

Environment Agency
Pension Fund

Closed Pension Fund

Annual Report and Financial Statements for the year
ended 31 March 2024



Environment Agency Closed Pension Fund Annual Report and Financial Statements 2023/24

Presented to Parliament pursuant to Section 52 of the Environment Act 1995

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HC 28



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Environment Agency Pension Fund (EAPF) Chair's statement

I take great pride in chairing the Environment Agency Pension Fund and am pleased to present the Closed Fund's Annual Report and Financial Statements for the year ended 31 March 2024.

Every year presents new challenges and 2023/24 was no exception. Global events continued to contribute to market volatility, inflation, increased risks of cyber security and significant cost of living increases for our members. Despite all the challenges, the Fund remains in good health and fully committed to serving its members.

During the year the total number of Closed Pension Fund pensioners and deferred members fell from 10,016 to 9,346. At 31 March 2024, the net assets of the Fund were valued at £263.5m (2023: £267.2m) and the Fund's liabilities were estimated to be £394.0m (2023: £411.8m). To match the duration of the Fund's liabilities, the investment management of the assets are spread across six index linked gilts managed by Sarasin & Partners LLP. In the year to 31 March 2024, the annualised investment rate of return was -0.9% (2023: -18.3%) against a benchmark of -11.9%.

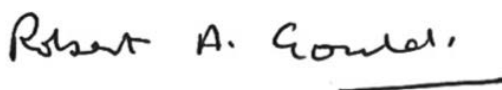
Our latest formal triennial valuation of the Fund as at 31 March 2022 reflected a funding level of 67% (2019: 51%). The estimated funding level as at 31 March 2024 is 66% (2023: 65%).

Since the Fund has no contribution income, under Section 173 of the Water Act 1989, the Government has a statutory obligation to ensure that the Fund can always meet its pensions and other related liabilities. Deferred members, pensioners and their dependents can therefore be reassured about the long-term security of their pension benefits. Under the terms of letters between Her Majesty's Treasury and the Department for Environment Food & Rural Affairs (Defra), and between Defra and the Environment Agency and the Memorandum of Understanding between the Accounting Officers of Defra and the Environment Agency, the Fund receives grant-in-aid from Defra. During the year, payments amounting to £42.5m (2023: £43.6m) were received and used to meet the Fund's obligations to meet pensions and other liabilities.

Being a public sector fund reflects the culture, operations, and level of transparency of the Fund. Along with acting in the best interest of our members, the desire to act in the wider public interest is strong and influences our approach. I must pay testament to the continued high level of commitment and engagement from all our Pension Committee Members. Thank you.

I also want to thank everyone involved, including our Pension Fund Management Team, employers, and external contractors, in managing and supporting the Environment Agency Closed Pension Fund.

I hope you enjoy reading about the success of our Fund over the year. We will continue to keep you updated at www.eapf.org.uk.



Robert Gould
Chair, Environment Agency Pensions Committee
17 July 2024

About the Environment Agency Pension Fund

History of the EAPF

In 1989, the National Rivers Authority (NRA) was created following the privatisation of the old water authorities. The Active Pension Fund was created for employees of the NRA.

On 1 April 1996, the responsibility for both the Active and Closed Pension Funds transferred to the Environment Agency (EA). The EA, which was created by the Environment Agency Act 1995, replaced the NRA.

Local Government Pension Scheme (LGPS) background

Both the EA Active and Closed Pension Funds are statutory members of the Local Government Pension Scheme (LGPS).

With 6.6 million members, the LGPS is one of the largest public service pension schemes in the UK. It is a nationwide pension scheme for people working in local government or working for other types of employers participating in the Scheme. Employers in the Scheme include local authorities and public service organisations (such as the EA) as well as other employers which provide the LGPS for their employees by becoming admitted bodies.

LGPS responsibilities

The regulations give specific responsibilities to scheme employers and pension fund administrators, each of whom must make decisions in relation to some matters and can exercise their discretion in relation to others.

The Environment Agency Board delegates responsibility for management of the Fund to a Pensions Committee. The Pensions Committee is assisted by an Investment Sub-Committee, a Benefits Working Group, and Pension Board. The Fund Actuary sets each employer's contribution rate as part of the actuarial valuation of the Fund's assets and liabilities every three years. The next triennial valuation is due as at 31 March 2025.

LGPS regulations

The Scheme rules are contained in regulations made by Parliament after consultation with both employee representatives (Trade Unions) and employer representatives. The rules comply with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995, the Pensions Act 2004 and the Pensions Act 2008. The LGPS is a registered public service pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

As the LGPS is a statutory funded pension scheme, it's a secure pension arrangement with rules set out in legislation made under Acts of Parliament (the Superannuation Act 1972 and Public Service Pensions Act 2013). The LGPS benefits are primarily governed by the LGPS Regulations 2013, the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and the LGPS (Management and Investment of Funds) Regulations 2016. These are all subject to amendment over time.

The LGPS provides salary related defined benefits, which are not dependent upon investment performance. The LGPS provides final salary benefits in relation to membership up to 31 March 2014 and career average revalued earnings (CARE) for membership from 1 April 2014.

State Pension provision and the Pensions Act 2014

The Pensions Act 2014 introduced changes to the State Pension system in the UK with the introduction of a new single tier State Pension for individuals who reached their State Pension Age on or after 6 April 2016. The Act also legislates for the acceleration of State Pension Age from age 66 to 67 between 6 April 2026 and 5 April 2028. These changes to the State Pension also ended 'contracting out' for Defined Benefit schemes. The EAPF was contracted out of the State Second Pension (S2P) until 5 April 2016.

Changes affecting the Local Government Regulations during 2023/24

Several key pieces of pensions legislation were introduced/amended during 2023/24, which affected the Local Government Pension Regulations 2013; these were:

- **The Pensions (Abolition of Lifetime Allowance Charge etc) Regulations 2024 (SI 2024/356)** – Laid on 14 March 2024 and coming into effect from 6 April 2024, this is a major piece of overriding legislation that abolishes the Lifetime Allowance charge. It is replaced by a 'lump sum allowance' (LSA) and 'lump sum and death benefit allowance' (LSDBA).
- **The Pensions Dashboard (Amendment) Regulations 2023** – Following a revision of timescales by government for the Pension Dashboard 'connection' timescales, these regulations have removed the different deadlines of the Dashboard process and have replaced them with a single 'connection deadline' of 31 October 2026.
- **The Local Government Pension Scheme (Amendment) (No.2) Regulations 2023 (SI 2023/522: valuation changes)** – These regulations changed the specified dates for the Scheme actuary to carry out the valuation from every 3 years to the dates specified in Treasury directions. In addition, the regulations changed the date on which the LGPS Scheme Advisory Board (SAB) must obtain the cost assessment from the Scheme actuary to conduct its review of the cost of the Scheme.
- **The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 (2023/972: McCloud)** – Coming into force with effect from 1 October 2023, these regulations brought about the long-awaited changes to implement the McCloud remedy (i.e. introducing final salary underpin protection for qualifying younger members, similar to that introduced for qualifying older members in 2014). The McCloud case only affects members of the Environment Agency Active Pension Fund, as there is no impact to members of the Environment Agency Closed Pension Fund.

Pension Fund governance

Introduction

The Environment Agency is the administering authority responsible for maintaining and managing the Environment Agency Pension Closed and Active Funds (the Funds), which are part of the Local Government Pension Scheme (the Scheme) in England and Wales.

Flexibility is provided for each Administering Authority to determine their own governance arrangements relating to how they maintain and manage their Fund. Our Governance Policy provides high level information in relation to those arrangements and how we govern the Funds. This and our other policies, can be found at www.eapf.org.uk/trustees/governance-policies.

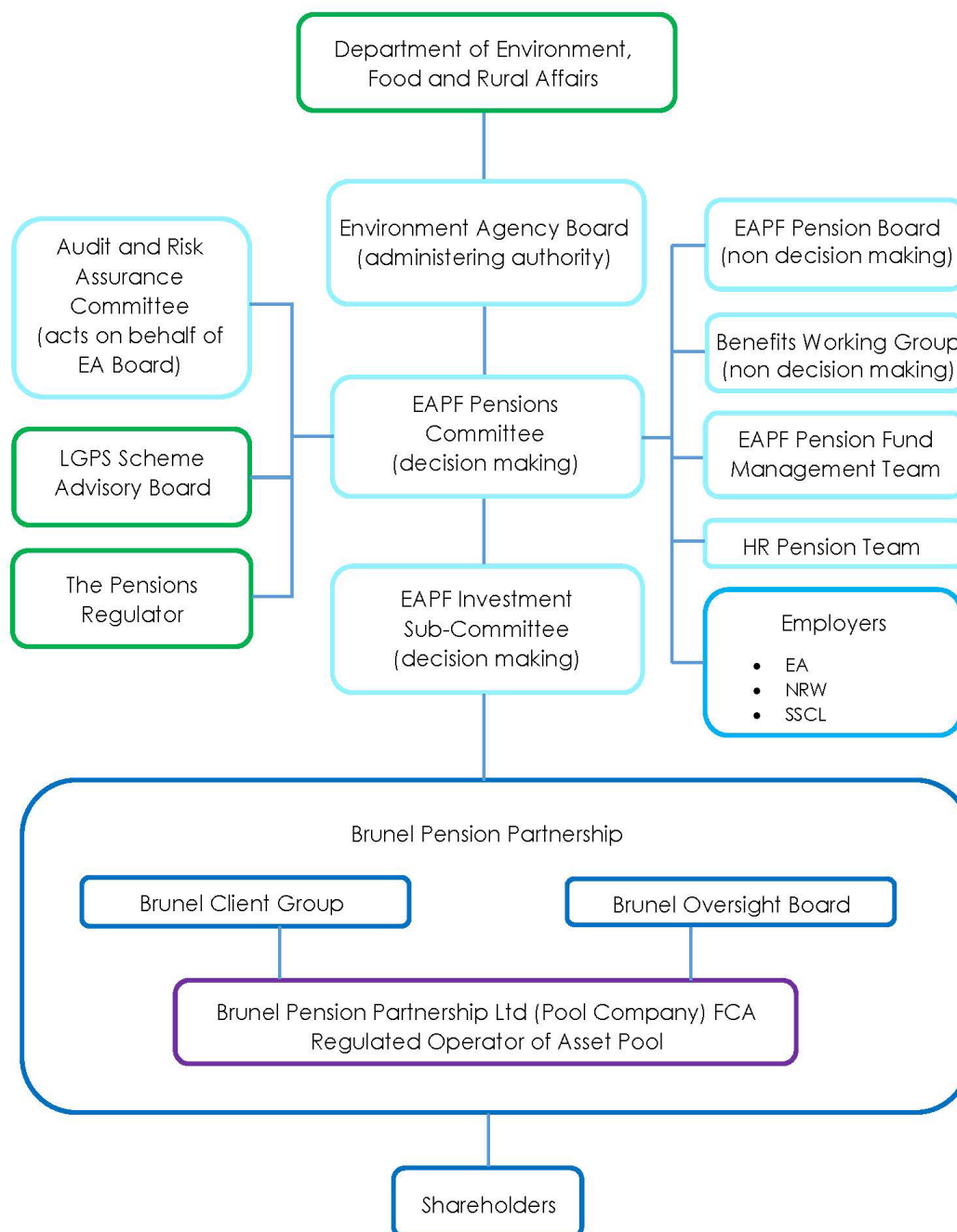
Objectives

Our Pension fund has set itself the following main governance objectives, which are to:

- Act in the best interests of the Fund's members and employers.
- Have robust governance arrangements in place to manage conflicts of interest and to facilitate informed decision making, supported by appropriate advice, policies and strategies and to understand and monitor risk.
- Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor success.
- Deliver our services through people who have the appropriate knowledge, skills and expertise, and ensure that this knowledge and expertise is maintained within the continually changing LGPS and wider pensions landscape.
- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance.
- Ensure those persons responsible for governing EAPF have sufficient expertise to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage any potential conflicts of interest.
- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.

Our Governance structure

The Environment Agency Board delegates the management and oversight of the Funds to a Pensions Committee, an Investment Sub-Committee, a Benefits Working Group and a Pension Board. The EAPF governance structure, role of the Pensions Committee and interaction with stakeholders is illustrated at a high level in the following diagram.



Pensions Committee, Investment Sub-Committee, Benefits Working Group and Pension Board membership

The Environment Agency Board appoints members in accordance with our Governance Compliance Statement. Membership of the Pensions Committee (PC) will normally be 14 including the Chair of the PC. Members of the PC will comprise:

- Four Non-Executive Board members of the Environment Agency, one of whom will be the Chair;
- Two Executive members of the Environment Agency;
- One Non-Environment Agency Employer representative member;
- Five Active Scheme member representatives; and
- Two Pensioners or one Pensioner and one Deferred member representative.

Membership of the Investment Sub-Committee (ISC) will be appointed by the Environment Agency Board and will normally be seven Committee members as follows:

- Two Non-Executive Environment Agency Board members (one of whom should be nominated as Chair of the ISC by the PC);
- Two from the Executive Environment Agency and Employer representative members (or deputies); and
- Three Scheme member representatives (active, pensioner or deferred).

The Benefits Working Group has no delegated decision making powers, and its objective is to provide a deeper focus and higher level of scrutiny on administration matters to support the PC.

Membership of the Pension Board is covered below under the Annual Statement from the Chair of the EAPF Pension Board.

Changes to Pensions Committee, Investment Sub-Committee and Pension Board membership

There were no changes to Committee membership during the year.

