Derbyshire Pension Fund

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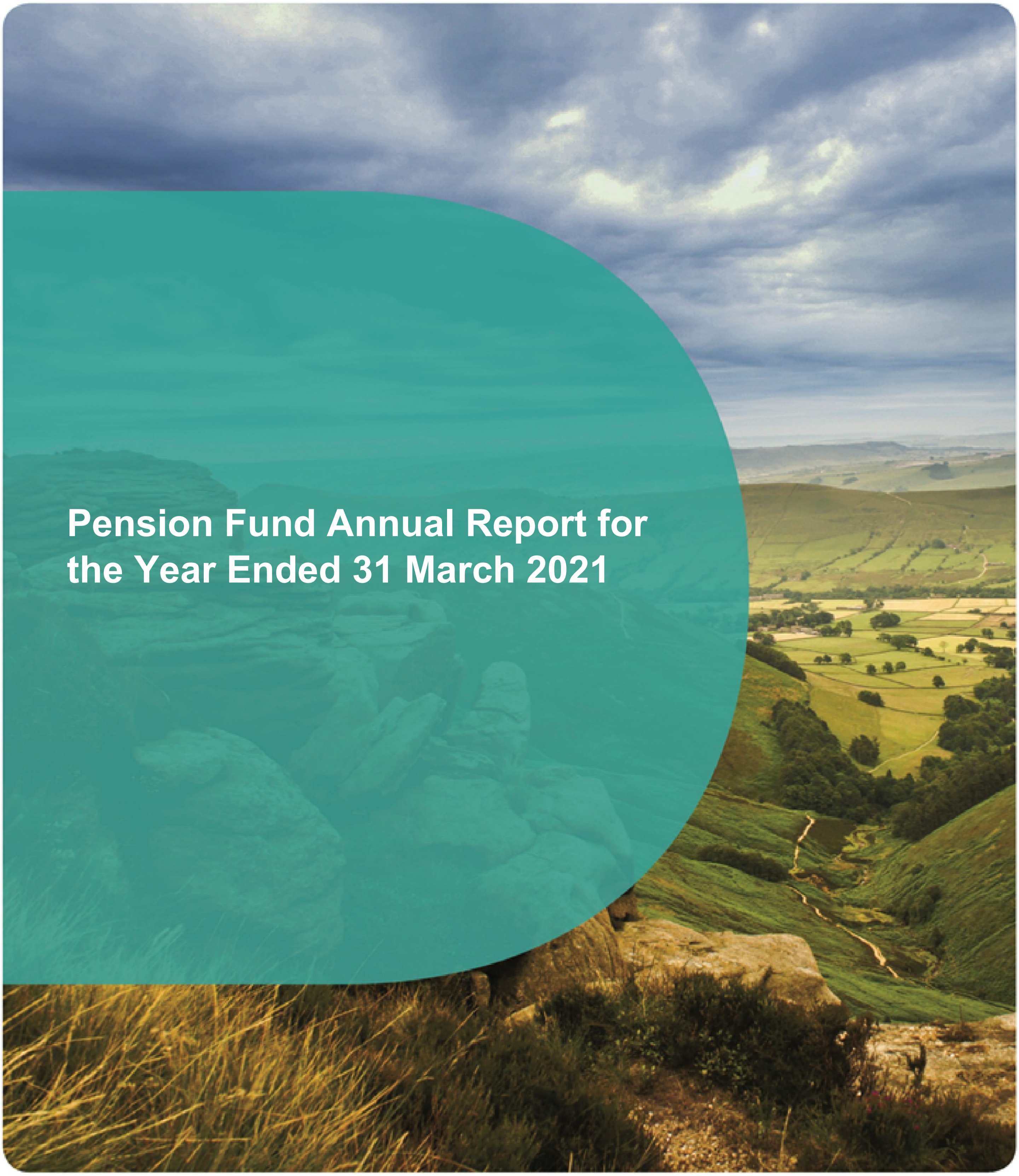


Pension Fund Annual Report for the Year Ended 31 March 2021

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

lgps

Pension Fund Annual Report for the Year Ended 31 March 2021

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 330 employers and around 90,000 individual members of the fund.

The majority of the pension fund team worked from home during the year in response to the Covid 19 pandemic and adapted well to the challenges that created, continuing to deliver the fund's critical services and also making significant progress in delivering service improvements for the fund's members and employers.

A small number of staff continued to work at County Hall on a rota basis throughout the year, in a Covid-secure environment, in order to carry out tasks that could not be dealt with remotely and their presence was invaluable in keeping the Fund's Pensions Helpline open and for printing and packaging essential documents. The efforts of all the members of the team, whether working in the office or at home, and the efforts of the fund's employers and suppliers during this period, has ensured that services to members have been maintained.

Despite the challenging environment, good progress continued to be made on the roll out of the i-Connect system, an employer automated data submission and validation service which provides significant benefits to both employers and to the pension fund in terms of operational efficiencies and improvements to the quality of data.

One of the benefits of implementing i-Connect, is that the submission of monthly data replaces the need for the preparation of year-end returns. For 2020-21, a total of 165 employers submitted data on a monthly basis via i-Connect and as a result avoided the need to prepare a year-end return.

Preparatory work continued on the implementation of My Pension Online, a member-self-service system which allows members to view their LGPS pension information online. My Pension Online was launched in June 2021, and will help members with retirement planning, offering people the ability to carry out pension projections using their pension information and differing forecast retirement dates.

Derbyshire's Pensions and Investments Committee (the Committee) approves the policies and strategies for the pension fund which aim to support the delivery of the fund's objectives. During the year, the Committee approved a Climate Strategy for the fund, an updated Investment Strategy Statement (ISS) and a Responsible Investment Framework, following consultation with the fund's members, employers and other stakeholders.

The Climate Strategy sets out the fund's support for the Paris Agreement and includes clear targets for reducing the carbon emissions of the whole investment portfolio and increasing investment in low carbon and sustainable investments, with the aim of have a portfolio of assets with net zero carbon emissions by 2050.

The updated ISS, which sets out the long-term investment strategy of the pension fund, included a further modest switch from growth assets (equities/private equity) to income assets (multi-asset credit/infrastructure/property), together with a significant increase in the allocation to global sustainable equities.

The Responsible Investment Framework sets out the Fund's 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.

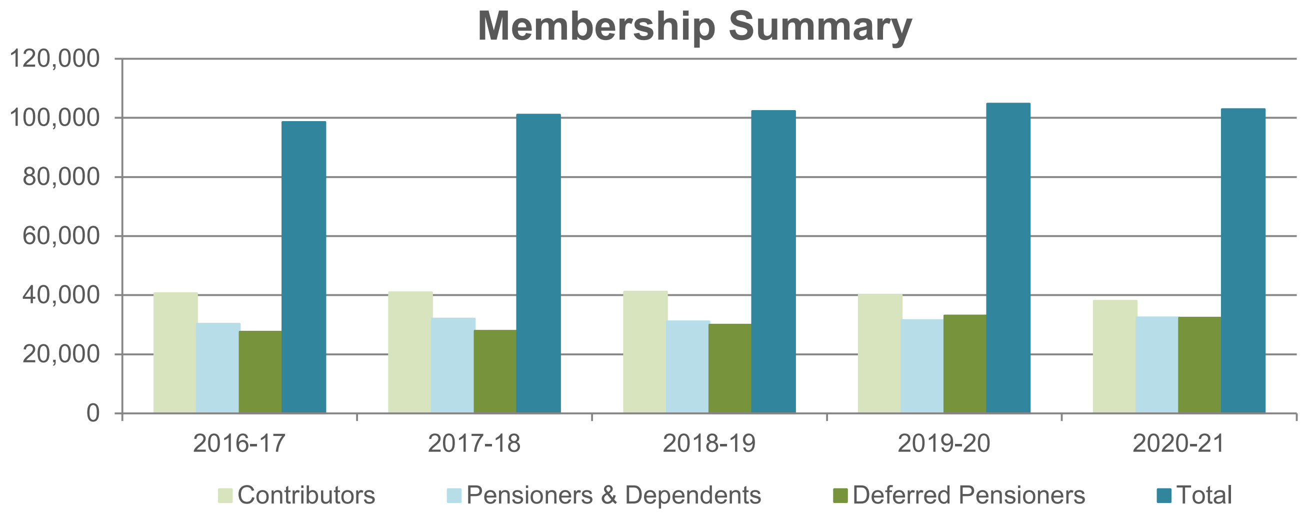
The increased allocation to global sustainable equities, and the approval of the Fund's standalone Climate Strategy and Responsible Investment Framework were significant positive developments for the pension fund. Good progress is already being made in achieving the targets set out in the Climate Strategy with substantial additions to global sustainable equities and increasing commitments to renewable energy infrastructure fund investments.

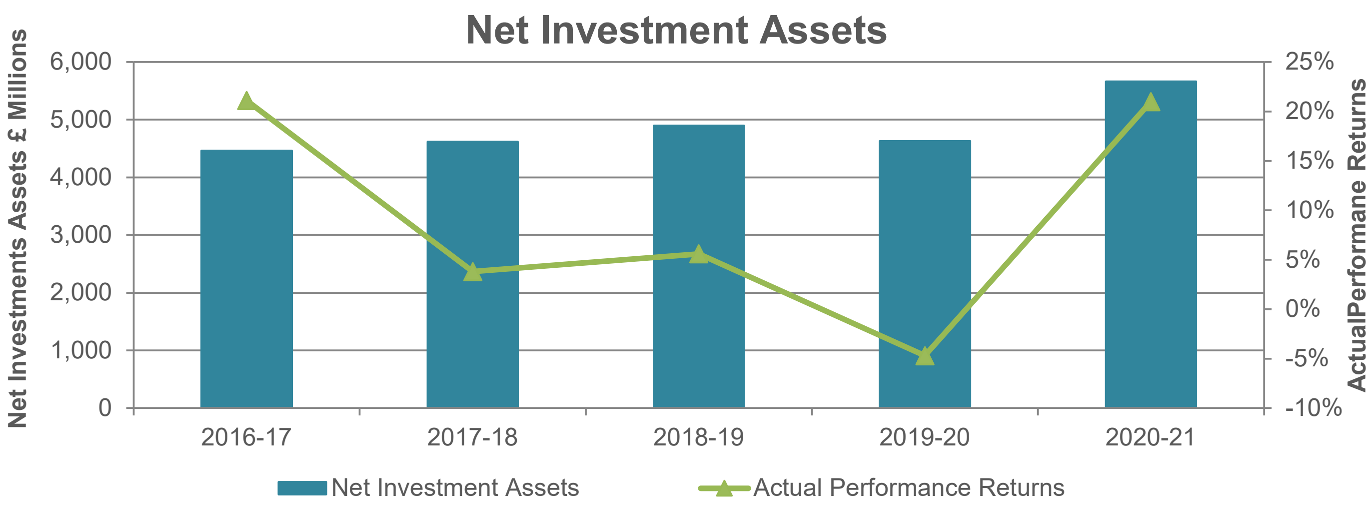
Stock (equity) markets recovered dramatically in 2020-21, following sharp falls in the final quarter of 2019-20 when awareness of the spread and the impact of Covid-19 increased. The recovery was initially driven by the unprecedented level of fiscal and monetary stimulus provided by national governments and central banks in response to the pandemic. The development of effective vaccines gave markets a further boost later in 2020. Despite some volatility in early 2021 caused by concerns about the progress on the vaccine roll out, returns from equity markets for sterling investors in 2020-21 ranged from just over 26% in Japan to almost 45% in Asia Pacific. These returns contributed to an overall fund return of 21%, which took the value of the investment portfolio from just over £4.6bn at the end of March 2020 to almost £5.7bn by the end of March 2021.

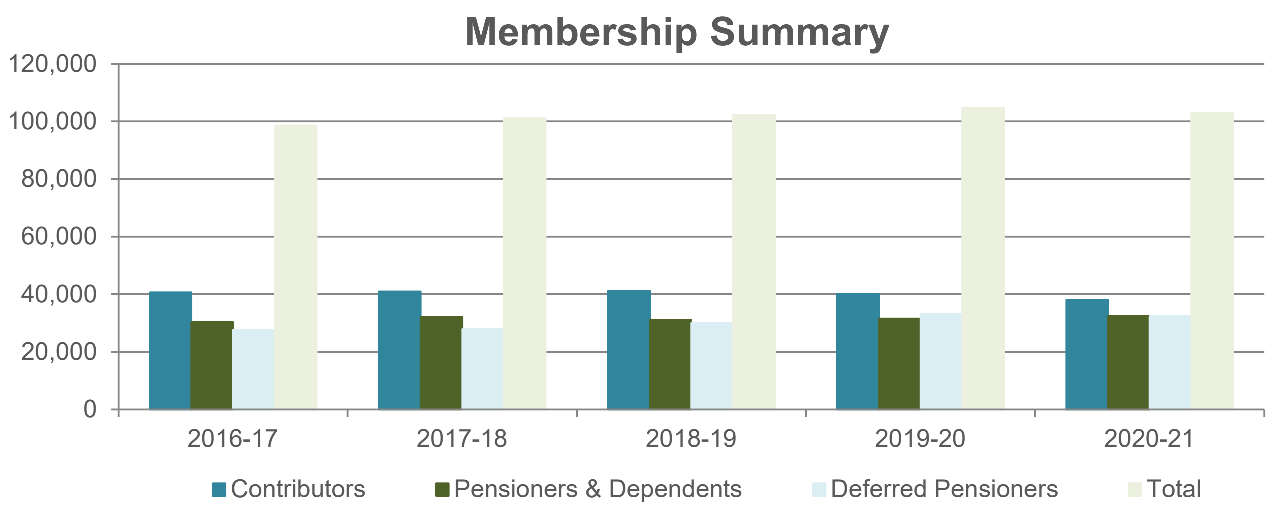
The fund's pooling company LGPS Central Limited (LGPSC), established to manage investments on behalf of the pension funds within the LGPS Central Pool, launched a further two investment vehicles during the year. The fund continues to work closely with its partners in the LGPS Central Pool, the LGPS pension funds of Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Worcestershire and West Midlands, overseeing the continuing development of LGPSC and its growing range of investment funds.

Further details about the activities of the fund over 2020-21 are set out in the rest of this annual report.

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
Pension Team Managers	Emma Whysall, Rachel James, Steve Webster, Susan Hubbleday & Wayne Stone
Pension Fund Accountant	Rajwant Dosanjh

Derbyshire County Council Pensions and Investments Committee

Prior to May-21 Local Election	Post May-21 Local Election
Derbyshire County Council	**Derbyshire County Council**
Councillor Jim Perkins (Chair)	Councillor David Wilson (Chair)
Councillor Ron Ashton	Councillor Ron Aston
Councillor Neil Atkin (Vice-Chair)	Councillor Neil Atkin
Councillor John Boult	Councillor Barry Bingham
Councillor Peter Makin	Councillor Mar Foster
Councillor Steve Marshall-Clarke	Councillor Gary Musson
Councillor Ron Mihaly	Councillor Peter Smith (Vice-Chair)
Councillor Brian Ridgeway	Councillor Mick Yates
Derby City	**Derby City**
Councillor Lucy Care	Councillor Lucy Care
Councillor Mike Carr	Councillor Mike Carr

Non-voting trade union representatives

Mick Wilson (Unison)

Derbyshire Pension Board

Independent Chair	Ronald Graham
Member Representative	Karen Gurney
Member Representative	Nick Read
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
Legal & General Investment Management (LGIM): UK Equities; Japanese Equities; Emerging Market Equities and Global Sustainable 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 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; 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. Members of the Pensions and Investments Committee and senior officers of the Fund are also subject to the requirements on the Fund's Conflicts of Interest Policy which was introduced in November 2020.

A register of attendance for 2020-21 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 2020-21 Pensions and Investment Committee Meetings

	10 Jun-20	21 Jul-20	9 Sept-20	4 Nov-20	9 Dec-20	20 Jan-21	3 Mar-21
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	-	-	-
Derby City Councillors							
Mike Carr	✓	✓	✓	✓	✓	✓	✓
Lucy Care	✗	✓	✓	✗	✓	✓	✓

(*) Councillor David Wilson replaced Councillor Jim Perkins as Chair in 2021-22
(**) Councillor Peter Smith replaced Councillor Neil Atkin as Vice-Chair in 2021-22
(***) Councillors Barry Bingham, Mark Foster, Gary Musson, David Wilson & Mick Yates replaced Councillors John Boult, Peter Makin, Steve Marshall-Clarke, Ron Mihaly & Brian Ridgeway in 2021-22

Derbyshire Pension Board Annual Report 2020-21

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 fifth annual report for the Board covering the year to 31 March 2021.

The Board continued to assist Derbyshire County Council (the Council), the administering authority, with the governance and administration of Derbyshire Pension Fund (the Fund/Pension Fund) throughout 2020-21, as the majority of the Fund's staff moved to working at home in response to the Covid-19 pandemic.

Pension Fund procedures were revised, where necessary, to enable the critical activities of the Fund to continue to be delivered with a large proportion of the team working remotely. In line with guidance from the Pensions Regulator, the initial administrative focus was on continuing to pay members' benefits; continuing to process retirements; dealing with member deaths; and continuing to ensure the accuracy of benefit payments.

The Fund's detailed Business Continuity Plan, which was shared with the Board, clearly set out the key services of the Pension Fund and the critical activities required to deliver those key services. Business continuity arrangements for the critical activities, covering governance, funding and investment and pension administration arrangements, were documented alongside 'business as usual' processes.

Virtual Pensions and Investments Committee (Committee) meetings were held from June 2020 and were attended by representatives from the Board. The Board itself met twice formally and twice informally during the year, supported by Fund officers, receiving and considering reports on a wide range of Fund activities.

The number of participating active employers in the Fund continued to grow from 309 at the end of March 2020 to 332 at the end of March 2021. The Board recognises that the increasing number and diversity of employers continues to add to the challenges of administering the Fund. The number of membership records at the end of March 2021 was just under 103,000, representing around 90,000 individual members.

The members of the Board were initially concerned that the abrupt imposition of lockdown requirements in the light of Covid-19 emergency might impair the operations of the Fund substantially, but they were pleased and impressed that the Business Continuity Plan enabled services to continue to be provided to members and employers almost seamlessly.

The Board's Terms of Reference were reviewed during the year to take into account the experience of operating the Board and to include:

- the interpretation that assisting the administering authority of the Fund with governance includes oversight of the governance of funding and investment matters as well as scheme administration
- clarification of the arrangements for ensuring that the work of the Board is reported transparently to the Fund's stakeholders

* a summary of the recruitment process for member and employer representatives
* the extended Board membership terms
* more details of the duties of the Chair of the Board
* the ability for Board meetings to take place virtually

The Board contributed to the updating of the Terms of Reference which were approved by Full Council in March 2021.

During the year, the Board discussed the Pensions and Investments Committee papers and received and considered the Fund's Statutory Breaches Log and information/reports on: the i-Connect project (to implement the employer electronic submission and validation system); the proposed member self-service system; data breaches; the proposed McCloud remedy and the Fund's McCloud Project Board; issues with the Fund's AVC provider; the planned exit payment cap regulations; cyber risk; investment pooling; and the Fund's risk register.

The Board was pleased to note the progress made with the onboarding of employers to i-Connect with over half of the Fund's employers onboarded by the end of March 2021. The project to implement a member self-service system (MSS), My Pension Online, commenced and the Board will oversee the work of the MSS Project Board as the service is rolled out to members.

The Fund's procedure for identifying, recording and considering statutory breaches is supported by the Board. The review by the Board of any data breaches experienced by the Fund and of the lessons learnt, and any subsequent changes to procedures, helps to support the Fund's robust approach to data security.

MHCLG published a consultation on its proposed remedy to the McCloud judgement in July 2020. The Fund submitted a response to the consultation, which was shared with the Board, in October 2020. The Fund's McCloud Project Board has carried out analysis on the number of fund members expected to be in scope of the remedy and has tested the tools made available by the provider of the Fund's pension administration system for identifying and subsequently bulk loading any missing data. The government's publication of the final remedy is still awaited.

The Board has been updated with the issues that the Fund has experienced with Prudential, its AVC provider, and has supported the Fund's approach to trying to ensure that the issues are resolved.

Consideration of proposed exit payment cap regulations, and the development of procedures to implement the proposed regulations, took up a considerable amount of officer time in 2020 and early 2021, and the proposals were discussed with the Board; finally, however, it was announced in February that the regulations were going to be revoked. Further exit payments legislation is expected to be laid in due course.

The Board has discussed the expectations of the Pensions Regulator in relation to cyber risk with Fund officers and will support officers' work in this area.

The Fund's participation in the LGPS Central Pool (Pool) and the transition of assets to the management of LGPS Central Ltd (LGPSC), the company established to manage investments on behalf of the eight LGPS pension funds within the Pool, has continued to be closely monitored by the Board.

The Board welcomes its role in supporting officers during this major programme of change and supports the application of robust governance arrangements with respect to the Pool and to the oversight of LGPSC.

Three members of the Board attended a training event with members of other Local Pension Boards within the Pool in February 2021, which included a session presented by Bob Holloway, Pensions Secretary of the LGPS Scheme Advisory Board on the national structure of the LGPS and on topical LGPS issues. The LGPS funds present also compared notes on their induction of new members of pensions committees and new members of local pension boards. The Chair of the Board also attended a meeting with his fellow Chairs of other Pool Boards in October 2020. The collaboration between local pension boards is invaluable.

Members of the Board also attended an LGPSC Responsible Investment Day and the company's Stakeholder Day.

The Board undertook a detailed review of the Fund's Risk Register at the end of the financial year and proposed a small number of changes to the risks identified and a number of changes to some of the risk scores. Officers of the Fund found the review by a different group of people very useful and responded to each of the Board's points in detail. The suggestions were taken into consideration in the update of the Risk Register presented to Committee in April 2021.

A discussion paper on the Fund's Communications Policy was received by the Board at its March 2021 meeting, to enable it to contribute to the revised policy which was presented to Committee in April 2021. At the same meeting, the Board was also pleased to receive the Fund's newly developed performance dashboard which sets out key performance indicators across governance, funding and investments and administration.

The Board was delighted to note the completion during the year of the project to scan and digitalise the contents of over 90,000 fiches. This project was driven by the Board in order to address the potential data retention issues associated with this type of storage. Completion of this project helps to fulfil the Fund's GDPR responsibilities and ensures that the relevant records are accessible to members of the team who are working remotely.

The Derbyshire Pension Board webpage on the Fund's website at: https://www.derbyshirepensionfund.org.uk/about-the-fund/governance/derbyshire-pension-board.aspx contains a summary of each of the Board's meetings and also has a link to the updated Terms of Reference.

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 31 March 2021:

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/University of Derby*
Oliver Fishburn	Bolsover District Council and NE Derbyshire District Council

* Vice Chair of Governing Council & Chair of Remuneration Committee of the University of Derby

Nick Read retired from employment with Derbyshire County Council during the year and is now representing members as a pensioner member of the Fund. The Northworthy Trust was dissolved in January 2021; Neil Calvert continues to represent employers via his association with the University of Derby.

In line with the terms of the Chair's contract, Ronald Graham's position as Chair of the Board was reviewed during the year. Following a positive review, Mr Graham was asked, and agreed, to continue as the Chair of the Board until 31 March 2022.

The terms of office for the Member and Employer Representatives at 31 March 2021 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 formal Pension Board meetings in 2020-21:

Member	9 Nov 2020	16 March 2021
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 2020-21:

Internal & Pool

Member	Fund Officers & RBC Global Asset Management – Investment Strategy/Responsible Investment/Climate Risk & Strategy	Fund Officers – Ill Health Retirement & i-Connect	LGPSC Central RI Day	LGA/SAB LGPS National Structure & Roles & Topical Update	LGPSC Annual Stakeholders' Day
Ronald Graham	✓	✓	✓	✓	✓
Neil Calvert	✓	✓	✗	✓	✓
Oliver Fishburn	✗	✓	✗	✓	✗
Karen Gurney	✗	✓	✗	✗	✓
Nick Read	✓	✓	✓	✗	✓

External

Ronald Graham: Oct 20 LGA Fundamentals; Nov 20 LGA Update; Jan 21 LGA LGPS Update
Neil Calvert: Nov 20 Education Sector Pensions Conference; gained PMI designation as an Accredited Lay Pension Trustee
Karen Gurney: Oct 20, Dec 20 & Feb 21 Hymans Robertson Keeping the LGPS Connected; Nov 20 PLSA LA Update; Jan 21 LGA LGPS Update
Nick Read: Jan 21 LGA LGPS Update

2020-21 Summary of Activities

Below is a summary of the Board's activities during the year to 31 March 2021:

- Input into the development of the Fund's Communications Policy
- Review of the Pension Fund's performance dashboard
- Oversight of the Fund's Project Boards (i-Connect, MSS & McCloud)
- Review of the Fund's Statutory Breaches Log
- 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

- Review of the Fund's Risk Register
- Consideration of the Fund's pooling arrangements

Costs and Expenses

	2019/20	2020/21
	£	£
Members' Allowances (Travel)	1,353	771
Training Costs & Subscriptions	112	0
Chairman's Services	15,000	14,000
Total	**16,465**	**14,771**

Future Work Plan

The Board's work plan for 2021-22 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 and impact of 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 and impact 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.
- Developing, monitoring and maintaining the technical knowledge required by Board and Pensions and Investment Committee members.

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 2020-21:

Councillors	Fund Officers & RBC Global Asset Management – Investment Strategy/Responsible Investment/Climate Risk & Strategy	Fund Officers – Ill Health Retirement & i-Connect
Ron Aston	✓	✓
Neil Atkin	✓	✓
John Boult	✓	✓
Peter Makin	✓	✓
Steve Marshall-Clarke	✓	✓
Ron Mihaly	✓	✓
Jim Perkins	✓	✓
Brain Ridgeway	✓	✓
Substitute	✓	✓
Mike Carr	✓	✓
Lucy Care	✓	✓

Training was provided externally by LGPSC at an Infrastructure Day in May 2020 and a Responsible Investment Day in July 2020.

