| Total expected contributions 2021/22 (£ figure based on assumed payroll of £665.6m) | £140,675,000 |
| Total expected contributions 2022/23 (£ figure based on assumed payroll of £685.8m) | £144,736,000 |
| Average employee contribution rate (% of pay) | 6.3% of pay |
| Employee contribution rate (£ p.a. figure based on assumed payroll of £645.9m) | £40,420,000 |
| **Additional information** | |
| Percentage of liabilities relating to employers with deficit recovery periods of longer than 20 years | 0% |
| Percentage of total liabilities that are in respect of Tier 3 employers | 11% |

# Appendix 6: Employee and Employer Contributions

| CONTRIBUTIONS 2019/20 | | Employee Contributions | | | | | | | Employer Contributions | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EMPLOYER** | **EMPLOYER NAME** | **Basic Ees 172310** | **50 50 172310** | **Arrears 172311** | **Ees APC (Main) 172312** | **Ees APC (50/50) 172312** | **Add'n 172312** | **TOTAL EMPLOYEES** | **Deficit Payment 172314** | **Employer APC Conts 172315** | **Employer Conts 172315** | **TOTAL EMPLOYERS** |
| 00001 | Derbyshire County Council | 15,851,614.61 | 115,588.81 | 1,255.56 | 29,216.60 | 396.47 | 41,593.16 | 16,039,665.21 | 0.00 | 0.00 | 52,052,798.61 | 52,052,798.61 |
| 00040 | Peak District National Park | 368,082.77 | 1,379.57 | 8,064.66 | 2,688.41 | 0.00 | 0.00 | 380,215.41 | 224,004.00 | 0.00 | 819,167.84 | 1,043,171.84 |
| 00120 | Futures Housing (Amber Valley Housing Ltd) | 206,738.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 206,738.72 | 103,008.00 | 0.00 | 674,058.35 | 777,066.35 |
| 00123 | Derby Homes Ltd | 909,107.29 | 3,976.63 | 0.00 | 0.00 | 0.00 | 0.00 | 913,083.92 | 0.00 | 0.00 | 2,946,023.62 | 2,946,023.62 |
| 00124 | EMH Homes | 90,358.49 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 90,358.49 | 161,004.00 | 0.00 | 315,187.18 | 476,191.18 |
| 00126 | Rykneld Homes | 389,561.88 | 0.00 | 0.00 | 473.42 | 0.00 | 0.00 | 390,035.30 | 0.00 | 1,117.62 | 971,894.02 | 973,011.64 |
| 00128 | Platform Housing Limited (Waterloo Housing Group) | 42,771.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 42,771.41 | 18,000.00 | 0.00 | 186,525.02 | 204,525.02 |
| 00130 | Amber Valley B C | 354,855.35 | 1,818.22 | 0.00 | 786.66 | 0.00 | 0.00 | 357,460.23 | 1,057,008.00 | 1,573.33 | 775,508.90 | 1,834,090.23 |
| 00131 | The District of Bolsover | 650,354.96 | 462.52 | 0.00 | 0.00 | 0.00 | 0.00 | 650,817.48 | 962,004.00 | 0.00 | 1,418,555.14 | 2,380,559.14 |
| 00132 | Chesterfield B C | 1,306,653.52 | 434.54 | 0.00 | 3,600.00 | 0.00 | 0.00 | 1,310,688.06 | 1,991,004.00 | 0.00 | 2,867,697.12 | 4,858,701.12 |
| 00133 | Derby City Council | 6,569,510.05 | 29,354.12 | 0.00 | 13,770.76 | 0.00 | 283.96 | 6,612,918.89 | 0.00 | 0.00 | 479,984.14 | 479,984.14 |
| 00134 | Erewash B C | 436,447.13 | 12,436.94 | 0.00 | 3,020.98 | 0.00 | 0.00 | 451,905.05 | 1,125,000.00 | 750.82 | 915,509.39 | 2,041,260.21 |
| 00135 | High Peak BC | 393,412.75 | 472.82 | 0.00 | 185.46 | 0.00 | 1,956.34 | 396,027.37 | 1,833,000.00 | 741.96 | 765,014.08 | 2,598,756.04 |
| 00136 | North East Derbyshire DC | 586,946.32 | 1,105.16 | 0.00 | 1,100.00 | 0.00 | 0.00 | 589,151.48 | 1,527,000.00 | 0.00 | 1,279,175.35 | 2,806,175.35 |
| 00137 | South Derbyshire DC | 501,879.89 | 6,066.85 | 0.00 | 2,697.74 | 0.00 | 0.00 | 510,644.48 | 678,000.00 | 895.47 | 1,075,178.28 | 1,754,073.75 |
| 00138 | Derbyshire Dales D C | 304,645.94 | 0.00 | 0.00 | 1,200.00 | 0.00 | 0.00 | 305,845.94 | 645,000.00 | 0.00 | 621,392.08 | 1,266,392.08 |
| 00139 | Chesterfield Crematorium | 15,029.24 | 543.32 | 0.00 | 0.00 | 0.00 | 0.00 | 15,572.56 | 29,004.00 | 0.00 | 45,338.35 | 74,342.35 |
| 00144 | Shirebrook Town Council | 10,850.28 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,850.28 | 0.00 | 0.00 | 40,776.46 | 40,776.46 |
| 00145 | New Mills Town Council | 5,258.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,258.10 | 0.00 | 0.00 | 21,126.42 | 21,126.42 |
| 00147 | Clay Cross Parish Council | 1,522.31 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,522.31 | 0.00 | 0.00 | 6,248.78 | 6,248.78 |
| 00148 | Eckington Parish Council | 11,633.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,633.30 | 0.00 | 0.00 | 46,417.12 | 46,417.12 |
| 00150 | Pinxton Parish Council | 3,141.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,141.87 | 0.00 | 0.00 | 13,122.00 | 13,122.00 |
| 00151 | Wirksworth Town Council | 4,546.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,546.26 | 0.00 | 0.00 | 18,542.15 | 18,542.15 |
| 00152 | Old Bolsover Town Council | 9,284.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,284.98 | 0.00 | 0.00 | 36,196.34 | 36,196.34 |
| 00155 | Glapwell Parish Council | 756.84 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 756.84 | 0.00 | 0.00 | 2,366.64 | 2,366.64 |
| 00157 | Belper Town Council | 7,295.58 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,295.58 | 0.00 | 0.00 | 29,177.30 | 29,177.30 |
| 00160 | Killamarsh Parish Council | 12,049.99 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,049.99 | 0.00 | 0.00 | 48,093.40 | 48,093.40 |
| 00161 | Burnaston Parish Council | 256.80 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 256.80 | 0.00 | 0.00 | 802.92 | 802.92 |
| 00165 | North Wingfield PC | 5,211.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,211.36 | 0.00 | 0.00 | 14,442.08 | 14,442.08 |
