

Essex Pension Fund Business Plan 2016/17

Governance

Objectives:

- Provide a high quality service whilst maintaining value for money
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
- Evolve and look for new opportunities that may be beneficial for our stakeholders, particularly the Fund's beneficiaries, ensuring efficiency at all times
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- Understand and monitor risk and compliance
- Continually measure and monitor success against our objectives

| Action | How will this be achieved? | Officer managing action* | Progress as at September 2016 |
|--|---|---------------------------------|--|
| 1. Annual business plan will be put in place. | Proposed business plan actions will be presented to 16 March 2016 Board for approval | DfEPF & HoEPF | Complete |
| 2. Further roll out of training and training needs assessments | Training & training needs assessments will continue in 2016/17. Specific provision will be made for any new Board Members. | IGAA | Training & training needs assessments will continue in 2016/17 |

| Action | How will this be achieved? | Officer managing action* | Progress as at September 2016 |
|--|--|--------------------------|--|
| 3. Board members' knowledge centre | A web based facility for Members is in place. | HoEPF | Further infoBOARD training will take place during 2016/17 specifically aimed at new members. |
| 4. Annual review of governance policy | Review governance policy to ensure it is relevant and up to date, including the governance compliance statement. | DfEPF, HoEPF & IGAA | Complete. The Governance Policy & Compliance Statement was agreed in July 2016. |
| 5. Annual review of Pension Fund Board | Review the effectiveness of the Pension Fund Board and the services supplied to it | SCO & IGAA | In progress. A separate report in this matter appears elsewhere on the September 2016 PSB agenda. |

Investments

Objectives:

- To maximise the returns from investments within reasonable risk parameters
- To ensure the Fund is properly managed
- Ensure investment issues are communicated appropriately to the Fund's stakeholders

| Action | How will this be achieved? | Officer managing action* | Progress as at September 2016 |
|---|--|--------------------------|---|
| 6. Review of asset allocation | Review of asset allocation as part of the strategy & structure deliberations at the ISC strategy meetings. | DfEPF | In progress. A strategy review took place in June 2016. A strategy review is scheduled for February 2017. |
| 7. Implement any review of investment allocation arrangement. | Implement the decisions taken at the July 2015 ISC strategy meeting. | DfEPF | Any asset allocation decisions made by the ISC will be implemented as required. |
| 8. To review investment management fees | Ensure that fee monitoring arrangements form part of the annual review of performance. | DfEPF | A review will take place at the February 2017 ISC strategy meeting |

| Action | How will this be achieved? | Officer managing action* | Progress as at September 2016 |
|--|--|--------------------------|---|
| 9. Review the Statement of Investment Principles (SIP)/Investment Strategy Statement (ISS) | <p>An annual review will take place.</p> <p>The SIP is expected to be replaced by an ISS during 2016/2017, with a 1 April 2017 deadline expect for the publication of the first ISS.</p> | DfEPF | <p>The Fund's first ISS will be considered by the ISC later in 2016/17.</p> <p>(It is expected that new LGPS Regulations will require the publication of the first ISS by 31 March 2017).</p> |
| 10. Procurement of Institutional Investment Consultants(IIC) | The current arrangement ceases in December 2016. The ISC will consider its approach to this matter in 2016 | IM | In progress. |
| 11. Respond to the requirements of LGPS structural reform process | Developments in relation to LGPS structural reform will be monitored | DfEPF | <p>In progress –</p> <p>A separate report on this matter appears elsewhere on the 15 September 2016 PSB agenda</p> |
| 12. Review of Global Custodian | A review of the global custody arrangements has been commissioned. | DfEPF | <p>Complete.</p> <p>This matter was considered by the ISC at its meeting on 21 June 2016.</p> |