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

Communication

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

- accurate, effective and easy to understand
- targeted to different audience groups in terms of style of content and method of delivery
- cost effective, providing value for money by utilising technology to its fullest potential

The content on the Fund's dedicated website, which was launched in 2018, has continued to develop and greatly enhances 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 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

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 probability of the risk occurring and the impact of the risk 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. 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. Hymans Roberston (Hymans), the Fund's actuary, is shortly due to carry out an interim update on the funding position of the Pension Fund. Whilst the Fund has a significant proportion of its assets in growth assets, the last two reviews of the Strategic Asset Allocation Benchmark have introduced a lower exposure to growth assets and a higher exposure to income assets with the aim of protecting the improvement in the Fund's funding position.
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, over the next few years. Subsequent to the period-end, £203m has been invested in an LGPSC Global Emerging Markets Equity Fund.

	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 Pool's 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.
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 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 the Government Actuary's Department. 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. With respect to the Government's cost control mechanism for public service pension schemes, HM Treasury (HMT) confirmed in February 2021 that it was 'un-pausing' the 2016/17 cost cap valuations, which will take into account the cost of implementing the McCloud remedy. HMT confirmed that any cost cap ceiling breaches will not result in benefit reductions, however, any cost floor breaches will be honoured, with any benefit increases taking effect from 1 April 2019. 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. Aquila Heywood has provided the Fund with McCloud related tools for testing on the Altair system which would be used to identify, and subsequently bulk load, any required additional service history. A McCloud Project Board has been set up to formalise the governance of this major 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 by 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 developed 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.

External & Internal Audit Reviews

The Fund's external auditor is Mazars.

The Pension Fund is audited by Derbyshire County Council's internal audit team.

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 Pension Fund membership records grew consistently between 2016-17 and 2019-20; the fall in 2020-21 reflected the impact of a data cleanse. On an adjusted like-for-like basis, the number of records increased by 1,840 in 2020-21.

	2016-17	2017-18	2018-19	2019-20	2020-21
Contributors	40,640	41,010	41,157	40,125	38,065
Pensioners & Dependants	27,599	27,959	30,024	31,548	32,463
Deferred Pensions	30,327	32,099	31,136	33,164	32,427
Number of Members	**98,566**	**101,068**	**102,317**	**104,837**	**102,955**

Net additions from Dealing with Members (contributions received less pension benefits paid out), Employers and Others Directly involved in the Fund turned positive again in 2020-21.

£ in Million	2016-17	2017-18	2018-19	2019-20	2020-21
Contributions	157.0	164.4	193.7	160.4	190.8
Transfers in from other Pension Funds	7.2	12.7	10.3	11.2	14.5
Benefits	(145.9)	(155.3)	(160.9)	(172.6)	(173.5)
Payments to and on Account of Leavers	(6.9)	(17.2)	(13.0)	(17.7)	(10.8)
Net Additions from Dealing with Members	**11.4**	**4.6**	**30.1**	**(18.7)**	**21.0**

The increase in Contributions in 2018-19, subsequent reduction in 2019-20, and increase in 2020-21 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	2016-17	2017-18	2018-19	2019-20	2020-21
Number of Members	98,566	101,068	102,317	104,837	102,955
Investment Management Expenses (£000)	18,898	22,602	24,829	26,054	25,911
Cost per Member	£191.73	£223.63	£242.67	£248.52	£251.67
As a % of Net Investment Assets	*0.42%*	*0.49%*	*0.51%*	*0.60%*	*0.46%*
Pensions Administration (£000)	1,547	2,056	2,085	2,599	2,982
Cost per Member	£15.70	£20.34	£20.38	£24.79	£28.96
Oversight & Governance (£000)	834	289	1,215	1,451	1,467
Cost per Member	£8.46	£2.86	£11.87	£13.84	£14.25

The year-on-year increase in Investment Management Expenses per Member between 2016-17 and 2020-21 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 increased to £20.34 per member in 2017-18, reflecting 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 and £28.96 in 2020-21 driven by a change in the pensions administration system; further additional resource to support the service, dealing with legislative changes and ongoing service improvement.

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 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. Oversight and governance costs remained relatively flat in 2020-21.

Net Return on Investment totalled +£1,058.8m in 2020-21.

£ in Million	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Investment income net of taxes	84.7	94.9	100.8	94.0	57.1
Investment returns (*)	725.9	96.9	181.7	(316.3)	1,001.7
Net Return on Investments	**810.6**	**191.8**	**282.5**	**(222.3)**	**1,058.8**
Actual Fund Investment Return	*21.1%*	*3.8%*	*5.6%*	*(4.7%)*	*21.0%*
Benchmark Fund Investment Return	*20.3%*	*3.2%*	*5.6%*	*(5.4%)*	*20.6%*

** 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 2020-21, and over the longer term, are set out in the Investment section of this report.

Net Investment Assets totalled £5,666.8m at 31 March 2021, £1,034.7m higher than those reported at 31 March 2020, largely reflecting a strong recovery following the sharp market sell-off in February and March 2020 in response to the Covid-10 pandemic.

£ in Million	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Investment Assets	4,469.1	4,626.2	4,905.6	4,640.9	5,670.9
Investment Liabilities	(5.0)	(6.8)	(4.9)	(8.8)	(4.1)
Net Investment Assets	**4,464.1**	**4,619.4**	**4,900.7**	**4,632.1**	**5,666.8**
Growth / (Reduction)	*21.8%*	*3.5%*	*6.1%*	*(5.5%)*	*22.4%*

Net Non-Investment Assets totalled £40.1m at 31 March 2021. Year-on-Year changes in the value of Net Non-Investment Assets principally reflect changes in the Fund's operational cash balance.

£ in Million	2016-17	2017-18	2018-19	2019-20	2020-21
Current Assets	14.0	30.2	32.3	31.4	49.2
Current Liabilities	(5.5)	(5.5)	(4.5)	(6.0)	(9.1)
Net Non-Investment Assets	**8.5**	**24.7**	**27.8**	**25.4**	**40.1**

The table below shows the forecast and actual Fund Account for 2020-21.

£ in Million	2020-21 Forecast	2020-21 Actual
Contributions	195	205
Benefits	(197)	(184)
Net Additions from Dealing with Members, Employers and Others Directly involved in the Fund	**(2)**	**21**
Management Expenses	(33)	(30)
Net (Withdrawals)/Additions including Fund Management Expenses	**(35)**	**(9)**
Investment Income (net of taxes)	50	57
Net Increase in Net Assets Before Changes in Market Value	**15**	**48**
Profits and Losses on Disposal of Investments and Changes in Value of Investments	n/f	1,001
Net Increase in the Net Assets Available for Benefits During the Year	**n/f**	**1,049**

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 £23m higher than forecast principally reflecting a combination of higher transfers-in, lower transfers-out and lower lump-sum payments (all contained within Contributions and Benefits). These receipts and payments are largely outside the control of the Fund and can fluctuate year-on-year.

The table below shows the forecast and actual Management Expenses for 2020-21.

£ in Million	2020-21 Forecast	2020-21 Actual
Fund Value based Management Fees	27.2	24.9
In-House Management Team Expenses	0.5	0.5
Transaction Costs	0.4	0.4
Custody Fees	0.1	0.1
Investment Management Expenses	**28.2**	**25.9**
Pensions Administration Costs	3.0	3.0
Oversight & Governance Costs	1.7	1.5
Management Expenses	**32.9**	**30.4**

Actual Management Expenses in 2020-21 were £30.4m, £2.5m lower than forecast, largely reflecting lower fund value-based management fees driven by a greater than forecast switch away from active equity management to lower cost passive equity management.

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

£ in Thousand	**2019-20 Actual**	**2020-21 Actual**
Staff costs	1,917	2,063
LGPSC costs	811	988
Premises, supplies and services	822	1,088
Information technology	465	488
Net Actuary charges	225	52
DCC recharges	146	192
Costs of democracy	29	28
Custody	33	27
Total	**4,448**	**4,926**

Combined Pension Fund Team Expenses, Pensions Administration Costs and Oversight & Governance Costs increased by £0.478m in 2020-21, principally reflecting an increase in staff costs to support service levels, increased costs in respect of LGPSC and higher costs in respect of premises, supplies and services. These increases were partly offset by a reduction in net actuary charges following the completion of the 2019 triennial actuarial valuation in 2019-20.

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 approving the investment strategy of the Fund, 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 2020-21, 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, passively through products provided by LGIM, 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 2020-2021:

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; active Japanese Equities; active Asia Pacific Equities; active Emerging Market Equities; active Global Sustainable Equities, Indirect Property; Infrastructure; and Private Equity.

Collective investment vehicles were selected by the internal team for: Multi-Asset Credit; Japanese, Asia Pacific, Emerging Market Equities, and active Global Sustainable Equities; Indirect Property; Infrastructure; and Private Equity. LGPSC provided an advisory service in respect of the Fund's active Japanese and active Asia Pacific Equities assets until 17 January 2021.

Direct Property: Colliers International

Passive United Kingdom Equities; Japanese Equities; Emerging Market Equities and Global Sustainable Equities: LGIM

European Equities: UBS Global Investment Management (Passive)

US Equities: Wellington Management International

Investment Grade Corporate Bonds: LGPSC

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 2020-21 was 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 is set out in the Fund's Responsible Investment Framework which 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 LGPSC 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 the

[1]UN Principles for Responsible Investing

response to climate change, on the assets and liabilities of the Fund, the Fund 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 taxpayers 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.

[UK Stewardship Code]

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

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

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 policymakers. Responsible investors should proactively manage this risk factor through stewardship activities, using partnerships of like-minded investors where feasible.

Derbyshire Pension Fund

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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.

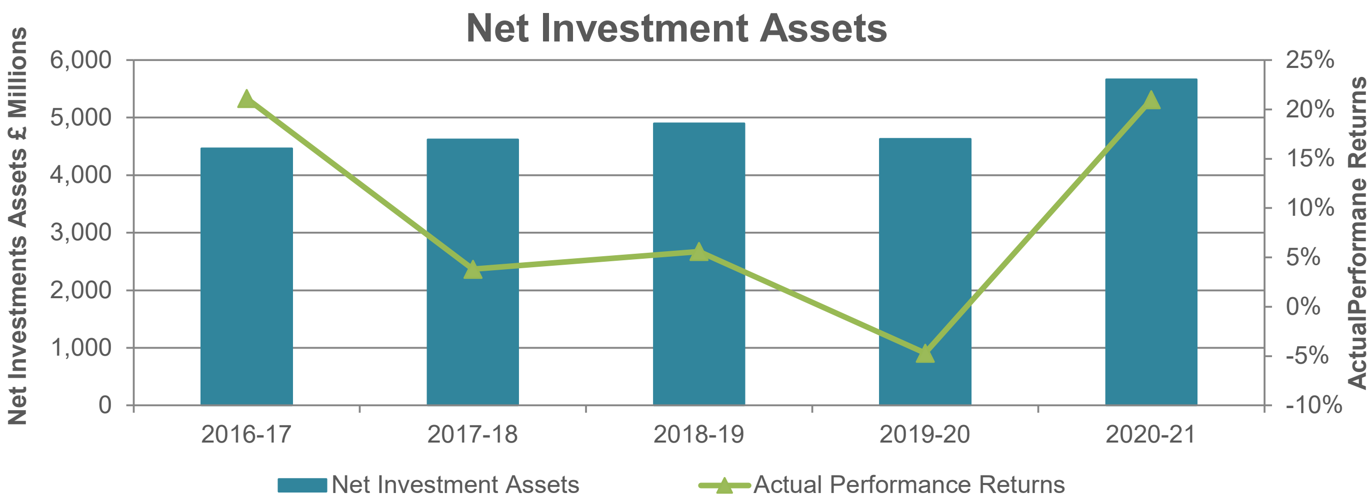
Principle	Evidence of compliance
Effective Decision Making • Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implications. • Those persons or organisations have sufficient expertise to be able to evaluate 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. • The role of the Pensions and Investments Committee (the Committee) is defined in the Governance Policy & Compliance Statement. • 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. • 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. • The Fund takes advice from its independent adviser and its Head of Pension Fund, both of whom attend the Committee. • Members' declarations of interests are made at the commencement of each meeting of the Committee. • A training needs assessment programme has been established, and training is provided both internally and externally. • An annual Pension Fund Service Plan is considered by the Committee.
Clear Objectives • 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. • 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 a long term investment return of 3.6%. • 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. • Contracts for external investment managers specify targets, timescales and approach. • The Fund's Funding Strategy Statement can be found on the Fund's website.
Risk and Liabilities • In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities. • These include the implications for local taxpayers, 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. • 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. • 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 • Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisers. • 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. • The Fund's performance is reviewed by the Committee on a quarterly basis, including an independent review by the Fund's external advisor. • The asset class specific benchmarks are reviewed for appropriateness and approved by the Pensions and Investments Committee. • The Local Pension Board also assists the administering authority to ensure the effective and efficient governance and administration of the Scheme.

Responsible Owner • Recognise, and ensure that their partners in the investment chain adopt, the FRC's UK Stewardship Code. • Include a statement of their policy on responsible ownership in the Investment Strategy Statement. • 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. • 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. • The stewardship reports in respect of the Fund's key investment managers are reported on a quarterly basis to the Committee. • The Fund is a participating member of the LAPFF and receives information on environmental, social and governance issues.
Transparency & Reporting • 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. • 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. • The following are published on the Fund's website: ○ Actuarial Valuation Report ○ Administration Strategy ○ Admissions, Cessations and Bulk Transfer Policy ○ Climate Strategy ○ Communications Policy ○ Complaints Policy ○ Funding Strategy Statement ○ Governance Policy & Compliance ○ Investment Strategy Statement ○ Pension Fund Annual Report, including the Statement of Accounts ○ Responsible Investment Framework ○ Taskforce for Climate-related Financial Disclosures

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:

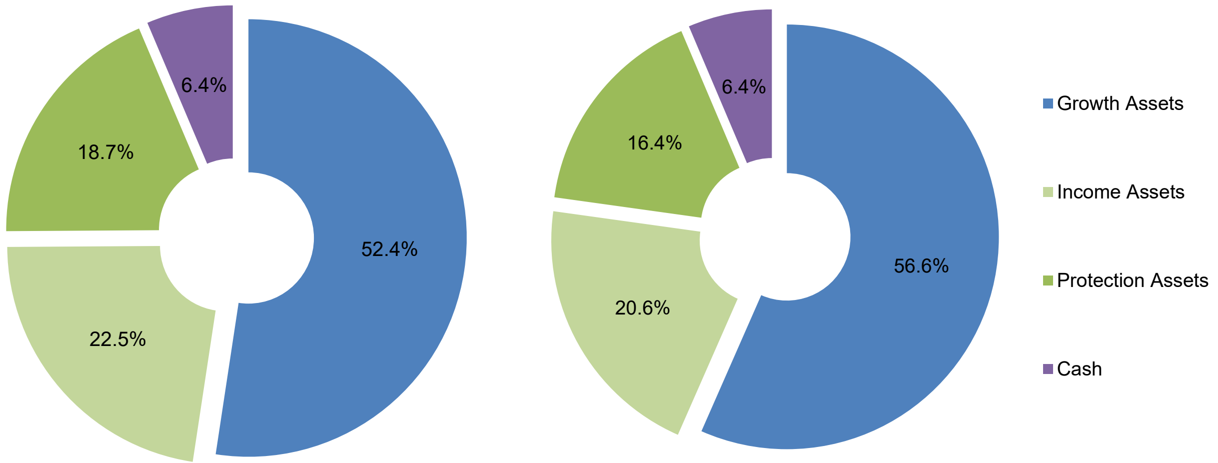
- **Growth Assets**: largely equities, plus other volatile higher return assets such as private equity.
- **Income Assets**: assets which are designed to deliver an excess return, but with more stable return patterns than Growth Assets because income represents a large proportion of the total return 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 2020 and 31 March 2021, are set out below.

	31 March 2020 Benchmark	31 March 2020 Permitted Range	31 March 2020 Actual	31 March 2021 Benchmark	31 March 2021 Permitted Range	31 March 2021 Actual	Final Benchmark (1 Jan-22)
Total Quoted Equities	53.0%	± 8%	49.1%	52.0%	± 8%	52.8%	51.0%
UK Equities	16.0%	± 4%	15.8%	14.0%	± 6%	15.1%	12.0%
US Equities	12.0%	± 4%	10.5%	6.0%	± 6%	6.2%	-
European Equities	8.0%	± 3%	7.9%	4.0%	± 4%	4.1%	-
Japanese Equities	5.0%	± 2%	6.2%	5.0%	± 2%	4.9%	5.0%
Asia-Pacific Equities	4.0%	± 2%	4.5%	2.0%	± 2%	2.1%	-
Emerging Market Equities	5.0%	± 2%	4.2%	5.0%	± 2%	4.6%	5.0%
Global Sustainable Equities	3.0%	± 2%	-	16.0%	± 16%	15.8%	29.0%
Private Equity	4.0%	± 2%	3.3%	4.0%	± 2%	3.8%	4.0%
Growth Assets	**57.0%**	**± 8%**	**52.4%**	**56.0%**	**± 8%**	**56.6%**	**55.0%**
Infrastructure	8.0%	± 3%	7.3%	9.0%	± 3%	6.2%	10.0%
Direct Property	5.0%	± 3%	5.2%	6.0%	± 3%	4.4%	6.0%
Indirect Property	4.0%	± 3%	3.7%	3.0%	± 3%	3.1%	3.0%
Multi-Asset Credit	6.0%	± 2%	6.3%	6.0%	± 2%	6.9%	6.0%
Income Assets	**23.0%**	**± 6%**	**22.5%**	**24.0%**	**± 6%**	**20.6%**	**25.0%**
Conventional Bonds	6.0%	± 2%	6.0%	6.0%	± 2%	4.8%	6.0%
Index-Linked Bonds	6.0%	± 2%	6.4%	6.0%	± 2%	5.5%	6.0%
Corporate Bonds	6.0%	± 2%	6.3%	6.0%	± 2%	6.1%	6.0%
Protection Assets	**18.0%**	**± 5%**	**18.7%**	**18.0%**	**± 5%**	**16.4%**	**18.0%**
Cash	**2.0%**	**0 – 8%**	**6.4%**	**2.0%**	**0 – 8%**	**6.4%**	**2.0%**

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 some of the Fund's regional equity allocations are being switched into Global Sustainable Equities. Given the quantum of the proposed changes between the current and Final Strategic Asset Allocation Benchmark, the transition has been split into two-phase through an Intermediate Strategic Asset Allocation Benchmark which came 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 2020 and 31 March 2021 is set out below:



In the year to 31 March 2021, the Pension Fund increased its weighting in respect of Growth Assets (52.4% to 56.6%) and reduced its weight in respect of Income Assets (22.5% to 20.6%) and Protection Assets (18.7% to 16.4%), reflecting both asset allocation changes and asset class relative market performance. Cash remained unchanged at 6.4%. 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 £395.6m at 31 March 2021 (£292.1m 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 31 March 2019 was prepared on the basis of a long-term investment return of 3.6%.

The Fund's Long-Term Performance

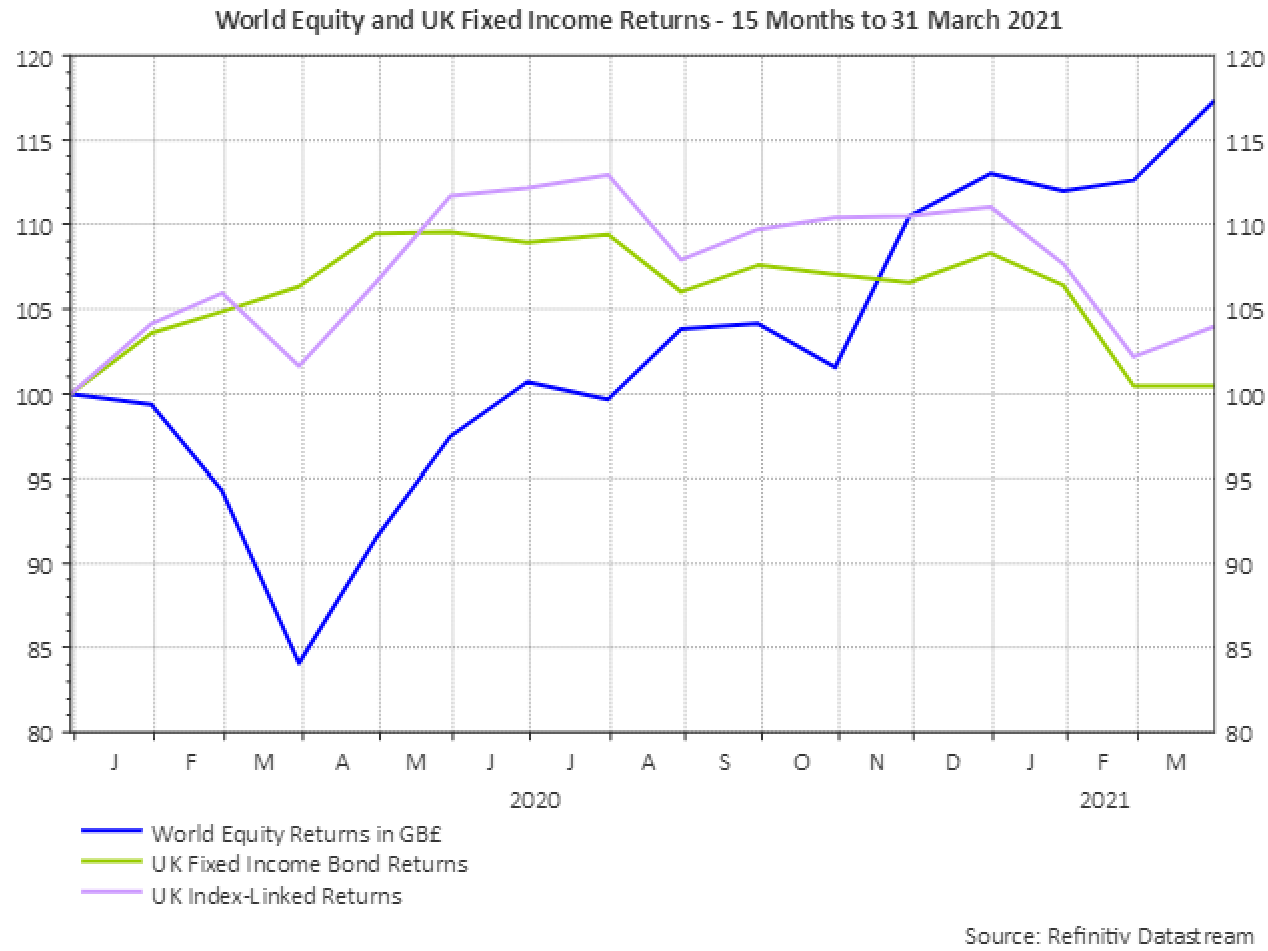
% per Annum	1 Year	3 Year Average	5 Year Average	10 Year Average
The Fund	21.0%	6.8%	9.0%	8.0%
Benchmark	20.6%	6.4%	8.4%	7.6%
Excess Return	0.4%	0.4%	0.6%	0.4%
Consumer Price Index	0.7%	1.4%	1.8%	1.9%
Retail Price Index	1.5%	2.2%	2.6%	2.5%

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 1, 3 and 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 outperformed the benchmark return across all time periods.

Market Background 2020-21



As shown in the above chart, equity markets recovered strongly in 2020-21, following a sharp fall in Q4 2019-20 in response to the Covid-19 pandemic. Whilst the unprecedented economic impact of the containment measures imposed across the globe had a significant impact on global gross domestic product (GDP), the resultant fiscal and monetary response, from national governments and central banks, supported markets. Markets were further boosted in November 2020, when the first announcements regarding the development of effective Covid-19 vaccines were released, together with the outcome of the US Presidential election. The development of effective vaccines offered hope that a return to normality would be achievable.

The Fund's 2020-21 return of 21.0% compares to a return of -4.7% in 2019-20, reflecting a sharp recovery and a reversal of the Q1 2020 sell-off, when global equities fell by around 16%. In the year to March 2021, equity returns to Sterling investors ranged from 26.3% in

Japan, to 44.8% in the Asia Pacific Ex-Japan region. UK equities returned 26.7%. Overseas returns were adversely impacted, on foreign currency translation, by a stronger pound relative to major overseas currencies.

Government bond returns were mixed in 2020-21, as risk appetite increased. Expectations of higher inflation pushed up conventional yields, with UK Gilts returning -5.5% and UK Index-Linked returning 2.3%. The increase in risk appetite led investors to switch from less risky assets (for example, cash and sovereign bonds) into risker assets (for example, investment grade corporate bonds and high-yield bonds). UK investment grade bonds returned 8.9% in 2020-21, whereas Sterling-hedged global high-yield bonds returned 23.3%.

Property (60% direct/30% indirect) returned 2.7% in 2020-21, up from 0.5% in 2019-20. Whilst returns improved in 2020-21, relative to 2019-20, rent collection remained challenging, with many tenants requiring rental assistance, particularly in the retail and leisure sectors

Derbyshire Pension Fund

lgps

2020-21 Performance by Asset Class

Net Annualised Returns	Investment Assets	Year to Mar-21		3 Years to Mar-21		5 Years to Mar-21	
	Mar-21 £m	Fund Return	Benchmark Return	Fund Return	Benchmark Return	Fund Return	Benchmark Return
Investment Grade Global Bonds (*)	348.8	11.2%	9.2%	-	-	-	-
LGPSC Pooled Product	**348.8**						
Total Pool Managed Assets	**348.8**						
United Kingdom Equities (**) (****)	857.2	30.3%	26.7%	4.0%	3.2%	7.1%	6.3%
United States Equities	351.1	45.6%	42.8%	17.7%	17.7%	17.4%	17.4%
European Equities	234.0	34.8%	34.8%	8.4%	8.4%	11.2%	11.1%
Japanese Equities (**) (***)	280.6	35.1%	26.3%	6.0%	7.0%	12.3%	11.8%
Asia Pacific Ex-Japan Equities (***)	116.9	47.9%	44.8%	10.8%	10.1%)	14.3%	14.1%
Emerging Market Equities (**)	263.5	43.8%	40.8%	6.8%	7.7%	12.3%	13.0%
Global Sustainable Equities (**)	900.3	57.2%	39.8%	-	-	-	-
Private Equity	229.8	27.0%	27.7%	13.4%	4.2%	13.7%	7.3%
Infrastructure	351.3	2.1%	2.1%	7.9%	2.6%	7.2%	2.5%
Property	433.9	4.1%	2.7%	4.4%	2.3%	6.2%	4.1%
Multi-Asset Credit	391.0	14.9%	14.6%	4.0%	4.0%	5.9%	3.8%
Conventional Bonds	270.2	(4.3%)	(5.5%)	2.2%	2.5%	2.7%	2.9%
Index-Linked Bonds	309.6	1.6%	2.3%	4.0%	3.3%	5.4%	5.8%
Cash and other	332.7	0.3%	0.0%	0.3%	0.4%	0.3%	0.3%
Total Non-Pool Managed Assets	**5,322.1**						
Total Investment Assets	**5,670.9**	**21.0%**	**20.6%**	**6.8%**	**6.4%**	**9.0%**	**8.4%**

Source: Performance Evaluation Limited
(*) LGPSC performance returns reported before transition costs and under-performance over the transition period of around 220 basis points
(**) Includes assets of £1,971m at 31 March 2021 managed through collaboratively procured agreements
(***) LGPSC provided an advisory service in respect of active Japanese Equities and active Asia Pacific Ex-Japan Equities between 1 April 2020 and 17 January 2021. The mandate was terminated in January 2021.
(****) The UK Equity portfolio was managed by LGPSC on a discretionary management between 1 April 2018 and 14 November 2019. The mandate was terminated in November 2019.

