

ANNEX A

Essex Pension Fund Business Plan 2014/15 Proposed action for Business Plan 2015/16

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

Actions:

Action	How will this be achieved?	Officer managing action*	Progress as at March 2015	2015/16 Business Plan
1. Annual business plan will be put in place.	Proposed actions for 2014/15 business plan actions presented to 5 March 2014 Board for approval.	DfEPF & HoEPF	Complete	Draft 2015/16 Business plan actions presented to 4 March 2015 Board for approval

Action	How will this be achieved?	Officer managing action*	Progress as at March 2015
2. Further roll out of training and training needs assessments	Training & training needs assessments will continue in 2014/15. Specific provision will be made for any new Board Members.	IGAA	Complete for 2014/2015
3. Board members' knowledge centre	A web based facility for Members will put in place.	HoEPF	Complete.
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	To be deferred until 2015/16
5. Annual review of Pension Fund Board	Review the effectiveness of the Pension Fund Board and the services supplied to it.	GTM and IGAA	A separate item (7) on this matter appears on the agenda for the 4 March 2015 Board
6. Procurement of Independent Governance Adviser	The procurement will be completed during 2014/15	DfEPF & HoEPF	Complete
7. Implement the requirements of the Public Sector Pension Act 2013	Respond to consultation on draft Governance regulations Agree & implement required changes to Governance arrangements	DfEPF, HoEPF & IGAA	A separate item (4b) on this matter appears on the agenda for the 4 March 2015 Board

2015/16 Business Plan
Training & training needs assessments will continue in 2015/16
Further infoBOARD training will take place during 2015/16
A review of governance policy will take place after arrangements for the Pensions Advisory Board have been finalised.
A further review is planned for 2015/16
Action ceasing in 2014/15 Not an action for 2015/16
The first meeting of the new Pension Advisory Board will take place during 2015/16

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

Actions:

Action	How will this be achieved?	Officer managing action*	Progress as at March 2015
8. Review of asset allocation	Review of asset allocation as part of the strategy & structure deliberations at the ISC strategy meetings. July 2014 and February 2015.	DfEPF	Complete. Formal reviews took place at 23 July 2014 & 23 February 2015 Strategy ISC meetings
9. Implement any review of investment allocation arrangement	Implement the decisions taken at the July 2014 ISC strategy meeting.	DfEPF	Complete Illiquid debt mandate arrangements in place.
10. To review investment management fees	Ensure that fee monitoring arrangements form part of the annual review of performance.	DfEPF	Complete The review took place at the 23 July 2014 ISC Strategy meeting.

2015/16 Business Plan
Reviews to take place in 22 July 2015 and 22 February 2016
Any asset allocation decisions made by the ISC will be implemented as required.
A review will take place at the 22 July 2015 ISC strategy meeting

Action	How will this be achieved?	Officer managing action*	Progress as at March 2015
11. Review the Statement of Investment Principles (SIP)	Annual Review of SIP – to include review of Statement of Compliance on Investment Decision Making	DfEPF	In progress - The ISC considered a draft revised SIP at its meeting on 26 November 2014. Responses will be discussed at the ISC on 25 March 2015.
12. Procurement of Independent Investment Adviser	The current arrangement ceases in July 2015. The ISC will consider its approach to this matter in 2014/2015	DfEPF	In progress – A report was considered by the ISC at its meeting on 23 February 2015.
13. Respond to the requirements of LGPS structural reform process	Respond to consultation on draft options for the structure of LGPS in England & Wales Monitor subsequent developments	DfEPF	In progress – A separate item (4a) on this matter is included within the agenda for the 4 March 2015 Board meeting

2015/16 Business Plan
The SIP will be kept under review.
The process will complete during 2015/16
The situation will continue to be monitored.

