

Business Plan

2022/23 to 2024/25

March 2022



Essex Pension Fund

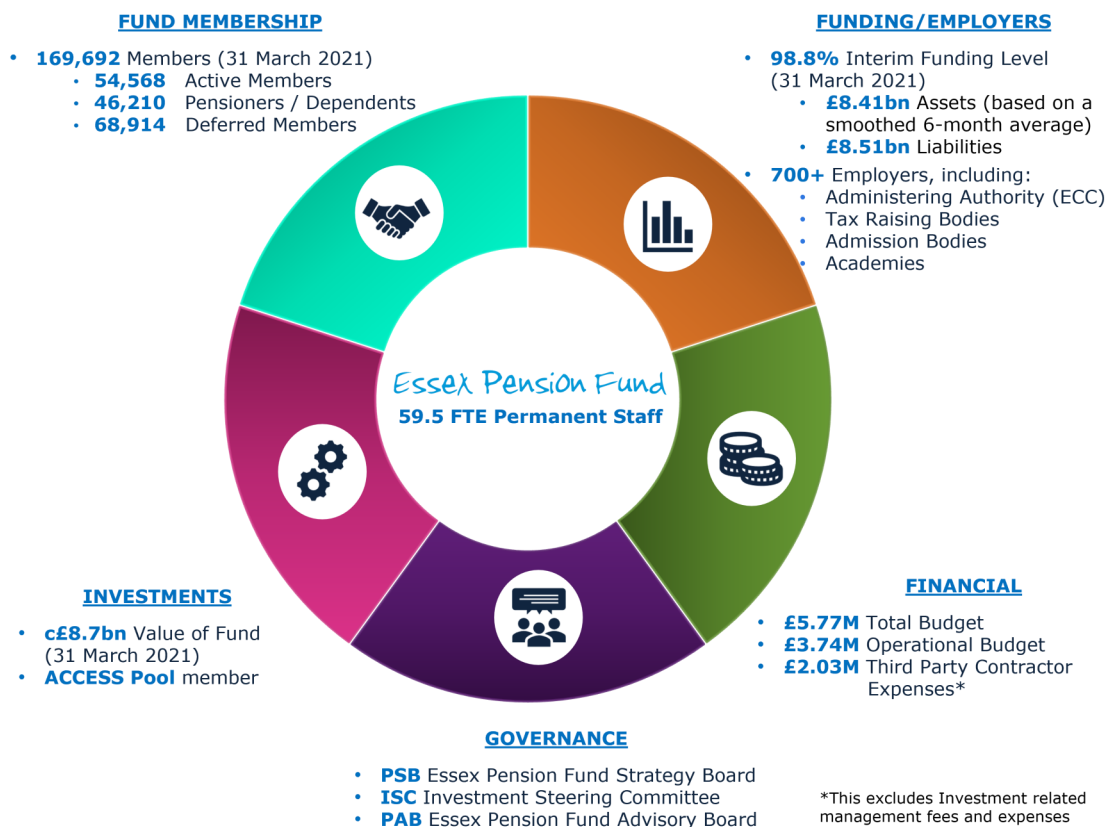
Business Plan

Introduction

This Business Plan explains how the Essex Pension Fund 'the Fund' intends to develop and improve its services over the next three years.

It enables the Fund to focus on its key priorities, the achievement of its objectives and assists Stakeholders in their understanding of how they contribute to the overall success of the Fund.

About the Essex Pension Fund ('the Fund')



Key Facts

The Fund is one of the 87 Funds making up the Local Government Pension Scheme (LGPS) in England and Wales.

The Fund is managed and administered by Essex County Council (ECC). ECC are responsible for maintaining and managing the Fund on behalf of its Stakeholders; the Scheme Members and Employers participating in the Fund.

Essex Pension Fund

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Who Manages and Runs the Fund

ECC's functions as the Administering Authority are delegated to the Essex Pension Fund Strategy Board (PSB), the Essex Pension Fund Investment Steering Committee (ISC) and its Officers. The membership of the PSB is detailed below.

In addition, the Local Pensions Board (Essex Pension Fund Advisory Board (PAB)) has an oversight role to assist the Administering Authority in securing compliance with regulations by acting as a 'critical friend' to the PSB and the ISC, ensuring the efficient and effective governance and administration of the Fund.

