


Essex Pension Fund Strategy Board	PSB 05a 
Date: 18 March 2022	

Essex Pension Fund Policies and Publications: Essex Pension Fund Three Year Business Plan and 2022/23 Budget

Report by the Director for Essex Pension Fund

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This Report requires a decision

Executive Summary

New activities on the 2022/23 Business Plan include:

- the implementation of the Fund's Stakeholder Engagement Strategy;
- the Essex Pension Fund Advisory Board (PAB) Annual Workplan;
- 2022 Actuarial Triennial Valuation;
- further work in regard to Responsible Investment and the Fund's investment strategy; and
- work relating to Local Government Pension Scheme Reform.

A Budget of £5.77m has been proposed to support the Fund's 2022/23 Business Plan areas of activities.

1. Purpose of the Report

- 1.1 To submit the Essex Pension Fund (EPF) Three Year Business Plan for 2022/23 to 2024/25 and proposed 2022/23 Budget for approval.

2. Recommendation

- 2.1 That the Board **approve** the:
 - EPF Three Year Business Plan for 2022/23 to 2024/25; and
 - Budget for 2022/23 of £5.77m 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 700 Employers and 169,000 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 PSB approve 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. 2022/23 to 2024/25 Business Plan

- 4.1 This is the third 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 2022/23 to 2024/25 Business Plan continues to document key priorities of area of activities to achieve the Fund's strategic objectives including: governance around 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. 2022/23 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 2022/23 Budget.
- 5.2 The EPF internal operational budget (staff, overheads, general expenses) for 2022/23 has been set in line 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 £5.77m. This is made up of £3.74m operational budget and £2.03m for third party supplier support/advice.
- 5.4 The table below sets out the current 2021/22 Budget, Forecast and proposed 2022/23 Budget:

Budget Area	2021/22 Budget	2021/22 Final Forecast	2022/23 Proposed Budget	Movement compared to 2021/22 Budget	
	£m	£m	£m	£m	%
Operating Budget	3.83	3.18	3.74	(0.09)	(2.3%)
Governance	0.18	0.15	0.26	0.08	44.4%
Funding	0.15	0.05	0.16	0.01	6.7%
Investments	0.81	0.86	0.86	0.05	6.2%
Administration	0.68	0.65	0.75	0.07	10.3%
Total	5.65	4.89	5.77	0.12	2.1%

- 5.5 The increase in the 2022/23 Budget is driven largely by the increases in the third-party supplier's support/advice budget lines which has largely been offset in a reduction in the Operational Budget line.
- 5.6 The Operating budget line of £3.74m is set by ECC budgetary process.
- 5.7 The third-party supplier support/advice lines reflect the work required to meet its statutory obligations arising from the LGPS Reform and its 2022/23 strategic activities.
- 5.8 The 2022/23 to 2024/25 Business Plan along with the 2022/23 Budget has been provided at Appendix A of this Report for approval by the Board.

6. PAB Annual Workplan

6.1 Fund Officers, in consultation with the Chairman of PSB and Chairman of the Essex Pension Fund Advisory Board (PAB), have developed a PAB Annual Workplan which sets out the work to be undertaken by the PAB to support the PSB work programme during 2022/23.

6.2 The activities within the Workplan includes:

- the Fund's Communications Policy and the review of the new Survey process;
- along with the work to be undertaken to ensure compliance with The Pensions Regulator's (TPR) New Single 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:

- 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 leads 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 2022/23 a Budget of £5.77m has been estimated which includes an operational internal budget of £3.74m and a budget allocation for third party provider support/advice of £2.03m. This will be periodically kept under review.

11. Background Papers

- 11.1 EPF Three Year Business Plan, PSB 04a, 17 March 2021.