| 00171 | Ashbourne Town Council | 6,051.96 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,051.96 | 0.00 | 0.00 | 24,725.63 | 24,725.63 |
| 00172 | Dronfield Town Council | 12,274.37 | 559.86 | 0.00 | 0.00 | 0.00 | 0.00 | 12,834.23 | 0.00 | 664.50 | 53,298.13 | 53,962.63 |
| 00173 | Whitwell Parish Council | 6,076.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,076.17 | 0.00 | 0.00 | 23,778.22 | 23,778.22 |
| 00174 | Tupton Parish Council | 980.55 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 980.55 | 0.00 | 0.00 | 2,812.86 | 2,812.86 |
| 00175 | Staveley Town Council | 15,383.65 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,383.65 | 0.00 | 0.00 | 60,179.54 | 60,179.54 |
| 00178 | Matlock Town Council | 8,630.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8,630.02 | 0.00 | 0.00 | 33,977.27 | 33,977.27 |
| 00179 | Whaley Bridge Town Council | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 00186 | Alfreton Town Council | 2,653.07 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,653.07 | 0.00 | 0.00 | 7,963.91 | 7,963.91 |
| 00187 | Wingerworth Parish Council | 3,591.66 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,591.66 | 0.00 | 0.00 | 10,244.93 | 10,244.93 |
| 00188 | Heanor + Loscoe TC | 2,376.97 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,376.97 | 0.00 | 0.00 | 6,560.67 | 6,560.67 |
| 00189 | Darley Dale Town Council | 363.81 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 363.81 | 0.00 | 0.00 | 1,122.68 | 1,122.68 |
| 00234 | Tibshelf Parish Council | 2,131.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,131.10 | 0.00 | 0.00 | 6,342.21 | 6,342.21 |
| 00235 | Kilburn Parish Council | 1,007.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,007.16 | 0.00 | 0.00 | 2,986.56 | 2,986.56 |
| 00236 | Codnor Parish Council | 765.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 765.88 | 0.00 | 0.00 | 2,394.96 | 2,394.96 |
| 00238 | Ticknell Parish Council | 191.04 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 191.04 | 0.00 | 0.00 | 597.12 | 597.12 |
| 00239 | Stenson Fields Parish Council | 504.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 504.16 | 0.00 | 0.00 | 1,576.80 | 1,576.80 |
| 00240 | Heath & Holmewood Parish Council | 3,245.68 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,245.68 | 0.00 | 0.00 | 9,106.28 | 9,106.28 |
| 00241 | Bretby Parish Council | 102.60 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 102.60 | 0.00 | 0.00 | 352.92 | 352.92 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 00242 | Breaston Parish Council | 2,092.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,092.98 | 0.00 | 0.00 | 5,751.66 | 5,751.66 |
| 00243 | Woodville Parish Council | 1,288.46 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,288.46 | 0.00 | 0.00 | 4,028.63 | 4,028.63 |
| 00244 | Elvaston Parish Council | 393.47 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 393.47 | 0.00 | 0.00 | 1,230.20 | 1,230.20 |
| 00245 | Hatton Parish Council | 467.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 467.40 | 0.00 | 0.00 | 1,622.88 | 1,622.88 |
| 00248 | Clowne Parish Council | 3,100.20 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,100.20 | 0.00 | 0.00 | 7,841.64 | 7,841.64 |
| 00249 | South Normanton Parish Council | 5,987.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,987.11 | 0.00 | 0.00 | 17,318.68 | 17,318.68 |
| 00250 | Draycott Parish Council | 1,267.79 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,267.79 | 0.00 | 0.00 | 3,759.61 | 3,759.61 |
| 00251 | Blackwell Parish Council | 2,577.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,577.33 | 0.00 | 0.00 | 7,342.75 | 7,342.75 |
| 00401 | Derbyshire Police Authority | 2,871,036.44 | 16,177.81 | 0.00 | 9,198.13 | 0.00 | 0.00 | 2,896,412.38 | 1,465,008.00 | 5,787.73 | 5,373,059.73 | 6,843,855.46 |
| 00403 | Derbys Fire & Rescue Service | 411,440.47 | 773.65 | 0.00 | 18,200.00 | 0.00 | 0.00 | 430,414.12 | 170,004.00 | 0.00 | 812,327.97 | 982,331.97 |
| 00169 | University of Derby | 2,212,709.43 | 8,249.65 | 0.00 | 10,266.34 | 0.00 | 374.76 | 2,231,600.18 | 745,008.00 | 447.67 | 4,291,528.97 | 5,036,984.64 |
| 00192 | Chesterfield College | 429,022.94 | 350.47 | 0.00 | 236.91 | 0.00 | 0.00 | 429,610.32 | 158,004.00 | 0.00 | 858,855.61 | 1,016,859.61 |
| 00198 | Derby College | 604,919.87 | 22,089.08 | 0.00 | 0.00 | 0.00 | 0.00 | 627,008.95 | 441,000.00 | 0.00 | 1,403,037.16 | 1,844,037.16 |
| 00199 | Derby Manufacturing University Technical College | 10,267.74 | 774.90 | 0.00 | 0.00 | 0.00 | 0.00 | 11,042.64 | 0.00 | 0.00 | 39,393.49 | 39,393.49 |
| 00336 | Ecclesbourne Academy | 4,192.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,192.98 | 0.00 | 0.00 | 15,738.62 | 15,738.62 |
| 00337 | Kirk Hallam Academy | 60,461.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 60,461.39 | 0.00 | 0.00 | 183,335.37 | 183,335.37 |
| 00338 | John Port Academy | 72,503.04 | 0.00 | 61.78 | 2,600.00 | 0.00 | 0.00 | 75,164.82 | 0.00 | 0.00 | 248,427.17 | 248,427.17 |
| 00340 | Brookfield Academy | 52,916.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 52,916.26 | 0.00 | 0.00 | 179,117.11 | 179,117.11 |
| 00341 | Long Eaton Academy | 66,415.49 | 169.90 | 0.00 | 0.00 | 0.00 | 0.00 | 66,585.39 | 0.00 | 0.00 | 204,694.56 | 204,694.56 |