Membership of the Essex Pension Fund Strategy Board

Representatives of the Administering Authority (ECC)



Cllr. S. Barker (Chairman)



Cllr. M. Platt (Vice Chairman)

Cllr. A. Goggin
Cllr. A. Hedley
Cllr. M. Hoy
Cllr. D. King
Cllr. C. Souter
Cllr. M. Durham (Conservative Substitute)
Cllr. M. Mackrory (Liberal Democrat Substitute)

Representative of Scheme Members

S. Child (UNISON)

Representatives of the District / Borough Councils in Essex (nominated by Essex Borough and District Leaders' Group)

Cllr. C. Riley (Castle Point Borough Council)

Representatives of Unitary Councils

Cllr. M. Dent (Southend-on-Sea Borough Council)

Representative of Other Employing Bodies

R. Hadley (Chelmer Housing Partnership)

Essex Pension Fund

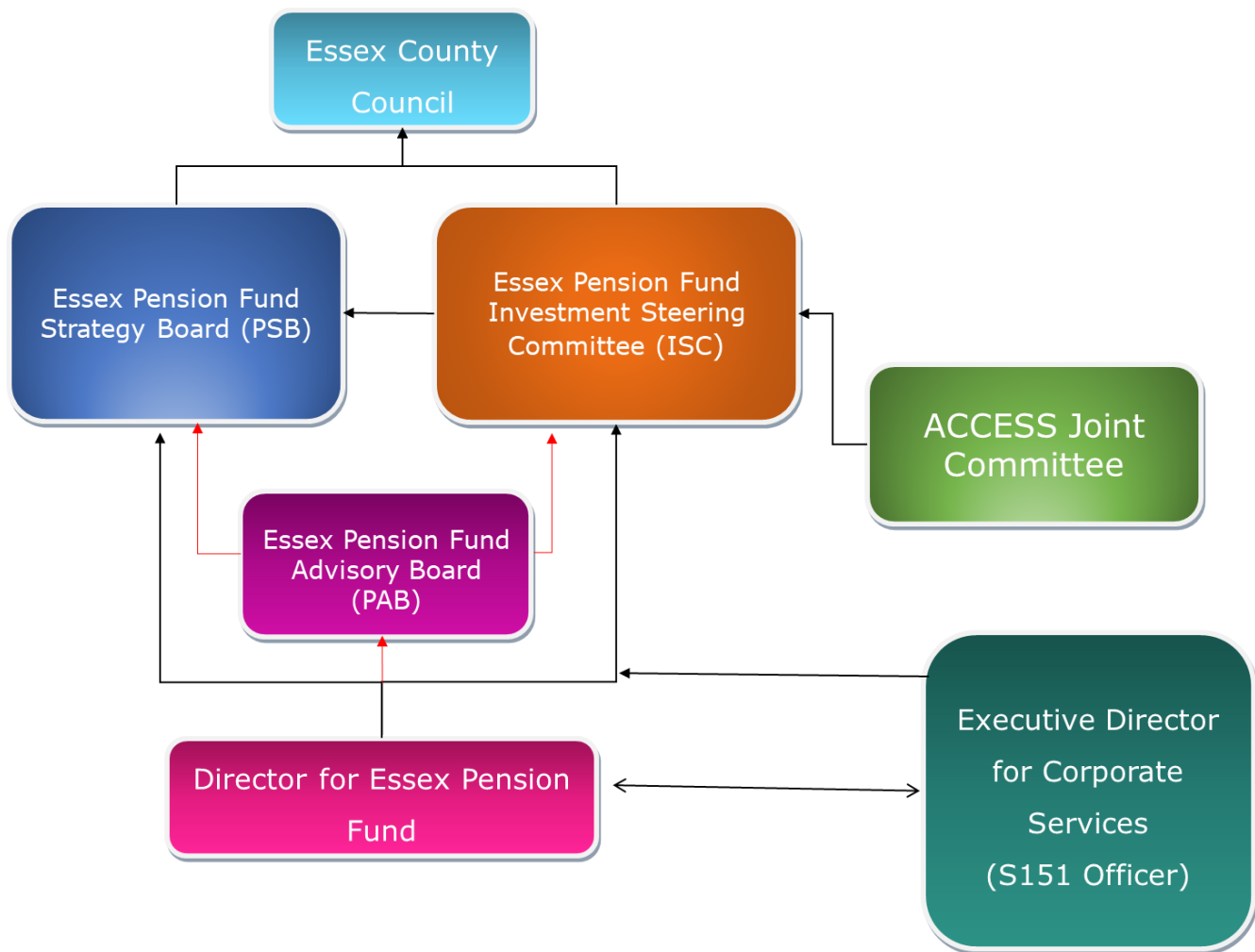
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ACCESS Pool

The Fund is one of eleven like minded LGPS Funds working collaboratively under the name ACCESS (A Collaboration of Central, Eastern and Southern Shires) who are committed to working together to optimise benefits and efficiencies in relation to investments on behalf of their individual and collective stakeholders.