Pensions Committee (PC), Investment Sub-Committee (ISC) and Pension Board (PB) membership

As at 31 March 2024	Membership	Date of appointment	Length of service	End of current appointment	Residual period of current appointment
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Board members

Robert Gould	PC, ISC, PB	18/10/2018	5 yr 6 mth	31/03/2025	1 yr 0 mth
Caroline Mason	PC, ISC, PB	03/12/2018	5 yr 4 mth	31/03/2024	0 yr 0 mth
John Lelliott	PC, PB	12/12/2019	4 yr 4 mth	30/09/2024	0 yr 6 mth
Lilli Matson	PC, PB	30/09/2021	2 yr 6 mth	31/01/2025	0 yr 10 mth

Administering Authority Executive Manager nominees

Laura Milton	PC, ISC	25/05/2023	0 yr 11 mth	N/A	N/A
Phil Lodge	PC, ISC	16/05/2018	5 yr 11 mth	N/A	N/A

Non-Environment Agency Executive Employer representative

Rob Bell	PC, PB	08/10/2023	0 yr 6 mth	06/09/2026	2 yr 6 mth
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Contributing member nominees and representatives

Alice Brightman	PC, PB	01/04/2023	1 yr 0 mth	31/03/2026	2 yr 0 mth
Will Lidbetter	PC, ISC, PB	01/08/2016	7 yr 8 mth	31/07/2025	1 yr 4 mth
Danielle Ashton	PC, ISC	01/02/2018	6 yr 2 mth	31/01/2027	2 yr 10 mth
Veronica James	PC	16/05/2019	4 yr 11 mth	15/05/2025	1 yr 1 mth
Greg Black	PC, ISC, PB	01/04/2022	2 yr 0 mth	31/03/2025	1 yr 0 mth
Matt Chaddock (Shadow)	PC	01/04/2023	1 yr 0 mth	31/03/2026	2 yr 0 mth

Pensioner and deferred members

Peter Smith	PC, PB	14/05/2015	8 yr 11 mth	13/05/2025	1 yr 1 mth
Hywel Tudor	PC, PB	14/05/2015	8 yr 11 mth	13/05/2025	1 yr 1 mth

Committee member biographies

The biographies of Committee members included below demonstrate the past and current experience of the membership and form the basis for decisions on future training needs as part of our adoption of the CIPFA Knowledge and Skills Framework for LGPS funds.

Robert Gould was appointed to the Board of the Environment Agency (EA) in 2018. As well as chairing the Pensions Committee he also sits on the Board's Flood and Coastal Risk Management Committee and Audit and Risk Management Committee. He is the EA Shareholder Representative to the Brunel Pension Partnership where he chairs the Oversight Board. He has a background in local government and was Leader of Dorset County Council from 2014 to 2017 and Leader of West Dorset District Council from 2004 to 2014. He was a vice chair of South West Councils and a member of the Local Government Association's Improvement and Innovation Board from 2015 to 2017. He previously managed the family farm after working in industry and property management. He is a deferred member of the LGPS (Dorset County Fund).

John Lelliott OBE was appointed to the Board of the Environment Agency in 2018. John became Chair of the Audit and Risk Assurance Committee in August 2018, is a member of the Flood and Coastal Risk Management Committee and is the Area Board member for East Midlands. John is currently a Board Member of the Covent Garden Market Authority where he chairs the Audit and Risk Committee. He is also Chair of the Natural Capital Coalition and Non-Executive of the Royal Bournemouth and Christchurch Hospital Foundation Trust where he chairs the Finance Committee and is a member of the Audit Committee. John is a member of H.R.M the Prince of Wales AHS Advisory Council and is also a chair of the A.C.C.A. Global Forum of Sustainability.

Dame Caroline Mason CBE is Chief Executive at Esmée Fairbairn Foundation. Before joining Esmée, Caroline was Chief Operating Officer at Big Society Capital and preceding that, Charity Bank. Caroline was also the co-founder of Investing for Good, a social investment advisory firm and one of the first Community Interest Companies. Before joining the social sector, Caroline had an eighteen-year track record of creative and innovative product development in the financial services sector. With Reuters, she managed the global development of real-time news and television services and then pioneered the introduction of web technology products. She also had her own consulting company, working with several financial institutions to develop new business and products including an electronic brokering service and a global wealth management business for a private bank. Caroline is a Board Member of the Environment Agency and the Impact Investing Institute.

Laura Milton is a solicitor and Director of Legal & Audit Services for the Environment Agency. She was appointed as an Executive nominated Member of the Pensions Committee in May 2023. Laura leads a team providing legal advice, litigation and internal audit services to the Environment Agency and is an active member of EAPF. Prior to joining the Environment Agency in 2023, Laura has worked at the Civil Aviation Authority, in central Government and in private practice.

Alice Brightman has been an active member of the Fund since 2019 and a member of the Committee since 2023. She is a Hydrogeologist chartered with the Geological Society of London and is currently working to regulate emerging contaminants of concern in the environment. Alice is the equality, diversity and inclusion (EDI) lead on the Committee, and is undertaking training to develop her understanding of EDI and ESG investing.

Danielle Ashton has been a member of the LGPS for 25 years. She is a contributing member representative of the committee since 2017 following open recruitment. She is employed by the Environment Agency as a Research Manager in Environment and Business working on land and net zero research issues. She has attended a series of training events run by the LGPS and will continue to develop her knowledge on pension management and investment. Danielle has attended a company AGM on behalf of the pension fund to raise the issue of their approach to climate change and attends LAPFF (Local Authority Pension Fund Forum) business meetings to feedback to Committees.

Will Lidbetter has been an active member of the Fund since 1992, and an active member nominee since July 2016. He has attended the induction training events on the LGPS and a number of other courses and conferences. Will is currently a specialist in data governance and strategy. He leads on Pensions for the Unison Thames branch and has dealt with pension issues on behalf of his members.

Peter Smith is a qualified solicitor (retired) and his appointments included Chief Executive of Malvern Council and Regional Solicitor to the Severn Trent Water Authority. Peter entered The Salvation Army Training College in 1978 and was commissioned and ordained in 1980. Following church appointments, in April 1989 Peter was transferred to International Headquarters and became the Legal and Parliamentary Secretary, a post which he held until retirement on 1 December 2009. In this capacity Peter advised The Salvation Army worldwide on a very wide range of legal issues and continued in the role of Director of Legal Services until February 2011. During this time Peter served as a Director/Trustee of The Salvation Army Trustee Company, The Salvation Army International Trustee Company and was a member of the Board of Management of The Salvation Army Housing Association. These positions and appointments have all given Peter a wide experience of law and administration of charitable bodies both in the United Kingdom and internationally.

Hywel Tudor joined the EA Pensions Committee and Pension Board in 2015 as the deferred pensioner member. A qualified accountant his career spanned the public, private and charity sectors, and included senior management positions in a number of organisations including the National Rivers Authority and Environment Agency in Wales. Prior to retirement he was the Director of Finance & Resources for the Arts Council of Wales. Hywel also sat on the Arts Council Retirement Plan Trustee Board for 15 years where he gained extensive experience of pensions. He is currently an Independent non-executive member of the Sport Wales Audit and Risk Assurance Committee.

Phil Lodge has been an active member of the LGPS since 1992 and joined the Pensions Committee in 2018. He has received general pension management training. Phil is currently a Director of Operations where he leads the delivery teams across the South and South-West of England. Phil has been a trustee of a number of charities and sat on the General Council of the Chartered Institution of Wastes Management (CIWM) for 12 years, was CIWM South West Chair from 2005-2008, and elected a Fellow in 2012. He holds an Honours Degree in Environmental Science, a Master's Degree in Business Administration and is a Chartered Environmentalist. Phil represents the Environment Agency's Executive on the Pensions Committee and it's Investment Sub-Committee.

Rob Bell joined the Pensions Committee in 2023 and has been an active member of the fund since 1987. He has held the role Head of Finance at Natural Resources Wales (NRW) since 2013 following a short spell working with Welsh Government as part of the project team creating NRW. Rob previously held a senior finance role in Environment Agency Wales. Rob has been a fellow of the Association of Chartered Certified Accountants since the nineties.

Veronica James was appointed to the Pensions Committee as a member representative in May 2019. She has been a member of the LGPS since 2012 and is also a deferred member of LGPS from a previous employment. Veronica is currently a Planning Specialist in Thames Area and is Planning Manager for the Oxford Flood Alleviation Scheme. She attended a series of LGPS induction training courses run by the Local Government Association in autumn 2019 which increased her understanding of her role and responsibilities on the Pensions Committee. She is continuing to develop her knowledge on pension management as this will help her carry out her duties effectively as a Trustee.

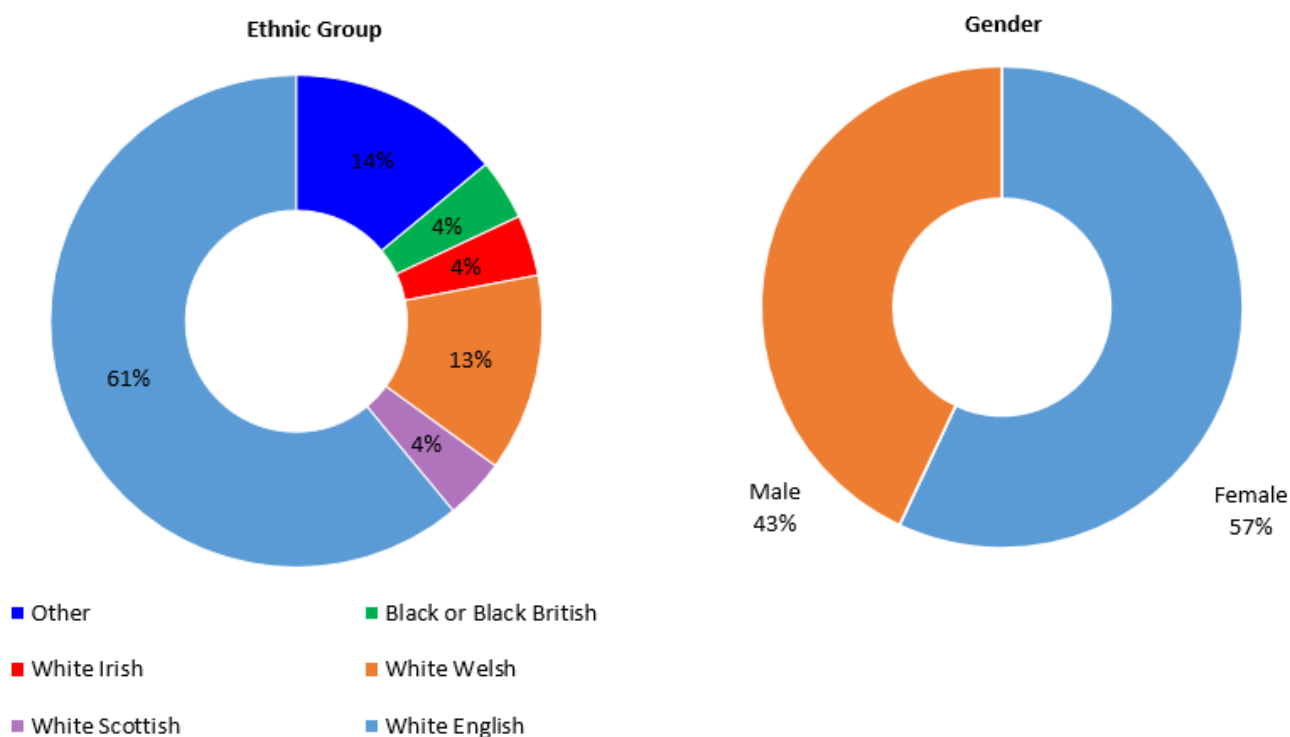
Greg Black (Active member representative) joined the committee in as a full member in 2022 and is looking forward to increasing his knowledge of pension funds and investments. He is a Senior Advisor with the Advanced Technologies and Future Strategy team in E&B with a PhD in Nuclear Engineering and strong background in data analysis. Greg has been attending AGMs of companies we invest in to raise questions related to our responsible investment policy. Greg is also the Pensions representative for Prospect Union.

Matthew Chaddock joined as shadow member representative to the Pensions Committee in 2023. Matt has worked at the Environment Agency since 2017 where he has held a number of data roles in Flood and Coastal Risk Management (FCRM), and more recently is a team leader in Climate Change Trading Regulatory Services (CCTRS). Matt has had a keen interest in investment and personal finance for a number of years and is looking forward to increasing his knowledge in these and pensions.

Lilli Matson is a member of Flood and Coastal Risk Management and Pensions Committees and chair of the Investment Sub-Committee. She is the Area Board member for Devon, Cornwall and the Isles of Scilly, as well as Greater Manchester area. Lilli is Chief Officer of Safety, Health and Environment at Transport for London (TfL) since 2019. Her former roles at TfL include Director of Transport Strategy, Head of Strategy and Outcome Planning, Head of Delivery Planning and Head of Integrated Area Programmes. She is a trustee of the London Transport Museum. She brings a wealth of operational, infrastructure, urban planning and pension fund experience.

Diversity

On an annual basis we collect diversity data for the combined personnel within the Pension Committee and the EAPF Management Team. Ethnic and gender data is illustrated in the diagrams below:



Attendance at Pensions Committee, Investment Sub-Committee and Pension Board meetings

During the past year, the Pensions Committee met on four occasions. The Investment Sub-Committee met on four occasions and the Pensions Board met on one occasion.

	Pensions Committee meeting 4 in total	Investment Sub-Committee 4 in total	Pension Board meeting 1 in total	Total attendance
Board members				
Robert Gould (PC Chair)	4/4	4/4	1/1	9
Lilli Matson	3/4	1/1 (Observer)	0/1	4
John Lelliott	2/4	-	0/1	2
Caroline Mason (ISC Chair)	4/4	4/4	0/1	8
Executive members				
Laura Milton	4/4	2/3	-	6
Robert Bell	4/4	-	-	4
Phil Lodge	3/4	3/4	-	6
Active members				
Alice Brightman	4/4	1/1 (Observer)	-	5
Danielle Ashton	4/4	4/4	-	8
Veronica James	3/4	-	-	3
Will Lidbetter	4/4	4/4	1/1	9
Greg Black	3/4	2/3	0/1	5
Matt Chaddock (observer)	4/4	1/1	-	5
Pensioner members				
Peter Smith	4/4	2/4 (Observer)	1/1	6
Hywel Tudor	4/4	2/4 (Observer)	1/1	7

Pensions Committee training

Our Knowledge & Skills Policy incorporates the recommended standards that trustees and officers should know, as outlined in CIPFA Guidance.

All Members have individual training plans. This is based on an initial self-assessment, with all training undertaken logged and recorded.

Officers also agree a training plan with their line manager, with staff encouraged to consider achieving professional qualifications.

Some training is provided jointly to all Members and officers. This is because it may be a priority in our business plan, a high risk to the Fund or many Committee Members have recognised the need for training on that subject in their training plans. Joint training is delivered through in-house, in-person training days or as part of a formal Committee meeting. Hybrid facilities are made available for those unable to attend in person.