Pool Managed Investment Assets

Total pool managed assets fell from £739m at 31 March 2020 to £349m at 31 March 2021, accounting for 6.2% of total investment assets (2020-21, 15.9%). The reduction in pool managed assets reflects the termination of a Japanese Equity and an Asia Pacific Ex-Japan Equity advisory mandate in January 2021, resulting from changes to the Fund's strategic asset allocation benchmark.

In addition to the assets managed by LGPSC, the following assets were managed through collaboratively procured LGPS agreements:

- Passive equities of £1,477m managed by LGIM in respect of UK Equities; Japanese Equities; Emerging Market Equities and Global Sustainable Equities; and
- Active Global Sustainable Equities of £494m managed by two investment managers.

Including these collaboratively procured assets increases the percentage of total assets managed through either pool managed products or collaboratively procured agreements to 40.9% (£2,320m).

Subsequent to the period-end, a £203m has been transitioned into an LGPSC Global Emerging Markets Fund.

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 2021-22.

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 2021-22 onwards.

Total investment management expenses in 2020-21 were £25.9m (2019-20, £26.1m), equivalent to 49.1 basis points of total average net investment assets in 2020-21 (2019-20, 51.2 basis points), principally reflecting an increasing move from active management to lower cost passive management.

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 2021-22 onwards.

2020-21 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	351	-	-	-	16	-	367
Average Investment Assets (£m)	328.7	-	-	-	328.7	328.7	328.7
Basis Points Charge	10.7	-	-	-	0.5	-	11.2
Advisory Mandates							
Management Expenses	73	2,591	-	-	33	86	2,783
Average Investment Assets (£m)	354.2	354.2	-	-	354.2	354.2	354.2
Basis Point Charge	2.1	73.2	-	-	0.9	2.4	78.6
LGPSC Pool Mandates							
Management Expenses	424	2,591	-	-	49	86	3,150
Average Investment Assets (£m)	682.9	354.2	-	-	682.9	682.9	682.9
Basis Point Charge	6.2	73.2	-	-	0.7	1.3	46.1
Non Asset Pool							
Management Expenses	-	21,380	672	79	322	308	22,761
Average Investment Assets (£m)	-	2,556.3	1,450.9	586.8	4,594.0	4,594.0	4,594.0
Basis Point Charge	-	83.6	4.6	1.3	0.7	0.7	49.5
Total							
Management Expenses	**424**	**23,971**	**672**	**79**	**371**	**394**	**25,911**
Average Investment Assets (£m)	**682.9**	**2,910.5**	**1,450.9**	**586.8**	**5,276.9**	**5,276.9**	**5,276.9**
Basis Point Charge	**6.2**	**82.4**	**4.6**	**1.3**	**0.7**	**0.7**	**49.1**

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

Derbyshire Pension Fund

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

In 2020-21, LGPSC investment management fees totalled £0.424m (2019-20, £0.555m) in respect of LGPSC pooled vehicles (Global Investment Grade Bonds) and advisory management mandates in respect of Japanese and Asia Pacific Ex-Japan Equities. The advisory management mandates were terminated in January 2021, resulting from changes to the Fund's strategic asset allocation benchmark.

Active external manager fees of £24.0m (2019-20, £24.3m) relate to the investment management expenses incurred in respect the Japanese, Asia Pacific, Emerging Market and Global Sustainable Equity pooled vehicles noted above, together with the external investment management expenses incurred in connection with the US Equities, Multi-Asset Credit, Private Equity, Infrastructure, Direct Property and Indirect Property portfolios.

Passive external manager fees of £0.7m (2019-20, £0.3m) relate to the passive management of UK Equities and European Equity portfolio and a proportion of the Japanese, Emerging Market and Global Sustainable Equity allocations.

The in-house investment management team expenses of £0.4m (2019-20, £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 2021 are detailed below:

£ in Million	UK	Non-UK	Total
Equities	900.9	2,103.9	3,004.8
Bonds	657.9	662.4	1,320.3
Direct Property	252.2	-	252.2
Indirect Property	132.7	49.1	181.8
Alternatives	275.3	305.8	581.1
Cash and cash equivalents	322.6	2.5	325.1
Other	1.1	0.4	1.5
Total	**2,542.7**	**3,124.1**	**5,666.8**

Largest Direct Equity Holdings

The Fund's largest direct US Equity holdings at 31 March 2021, together with the comparable holdings at 31 March 2020, were as follows:

Value of Holding in £000s	31 March 2020	31 March 2021
Microsoft Corp	26,715	18,027
Alphabet Inc	14,182	16,866
Amazon Con Inc	24,235	15,538
Apple Inc	20,952	13,604
Facebook Inc	10,868	8,681
JPMorgan Chase & Co	2,331	5,933
Charles Schaweb Corp	649	5,487
Global Payment Inc	5,821	4,943
Charter Communication Inc	9,822	4,849
Pfizer Inc	7,977	3,780

The Fund's largest indirect holdings at 31 March 2021, together with the comparable holdings at 31 March 2020, were as follows:

Value of Holding in £000s	Asset Class	31 March 2020	31 March 2021
LGIM	UK Equities	692,277	789,198
LGIM	Global Sustainable Equities	-	406,587
Royal Bank of Canada	Global Sustainable Equities	-	377,662
LGPSC	Investment Grade Bonds	291,883	348,746
UBS Life Europe	European Equities	368,025	233,980
LGIM	Emerging Market Equities	102,860	178,086
CQS	Multi-Asset Credit	94,072	147,931
Ballie Gifford	Global Sustainable Equities	-	116,096
Janus Henderson	Multi-Asset Credit	95,348	111,630
LGIM	Japanese Equities	47,634	103,041

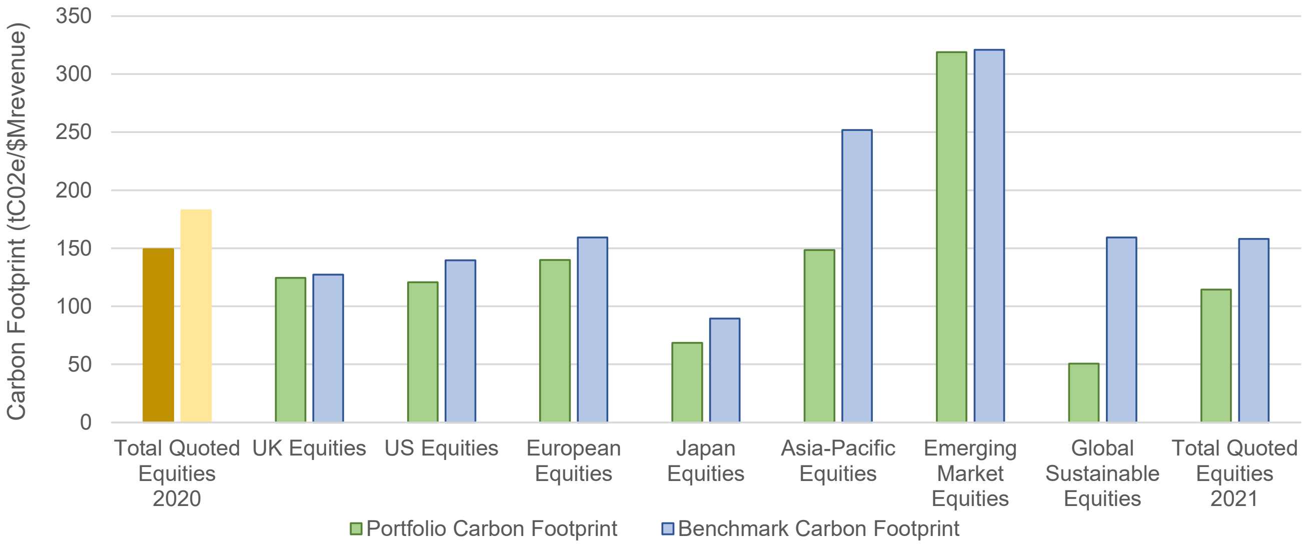
Carbon Risk Metrics

The Fund received its first report on carbon risk metrics for its listed equities portfolios at 31 July 2019, which represented over 50% of the Fund's total assets at that date, in February 2020. The Fund received a comparable report covering the listed equity portfolio at 31 March 2021, together with the carbon metrics in respect of the Fund's investment grade bond investments at the same date, in October 2021.

The poor availability of data in asset classes other than listed equities and investment grade bonds 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.

The carbon metrics below in respect of the Fund's listed equity portfolios at 31 March 2021, which represented 52.8% of total investment assets at that date.

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



Compared to the weighted benchmark, the Fund's Total Quoted Equities portfolio is around 27% less carbon intensive than the benchmark, and 37% lower than the 2020 Benchmark. This means that, on average, for every $m of economic output companies produce, the Fund's investee companies emit 27% fewer GHG emissions than the companies in the benchmark. Each regional equity portfolio also has a lower portfolio carbon footprint than its regional benchmark.

In addition, with the exception of Emerging Market Equities, each regional equity portfolio has a lower than benchmark weight in companies with fossil fuel reserves (the Total Quoted Equities portfolio has around 25% less weight in fossil fuel companies that the blended benchmark - Figure 2 below, 44% lower than the 2020 Benchmark). The Fund's weight in thermal coal reserves was also 29% lower than the weighted benchmark at 31 March 2021 – Figure 3 below).

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

[2] Certain information ©2021 MSCI ESG Research LLC. Reproduced by permission

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

portfolio level. To overcome the risk of 'understating' carbon risk, the Fund additionally assesses its exposure to fossil fuel reserves.

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

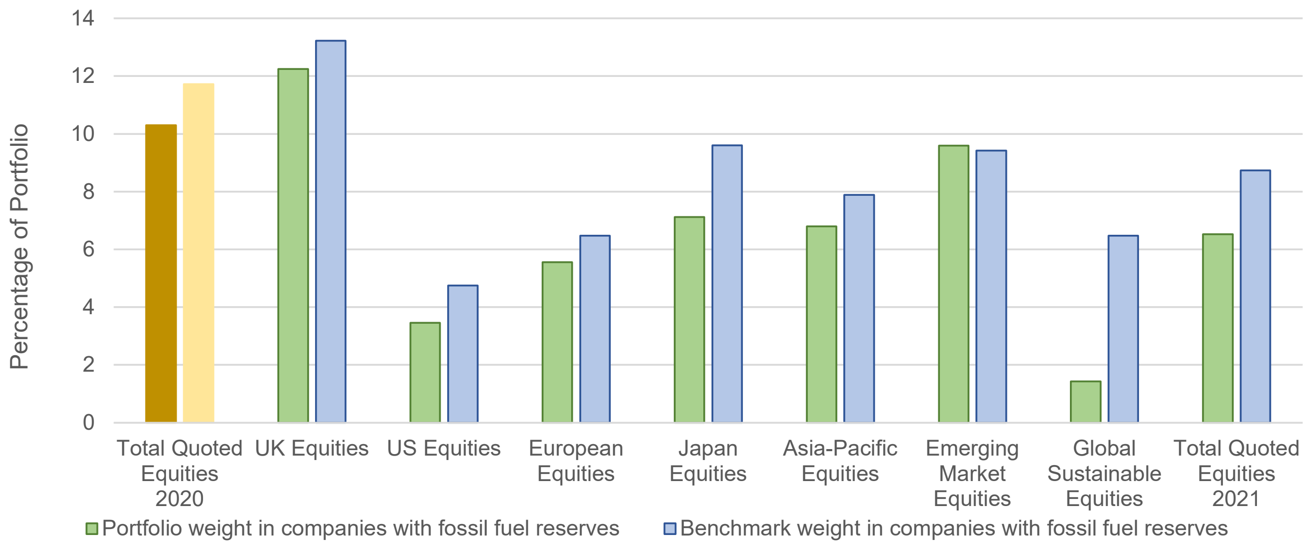


Figure 3: Exposure to thermal coal reserves in each regional equity portfolio[5]

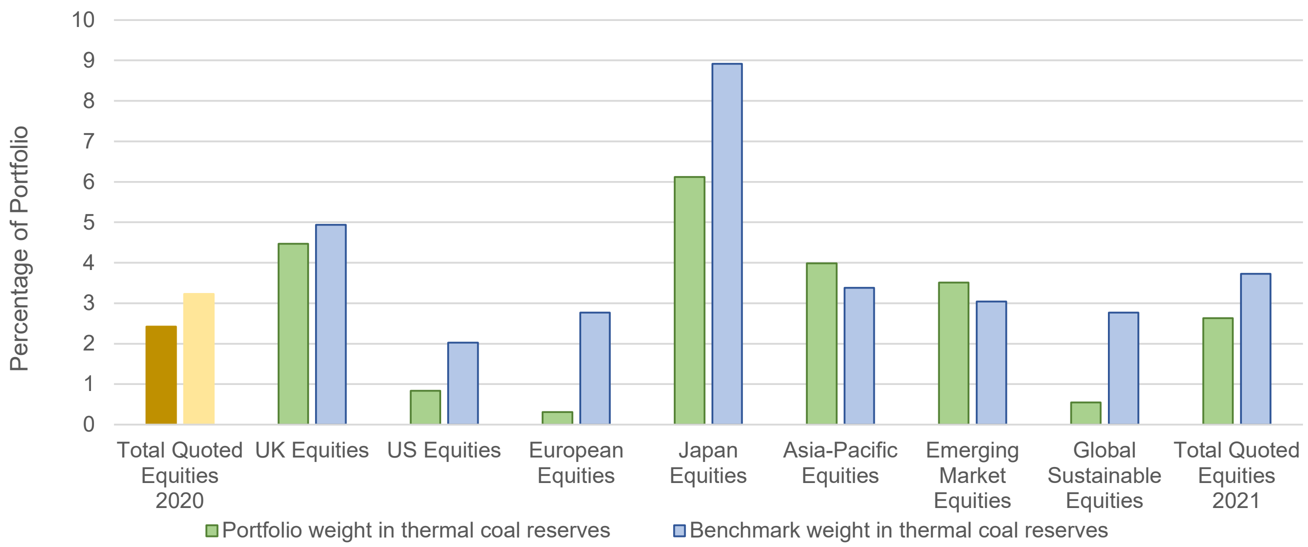
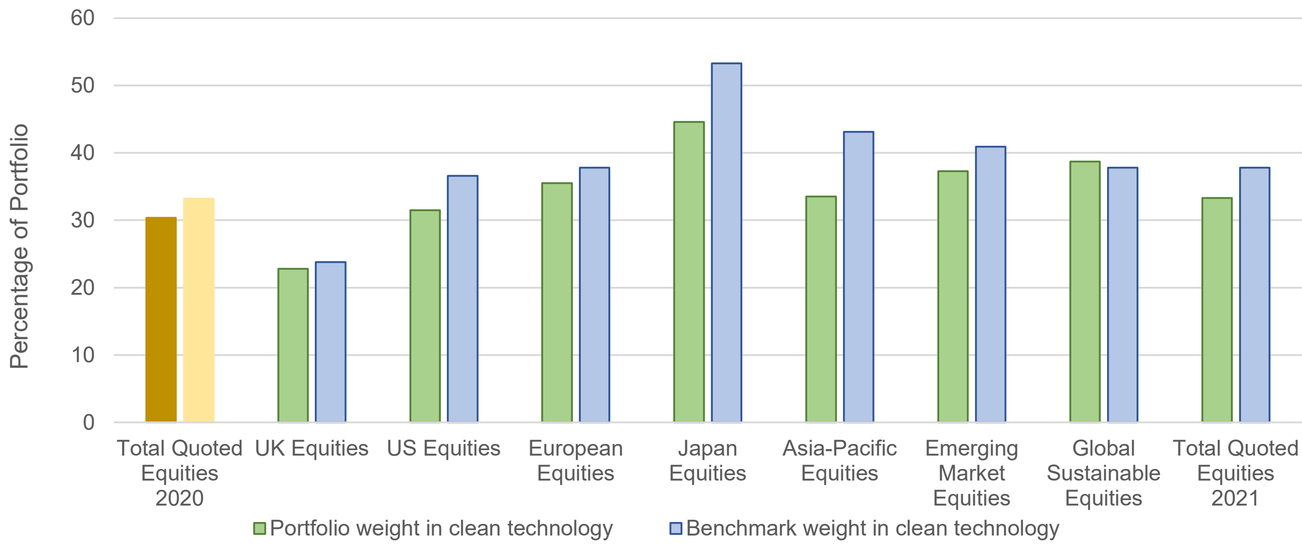


Figure 4 below indicates that the Fund's Total Quoted Equities portfolio has around a 12% lower exposure to clean technology than the weighted portfolio benchmark. The Fund notes that this measure should be viewed with some caution as there appears to be a moderate positive correlation in the dataset 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,

[4] Certain information ©2021 MSCI ESG Research LLC. Reproduced by permission
[5] Certain information ©2021 MSCI ESG Research LLC. Reproduced by permission

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 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]



The table below sets out the carbon metrics[7] in respect of the Fund's investment grade bond investments at 31 March 2021, which represented 6.1% of total investment assets at that date.

Carbon Metric	Portfolio	Benchmark	% Variance
Carbon Footprint	135.9	170.0	(20.1)
Weight in Fossil Fuel Reserves	4.19	4.70	(10.9)
Weight in Thermal Coal Reserves	0.56	0.58	(3.4)
Weight in Clean Technology	9.2	14.9	(38.3)

The table indicates that the Fund's investment grade bonds portfolio is around 20% more carbon efficient than the benchmark, together with lower weights in fossil fuel reserves and thermal coal reserves relative to the benchmark. Comparable with the total quoted equity portfolio, the weight in clean technology is lower than the benchmark.

The Fund has developed a standalone Climate Strategy which was approved by Committee in November 2020. This sets out the Fund's approach to addressing the risks and opportunities related to climate change and includes the introduction of the following targets:

1. Reduce the carbon footprint (Scope 1 & 2) of the Fund's listed equity portfolio by at least 30% relative to the weighted benchmark in 2020 by the end of 2025; and

[6] Certain information ©2021 MSCI ESG Research LLC. Reproduced by permission
[7] Certain information ©2021 MSCI ESG Research LLC. Reproduced by permission

2. Invest at least 30% of the Fund portfolio in low carbon & sustainable investments by the end of 2025.

The targets will be reviewed at least every three years and are expected to increase in line with the stated ambition of achieving a portfolio of assets with net zero carbon emissions by 2050.

The table below, shows the progress in respect of the two targets at 31 March 2021:

Target	**Target by end of 2025**	**Actual at 31 March 2021**
1. Reduce the carbon footprint (Scope 1 & 2) of the Fund's listed equity portfolio by at least 30% relative to the weighted benchmark in 2020 by the end of 2025	(30%)	(37%)
2. Invest at least 30% of the Fund portfolio in low carbon & sustainable investments by the end of 2025	30%	19%

The Fund expects to make significant progress in respect of the second target in 2021-22 as part of the move to the Final SAAB noted earlier by 1 January 2022 at the latest, albeit the Fund notes that as the consistency, comparability and quality of climate-related data, including the identification and measurement of companies' Scope 3 emissions, improves, this could have a material impact on the Fund's carbon metrics relative to the targets noted above.

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

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.

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 LGPSC. The Partner Funds injected sufficient capital to cover: the regulatory capital requirement plus a buffer; operational liquidity and repayment of the implementation costs.

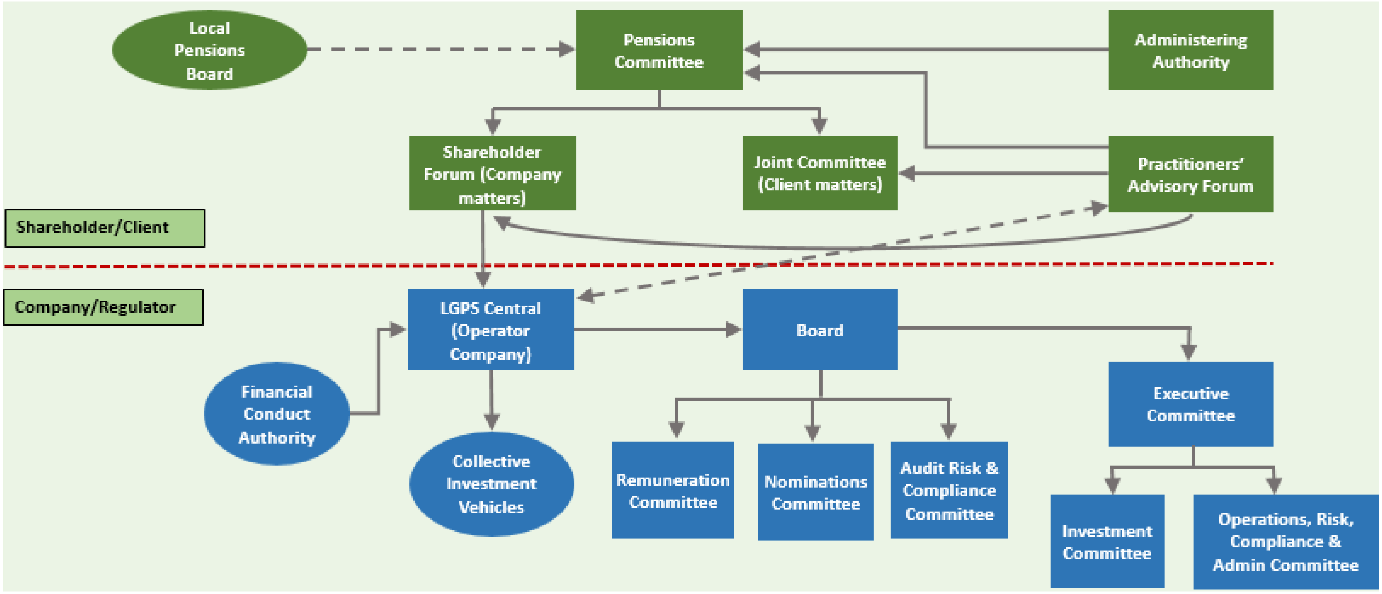
The Fund incurred costs of £0.013m associated with LGPSC's Investment Grade Credit sub-fund in 2020-21 (2019-20, £0.004m). The charge excludes fees paid to the underlying investment managers of £0.338m in 2020-21 (2019-20, £0.040m).

LGPSC also provided advisory management services in respect of the Fund's Japanese Equities and Asia Pacific Ex-Japanese Equities in the year. The advisory management services mandate was terminated on 17 January 2021, resulting from changes to the Fund's strategic asset allocation benchmark. The charge in respect of these services was £0.073m in 2020-21 (2019-20, £0.551m, which included the part year charges for mandates to manage the Fund's UK Equity portfolio, terminated on 14 November 2019, and Emerging Market Equities portfolio, terminated on 15 June 2019).

The Fund incurred £0.988m in respect of Governance, Operator Running and Product Development costs in connection with LGPSC in 2020-21 (2019-20, £0.831m).

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 2021-22 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 once in 2020-21 (2019-20, 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

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 were two meetings of the Shareholders’ Forum in 2020-21 (2019-20, 1).

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 Taxpayer 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 31 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 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 1 April 2020.

Derbyshire Pension Fund ("the Fund") Actuarial Statement for 2020/21

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 2023 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

Markets were severely disrupted by COVID 19 in March 2020, but in the 2020/21 year they recovered strongly. As a result, the funding level of the Fund as at 31 March 2021 is likely to be an improvement to that reported at the previous formal valuation.

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

21 May 2021

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 2020-21, 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 Fund's actuary as at 31 March 2019, determined employer contribution rates for the period 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:

- managing and maintaining a database of:
    - active members (i.e. contributors)
    - pensioners, including widows, widowers, and dependents
    - those with deferred benefits that will become payable in the future
- providing Annual Benefit Statements to active and deferred Scheme members
- Ensuring the collection of individual member data from participating employers through the submission of monthly data and year-end returns
- providing estimates of benefits

- the calculation and payment of retirement benefits
- the calculation and payment of death benefits to eligible beneficiaries in respect of deceased scheme members
- the calculation and payment of transfer values to other pension 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 changes to the LGPS and other pension related issues
- onboarding new Scheme employers
- supporting employers to carry out their responsibilities under the LGPS Regulations
- reconciling employers’ monthly and annual contribution payments with individual member data submitted
- 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 FRS102/IAS19 disclosures
- reporting to the Pensions and Investments Committee on Governance matters, Fund performance, changes to the LGPS, and disputes from scheme members and other stakeholders
- 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:

Benefits Teams x 2	Sue Hubbleday Wayne Stone
Technical and Finance Team	Rachel James
Regulations and Communications Team	Steve Webster

In addition, 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 has continued development work during 2020-21 on further projects, including 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, except for 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 March 2019.

The Altair system has continued 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 2021 (also 47 in 2019-20) and the cost of administration, excluding actuarial and audit fees, was £2.982m (2019-20, £2.599m) comprising staffing costs, IT, central charges and the cost of providing a pensions payroll for pensioners. A breakdown is shown below.