| 00342 | West Park School (Academy) | 77,364.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 77,364.26 | 0.00 | 0.00 | 259,974.45 | 259,974.45 |
| 00345 | Hope Valley College (Academy) | 45,110.95 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 45,110.95 | 0.00 | 0.00 | 182,483.55 | 182,483.55 |
| 00347 | Pennine Way Junior School (Academy) | 20,247.06 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 20,247.06 | 0.00 | 0.00 | 71,617.90 | 71,617.90 |
| 00348 | Heanor Gate Science College (Academy) | 68,652.20 | 106.99 | 0.00 | 0.00 | 0.00 | 0.00 | 68,759.19 | 0.00 | 0.00 | 242,291.22 | 242,291.22 |
| 00349 | Lees Brook Community School (Academy) | 61,584.21 | 757.95 | 0.00 | 0.00 | 0.00 | 0.00 | 62,342.16 | 0.00 | 0.00 | 202,569.67 | 202,569.67 |
| 00351 | Redhill Primary School (Academy) | 7,395.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,395.16 | 0.00 | 0.00 | 26,893.69 | 26,893.69 |
| 00352 | St John Houghton School (Academy) | 79,455.07 | 0.00 | 0.00 | 0.00 | 0.00 | 2,674.85 | 82,129.92 | 0.00 | 0.00 | 244,626.87 | 244,626.87 |
| 00353 | Woodlands School (Academy) | 61,633.62 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 61,633.62 | 0.00 | 0.00 | 201,854.30 | 201,854.30 |
| 00354 | Grampian Primary School (Academy) | 15,784.63 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,784.63 | 0.00 | 0.00 | 54,531.96 | 54,531.96 |
| 00360 | St Benedict Voluntary Catholic Academy | 89,595.21 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 89,595.21 | 0.00 | 0.00 | 330,872.59 | 330,872.59 |
| 00361 | St Mary's Catholic Academy | 60,970.68 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 60,970.68 | 0.00 | 0.00 | 219,765.23 | 219,765.23 |
| 00362 | St John Fisher Catholic Academy | 12,920.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,920.22 | 0.00 | 0.00 | 47,231.54 | 47,231.54 |
| 00363 | St George's Voluntary Academy | 19,901.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19,901.25 | 0.00 | 0.00 | 68,448.51 | 68,448.51 |
| 00364 | Wyndham Primary Academy | 28,395.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 28,395.12 | 0.00 | 0.00 | 82,128.64 | 82,128.64 |
| 00365 | The Bolsover School Academy | 40,306.80 | 112.60 | 0.00 | 0.00 | 0.00 | 0.00 | 40,419.40 | 0.00 | 0.00 | 134,602.62 | 134,602.62 |
| 00366 | Landau Forte Moorhead Academy | 16,034.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16,034.57 | 0.00 | 0.00 | 55,016.75 | 55,016.75 |
| 00367 | Derby Pride Academy | 10,491.30 | 1,755.79 | 0.00 | 0.00 | 0.00 | 0.00 | 12,247.09 | 0.00 | 0.00 | 34,747.98 | 34,747.98 |
| 00368 | Merrill Academy | 44,572.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 44,572.87 | 0.00 | 0.00 | 167,756.26 | 167,756.26 |
| 00370 | Ormiston Ilkeston Enterprise Academy | 54,545.49 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 54,545.49 | 0.00 | 0.00 | 214,064.78 | 214,064.78 |
| 00371 | English Martyrs Catholic Academy | 13,783.63 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13,783.63 | 0.00 | 0.00 | 44,493.15 | 44,493.15 |
| 00372 | Newbold CofE Primary School | 13,222.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13,222.39 | 0.00 | 0.00 | 40,089.78 | 40,089.78 |
| 00373 | Bishop Lonsdale CofE Primary School & Nursery | 16,065.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16,065.05 | 0.00 | 0.00 | 72,378.15 | 72,378.15 |
| 00374 | Zaytouna Primary School | 17,928.97 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17,928.97 | 0.00 | 0.00 | 58,750.47 | 58,750.47 |
| 00375 | The Ripley Academy | 28,905.31 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 28,905.31 | 0.00 | 0.00 | 125,615.07 | 125,615.07 |
| 00376 | St Joseph's Catholic Primary School Voluntary Academy | 8,900.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8,900.27 | 0.00 | 0.00 | 28,090.94 | 28,090.94 |
| 00377 | Dovedale Primary School (Willows Academy Trust) | 23,311.92 | 0.00 | 0.00 | 1.88 | 0.00 | 0.00 | 23,313.80 | 0.00 | 13.12 | 80,694.55 | 80,707.67 |
| 00378 | Sawley Infant School (Willows Academy Trust) | 19,049.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19,049.05 | 0.00 | 0.00 | 66,191.16 | 66,191.16 |
| 00379 | Sawley Junior School (Willows Academy Trust) | 12,986.55 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,986.55 | 0.00 | 0.00 | 48,535.17 | 48,535.17 |
| 00380 | Shardlow Primary School (Willows Academy Trust) | 5,208.65 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,208.65 | 0.00 | 2,965.08 | 21,852.08 | 24,817.16 |
| 00381 | Immaculate Conception Academy Trust | 12,971.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,971.57 | 0.00 | 0.00 | 47,129.09 | 47,129.09 |
| 00382 | Allenton Primary | 22,533.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 22,533.45 | 0.00 | 0.00 | 105,843.37 | 105,843.37 |

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| 00383 | Outwood Academy Newbold (Newbold Community School) | 59,199.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 59,199.05 | 0.00 | 0.00 | 203,327.16 | 203,327.16 |
| 00384 | Turnditch Primary | 2,723.66 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,723.66 | 0.00 | 0.00 | 9,619.73 | 9,619.73 |
| 00385 | William Gilbert Primary | 16,204.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16,204.90 | 0.00 | 0.00 | 59,918.64 | 59,918.64 |
| 00386 | St Laurence Primary School | 14,092.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14,092.90 | 0.00 | 0.00 | 52,881.51 | 52,881.51 |