There was individualised training to meet specific needs. This was typically attending third-party webinars or training courses online. In 2023/24, each Pension Committee Member undertook an average of 10 hours of training. On average, each EAPF officer undertook an average of 26 hours of training. Last year, the Pension Committee received training on the issues in the following table.

PC Training Log 2023/24	Cyber Security	Pooling	Governance	Diversity	Actuarial Valuation	Investment Strategy
EA Board members						
Robert Gould – PC Chair	✓	✓	✓	✓	✓	✓
Caroline Mason	✓	✓	✓	✓	✓	✓
John Lelliott	✓	✓	✓	✓		
Lilli Matson	✓	✓	✓	✓	✓	
Executive members						
Laura Milton	✓	✓	✓	✓	✓	✓
Phil Lodge	✓	✓	✓	✓	✓	✓
Rob Bell	✓	✓	✓	✓	✓	
Active member nominees						
Alice Brightman	✓	✓	✓	✓	✓	✓
Danielle Ashton	✓	✓	✓	✓	✓	✓
Greg Black	✓	✓	✓	✓	✓	✓
Will Lidbetter	✓	✓	✓	✓	✓	✓
Veronica James	✓	✓	✓	✓	✓	
Matt Chaddock (Shadow)	✓	✓	✓	✓	✓	✓
Pensioner members						
Peter Smith	✓	✓	✓	✓	✓	✓
Hywel Tudor	✓	✓	✓	✓	✓	✓

Pensions Committee business during 2023/24

The Pensions Committee made several key recommendations and decisions throughout the year on significant issues that will have a long-term impact on the performance of the Fund. These decisions have been made in a timely and informed manner, in line with our policies, taking appropriate legal, financial and investment advice, when necessary.

Risk management and discussion of risk registers is a standing item on both the Pensions Committee and Investment Sub-Committee agenda. Our top risks which we continue to manage include: Cyber Security, third party supplier delivery, successful implementation of pooling and team resilience.

Supporting members and safeguarding the Fund following the Capita cyber incident has been a critical focus for the Committee, with work to continue during 2024. The Committee are aware of the impact this incident has had on members and their confidence in Capita. We completed a year-long project to implement the findings from a security risk assessment undertaken in 2022/23. This was a significant project which came in on time, to budget and was subject to a positive internal audit assessment.

Every year we engage with members through our website, our member portal, newsletters, social media and webinars. Our pension webinars were pre-recorded this year, but we hope to be able to deliver live webinars again in 2024/25.

In addition, the Investment Sub-Committee monitored the ongoing volatility in the markets, and its impact on our funding position and assets, taking appropriate investment and actuarial advice. We set long term strategies to manage our risks and remain in a positive funding position.

Our key activities and management of risks included:

- a) Capita cyber incident impact, assurance, member support and communications.
- b) Funding strategy implementation and planning for 2025 Triennial actuarial valuation.
- c) Responsible Investment Strategy agreement, implementation, and monitoring.
- d) Administration strategy implementation including benefits administration and member communications.

- e) Brunel Pension Partnership oversight, engagement, and governance.
- f) Strategy and policy agreement and implementation including Conflicts of Interest and Governance Statement.
- g) National Audit Office oversight and audit, and other independent audits.

Professional advisers to the Committee

The Pensions Committee uses the services of the external providers tabled below to help manage the Pension Fund.

Actuarial Adviser	Hymans Robertson
Bankers	National Westminster
Benefit Adviser	Hymans Robertson
Custodian	State Street Global Services
External Auditor	The Comptroller and Auditor General - NAO
Governance and Risk	Aon Hewitt
Investment Adviser	Mercer
Independent Investment Adviser	Investment Adviser and Trustee Services Ltd
Legal Adviser – Benefits Administration	Osborne Clarke
Legal Adviser – Investment Management	Pinsent Masons
Pensions Administrator	Capita Pension Solutions Limited

Annual Statement by Chair of the EAPF Pension Board

Role of Pension Board

From April 2015, the Ministry of Housing, Communities and Local Government (now known as the Department for Levelling Up, Housing and Communities (DLUHC)) introduced further governance requirements for Local Government Pension Schemes. Each administering authority had to establish a Pension Board to provide oversight and assurance to the administering authority (scheme manager i.e. the EAPF Pensions Committee) of effective governance of their Pension Fund.

The Pension Board is a non-decision making body responsible for assisting the administering authority in:

- Securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme, and requirements imposed in relation to the LGPS by the Pensions Regulator.
- Ensuring the effective and efficient governance and administration of the LGPS by the Environment Agency Pension Funds.

Membership

Membership of the EAPF Pension Board is normally the members of the Pensions Committee less the two Executive members of the Environment Agency and two Active Scheme Members. The Pension Board is therefore the 10 remaining Pensions Committee members as follows:

Employer representatives

- Four Non-Executive Environment Agency Board members.
- One Non-Environment Agency Employer representative (or deputies).

Member representatives

- Three Active Scheme member representatives.
- Two Pensioner or one Pensioner and one Deferred Scheme member representatives.

Chair of the Pensions Committee is also Chair of the Pension Board. Where absent, the Chair is another Environment Agency Board member.

Pension Board business 2023/24

The Pension Board met once during 2023/24 (on 20 March 2024) after the Pensions Committee meeting.

The Pension Board reviewed Pensions committee meetings, risk management and progress against strategic priorities in 2023/24 which were:

- Serve our members well
- Strengthen our governance further
- Deliver our investment vision
- Build resource in the Pension Fund Management team

Governance Compliance Statement

Introduction

Under Regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended) an administering authority must, after consultation with such persons as it considers appropriate, prepare, publish and maintain a Governance Compliance Statement.

This statement is required to set out:

- a) Whether the administering authority delegates its functions, or part of its functions, under these Regulations to a committee, a sub-committee or an officer of the administering authority.
- b) If the authority does so;
 - i) The terms, structure and operational procedures of the delegation will be set out in the Governance Policy
 - ii) The frequency of any committee or sub-committee meetings will be set out in the Governance Policy
 - iii) Whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.
- c) the extent to which a delegation, or the absence of delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reason for not complying; and
- d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).

The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to above.

This statement was made and approved by the Environment Agency Pensions Committee on 27 June 2023. It is reviewed at least annually as part of the annual report and financial statements to ensure it remains up to date and meets the necessary regulatory requirements. The statement included in the annual report and financial statements becomes the approved statement for the year unless updated during the year.

A current version of this Governance Compliance Statement will always be available on our website at www.eapf.org.uk. Paper copies will be available on request.

Any enquiries in relation to this Governance Compliance Statement should be sent to:

Pension Fund Management
Environment Agency
Horizon House
Deanery Road
Bristol
BS1 5AH

Email: eapf@environment-agency.gov.uk

Governance Statement

Full details relating to our governance structure can be found in the Environment Agency Terms of Reference and Standing Orders for the Pensions Committee, Investment Sub-Committee and Pension Board and explained in our Governance Policy. The key elements are summarised below:

Details to be provided	EAPF
Whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee or an officer of the authority.	All key pension fund management responsibilities are delegated to the Pensions Committee (PC) other than implementing the Fund's investment strategy which is delegated to the Investment Sub-Committee (ISC).
If the authority does so (i) the terms, structure and operational procedures of the delegation.	See the Terms of Reference for specifically delegated responsibilities. PC has 14 members and ISC has seven members.
(ii) the frequency of any committee or sub-committee meetings.	The ISC and PC meetings are scheduled quarterly.
(iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.	The EAPF has three employers. The PC includes one Non-EA Employer Representative, five Active Scheme member representatives and two Pensioner or one Pensioner and one Deferred member representatives. The ISC includes three Scheme member representatives and potentially the one Non-EA employer representative. All members 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.	See Compliance Statement below.
Details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).	The Pension Board is a non-decision making body responsible for assisting the administering authority in: a) Securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme, and requirements imposed in relation to the LGPS by the Pensions Regulator. b) Ensuring the effective and efficient governance and administration of the LGPS by the Environment Agency Pension Funds. Membership of the Pension Board comprises of 10 members of the Pensions Committee which excludes the two Executive Directors members of the Environment Agency and two Active Scheme members. Further information is in the Terms of Reference and Standing Orders and the Operational Guidance.

Statement of Compliance with Secretary of State Guidance

Compliance status – we are compliant with all 20 standards.

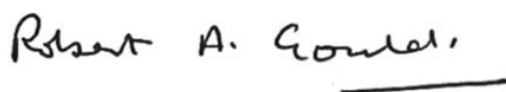
Statutory Guidance Governance Standards and Principles	Our compliance status	Evidence of compliance and justification for non-compliance
A – Structure		
a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Compliant	The responsibilities of the Pensions Committee (PC) are set out in the Pensions Committee Terms of Reference and Standing Orders approved by the EA Board.
b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Compliant	<p>Our PC has 14 members, appointed by the EA Board and includes:</p> <p>Four Non-Executive EA Board members Two EA Executive members One Non-EA employer representative Five Active Scheme member representatives Two Pensioner or one Pensioner and one Deferred member representatives.</p> <p>Three Scheme member representatives and the one Non EA employer representative are also members of the Investment Sub-Committee (ISC).</p>
c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Compliant	The Chair of the Pensions Committee reports to each EA Board meeting. Reports of the ISC meetings are available to all PC members. The Chair of the ISC provides a summary report and draft minutes to the following PC meeting.
d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Compliant	The membership of our ISC comprises members of the main PC.
B – Representation		
a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:		
i) employing authorities (including non-scheme employers, e.g. admitted bodies);	Compliant	The employers of our Closed Fund members no longer exist. Our Active Fund has three employers – EA, NRW and SSCL. We have a non EA employer member representing NRW and SSCL on the main PC and who may also be on the ISC.

ii) scheme members (including deferred and pensioner scheme members);	Compliant	The main PC has seven scheme member representatives on it, including five active scheme member representatives and two pensioner/deferred member representatives, ideally one of each. Our ISC includes three scheme member representatives (active, deferred or pensioner).
iii) independent professional observers; and	Compliant	Our independent investment adviser attends all ISC and PC meetings. Our other professional advisers also regularly attend our PC and ISC meetings.
iv) expert advisers (on an ad-hoc basis).	Compliant	We invite our expert advisers to attend our PC and ISC meetings as needed. This includes our actuary, legal adviser, risk and governance advisor and investment consultants, pension fund administration consultants, and external auditors.
v) that where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers, 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 PC and ISC receive equal access to the papers and training and have full and equal speaking and voting rights in our meetings and decision making processes.
C – Selection and role of lay members		
a) That Committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Compliant	New PC members receive an induction and appropriate training that details the role, function and activities of the PC and ISC. Our PC members understand that their primary fiduciary duty of care is our funds' beneficiaries and employers, in whose best interests they are required to act at all times, particularly in terms of investment and financial decisions. They also understand that they are not there to represent or promote their own personal or political interests, and that they must declare any self-interest or conflicts of interest of either a financial or non-financial nature arising from any other roles they may perform and abstain from participation in that item on the agenda. The EAPF has a Conflicts of Interest Policy which is made available to all PC members.
b) That at the start of any meeting, Committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	Compliant	Declaration of interests is a standing agenda item at the start of all PC and ISC meetings. A register of interests is also maintained, made available at each meeting and annual updates required from all members, audited annually.

D – Voting		
a) The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Compliant	Our PC makes decisions by discussion and by building and creating a consensus. All members have equal voting rights on our main Pensions Committee and ISC.
E – Training, facility time and expenses		
a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision making process.	Compliant	Our PC has a Training Policy which is reviewed regularly. We provide induction training. All members undergo further developmental, specialist, and/or 'top up' refresher training for 2-3 days each year during their terms of office. We maintain a log of all PC member training needs and training undertaken. Members of the main PC and the ISC are reimbursed the cost of travel and overnight hotel expenses. The cost of all PC and ISC training is met from the Pension Fund's budget.
b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Compliant	The Knowledge & Skills Policy applies equally to all PC and ISC members.
F – Meetings (frequency/quorum)		
a) That an administering authority's main committee or committees meet at least quarterly.	Compliant	Our PC usually meets four times a year, for normal business and at least once for briefing or training. Eight of the 14 PC members (including at least one Board member, one EA Executive member and one scheme member representative) constitute a quorum.
b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Compliant	Our ISC meetings are synchronised to meet four times a year before the PC so it can report to and make recommendations to the full PC. Four members (including at least one Board Member, one EA Executive member and one scheme member representative) constitute a quorum for the ISC.
c) That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Compliant	We have seven 'lay' members on our main PC, comprising five active scheme member representatives and two pensioner/deferred member representatives. Due to the geographical spread of our organisation and fund membership across England and Wales we hold annual briefings which provide a forum for Fund members and stakeholders to be informed about the Fund, particularly about changes to the LGPS. All active fund members are invited to attend webinar pension briefings each year.

G – Access		
a) That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Compliant	All members of our PC and ISC receive the same agenda and papers containing information and advice for each meeting, unless there is a conflict of interest. Members of the PC who are not members of the ISC can request full ISC papers and they also receive summary reports of all meetings. All our PC and ISC members can ask questions of our professional advisers who attend the PC and ISC meetings.
H – Scope		
a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant	Our PC and ISC meetings all have agenda items on pooling, wider LGPS scheme issues, future challenges, and risks to our funds, as well as information on our Funds' recent financial and administrative performance. The ISC review their risks at all meetings. The PC carries out annual reviews of fund performance, key strategic risks, and our statutory governance, administration, and communications policy statements. It also reviews its own effectiveness at the end of each meeting and annually.
I – Publicity		
a) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Compliant	We publish our Governance Compliance Statement and all other key governance documents and policies on our website, and they are available in hard copy from our Pension Fund Management Team. The Governance Compliance Statement is also published in our Annual Report & Financial Statements. We have an agreed procedure for appointment of new employee, pensioner, and deferred member nominees to our PC when vacancies arise working in conjunction with our Trades Unions and all employers.