£ in Thousand	**2019-20 Actual**	**2020-21 Actual**
Staff costs	1,806	1,669
Premises, Supplies and services	328	825
Information technology	465	488
Total	**2,599**	**2,982**

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

£ per Member	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
The Fund	£15.70	£20.34	£20.38	£24.79	£28.96
All English Authorities	£20.25	£20.41	£21.77	£22.93	*(*)*

(*) Not yet available

The cost per member remained relatively stable until 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 development of additional functionalities through the Altair pension administration system for the benefit of scheme members and participating employers
- preparation for the implementation of the remedy to the McCloud judgement which had determined that when public service pension schemes changed in 2014 and 2015, they had discriminated on the grounds of age, by only providing protection for older members

The Fund believes that the ongoing investment in headcount (see below), together with the change in 2019 to the pension administration system, leaves the Fund well positioned to continue improving 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	2016-17	2017-18	2018-19	2019-20	2020-21
Full-Time Equivalent Staff (FTE)	38	44	42	47	47

Impact of Covid-19

Following the government imposing lockdown and restrictions on people's movements from 23 March 2020 due to Covid-19 most staff in the Pension Fund team worked from home throughout 2020-21. A small team which remained office-based were maintained to enable functions to continue such as printing and posting letters and answering telephone enquiries. At the time the Fund did not hold email addresses for members, so issuing documents by letter remained the core method of communication.

Working from home arrangements created new challenges for the Fund as staff were required to contend with a number of issues including reduced levels of training, support and supervision, communication challenges and the distractions and social isolation which working from home can bring.

The Fund's Business Continuity Plan contributed to being able to maintain service provision during the early months of the pandemic until revised working and communication methods and practices settled in.

Performance

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

Prior to moving to the Altair system in 2019, software issues had limited the Fund's ability to optimise 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 was implemented and continued during 2020-21. As work on this programme progressed towards achieving the removal of the backlog of deferred cases, a report of cases processed within the required 2 months for deferred benefits during 2020-21 would result in a distorted figure due to the requirement to complete the recovery programme, therefore, has not been included in the table below as an interim measure. It is anticipated that a report of deferred benefit cases will be provided again for the next Annual Report covering 2021-22.

The following performance levels for 2020-21 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	94%
Provision of retirement estimates	2 months	99%
Payment of Transfer Out	6 months	97%
Provision of Transfer Out quote	3 months	84%
Provision of Transfer In quote	2 months	79%
Payment of contributions refund	2 months	96%

In other areas of activity, during 2020-21 the Fund has:

- onboarded 18 academies and 9 admitted bodies as new employers in the Fund
- commenced formal arrangements for the exit from the Fund of 10 Admitted Bodies where their active participation ended during 2020-21
- completed a project to upload an estimated 3 million documents into the Altair pension administration system which had previously been held as microfiche records.
- replaced year-end returns with monthly data submissions via the implementation of the i-Connect secure data transmission solution for 165 participating employers
- continued data cleansing work relating to the GMP reconciliation exercise for active, deferred and beneficiary members
- produced and distributed IAS19 and FRS102 Accounting Disclosure Reports for 218 employers
- launched a member self-service website, called “My Pension Online” to enable members to access pension information, including their Annual Benefit Statement, online
- generated and made available by 31 August 2021, Annual Benefit Statements which reflected membership to 31 March 2021, for 91.9% of the Fund’s active and deferred members
- issued Pensions Saving Statements to 56 members who had exceeded their Annual Allowance limit during 2019-20
- monitored and periodically reported to the Council’s Pensions and Investments Committee, on employer performance in the areas of retirements, deaths in service, transfers, 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 4 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%
2020-21	98.2%	93.5%

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.

71,497 separate visits to the website were made by scheme members, employers, and other Fund stakeholders during 2020-21. 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 31,091 calculations during 2020-21.

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

This included adding information and sections of "Frequently Asked Questions" to the website for members and employers about issues being raised on the impact of Covid-19 in respect of the LGPS.

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

Other services to Fund members
Services provided by the Fund to scheme members during 2020-21 included:

- the continued provision of a Pension Fund Helpline service throughout the periods of lockdown, 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
- newsletters for active and deferred members produced in collaboration with other Funds to ensure accuracy and to share costs and resource

The Fund's provision of workplace-based LGPS information and drop-in sessions for scheme members were suspended from March 2020 when the government introduced the Covid-19 lockdown measures. Virtual sessions have been provided on request.

Other services to Fund employers
Services provided by the Fund to scheme employers during 2020-21 included:

- early intervention/support for employers and their contractors in respect of outsourcing agreements and risk-sharing arrangements
- a regular Employers' Newsletter, and information update letters emailed to employer contacts
- virtual forums provided for employers on specific topics

Feedback was requested at the virtual member presentations and employer forums and resulted in positive responses.

The Coronavirus pandemic resulted in all workplace-based member and employer sessions being temporarily postponed from March 2020 onwards. Virtual sessions continued to be provided on request.

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 2020-21 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 320 of those participating during 2020-21 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 worked with a number of employers and staff groups during 2020-21 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 2020-21. The tables also show the number of cases submitted to or determined by The Pensions Ombudsman during 2020-21 in respect of cases escalated following the two-stage adjudication process.

Stage 1 Appeals against the administering authority: 2020-21

Total	Appeals upheld	Appeals dismissed	Progressed to Stage 2
2	2	0	1

Stage 2 Appeals adjudicated by administering authority: 2020-21

Total	Appeals upheld	Appeals dismissed	Progressed to Ombudsman
7	4	3	1 (to date)

Complaints escalated to or determined by The Pensions Ombudsman: 2020-21

Total	Upheld	Dismissed	Awaiting determination
3	0	1	2

Three cases were escalated to, or determined by, the Ombudsman during 2020-21.

In addition to the cases escalated to or determined by The Pensions Ombudsman during 2020-21, one case from 2019-20 is still awaiting determination.

The case which was determined by the Ombudsman during 2020-21, following an escalation the previous year, related to complaints about the Fund's provision of information and application of legislation with respect to a request from the member to transfer their pension benefits to a different scheme. The case against the administering authority was not upheld by the Ombudsman.

The two cases awaiting determination by the Ombudsman from escalations during 2020-21, relate to a complaint against an employer's and the administering authority's handling of data relating to the calculation of pension benefits and a complaint about an employer's decision to reject an initial application for the early release of deferred pension benefits on the grounds of ill-health.

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.

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.

Despite the impact of the Covid-19 restrictions and staff from most Fund employers working from home, the continuing payment and reporting of pension contributions remained a core priority. In 2020-21, 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	96.9%
Monthly statement of contributions paid received by 19th of the following month	91.3%

The Fund worked with employers who experienced difficulties in meeting deadlines with a view to improving return levels by the monthly due date.

No late payment charges were issued in 2020-21.

Derbyshire Pension Fund

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Fund Activity

Membership:

	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21
Contributors	40,640	41,010	41,157	40,125	38,065
Deferred Pensions	30,327	32,099	31,136	33,164	32,463
Pensioners / Dependants	27,599	27,959	30,024	31,548	32,427
Total	**98,566**	**101,068**	**102,317**	**104,837**	**102,955**

Retirements from Active Status:

	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21
Ill Health	42	39	32	55	50
Age retirement	644	593	564	676	705
Flexible	77	86	79	100	66
Redundancy	138	94	75	155	82
Efficiency	34	28	14	4	4
Employer Consent	0	0	0	0	0
Total	**935**	**840**	**764**	**990**	**907**

Retirements from Deferred Status:

	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21
Ill Health	5	12	7	8	4
Age retirement	479	552	687	730	740
Employer Consent	0	0	0	0	0
Total	**484**	**564**	**694**	**738**	**744**

Deaths in Service:

	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21
Deaths in service	28	26	29	27	37

Deaths of Deferred Beneficiaries:

	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21
Deaths of deferred beneficiaries	26	31	42	35	63

Deaths of Pensioners / Dependants:

	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21
Deaths of pensioners & dependants	639	682	693	753	920

Transfers-in:

	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21
Inter-fund Transfers (from the LGPS)	153	266	221	239	253
Club Transfer (Public Sector Transfer Club)	3	32	40	22	39
Non-Club	2	0	0	6	1
Personal Pension	0	0	0	0	0
Total	**158**	**298**	**261**	**267**	**293**

Transfers-out:

	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21
Inter-fund Transfers (from the LGPS)	42	198	171	273	173
Club Transfer (Public Sector Transfer Club)	21	42	25	50	35
Non-Club	17	57	31	9	5
Personal Pension	0	1	4	35	28
Overseas	3	1	1	1	2
Total	**83**	**299**	**232**	**368**	**243**

Trivials:

	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21
From active status	2	3	0	0	4
From deferred status	8	52	70	41	80
From pension in payment	0	2	2	46	56
Total	**10**	**57**	**72**	**87**	**140**

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

Fund Employers:

Active at 31 March 2020	Active at 31 March 2021
309	332

Note: The total of employers at 31 March 2020 has been revised from the total stated in the Annual Report 2019-20.

The total now reflects all employers who were separately reporting data and submitting payments of pension contributions to the Fund at that date. This includes organisations such as schools and academies which are included in a main Fund employer's governance and actuarial arrangements, but who for reporting and payment purposes are managed as a separate employer.

Statement of Accounts

Derbyshire Pension Fund

2020-21

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 330 participating employers and over 100,000 membership records, relating to approximately 90,000 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 cashflow positive, with combined contributions and investment income exceeding benefit payments on an annual basis.

During the year, an updated Investment Strategy Statement was approved by the Pensions and Investments Committee, together with an inaugural Responsible Investment Framework and an inaugural Climate Strategy.

At the end of March 2021, the value of the Fund's assets had risen to just over £5.7bn, with the Fund achieving positive investment returns in each quarter of 2020-21. Over the first half of the year, investment returns were helped by the unprecedented levels of monetary and fiscal stimulus announced globally in response to the coronavirus pandemic, despite significant uncertainty about the Covid-19 pandemic's public health and economic implications. In the second half of the year, markets were supported by the successful development of Covid-19 vaccines. Global equity indices achieved successive all-time highs in the third and fourth quarters of 2020-21, as investors forecast that a rapid economic recovery would take hold in 2021. The Fund delivered a positive investment return of 21% for the year ended 31 March 2021.

The Fund continued to work closely with its partners in the LGPS Central Pool, overseeing the development of LGPS Central Limited (LGPSC), the company established to manage investments on behalf of the LGPS Central Pool. LGPSC is currently managing the Fund's investment grade bonds allocation through a pooled product, and subsequent to the year-end, the Fund has begun to transition its legacy emerging market equity portfolio into an LGPSC pooled product. The Fund expects further assets to be transitioned into LGPSC pooled products in 2021-22.

The rollout of the i-Connect system, which enables employers to automate the submission of their data, continued during 2020-21, with over half of the Fund's employers live on the system by the year end. The project to implement My Pension Online, a member self-service system, commenced.

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

The Fund has over 100,000 membership records, relating to approximately 90,000 members, either active contributors, pensioners, or deferred pensioners:

	Actuals		
	31 Mar 2019	**31 Mar 2020**	**31 Mar 2021**
Contributors	41,157	40,125	38,065
Pensioners and Dependants	30,024	31,548	32,463
Deferred Pensioners	31,136	33,164	32,427

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	2020-21	2021-22
Derbyshire County Council	15.5% plus £15.536m	15.5% plus £15.536m
Derby City Council	14.5% plus £6.981m	14.5% plus £6.981m
Amber Valley Borough Council	15.0% plus £1.057m	15.0% plus £1.057m
Bolsover District Council	14.9% plus £0.962m	14.9% plus £0.962m
Chesterfield Borough Council	15.2% plus £1.991m	15.2% plus £1.991m
Derbyshire Dales District Council	14.6% plus £0.561m	14.6% plus £0.561m
Erewash Borough Council	14.1% plus £0.999m	14.1% plus £0.999m
High Peak Borough Council	13.4% plus £1.833m	13.4% plus £1.833m
North East Derbyshire District Council	14.7% plus £1.527m	14.7% plus £1.527m
South Derbyshire District Council	14.8% 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 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 2020-21 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 2021-22.

Investment Policy

During 2020-21, responsibility for policy matters rested with a Pensions and Investments Committee, which was comprised of eight County Councillors, two Derby City Councillors and one non-voting Trade Union representative. 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. The Fund's benchmark asset allocation was changed on 1 January 2021, following changes to the Fund's Investment Strategy Statement approved in November 2020, together with the development of a standalone Responsible Investment Framework and Climate Strategy. The new asset allocation benchmark included a 2% switch from Growth Assets to Income Assets, together with some of the Fund's regional equity allocations being switched into Global Sustainable Equities. Given the size of the changes between the former and new asset allocation benchmark, the transition is split into two phases, through an intermediate asset allocation benchmark, which came into effect on 1 January 2021, and a final asset allocation benchmark, which will come into effect on 1 January 2022, at the latest. 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 2021, compared to those of its strategic benchmark, as well as the impact of inflation on Fund returns.

Periods to 31 Mar 2021	Return		Inflation		Fund Real Return	
	Derbyshire Fund	Benchmark	CPI	RPI	Versus CPI Inflation	Versus RPI Inflation
	% pa	% pa	%	%	%	%
1 Year	21.0	20.6	0.7	1.5	20.3	19.5
3 Years	6.8	6.4	1.4	2.2	5.4	4.6
5 Years	9.0	8.4	1.8	2.6	7.2	6.4
10 Years	8.0	7.6	1.9	2.5	6.1	5.5

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 all time periods, with returns ahead of inflation in each time period.

Markets recovered strongly in 2020-21, following the sharp market sell-off in February and March 2020 in response to the Covid-19 pandemic. Whilst the unprecedented economic impact of the containment measures imposed across the globe had a significant impact on global gross domestic product (GDP), the resultant fiscal and monetary response, from national governments and central banks, supported markets. Markets were further boosted in November 2020, when the first announcements regarding the development of effective Covid-19 vaccines were released, together with the outcome of the US Presidential election. The development of effective vaccines offered hope that a return to normality would be achievable.

The Fund's 2020-21 return of 21.0% compares to a return of -4.7% in 2019-20, reflecting a sharp recovery and a reversal of the Q1 2020 sell-off, when global equities fell by around 16%. In the year to March 2021, equity returns to Sterling investors ranged from 26.3% in Japan, to 44.8% in the Asia Pacific Ex-Japan region. UK equities returned 26.7%. Overseas returns were adversely impacted, on foreign currency translation, by a stronger pound relative to major overseas currencies.

Government bond returns were mixed in 2020-21, as risk appetite increased. Expectations of higher inflation pushed up yields, with UK Gilts returning -5.5% and UK Index-Linked returning 2.3%. The increase in risk appetite led investors to switch from less risky assets (for example, cash and sovereign bonds) into risker assets (for example, investment grade corporate bonds and high-yield bonds). UK investment grade bonds returned 8.9% in 2020-21, whereas Sterling-hedged global high-yield bonds returned 23.3%.

Property (60% direct/30% indirect) returned 2.7% in 2020-21, up from 0.5% in 2019-20. Whilst returns improved in 2020-21, relative to 2019-20, rent collection remained challenging, with many tenants requiring rental assistance, particularly in the retail and leisure sectors.

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:

https://www.derbyshirepensionfund.org.uk/about-the-fund/policies-strategies-and-statements/investment-strategy.aspx

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.

Derbyshire Pension Fund

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FUND ACCOUNT

2019-20 £m		Note	2020-21 £m
	Dealings with Members, Employers and Others Directly Involved in the Fund		
160.457	Contributions	6,23	190.806
11.195	Transfers in from Other Pension Funds	7	14.461
171.652			**205.267**
(172.634)	Benefits	8,23	(173.458)
(17.676)	Payments to and on Account of Leavers	9	(10.858)
(190.310)			**(184.316)**
(18.658)	**Net (Withdrawals)/Additions from Dealings with Members, Employers and Others Directly Involved in the Fund**		**20.951**
(30.104)	Management Expenses	10	(30.360)
(48.762)	**Net (Withdrawals) Including Fund Management Expenses**		**(9.409)**
	Return on Investments		
93.983	Investment Income	11	57.404
(0.037)	Taxes on Income	12	(0.236)
(316.288)	Profits and Losses on Disposal of Investments and Changes in Value of Investments	13	1,001.675
(222.342)	**Return on Investments**		**1,058.843**
(271.104)	**Net (Decrease)/Increase in the Net Assets Available for Benefits During the Year**		**1,049.434**
4,928.587	Opening Net Assets of the Fund		4,657.483
4,657.483	**Closing Net Assets of the Fund**		**5,706.917**

NET ASSETS STATEMENT

31 Mar 2020 £m		Note	31 Mar 2021 £m
4,640.864	Investment Assets	13-15	5,670.948
(8.768)	Investment Liabilities	13-15	(4.148)
31.420	Current Assets	17	49.185
(6.033)	Current Liabilities	18	(9.068)
4,657.483	**Net Assets of the Scheme Available to Fund Benefits at the Period End**		**5,706.917**

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 2020-21 ("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. Members' AVCs are disclosed in Note 16 of these accounts.

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. Distributions from pooled investment vehicles are recognised at the date of issue. Distribution income is accounted for on an accruals basis and any outstanding amount is included in the Net Asset Statement as an investment asset.

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 IFRS 3 Business Combinations: Definition of a Business. The Fund has not participated in any business combinations and these amendments would not have impacted on the Fund’s 2020-21 accounts.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (including Phase 2). The Fund does not practice hedge accounting and these amendments would not have impacted on the Fund’s 2020-21 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, is continuing to have an impact on global financial markets. The majority of the countries in which the Fund invests suffered several 'waves' of Covid-19 in 2020-21 and responded by imposing 'lockdowns' on the movement of populations, with a resultant significant impact on economic activity. These restrictions have led to weaker Gross Domestic Product (GDP) in many of the countries in which the Fund invests. The frequency, timing and duration of these restrictions, varied by country, industry and sector, and continues to do so.

The unprecedented level of fiscal and monetary support provided by national governments and central banks around the world, including those of the United Kingdom, demonstrated the severity of the pandemic and economic downturn. It is not possible to predict the future trajectory of the Covid-19 pandemic, or the post-recovery environment, including the future impact on global financial markets, asset prices and bond yields. Whilst the development of efficient vaccines has been a significant positive step in the right direction, the vaccine roll-out programme is likely to differ significantly from country to country, and the efficiency of the current vaccines against all Covid-19 variants is unknown at this stage.

Whilst global financial markets were initially extremely volatile at the outbreak of the Covid-19 pandemic, the level of fiscal and monetary stimulus by national governments and central banks, together with the development of efficient vaccines, has supported global financial markets, and markets quickly started normalise. 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 and 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 equity index tracking funds, 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 the Fund's external property valuer, 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 2021 Valuation Report, Savills noted that ''the pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, some property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation will not be reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards''.

The value of the Fund's Level 3 assets at 31 March 2021 was £3,036.440m, accounting for 53.5% of total investment assets. The estimated impact of price risk in respect of Level 3 assets is ±5.8%, equating to £176.738m at 31 March 2021. 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.

The Government has consulted on its proposed remedy for the LGPS which involves the extension of the current underpin protection to all members who meet the criteria for protection, regardless of their age in 2012. It is proposed that underpin protection will apply where a member leaves with either a deferred or an immediate entitlement to a pension. The underpin would give the member the better of the 2014 Scheme CARE or 2008 final salary benefits for the eligible period of service. 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. The Government's response to the consultation and confirmation of the remedy is still awaited.

In addition, HM Treasury confirmed in February 2021 that it was 'un-pausing' the cost cap valuations which will take into account the cost of implementing the McCloud remedy.

Quantifying the impact of the McCloud 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, but made an adjustment to its 2019-20 accounting roll-forward calculation. This adjustment estimated the liabilities for McCloud at 31 March 2020 from the 2019 valuation data, to ensure that the impact continued to be included within the Fund's liabilities within its actuarial present value of promised retirement benefits at 31 March 2020 (in line with the 2019 accounting approach). The impact of this adjustment was included in the Fund's Report of the Actuary at 31 March 2020.

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. At 31 March 2020, the Fund's Actuary adjusted GAD's estimate to better reflect the Fund's local assumptions, particularly salary increases and withdrawal rates. The revised estimate, as it applied to the Fund, was 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.

At 31 March 2021, the Fund's Actuary has made no explicit additional adjustment for McCloud and has not added to the current service cost for 2020-21, or the projected service cost for 2021-22. However, the previous allowance, within the Fund's actuarial present value of promised retirement benefits at 31 March 2020, has been rolled forward to 31 March 2021. Therefore, the Actuary has made an allowance for this potential increase in liabilities, impacting on the Fund's actuarial present value of promised retirement benefits, in the Fund's Report of the Actuary at 31 March 2021, at Note 22.

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.

The impact on Fund and employer liability values will depend on how many members reaching State Pension Age after 2016 have GMP benefits. 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.

In 2020-21 the High Court ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990, to check if any additional value is due as a result of GMP equalisation. The judgment helps to clarify the position for members who transferred in GMPs from other schemes. It adds a further category of members whose position must be resolved. The Fund's Actuary is of the view that, in general, the historic individual member data required to assess such an impact, at employer level, is not readily available, although it understands that this further ruling is unlikely to be significant in terms of its impact on the pension obligations of a typical employer. As a result, the Fund Actuary has not made any allowance for the ruling on individual transfers in respect of GMP equalisation within its rolled forward position to 31 March 2021.

Britain leaving the European Union

Uncertainty around the implementation of the 2016 Brexit referendum result has caused volatility in asset prices and hence also bond yields over the last few years. The United Kingdom left the European Union on 31 January 2020, and the transition period ended on 31 December 2020. Whilst the Trade and Co-Operation Agreement (TCA) between the United Kingdom and European Union allows tariff and quota-free trade between countries, it does not cover services, which are a significant component of the United Kingdom's economy.

It is not possible to predict the impact of future Brexit developments with any degree of certainty, particularly against the backdrop of the Covid-19 pandemic, which is continuing to have a significant impact of global economic activity. There is a risk that future Brexit developments will cause further volatility in asset prices and bond yields. However, pronouncements from the US Federal Reserve on the future direction of US interest rates and global developments with respect to the Covid-19 pandemic, together with global politics in general, have the potential to cause similar levels of volatility in asset prices and bond yields and to materially impact future actuarial assumptions.

6. Contributions

	2019-20	2020-21
	£m	£m
Employers		
Normal	89.191	110.139
Deficit Funding	29.346	37.637
Members		
Normal	41.920	43.030
	160.457	**190.806**

Employers' contributions rates payable in 2019-20 were set as part of the 2016 valuation which revealed an overall funding level of 87%. Employers' contributions rates payable in 2020-21 were set as part of the 2019 valuation which revealed an overall funding level of 97%.

On 12 June 2018, Derby City Council paid employer contributions of £39.716m to the Fund, for the two-year period, May 2018 to March 2020. Derby City Council's employer contributions relating to 2019-20, received during 2018-19, were accounted for as employer deficit funding contributions in 2018-19. Following this prepayment, no employer normal or deficit contributions were due, or paid, to the Fund from Derby City Council in 2019-20. During 2020-21, employer normal contributions from Derby City Council amounted to £14.754m and employer deficit contributions from Derby City Council amounted to £7.192m. This is the main reason why employers' normal and deficit contributions are lower in 2019-20 than in 2020-21.

On 30 April 2020, Derbyshire County Council paid employer contributions of £56.379m to the Fund, for 2020-21. This advance payment was based on an estimate of pensionable pay. Derbyshire County Council's employer contributions payable for 2020-21, based on actual pensionable pay, are £54.447m, which is £1.932m less than the advance payment. The excess cash payment of £1.932m is included in the Fund's current liabilities at
31 March 2021, within the balance of £4.169m which the Fund owed to Derbyshire County Council. In 2021-22, it was agreed that this excess amount would be retained by the Fund, to be accounted for as employer deficit funding contributions in 2021-22. This agreement has been formalised in the Derbyshire County Council 2021-22 Rates and Adjustments Certificate agreed with the Actuary.

On 15 October 2020, Derby Homes Limited paid employer contributions of £3.535m to the Fund, for an eighteen-month period, October 2020 to March 2022. Of this payment, £2.184m relates to 2021-22, and these contributions are accounted for as employer deficit funding contributions in 2020-21.

An analysis of contributions by participating employer type is disclosed in Note 23 of these accounts.

7. Transfers in from other pension funds

	2019-20	2020-21
	£m	£m
Individual transfers in from other pension funds	**11.195**	**14.461**

8. Benefits

	2019-20	2020-21
	£m	£m
Pensions	134.375	141.410
Commutation of pensions and lump sum retirement benefits	33.597	28.258
Lump sum death benefits	4.662	3.790
	172.634	**173.458**

An analysis of benefits by participating employer type is disclosed in Note 23 of these accounts

9. Payments to and on account of leavers

	2019-20	2020-21
	£m	**£m**
Refund of contributions to members leaving the Fund	0.383	0.588
Individual transfers out to other pension funds	17.293	10.270
	17.676	**10.858**

Individual transfers out to other pension funds have decreased in 2020-21, from £17.293m to £10.270m. Fewer transfer requests were received in 2020-21 than in 2019-20.

10. Management expenses

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

	2019-20	2020-21
	£m	**£m**
Investment management expenses	26.054	25.911
Administrative costs	2.599	2.982
Oversight and governance costs	1.451	1.467
	30.104	**30.360**

Oversight and governance costs remained flat in 2020-21 at £1.467m (2019-20, £1.451m). Oversight and governance costs includes audit fees of £0.028m (2019-20: £0.019m). The statutory audit fee does not include fees chargeable to the Fund for pension assurance work, undertaken at the request of employer auditors, which the Fund recharges to the respective employers. Fees payable for this work in 2020-21 are £0.017m (2019-20: £0.017m).

Administration costs increased by £0.383m in 2020-21, reflecting continuing investment into headcount and systems to support improvements in service delivery to scheme members and employers. Pension administration costs per member were £28.96 in 2020-21 (2019-20: £24.79).