| 00387 | Akaal Academy Trust Derby Limited | 8,348.43 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8,348.43 | 0.00 | 0.00 | 27,949.62 | 27,949.62 |
| 00388 | Inkersall Primary Academy | 22,517.59 | 0.00 | 209.46 | 0.00 | 0.00 | 0.00 | 22,727.05 | 0.00 | 0.00 | 78,396.81 | 78,396.81 |
| 00389 | St Philip Howard Catholic Voluntary Academy | 19,986.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19,986.17 | 0.00 | 0.00 | 68,562.83 | 68,562.83 |
| 00390 | St Giles CofE Aided Primary School | 5,906.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,906.70 | 0.00 | 0.00 | 22,452.85 | 22,452.85 |
| 00391 | Walter Evans Primary School | 21,858.09 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 21,858.09 | 0.00 | 0.00 | 79,570.27 | 79,570.27 |
| 00392 | Swanwick Hall School | 49,931.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 49,931.56 | 0.00 | 1,645.75 | 167,356.02 | 169,001.77 |
| 00393 | John Flamsteed Community School | 30,468.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 30,468.40 | 0.00 | 0.00 | 102,987.70 | 102,987.70 |
| 00395 | David Neiper Academy | 38,459.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 38,459.56 | 0.00 | 0.00 | 113,455.09 | 113,455.09 |
| 00396 | Christ Church CofE Primary School | 9,740.28 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,740.28 | 0.00 | 0.00 | 36,216.25 | 36,216.25 |
| 00422 | Landau Forte College | 100,969.13 | 349.45 | 0.00 | 0.00 | 0.00 | 0.00 | 101,318.58 | 3,000.00 | 0.00 | 197,599.45 | 200,599.45 |
| 00439 | Shirebrook Academy | 63,460.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 63,460.39 | 0.00 | 0.00 | 218,497.63 | 218,497.63 |
| 00601 | Holbrook Primary School | 6,123.65 | 156.81 | 0.00 | 0.00 | 0.00 | 0.00 | 6,280.46 | 0.00 | 0.00 | 26,013.17 | 26,013.17 |
| 00602 | St Edward's Catholic Academy | 9,997.31 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,997.31 | 0.00 | 0.00 | 34,931.92 | 34,931.92 |
| 00603 | St Joseph's Catholic Primary School - Matlock | 10,404.49 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,404.49 | 0.00 | 0.00 | 36,704.91 | 36,704.91 |
| 00604 | Mary Swanwick Primary | 17,616.09 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17,616.09 | 0.00 | 0.00 | 63,531.41 | 63,531.41 |
| 00605 | Brimington Infant School | 5,080.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,080.88 | 0.00 | 0.00 | 16,893.99 | 16,893.99 |
| 00606 | Brimington Junior School | 18,807.66 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18,807.66 | 0.00 | 0.00 | 60,908.93 | 60,908.93 |
| 00607 | Noel Baker Academy | 47,941.24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 47,941.24 | 0.00 | 0.00 | 167,619.36 | 167,619.36 |
| 00608 | All Saints Infant, Matlock | 9,335.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,335.14 | 0.00 | 0.00 | 34,480.47 | 34,480.47 |
| 00609 | St Giles Primary (Killamarsh) | 19,671.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19,671.22 | 0.00 | 0.00 | 73,333.31 | 73,333.31 |
| 00610 | QUEGS MAT | 138,212.43 | 0.00 | 0.00 | 1,614.24 | 0.00 | 0.00 | 139,826.67 | 0.00 | 0.00 | 492,536.97 | 492,536.97 |
| 00611 | Cavendish MAT | 113,617.23 | 928.55 | 0.00 | 0.00 | 0.00 | 0.00 | 114,545.78 | 0.00 | 0.00 | 373,988.24 | 373,988.24 |
| 00612 | All Saints Junior, Matlock | 11,236.28 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,236.28 | 0.00 | 0.00 | 39,924.78 | 39,924.78 |
| 00613 | Heritage High School | 47,591.58 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 47,591.58 | 0.00 | 98.00 | 160,088.60 | 160,186.60 |
| 00614 | New Whittington Primary | 21,267.00 | 0.00 | 0.00 | 600.00 | 0.00 | 0.00 | 21,867.00 | 0.00 | 0.00 | 78,842.90 | 78,842.90 |
| 00615 | Eckington Junior | 15,583.13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,583.13 | 0.00 | 0.00 | 50,194.73 | 50,194.73 |
| 00616 | Darley Churchtown Primary | 5,560.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,560.56 | 0.00 | 0.00 | 20,731.74 | 20,731.74 |
| 00617 | Temple Normanton Primary | 3,079.86 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,079.86 | 0.00 | 0.00 | 11,120.85 | 11,120.85 |
| 00618 | Da Vinci Academy | 38,125.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 38,125.36 | 0.00 | 0.00 | 135,949.71 | 135,949.71 |
| 00619 | The Pingle Academy | 58,825.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 58,825.98 | 0.00 | 0.00 | 212,284.68 | 212,284.68 |
| 00621 | Derwent Primary | 21,969.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 21,969.19 | 0.00 | 0.00 | 78,643.18 | 78,643.18 |
| 00622 | Breadsall Hill Top Primary | 27,281.78 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 27,281.78 | 0.00 | 0.00 | 96,652.86 | 96,652.86 |
| 00623 | Peartree Junior | 22,234.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 22,234.91 | 0.00 | 0.00 | 77,815.35 | 77,815.35 |
| 00624 | Granville Sports College | 27,389.69 | 0.00 | 0.00 | 1,200.00 | 0.00 | 0.00 | 28,589.69 | 0.00 | 0.00 | 95,915.80 | 95,915.80 |
| 00625 | St Georges Primary (New Mills) | 11,493.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,493.48 | 0.00 | 0.00 | 42,905.69 | 42,905.69 |
| 00626 | Scargill Primary | 17,592.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17,592.14 | 0.00 | 0.00 | 65,623.60 | 65,623.60 |
| 00627 | Cavendish Close Junior School | 23,226.77 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 23,226.77 | 0.00 | 0.00 | 82,167.13 | 82,167.13 |
