


Essex Pension Fund Strategy Board	PSB 05a 
Date: 20 March 2024	

Essex Pension Fund Policies and Publications: Essex Pension Fund Three Year Business Plan and 2024/25 Budget

Report by the Director for Essex Pension Fund
Enquiries to Jody Evans on 03330 138489

This Report requires a decision

Executive Summary

Report Type: Governance

New activities on the 2024/25 Business Plan include:

- the review of Fund Policies including: Risk Management Strategy; Business Continuity Policy; Cyber Policy; Stakeholder Engagement Strategy; and Investment Managers Engagement Strategy;
- the review of Cashflow Management;
- the exploration of a Policy and Metrics for Taskforce on Nature-related Financial Disclosures (TNFD);
- the implementation of the Net Zero Journey Plan;
- the retender of the Independent Investment Adviser (IIA); and
- the development of the Fund's new website.

A Budget of £7.17m has been proposed to support the Fund's 2024/25 Business Plan areas of activities.

1. Purpose of the Report

- 1.1 To submit the Essex Pension Fund (EPF) Three Year Business Plan for 2024/25 to 2026/27 and proposed 2024/25 Budget for approval.

2. Recommendation

2.1 That the Board **approve** the:

- EPF Three Year Business Plan for 2024/25 to 2026/27; and
- Budget for 2024/25 of £7.17m as detailed in the Business Plan.

3. Background

- 3.1 It is recommended best practice for Local Government Pension Schemes (LGPS) to prepare a Business Plan and Budget which are approved by the Board/Committee discharged with decision making responsibilities. This recommendation was reinforced by the work undertaken by Hymans Robertson on behalf of the Scheme Advisory Board (SAB) in regard to the Good Governance Project in the LGPS.
- 3.2 In addition, Regulation requires pension fund assets to be ring-fenced. The Fund is run on behalf of over 770 Active Employers and 181,267 Scheme Members, from a range of public, private, and quasi-public organisations across Essex. All the costs (and efficiencies) of administering the Fund are met by (or benefit) the Fund.
- 3.3 Each year the Essex Pension Fund Strategy Board (PSB) approves the EPF Business Plan and Budget for the forthcoming financial year with progress against each area of business activity measured and progress reported back to the Board on a quarterly basis.

4. 2024/25 to 2026/27 Business Plan

- 4.1 This is the fifth iteration of the Three-Year Business Plan with the Board approving the first at their 04 March 2020 meeting.
- 4.2 In line with the previous approved version, the 2024/25 to 2026/27 Business Plan continues to document key priorities to achieve the Fund's strategic objectives including: governance of the Fund and decision making; its strategic goals; areas of activity; staff and financial resource implications as well as a further look at the challenges that are on the horizon for the Fund.

5. 2024/25 Budget

- 5.1 It is also best practice to include a Budget within the Business Plan. As such, the Fund's Business Plan includes the proposed 2024/25 Budget.
- 5.2 The EPF internal operational budget (staff, overheads, general expenses) for 2024/25 has been set in line with and follows Essex County Council's (ECC's) budgetary setting process as laid out by the S151 Officer. Separately from this, a budget allocation has been made in respect of all main external third-party support/advice provided to EPF.

5.3 The Fund is proposing a Budget of £7.17m. This is made up of £4.42m operational budget and £2.75m for third party supplier support/advice.

5.4 The table below sets out the current 2023/24 Budget, Forecast and proposed 2024/25 Budget:

Budget Area	2023/24 Budget	2023/24 Final Forecast	2024/25 Proposed Budget	Movement compared to 2023/24 Budget	
	£m	£m	£m	£m	%
Operating Budget	4.02	4.00	4.42	0.40	10.0%
Governance	0.32	0.29	0.38	0.06	18.5%
Funding	0.11	0.11	0.16	0.04	45.5%
Investments	1.01	0.97	1.10	0.09	8.9%
Administration	0.92	0.98	1.01	0.09	9.8%
Communications	0.10	0.01	0.10	0.00	0.0%
Total	6.48	6.36	7.17	0.69	10.7%

5.5 The increase in the 2024/25 Budget is driven largely by inflationary increases in the third-party supplier's support/advice budget lines along with the 2025 valuation wrap up costs.

5.6 The Operating budget line of £4.42m is set by ECC budgetary process and all operational costs will be recharged back by ECC to EPF.

5.7 The third-party supplier support/advice lines reflect the work required to meet statutory obligations arising from the LGPS Reform and the Fund's 2024/25 strategic activities.

5.8 The 2024/25 to 2026/27 Business Plan along with the 2024/25 Budget has been provided at Appendix A of this Report for approval by the Board.

6. PAB Annual Workplan

- 6.1 In line with the 2023/24 Business Plan, Fund Officers have developed the third iteration of the Essex Pension Fund Advisory Board (PAB) Annual Workplan which sets out the work to be undertaken by the PAB to support the PSB work programme during 2024/25.
- 6.2 The activities within the Workplan include:
- contribution to the Fund's Website Review;
 - the review of the Fund's Management of Risk including the Risk Management Strategy, Business Continuity Policy and the Cyber Policy;
 - the review of the PAB Pamphlet;
 - the work to be undertaken to ensure compliance with both:
 - The Pensions Regulator's (TPR's) new General Code; and
 - the pending Statutory Guidance that will be issued by Department for Levelling Up, Housing and Communities (DLUHC) in regard to the Scheme Advisory Board (SAB) Good Governance Project.
- 6.3 The Workplan has been provided at Appendix B for the Board's consideration.

7. Link to Essex Pension Fund Objectives

- 7.1 Identifying and monitoring EPF activity via the Business Plan assists the Fund in achieving all of its strategic objectives, and in particular to:
- provide a high-quality service whilst maintaining value for money;
 - ensure the Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
 - act with integrity and be accountable to our stakeholders;
 - deliver a high quality friendly and informative service to all beneficiaries and employers at the point of need;
 - continually measure and monitor success against our objectives; and
 - ensure our communications are useful and easy to follow.

8. Risk Implications

- 8.1 Failure to develop and publish a Three-Year Business Plan could result in:
- failure of governance arrangements to match up to statutory requirements and recommended best practice leading to financial loss and reputational damage.

9. Communication Implications

- 9.1 The Three-Year Business Plan will be published on the Fund's website.
- 9.2 Other than ongoing reporting to the Board, there are no communication implications.

10. Finance and Resource Implications

- 10.1 To deliver the activities outlined in the Business Plan for 2024/25 a Budget of £7.17m has been estimated which includes an operational internal budget of £4.42m and a budget allocation for third party provider support/advice of £2.75m. This will be periodically kept under review.

11. Background Papers

- 11.1 EPF Three Year Business Plan, PSB 05a, 22 March 2023.