Investment management expenses are analysed below:

	2019-20	2020-21
	£m	**£m**
Fund value based management fees	25.129	25.040
In house management fees	0.365	0.450
Transaction costs	0.527	0.394
Custody fees	0.033	0.027
	26.054	**25.911**

Fund value-based management fees reduced by £0.089m, to £25.040m in 2020-21. An increase in the average value of underlying investments during the year was more than offset by switches into lower cost products, driven by an increase in the proportion of investments managed on a passive basis and collaborative fee savings with other local government pension funds. Based on average investment assets across the year, management fees as a proportion of average investment assets were 0.48% (2019-20, 0.50%).

Transaction costs relate to the following asset classes:

	2019-20	2020-21
	£m	**£m**
Equities	**0.527**	**0.394**

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 increased by £0.077m in 2020-21, to £0.378m. Stamp duty decreased by £0.210m in 2020-21, to £0.016m, reflecting the termination of the Fund’s discretionary mandate in respect of UK equities in 2019-20 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

	2019-20	2020-21
	£m	£m
Income from equities	46.751	15.332
Income from bonds	10.130	9.270
Net rents from properties	10.230	10.315
Income from pooled investment vehicles	24.236	21.274
Interest on cash deposits	2.636	1.213
	93.983	**57.404**

Income from equities decreased by £31.419m in 2020-21, to £15.332m, principally reflecting a reduction in UK dividend income following the transition, part-way through 2019-20, of the Fund's direct UK equity portfolio into an accumulation unit pooled product, where dividend income is automatically reinvested and not distributed. Furthermore, equity dividend yields were lower in 2020-21, as companies retained cash in response to the Covid-19 pandemic. This also applied to income from pooled investment vehicles, which reduced by £2.962m in 2020-21, to £21.274m. Investment managers generally held back distributions, in order to increase their ability to provide increased liquidity to support underlying portfolio investments, if required, during the Covid-19 pandemic.

Rents from properties are net of £0.720m of property expense (2019-20, net of £1.198m of property expense), which includes a £0.227m credit loss allowance adjustment for property rent debtors at the year-end (2019-20, £0.191m). 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

	2019-20	2020-21
	£m	£m
Taxation payable	**0.037**	**0.236**

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. 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 2020	Purchases & hedging payments	Sales & hedging receipts	Profits & losses on disposal of investments & changes in value of investments	Value at 31 Mar 2021
	£m	£m	£m	£m	£m
Investment assets					
Equities	812.666	388.793	(930.339)	306.205	577.325
Bonds	576.183	42.271	(10.322)	(27.621)	580.511
Pooled investment vehicles	2,720.054	1,136.492	(639.661)	713.264	3,930.149
Properties	239.650	14.041	0.000	(1.491)	252.200
Currency hedging contracts	3.032	433.389	(449.211)	12.790	0.000
	4,351.585	*2,014.986*	*(2,029.533)*	*1,003.147*	*5,340.185*
Cash deposits & short term loans	275.110			0.000	325.128
Other investment balances	14.169			0.000	5.635
	4,640.864			**1,003.147**	**5,670.948**
Investment liabilities					
Currency hedging contracts	0.000	0.000	0.000	(1.472)	(1.472)
Other investment balances	(8.768)			0.000	(2.676)
	(8.768)			**(1.472)**	**(4.148)**
	4,632.096			**1,001.675**	**5,666.800**

The total of profits and losses on disposal of investments and changes in value of investment assets and investment liabilities has increased the Fund's value by £1,001.675m during 2020-21 (2019-20, £316.288m decrease). 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 2021 the Fund's investments accounting for more than 5% of the total value of the Fund's net assets available for benefits were:

- LGIM MSCI World Low Carbon Target Index Fund £406.587m, representing 7.1% (2020, nil).
- LGIM UK Equity Index Fund £789.198m, representing 13.8% (2020, £692.277m, 14.9%).
- LGPS Central Global Active Corporate Bond Fund A (Acc) £348.746m, representing 6.1% (2020, £291.883m, 6.3%).

- RBC Global Equity Focus Fund £377.662m, representing 6.6% (2020, nil).
- UBS Life Europe Ex-UK Equity Tracker Fund £233.980m, representing 4.1% (2020, £368.025m, 7.9%).

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 £105.732m (2020, one contract, with less than six months to expiry, with a gross contract value of £112.323m).

Pooled investment vehicles are further analysed below:

	31 Mar 2020	31 Mar 2021
	£m	£m
Pooled Investment Vehicles		
Equities	1,606.498	2,595.929
Bonds	585.172	739.785
Property	170.432	181.747
Private Equity	96.047	144.087
Infrastructure	261.905	268.601
	2,720.054	**3,930.149**

The proportion of the market value of net investment assets managed in-house (including the selection of pooled products) and by each external manager at the year-end is set out below.

	31 Mar 2020		31 Mar 2021	
	£m	%	£m	%
In-house	2,398.881	51.8	3,000.287	52.9
Colliers Capital Holdings Ltd	241.845	5.2	254.191	4.5
Legal and General Investment Management	842.719	18.2	1,476.772	26.1
LGPS Central Ltd	291.642	6.3	348.528	6.2
UBS Global Asset Management Life Ltd	367.990	7.9	233.943	4.1
Wellington Management International Ltd	489.019	10.6	353.079	6.2
	4,632.096	**100.0**	**5,666.800**	**100.0**

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

	Restated 31 Mar 2020		31 Mar 2021	
	£m	%	£m	%
UK	2,228.251	48.1	2,542.692	44.9
N America	897.442	19.4	1,397.198	24.6
Europe	773.834	16.7	872.211	15.4
Asia and other	732.569	15.8	854.699	15.1
	4,632.096	**100.0**	**5,666.800**	**100.0**

The geographical analysis for 2019-20 has been restated to reflect the actual geographical mix of the Fund's investment in the LGPSC Global Investment Grade Sub-Fund at 31 March 2020. The sub-fund was launched in February 2020, and at the time of the preparation of the 2019-20 accounts, a geographical analysis at 31 March 2020 was not available, and it was assumed that the Fund was 50% UK and 50% Asia and other.

Whilst UK investments increased in absolute terms between 31 March 2020 and 31 March 2021, they reduced as a percentage of total investment assets, as on-going changes to the asset allocation, together with weaker relative returns from UK assets, reduced the Fund's relative exposure to UK investment assets. As the proportion of UK investment assets fell, allocations to North American and European increased, driven by higher levels of Private Equity, Infrastructure, Multi-Asset Credit and Indirect Property fund drawdowns. Whilst the absolute allocation to Asia and other increased, they fell slightly as a percentage of total investments.

15. 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 held at fair value through profit or loss 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 and financial liabilities held at fair value through profit or loss, additionally including investment financial assets held at amortised cost, to reconcile to total financial assets and financial liabilities, is as follows:

	31 Mar 2020 £m	31 Mar 2021 £m
Financial Assets at Fair Value through Profit or Loss		
Level 1		
UK quoted equities	165.255	207.232
Overseas quoted equities	646.096	368.778
UK quoted bonds	462.177	477.130
Overseas quoted bonds	113.321	102.696
	1,386.849	**1,155.836**
Level 2		
Property - quoted pooled investment vehicles	20.575	26.892
Other quoted pooled investment vehicles	763.727	1,119.017
UK unquoted equities	1.315	1.315
UK unquoted bonds	0.685	0.685
Currency hedging contracts	3.032	0.000
	789.334	**1,147.909**
Level 3		
Property – unquoted pooled investment vehicles	149.857	154.854
Other unquoted pooled investment vehicles	1,785.895	2,629.386
UK freehold properties	191.550	208.500
UK leasehold properties	48.100	43.700
	2,175.402	**3,036.440**
Financial Assets at Amortised Cost		
Sterling cash deposits	22.525	20.139
Money market funds	5.000	60.000
Other Sterling short term loans	244.500	242.500
Foreign currency	3.085	2.489
Other investment balances	14.169	5.635
	289.279	**330.763**
Financial Assets	**4,640.864**	**5,670.948**

	31 Mar 2020	31 Mar 2021
	£m	£m
Financial Liabilities at Fair Value through Profit or Loss		
Level 2		
Currency hedging contracts	-	(1.472)
	-	**(1.472)**
Financial Liabilities at Amortised Cost		
Other investment balances	(8.768)	(2.676)
	(8.768)	(2.676)
Financial Liabilities	**(8.768)**	**(4.148)**
	4,632.096	**5,666.800**

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 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 2020-21:

	Value at 31 Mar 2020	Purchases	Sales	Unrealised gains/ (losses)	Realised gains/ (losses)	Value at 31 Mar 2021
	£m	£m	£m	£m	£m	£m
Financial Assets						
Level 3						
Pooled investment vehicles						
Property – unquoted	149.857	7.812	(4.932)	1.862	0.255	154.854
Other unquoted	1,785.895	664.454	(197.773)	372.058	4.752	2,629.386
Properties						
UK freehold	191.550	13.760	0.000	3.190	0.000	208.500
UK leasehold	48.100	0.281	0.000	(4.681)	0.000	43.700
	2,175.402	**686.307**	**(202.705)**	**372.429**	**5.007**	**3,036.440**

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 2019-20 position was:

	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**

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 2021 above are likely to be accurate to within the ranges set out in the sensitivity analysis below:

	Value at 31 Mar 2021 £m	Assessed valuation range %	Value on increase £m	Value on decrease £m
Level 3 sensitivity				
Direct property	252.200	10.0	277.420	226.980
Diversified multi-asset credit funds	259.562	5.0	272.540	246.584
Equity index tracking funds	1,476.912	2.0	1,506.450	1,447.374
Global investment grade credit fund	348.746	5.0	366.183	331.309
Indirect property	154.854	15.0	178.082	131.626
Infrastructure	268.601	12.5	302.176	235.026
Private debt	131.478	10.0	144.626	118.330
Private equity	144.087	15.0	165.700	122.474
	3,036.440	**5.8**	**3,213.178**	**2,859.702**

The 2019-20 position was:

	Value at 31 Mar 2020 £m	Assessed valuation range %	Value on increase £m	Value on decrease £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**

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.

Prudential Assurance Company Ltd (Prudential) has been unable to provide AVC information to align with the production of the Fund's accounts for the year ended 31 March 2021. Following the implementation of a new IT system in 2020, the company has experienced delays in administering AVCs, including delays in processing and investing contributions and paying out claims. Prudential has provided assurance that members will not suffer any financial detriment due to the delayed processing and investing of their contributions.

On 1 January 2020, all members' AVCs with Equitable Life Assurance Society were transferred to Utmost Life and Pensions (Utmost). As a result of operational constraints, caused by the Covid-19 pandemic, Utmost postponed production of financial information and was unable to provide AVC information to align with the production of the Fund's accounts for the year ended 31 March 2020, when Utmost funds were included at 31 March 2019 values. Utmost has now resumed production of financial information.

Including Prudential funds at 31 March 2020 values, the total value of funds provided by AVC contributions at 31 March 2021 was:

	31 Mar 2020	31 Mar 2021
	£m	£m
Utmost Life and Pensions		
With profits fund		0.064
Unit-linked funds		0.428
Total Utmost Life and Pensions	*0.595*	0.492

	31 Mar 2020	31 Mar 2021
	£m	£m
Standard Life		
Managed fund	0.657	0.740
Multi asset managed fund	0.106	0.130
Protection fund	0.088	0.057
Ethical fund	0.088	0.110
With profits fund	0.334	0.308
Total Standard Life	1.273	1.345
Prudential Assurance Company Ltd		
Deposit fund	2.290	
With profits cash accumulation fund	4.874	
Blackrock Aquila	0.000	
Cash fund	0.236	
Discretionary fund	0.656	
Dynamic global equity passive fund	0.109	
Dynamic growth funds	0.409	
Fixed interest fund	0.127	
Global equity fund	0.329	
Index-linked fund	0.325	
International equity fund	0.367	
Long-term bond fund	0.006	
Long-term gilt passive fund	0.229	
Positive impact fund	0.131	
Property fund	0.193	
Socially responsible fund	0.000	
UK equity fund	0.166	
UK equity passive fund	0.120	
Total Prudential Assurance	10.567	*10.567*

	31 Mar 2020	31 Mar 2021
	£m	£m
Clerical Medical		
With profits fund	0.156	0.123
Unit linked fund	0.073	0.040
Total Clerical Medical	0.229	0.163
Total AVC Investments	***12.664***	***12.567***
Death in Service Cover		
Utmost Life and Pensions	***0.117***	**0.093**

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	Prudential	Standard Life	Clerical Medical	Total
	£m	£m	£m	£m	£m
Value at 31 Mar 2020	***0.595***	**10.567**	**1.273**	**0.229**	***12.664***
Income					
Contributions received	0.000		0.021	0.002	*0.023*
Interest and bonuses and change in market value	(0.043)		0.207	0.011	*0.175*
Expenditure					
Retirement benefits	(0.050)		(0.092)	(0.067)	*(0.209)*
Deaths	0.000		0.000	(0.012)	*(0.012)*
Transfers out and withdrawals	(0.010)		(0.064)	0.000	*(0.074)*
Value at 31 Mar 2021	**0.492**	***10.567***	**1.345**	**0.163**	***12.567***

17. Current assets

	31 Mar 2020	31 Mar 2021
	£m	**£m**
Employers' contributions due	5.275	8.289
Employees' contributions due	2.000	2.218
Sundry debtors	1.164	1.429
Cash balance	22.981	37.249
	31.420	**49.185**

Employers' and employees' contributions due at 31 March 2021 have been received since the year-end. On 12 June 2018, Derby City Council paid employer contributions of £39.716m to the Fund, covering a two-year period, May 2018 to March 2020. Derby City Council's employer contributions relating to 2019-20, received during 2018-19, were accounted for as employer deficit funding contributions in 2018-19. Following this prepayment, no employer normal contributions were due to the Fund from Derby City Council in 2019-20. At 31 March 2021, Derby City owed the Council one month's employer contributions, amounting to £1.792m (31 March 2020, nil) and this is the main reason why employers' contributions due are higher at 31 March 2021.

As at 31 March 2021, the Fund was owed rent totalling £0.735m in respect of 2020-21 (31 March 2020, the Fund was owed rent totalling £0.763m in respect of 2019-20). Whilst the Fund's discretionary direct property manager is actively managing the collection of this rent, the Covid-19 outbreak in Q4 2019-20 continues to have 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 £0.227m against these rents (2019-20, £0.191m).

18. Current liabilities

	31 Mar 2020	31 Mar 2021
	£m	**£m**
Unpaid benefits	2.206	1.556
Sundry creditors	2.771	3.343
Amounts owed to Derbyshire County Council	1.056	4.169
	6.033	**9.068**

There has been an increase in amounts owed to Derbyshire County Council because of the advance payment of 2020-21 employer contributions referred to in Note 6, which has altered the profile of current assets and liabilities relating to Derbyshire County Council's contributions at 31 March 2021.

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 2020-21 are charges from the Council of £2.888m (2019-20, £2.510m) 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 2021 the Fund owed the Council £4.169m (31 March 2020, the Fund owed the Council £1.056m).

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 2021 (31 March 2020, £1.315m and £0.685m, respectively) and was owed interest of £0.031m on the loan to LGPSC on the same date (2020-21, £0.036m).

The Fund incurred costs of £0.013m associated with LGPSC's Investment Grade Credit sub-fund in 2020-21 (2019-20, £0.004m), of which £0.005m was payable to LGPSC at 31 March 2021 (31 March 2020, £0.004m). The charge excludes fees paid to the underlying investment managers of £0.338m in 2020-21 (2019-20, £0.040m).

LGPSC also provided advisory management services in respect of the Fund's Japanese Equities and Asia Pacific Ex-Japanese Equities in the year. The advisory management services mandate was terminated on 17 January 2021, resulting from changes to the Fund's strategic asset allocation benchmark. The charge in respect of these services was £0.073m in 2020-21 (2019-20, £0.551m, which included the part year charges for mandates to manage the Fund's UK Equity portfolio, terminated on 14 November 2019, and Emerging Market Equities portfolio, terminated on 15 June 2019), of which £nil was payable to LGPSC at 31 March 2021 (31 March 2020, £0.065m).

The Fund incurred £0.988m in respect of Governance, Operator Running and Product Development costs in connection with LGPSC in 2020-21 (2019-20, £0.813m), of which £0.226m was payable to LGPSC at 31 March 2021 (31 March 2020, £0.213m).

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 2020-21 amounted to £0.015m (2019-20, £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 2020	31 Mar 2021
	£m	£m
Unquoted investments	292.133	395.556
Other Sterling short-term loans	30.000	70.000
	322.133	**465.556**

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 November 2020 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 2020-21. This has driven a £103.423m increase in the level of unquoted investment commitments between 31 March 2020 and 31 March 2021.

Since the year-end, the Fund has signed-up to an additional €30m commitment in respect of Multi-Asset Credit.

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 2021. 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 eleven such commitments at 31 March 2021 (2020, two), which were secured to take advantage of higher rates available at that time.

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 cashflows.

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 2021, the Fund was owed rent totalling £0.735m (31 March 2020, the Fund was owed rent totalling £0.763m). Whilst the Fund's discretionary direct property manager is actively managing the collection of this rent, the Covid-19 outbreak in Q4 2019-20 is having 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 £0.227m against these rents in Note 17, Current Assets, calculated based on a tier risk rating system, using information provided by both the in-house investment management team and the discretionary direct property manager.

	Rental Income Debt 31 Mar 2021 £m	General Loss Allowance £m	Total Loss Allowance 31 Mar 2021 £m
Property Rental Income	**0.735**	**0.227**	**0.227**

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 2021 is provided as follows:

	Value at 31 Mar 2020 £m	Change in average default risk rate £m	Value at 31 Mar 2021 £m
Credit Loss Allowance	**0.191**	**0.036**	**0.227**

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 2020-21 was approved by Full Council on 5 February 2020 and by the Pensions and Investments Committee on 4 March 2020.

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 £362.377m (2020, £298.091m) 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 2021 that this was likely to occur. No breaches of the Fund's counterparty criteria occurred during the reporting period. At 31 March 2021, the Fund had £37.249m 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 1.9% (2020, 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 £105.732m (2020, one contract, with less than six months to expiry, with a gross contract value of £112.323m). The Fund does not expect any losses from non-performance by any of its counterparties in relation to this contract. The investment liability in Note 13 associated with this forward currency contract, which is the difference between the Sterling value the Fund has contracted to receive on expiry of the contract and what would theoretically have been receivable based on the exchange rate at the year end, is £1.472m.

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 12% 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 was one derivative financial liability held at the year-end in respect of the currency hedging contract referred to above (2020, none).

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, in particular the Fund's sovereign bond, non-Government investment grade bonds and diversified multi-asset credit portfolios. Interest rate sensitivity can be estimated by multiplying an assumed change in the prevailing market interest rate by the portfolio benchmark duration. The table below shows the estimated impact of a ±100 basis points (±100 bps) in the prevailing market interest rate for these assets.

	Value at 31 Mar 2021 £m	Benchmark duration Years	Change in prevailing market interest rate	Effect -100bps £m	Effect +100bps £m
Asset type					
Conventional gilts	270.223	12.2	±100bps	32.967	(32.967)
Index-linked bonds	309.603	21.9	±100bps	67.803	(67.803)
Non-Government investment grade bonds	348.746	7.9	±100bps	27.551	(27.551)
Diversified multi-asset credit funds	259.561	1.0	±100bps	2.596	(2.596)
Total change in asset values	**1,188.133**			**130.917**	**(130.917)**

A 100 basis points increase in the prevailing market interest rate would reduce the aggregate value of the identified assets by an estimated £130.917m, whereas a 100 basis points reduction in the prevailing market interest rate would increase the aggregate value of the identified assets by a comparable amount. It should also be noted that both non-Government investment grade bonds and diversified multi-asset credit funds are also sensitive to changes in the interest rate spread, which is the interest rate received relative to sovereign bonds, which can either increase (reducing asset values) or reduce (increasing asset values).

The duration in respect of the Fund's private debt assets, together with cash, is not significant.

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 2021 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 2021 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
UK Government bonds	228.085	5.01	239.512	216.658
UK index-linked bonds	249.045	8.37	269.890	228.200
Corporate bonds	349.431	7.57	375.883	322.979
Overseas index-linked bonds	60.558	7.23	64.936	56.180
Overseas bonds	40.666	4.62	42.545	38.787
UK equities	903.509	16.83	1,055.570	751.448
Overseas equities	2,101.338	13.86	2,392.583	1,810.093
Private equity	229.820	8.46	249.263	210.377
Infrastructure	351.277	4.35	366.558	335.996
Multi asset credit	391.038	6.04	414.657	367.419
Cash	325.128	0.13	325.551	324.705
Other investment balances	2.959	0.00	2.959	2.959
Properties (non-financial instruments)	433.946	2.26	443.753	424.139
Total investment assets and liabilities	**5,666.800**	**8.40**	**6,142.811**	**5,190.789**

The 2019-20 position was:

	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 unhedged overseas currency denominated investment assets. Except for overseas sovereign bonds, the Fund's exposure to overseas currency risk is not hedged. If Sterling weakens, this currency exposure will make a positive contribution to the Fund's performance in Sterling terms.

The table below quantifies the level of currency risk that the Fund's overseas currency denominated investment assets at 31 March 2021 are potentially exposed to. For the categories of assets where there are investments denominated in overseas currencies, the potential aggregate currency exposure within the Fund at 31 March 2021 is determined using a currency "basket" based on that asset category'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. As currency risk on overseas sovereign bonds is managed using forward currency contracts, the currency risk is nil, and this is shown as 0.0% below. The outcomes are then applied to all overseas currency denominated assets.

	Value at 31 Mar 2021 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
Overseas index-linked bonds	60.558	0.00	60.558	60.558
Overseas bonds	40.666	0.00	40.666	40.666
Overseas equities	2,101.338	7.26	2,253.895	1,948.781
Overseas private equities	93.520	6.83	99.903	87.137
Overseas infrastructure	163.850	6.77	174.949	152.751
Overseas multi asset credit	46.086	5.30	48.529	43.643
Overseas cash	2.489	8.60	2.703	2.275
Overseas properties (funds) (non-financial instruments)	49.260	5.30	51.871	46.649
Overseas investment assets	**2,557.767**	**6.97**	**2,736.043**	**2,379.491**

The 2019-20 position was:

	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, IAS 26 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 IAS 19 and not the Pension Fund's funding assumptions.

"The promised retirement benefits at 31 March 2021 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. This estimate was allowed for in 31 March 2020 IAS 26 reporting and continues to be allowed for within the liabilities this year.

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 2020	**31 Mar 2021**
	£m	**£m**
Active members	*2,829.000*	*4,284.000*
Deferred members	*1,164.000*	*1,625.000*
Pensioners	*2,240.000*	*2,436.000*
Present Value of Promised Retirement Benefits	***6,233.000***	***8,345.000***

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 IAS 19 report and are different as at 31 March 2021 and 31 March 2020. I estimate that the impact of the change in financial assumptions to 31 March 2021 is to increase the actuarial present value by £1,718m. I estimate that the impact of the change in demographic and longevity assumptions is to increase the actuarial present value by £110m.

Financial assumptions

Year ended (% p.a.)	***31 Mar 2020 %***	***31 Mar 2021 %***
Pension Increase Rate	*1.90*	*2.85*
Salary Increase Rate	*2.60*	*3.55*
Discount Rate	*2.30*	*2.00*

Longevity assumptions

Life expectancy is based on the Fund's VitaCurves alongside future improvements based on the CMI 2020 model, with an allowance for smoothing of recent mortality *experience and a long-term rate of improvement of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:*

	Males	**Females**
Current Pensioners	*21.3 years*	*23.9 years*
*Future Pensioners**	*22.5 years*	*25.8 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 IAS 26 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 2021	***Approximate increase to liabilities %***	***Approximate monetary amount £m***
0.5% p.a. increase in the Pension Increase Rate	*9*	*772*
0.5% p.a. increase in the Salary Increase Rate	*1*	*87*
0.5% p.a. decrease in the Real Discount Rate	*11*	*879*

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

17 May 2021

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) and further Scheduled Bodies and Admission Bodies.

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

	2019-20		2020-21	
	Benefits	**Contributions**	**Benefits**	**Contributions**
	£m	**£m**	**£m**	**£m**
Derbyshire County Council	82.316	71.426	80.384	71.166
Scheduled Bodies	84.389	84.347	86.765	113.813
Admission Bodies	5.929	4.684	6.309	5.827
	172.634	**160.457**	**173.458**	**190.806**

Derbyshire Pension Fund

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 2021 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 2021 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

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.

Cameron Waddell (Key Audit Partner)

For and on behalf of Mazars LLP

The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1 DF

22 December 2021

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.