| 00628 | Cloudside Junior | 11,796.89 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,796.89 | 0.00 | 0.00 | 43,701.13 | 43,701.13 |
| 00629 | Somercotes Infant School | 7,647.19 | 0.00 | 0.00 | 0.00 | 0.00 | 466.30 | 8,113.49 | 0.00 | 0.00 | 28,816.61 | 28,816.61 |
| 00630 | Somerlea Park Junior | 7,876.64 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,876.64 | 0.00 | 0.00 | 28,481.63 | 28,481.63 |
| 00631 | Bolsover CofE Junior | 11,075.97 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,075.97 | 0.00 | 0.00 | 40,604.16 | 40,604.16 |
| 00632 | Frederick Gent | 45,160.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 45,160.91 | 0.00 | 137.46 | 160,315.18 | 160,452.64 |
| 00633 | Firs Estate Primary School | 30,727.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 30,727.22 | 0.00 | 0.00 | 109,454.43 | 109,454.43 |
| 00634 | Hardwick Primary | 44,414.92 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 44,414.92 | 0.00 | 0.00 | 158,810.43 | 158,810.43 |
| 00635 | Derby Moor Community Sports College | 73,040.51 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 73,040.51 | 0.00 | 0.00 | 259,683.95 | 259,683.95 |
| 00636 | John King Infant | 8,625.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8,625.19 | 0.00 | 0.00 | 32,066.81 | 32,066.81 |

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| 00637 | Longwood Community Infant | 7,335.64 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,335.64 | 0.00 | 0.00 | 25,434.78 | 25,434.78 |
| 00639 | Kirkstead Junior Academy | 10,339.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,339.98 | 0.00 | 0.00 | 38,806.17 | 38,806.17 |
| 00641 | Ironville & Codnor Park Primary | 7,720.66 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,720.66 | 0.00 | 0.00 | 28,821.75 | 28,821.75 |
| 00644 | Chaddesden Park Primary | 29,891.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 29,891.88 | 0.00 | 0.00 | 107,136.48 | 107,136.48 |
| 00645 | Eckington School | 43,169.49 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 43,169.49 | 0.00 | 0.00 | 154,996.25 | 154,996.25 |
| 00646 | Village Primary School | 49,081.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 49,081.76 | 0.00 | 0.00 | 179,422.86 | 179,422.86 |
| 00647 | Street Lane Primary School | 2,736.73 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,736.73 | 0.00 | 0.00 | 10,220.99 | 10,220.99 |
| 00648 | Ash Croft Primary Academy | 9,870.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,870.36 | 0.00 | 0.00 | 34,670.70 | 34,670.70 |
| 00649 | Langwith Bassett Junior Academy | 5,714.73 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,714.73 | 0.00 | 0.00 | 20,574.17 | 20,574.17 |
| 00650 | Friesland School (Academy) | 65,078.33 | 398.27 | 0.00 | 0.00 | 0.00 | 0.00 | 65,476.60 | 0.00 | 23.88 | 239,231.54 | 239,255.42 |
| 00651 | Esteem Multi Academy Trust (M.A.T) | 296,730.58 | 118.60 | 0.00 | 216.24 | 0.00 | 0.00 | 297,065.42 | 0.00 | 0.00 | 1,071,399.49 | 1,071,399.49 |
| 00657 | All Saints Catholic Voluntary Academy (Glossop) | 5,361.38 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,361.38 | 0.00 | 0.00 | 19,991.77 | 19,991.77 |
| 00658 | Christ the King Catholic Voluntary Academy (Alfreton) | 8,371.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8,371.23 | 0.00 | 0.00 | 31,935.43 | 31,935.43 |
| 00659 | St Alban's Catholic Voluntary Academy (Derby) | 21,461.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 21,461.40 | 0.00 | 0.00 | 79,937.24 | 79,937.24 |
| 00660 | St Anne's Catholic Voluntary Academy (Buxton) | 12,691.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,691.57 | 0.00 | 0.00 | 47,077.21 | 47,077.21 |
| 00661 | St Charles' Catholic Primary Voluntary Academy (Hadfield) | 9,793.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,793.30 | 0.00 | 0.00 | 36,967.67 | 36,967.67 |
| 00662 | St Elizabeth's Catholic Voluntary Academy (Belper) | 6,957.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,957.40 | 0.00 | 0.00 | 25,327.61 | 25,327.61 |
| 00663 | St Joseph's Catholic Voluntary Academy (Derby) | 24,179.46 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24,179.46 | 0.00 | 0.00 | 88,709.45 | 88,709.45 |
| 00664 | St Margaret's Catholic Voluntary Academy (Glossop) | 1,794.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,794.33 | 0.00 | 0.00 | 6,718.82 | 6,718.82 |
| 00665 | St Mary's Catholic Voluntary Academy (Derby) | 17,208.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17,208.90 | 0.00 | 0.00 | 63,178.92 | 63,178.92 |
| 00667 | St Mary's Catholic Voluntary Academy (New Mills) | 5,711.52 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,711.52 | 0.00 | 0.00 | 21,416.60 | 21,416.60 |
| 00668 | St Thomas Catholic Voluntary Academy (Ilkeston) | 13,063.64 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13,063.64 | 0.00 | 0.00 | 47,683.15 | 47,683.15 |
| 00669 | St Thomas More Catholic Voluntary Academy (Buxton) | 29,769.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 29,769.22 | 0.00 | 0.00 | 104,562.79 | 104,562.79 |
| 00670 | Derby Cathedral School | 12,407.46 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,407.46 | 0.00 | 0.00 | 42,492.80 | 42,492.80 |
| 00671 | St Mary's Catholic Voluntary Academy (Glossop) | 9,060.78 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,060.78 | 0.00 | 0.00 | 33,676.64 | 33,676.64 |