Signed on behalf of the Environment Agency



Robert Gould
Chair
Environment Agency Pensions Committee
17 July 2024



Philip Duffy
Accounting Officer
Environment Agency
17 July 2024

Pension Fund investment

Ongoing Government funding of the Closed Fund

Before privatisation in August 1989, the basic pensions of the water authorities' staff were funded by contributions to the Water Authorities Superannuation Fund (WASF). This Fund fell within the Local Government Superannuation Scheme. On privatisation, the WASF was divided in 3 ways:

- Company schemes for employees transferring to the new water companies;
- An Active Fund for employees joining the National Rivers Authority; and
- A Closed Fund for existing and deferred pensioners.

As part of the pension rationalisation carried out in 1989, the Government recognised that, in the longer term, the Closed Fund would require support to meet its ultimate liabilities. Parliament therefore placed a legal obligation on the Secretary of State for the Environment (under section 173 of the Water Act 1989) to meet the pension and other related liabilities of the Fund.

The valuation of the Fund as at March 2004 indicated that assets available would not meet the future liabilities. The Chief Secretary to the Treasury therefore agreed in April 2004 that provisions should be made by The Department for Environment Food and Rural Affairs (Defra) to allow for the Secretary of State's statutory obligation under the 1989 Act to be met from April 2006. Therefore, the obligations and running costs of the Closed Pension Fund would be met by Defra.

A detailed Memorandum of Understanding between the Accounting Officers of Defra and the Environment Agency was completed in 2005. Since 1 April 2006, ring fenced grant-in-aid that is sufficient to meet pension obligations and the running costs of the Fund has been paid. Members and their dependants can rest assured that the future of their benefits are statutorily guaranteed and are safe. Extracts from relevant letters and the full text of the Memorandum of Understanding are reproduced at Annex 1.

Funding Strategy Statement

All LGPS funds are required to publish a Funding Strategy Statement. This statement is used by the Actuary to inform his valuation. The Funding Strategy Statement was adopted by the Committee on 8 December 2022 and a link to this Statement is available in Annex 2.

Investment Strategy Statement

All LGPS funds are required to publish an Investment Strategy Statement. Our Investment Strategy Statement was adopted by the Committee on 26 June 2024 and a link to this Statement is available in Annex 2. It is reviewed annually or as required.

The EAPF's Custody arrangements

State Street Bank & Trust Company ('State Street') were appointed as the Funds Global Custodian from 1 April 2018. This was as a result of a competitive tender exercise within the Brunel Pension Partnership in 2017. State Street are independent to the investment managers, and as part of their normal procedures, hold the assets in safe custody, are responsible for the settlement of all investment transactions, collection of dividend income and interest, provide data for corporate actions, liaises closely with the investment managers and report on all activity during the period.

State Street is a strong company that is rated by Standard and Poor's as 'AA-' for long term / senior debt and 'A-1+' for short term / deposits. The Fund's assets are not held in the name of State Street and so are segregated from those of State Street Bank & Trust Company, safeguarding them in the event of company failure. Where appropriate, cash held by the Fund at State Street in Sterling, Euros and United States Dollars are invested in State Street Liquidity Funds, which would not be affected in the event of a failure by State Street. The State Street Liquidity Funds are rated 'AAAm' by Standard and Poor's and are invested in short term money instruments to preserve capital and liquidity. Only small amounts of cash are left on deposit at State Street.

Regular service reviews are held by Officers with State Street to monitor service commitments, Other procedures and controls are reviewed by an independent reporting accountant via the Service Organisation Control (SOC1) Report.

Investment management

Following the agreement with Defra in 2004 over the future funding arrangements of the Fund, the Committee agreed that the Fund's investment strategy should be simplified by switching to investment in long dated index linked gilts. Sarasin & Partners LLP manage the long dated gilt portfolio, with the primary aim of preserving the real value of the Fund's assets. They have full discretion in the management of their portfolio subject to complying with the statutory limits, the Investment Strategy Statement and the range of asset distribution defined by the Committee. During 2017 the Committee agreed to diversification of the portfolio from two index-linked gilts to six holdings with a greater spread of maturities to provide a closer match to the duration of the Fund's liabilities.

The existing funding strategy relies upon regular payments (known as Grant in Aid) being received from Defra to meet the pension and administrative costs until the present value of the remaining liabilities is equal to the value of the Fund assets at that time. At that point, the Fund will take on the responsibility for meeting the costs of the Closed Fund. The Fund's assets are expected to be sufficient to meet the outstanding benefit and expense outgo after 31 March 2026, based on a simple projection from the 2022 valuation date.

Portfolio analysis

Distribution of investment assets by market value as at 31 March 2024:

	Sarasin & Partners LLP £m	Cash & Other £m	Total Fund £m	% of Net investment assets
UK Index linked gilts	233.7	-	233.7	90.0
Cash	1.5	23.8	25.3	9.8
Other/Accrued income	0.5	0.1	0.6	0.2
Net investment assets	235.7	23.9	259.6	100.0

Distribution of investment assets by market value as at 31 March 2023:

	Sarasin & Partners LLP £m	Cash & Other £m	Total Fund £m	% of Net investment assets
UK Index linked gilts	239.6	-	239.6	91.0
Cash	-	23.3	23.3	8.8
Other/Accrued income	-	0.5	0.5	0.2
Net investment assets	239.6	23.8	263.4	100.0

Unquoted investments

With the agreement of the Board, the value of the unquoted investments was written down to £nil during 2007.

Income from capital distributions of the residual holdings being liquidated is credited to the Fund as it arises.

Investment performance

The investment performance return of the Closed Pension Fund for the year up to 31 March 2024 was -0.9% (2023: -18.3%) measured against a benchmark return of -11.9% (2023: -39.1%). Over the three years to 31 March 2024 the annualised rate of return was -5.2% (2023: -4.7%) against a benchmark return of -17.7% (2023: -13.1%). Over five years to 31 March 2024 the annualised rate of return was -2.3% (2023: -1.0%) against a benchmark of -10.0% (2023: -6.7%).

Pension Fund administration

Administration arrangements

The Environment Agency Pension Fund (EAPF) is responsible for administering the current and future pension benefits (built up under the Local Government Pension Scheme - LGPS) of over 9,300 deferred and pensioner members of the Closed Fund.

While the EAPF's Pensions Committee (referred to as the 'Committee') provides strategic direction and regular oversight, day-to-day pension Fund administration is delivered through a third-party pension administrator, Capita Employee Benefits (a subsidiary of Capita Group Plc). This is because it involves specialist knowledge, complex activity, and significant investment in the latest technology, which is considered beyond the core business of the Environment Agency.

The breadth and volume of work delivered by Capita is significant, and includes:

- administering all member records.
- paying member benefits (pension & lump sum).
- managing a monthly pensioner payroll.
- handling all member enquiries via a dedicated team of call handlers.
- distributing all statutory publications, such as pension increase statements, and benefit statements.
- issuing monthly pension payment advice slips.
- operating fraud prevention and debt collection.
- undertaking all HMRC returns.
- producing audited annual accounts for Parliament.
- providing technical advice on LGPS and overriding legislation.
- support and training for scheme employers.
- as well as a wide range of other tasks.

Benefits Working Group

The EAPF management team continues to engage with the EAPF's Benefits Working Group quarterly. The group is made up of Committee members, management team officers, representatives from Capita, and associates from Aon (EAPF's professional advisor). Meetings are held virtually and in person, with all agenda items recorded and action points monitored to completion.

Just over a year since inception in February 2023, the main purpose of the group is to provide a deeper focus and higher level of scrutiny to benefit administration items prior to approval by the full Committee. Thus, the group enables officers to draw on the appropriate skills, knowledge, and stakeholder input, as well as consider strategic and external factors that might impact the EAPF and review operational objectives and improvements.

All stakeholders acknowledge the group provides a real focus for addressing key issues, with the correct level of scrutiny and support for management team officers. Members are fully engaged and always willing to provide invaluable feedback on all agenda items. The commitment from group members was shown in February 2024, when a site visit was held at Capita's office in Darlington. It gave members a real opportunity to gain an invaluable insight into the Member Events operation at Capita (inc. the contact centre).

Looking ahead to 2024/2025, the group will continue to monitor Capita's service delivery and development / improvement plans, as well as on-going projects and compliance with statutory items, such as McCloud, TPR's General Code of Practice, and Pensions Dashboards.

Pension Fund membership

The Closed Fund exists to pay the current pensions and deferred benefits of employees from the former Water Authorities and associated bodies, which existed prior to 1 September 1989. There are no contributing members. Since 1 April 2023, the number of deferred members has fallen by 14.5% from 692 to 592 (compared to a 16.2% drop in 2022/23). The number of pensions in payment fell by 6.1% from 9,324 to 8,754 (compared to 5.5% in 2022/23). With no contributing members, this will

continue to be a similar pattern in the future. However, dependants and deferred pensions coming into payment will serve to maintain the number of current pensioners for some years to come.

The following tables show the movement of pensioner and deferred members over the year:

Movement in number of members	Pensioner members	Deferred members	Total
At 1 April 2023	9,324	692	10,016
Adjustment for late notifications	54	(52)	2
Revised opening balance	9,378	640	10,018
Add:			
New pensioners	43		43
New dependants' pensions	82		82
Unsuspending	3		3
Less:			
Deaths/no longer eligible/suspended	(741)	(5)	(746)
Deferred pensions into payment		(43)	(43)
Commutated benefits	(11)		(11)
At 31 March 2024	8,754	592	9,346

Age profile of pensioner members at 31 March				
	2024		2023	
	No.	%	No.	%
Child dependants	43	0.5	48	0.5
Pensioners and spouses				
Under 55	9	0.1	10	0.1
55-59	41	0.5	53	0.6
60-64	541	6.2	620	6.6
65-69	1,271	14.5	1,393	14.9
70-74	1,478	16.9	1,505	16.1
75-79	1,379	15.8	1,342	14.4
80-84	1,142	13.0	1,208	13
85-89	1,363	15.6	1,516	16.3
90-94	1,073	12.3	1,184	12.7
95-99	372	4.2	401	4.3
100-109	42	0.4	44	0.5
Total	8,754	100	9,324	100

Age profile of deferred members at 31 March				
	2024		2023	
	No.	%	No.	%
50-54	32	5.4	62	9.0
55-59	237	40.0	289	41.7
60-64	165	27.9	209	30.2
65-69	117	19.8	101	14.6
70-74	27	4.6	21	3.0
75-79	12	2.0	8	1.2
80+	2	0.3	2	0.3
Total	592	100	692	100

Increases to Pensions

LGPS pensions in payment and deferred benefits are reviewed under the provisions of the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975 and are linked to the change in the Consumer Prices Index (CPI).

From 8 April 2024, pensions in payment and deferred benefits received an increase of 6.7% (compared to 10.1% on 10 April 2023).

The following table shows the rate of increases that have applied to pensions in payment and deferred benefits since 2015.

April %	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Increase	1.2	0.0	1.0	3.0	2.4	1.7	0.5	3.1	10.1	6.7

Performance measurement

The Committee measures Capita's performance through monthly, quarterly, and annual reports showing progress against the contractual Service Level Agreements (SLAs). The perspectives with which the Committee assess performance include accuracy, timeliness, quality, helpfulness, feedback, service improvements and complaints.

Thanks goes to Capita for resolving 54,028 member requests/queries during 2023/24 (across both the Active and Closed pension funds), as well as paying pensions to over 9,300 pensioner members under the Closed pension fund. The casework completed during the year across both funds has increased by just under 13% on last year (2022/23: 47,825). Over the year, Capita achieved service compliance of 48.03% against the casework completed, which is significantly lower than expected. This is attributable to the strain caused by the cyber incident in March of last year; the higher than forecasted volume of casework, and the resultant under sizing of the Member Events team at Capita (responsible for processing all casework for scheme members).

During 2023/24, Capita re-structured the Member Events team to manage this higher demand and implement an agreed Recovery Plan to remove a backlog of casework and stabilise service levels. The EAPF management team has worked closely with Capita during this time to better understand and forecast current and future demands i.e., EA recruitment spikes, as well as all regulatory demands. As a result service levels are due to improve by mid-2024/25.

The five largest case types processed by Capita for the Closed Pension Fund during 2023/24 were:

Case Type	2024	2023
Death of spouse	415	647
Changes of address	385	437
Death of pensioner	373	388
Retirements	131	228
Transfer Out quotes/finalisation	25	23

Closed Fund administration costs for the year to the 31 March 2024 were £594k (2023: £519k) including member communications and postage costs. We benchmark our Fund administration costs annually through the public accounting body CIPFA. For 2022/23 data the CIPFA average was £22.55 (2021/22: £20.82) per member. Across both our Active and Closed Funds, our average cost for 2022/23 was £24.93 (2021/22: £23.10) per member.

The total number of staff allocated by Capita to the EAPF administration contract is 23, of which 15 deal solely with pension benefits administration. Based on a membership of 40,115 across both the Active and Closed Funds on 31 March 2024, this represents an average of 2,674 members per administrator.

We take a value for money approach looking for an appropriate balance between cost, service, and quality in pension administration delivery.

Internal controls

The EAPF system of internal controls is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the EAPF's policies, aims and objectives.
- evaluate the likelihood of risks being realised, the impact should they occur, and the subsequent efficient, effective, and economical management of those risks.

The system of internal controls has been in place at the EA and in the operation of the EAPF for the year ended 31 March 2024, in accordance with LGPS and Treasury guidance, as well as best practice.

Report on Internal Controls

The Directors of Capita Pension Solutions Limited (CPSL) produce an audited annual Assurance Report on internal controls, in relation to pension administration services, under ISAE 3402 and AAF 01/20, which is reviewed by Officers. In considering the effectiveness of the internal controls for the Fund, account has been taken of the findings of the Independently audited report by accountants (KPMG LLP (UK)) in their assurance report for CPSL for the reporting period to 31 December 2023.

CPSL have confirmed that all controls testing was completed by their auditor. This was a qualified report resulting from the previously disclosed cyber incident that impacted Capita plc in March 2023. The Hartlink pension administration platforms were not affected by the cyber incident and this has been evidenced to KPMG LLP (UK) as the Service Auditor. A second control objective concerning the accounts timetable for delivery of Annual Report and Accounts was not able to be evidenced. This control exception did not directly affect the EAPF accounts production.

CPSL Directors have confirmed that none of their key controls have materially changed from the date of this reporting period, 31 December 2023 to 31 March 2024.