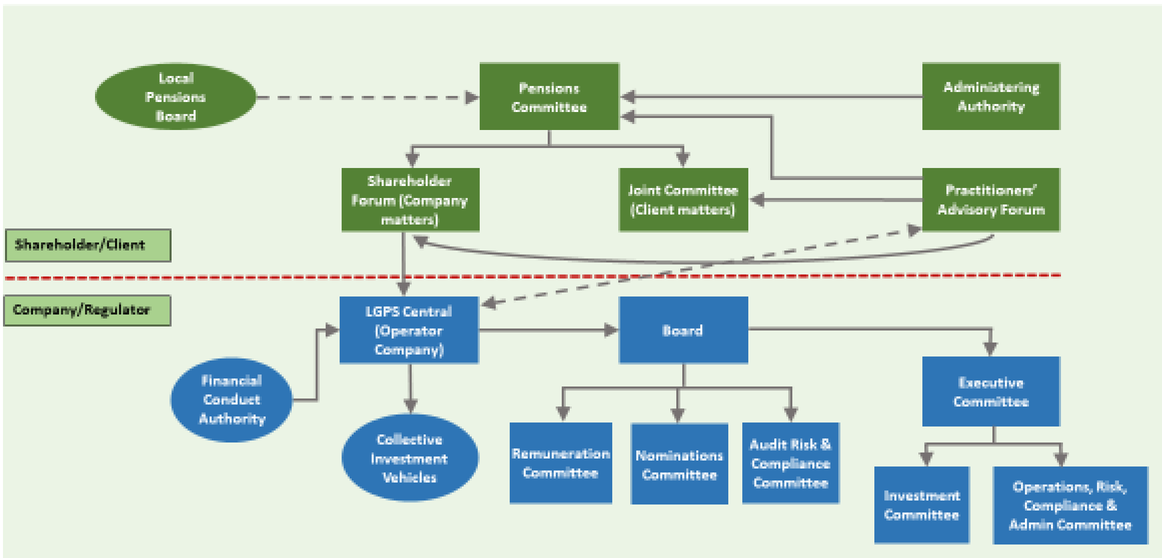
The role of the Pension Board is to assist the administering authority to ensure the effective and efficient governance and administration of the LGPS, including:

- 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 strategic management of fund assets clearly rests with the main committee established by the appointing council.	**Compliant** The Pensions and Investments Committee is 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: • Employing authorities (including non-scheme	**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

employers e.g. admitted bodies) • Scheme members (including deferred and pensioner scheme members) • Where appropriate, independent professional observers • Expert advisors (on an ad-hoc basis)	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. 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. 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. 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	**Not applicable** However, an annual Employers' Forum is held to which all employing bodies are invited.

outside of those arrangements by which the interests of key stakeholders can be represented.	
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 committee papers, documents and advice that falls to be considered at meetings of the main committee.	**Compliant** All members of the Pensions and Investments Committee (and the Pension Board) have the same access to 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 April 2021

Introduction

This is the Communications Policy (the Policy) of Derbyshire Pension Fund (the Fund), administered by Derbyshire County Council, which sets out how the Fund communicates and engages with its stakeholders. The Policy has been developed in accordance with Regulation 61 of the Local Government Pension Scheme Regulations 2013 (Regulation 61) and takes into account guidance from The Pensions Regulator.

Regulation 61 requires that the Policy covers:

- the provision of information and publicity about the Local Government Pension Scheme (LGPS) to scheme members, representatives of scheme members and scheme employers
- the format, frequency, and method of distributing such information or publicity
- the promotion of the LGPS to prospective scheme members and scheme employers

This Policy also incorporates the Fund's plan for developing its communications over the 3-year period 2021 to 2024.

Derbyshire County Council's Pensions and Investments Committee, in its role as the Administering Authority of Derbyshire Pension Fund approved the policy at its meeting on 28 April 2021.

The Policy will be reviewed annually and revised when there is a material change to the Fund's methods of communication or engagement with its stakeholders.

1. The Fund's stakeholders and audience

Derbyshire Pension Fund currently has over 89,000 individual scheme members with approximately 106,000 separate pension records which are split by active and deferred membership, and pensioner membership where benefits are being paid.

The active membership (currently approximately 38,000) incorporates employees from over 330 participating employers. These employers range from Councils, Academies and Colleges to private companies who have been contracted to deliver public services.

The Fund's stakeholders and other organisations with which it regularly communicates include:

- Active members - who are paying into the LGPS
- Deferred members - whose LGPS benefits are 'on hold'
- Pensioner members - whose LGPS benefits are being paid
- Representatives of scheme members
- Prospective scheme members - employees who can join the LGPS, but who are not currently paying in
- Scheme employers
- Pension Fund team
- Elected Councillors on the administering authority's Pensions and Investments Committee
- Members of the Local Pension Board
- Other external bodies, including:
    - Ministry of Housing, Communities and Local Government (MHCLG)
    - Her Majesty's Revenue & Customs (HMRC)

- Department of Work and Pensions (DWP)
- Pension Fund's Actuary, Hymans Robertson LLP
- Other LGPS Funds
- Public service pension schemes (for example the Teachers' Pension Scheme and NHS Pension Scheme)
- Other pension schemes
- Trades Unions
- Pension Fund Investment Managers, Advisers and Actuaries
- The Pensions Regulator (TPR)
- The Pensions Ombudsman
- The Scheme Advisory Board (SAB)
- The Local Government Association (LGA)
- Pension Officers' Groups
- AVC providers

The Fund recognises that a variety of methods of communication are required to engage effectively with different groups of stakeholders.

2. Objectives

The Fund's overriding objective is to ensure that it delivers clear, timely and accessible communications to its stakeholders. The Fund aims to achieve this by delivering communications to its stakeholders which are:

- **Targeted** - with the aim of delivering clear, accurate and effective communications to each different audience group, in terms of the style of content and the method of delivery.

- **Easy to understand** – providing clear and easy to follow explanations of pension issues, particularly where pension related decisions are being made.

- **Accessible** - ensuring that all scheme members and other stakeholders can access the Fund's services, online content, and communications equally.

- **Cost effective** – providing value for money by utilising technology to its fullest potential.

By communicating in this way, the Fund aims to:

- 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 members, employers and other stakeholders informed about the management and administration of the Fund

- Keep members, employers and other stakeholders informed about the Fund's investment portfolio

- 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

- 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

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

3. Accessibility

The Fund aims to ensure that all members can equally access its services, online content and communications, and is committed to increasing digital access and delivery of services making the best use of technology.

The Fund's website is designed to ensure that new content meets the World Wide Web Consortium Accessibility Guidelines (version 2.1 AA standard), which is currently the recommended minimum standard for all council hosted websites. Alternative methods of communications will continue to be offered as required.

The Fund offers a Pensions Helpline (phone contact number 01629 538704), which is available for anyone having trouble accessing or understanding any of the Fund's documents.

4. Communication methods

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

The following methods are used to communicate with all stakeholders:

Derbyshire Pension Fund website

The Fund's website derbyshirepensionfund.org.uk is its primary source of generic LGPS and Fund specific material, with sections providing an extensive information resource for all existing and prospective members and Fund employers. Resources include:

- easy to understand content
- videos on specific LGPS matters
- forms and guides
- links to other official websites
- an online pension calculator

The website also has sections dedicated to the Fund's governance arrangements including its policies, strategies and other statements.

The website has been designed to be easily browsed, accessible and user friendly from desktop, laptop, tablet and smartphone devices.

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.

It also includes several online forms available at derbyshirepensionfund.org.uk/contact-us which enable members to engage quickly and easily with the Fund.

These include forms for:

- member enquiries
- member feedback in respect of their experience in engaging with the Fund
- complaints from members in respect of their LGPS membership and / or the Fund's service delivery
- representatives of recently deceased members to notify the Fund of the member's death

Online forms have also been developed to enable employers to:

- inform the Fund of outsourcing arrangements which impact on individual's LGPS eligibility and membership (derbyshirepensionfund.org.uk/admissionbodies)
- Microsoft Office 365 forms to respond to consultations
- Microsoft Office 365 forms to provide feedback on training delivered by the Fund

All forms embedded on the website are securely transferred upon submission to the appropriate Fund email inbox.

The website will also allow members to easily access the Fund's online member self-service portal 'My Pension Online', which is planned to be rolled out on a phased basis from May 2021.

The Fund will continue to maintain and develop its website and ensure it remains its primary source of Fund and LGPS information for members and employers.

Google Analytics is used to collect information about how visitors use the Fund's website. This information is not used to identify visitors to the website but is used to analyse traffic and engagement with a view to improving the user experience.

Email communications

The Fund maintains several secure email inboxes used by members and employers for the submission of general and individual enquiries, the provision of information and other directed information. The details of each inbox and their purpose is explained in the following table:

Email inbox address	Purpose
pensions@derbyshire.gov.uk	A general inbox for enquiries from members, including those submitted online via the Fund's website on the enquiry form and death notification form.
dpfemployers@derbyshire.gov.uk	For employers to submit notification forms and other information relating to individual members.
pensions.tech@derbyshire.gov.uk	For employers to submit multi-member data returns, contribution payment reports and other payment and data based enquiries
pensions.regs@derbyshire.gov.uk	For queries relating to LGPS regulations, communications, employer training, all Fund events, appeals, and enquiries submitted online via the Fund's website on the feedback form and the complaints form
pensions.iconnect@derbyshire.gov.uk	For employer queries about the Fund's secure data transmission service, i-Connect
pensions.mss@derbyshire.gov.uk	For enquiries about the "My Pension Online" service

Telephone enquiries

The Fund has a dedicated Pensions Helpline number (01629 538900).

The Helpline is currently available Monday to Friday 10.00am to 3.00pm.

Policy and strategy documents

The Fund's policy and strategy documents are published on the Fund's website and printed copies are available on request. News items are posted on the Fund's landing page when new or updated policy/strategy documents are published. Key documents include:

- **Annual Report** for the Fund which is prepared and published each year. The report sets out for the relevant financial year, the Fund's:
    - governance arrangements
    - financial performance
    - investment management arrangements and performance
    - funding position
    - and scheme administration arrangements and performance

It also includes a copy of the most up to date actuarial valuation of the Fund, together with the Fund's main policy statements and the Fund's Statement of Accounts for the financial year. All participating employers are notified when the Annual Report has been published.

- **Funding Strategy Statement** which 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.

- **Investment Strategy Statement** which sets out the 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.

- **Responsible Investment Framework** which sets out the Fund's approach to responsible investment including the integration of environmental, social and governance considerations into the investment process and Fund stewardship and governance activities.

- **Climate Strategy** which sets out the Fund's approach to addressing the risks and opportunities related to climate change.

Communications to 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
- **Pensioner members** who are in receipt of their pension

When the Fund's member self-service portal has been rolled out, scheme members will be able to access their pension information by registering for '**My Pension Online**': derbyshirepensionfund.org.uk/mypensiononline

The online portal will be a secure area, allowing members to view and update some of their personal details held by the Fund. Active and deferred members will also be able to view their latest, and previous, Annual Benefit Statements.

It is expected that member registration will take time to build, however, the Fund will promote the benefits of registration to all members and will work closely with employers to encourage active members to register.

The Fund also uses a variety of other methods to communicate with scheme members and differentiates between the categories of membership when delivering messages to each specific audience group.

- **Communication with active members**

  On joining the Scheme, new active members are provided with:
  - confirmation of their LGPS membership
  - a link to the Scheme information on the website

- o forms and information to enable them to request a transfer-in of any previous eligible pensionable service

Each year, the Fund provides annual benefit statements to active members. These statements summarise a member's pension account balance to the previous 31 March. These statements are currently posted to members' home addresses. The provision of these statements is subject to scheme employers providing timely year end information to the Fund.

Following the implementation of the 'My Pension Online' portal, annual benefit statements will be available to view on individual member accounts as standard practice. The exception to this will be if a member has notified the Fund that they wish to continue to receive paper copies.

The Fund also produces an active member newsletter each year in collaboration with a regional Joint Communications Group, which is published on the Fund website. Active members are directed to the newsletter by 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 meetings with active members are arranged when it is appropriate to do so. These are delivered by the Fund's Regulations and Communications Team in the form of 'Understanding your LGPS pension' presentations and drop-in sessions at various venues around the County hosted by scheme employers. The presentations help to explain the significant changes in the LGPS regulations over time, and to assist where an employer is going through a restructuring or outsourcing exercise that will have pension-related implications. Drop-in sessions are targeted to coincide with events, such as the issue of the annual benefit statements. The nature of the drop-in sessions means that members can meet the team informally and ask questions they may have about their pension at a convenient time for them.

Opportunities for members to meet with members of the Fund's team or join virtual group sessions on Microsoft Teams, are being developed as an alternative to face-to-face meetings.

- **Communication with deferred members**

Each year the Fund provides annual benefit statements to deferred members. These statements summarise a member's pension account balance to the previous 31 March. These statements are currently posted to members' home addresses.

Following the implementation of the 'My Pension Online' portal, annual benefit statements will be available to view on the individual member's account, however, they will continue to be printed and posted to members who notify the Fund that they wish to continue to receive a paper copy.

The Fund also produces a deferred member newsletter each year in collaboration with a regional Joint Communications Group and publishes it on the Fund website. Deferred members are directed to the newsletter by 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 pension increase and explaining how it is applied. Pensioners will also be sent further payslips to alert them to any further variations in their net monthly amount of 1% or more. The Fund issues P60s annually in respect of the pension received in the previous financial year.

  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. The Fund includes brief details about the National Fraud Initiative on payslips for pensioner members at least once per year. The details provided include a link to the Derbyshire County Council website for more information: derbyshire.gov.uk/nationalfraudinitiativeprivacynotice

  Life certificates, or an alternative secure electronic solution, are delivered each year by the Fund, or by a specialist tracing service working on behalf of the Fund, to pensioners living abroad to ensure that they maintain eligibility for their pension benefits (derbyshirepensionfund.org.uk/lifecertificate).

  The aim of the Life Certificate is to reduce the liabilities which result from pension overpayments following the death of pensioner members living overseas.

  The Fund's arrangements for the issue and delivery of Life Certificates or a secure electronic alternative are reviewed regularly.

- **Communication with prospective members**
  Prospective scheme members are provided with basic information on the LGPS by their employer. Employers are supported in promoting the scheme to all their employees and information is provided to employers to signpost their employees to the Fund's website and to highlight the benefits of LGPS membership.

Communications with scheme employers

The Fund's latest **Pension Administration Strategy** became operational on 1 April 2021 and aims to promote good working relationships between the Fund and its participating employers in order to support the delivery of a high-quality service to members. It sets out clearly the standards of performance and best practice that the Fund and its employers should aim to meet when carrying out their LGPS related functions and responsibilities.

Face to face large-scale employer events are provided at various venues when it is appropriate to do so; some are aimed at all employers and others targeted at specific groups, such as academies. Site visits and workshops are also undertaken, when appropriate, 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 is also proactive in identifying opportunities to assist employers.

Individual meetings with employers also take place via Microsoft Teams and opportunities for virtual group employer events are being developed.

Employers are kept up to date with developments which impact on their application of the LGPS regulations by employer newsletters, which are emailed to nominated employer contacts through gov delivery. At least one employer newsletter is produced each quarter, however, at times when several important messages need to be delivered to employers, more frequent newsletters will be issued.

The Fund monitors engagement with the employer newsletters by interpreting the delivery data (delivered, pending and bounced percentages) and performance data (opened and unsubscribes percentages) provided on gov delivery reports. A further in-depth report can also be run to assist the Fund in maintaining an up to date circulation list of employer contacts where emails have bounced or failed.

Communications with Pension Fund team

It is important to ensure that all members of the pension fund team have access to the relevant information and technical knowledge to enable them to perform their duties, to understand their role in the delivery of the Fund's services, and to be aware of the wider context of the Local Government Pension Scheme. This is achieved via use of email, internal meetings, team briefings as well as internal and external training events on specific topics.

Pensions and Investments Committee

The Pensions and Investments Committee meets six times a year. It is responsible for the management and administration of the Fund on behalf of the County Council. Members of the Fund's team work closely with the Chair, Deputy Chair and Members of the Committee to ensure that they are fully informed about Fund matters and that they are fully supported in fulfilling their duties and responsibilities.

Members of the Committee receive reports from Fund officers on matters to be determined or reviewed.

These reports include:

- quarterly investments reports
- other investment related updates
- half-year administration reports
- reviews of new LGPS related legislation
- determination of local policies
- reviews of the Fund's Risk Register
- Annual Report and Annual Service Plan
- the adjudication of appeals and disagreements at Stage 2 of the adjudication process.

Two trade union representatives are entitled to attend meetings of the Committee as non-voting members and to receive all the Committee papers.

Minutes of meetings (except for restricted items) are available from the Derbyshire County Council website: democracy.derbyshire.gov.uk/mgCommitteeDetails.aspx?ID=145

Derbyshire Pension Board

Derbyshire Pension Board assists Derbyshire County Council in its role as the administering authority of the Fund in complying with Scheme governance and administration responsibilities and complying with the relevant requirements of the Pensions Regulator. Members of the Pension Fund team work closely with the Pension Board, attending meetings which are held at least twice per year, and ensuring that they have the information necessary to fulfil their duties and responsibilities.

Information about the Pension Board and summaries of Pension Board meetings are published on the Fund's website: derbyshirepensionfund.org.uk/pensionboard

5. Plan for the development of communications 2021 – 2024

Communication is a fundamental part of all Pension Fund activity.

Meeting the Fund's objective of delivering clear, timely and relevant communication to all stakeholders as the Local Government Pension Scheme becomes more complex, with increasing governance obligations requires the Fund to continually improve and develop its communications.

With assistance and support from Derbyshire Pension Board, the following medium term communication-related objectives have been identified:

- The member self-service portal "My Pension Online" becoming operational
- Improved member feedback, including a Member Forum
- Continued development of the Fund's website
- Development of a Fund Style Guide
- Further development of employer engagement

Implementation of My Pension Online

This is the member self-service portal to enable scheme members to view certain parts of their pension information, including their annual benefit statement, securely online at any time; members will also be able to submit a number of changes to personal details via the portal, and carry out benefit projections online.

Management and development of the portal is undertaken by the Fund in liaison with Aquila Heywood, the supplier of the Fund's pension administration system, who will host the portal.

Members will be encouraged to register for '**My Pension Online**' through communications from the Fund and from employers. Initially, the Fund will concentrate on the registration of active and deferred members.

The Fund is aiming for 15% registration of active and deferred members in year 1, based on the experience of other pension funds offering this service, however, planning will encourage and cater for the possibility of a higher take up. The Fund will continually review and re-evaluate registrations targets.

Other Member Engagement

The Fund will set up a Member Forum once the member self-service system has been established. Ensuring that this forum has a broad range of fund member representation will be vital to its success.

Continued development of the Fund's website

Members will access 'My Pension Online' via the Fund's website, so there will be a natural increase in the awareness of, and visitors to, the website.

This provides an opportunity for the website to reach the notice of a higher proportion of the member population. Ensuring the site remains up to date with easy to understand, user-friendly content, and with increasing interactivity, will be vital. This will be aided by digital technology such as Google Analytics, which will help the Fund to further analyse traffic and engagement and support the ongoing improvement of the user experience.

Additionally, as a public service website, the Fund will be required to ensure that it reaches and maintains full compliance with accessibility law and guidance (WCAG 2.1 – Web Content Accessibility Guidelines). This will include ensuring that all content is accessible, including the publication of future Fund documents in accessible formats or as webpages.

Fund style guide

As the Fund writes to different audiences, and produces different types of media, a bespoke style guide will help multiple authors to write in a clear and unified way that reflects the Fund's style.

Writing simple, readable and understandable text on complex and difficult topics across a range of communications from letters and emails to forms, guides and website content, is a significant challenge for the Fund's team.

Preparing a style guide will provide benefits including:

- Consistency
- Clear messages
- Time saving
- Improved communications between teams
- Increased efficiency
- Prevention of complaints
- Clarity on a consistent voice
- Setting a tone for the Fund
- An increased professional look and feel
- Increased user confidence
- Easily accessible information
- Brand recognition

Letters Project

Aided by a style guide, a project to review approximately 500 standard letters, and provide accurate and easy to understand content, will provide a significant benefit for the Fund's members.

Subjects to cover in improved member engagement

Increased engagement will focus on providing information which will enhance member' understanding of the Fund and its activities and should contribute to a reduction in the number of queries received through the Helpline, the online enquiry form, emails and written correspondence

- The benefits of the scheme (to prospective and existing members)
- Increased information on how the Fund's assets are invested
- Increased information about the governance of the scheme
- The need to keep contact details up to date
- Pension scams
- Annual allowance

Continued implementation of i-Connect

i-Connect is the Fund's secure data transmission service which is enabling employers to automate the submission and validation of their data resulting in more efficient and timely data submissions and the more effective resolution of queries. By April 2021, approximately 50% of the Fund's employers had implemented i-Connect covering approximately 60% of the total of active members.

The Fund's target is for all employers to be working towards implementing i-Connect by the end of 2021.

Employer engagement
The Fund will continue to develop its engagement with employers:
- during the admissions process
- during onboarding to i-Connect
- via its regular communications to fund employers throughout an employer's participation in the Fund
- in the run up to employer exits from the Fund

Communications will support:

- Employers to understand their responsibilities
- The continued development of employer covenant reviews
- Employers to improve their engagement with their outsourced providers and to improve understanding of risk-sharing arrangements
- Closer Fund relationships with resolution bodies (Town and Parish Councils)
- Engagement with employers on new employer flexibilities following the development of an employer flexibilities policy

6. Communications Policy review

This Communications Policy will be reviewed annually and revised if the communications arrangements merit reconsideration, including if there are any changes to the LGPS or other relevant regulations or guidance which need to be taken into account. Progress against the communication-related objectives will be reported to the Pensions and Investments Committee.

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.[8] 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.

[8] *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

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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).

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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?

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.

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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.

Derbyshire Pension Fund

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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. Assets invested on the basis of specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc. Analyse progress at three yearly valuations for all employers. 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. 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. Inter-valuation monitoring, as above, gives early warning. Some investment in bonds also helps to mitigate this risk. 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. 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. The impact of climate change on long term funding has been modelled and considered as part of the formal 2019 actuarial valuation.

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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. 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. 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). 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. 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. 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. 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. The Actuary may revise the rates and Adjustments certificate to increase an employer's contributions between triennial valuations 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. Advice is delivered via formal meetings involving Elected Members, and recorded appropriately. 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. 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. The risk is mitigated by: Seeking a funding guarantee from another scheme employer, or external body, where-ever possible (see Notes (h) and (j) to 3.3). Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice. Vetting prospective employers before admission. Where permitted under the regulations requiring a bond to protect the Fund from various risks.

	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). 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. The Administering Authority invests in liquid assets to ensure that exit credits can be paid when required.

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.

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.

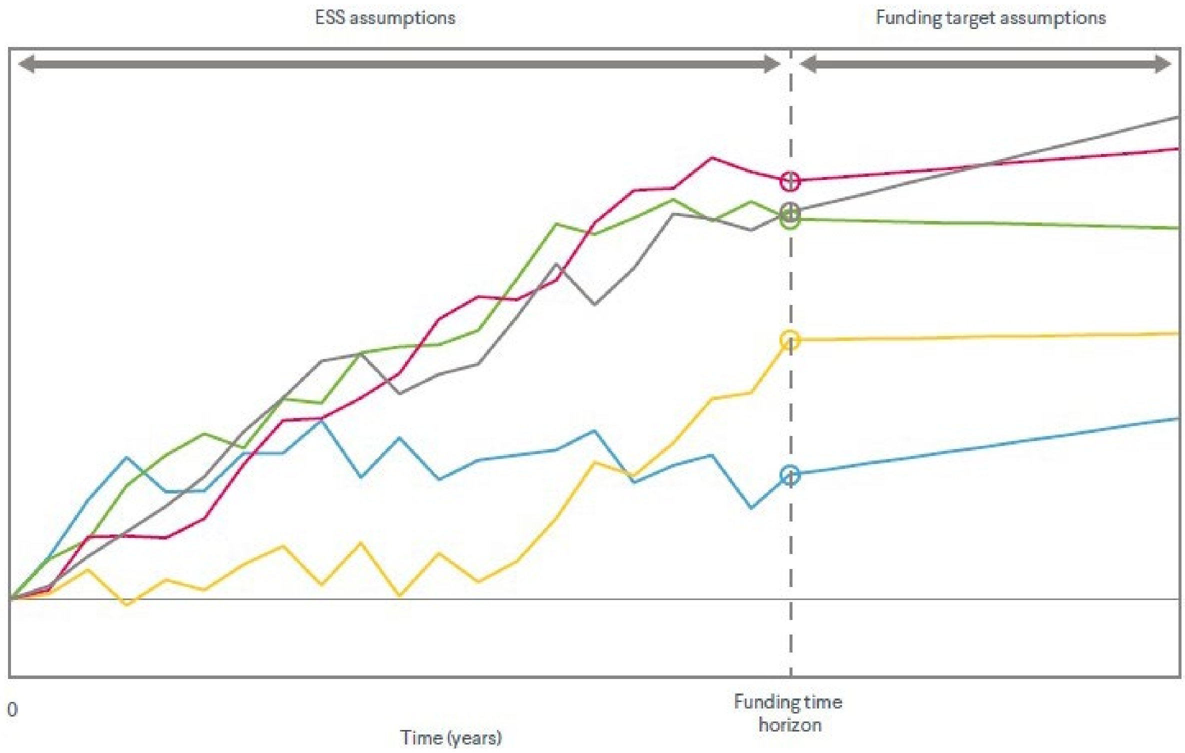
For instance, taking pension increases (which follow price inflation) as an example:

- 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.

Derbyshire Pension Fund

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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.

Hymans Robertson LLP is the owner of all intellectual property rights in this report. All such rights are reserved.

The totality of our advice complies with the Regulations as they relate to actuarial valuations. The following Technical Actuarial Standards[9] are applicable in relation to this report and have been complied with where material:

- TAS 100 – Principles for technical actuarial work;
- TAS 300 – Pensions.

[9] 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[10].

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.

10 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.

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%

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 (£)	2017/18 2018/19 2019/20	19,396,000 19,316,000 19,224,000	2020/21 2021/22 2022/23	17,432,000 17,752,000 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).

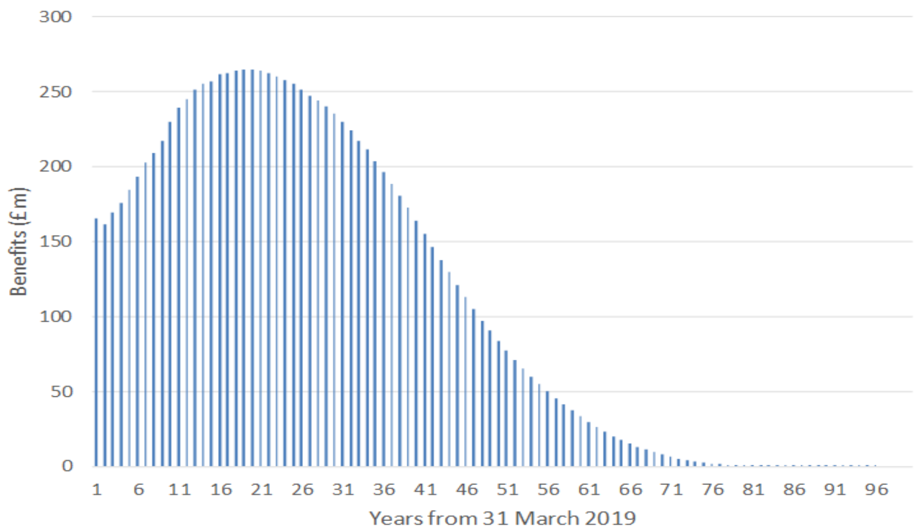
The total expected contributions to be received by the Fund over the period 1 April 2020 to 31 March 2023 is higher overall in monetary terms than the expected contributions over the period 1 April 2017 to 31 March 2020.