| 00672 | Alvaston Junior Academy | 25,527.79 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25,527.79 | 0.00 | 0.00 | 91,298.39 | 91,298.39 |
| 00673 | Reigate Park Primary Academy | 22,452.89 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 22,452.89 | 0.00 | 0.00 | 79,159.74 | 79,159.74 |
| 00674 | Cotton Farm Primary Academy | 9,035.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,035.05 | 0.00 | 0.00 | 31,989.63 | 31,989.63 |
| 00675 | Hilton Primary School | 38,270.37 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 38,270.37 | 0.00 | 0.00 | 141,146.56 | 141,146.56 |
| 00676 | Loscoe CofE Primary School and Nursery | 11,081.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,081.22 | 0.00 | 0.00 | 41,152.21 | 41,152.21 |
| 00677 | Ashwood Spencer Academy | 38,641.31 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 38,641.31 | 0.00 | 0.00 | 141,373.51 | 141,373.51 |
| 00678 | Wilsthorpe School | 35,622.25 | 445.33 | 0.00 | 0.00 | 0.00 | 0.00 | 36,067.58 | 8.00 | 2,894.62 | 131,820.18 | 134,722.80 |
| 00679 | Gamesley Primary School | 28,030.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 28,030.12 | 0.00 | 0.00 | 100,635.10 | 100,635.10 |
| 00682 | Lakeside Community Primary School | 44,744.86 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 44,744.86 | 0.00 | 0.00 | 158,364.95 | 158,364.95 |
| 00684 | Walton on Trent CofE Primary and Infant School | 7,053.92 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,053.92 | 0.00 | 0.00 | 26,164.95 | 26,164.95 |
| 00685 | Griffe Field Primary School | 21,149.63 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 21,149.63 | 0.00 | 0.00 | 80,139.07 | 80,139.07 |
| 00686 | Horsley Woodhouse Primary School | 6,959.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,959.50 | 0.00 | 0.00 | 26,148.44 | 26,148.44 |
| 00687 | Kilburn Junior School | 11,233.71 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,233.71 | 0.00 | 0.00 | 42,135.94 | 42,135.94 |
| 00688 | Aldercar Infant School | 19,619.61 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19,619.61 | 0.00 | 0.00 | 72,274.24 | 72,274.24 |
| 00689 | Heath Primary School | 24,319.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24,319.26 | 0.00 | 0.00 | 88,026.76 | 88,026.76 |
| 00690 | Howitt Primary Community School | 24,207.99 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24,207.99 | 0.00 | 0.00 | 89,481.51 | 89,481.51 |
| 00691 | Derby St Chads CofE (VC) Nursery and Infant School | 7,623.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,623.90 | 0.00 | 0.00 | 28,791.09 | 28,791.09 |
| 00692 | Djanogly Learning Trust | 31,848.62 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 31,848.62 | 0.00 | 0.00 | 114,758.16 | 114,758.16 |
| 00693 | Arboretum Primary School (Academy) | 54,577.83 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 54,577.83 | 0.00 | 0.00 | 197,848.86 | 197,848.86 |
| 00697 | Odyssey Trust | 144,052.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 144,052.08 | 0.00 | 0.00 | 519,208.24 | 519,208.24 |
| 00700 | Peak Multi Academy Trust | 136,772.29 | 1,307.32 | 0.00 | 0.00 | 0.00 | 0.00 | 138,079.61 | 0.00 | 0.00 | 504,012.99 | 504,012.99 |
| 00704 | Holme Hall Primary School | 6,140.59 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,140.59 | 0.00 | 0.00 | 23,273.68 | 23,273.68 |
| 00705 | Brookfield Primary School | 13,770.29 | 225.44 | 0.00 | 0.00 | 0.00 | 0.00 | 13,995.73 | 0.00 | 0.00 | 51,309.13 | 51,309.13 |
| 00706 | Richardson Endowed Primary School | 8,695.64 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8,695.64 | 0.00 | 0.00 | 31,855.69 | 31,855.69 |
| 00707 | Woodthorpe CofE Primary School | 6,247.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,247.15 | 0.00 | 0.00 | 22,007.48 | 22,007.48 |

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| 00708 | Ashgate Croft School | 60,937.76 | 0.00 | 0.00 | 1,000.00 | 0.00 | 0.00 | 61,937.76 | 0.00 | 0.00 | 219,578.16 | 219,578.16 |
| 00709 | Old Hall Junior School | 8,705.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8,705.00 | 0.00 | 0.00 | 32,112.83 | 32,112.83 |
| 00710 | Walton Holymoorside Primary School | 15,052.04 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,052.04 | 0.00 | 0.00 | 55,946.08 | 55,946.08 |
| 00711 | Westfield Infant School | 7,796.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,796.36 | 0.00 | 0.00 | 29,182.03 | 29,182.03 |
| 00713 | Brooklands Primary School | 15,592.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,592.14 | 0.00 | 0.00 | 56,996.73 | 56,996.73 |
| 00714 | Tupton Primary and Nursery Academy | 9,960.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,960.30 | 0.00 | 0.00 | 37,126.97 | 37,126.97 |
| 00716 | Carlyle Infant and Nursery School | 9,685.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,685.70 | 0.00 | 0.00 | 36,119.65 | 36,119.65 |
| 00717 | Hodthorpe Primary School | 2,391.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,391.29 | 0.00 | 0.00 | 8,790.68 | 8,790.68 |
| 00719 | Longford CofE Primary School | 928.37 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 928.37 | 0.00 | 0.00 | 3,492.53 | 3,492.53 |
| 00722 | St Andrew's School | 29,617.99 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 29,617.99 | 0.00 | 0.00 | 106,389.68 | 106,389.68 |
| 00723 | Church Gresley Infant and Nursery School | 10,130.20 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,130.20 | 0.00 | 0.00 | 37,197.62 | 37,197.62 |