National Fraud Initiative / Mortality Checks

The EAPF has a formal policy and procedure for handling fraud linked to the unreported deaths of pensioners. As part of this policy, it participates in the Audit Commission's biennial National Fraud Initiative (NFI) and undertakes life certificate exercises for pensioners who live overseas. In addition, monthly mortality screening helps reduce overpaid pensions and potential fraud.

The results of the most recent exercise identified 14 cases where the EAPF had not been notified of the death of a member. 10 of the 14 were for pensioner members and the remaining four were deferred members. The necessary follow-up actions are in progress on these cases.

As a general principle, the EAPF investigates cases where fraud is suspected. The case is pursued, and any overpayment recovered via an agreed repayment plan, or, if necessary, legal action is taken, which may involve police intervention. The monthly mortality checks are therefore in place to help reduce potential fraud on the EAPF. There were no reported fraud cases for 2023/24.

Data quality

Excellent quality data is vital to the efficient and accurate payment of retirement benefits and general administration of the Closed Pension Fund. This has been achieved through primarily using electronic interfaces between scheme employers and Capita on a weekly and monthly basis. Guidance issued by TPR recommends that the Fund regularly assesses the quality of its member data.

To interrogate and cleanse client data, Capita has partnered with Intellica in 2023/24 - a pension data specialist with unique software solutions to provide deep data analytics and insights. The software is installed on a Capita server, meaning EAPF data doesn't leave the Capita environment. Capita are therefore using Intellica to enable the EAPF to:

- Become Pensions Dashboard ready; and
- Perform Common Data and Scheme Specific Tests.

The Intellica tests are based on a much more stringent interpretation of the TPR guidelines and typically identify more failures than former methods because it reviews data in three areas:

- 1) Presence of the data.
- 2) Consistency of the data.
- 3) Validation of the data.

With member data being readily available via the EAPF Online portal and with the upcoming requirements of Pensions Dashboards to hold all relevant data electronically, the EAPF management team believe it to be more important than ever to have full sight on the overall completeness and quality of its data. As a result, the Funds common data was cleansed during 2023 and further cleansing of its scheme specific data has been approved in May 2024, with the final results due in September 2024.

Common data is defined by TPR as the key data items that are essential to the identification of the member's identity and are common to all schemes, including items such as National Insurance number, surname, gender, and address. The guidance recommends that Common data is 95% complete (in compliance with the tests specified by TPR) for data created prior to June 2010 and 100% for new data post June 2010.

Data quality testing is carried out for the Pension Fund annually and a certificate issued reflecting compliance with TPR guidance. The latest available results from our May 2023 certificates showed our post June 2010 data as 98.62% with pre-June 2010 data at 93.05%, which gives an overall score of 95.20%. The missing data for both categories relate to members moving address and not informing Capita. Regular mortality screening and address tracing continues, and member records are updated accordingly.

Data security

The EAPF and Committee take data security very seriously. Ownership and accountability for the transmission of employees' pensions related data to Capita is assigned to the human resources and payroll functions of participating scheme employers. This is through the secure transmission of monthly and weekly electronic data interface files.

Capita has an Information and Cyber Security policy for the organisation, which sets out its commitments to information security. This policy covers the following:

- Maintaining the confidentiality, integrity, and availability of information, while ensuring information is only accessible by those who are entitled to access it.
- Protecting information assets consistently to a high standard to prevent compromise by external and internal threats, both deliberate and accidental.
- Raising and maintaining security awareness to help avoid the unintentional or malicious disclosure of confidential information, which could cause inconvenience and distress to others, be unlawful, and to avoid causing financial and reputational damage.

Cyber Incident

Following the Capita Cyber Incident of March 2023, Capita took extensive steps to recover and secure the customer, supplier and colleague data contained within the impacted server estate, and to remediate any issues arising from the incident. Capita worked closely with all appropriate regulatory authorities and with customers, suppliers, and colleagues to notify those affected and take any remaining necessary steps to address the incident.

The EAPF provided comprehensive support to its affected members which took the form of writing to affected members, offering free membership of a leading identity protection service, Experian, in conjunction with Capita, with the Fund extending this service to 24 months from Capita's initial 12-month offer. Forums were provided so that members could ask questions and receive answers on these live sessions, with officers present as well as subject experts, both from Capita and Experian. These questions were compiled into categories which allowed the supporting Q&A to be adapted and better targeted, as well as being able to address these concerns at subsequent Cyber webinars. An online information hub has been set up for members. Key stakeholders continue to be kept informed and regular meetings are held with representatives of the Trade Unions. . TPR published its report into the incident on 2 February 2024 and sets out their expectations of Pensions Schemes and Trustees on cyber security.

On 3 February 2024, the Information Commissioner's Office (ICO) confirmed that it had considered the information the EAPF had provided on the cyber incident and decided not to take any action against the Fund. So far as the EAPF is concerned, the ICO now considers the matter to be closed. This indicates the ICO is satisfied with the information provided, and that the ICO has no concerns with respect to the EAPF's compliance with its regulatory obligations.

Capita's engagement with the ICO is continuing. The ICO has not provided Capita with a timescale for completion of their enquiries.

The EAPF received the forensic audit report from Capita at the end of March 2024 (which was commissioned initially in August 2023), and this provides a forensic review of the exfiltrated data and then compared this with the manual data review undertaken by Capita in 2023. The outcome of the audit identified 671 further, newly impacted members. This increased the percentage of affected members from 95.95% to 96.65%. These new cases are 'low risk' in line with ICO data definitions.

Letters have been issued to these new, in scope members in May 2024, providing the same level of support as the initial exercise, which includes the 24-month membership of Experian.

The EAPF has instigated an audit, in conjunction with other Capita clients, through an Aon Cyber Security Review, which is currently going through a data gathering phase, with results being shared in late July or August 2024. The Audit questionnaire uses the National Institute of Standards and Technology's (NIST) Cyber Security Framework, which ensures a best practice approach and consistency.

The EAPF continues to treat the incident with the utmost importance, with help from various specialists and advisors. Work continues with Capita, internal security teams and take appropriate legal advice to measure every aspect of the incident and to further underpin cybersecurity controls, protect the fund's data and avoid any recurrence.

Joint Benefits Assurance Project

Following several reportable and non-reportable TPR Breaches in 2022/23, the EAPF management team, with support from the Benefits Working Group, consulted with Aon (the EAPF's independent advisor) to perform a joint audit to review benefit processes and provide assurance to the Committee that Capita's administration was being carried out effectively, in line with the EAPF's objectives, the LGPS regulations and overriding legal requirements. The investigation started in October 2023 and focused on benefit calculations and processes, including the wider revaluation process.

With full agreement from Capita, Aon reviewed data covering 11 casework areas, including benefit statements, as well as focusing on team structures, systems, collaboration, business continuity, and the overriding requirements of the impending TPR General Code of Practice. The audit was performed via the secure transfer of data from Capita to Aon, and by carrying out a desk review at Capita's office in Darlington in November 2023. The exercise has very received by all parties, and thanks to Capita for providing full co-operation throughout.

Aon's project lead delivered an update of the preliminary findings to the Benefits Working Group in February 2024; to the full Committee in March, and the final recommendations to the Benefits Working Group in May 2024. The final report was presented to the EAPF management team and Capita in April 2024 and was largely positive, although recommendations for improvements to certain processes and the levels of automation were made. These recommendations are being considered by Capita and reviewed by the Benefits Working Group before a collaborative approach to service development is agreed for 2024/25.

Deferred Member Engagement (Over NPA)

As part of the EAPF's deferred member strategy (approved by the Committee in June 2022), campaigns have been run in October 2022, April, and October 2023 (and thereafter, every October) to specifically target members over their Normal Pension Age (NPA) (circa. 500) to re-engage with their deferred benefit entitlements – a challenge common to all LGPS funds.

Given the financial climate and the rise in the cost of living, the aim has always been to raise awareness among this population - whether members wish to receive their benefits or not. If not, then it serves to keep members connected, or indeed reconnect members to their deferred benefit entitlement under the EAPF.

The next campaign is due in October 2024, but the EAPF will continue to engage will all deferred members via the annual newsletter (March), benefits statements (June), deferred webinar (July) and Pensions Awareness Week (September).

Guaranteed Minimum Pension (GMP) Rectification – Project Update

The final rectification phase of the project has continued to progress during 2023/24, although it's proved challenging due to cross over with other projects and because further investigation was required for a cohort of members, where a GMP value was assigned as part of the reconciliation exercise, but the pension in payment stems from service after 5 April 1997. This investigation concluded in April 2024. The final plan for fully rectifying records, notifying members and making the necessary payroll adjustments is currently being reworked to align with other rectification projects in train, but the aim is very much for completion by 31 March 2025.

Abolition of the Lifetime Allowance (LTA)

At the Spring Budget 2023, the Government announced it would abolish the Lifetime Allowance (LTA) charge for 2023/24 and then remove the threshold from 6 April 2024. The Finance Bill 2023/24 received Royal Assent in February 2024 and has become UK law as the Finance Act 2024. As a result, the LTA was removed from the pensions tax regime from 6 April 2024. It has been replaced by 3 new allowances (as below).

- 1) Lump Sum Allowance (LSA)
- 2) Lump Sum and Death Benefits Allowance (LSDBA)
- 3) Overseas Transfer Allowance (OTA)

HMRC have confirmed that further amending regulations will follow to address unintended consequences posed by the legislation currently written into the Act. The amending regulations will follow in 2024/25.

As LTA charges had already been removed from 6 April 2023, in real terms, the new allowances are broadly intended to replicate the tax-free allowances which were available to members under the previous regime. For instance, the standard LSA has been set at £268,275, mirroring the maximum tax-free Pension Commencement Lump Sum (PCLS) a member could receive previously. The LSDBA and the OTA operate separately from one another but are both set at £1,073,100 (the former LTA limit).

Capita has successfully managed this change, having to navigate many challenges in such a short period. However, there's still much to be confirmed by HMRC. The EAPF management team continue to work with Capita to fully understand the residual changes due and to ensure all relevant processes are up to date. The necessary training has been delivered to the Member Events team and all guidance and letter templates have been updated.

TPR General Code of Practice

In March 2024, the DWP introduced a refreshed statutory code of practice (the 'Code') for pension providers, including public service pension schemes, setting out administration and governance standards. The Code is divided into 5 sections, each of which contains core and good practice modules.

- 1) The Governing Body
- 2) Funding and Investment
- 3) Administration
- 4) Communications & Disclosure
- 5) Reporting to TPR

The intention is that the Code will make it easier for administrators to distinguish between their legal duties and compliance expectations, which was previously unclear and challenging.

The EAPF management team are engaging with Capita and Aon (professional advisor) to review the Code's requirements and evaluate current practices, so that the relevant gap analysis can be performed.

Pensions Dashboards

This is an initiative being introduced by the Department for Work & Pensions (DWP) to help individuals view all their pensions (inc. the state pension) online in a secure environment. The Money and Pensions Service (MaPS) set up the Pensions Dashboards Programme (PDP) in 2019 to support and enable the introduction of the Pensions Dashboard. Originally, this meant pension administrators would need to connect systematically from June 2023 to October 2025 (based on scheme size and type). This meant the LGPS had a staging deadline of 30 September 2024 to allow for the implementation of the McCloud remedy. However, the DWP confirmed in March 2023 that the PDP was unable to meet the connection deadlines set out in legislation, due to the scale and complexity of the challenge.

In June 2023, draft regulations were laid for approval and confirmed a single connection deadline of 31 October 2026. These regulations came into force in August 2023 and allowed MaPS to issue guidance on a staged connection timeline for individual schemes. This followed in March 2024 and specified that all public service pension schemes will need to connect by 31 October 2025. However, the Dashboard Availability Point (DAP) has yet to be confirmed, i.e. when it will be made live to public users.

The EAPF management team has been kept well informed of all governance items and will be actively engaging with Capita's dedicated delivery team in June 2024 to formulate a tailored implementation plan, leading to 31 October 2025.

Virgin Media vs NTL Pension Trustees II Limited ruling

Virgin Media has announced it will appeal the July 2023 ruling which invalidated past pension changes in the contracted-out NTL Pension Plan. We have consulted our actuaries and auditors and agreed to make no additional allowance for this initial legal judgement. We have taken this approach because at the time of writing, the ruling only applies to the above-named private sector pension scheme and it is unknown whether there would be any potential remedy required to public service schemes (including the LGPS).

Complaints

The EAPF has a formal process for dealing with complaints. The Pensions Committee defines a 'complaint' as any expression of oral or written dissatisfaction about how a service has been carried out and can be made by any scheme members (inc. prospective members and those in receipt of survivor benefits), a scheme employer, the EAPF, and/or third parties.

In addition, the Internal Dispute Resolution Procedure (IDRP) is a formal two stage procedure for settling disputes under the LGPS Regulations 2013, supported by The Pensions Ombudsman (TPO) and other bodies, such as the MoneyHelper service, and The Pensions Regulator (TPR).

At Stage 1, the dispute will be reviewed by a person nominated by the Environment Agency to investigate complaints regarding decisions made under LGPS regulations, known as the 'specified person'. If a member disagrees with the Stage 1 decision, they can progress to Stage 2 where the dispute will be reviewed by a representative of the Administering Authority. If still in disagreement, a member can apply to TPO for further adjudication, but their decision will be binding decision. If justified, TPO also has the power to award compensation for any distress, inconvenience, or financial loss.

In 2023/24, Capita received 45 formal complaints from Closed fund members (compared to 13 in 2022/23). All complaints have since been resolved. The significant increase in dissatisfaction stems from the continued strain to service levels caused by the cyber incident in March 2023, a higher than forecasted volume of incoming casework, and the subsequent rightsizing of the Member Events team. Despite the recruitment challenges across the industry, the team has since become fully resourced and trained, meaning service levels are due to return to a state of BAU later this year.

There were no Stage 1 IDPR cases raised during the year against the Closed fund, and there were therefore no referrals made to TPO.

Foreword to the financial statements

Roles and responsibilities of the Pensions Committee and Accounting Officer

The Pensions Committee and Accounting Officer are responsible for obtaining audited financial statements for each financial year which give a true and fair view of the financial transactions of the Fund and the disposition of its assets and liabilities at the year end, other than the liabilities to pay pensions and benefits after the scheme year end. In preparing the financial statements the Committee is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Accounts;
- Prepare the accounts on a going concern basis; and
- Confirm that the Annual Report and Financial Statements as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Financial Statements and the judgements required for determining that it is fair, balanced and understandable.

