

**Essex Pension Fund Business Plan 2015/16  
Proposed actions for 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

<b>Action</b>	<b>How will this be achieved?</b>	<b>Officer managing action*</b>	<b>Progress as at March 2016</b>
1. Annual business plan will be put in place.	Proposed actions for 2015/16 business plan actions presented to 5 March 2015 Board for approval.	DfEPF & HoEPF	Complete
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 2015/2016

<b>2016/17 Business Plan</b>
Draft 2016/17 Business plan actions presented to 16 March 2016 Board for approval
Training & training needs assessments will continue in 2016/17

Action	How will this be achieved?	Officer managing action*	Progress as at March 2016
3. Board members' knowledge centre	A web based facility for Members is 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	In progress. This matter is subject to a separate report elsewhere on this agenda..
5. Annual review of Pension Fund Board	Review the effectiveness of the Pension Fund Board and the services supplied to it.	GTM and IGAA	In progress. Some of the recommended actions will feature in consideration of the governance policy & compliance statement.
6. 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	Complete.  The Pension Advisory Board had its first meeting in July 2015.

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Further infoBOARD training will take place during 2016/17
During 2016/17 the PSB will review the Annual Governance Policy and Compliance statement.in light of the PAB's comments.
A review is planned for 2016/17 to coincide with the review of the PAB
Action ceasing in 2015/16 Not an action for 2016/17

# 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 March 2016	2016/17 Business Plan
7. Review of asset allocation	Review of asset allocation as part of the strategy & structure deliberations at the ISC strategy meetings.	DfEPF	Complete.  Formal reviews took place at 22 July 2015 & 22 February 2016 Strategy ISC meetings	Reviews to take place in June/July 2016 and February 2017
8. Implement any review of investment allocation arrangement	Implement the decisions taken at the July 2015 ISC strategy meeting.	DfEPF	Complete  .	Any asset allocation decisions made by the ISC will be implemented as required.
9. 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 22 February 2016 ISC Strategy meeting.	A review will take place at the February 2017 ISC strategy meeting

Action	How will this be achieved?	Officer managing action*	Progress as at March 2016
10. Review the Statement of Investment Principles (SIP)/Investment Strategy Statement (ISS)	Annual Review of SIP – to include review of Statement of Compliance on Investment Decision Making	DfEPF	In progress -  The SIP is scheduled to be considered at the March 2016 ISC
11. Procurement of Independent Investment Adviser (IIA)	The Appointment Sub-committee met on 19 June 2015 and agreed to appoint Mark Stevens as the new IIA	DfEPF	Complete
12. Procurement of Institutional Investment Consultants(IIC)	The current arrangement ceases in December 2016. The ISC will consider its approach to this matter in 2016		Action commencing in 2016/17 Not applicable for 2015/16
13. Respond to the requirements of LGPS structural reform process	Developments in relation to LGPS structural reform will be monitored	DfEPF	In progress – A separate report on this matter appears elsewhere on the 16 March 2016 agenda
14. Review of Global Custodian	A review of the global custody arrangements has been commissioned.	DfEPF	In progress – an update will be brought to the 23 March ISC.

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The SIP is expected to be replaced by an ISS during 2016/2017
Action ceasing in 2015/16 Not an action for 2016/17
Scheduled to commence in late 2016
The situation will continue during 2016/2017
This action will conclude in 2016/17.

# 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 March 2016	2016/17 Business Plan
15. Interim Review as at 31 March 2015.	An interim review of the Fund as at 31 March 2015 will be commissioned from the Actuary.	DfEPF and HoEPF	Complete - The actuary presented the Interim review to the PSB in September 2015	Action ceasing in 2015/16 Not an action for 2016/17
16. Actuarial Valuation as at 31 March 2016	A triennial valuation will be commissioned from the Fund Actuary.	DfEPF and HoEPF	Preparatory work for the Valuation / engagement with employers began in November 2015. Since Christmas 11 employer workshops have been held.	The various processes of the Valuation will take place throughout 2016/17

17. 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 2015.	DfEPF and HoEPF	Complete - At the September 2015 meeting, in light of the results of the Interim Review, the PSB agreed that the Funding Strategy remain unchanged
18. 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

Review of the FSS will be in line with the 2016 triennial valuation.
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 March 2016	2016/17 Business Plan
19. 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	Complete.  This exercise has been completed for all employers who submitted a Year End return by 30 November 2015	Complete year end accounting, gather information from employer and update UPM, and produce annual benefit statements.
20. Administration Strategy	The Administration Strategy will be monitored during 2015/16	HoEPF	In progress  Monitoring continues.	The Administration Strategy will continue to be monitored during 2016/17.
21. 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	In progress  Monitoring continues	Auto- enrolment will continue to be monitored during 2016/17.

Action	How will this be achieved	Officer managing action*	Progress as at March 2016	2016/17 Business Plan
22. Implementation of new administration system	The second phase including “ <i>employer online</i> ” is scheduled to commence in 2015/16	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>Employer on line is going live at 2 employer test sites during March 2016</p>	The second phase will continue throughout 2016/2017
23. Review of staffing structure	A review is scheduled to take place during 2015/16.		A review commenced during 2015/16 and will finalise in 2016/17	The review will finalise during 2016/2017
24. 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	Work on this significant project has commenced. Initial comparative data from HMRC is being assessed in line with LGA tolerances.	<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 March 2016	2016/17 Business Plan
25. Monitor Communications Policy	The communications policy will be monitored during 2014/2015	HoEPF & CM	In progress:  A separate item on this matter appears elsewhere on the agenda.	The communications policy will be kept under review during 2016/17
26. Communication GMP entitlement	All Employees involved will be communicated with confirming the GMP (Guaranteed Minimum Pension) element of their Pension entitlement.	HoEPF & CM	Action commencing 2016/17 Not an action for 2015/16	The current deadline for the completion of this project is 31 March 2018.
27. Communicating forthcoming National Insurance changes	The Fund will inform both employers and active scheme members of the increases to employer and employee national insurance contribution rates scheduled to commence from April 2016	HoEPF & CM	Dialogue with employers since July 2015 and advice included within scheme members' Annual Benefit Statement in August/November 2015.  Further written communication to scheme members has been prepared and will be distributed in April 2016.	Action ceasing in 2015/16 Not an action for 2016/17

Key:

DfEPF: Director for Essex Pension Fund

HoEPF: Head of Essex Pension Fund

GTM: Governance Team Manager

IGAA: Independent Governance & Administration Adviser

CM: Communications Manager

## Finance schedule

		2014/15 actual £ (000)	2015/16 estimate £ (000)	2016/17 forecast £ (000)
EXPENDITURE	Retirement Pensions	170,900	178,141	185,266
	Retirement Lump Sums	31,876	37,559	41,314
	Death Benefits	4,440	5,704	6,161
	Leavers benefits	6,079	5,781	6,359
	Expenses	2,578	2,595	2,974
<b>TOTAL</b>		<b>215,873</b>	<b>229,779</b>	<b>242,074</b>
INCOME	Employees Ctbns	52,676	51,736	51,219
	Employers Ctbns			
	Ongoing	113,458	111,861	110,742
	Deficit	71,706	43,369	42,935
	Financial Strain	3,490	3,638	3,506
	Transfer Values in Other income	8,181	7,742	7,742
<b>TOTAL</b>		<b>249,511</b>	<b>218,346</b>	<b>216,144</b>
Net cash flow excl. Investment Income		33,638	(11,434)	(25,930)