| 00724 | Ravensdale Junior School | 13,081.01 | 141.16 | 0.00 | 0.00 | 0.00 | 0.00 | 13,222.17 | 0.00 | 0.00 | 48,452.26 | 48,452.26 |
| 00725 | Chellaston Fields | 3,591.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,591.08 | 0.00 | 0.00 | 13,212.17 | 13,212.17 |
| 00726 | The Mease At Hilton | 1,838.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,838.03 | 0.00 | 0.00 | 6,679.59 | 6,679.59 |
| 00727 | Hackwood Primary Academy | 2,277.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,277.17 | 0.00 | 0.00 | 8,255.91 | 8,255.91 |
| 00728 | Ivy House School | 23,536.60 | 0.00 | 0.00 | 394.74 | 0.00 | 0.00 | 23,931.34 | 0.00 | 0.00 | 83,939.50 | 83,939.50 |
| 00729 | Tupton Hall School | 27,263.13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 27,263.13 | 0.00 | 0.00 | 95,161.16 | 95,161.16 |
| 00730 | St Werburgh's CofE Primary School | 8,158.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8,158.25 | 0.00 | 0.00 | 29,603.29 | 29,603.29 |
| 00731 | St Giles' School | 18,516.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18,516.02 | 0.00 | 0.00 | 64,962.87 | 64,962.87 |
| 00732 | The Green Infant School | 2,132.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,132.19 | 0.00 | 0.00 | 8,068.84 | 8,068.84 |
| 00733 | Lawn Primary School | 9,244.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,244.23 | 0.00 | 0.00 | 33,473.61 | 33,473.61 |
| 00734 | St Peter's Church of England Aided Junior School | 1,079.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,079.11 | 0.00 | 0.00 | 4,052.26 | 4,052.26 |
| 00735 | Springwell Community College | 3,933.74 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,933.74 | 0.00 | 12.00 | 13,964.45 | 13,976.45 |
| 00736 | North Wingfield Primary and Nursery Academy | 1,682.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,682.72 | 0.00 | 0.00 | 6,119.90 | 6,119.90 |
| 00170 | Crich Tramway Museum Society | 3,214.79 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,214.79 | 15,000.00 | 0.00 | 12,592.25 | 27,592.25 |
| 00184 | Chesterfield Care Group | 5,640.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,640.15 | 0.00 | 0.00 | 23,801.29 | 23,801.29 |
| 00185 | Belper Leisure Centre Ltd | 14,437.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14,437.88 | 0.00 | 0.00 | 66,661.49 | 66,661.49 |
| 00404 | Derbys Student Residences Ltd | 70,513.59 | 711.91 | 0.00 | 0.00 | 0.00 | 0.00 | 71,225.50 | 0.00 | 0.00 | 304,765.66 | 304,765.66 |
| 00414 | Veloia (C'field Refuse) | 13,868.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13,868.48 | 0.00 | 0.00 | 39,352.39 | 39,352.39 |
| 00416 | Vinci (ex Norwest Holst) PLC | 2,326.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,326.72 | 0.00 | 0.00 | 18,739.53 | 18,739.53 |
| 00417 | Veloia (AV Refuse) | 15,734.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,734.27 | 0.00 | 0.00 | 15,520.26 | 15,520.26 |
| 00418 | Interserve Integrated Services | 2,246.83 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,246.83 | 0.00 | 0.00 | 2,832.07 | 2,832.07 |
| 00419 | Interserve Catering Services | 5,510.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,510.27 | 0.00 | 0.00 | 19,854.90 | 19,854.90 |
| 00420 | DC Leisure Management Ltd (AV) | 23,157.99 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 23,157.99 | 0.00 | 0.00 | 52,355.35 | 52,355.35 |
| 00424 | Balfour Beatty | 3,057.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,057.08 | 0.00 | 0.00 | 7,760.47 | 7,760.47 |
| 00425 | Macintyre Care | 8,986.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8,986.26 | 0.00 | 0.00 | 4,678.55 | 4,678.55 |
| 00426 | SIV Enterprises Ltd | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 00428 | HP - DC Leisure Management | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 00433 | Absolutely Catering (Was Graysons/Brookwood) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 00435 | Superclean - Fire Cleaners | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 00441 | Arvato | 77,960.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 77,960.14 | 0.00 | 0.00 | 183,103.90 | 183,103.90 |
| 00442 | Kier | 33,221.18 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33,221.18 | 0.00 | 0.00 | 70,048.96 | 70,048.96 |
| 00443 | Mitie | 6,303.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,303.12 | 0.00 | 0.00 | 42,360.56 | 42,360.56 |
| 00444 | Compass (DCC) | 835.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 835.30 | 0.00 | 0.00 | 2,523.96 | 2,523.96 |
| 00445 | Barnados | 791.55 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 791.55 | 0.00 | 0.00 | 2,644.43 | 2,644.43 |
| 00446 | Active Nation | 1,934.59 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,934.59 | 2,004.00 | 0.00 | 9,609.96 | 11,613.96 |
| 00451 | Compass Ltd (City) | 6,360.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,360.23 | 0.00 | 0.00 | 11,951.76 | 11,951.76 |
| 00453 | Cleanslate (UK) Ltd (Pottery) | 545.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 545.87 | 600.00 | 0.00 | 3,017.37 | 3,617.37 |
| 00457 | Derby Museums and Arts Trust | 24,619.64 | 0.00 | 0.00 | 92.41 | 0.00 | 0.00 | 24,712.05 | 0.00 | 184.84 | 74,354.02 | 74,538.86 |
| 00458 | Elior UK plc | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 00460 | Balfour Beatty (Derby BSF) | 2,562.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,562.45 | 0.00 | 0.00 | 9,343.99 | 9,343.99 |