The Committee and Accounting Officer are responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time, the financial position of the Fund and to enable it to ensure that the financial statements comply with the Framework Document issued by Defra. However, responsibility for the regulations governing the LGPS lies with the Local Government Pensions Unit at DLUHC.

The Committee and Accounting Officer are responsible for keeping records of Grant in Aid received from Defra in respect of pensioner members of the Fund and for ensuring that Grant in Aid is made to the Fund in accordance with the Memorandum of Understanding as set out in Annex and with the recommendations of the Consulting Actuary.

The Committee and Accounting Officer are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities. This Annual Report and Financial Statements is available on the Pension Fund's website and the gov.uk website. The maintenance and integrity of the website is the responsibility of the Environment Agency.

The work carried out by the Auditor and the Scheme Administrator does not involve consideration of these matters. Accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the websites. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Summary of the financial statements

The financial statements have been prepared in accordance with CIPFA guidance including narrative reporting and accounting disclosures for LGPS funds, with quoted securities valued at bid prices at the year end. After realised gains and changes in portfolio valuations, and grant-in-aid funding for benefits and other outgoing payments, the value of the Closed Fund has decreased by £3.7m to £263.5m (2023: decreased by £61.7m to £267.2m).

As expected in a closed fund arrangement there is a continuing decrease in membership. Consequently, the value of Grant-in-Aid required to meet the Closed Fund's obligations to pay pension payments and other liabilities, reduced to £42.5m from £43.6m in the year to 31 March 2024.

Retirement benefits payable in the year to 31 March 2024 have decreased from £42.9m in 2023 to £42.0m in 2024.

In overall terms, the net additions from dealings with pensioners and deferred members after Grant-in-Aid funding in the year was £0.5m (2023: £0.7m).

The index linked portfolio of assets held by the Closed Fund as at 31 March 2024 were valued at £259.6m (2023: £263.4m).

Responsibility for ensuring that the Fund can meet all future liabilities rests with the Secretary of State at Defra.

Statement by the Consulting Actuary

Environment Agency Closed Fund ('the Fund') Actuarial Statement for 2023/24

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 December 2022. The Fund's benefits are underwritten by the Department for the Environment, Food and Rural Affairs ('the Guarantor'). The Fund's approach to funding the Guarantor's pension liabilities is focused on ensuring that sufficient funds are available to meet all liabilities as they fall due for payment. The Guarantor has committed to a funding plan that involves half-yearly cash injections to meet the following 6 months' expected benefit expenditure.

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 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £329 million, were sufficient to meet 67% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2022 valuation was £162 million.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date.

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 2022 valuation were as follows:

Financial Assumptions (% p.a.)	31 March 2022
Discount rate	1.7%
Benefits increase assumption (CPI)	3.1%

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 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

Pensioners	Males	Females
Current Pensioners	20.5 years	23.6 years
Future Pensioners*	20.4 years	24.3 years

*Aged 60 at the 2022 valuation date

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2023

Investment returns in the year to 31 March 2024 were estimated to be minus 2.6% and the Fund assets had a market value of £259m as at 31 March 2024. Liabilities were estimated to be £394m on an ongoing funding basis as at 31 March 2024, implying that the Fund's assets were sufficient to meet 66% of the liabilities accrued up to that date.

The reduction in the value of the assets and liabilities is due to the increase in government bond yields over the year to 31 March 2024, with the liabilities further reduced due to the payment of benefits over the year. The effect of the 2024 Pension Increase order (6.7%), in isolation, leads to an increase in the value of the liabilities.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.



Peter MacRae FFA
Fellow of the Institute and Faculty of Actuaries
For and on behalf of Hymans Robertson LLP
8 May 2024

INDEPENDENT AUDITOR'S REPORT TO THE HOUSES OF PARLIAMENT, THE BOARD OF THE ENVIRONMENT AGENCY AND THE SECRETARY OF STATE FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS

Opinion on financial statements

I have audited the financial statements of the Environment Agency Closed Pension Fund ('the Fund') for the year ended 31 March 2024 which comprise the:

- Fund Account;
- Net Assets Statement as at 31 March 2024; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2024 and of the amount and disposition at that date of the Fund's assets and liabilities; and
- have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law Practice Note 15 (revised) '*The Audit of Occupational Pension Schemes in the United Kingdom*' and Practice Note 10 '*Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom (2022)*'. My responsibilities under those standards are further described in the '*Auditor's responsibilities for the audit of the financial statements*' section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised *Ethical Standard 2019*. I am independent of the Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Fund's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Annual Report, Annexes and Enquiries but does not include the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the Annual Report has been prepared in accordance with applicable legal requirements; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- whether management's use of the going concern basis of accounting is appropriate and whether a material uncertainty exists related to events or conditions which may cause doubt on the Fund's ability to continue as a going concern..

Responsibilities of the Accounting Officer of the Environment Agency and the Pensions Committee for the financial statements

As explained more fully in the section entitled Roles and responsibilities of the Pensions Committee, the Accounting Officer and the Pensions Committee are responsible for:

- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Fund's accounting policies.
- inquired of management, the Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Fund's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Fund's controls relating to compliance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, The Local Government Pension Scheme (Environment Agency) Regulations 1996, The Local Government Pension Scheme Regulations 2013, the Public Service Pensions Act 2013, Managing Public Money and the regulations set by The Pensions Regulator.
- Inquired of management, the Fund's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud.
- Discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Fund for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, bias in management estimates, selection of inappropriate methodology or assumptions underpinning the valuation of the pensions liability and the misappropriation of investment assets. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the legal and regulatory frameworks in which the Fund operates. I focused on those laws and regulations that had a direct effect on material amounts and

disclosures in the financial statements or that had a fundamental effect on the operations of the Fund. The key laws and regulations I considered in this context included the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, The Local Government Pension Scheme (Environment Agency) Regulations 1996, The Local Government Pension Scheme Regulations 2013, the Public Service Pensions Act 2013, Managing Public Money and the regulations set by The Pensions Regulator.

In addition, I considered the control environment in place at the Fund, the investment custodian in respect of investments and the administrator and the scheme actuary in respect of membership data, the pension liability, contributions due and benefits payable.

Audit response to identified risk

To respond to identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business;
- engaged an auditor's expert to assess the actuarial methods and assumptions used by the Fund actuary, reviewed the expert's report and undertook any further procedures as necessary; and
- performed testing over the completeness and existence of investment assets to identify potential misappropriation.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

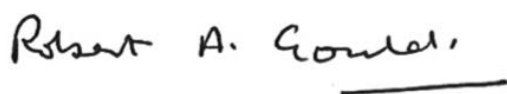
Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date: 22 July 2024

Financial statements for the year ended 31 March 2024

	Notes	2024 £000	2023 £000
Fund account			
Dealings with members, employers and others directly involved with the Fund			
Grant-in-Aid		42,486	43,629
		42,486	43,629
Benefits and other payments			
Benefits payable	7	(42,020)	(42,896)
Payments to and on account of leavers	8	-	(15)
		(42,020)	(42,911)
Net additions from dealings with members		466	718
Management expenses	9	(1,065)	(863)
Return on investments			
Investment income	10	3,622	2,373
Loss on disposal of investments and changes in the market value of investments	11	(6,687)	(63,954)
Net returns on investments		(3,065)	(61,581)
Net decrease in the Fund during the year		(3,664)	(61,726)
Opening net assets of the Fund at 1 April		267,187	328,913
Net assets of the Fund at 31 March		263,523	267,187
Net assets statement			
Investment assets	11	259,614	263,402
Current assets	17	5,407	5,163
Current liabilities	18	(1,498)	(1,378)
Net assets of the Fund at 31 March		263,523	267,187

The financial statements summarise the transactions and net assets of the Fund. The financial statements do not take account of liabilities to pay pensions and other benefits that fall due after the end of the Fund year. The actuarial position of the Fund, which does take account of such liabilities, is dealt with in the statement by the Consulting Actuary and these financial statements should be read in conjunction with it. The Actuary's statement on pages 34 to 35, dated 8 May 2024, is based on a valuation as at 31 March 2022. The notes on pages 41 to 55 form part of these financial statements.



Robert Gould
Chair
Environment Agency Pensions Committee
17 July 2024



Philip Duffy
Accounting Officer
Environment Agency
17 July 2024

Notes to the financial statements

1. Description of the Fund

The Environment Agency Closed Pension Fund is part of the Local Government Pension Scheme and is administered by the Environment Agency. The Environment Agency is the reporting entity for this Fund. The Fund is overseen by the Environment Agency Pension Fund Committee.

The following description is a summary only. For more detail, reference should be made to the Government Funding Agreement (Annex 1) and Funding Strategy Statement (Weblink available in Annex 2).

General

The Fund is governed by the Superannuation Act 1972 and the Public Services Act 2013. 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); and
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Unlike other Local Government pension funds, the EAPF's liabilities are statutorily guaranteed by the Department for the Environment, Food and Rural Affairs ('the Guarantor') under section 173 of the Water Act 1989. The Memorandum of Understanding between the Secretary of State for Environment, Food and Rural Affairs and the Environment Agency (17 May 2005) sets out the mechanism whereby the Guarantor makes payments to the Fund.

Membership

The Fund has been closed to new entrants and accruals of future service since 1989. As at 31 March 2024, total membership of the Fund is 9,346, represented by 8,754 current pensioners and 592 deferred members.

Funding

The Environment Agency Closed Pension Fund has no contributing members. Unlike other statutory Local Government Pension Funds, it is being maintained solely to pay current and deferred benefits (or transfer values to other pension arrangements) awarded to or in respect of employees of former water authorities and associated bodies which existed prior to 1 September 1989. The Secretary of State at the Department for Environment, Food and Rural Affairs has a duty under section 173(3) of the Water Act 1989 to ensure the Fund can always meet its liabilities, including future indexation awards. This has been formally documented in a Memorandum of Understanding and is included in Annex 1. Since 1 April 2006, Grant-In-Aid has been paid that is sufficient to meet the pension obligations and running costs of the Fund.

2. Basis of preparation

The financial statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounting policies have been drawn up in line with recommended accounting principles within the overall Code of Practice on Local Authority Accounting framework.

3. Summary of significant accounting policies

The following principal accounting policies have been applied consistently in the preparation of the financial statements which are prepared on an accruals basis.

Grant-In-Aid

As described above, Grant-In-Aid payments are received into the Fund to meet the pension obligations and running costs of the scheme. These are received in advance in April and October each year and are accounted for on a cash basis.

Benefits payable

Members can choose whether to take a proportion of their retirement benefits as a pension and/or lump sum. Pensions and lump sums are accounted for on an accruals basis from the date the option is exercised. Lump sum death grants and refunds of contributions are included from the date of death or date the member leaves the Scheme.

Transfers to other schemes

Transfers to other schemes are those amounts paid to other pension schemes relating to previous periods of pensionable employment. Individual transfers are included in the accounts when paid, but bulk transfers are accounted for on an accruals basis when the amounts have been agreed.

Management expenses

Administration, oversight and governance costs and Investment management expenses are accounted for on an accrual's basis. Expenses are recognised net of any recoverable VAT. In cases where administration expenditure relates to both the Active Pension Fund and the Closed Pension Fund we attribute this 80%/20% respectively to best reflect the time spent administrating each Fund, as shown below. This apportionment is considered annually.

Apportionment of common expenditure	2023/24 AF/CF %	2022/23 AF/CF %
Custodial arrangements	80/20	80/20
Environment Agency Pension Fund Management	80/20	80/20

Investment income

All interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Accrued interest is excluded from the market value of fixed interest securities but is included in investment income receivable.

Income from cash and short-term deposits is accounted for on an accrual basis.

Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. VAT input tax is recoverable on all management expenses. The accounts are exclusive of VAT.

Financial assets

Investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

Classification and measurement

IFRS 9 requires all financial assets and liabilities to be measured at fair value, except for Grant-in-Aid receivables which does not contain a significant financing component. Grant-in-Aid receivables are measured at amortised cost, where they exist. Classification and measurement of financial instruments is driven by the Fund's business model for managing the financial instruments and the contractual cash flow characteristics of the financial instruments.

Impairment

IFRS 9 introduces an impairment model for financial assets not held at Fair Value through Profit and Loss ('FVPL'). As a result, the Fund must now determine forward looking expected credit losses ('ECL') for all its financial assets held at amortised cost. Financial assets held at amortised cost within the Fund comprise: Cash and cash equivalents; Other investment balances; Grant-in-Aid receivables; and Other receivables. Cash assets are not subject to determining ECL. In the case of other receivables there are no expected credit losses identified.

IFRS 9 has been applied prospectively by the Fund and this did not result in a change to the measurement of financial instruments as outlined in note 12 but some classifications have been amended to reflect IFRS 9's requirements. The Fund's other receivables continue to be measured at amortised cost. There is no material impact on the adoption of IFRS 9.

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 IFRS 13. For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Cash deposits and instruments

Cash comprises cash on deposit, including any amounts held by the Fund's external investment manager. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

Financial Liabilities

A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in market value of investments.

Defined Benefit Obligation

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Pensions Committee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Fund, which takes into account such obligations, is dealt with in the Statement by the Consulting Actuary on pages 34 and 35.

4. Critical judgments in applying accounting policies

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 15. This estimate is subject to significant variances based on changes to the underlying assumptions.

5. Assumptions made about the future and other major sources of estimation

There are no items of estimation in the net assets statement as at 31 March 2024 or 31 March 2023 for which there is a significant risk of material movement.

6. Events after the net asset statement date

The financial statements were approved by both the Pensions Committee on 26 June 2024 and Audit and Risk Assurance Committee on 1 July 2024. The financial statements are signed under delegated authority of the Board. These will also be noted at the next available meeting of the Board.

There are no adjusting events that need to be recognised in the financial statements after the net asset statement date.