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

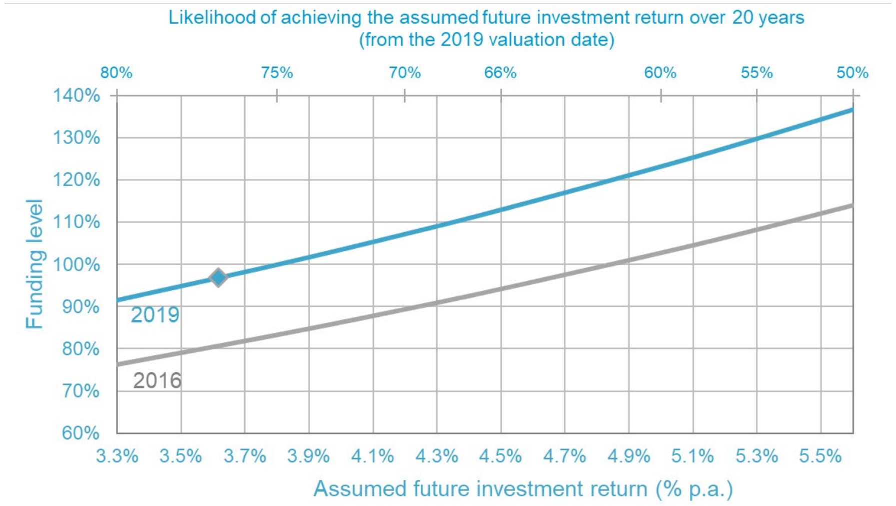
Fund's assets then allows a value to be placed on these payments in today's money; the liabilities. The higher the assumed investment return, the lower the liability value and therefore the higher the funding level.

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

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

		Incidence per 1000 active members per annum						
Age	Salary Scale	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

		Incidence per 1000 active members per annum						
Age	Salary Scale	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

local authority funds and tailored our demographic assumptions to reflect LGPS experience. The resulting demographic assumptions are as follows:

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 2021/22 2022/23	17,432,000 17,752,000 18,079,000

The required minimum contribution rates for each employer in the Fund are set out below.

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	£			
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%

Employer code	Employer/Pool name	Contributions currently in payment 2019/2020	Primary Rate % 1 April 2020 - 31 March 2023	Secondary Rate 2020/2021		Secondary Rate 2021/2022		Secondary Rate 2022/2023		Total Contribution Rate 2020/2021	Total Contribution Rate 2021/2022	Total Contribution Rate 2022/2023
				% of pay	£	% of pay	£	% of pay	£			
Transferee Admission Bodies continued												
416	VINCI (ex Norwest Holst)	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%
446	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	Anato 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%

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												
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%

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				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%

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				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 20 Waterloo Street Glasgow 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. 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 2020-21		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	15,844,126.78	0.00	0.00	0.00	0.00	0.00	15,844,126.78	0.00	0.00	56,379,340.00	56,379,340.00
00040	Peak District National Park	361,508.53	1,610.48	0.00	9,613.96	0.00	1,273.17	374,006.14	224,004.00	0.00	859,078.14	1,083,082.14
00120	Futures Housing (Amber Valley Housing Ltd)	212,457.41	0.00	0.00	0.00	0.00	0.00	212,457.41	95,004.00	0.00	961,136.72	1,056,140.72
00123	Derby Homes Ltd	970,015.87	3,403.81	0.00	900.00	0.00	0.00	974,319.68	145,002.00	0.00	1,061,495.92	1,206,497.92
00124	EMH Homes	85,838.11	0.00	0.00	0.00	0.00	0.00	85,838.11	0.00	0.00	279,680.14	279,680.14
00126	Rykneld Homes	378,882.94	849.79	0.00	148.56	0.00	0.00	379,881.29	0.00	194.36	1,005,041.03	1,005,235.39
00128	Platform Housing Limited (Waterloo Housing Group)	36,833.36	0.00	0.00	0.00	0.00	0.00	36,833.36	0.00	0.00	64,850.94	64,850.94
00130	Amber Valley B C	363,678.78	980.04	0.00	1,348.17	0.00	0.00	366,006.99	1,057,008.00	2,696.31	850,512.11	1,910,216.42
00131	The District of Bolsover	684,967.80	198.48	0.00	322.11	0.00	0.00	685,488.39	962,004.00	644.26	1,603,218.29	2,565,866.55
00132	Chesterfield B C	1,427,564.26	912.99	(213.92)	3,148.02	0.00	0.00	1,431,411.35	1,991,004.00	0.00	3,373,576.58	5,364,580.58
00133	Derby City Council	6,647,900.24	50,065.87	0.00	11,985.08	0.00	0.00	6,709,951.19	0.00	0.00	21,945,701.75	21,945,701.75
00134	Erewash B C	456,271.78	13,499.60	0.00	3,200.91	0.00	0.00	472,972.29	999,000.00	335.51	1,026,990.62	2,026,326.13
00135	High Peak BC	361,225.29	914.45	0.00	0.00	0.00	1,698.17	363,837.91	1,680,250.00	0.00	749,343.28	2,429,593.28
00136	North East Derbyshire DC	601,292.77	1,408.50	0.00	661.75	0.00	0.00	603,363.02	1,527,000.00	123.55	1,402,166.82	2,929,290.37
00137	South Derbyshire DC	544,200.39	10,572.62	0.00	3,000.00	0.00	0.00	557,773.01	678,000.00	0.00	1,252,422.71	1,930,422.71
00138	Derbyshire Dales D C	332,154.60	0.00	0.00	2,400.00	0.00	0.00	334,554.60	561,000.00	0.00	738,820.06	1,299,820.06
00139	Chesterfield Crematorium	9,478.26	2.16	0.00	0.00	0.00	0.00	9,480.42	29,004.00	0.00	28,878.41	57,882.41
00144	Shirebrook Town Council	10,519.51	0.00	0.00	0.00	0.00	0.00	10,519.51	0.00	0.00	30,120.67	30,120.67
00145	New Mills Town Council	9,604.41	0.00	0.00	0.00	0.00	0.00	9,604.41	0.00	0.00	29,147.09	29,147.09
00147	Clay Cross Parish Council	1,542.59	0.00	0.00	0.00	0.00	0.00	1,542.59	0.00	0.00	4,903.02	4,903.02
00148	Eckington Parish Council	9,816.56	0.00	0.00	0.00	0.00	0.00	9,816.56	0.00	0.00	29,699.50	29,699.50
00150	Pinxton Parish Council	3,236.58	0.00	0.00	0.00	0.00	0.00	3,236.58	0.00	0.00	10,337.82	10,337.82
00151	Wirksworth Town Council	4,670.38	0.00	0.00	0.00	0.00	0.00	4,670.38	0.00	0.00	14,501.76	14,501.76
00152	Old Bolsover Town Council	9,540.09	0.00	0.00	0.00	0.00	0.00	9,540.09	0.00	0.00	28,275.83	28,275.83
00155	Glapwell Parish Council	719.87	0.00	0.00	0.00	0.00	0.00	719.87	0.00	0.00	2,460.47	2,460.47
00157	Belper Town Council	8,657.47	0.00	0.00	0.00	0.00	0.00	8,657.47	0.00	0.00	26,741.65	26,741.65
00160	Killamarsh Parish Council	10,855.28	0.00	0.00	0.00	0.00	0.00	10,855.28	0.00	0.00	33,658.95	33,658.95
00161	Burnaston Parish Council	263.81	0.00	0.00	0.00	0.00	0.00	263.81	0.00	0.00	901.68	901.68
00165	North Wingfield PC	5,115.73	0.00	0.00	0.00	0.00	0.00	5,115.73	0.00	0.00	15,519.50	15,519.50
00171	Ashbourne Town Council	3,930.99	0.00	0.00	0.00	0.00	0.00	3,930.99	0.00	0.00	11,842.76	11,842.76
00172	Dronfield Town Council	12,074.24	572.78	0.00	0.00	0.00	0.00	12,647.02	0.00	0.00	40,266.32	40,266.32
00173	Whitwell Parish Council	5,315.04	0.00	0.00	0.00	0.00	0.00	5,315.04	0.00	0.00	15,822.97	15,822.97
00174	Tupton Parish Council	390.36	0.00	0.00	0.00	0.00	0.00	390.36	0.00	0.00	2,070.80	2,070.80
00175	Staveley Town Council	12,611.07	0.00	0.00	0.00	0.00	0.00	12,611.07	0.00	0.00	38,221.32	38,221.32
00178	Matlock Town Council	10,611.69	0.00	0.00	0.00	0.00	0.00	10,611.69	0.00	0.00	32,187.32	32,187.32
00179	Whaley Bridge Town Council	1,842.58	0.00	0.00	0.00	0.00	0.00	1,842.58	0.00	0.00	5,860.56	5,860.56
00186	Alfreton Town Council	2,725.54	0.00	0.00	0.00	0.00	0.00	2,725.54	0.00	0.00	8,939.46	8,939.46
00187	Wingerworth Parish Council	3,606.70	0.00	0.00	0.00	0.00	0.00	3,606.70	0.00	0.00	11,231.10	11,231.10
00188	Heanor + Loscoe TC	2,401.37	0.00	0.00	0.00	0.00	0.00	2,401.37	0.00	0.00	7,228.22	7,228.22
00189	Darley Dale Town Council	667.92	0.00	0.00	0.00	0.00	0.00	667.92	0.00	0.00	2,283.15	2,283.15
00234	Tibshelf Parish Council	3,619.05	0.00	0.00	0.00	0.00	0.00	3,619.05	0.00	0.00	11,867.99	11,867.99
00235	Kilburn Parish Council	1,034.88	0.00	0.00	0.00	0.00	0.00	1,034.88	0.00	0.00	3,354.35	3,354.35
00236	Codnor Parish Council	810.36	0.00	0.00	0.00	0.00	0.00	810.36	0.00	0.00	2,770.00	2,770.00
00238	Ticknell Parish Council	123.73	0.00	0.00	0.00	0.00	0.00	123.73	0.00	0.00	422.83	422.83

00239	Stenson Fields Parish Council	627.14	0.00	0.00	0.00	0.00	0.00	627.14	0.00	0.00	2,143.80	2,143.80
00240	Heath & Holmewood Parish Council	3,291.63	0.00	0.00	0.00	0.00	0.00	3,291.63	0.00	0.00	10,105.27	10,105.27
00241	Bretby Parish Council	116.32	0.00	0.00	0.00	0.00	0.00	116.32	0.00	0.00	412.08	412.08
00242	Breaston Parish Council	2,473.58	0.00	0.00	0.00	0.00	0.00	2,473.58	0.00	0.00	7,438.68	7,438.68
00243	Woodville Parish Council	1,333.46	0.00	0.00	0.00	0.00	0.00	1,333.46	0.00	0.00	4,557.41	4,557.41
00245	Hatton Parish Council	473.00	0.00	0.00	0.00	0.00	0.00	473.00	0.00	0.00	1,827.00	1,827.00
00248	Clowne Parish Council	3,185.34	0.00	0.00	0.00	0.00	0.00	3,185.34	0.00	0.00	8,806.49	8,806.49
00249	South Normanton Parish Council	4,041.03	0.00	0.00	0.00	0.00	0.00	4,041.03	0.00	0.00	13,367.75	13,367.75
00250	Draycott Parish Council	1,285.94	0.00	0.00	0.00	0.00	0.00	1,285.94	0.00	0.00	4,168.33	4,168.33
00251	Blackwell Parish Council	2,969.78	0.00	0.00	0.00	0.00	0.00	2,969.78	0.00	0.00	9,468.72	9,468.72
00252	Repton Parish Coucnil	595.31	0.00	0.00	0.00	0.00	0.00	595.31	0.00	0.00	2,035.07	2,035.07
00401	Derbyshire Police Authority	3,148,402.27	17,036.80	0.00	7,234.58	0.00	0.00	3,172,673.65	1,465,008.00	5,270.48	6,742,829.41	8,213,107.89
00403	Derbys Fire & Rescue Service	429,611.46	2,136.95	0.00	16,753.08	0.00	0.00	448,501.49	170,004.00	0.00	917,733.12	1,087,737.12
00169	University of Derby	2,192,515.77	8,541.24	0.00	11,853.42	0.00	389.41	2,213,299.84	0.00	0.00	5,427,301.12	5,427,301.12
00192	Chesterfield College	418,742.82	96.16	0.00	0.00	0.00	0.00	418,838.98	166,008.00	0.00	974,876.86	1,140,884.86
00198	Derby College	624,515.65	12,855.43	0.00	0.00	0.00	0.00	637,371.08	350,004.00	0.00	1,690,765.67	2,040,769.67
00199	Derby Manufacturing University Technical College	10,396.79	772.16	0.00	0.00	0.00	0.00	11,168.95	0.00	0.00	37,725.84	37,725.84
00336	Ecclesbourne Academy	52,301.41	0.00	83.94	0.00	0.00	0.00	52,385.35	0.00	0.00	205,457.34	205,457.34
00337	Kirk Hallam Academy	57,366.08	0.00	0.00	0.00	0.00	0.00	57,366.08	0.00	0.00	180,380.28	180,380.28
00338	John Port Academy	78,675.96	1,475.15	0.00	2,520.96	0.00	0.00	82,672.07	0.00	0.00	293,957.09	293,957.09
00340	Brookfield Academy	49,326.04	0.00	0.00	0.00	0.00	0.00	49,326.04	0.00	0.00	176,005.81	176,005.81
00341	Long Eaton Academy	60,390.97	0.00	0.00	0.00	0.00	0.00	60,390.97	0.00	0.00	191,372.93	191,372.93
00342	West Park School (Academy)	79,110.90	0.00	0.00	0.00	0.00	0.00	79,110.90	0.00	0.00	278,224.87	278,224.87
00345	Hope Valley College (Academy)	44,953.39	0.00	0.00	0.00	0.00	0.00	44,953.39	0.00	0.00	187,512.47	187,512.47
00347	Pennine Way Junior School (Academy)	21,109.74	0.00	0.00	0.00	0.00	0.00	21,109.74	0.00	0.00	77,873.90	77,873.90
00348	Heanor Gate Science College (Academy)	76,651.30	0.00	0.00	0.00	0.00	0.00	76,651.30	0.00	0.00	279,481.56	279,481.56
00349	Lees Brook Community School (Academy)	59,377.71	2,577.40	0.00	0.00	0.00	0.00	61,955.11	0.00	0.00	218,204.89	218,204.89
00351	Redhill Primary School (Academy)	8,613.36	0.00	0.00	0.00	0.00	0.00	8,613.36	0.00	0.00	32,776.82	32,776.82
00352	St John Houghton School (Academy)	96,738.11	0.00	0.00	0.00	0.00	2,351.65	99,089.76	0.00	0.00	305,469.53	305,469.53
00353	Woodlands School (Academy)	66,605.33	0.00	0.00	0.00	0.00	0.00	66,605.33	0.00	0.00	229,047.84	229,047.84
00354	Grampian Primary School (Academy)	16,500.85	0.00	0.00	0.00	0.00	0.00	16,500.85	0.00	0.00	58,310.17	58,310.17
00360	St Benedict Voluntary Catholic Academy	89,029.36	0.00	0.00	0.00	0.00	0.00	89,029.36	0.00	0.00	347,082.79	347,082.79
00361	St Mary's Catholic Academy	60,174.67	137.48	0.00	0.00	34.37	0.00	60,346.52	0.00	0.00	230,347.84	230,347.84
00362	St John Fisher Catholic Academy	12,038.44	0.00	0.00	0.00	0.00	0.00	12,038.44	0.00	0.00	45,672.96	45,672.96
00363	St George's Voluntary Academy	21,440.41	0.00	0.00	0.00	0.00	0.00	21,440.41	0.00	0.00	77,096.71	77,096.71
00364	Wyndham Primary Academy	31,482.60	0.00	0.00	0.00	0.00	0.00	31,482.60	0.00	0.00	95,871.07	95,871.07
00365	The Bolsover School Academy	41,474.43	0.00	0.00	0.00	0.00	0.00	41,474.43	0.00	0.00	145,105.45	145,105.45
00366	Landau Forte Moorhead Academy	16,541.59	0.00	0.00	0.00	0.00	0.00	16,541.59	0.00	0.00	60,253.86	60,253.86
00367	Derby Pride Academy	11,486.51	2,320.44	0.00	0.00	0.00	0.00	13,806.95	0.00	0.00	42,434.41	42,434.41
00368	Merrill Academy	54,709.18	0.00	0.00	0.00	0.00	0.00	54,709.18	0.00	0.00	214,955.69	214,955.69
00370	Ormiston Ilkeston Enterprise Academy	56,376.72	0.00	0.00	0.00	0.00	0.00	56,376.72	0.00	0.00	230,575.39	230,575.39
00371	English Martyrs Catholic Academy	14,642.15	0.00	0.00	0.00	0.00	0.00	14,642.15	0.00	0.00	49,381.77	49,381.77
00372	Newbold CofE Primary School	14,929.56	186.29	0.00	0.00	0.00	0.00	15,115.85	0.00	0.00	49,051.13	49,051.13
00373	Bishop Lonsdale CofE Primary School & Nursery	16,236.52	0.00	0.00	0.00	0.00	0.00	16,236.52	0.00	0.00	70,279.59	70,279.59
00374	Zaytouna Primary School	18,848.27	0.00	0.00	0.00	0.00	0.00	18,848.27	0.00	0.00	63,755.28	63,755.28
00375	The Ripley Academy	31,137.51	0.00	0.00	0.00	0.00	0.00	31,137.51	0.00	0.00	139,217.51	139,217.51
00376	St Joseph's Catholic Primary School Voluntary Academy	9,276.73	0.00	0.00	0.00	0.00	0.00	9,276.73	0.00	0.00	30,933.16	30,933.16
00377	Dovedale Primary School (Willows Academy Trust)	25,858.30	0.00	0.00	0.00	0.00	0.00	25,858.30	0.00	0.00	90,521.92	90,521.92
00378	Sawley Infant School (Willows Academy Trust)	21,192.61	0.00	0.00	0.00	0.00	0.00	21,192.61	0.00	0.00	76,917.51	76,917.51
00379	Sawley Junior School (Willows Academy Trust)	14,345.71	0.00	0.00	0.00	0.00	0.00	14,345.71	0.00	0.00	53,559.82	53,559.82
00380	Shardlow Primary School (Willows Academy Trust)	5,694.63	0.00	0.00	0.00	0.00	0.00	5,694.63	0.00	0.00	22,748.61	22,748.61

00381	Immaculate Conception Academy Trust	12,904.68	0.00	0.00	0.00	0.00	0.00	12,904.68	0.00	0.00	44,348.29	44,348.29
00382	Allenton Primary	25,131.32	0.00	0.00	0.00	0.00	0.00	25,131.32	0.00	0.00	113,917.06	113,917.06
00383	Outwood Academy Newbold (Newbold Community School)	59,433.53	0.00	0.00	0.00	0.00	0.00	59,433.53	0.00	0.00	215,216.42	215,216.42
00384	Turnditch Primary	2,940.85	0.00	0.00	0.00	0.00	0.00	2,940.85	0.00	0.00	10,931.15	10,931.15
00385	William Gilbert Primary	16,434.59	0.00	0.00	0.00	0.00	0.00	16,434.59	0.00	0.00	63,431.60	63,431.60
00386	St Laurence Primary School	12,004.45	0.00	0.00	0.00	0.00	0.00	12,004.45	0.00	0.00	49,182.87	49,182.87
00387	Akaal Academy Trust Derby Limited	9,755.69	0.00	0.00	0.00	0.00	0.00	9,755.69	0.00	0.00	30,931.93	30,931.93
00388	Inkersall Primary Academy	24,085.43	0.00	0.00	0.00	0.00	0.00	24,085.43	0.00	0.00	86,988.61	86,988.61
00389	St Philip Howard Catholic Voluntary Academy	22,443.09	0.00	0.00	0.00	0.00	0.00	22,443.09	0.00	0.00	77,757.05	77,757.05
00390	St Giles CofE Aided Primary School	7,054.09	0.00	0.00	0.00	0.00	0.00	7,054.09	0.00	0.00	26,169.34	26,169.34
00391	Walter Evans Primary School	24,922.71	0.00	0.00	0.00	0.00	0.00	24,922.71	0.00	0.00	90,443.24	90,443.24
00392	Swanwick Hall School	50,893.37	0.00	0.00	0.00	0.00	0.00	50,893.37	0.00	469.76	178,127.95	178,597.71
00393	John Flamsteed Community School	33,381.02	21.72	0.00	0.00	0.00	0.00	33,402.74	0.00	0.00	118,622.68	118,622.68
00395	David Neiper Academy	42,794.77	0.00	0.00	0.00	0.00	0.00	42,794.77	0.00	0.00	132,500.12	132,500.12
00396	Christ Church CofE Primary School	10,836.78	0.00	0.00	0.00	0.00	0.00	10,836.78	0.00	0.00	40,391.93	40,391.93
00397	Whitecotes School	2,837.49	0.00	0.00	0.00	0.00	0.00	2,837.49	0.00	0.00	10,319.39	10,319.39
00398	Poolsbrook School	2,064.14	0.00	0.00	0.00	0.00	0.00	2,064.14	0.00	0.00	7,715.51	7,715.51
00422	Landau Forte College	111,923.37	348.91	0.00	0.00	0.00	0.00	112,272.28	0.00	0.00	241,227.08	241,227.08
00439	Shirebrook Academy	69,965.94	0.00	0.00	0.00	0.00	0.00	69,965.94	0.00	0.00	250,533.79	250,533.79
00601	Holbrook Primary School	6,515.64	80.88	0.00	0.00	0.00	0.00	6,596.52	0.00	0.00	26,898.55	26,898.55
00602	St Edward's Catholic Academy	9,074.35	0.00	0.00	0.00	0.00	0.00	9,074.35	0.00	0.00	31,735.79	31,735.79
00603	St Joseph's Catholic Primary School - Matlock	10,203.01	0.00	0.00	0.00	0.00	0.00	10,203.01	0.00	0.00	38,005.88	38,005.88
00604	Mary Swanwick Primary	18,129.47	0.00	0.00	0.00	0.00	0.00	18,129.47	0.00	0.00	62,831.57	62,831.57
00605	Brimington Infant School	5,123.62	0.00	0.00	0.00	0.00	0.00	5,123.62	0.00	0.00	17,999.25	17,999.25
00606	Brimington Junior School	20,625.21	0.00	0.00	0.00	0.00	0.00	20,625.21	0.00	0.00	70,687.38	70,687.38
00607	Noel Baker Academy	56,305.81	0.00	0.00	0.00	0.00	0.00	56,305.81	0.00	0.00	216,769.89	216,769.89
00608	All Saints Infant, Matlock	7,237.65	0.00	0.00	0.00	0.00	0.00	7,237.65	0.00	0.00	23,151.45	23,151.45
00609	St Giles Primary (Killamarsh)	18,888.49	0.00	0.00	0.00	0.00	0.00	18,888.49	0.00	0.00	56,501.61	56,501.61
00610	QUEGS MAT	147,597.42	0.00	0.00	1,685.52	0.00	0.00	149,282.94	0.00	0.00	552,076.18	552,076.18
00611	Cavendish MAT	106,460.71	676.51	0.00	0.00	0.00	0.00	107,137.22	0.00	0.00	391,354.12	391,354.12
00612	All Saints Junior, Matlock	13,160.93	0.00	0.00	0.00	0.00	0.00	13,160.93	0.00	0.00	42,974.69	42,974.69
00613	Heritage High School	51,096.08	0.00	0.00	0.00	0.00	0.00	51,096.08	0.00	729.41	147,369.80	148,099.21
00614	New Whittington Primary	22,195.79	0.00	0.00	150.00	0.00	0.00	22,345.79	0.00	0.00	62,612.78	62,612.78
00615	Eckington Junior	14,945.66	0.00	0.00	0.00	0.00	0.00	14,945.66	0.00	0.00	48,661.62	48,661.62
00616	Darley Churchtown Primary	5,649.84	0.00	0.00	0.00	0.00	0.00	5,649.84	0.00	0.00	18,181.22	18,181.22
00617	Temple Normanton Primary	4,443.69	0.00	0.00	0.00	0.00	0.00	4,443.69	0.00	0.00	18,645.51	18,645.51
00618	Da Vinci Academy	44,069.18	0.00	0.00	0.00	0.00	0.00	44,069.18	0.00	0.00	177,837.12	177,837.12
00619	The Pingle Academy	68,749.51	0.00	0.00	0.00	0.00	0.00	68,749.51	0.00	0.00	221,480.71	221,480.71
00621	Derwent Primary	20,987.55	0.00	0.00	0.00	0.00	0.00	20,987.55	0.00	0.00	79,170.17	79,170.17
00622	Breadsall Hill Top Primary	27,153.68	0.00	0.00	0.00	0.00	0.00	27,153.68	0.00	0.00	93,102.48	93,102.48
00623	Peartree Junior	23,295.23	0.00	0.00	0.00	0.00	0.00	23,295.23	0.00	0.00	83,162.97	83,162.97
00624	Granville Sports College	33,429.03	0.00	0.00	300.00	0.00	0.00	33,729.03	0.00	0.00	87,941.60	87,941.60
00625	St Georges Primary (New Mills)	10,676.00	0.00	0.00	0.00	0.00	0.00	10,676.00	0.00	0.00	35,970.24	35,970.24
00626	Scargill Primary	17,858.68	0.00	0.00	0.00	0.00	0.00	17,858.68	0.00	0.00	63,112.35	63,112.35
00627	Cavendish Close Junior School	21,668.28	0.00	0.00	0.00	0.00	0.00	21,668.28	0.00	0.00	71,369.57	71,369.57
00628	Cloudside Junior	11,909.64	0.00	0.00	0.00	0.00	0.00	11,909.64	0.00	0.00	36,738.26	36,738.26
00629	Somercotes Infant School	8,474.96	0.00	0.00	0.00	0.00	114.63	8,589.59	0.00	0.00	23,435.97	23,435.97
00630	Somerlea Park Junior	9,618.52	0.00	0.00	0.00	0.00	0.00	9,618.52	0.00	0.00	33,274.29	33,274.29
00631	Bolsover CofE Junior	12,801.82	0.00	0.00	0.00	0.00	0.00	12,801.82	0.00	0.00	39,577.90	39,577.90
00632	Frederick Gent	47,495.81	0.00	0.00	0.00	0.00	0.00	47,495.81	0.00	2,225.61	147,222.59	149,448.20
00633	Firs Estate Primary School	31,693.48	422.31	0.00	0.00	0.00	0.00	32,115.79	0.00	0.00	102,008.58	102,008.58