| 00466 | Arvato (DDDC) | 16,876.60 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16,876.60 | 0.00 | 0.00 | 38,456.78 | 38,456.78 |
| 00467 | Derby County Community Trust | 1,675.13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,675.13 | 0.00 | 0.00 | 6,706.75 | 6,706.75 |
| 00468 | Aspens Services Ltd | 995.42 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 995.42 | 1,008.00 | 0.00 | 5,103.74 | 6,111.74 |
| 00469 | Elite Cleaning & Environmental Services Ltd | 139.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 139.67 | 0.00 | 0.00 | 802.89 | 802.89 |
| 00470 | Vinci Construction UK Ltd (Ashcroft & Portway) | 566.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 566.57 | 0.00 | 0.00 | 3,265.45 | 3,265.45 |
| 00471 | NSL Ltd | 2,192.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,192.50 | 0.00 | 0.00 | 7,522.01 | 7,522.01 |
| 00472 | Mellors Catering Services Ltd | 1,334.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,334.56 | 0.00 | 0.00 | 6,236.13 | 6,236.13 |
| 00473 | Vinci Plc (Ravensdale) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 00474 | 7 Hills Leisure Trust | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 00475 | Connex Community Support | 1,156.80 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,156.80 | 0.00 | 0.00 | 2,652.72 | 2,652.72 |
| 00478 | Taylor Shaw | 4,468.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,468.98 | 0.00 | 0.00 | 26,601.41 | 26,601.41 |
| 00479 | Action for Children | 709.09 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 709.09 | 0.00 | 0.00 | 3,622.79 | 3,622.79 |
| 00480 | CSE Education | 871.77 | 0.00 | 0.00 | 2.67 | 0.00 | 0.00 | 874.44 | 0.00 | 13.38 | 4,358.94 | 4,372.32 |
| 00481 | Mellors Catering | 801.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 801.88 | 0.00 | 0.00 | 4,621.78 | 4,621.78 |
| 00482 | Derbyshire Building Control | 47,606.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 47,606.87 | 0.00 | 0.00 | 173,580.31 | 173,580.31 |
| 00483 | Amber Valley School Sports Partnership | 1,910.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,910.01 | 0.00 | 0.00 | 5,868.48 | 5,868.48 |
| 00484 | Caterlink Ltd (Lea Primary) | 689.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 689.36 | 0.00 | 0.00 | 3,785.16 | 3,785.16 |
| 00485 | Alliance Environmental Services Ltd | 33,669.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33,669.14 | 0.00 | 0.00 | 108,000.31 | 108,000.31 |
| 00486 | KCLS Ltd (Insight Services Ltd) | 257.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 257.40 | 0.00 | 0.00 | 1,609.74 | 1,609.74 |
| 00487 | RM Education Ltd | 1,041.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,041.36 | 0.00 | 0.00 | 5,171.28 | 5,171.28 |
| 00488 | Caterlink Ltd (Shirebrook/Stubbin Wood) | 1,999.85 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,999.85 | 0.00 | 0.00 | 11,250.20 | 11,250.20 |
| 00489 | Office Care Ltd (Brookfield Academy) | 116.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 116.36 | 0.00 | 0.00 | 624.25 | 624.25 |
| 00490 | Caterlink Ltd (Swanwick Hall) | 3,848.68 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,848.68 | 0.00 | 0.00 | 22,618.07 | 22,618.07 |
| 00491 | Caterlink Ltd (St Mary's Chesterfield) | 1,454.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,454.15 | 0.00 | 0.00 | 8,249.12 | 8,249.12 |
| 00492 | Caterlink (Reigate Primary) | 827.74 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 827.74 | 0.00 | 0.00 | 4,077.01 | 4,077.01 |
| 00493 | Wealden Leisure Ltd (Freedom Leisure) | 48,664.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 48,664.05 | 0.00 | 0.00 | 208,372.00 | 208,372.00 |
| 00494 | Caterlink (Abercrombie) | 907.83 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 907.83 | 0.00 | 0.00 | 4,588.77 | 4,588.77 |
| 00495 | Caterlink Ltd (St Mary's High School) | 9,137.34 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,137.34 | 0.00 | 0.00 | 51,371.62 | 51,371.62 |
| 00497 | Churchill Contract Services Ltd (St Marys Chesterfield) | 1,702.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,702.15 | 0.00 | 0.00 | 10,054.91 | 10,054.91 |
| 00498 | KIER Facilities Services Ltd (High Peak) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 00499 | Legacy Leisure Ltd (Parkwood Leisure) Erewash | 58,720.56 | 68.15 | 0.00 | 0.00 | 0.00 | 0.00 | 58,788.71 | 0.00 | 0.00 | 263,333.45 | 263,333.45 |
| 00500 | Caterlink Ltd (De Ferrers Trust) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 00502 | Caterlink Ltd (Cavendish Learning Trust) | 1,964.32 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,964.32 | 0.00 | 0.00 | 10,107.34 | 10,107.34 |
| 00503 | Parkwood Leisure Ltd (Buxton Pavilion) | 12,873.96 | 1,092.13 | 0.00 | 0.00 | 0.00 | 0.00 | 13,966.09 | 0.00 | 0.00 | 56,340.38 | 56,340.38 |
| 00504 | Lex Leisure CIC (HP) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 00505 | Accuro FM Ltd | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | **TOTAL** | **40,745,811.92** | **231,461.27** | **9,591.46** | **104,363.59** | **396.47** | **47,349.37** | **41,138,974.08** | **13,353,680.00** | **19,967.23** | **99,374,896.70** | **112,748,543.93** |

Derbyshire Pension Fund

## How to get in touch with us

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