7. Benefits payable

	2024 £000	2023 £000
Retirement and dependants pensions	41,120	41,624
Lump sum retirement grants	879	1,248
Lump sum death grants	21	24
Total	42,020	42,896

8. Payments to and on account of leavers

	2024 £000	2023 £000
Individual transfers to other schemes	-	15
Total	-	15

9. Management expenses

	2024 £000	2023 £000
Administration expenses		
Scheme administration	594	519
Oversight and governance costs		
Specialist advice	199	82
Environment Agency Pension Fund Management	197	190
External audit	32	27
	428	299
Investment management expenses		
Management fees	30	30
Custody fees	13	15
	43	45
Total	1,065	863

Investment management expenses can be further analysed as follows:

2023/24	Total £000	Management fees £000	Performance related fees £000	Transaction costs £000
Index linked gilts	30	30	-	-

10. Investment Income

	2024 £000	2023 £000
Income from index linked gilts	1,860	1,688
Interest on cash deposits	1,762	685
Total	3,622	2,373

To minimise credit risk exposure on cash, most of the Closed Fund's cash is held in money market funds managed by the custodian State Street which has enjoyed favorable interest rates in 2023/24.

11. Investments movement summary

	Market value at 01.04.23	Purchases at cost	Sales proceeds	Change in market value	Market value at 31.03.24
	£000	£000	£000	£000	£000
Index linked gilts	239,596	745	-	(6,681)	233,660
Cash deposits and instruments	23,263	-	-	(6)	25,345
Accrued income	543	-	-	-	609
Net investment assets	263,402	745	-	(6,687)	259,614

	Market value at 01.04.22	Purchases at cost	Sales proceeds	Change in market value	Market value at 31.03.23
	£000	£000	£000	£000	£000
Index linked gilts	302,277	1,289	-	(63,970)	239,596
Cash deposits and instruments	25,890	-	-	16	23,263
Accrued income	408	-	-	-	543
Net investment assets	328,575	1,289	-	(63,954)	263,402

The change in the market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. As the Fund has invested in long term gilts, no transaction costs have been incurred during this or previous years. The Fund does not participate in stock lending.

The following table represents the investments of the Fund that exceed 5% of the total net investment assets.

Investment assets	2024		2023	
	£m	%	£m	%
UK Government 0.125% Index Linked Gilt 2029	73.3	28.2	71.4	27.1
UK Government 1.25% Index Linked Gilt 2032	57.0	22.0	56.8	21.5
UK Government 2% Index Linked Gilt 2035	46.2	17.8	46.7	17.7
UK Government 0.125% Index Linked Gilt 2044	29.3	11.3	31.7	12.0
SSGA Offshore GBP D Class Cash Instrument	25.0	9.7	23.3	8.8
UK Government 1.25% Index Linked Gilt 2055	22.7	8.7	26.3	10.0

12. Financial instruments

a) Classification of financial instruments

The accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading.

31 March 2024	Financial assets and liabilities designated at fair value through profit and loss	Financial assets held at amortised cost	Financial liabilities held at amortised cost
	£000	£000	£000
Financial assets			
Index linked gilts	233,660	-	-
Cash deposits and instruments	25,345	4,891	-
Other investment balances	-	609	-
Debtors (excluding VAT)	-	258	-
Financial liabilities			
Creditors (excluding PAYE)	-	-	(827)
Net assets of the Fund	259,005	5,758	(827)

31 March 2023	Financial assets and liabilities designated at fair value through profit and loss	Financial assets held at amortised cost	Financial liabilities held at amortised cost
	£000	£000	£000
Financial assets			
Index linked gilts	239,596	-	-
Cash deposits and instruments	23,263	4,633	-
Other investment balances	-	543	-
Debtors (excluding VAT)	-	239	-
Financial liabilities			
Creditors (excluding PAYE)	-	-	(885)
Net assets of the Fund	262,859	5,415	(885)

b) Net losses on financial assets

	2024 £000	2023 £000
Financial assets		
Fair value through profit and loss	(6,687)	(63,954)
Total change in market value	(6,687)	(63,954)

13. Fair value – basis of valuation

All other investments are held at fair value in accordance with the requirements of the Code and IFRS 13. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used during the year. The valuation bases are set out below.

Fair value hierarchy

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

Level 1

Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts.

Level 2

Where quoted market prices are not available, for example where valuation techniques are used to determine fair value based on observable data.

Level 3

Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Transfers between levels 1 and 2

There have been no transfers between Level 1 and Level 2 in the year. Any such transfers between levels are recognised in the month in which they occur.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into Levels 1 to 3 based on the level at which the fair value is observable. Financial assets and liabilities valued at amortised cost, and those that are not financial instruments, are included in the total column in order to show that all of the Fund's assets have been considered and that these reconcile back to the total net assets of the Fund.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash deposits and instruments	Level 1	Closing bid value on published exchanges	Not required	Not required
Index linked gilts	Level 2	Market value based on current yields	Current yields	Not required

Values at 31 March 2024	Quoted market price	Using observable inputs	With significant unobservable inputs	Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
Financial assets at fair value through profit and loss				
Index Linked Gilts	-	233,660	-	233,660
Cash deposits and instruments	25,345	-	-	25,345
Net financial assets at fair value	25,345	233,660	-	259,005
Financial assets held at amortised cost				
Accrued income	609	-	-	609
Net investment assets				259,614

Values at 31 March 2023	Quoted market price	Using observable inputs	With significant unobservable inputs	Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
Financial assets at fair value through profit and loss				
Index Linked Gilts	-	239,596	-	239,596
Cash deposits and instruments	23,263	-	-	23,263
Net financial assets at fair value	23,263	239,596	-	262,859
Financial assets held at amortised cost				
Accrued income	543	-	-	543
Net investment assets				263,402

14. Nature and extent of risks arising from financial instruments

Risk and risk management

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Fund is exposed at the end of the reporting period. These risks are set out by FRS 102 as follows:

1. **Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
2. **Market risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, each of which is further detailed as follows:
 - **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
 - **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
3. **Liquidity risk:** this is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. Cashflow forecasts are prepared on a monthly basis to ensure sufficient funds are available to pay benefits and a disinvestment from the Investment Bank account is made where we need to fund a shortfall. This can be actioned the same day. The Fund's current policy is to maintain a minimum balance of one month's pension payroll amount, plus a £500k cash float.

Further information on the Closed Fund's approach to risk management, credit and market risk is set out below. The Closed Fund also held residual unquoted equity holdings as at year-end, however, these are not included in this report as they are considered immaterial in the context of the Closed Fund.

With regards to the Closed Fund, the Pensions Committee in conjunction with the Investment Sub-Committee is responsible for determining the Closed Fund's investment strategy. The Investment Sub-Committee has received delegated responsibility to prepare and recommend the investment strategy to the Pensions Committee and, within the context of the agreed investment strategy, to decide on the structure of mandates and their specification, to appoint fund managers, to monitor the performance of fund managers, and to terminate or alter mandates.

The Closed Fund has exposure to the above risks because of the investments it makes to implement its investment strategy. The Pensions Committee manages the investment risks within agreed risk limits which are set taking into account the Closed Fund's strategic investment objectives and are monitored in a Risk Register which includes investment risks. The Pensions Committee, working with its advisors, regularly monitor investment risks within the Closed Fund.

The investment objectives and risk limits are implemented through the investment management agreements in place with the Closed Fund's investment managers and monitored by the Pensions and Investment Sub-Committee through regular reviews of the investment portfolios. The investment objectives and risk limits of the Scheme are further detailed in the Investment Strategy Statement ('ISS').

The Closed Fund's assets as at 31 March 2024 and 31 March 2023 are detailed in the table below.

Closed Fund	2024 £000	2023 £000
UK Index Linked Gilts	233,660	239,596
Cash and Cash Equivalents	25,954	23,806
Total	259,614	263,402

Investment Strategy

The Closed Fund's invested assets are fairly small relative to the value of its prospective liabilities. Working on the basis that the Guarantor will meet pension payments until the value of the remaining liabilities is equivalent to the Closed Fund's remaining assets, the investment objective of the Closed Fund is to ensure that in due course the Closed Fund's assets will equate to its liabilities in as low a risk manner as possible. From that point onwards the Closed Fund should be able to meet its pension payments directly.

The Pensions Committee has translated its objectives into a suitable investment strategy for the Closed Fund. The investment strategy takes due account of the specific liability profile of the Closed Fund, together with the planned funding arrangements agreed with the Closed Fund's Guarantor.

The strategy is consistent with the Pensions Committee's views on residual asset management on the appropriate balance between maximising the long-term return on investments and minimising volatility and risk. The Committee is adopting a low-risk approach by investing in index-linked government bonds.

The assets comprise:

- a portfolio of index-linked government bonds, intended to broadly reflect an estimate of the duration of the liabilities the Fund is exposed to;
- cash held at the Fund's custodian and administrator, sufficient to meet pension payments until the next grant in aid payment, together with a small reserve

1. Credit Risk

The Closed Fund is subject to credit risk because it has cash balances and directly holds UK government bonds in a segregated account. Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Closed Fund to incur a financial loss. In the case of the UK government bonds, credit risk is minimal. Careful credit quality management by the Closed Fund's cash managers helps to mitigate this risk in respect of the cash holdings.

The Closed Fund also invests in a pooled investment vehicle through the State Street Liquidity Fund. It is therefore directly exposed to credit risk arising from this pooled fund investment vehicle and is indirectly exposed to credit risk arising on the underlying investments held by this same pooled fund investment vehicle.

Direct credit risk from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager and the regulatory environments in which the pooled manager operates.

The State Street Liquidity Fund is rated by credit rating agencies. It seeks to obtain and maintain a AAA rating from at least one of the internationally recognised rating agencies – S&P, Moody's and Fitch. The Pensions Committee manages and monitors the credit risk arising from its pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment.

To minimise credit risk exposure on cash, most of the Closed Fund's cash is held in money market funds managed by the custodian State Street. These funds are invested across a wide range of cash instruments and have limited exposure to any individual institution. Furthermore, these monies are legally separated from EAPF's custodian, which serves to safeguard the investment in the case of default of the custodian. Assets held in both the Closed Fund's bank account and custodian accounts are held in accounts provided by banks that have an investment grade credit rating.

The values as at 31 March 2024 and 31 March 2023 are disclosed in the table below.

Fund	Balance as at 31 March 2024 £000	Balance as at 31 March 2023 £000
Money Market fund: State Street	25,345	23,263
Bank current account: National Westminster Bank plc	4,891	4,633
Total	30,236	27,564

2. Market Risk

a) Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Closed Fund could be exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Closed Fund (sterling). The Closed Fund invests in UK government bonds and the State Street Liquidity Fund. The State Street Liquidity Fund is composed of two sub funds, denominated in sterling and US dollars respectively. The Closed Fund is therefore not exposed to material currency risk.

The tables below show the fund structures for each mandate and set out the non-sterling currency exposures including which proportion of this is hedged back to sterling.

31 March 2024

Manager and fund(s)	Pooled / Segregated	GBP exposure (%)	Non-GBP exposure (%)	Non-GBP exposure hedged back to GBP (%)	Implied unhedged overseas currency exposure (£m)
Sarasin - Index Linked Gilts	Segregated	100	0	0	0
State Street – Cash	Pooled	98.8	1.2	0	0.3
Total		99.9	0.1	0	0.3

31 March 2023

Manager and fund(s)	Pooled / Segregated	GBP exposure (%)	Non-GBP exposure (%)	Non-GBP exposure hedged back to GBP (%)	Implied unhedged overseas currency exposure (£m)
Sarasin - Index Linked Gilts	Segregated	100	0	0	0
State Street – Cash	Pooled	98.8	1.2	0	0.3
Total		99.9	0.1	0	0.3

b) Interest Rate Risk

The Closed Fund's principal investments are subject to interest rate risk, defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Most of the investment assets of the Closed Fund are exposed to changes in 'real' yields. There is a small exposure to short term interest rates arising from the cash holdings, where changes in interest rates will change income received from cash.

The Closed Fund maintains an allocation to index linked government bonds. These help to match the sensitivities of the liabilities to interest rate and inflation movements. Under the Closed Fund's investment strategy, if interest rates fall, the value of these matching assets is expected to rise to help partially match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these matching assets are expected to fall in value, as will the actuarial liabilities because of an increase in the discount rate.

Interest Rate Sensitivity Analysis

	Duration	
	As at 31 March 2024	As at 31 March 2023
Sarasin Index Linked Gilts	11.4	12.9

c) Other Price Risk

Other price risk arises principally in relation to 'growth' assets. However, the Closed Fund does not hold these types of assets, and is therefore not exposed to 'other price risk'.

The following is a summary of the risk exposures by Fund:

	Credit Risk	Market Risk		
		Currency Risk	Interest Rate Risk	Other Price Risk
Sarasin Index Linked Gilts			✓	
State Street Cash	✓	✓	✓	

Appendix

Following analysis of historical data and expected investment return movement during the financial year, in consultation with its advisers, the Closed Fund has determined that the following movements in market price risk are reasonably possible for the 2023/24 reporting period. This gives an overall fund volatility of 9.1% (2023: 7.2% based on assumptions provided by the Closed Fund's investment adviser as at 31 March 2023).

	1 year expected volatility (+/-) %	% of Fund	
		2024	2023
Sarasin Index Linked Gilts	10.1	90.0	91.0
State Street Cash	0.0	10.0	9.0
Total Fund Volatility	9.1	100.0	100.0

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment adviser's most recent review.

Had the market price of the Closed Fund investments increased or decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below):

	As at 31 March 2024	As at 31 March 2023
Total net investment assets (£000)	259,614	263,402
Percentage change (%)	9.1	7.2
Value on increase (£000)	283,213	282,465
Value on decrease (£000)	236,014	244,339

15. Funding arrangements as at 31 March 2022

In line with the Local Government Pension Scheme Regulations 2013, the fund's actuary undertakes a funding valuation every three years for the purpose of setting the Guarantor's employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025.

The funding policy focuses on ensuring that sufficient assets are available to meet all liabilities as they fall due for payment. The Fund's benefits are underwritten by the Department for the Environment, Food and Rural Affairs (Defra) who have agreed to a funding plan that involves half yearly cash injections to meet the following six months' expected benefit expenditure.

At the 2022 actuarial valuation, the fund was assessed as 67% funded (51% at the March 2019 valuation). This corresponded to a deficit of £162m (2019 valuation: £280m) at that time.

The level of contribution payable to the fund is not directly determined from the past service deficit position. Instead, a cash flow approach is used where the contributions are paid by Defra on a six monthly basis depending on expected benefits and expenses payable from the Fund for the following six months. The projected payments at the 2022 actuarial valuation due from Defra over the three-year period ending 31 March 2026 are shown in the table below:

Year	Projected payments due
2023/24	51,192
2024/25	46,077
2025/26	42,837

The projected payments allow for expected administration and investment expenses. They include unfunded pension payments.