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

Actions:

Action	How will this be achieved?	Officer managing action*	Progress as at March 2015	2015/16 Business Plan
14. Interim Review as at 31 March 2014.	An interim review of the Fund as at 31 March 2014 will be commissioned from the Actuary.	DfEPF and HoEPF	Complete At its September 2104 meeting, the Board considered the results of the 31 March 2014.	An interim review of the Fund as at 31 March 2015 will be commissioned from the Actuary, and the results will be presented at the September 2015 meeting.
15. Review Funding Strategy Statement	Consideration will be given to whether the Funding Strategy requires review in the light of the results of the Interim Review as at 31 March 2014.	DfEPF and HoEPF	Complete	Consideration will be given to whether the Funding Strategy requires review in the light of the results of the Interim Review as at 31 March 2015.

Action	How will this be achieved?	Officer managing action*	Progress as at March 2015
16. Employer participation	Employer participation and membership of the Essex Pension Fund will be monitored on an on-going basis	DfEPF and HoEPF	In progress - Monitoring continues

2015/16 Business Plan
Reports on the Fund's Employer Analysis will be brought to the Board during 2015/16.

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

Actions:

Action	How will this be achieved	Officer managing action*	Progress as at March 2015	2015/16 Business Plan
17. Commence new 2014 LGPS	Pending outcomes review and put in place a plan to deliver any requirements (e.g. revised processes, systems, etc).	HoEPF	Complete	Action ceasing in 2014/15 Not applicable for 2015/16
18. Complete the annual end of year data exercise as at 31 March	Complete year end accounting, gather information from employer and update Axise, and produce annual benefit statements.	HoEPF	Complete. Deferred benefit statement were dispatched in June 2014. Active benefit statements were dispatched in August 2014.	Complete year end accounting, gather information from employer and update UPM, and produce annual benefit statements.
19. Administration Strategy	The Administration Strategy will be monitored during 2014/15.	HoEPF	In progress Monitoring continues	The Administration Strategy will be monitored during 2015/16.

Action	How will this be achieved	Officer managing action*	Progress as at March 2015
20. 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 2016)	HoEPF	In progress Monitoring continues
21. Implementation of new administration system	A project plan to be in place to deliver a new system by 31 December 2014	HoEPF	Complete
22. Review of staffing structure			Action commencing in 2015/16 Not applicable for 2014/15

2015/16 Business Plan
In progress Monitoring continues
The second phase including “ <i>member online</i> ” and “ <i>employer online</i> ” is scheduled to commence in 2015/16
A review is scheduled to take place during 2015/16.

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

Actions:

Action	How will this be achieved?	Officer managing action*	Progress as at March 2015	2015/16 Business Plan
23. New 2014 LGPS	Pending outcomes, review and put in place a plan to deliver any communication requirements including delivery of key messages	HoEPF	Complete	Action ceasing in 2014/15 Not applicable for 2015/16
24. Monitor Communications Policy	The communications policy will be monitored during 2014/2015	HoEPF	Complete for 2014/15	A review of the communications policy will take place after arrangements for the new Local Pension Board have been finalised

Key:

DfEPF: Director for Essex Pension Fund

HoEPF: Head of Essex Pension Fund

GTM: Governance Team Manager

IGAA: Independent Governance & Administration Adviser

Finance schedule

		2013/14	2014/15	2015/16	2016/17
		actual	estimate	forecast	forecast
		£ (000)	£ (000)	£ (000)	£ (000)
EXPENDITURE	Retirement Pensions	162,589	170,302	180,303	192,324
	Retirement Lump Sums	36,518	37,238	38,440	39,680
	Death Benefits	3,951	4,054	4,160	4,268
	Leavers benefits	10,003	8,167	8,575	9,004
	Expenses	2,292	2,915	2,855	2,415
TOTAL		215,353	222,676	234,333	247,691
INCOME	Employees Ctbns	48,843	48,687	48,930	49,175
	Employers Ctbns				
	Ongoing	97,615	105,429	105,956	106,486
	Deficit (scheduled)	62,756	68,062	42,735	43,000
	Deficit (one off)	149			
	Financial Strain	4,278	3,506	3,506	3,506
	Transfer Values in	10,157	8,094	8,110	8,109
	Other income	66			
TOTAL		223,864	233,778	209,237	210,276
Net cash flow excl. Investment Income		8,511	11,102	(25,096)	(37,415)