00634	Hardwick Primary	43,631.31	0.00	0.00	0.00	0.00	0.00	43,631.31	0.00	0.00	141,582.21	141,582.21
00635	Derby Moor Community Sports College	71,909.61	(75.29)	0.00	0.00	0.00	0.00	71,834.32	0.00	0.00	213,058.59	213,058.59
00636	John King Infant	9,089.74	0.00	0.00	0.00	0.00	0.00	9,089.74	0.00	0.00	27,724.31	27,724.31
00637	Longwood Community Infant	4,954.96	0.00	0.00	0.00	0.00	0.00	4,954.96	0.00	0.00	13,662.00	13,662.00
00639	Kirkstead Junior Academy	9,912.34	0.00	0.00	0.00	0.00	0.00	9,912.34	0.00	0.00	31,098.10	31,098.10
00641	Ironville & Codnor Park Primary	8,424.13	0.00	0.00	0.00	0.00	0.00	8,424.13	0.00	0.00	25,131.77	25,131.77
00644	Chaddesden Park Primary	26,610.17	0.00	0.00	0.00	0.00	0.00	26,610.17	0.00	0.00	103,860.93	103,860.93
00645	Eckington School	44,983.92	0.00	0.00	0.00	0.00	0.00	44,983.92	0.00	0.00	147,695.85	147,695.85
00646	Village Primary School	56,411.70	0.00	0.00	0.00	0.00	0.00	56,411.70	0.00	0.00	196,712.78	196,712.78
00647	Street Lane Primary School	3,545.27	0.00	0.00	0.00	0.00	0.00	3,545.27	0.00	0.00	12,030.00	12,030.00
00648	Ash Croft Primary Academy	9,296.79	0.00	0.00	0.00	0.00	0.00	9,296.79	0.00	0.00	31,794.51	31,794.51
00649	Langwith Bassett Junior Academy	7,270.90	0.00	0.00	0.00	0.00	0.00	7,270.90	0.00	0.00	20,175.41	20,175.41
00650	Friesland School (Academy)	65,151.46	197.61	0.00	0.00	0.00	0.00	65,349.07	0.00	1,572.93	187,201.25	188,774.18
00651	Esteem Multi Academy Trust (M.A.T)	303,194.75	969.64	0.00	226.80	0.00	0.00	304,391.19	0.00	0.00	877,190.07	877,190.07
00657	All Saints Catholic Voluntary Academy (Glossop)	5,606.05	0.00	0.00	0.00	0.00	0.00	5,606.05	0.00	0.00	16,021.69	16,021.69
00658	Christ the King Catholic Voluntary Academy (Alfreton)	8,278.31	0.00	0.00	0.00	0.00	0.00	8,278.31	0.00	0.00	24,929.31	24,929.31
00659	St Alban's Catholic Voluntary Academy (Derby)	23,300.64	0.00	0.00	0.00	0.00	0.00	23,300.64	0.00	0.00	82,611.57	82,611.57
00660	St Anne's Catholic Voluntary Academy (Buxton)	15,216.79	0.00	0.00	0.00	0.00	0.00	15,216.79	0.00	0.00	50,957.70	50,957.70
00661	St Charles' Catholic Primary Voluntary Academy (Hadfield)	11,304.27	0.00	0.00	0.00	0.00	0.00	11,304.27	0.00	0.00	36,607.49	36,607.49
00662	St Elizabeth's Catholic Voluntary Academy (Belper)	7,403.53	0.00	0.00	0.00	0.00	0.00	7,403.53	0.00	0.00	22,281.75	22,281.75
00663	St Joseph's Catholic Voluntary Academy (Derby)	22,429.87	0.00	0.00	0.00	0.00	0.00	22,429.87	0.00	0.00	81,482.85	81,482.85
00664	St Margaret's Catholic Voluntary Academy (Glossop)	2,753.14	0.00	0.00	0.00	0.00	0.00	2,753.14	0.00	0.00	8,025.81	8,025.81
00665	St Mary's Catholic Voluntary Academy (Derby)	18,181.72	0.00	0.00	0.00	0.00	0.00	18,181.72	0.00	0.00	64,060.42	64,060.42
00667	St Mary's Catholic Voluntary Academy (New Mills)	6,279.86	0.00	0.00	0.00	0.00	0.00	6,279.86	0.00	0.00	17,159.12	17,159.12
00668	St Thomas Catholic Voluntary Academy (Ilkeston)	12,959.24	0.00	0.00	0.00	0.00	0.00	12,959.24	0.00	0.00	39,378.12	39,378.12
00669	St Thomas More Catholic Voluntary Academy (Buxton)	29,589.00	0.00	0.00	0.00	0.00	0.00	29,589.00	0.00	0.00	89,063.75	89,063.75
00670	Derby Cathedral School	21,595.24	0.00	0.00	0.00	0.00	0.00	21,595.24	0.00	0.00	68,836.59	68,836.59
00671	St Mary's Catholic Voluntary Academy (Glossop)	9,501.82	0.00	0.00	0.00	0.00	0.00	9,501.82	0.00	0.00	31,604.28	31,604.28
00672	Alvaston Junior Academy	29,785.12	0.00	0.00	0.00	0.00	0.00	29,785.12	0.00	0.00	113,775.98	113,775.98
00673	Reigate Park Primary Academy	24,800.34	0.00	0.00	0.00	0.00	0.00	24,800.34	0.00	0.00	77,314.89	77,314.89
00674	Cotton Farm Primary Academy	10,423.73	0.00	0.00	0.00	0.00	0.00	10,423.73	0.00	0.00	37,024.99	37,024.99
00675	Hilton Primary School	40,702.76	426.36	0.00	0.00	0.00	0.00	41,129.12	0.00	0.00	123,718.35	123,718.35
00676	Loscoe CofE Primary School and Nursery	12,494.83	0.00	0.00	0.00	0.00	0.00	12,494.83	0.00	0.00	36,169.82	36,169.82
00677	Ashwood Spencer Academy	38,052.06	0.00	0.00	0.00	0.00	0.00	38,052.06	0.00	0.00	134,865.12	134,865.12
00678	Wilsthorpe School	41,702.07	895.09	0.00	0.00	0.00	0.00	42,597.16	0.00	134.80	140,843.02	140,977.82
00682	Lakeside Community Primary School	41,860.96	0.00	0.00	0.00	0.00	0.00	41,860.96	0.00	0.00	136,306.12	136,306.12
00684	Walton on Trent CofE Primary and Infant School	8,066.99	0.00	0.00	0.00	0.00	0.00	8,066.99	0.00	0.00	27,120.46	27,120.46
00685	Griffe Field Primary School	20,971.10	0.00	0.00	0.00	0.00	0.00	20,971.10	0.00	0.00	83,964.77	83,964.77
00686	Horsley Woodhouse Primary School	7,410.97	0.00	0.00	0.00	0.00	0.00	7,410.97	0.00	0.00	24,707.13	24,707.13
00687	Kilburn Junior School	13,463.16	0.00	0.00	0.00	0.00	0.00	13,463.16	0.00	0.00	40,387.81	40,387.81
00688	Aldercar Infant School	20,325.64	0.00	0.00	0.00	0.00	0.00	20,325.64	0.00	0.00	65,255.68	65,255.68
00689	Heath Primary School	22,562.14	0.00	0.00	0.00	0.00	0.00	22,562.14	0.00	0.00	63,714.27	63,714.27
00690	Howitt Primary Community School	24,140.89	0.00	0.00	0.00	0.00	0.00	24,140.89	0.00	0.00	76,454.05	76,454.05
00691	Derby St Chads CofE (VC) Nursery and Infant School	6,879.97	0.00	0.00	0.00	0.00	0.00	6,879.97	0.00	0.00	24,427.69	24,427.69
00692	Djanogly Learning Trust	37,320.39	0.00	0.00	0.00	0.00	0.00	37,320.39	0.00	0.00	114,846.10	114,846.10
00693	Arboretum Primary School (Academy)	53,996.91	0.00	0.00	0.00	0.00	0.00	53,996.91	0.00	0.00	172,900.78	172,900.78
00697	Odyssey Trust	148,662.39	0.00	0.00	0.00	0.00	0.00	148,662.39	0.00	0.00	498,486.28	498,486.28
00700	Peak Multi Academy Trust	150,215.31	949.96	0.00	0.00	0.00	0.00	151,165.27	0.00	0.00	530,720.61	530,720.61
00704	Holme Hall Primary School	6,765.21	0.00	0.00	0.00	0.00	0.00	6,765.21	0.00	0.00	25,638.80	25,638.80
00705	Brookfield Primary School	16,550.96	0.00	0.00	0.00	0.00	0.00	16,550.96	0.00	0.00	61,702.80	61,702.80

00706	Richardson Endowed Primary School	10,588.73	0.00	0.00	0.00	0.00	0.00	10,588.73	0.00	0.00	38,480.14	38,480.14
00707	Woodthorpe CofE Primary School	6,636.43	0.00	0.00	0.00	0.00	0.00	6,636.43	0.00	0.00	23,914.29	23,914.29
00708	Ashgate Croft School	73,005.10	0.00	0.00	300.00	0.00	0.00	73,305.10	0.00	0.00	264,465.82	264,465.82
00709	Old Hall Junior School	12,057.64	0.00	0.00	0.00	0.00	0.00	12,057.64	0.00	0.00	44,967.83	44,967.83
00710	Walton Holymoorside Primary School	18,046.54	0.00	0.00	0.00	0.00	0.00	18,046.54	0.00	0.00	66,008.58	66,008.58
00711	Westfield Infant School	9,256.95	0.00	0.00	0.00	0.00	0.00	9,256.95	0.00	0.00	34,167.51	34,167.51
00713	Brooklands Primary School	21,428.68	0.00	0.00	0.00	0.00	0.00	21,428.68	0.00	0.00	78,583.91	78,583.91
00714	Tupton Primary and Nursery Academy	15,313.55	0.00	0.00	0.00	0.00	0.00	15,313.55	0.00	0.00	56,651.86	56,651.86
00716	Carlyle Infant and Nursery School	12,375.39	0.00	0.00	0.00	0.00	0.00	12,375.39	0.00	0.00	46,801.54	46,801.54
00717	Hodthorpe Primary School	3,003.06	0.00	0.00	0.00	0.00	0.00	3,003.06	0.00	0.00	11,055.55	11,055.55
00719	Longford CofE Primary School	1,361.31	0.00	0.00	0.00	0.00	0.00	1,361.31	0.00	0.00	5,198.49	5,198.49
00722	St Andrew's School	50,607.89	0.00	0.00	0.00	0.00	0.00	50,607.89	0.00	0.00	179,461.76	179,461.76
00723	Church Gresley Infant and Nursery School	17,657.23	0.00	0.00	0.00	0.00	0.00	17,657.23	0.00	0.00	64,788.28	64,788.28
00724	Ravensdale Junior School	20,665.11	326.32	0.00	0.00	0.00	0.00	20,991.43	0.00	0.00	76,078.45	76,078.45
00725	Chellaston Fields	7,290.72	0.00	0.00	0.00	0.00	0.00	7,290.72	0.00	0.00	26,767.38	26,767.38
00726	The Mease At Hilton	3,960.87	0.00	0.00	0.00	0.00	0.00	3,960.87	0.00	0.00	14,412.22	14,412.22
00727	Hackwood Primary Academy	4,088.11	0.00	0.00	0.00	0.00	0.00	4,088.11	0.00	0.00	14,965.26	14,965.26
00728	Ivy House School	45,189.52	0.00	0.00	0.00	0.00	811.19	46,000.71	0.00	0.00	160,248.44	160,248.44
00729	Tupton Hall School	51,586.90	0.00	0.00	0.00	0.00	0.00	51,586.90	0.00	0.00	181,167.62	181,167.62
00730	St Werburgh's CofE Primary School	16,550.02	0.00	0.00	0.00	0.00	0.00	16,550.02	0.00	0.00	59,993.44	59,993.44
00731	St Giles' School	50,538.98	0.00	0.00	0.00	0.00	0.00	50,538.98	0.00	0.00	184,758.48	184,758.48
00732	The Green Infant School	5,387.00	0.00	0.00	0.00	0.00	0.00	5,387.00	0.00	0.00	20,315.01	20,315.01
00733	Lawn Primary School	27,295.99	0.00	0.00	0.00	0.00	0.00	27,295.99	0.00	0.00	98,546.10	98,546.10
00734	St Peter's Church of England Aided Junior School	12,200.94	0.00	0.00	0.00	0.00	0.00	12,200.94	0.00	0.00	43,407.18	43,407.18
00735	Springwell Community College	46,404.94	0.00	0.00	0.00	0.00	0.00	46,404.94	0.00	225.57	164,294.83	164,520.40
00736	North Wingfield Primary and Nursery Academy	22,593.84	0.00	0.00	0.00	0.00	0.00	22,593.84	0.00	0.00	82,248.33	82,248.33
00737	Chaucer Junior School	20,587.89	470.69	0.00	0.00	0.00	0.00	21,058.58	0.00	0.00	83,025.39	83,025.39
00738	Elmsleigh Infant & Nursery School	24,462.24	0.00	0.00	0.00	0.00	0.00	24,462.24	0.00	0.00	92,721.32	92,721.32
00739	Chaucer Infant School	14,839.86	0.00	0.00	0.00	0.00	0.00	14,839.86	0.00	0.00	58,728.82	58,728.82
00740	St Martins School	52,679.52	0.00	0.00	0.00	0.00	0.00	52,679.52	0.00	0.00	191,500.61	191,500.61
00741	Whaley Thorns Primary School	8,652.20	0.00	0.00	0.00	0.00	0.00	8,652.20	0.00	0.00	33,102.24	33,102.24
00742	Stubbin Wood School	73,203.55	0.00	0.00	0.00	0.00	0.00	73,203.55	0.00	0.00	271,381.56	271,381.56
00743	Model Village Primary School	14,328.71	0.00	0.00	0.00	0.00	0.00	14,328.71	0.00	0.00	55,706.60	55,706.60
00744	Gamesley Primary School	25,967.60	0.00	0.00	0.00	0.00	0.00	25,967.60	0.00	0.00	79,789.10	79,789.10
00745	Ashbrook Junior School	5,722.90	0.00	0.00	0.00	0.00	0.00	5,722.90	0.00	0.00	22,437.40	22,437.40
00746	Bakewell CofE Infant School	1,795.01	0.00	0.00	0.00	0.00	0.00	1,795.01	0.00	0.00	7,181.32	7,181.32
00747	Bishop Pursglove CofE Primary School	3,633.18	0.00	0.00	0.00	0.00	0.00	3,633.18	0.00	0.00	14,249.42	14,249.42
00748	Highfields Spencer Academy	3,077.44	0.00	0.00	0.00	0.00	0.00	3,077.44	0.00	0.00	11,808.31	11,808.31
00749	Hague Bar Primary School	2,437.27	0.00	0.00	0.00	0.00	0.00	2,437.27	0.00	0.00	9,597.31	9,597.31
00750	Glossopdale School	22,382.12	0.00	0.00	0.00	0.00	0.00	22,382.12	0.00	0.00	82,699.65	82,699.65
00751	Field House Infant School	4,244.46	0.00	0.00	0.00	0.00	0.00	4,244.46	0.00	0.00	16,392.73	16,392.73
00752	Ladywood Primary School	7,265.92	0.00	0.00	855.08	0.00	0.00	8,121.00	0.00	0.00	28,777.63	28,777.63
00753	Waingroves Primary School	3,294.80	0.00	0.00	0.00	0.00	0.00	3,294.80	0.00	0.00	12,685.43	12,685.43
00754	St James' CofE Aided Junior School	2,543.91	0.00	0.00	0.00	0.00	0.00	2,543.91	0.00	0.00	9,566.41	9,566.41
00755	Outwood Academy Hasland Hall	4,554.71	0.00	0.00	0.00	0.00	0.00	4,554.71	0.00	0.00	16,060.25	16,060.25
00170	Crich Tramway Museum Society	3,270.90	0.00	0.00	0.00	0.00	0.00	3,270.90	0.00	0.00	16,278.04	16,278.04
00184	Chesterfield Care Group	4,976.52	0.00	0.00	0.00	0.00	0.00	4,976.52	0.00	0.00	2,720.04	2,720.04
00185	Belper Leisure Centre Ltd	12,399.87	0.00	0.00	315.11	0.00	0.00	12,714.98	1,008.00	593.71	63,546.41	65,148.12
00404	Derbys Student Residences Ltd	65,724.04	762.84	0.00	0.00	0.00	0.00	66,486.88	0.00	0.00	310,075.92	310,075.92
00414	Veloia (C'field Refuse)	9,253.90	0.00	0.00	0.00	0.00	0.00	9,253.90	0.00	0.00	12,521.09	12,521.09

00416	Vinci (ex Norwest Holst) PLC	2,264.40	0.00	0.00	0.00	0.00	0.00	2,264.40	0.00	0.00	4,694.51	4,694.51
00417	Veloia (AV Refuse)	3,997.74	0.00	0.00	0.00	0.00	0.00	3,997.74	0.00	0.00	36.89	36.89
00418	Interserve Integrated Services	1,761.89	0.00	0.00	0.00	0.00	0.00	1,761.89	0.00	0.00	6,456.49	6,456.49
00419	Interserve Catering Services	5,358.34	0.00	0.00	0.00	0.00	0.00	5,358.34	0.00	0.00	23,090.90	23,090.90
00420	DC Leisure Management Ltd (AV)	17,587.37	0.00	0.00	0.00	0.00	0.00	17,587.37	0.00	0.00	39,893.29	39,893.29
00424	Balfour Beatty	2,918.13	0.00	0.00	0.00	0.00	0.00	2,918.13	0.00	0.00	8,087.53	8,087.53
00425	Macintyre Care	5,995.65	0.00	0.00	0.00	0.00	0.00	5,995.65	0.00	0.00	0.00	0.00
00441	Arvato	68,492.10	0.00	0.00	0.00	0.00	0.00	68,492.10	0.00	0.00	160,249.52	160,249.52
00442	Kier	11,133.30	0.00	0.00	0.00	0.00	0.00	11,133.30	0.00	0.00	23,399.92	23,399.92
00443	Mitie	5,120.96	0.00	0.00	0.00	0.00	0.00	5,120.96	0.00	0.00	27,732.37	27,732.37
00444	Compass (DCC)	901.43	0.00	0.00	0.00	0.00	0.00	901.43	0.00	0.00	3,040.42	3,040.42
00446	Active Nation	614.59	0.00	0.00	0.00	0.00	0.00	614.59	0.00	0.00	2,212.51	2,212.51
00451	Compass Ltd (City)	4,941.55	0.00	0.00	0.00	0.00	0.00	4,941.55	0.00	0.00	15,320.49	15,320.49
00453	Cleanslate (UK) Ltd (Pottery)	650.94	0.00	0.00	0.00	0.00	0.00	650.94	0.00	0.00	1,940.94	1,940.94
00457	Derby Museums and Arts Trust	24,429.75	0.00	0.00	0.00	0.00	0.00	24,429.75	0.00	0.00	85,122.32	85,122.32
00460	Balfour Beatty (Derby BSF)	2,879.55	0.00	0.00	0.00	0.00	0.00	2,879.55	0.00	0.00	12,057.78	12,057.78
00466	Arvato (DDDC)	13,268.37	0.00	0.00	0.00	0.00	0.00	13,268.37	0.00	0.00	28.28	28.28
00467	Derby County Community Trust	1,827.36	0.00	0.00	0.00	0.00	0.00	1,827.36	0.00	0.00	8,617.84	8,617.84
00468	Aspens Services Ltd	1,024.62	0.00	0.00	0.00	0.00	0.00	1,024.62	0.00	0.00	5,309.54	5,309.54
00470	Vinci Construction UK Ltd (Ashcroft & Portway)	474.17	0.00	0.00	0.00	0.00	0.00	474.17	0.00	0.00	2,518.13	2,518.13
00471	NSL Ltd	1,936.90	0.00	0.00	0.00	0.00	0.00	1,936.90	0.00	0.00	6,049.09	6,049.09
00472	Mellors Catering Services Ltd	1,068.19	0.00	0.00	0.00	0.00	0.00	1,068.19	0.00	0.00	0.00	0.00
00475	Connex Community Support	1,167.40	0.00	0.00	0.00	0.00	0.00	1,167.40	0.00	0.00	4,226.84	4,226.84
00478	Taylor Shaw	3,747.47	0.00	0.00	0.00	0.00	0.00	3,747.47	0.00	0.00	15,512.49	15,512.49
00479	Action for Children	622.97	0.00	0.00	0.00	0.00	0.00	622.97	0.00	0.00	1,868.70	1,868.70
00480	CSE Education	364.35	0.00	0.00	0.00	0.00	0.00	364.35	0.00	0.00	1,652.20	1,652.20
00481	Mellors Catering	788.87	0.00	0.00	0.00	0.00	0.00	788.87	0.00	0.00	4,302.91	4,302.91
00482	Derbyshire Building Control	45,609.03	0.00	0.00	0.00	0.00	0.00	45,609.03	0.00	0.00	181,245.81	181,245.81
00483	Amber Valley School Sports Partnership	1,948.47	0.00	0.00	0.00	0.00	0.00	1,948.47	0.00	0.00	6,590.37	6,590.37
00484	Caterlink Ltd (Lea Primary)	613.80	0.00	0.00	0.00	0.00	0.00	613.80	0.00	0.00	1,439.71	1,439.71
00485	Alliance Environmental Services Ltd	78,133.27	0.00	0.00	0.00	0.00	0.00	78,133.27	0.00	0.00	229,576.86	229,576.86
00487	RM Education Ltd	259.50	0.00	0.00	0.00	0.00	0.00	259.50	0.00	0.00	1,507.80	1,507.80
00488	Caterlink Ltd (Shirebrook/Stubbin Wood)	77.76	0.00	0.00	0.00	0.00	0.00	77.76	0.00	0.00	239.92	239.92
00490	Caterlink Ltd (Swanwick Hall)	37.65	0.00	0.00	0.00	0.00	0.00	37.65	0.00	0.00	392.80	392.80
00491	Caterlink Ltd (St Mary's Chesterfield)	1,335.10	0.00	0.00	0.00	0.00	0.00	1,335.10	0.00	0.00	8,380.10	8,380.10
00492	Caterlink (Reigate Primary)	908.14	0.00	0.00	0.00	0.00	0.00	908.14	0.00	0.00	9,227.86	9,227.86
00493	Wealden Leisure Ltd (Freedom Leisure)	35,849.94	0.00	0.00	0.00	0.00	0.00	35,849.94	0.00	0.00	160,288.76	160,288.76
00494	Caterlink (Abercrombie)	168.83	0.00	0.00	0.00	0.00	0.00	168.83	0.00	0.00	884.08	884.08
00495	Caterlink Ltd (St Mary's High School)	7,977.92	0.00	0.00	0.00	0.00	0.00	7,977.92	0.00	0.00	44,050.90	44,050.90
00497	Churchill Contract Services Ltd (St Marys Chesterfield)	1,863.21	0.00	0.00	0.00	0.00	0.00	1,863.21	0.00	0.00	13,550.67	13,550.67
00499	Legacy Leisure Ltd (Parkwood Leisure) Erewash	36,786.96	334.86	0.00	0.00	0.00	0.00	37,121.82	0.00	0.00	161,882.43	161,882.43
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)	3,044.64	0.00	0.00	0.00	0.00	0.00	3,044.64	0.00	0.00	16,486.23	16,486.23
00503	Parkwood Leisure Ltd (Buxton Pavilion)	4,950.65	0.00	0.00	0.00	0.00	0.00	4,950.65	0.00	0.00	20,741.62	20,741.62
00504	Lex Leisure CIC (HP)	15,125.31	0.00	0.00	0.00	0.00	0.00	15,125.31	0.00	0.00	78,050.23	78,050.23
00505	Accuro FM Ltd	277.20	0.00	0.00	0.00	0.00	0.00	277.20	0.00	0.00	1,632.60	1,632.60
00506	Churchill (Hilton School)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
00507	Aspens Services Ltd (Kirk Hallam)	4,538.85	0.00	0.00	0.00	0.00	0.00	4,538.85	0.00	0.00	28,281.95	28,281.95
00508	Mellors Catering (Two Counties)	10,588.00	0.00	0.00	0.00	0.00	0.00	10,588.00	0.00	0.00	69,354.81	69,354.81
00509	Agincare (Derby) Ltd	21,043.47	0.00	0.00	0.00	0.00	0.00	21,043.47	0.00	0.00	130,012.69	130,012.69

00510	Churchill (Spencer Academy Trust)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
00511	Caterlink (Parkwood & Redwood)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
00512	Amber Valley Norse (AVBC)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
00513	Churchill Services (Kirk Hallam)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
00514	Mellors Catering (Shirebrook & Stubbin Wood)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
00515	Vertas Derbyshire Ltd	240,887.36	83.77	0.00	0.00	0.00	0.00	240,971.13	0.00	0.00	885,174.36	885,174.36
00516	Concertus Derbyshire Ltd	44,018.83	0.00	0.00	250.00	0.00	0.00	44,268.83	0.00	0.00	139,099.82	139,099.82
00517	Mellors (Learners Trust)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTALS	**42,416,974.00**	**140,019.25**	**(129.98)**	**79,173.11**	**34.37**	**6,638.22**	**42,642,708.97**	**12,100,312.00**	**15,216.26**	**131,087,008.63**	**143,202,536.89**

Derbyshire Pension Fund

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