The valuation of the fund has been undertaken using the projected accrued benefit method. The principal assumptions were:

Financial assumptions

	%	Descriptions
Investment return (Discount rate)	1.7	Yield on long term fixed interest Government bonds
Retail Price Inflation (RPI)	3.7	The difference between yields on fixed and index-linked Government bonds at the valuation date
Pension increases	3.1	CPI (assumed to be 1% less than RPI up to 2030 and 0% less than RPI thereafter)

Longevity assumptions

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI2021 model with no weighting placed on 2020 and 2021 data, an initial additional parameter of 0.25% for males and females and a long-term rate of improvement of 1.5% p.a. for both women and men. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Pensioners	Males	Females
Current pensioners	20.5 years	23.6 years
Future pensioners*	20.4 years	24.3 years

* Figures assume members are aged 60 as at 31 March 2022

Commutation assumption

It is assumed that future retirees will take 50% of the maximum additional tax-free lump sum up to HMRC limits.

16. Actuarial present value of promised retirement benefits (IAS26)

In addition to the triennial funding valuation, the fund's actuary also undertakes a valuation of the pension fund liabilities on an IAS19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 15). The actuary has also valued ill health and death benefits in line with IAS19.

The actuarial value of promised retirement benefits at the accounting date, calculated in line with International Accounting Standard 19 (IAS19) assumptions and considering funding benefits only, is estimated to be £347m (2023: £379m). This figure is used for statutory accounting purposes by Defra. The assumptions underlying the figure are set out in Defra's statutory accounts. The figure is only prepared for the purposes of IAS19 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for the funding purposes and setting contributions payable to the Fund.

Assumptions used Year ended 31 March 2024	% p.a.
Investment return (Discount rate)	5.10
Pension increase rate (CPI)	2.55

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a..

17. Current assets

	2024 £000	2023 £000
Cash at bank	4,891	4,633
Debtors		
Overpaid pensions due to be returned	258	239
VAT debtor	256	291
Other – amount due from Active Fund	2	-
Total	5,407	5,163

Analysis of debtors

Overpaid pensions due to be returned to the fund represent recoveries being made from members who have had funds paid across after they have died.

18. Current liabilities

	2024 £000	2023 £000
Creditors		
Administration and investment expenses	785	635
PAYE	582	493
Benefits payable	87	207
Tax payable on refunds	44	43
Total	1,498	1,378

Analysis of creditors

No funds are due to the Environment Agency Active Pension Fund (2023: £nil) in respect of administration expenses and VAT reclaimed.

19. Related party transaction

During the year ended 31 March 2024 there have been the following related party transactions:

- Pensions administration costs of £197k (2023: £190k) were recharged to the Closed Pension Fund by the Environment Agency;
- No funds are due to the Environment Agency Active Pension Fund in respect of administration expenses and VAT reclaimed (2023: £nil). The Active Fund is a sister scheme to the Closed Fund;
- One member of the Committee is in receipt of pension benefits from the Closed Fund which is paid in accordance with the Fund Rules; and
- Benefits payable exclude £5.4m (2023: £5.6m) for historical unfunded pensions liabilities of the Environment Agency in respect of compensatory added years and water company pension scheme charges paid via the pension's administrator. This has been recharged to the Environment Agency and funded by Grant-In-Aid from Defra.
- £2k is due to the Environment Agency Closed Fund from the Environment Agency Closed Fund in respect of administration expenses. The Closed Fund is a sister scheme to the Active Fund, further details about this fund are in Annex 5;

20. Contingent liabilities

At the time of writing there is significant uncertainty on the extent of both obligation and value based on the behaviour of regulators and potential claimants with regard to the Cyber incident at Capita and as such no contingent liability could be reliably measured.

There are no contingent liabilities as at 31 March 2024 (2023: £nil).

21. Contingent assets

There are no contingent assets as at 31 March 2024 (2023: £nil).

22. Impairment losses

For the year to 31 March 2024 the Fund has recognised an impairment loss of less than £0.1m (2023: less than £0.1m) for the non-recovery of pensioner death overpayments.

23. IAS10: Authorisation for issue

The Environment Agency Closed Pension Fund Annual Report and Financial Statements are laid before the Houses of Parliament by Defra. In accordance with IAS10 these financial statements have been authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General's independent auditor's report.

The annexes

The annexes included within this report are unaudited.

Annex 1 – Government Funding Agreement

Extract from a letter sent on 15 April 2004 by Paul Boateng (Chief Secretary to the Treasury) to the Rt Hon Margaret Beckett (Secretary of State for the Environment).

Environment Agency Closed Pension Fund

"Thank you for your letter of 18 March requesting a change in the arrangement agreed in the 2002 spending review for funding the liabilities of the Environment Agency Closed Pension Fund. I am prepared to agree to the revised arrangements you suggest for the 2004 spending review baseline year. The funding of the Environment Agency Closed Pension Fund will remain ring-fenced and will reduce over time in line with the unwinding of the liability".

Paul Boateng

Extract from a letter sent on 15 July 2004 by the Rt. Hon Margaret Beckett (Secretary of State for the Environment) to Sir John Harman (Chairman of the Environment Agency).

Environment Agency Closed Pension Fund

The Environment Agency Closed Pension Fund is in actuarial deficit. Current valuations indicate that the assets available will not meet its future liabilities and the Fund will be exhausted by autumn 2006. Section 173 of the Water Act 1989 gave me the function of providing funding to enable the liabilities of the Fund – a public service, final salary, funded pension scheme – to be met. I propose to exercise this function through stabilisation of the Fund and annual top up payments from April 2006.

The assets of the Fund should be allowed to run down (rather than be liquidated) and then stabilised through annual top up payments using section 173 provisions of the Water Act 1989, thus meeting ongoing liabilities on a pay as you go basis. The Chief Secretary to the Treasury has agreed to this and that we should retain financial cover sufficient to fund annual costs from 2006/07.

Actuarial valuations indicate that the Fund will fall below the £100m mark – the equivalent of a little over annual outgoings in the latter half of 2005/06. I therefore propose to top up the Fund in April/May 2006 and again in September/October 2006 by a total amount equivalent to its annual outgoings as determined by actuarial forecasts. This will be repeated in subsequent years, with the amount proportionate to the actual Fund liabilities.

I confirm that the implementation of these proposals will not either dilute or remove my statutory funding function under section 173 of the Water Act 1989. The Fund pensioners will not see any change in how their individual pensions are paid, and they can be certain that their entitlement will be met. I would therefore commend these arrangements to you, to the Agency's Pensions Committee and to the Fund's members.

Margaret Beckett

Memorandum of understanding

Between: The Secretary of State for Environment, Food and Rural Affairs of Nobel House, 17 Smith Square, London SW1P 3JR ('the Secretary of State'); and

The Environment Agency – Pensions Committee of Rio House, Waterside Drive, Almondsbury, Bristol, BS32 4UD ('the Agency').

Background

- (i) The Environment Agency Closed Fund ('the Closed Fund') is vested in, and required to be maintained by, the Environment Agency by regulation 2(1) of the Local Government Pension Scheme (Environment Agency) Regulations 1996.
- (ii) Before 1989, the Water Authorities Superannuation Fund ('WASF') served the former Regional Water Authorities in England and Wales. Under the Water Act 1989 their water supply and sewerage functions were transferred to newly created water companies, together with the relevant employees. The pension liabilities and assets in respect of such employees were transferred from the WASF to the new water company pension schemes. The pension liabilities and assets in respect of the remaining employees, and also of the former employees and pensioners, were transferred with the WASF to the National Rivers Authority ('the NRA'), which set up a pension fund for its own employees ('the Active Fund') into which were transferred the pension liabilities and assets in respect of the said remaining employees.
- (iii) Following the transfer of active employed members to both the water company pension schemes and the Active Fund, the only remaining members of the WASF were deferred and pensioner members. No further members were admitted to it, so that it became a closed scheme ('the Closed Fund'). The Secretary of State and the NRA accepted the possibility that, in due course, the Closed Fund could have insufficient resources to meet its pension liabilities. With effect from 1 April 1996 the Agency assumed the functions of the NRA and the Closed Fund is now known as the Environment Agency Closed Fund.
- (iv) The Closed Fund is maintained for the purposes of Section 7 of the Superannuation Act 1972, and accordingly the Secretary of State has the function conferred by Section 173 of the Act to make such payments into the Closed Fund as may be considered appropriate in respect of the actual and prospective liabilities falling from time to time to be met out of the Closed Fund for the benefit of its members ('the Closed Fund members').
- (v) As at 31 March 2004, the Closed Fund's FRS 17 valuation indicated that it had a net deficit for accounting purposes of £826,600,000 and its actuarial valuation indicated that it had a funding level of 21% which corresponded to a net past service reserve deficit of £880,000,000. The value of the liability under both valuations is sensitive to future mortality rates, inflation rates, and the discount rate used.
- (vi) This Memorandum of Understanding sets out the mechanism whereby the Secretary of State will exercise the function under section 173 of the 1989 Water Act with a view to addressing the deficit in the Closed Fund.
- (vii) This Memorandum has been agreed between the Secretary of State and the Environment Agency and the arrangements for funding the Closed Fund have been approved by Her Majesty's Treasury pursuant to that section, as indicated in the letter of 15 April 2004 from the Chief Secretary to the Secretary of State, subject to the conditions referred to in that letter.

Payments into the Fund

- (viii) The Closed Fund's funding level continues to deteriorate, and on actuarial advice it is assumed that the value of the assets will reduce to a level of between £50 million and £60 million by about April 2006. With effect from that date the Secretary of State will ensure that cash payments are made into the Fund each year totaling an amount equivalent to its total annual outgoings (defined as total anticipated payments to pensioners, transfers out of the Closed Fund, investment management or other agents' fees, administration costs, and all other liabilities or expenses whatsoever, less interest earned on such cash payments made to the Environment

Agency for the Closed Fund during the year) to be calculated and properly certified by the Environment Agency in accordance with actuarial advice received.

- (ix) Such payments will be solely to finance the Closed Fund's annual outgoings and will be treated separately from the Environment Agency's mainstream finances. They will be made every six months, with the sums to be paid equaling the amount of the Fund's outgoings for the previous six months. The first payment into the Fund will be made in April 2006. These payments will continue until the liabilities of the Closed Fund have been met in full. Latest actuarial projections indicate that this will occur in 2062.
- (x) These payments will be in the form of ring-fenced grant-in-aid from the Secretary of State and will be paid twice each year in April and October through the normal grant-in-aid procedures to the Environment Agency
- (xi) The Environment Agency will provide the Secretary of State with a copy of actuarial advice received and such information as is reasonably required to illustrate how the payments certified as payable have been calculated. Any assets held in the Closed Fund in excess of the payments will be retained to protect against minor variations in outgoings until a certificate of the actuary to the Closed Fund confirms that their retention is unnecessary. A copy of any such certificate shall be provided by the Environment Agency to the Secretary of State.
- (xii) Payments made by the Secretary of State into the Closed Fund will be reported in Defra's annual accounts together with the Closed Fund's liability in accordance with FRS 17 (or any replacement accounting standard).

Payments to pensioners

- (xiii) Nothing in this Memorandum will affect the Environment Agency's role in the making of payments from the Closed Fund which are to be made in accordance with the Local Government Pension Scheme Regulations 1997 ('LGPS Regulations').

Control, monitoring and review

- (xiv) The Environment Agency will manage the residual assets of the Closed Fund according to the high standards of financial integrity expected of those responsible for the management of public assets. The Environment Agency will invest any surplus funds, as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 and in accordance with the Closed Fund's Statement of Investment Principles and Funding Strategy Statement. The Environment Agency's procedures and the accounts of the Fund will continue to be the subject of an annual external audit, and nothing in this Memorandum affects the need for an actuarial valuation of the Closed Fund as required by the LGPS Regulations.
- (xv) For monitoring purposes, the Environment Agency will inform the Secretary of State of the Closed Fund's liabilities at the end of each financial year in accordance with FRS 17 (or any replacement accounting standard).
- (xvi) This information will be used to update provisions in the annual accounts of Defra. Significant variations from profiled grant-in-aid payments will be fully justified by the Environment Agency.
- (xvii) This Memorandum shall only be amended by the agreement in writing of both the Secretary of State and the Environment Agency.

Brian Bender
Accounting Officer
Defra
On behalf of the Secretary of State for
Environment, Food and Rural Affairs

Barbara Young
Accounting Officer
Environment Agency
On behalf of the Environment Agency
Date of signature: 17 May 2005

Annex 2 – Weblinks to Policy and Strategy documents

Introduction

In March 2024, new Annual Report guidance has been jointly produced by the Scheme Advisory Board (SAB), the Chartered Institute of Public Finance and Accountancy (CIPFA) and, Department for Levelling Up, Housing and Communities (DLUHC) in consultation with funds, industry experts and other interested stakeholders. A section of this new guidance recognised an improvement to signpost members to the Funds policies and strategies on its website. As such, please use the links below to access our statutory documents and other important policies.

The Environment Agency Closed Pension Fund:

- **[Closed Pension Fund - Funding Strategy Statement](#)**
- **[Closed Pension Fund - Investment Strategy Statement](#)**
- **[Closed Pension Fund - Communications Policy Statement](#)**

Please note that some of the documents at www.eapf.org.uk/resources/publications/policies may not be suitable for users with assistive technology. If you need a version of any of our documents in a more accessible format, please tell us what format you need by emailing us at engage@eapf.org.uk or calling 0800 121 6593.

Enquiries

Any enquiries regarding this Report should be addressed to:

Pension Fund Management
Environment Agency
Horizon House
Deanery Road
BRISTOL
BS1 5AH

Email: info@eapf.org.uk

Enquiries concerning the Environment Agency Pension Scheme or entitlement to benefits should be addressed to:

Environment Agency Pensions Team
Capita
11b Lingfield Point
DARLINGTON
DL1 1AX

Tel: 0800 121 6593
Email: info@eapf.org.uk

The Annual Report and Financial Statements are also available on our website at www.eapf.org.uk

www.gov.uk/government/publications

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