Funding

Objectives

- Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined in the Funding Strategy Statement
- To recognise in drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible
- To have consistency between the investment strategy and funding strategy
- To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives
- Maintain liquidity in order to meet projected net cash-flow outgoings
- Minimise unrecoverable debt on termination of employer participation

| Action | How will this be achieved? | Officer managing action* | Progress as at September 2016 |
|---|---|--------------------------|---|
| 13. Actuarial Valuation as at 31 March 2016 | A triennial valuation will be commissioned from the Fund Actuary. | HoEPF & DfEPF | In progress. A separate report on this matter appears elsewhere on the 15 September 2016 PSB agenda. |
| 14. Review Funding Strategy Statement | A revised Funding Strategy Statement will be drafted, consulted upon and finalised in conjunction with the triennial valuation. | HoEPF & DfEPF | In progress. A separate report on this matter appears elsewhere on the 15 September 2016 PSB agenda. |
| 15. Employer participation | Employer participation and membership of the Essex Pension Fund will be monitored on an on-going basis. | HoEPF & DfEPF | Employer participation will be reviewed in line with the 2016 triennial valuation. |

Administration

Objectives:

- Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need
- Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount
- Data is protected to ensure security and authorised use only

| Action | How will this be achieved | Officer managing action* | Progress as at September 2016 |
|--|--|--------------------------|---|
| 16. Complete the annual end of year data exercise as at 31 March | Complete year end accounting, gather information from employer and update UPM, and produce annual benefit statements. | HoEPF | Completed Annual Benefits Statements were issued during August 2016. |
| 17. Administration Strategy | The Administration Strategy will be monitored during annually. | HoEPF | The Administration Strategy will continue to be monitored during 2016/17. |
| 18. Auto Enrolment – Work based Pensions | Monitor developments and maintain dialogue with Pension Fund employers throughout the process of auto enrolment implementation. (Staggered staging dates apply to all employers – depending on size – between 2012 and 2017) | HoEPF | Auto- enrolment will continue to be monitored during 2016/17. Larger Employers are commencing the 3 year re-enrolment process during 2016/17 |

| Action | How will this be achieved | Officer managing action* | Progress as at September 2016 |
|---|---|--------------------------|--|
| 19. Implementation of new administration system | The second phase including “ <i>employer online</i> ” is scheduled to commence in 2016/17 | HoEPF | <p>Phase 2 modules implemented during this year are the newly required GMP module, barcoding to enable streamlined scanning of documents and bulk data importing.</p> <p><i>Employer online</i> is currently live at two employer test sites. More Employers are scheduled during the remainder of the financial year.</p> |
| 20. Review of staffing structure | A review is scheduled for 2016/17. | DfEPF & HoEPF | In progress |
| 21. Confirmation of GMP entitlement | Confirming the GMP (Guaranteed Minimum Pension) element of all scheme members’ entitlement is required to be completed by 2017/18 | HoEPF | <p>This project will continue throughout 2016/17.</p> <p>The current deadline for the completion of this project is 31 March 2018.</p> |

Communications

Objectives:

- Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally
- Ensure our communications are simple, relevant and have impact
- Deliver information in a way that suits all types of stakeholder
- Aim for full appreciation of the pension scheme benefits and changes to the scheme by all scheme members, prospective scheme members and employers

| Action | How will this be achieved? | Officer managing action* | Progress as at September 2016 |
|-----------------------------------|---|--------------------------|--|
| 22. Monitor Communications Policy | The communications policy will be reviewed during 2016/2017 | HoEPF & CM | Completed This matter was finalised by the PSB at its July 2016 meeting. |
| 23. Communication GMP entitlement | A communication will be sent to all affected scheme members confirming the GMP (Guaranteed Minimum Pension) element of their Pension entitlement. | HoEPF & CM | In progress: The current deadline for the completion of this project is 31 March 2018 |

Key:

DfEPF: Director for Essex Pension Fund

HoEPF: Head of Essex Pension Fund

SCO: Senior Committee Officer

IGAA: Independent Governance & Administration Adviser

CM: Communications Manager

IM: Investment Manager