Governance of the Fund

The relationship between the key decision-making bodies and day-to-day management of the Essex Pension Fund is illustrated below:

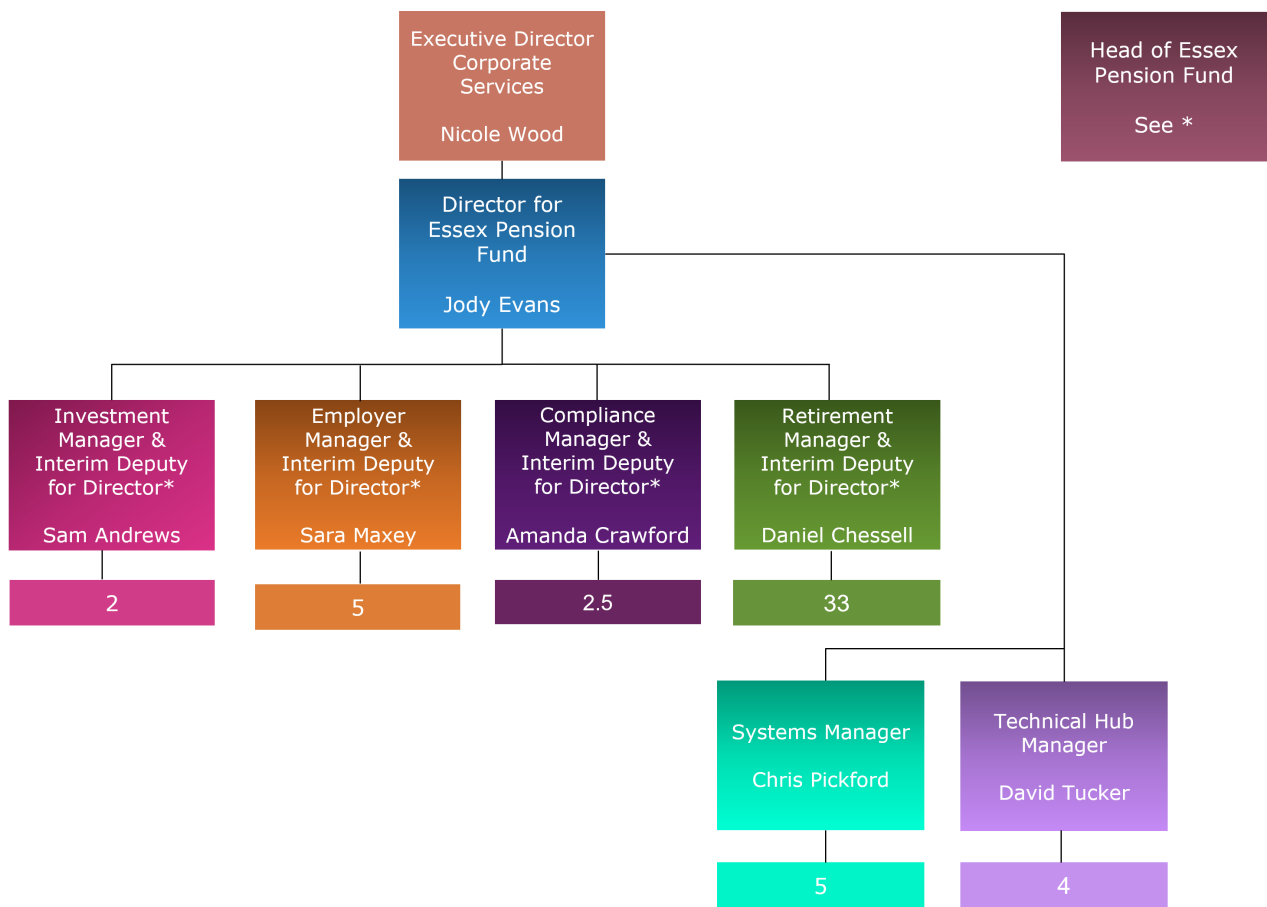


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Staffing Structure of the Fund

The day-to-day management of the Essex Pension Fund is illustrated below:



*These posts are currently covering the vacant role of the Head of Pension Fund.

NB. Numbers represent full time equivalent staff.

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Strategic Goals of the Fund

The strategic goals of the Fund are detailed below:



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The Fund's Priorities

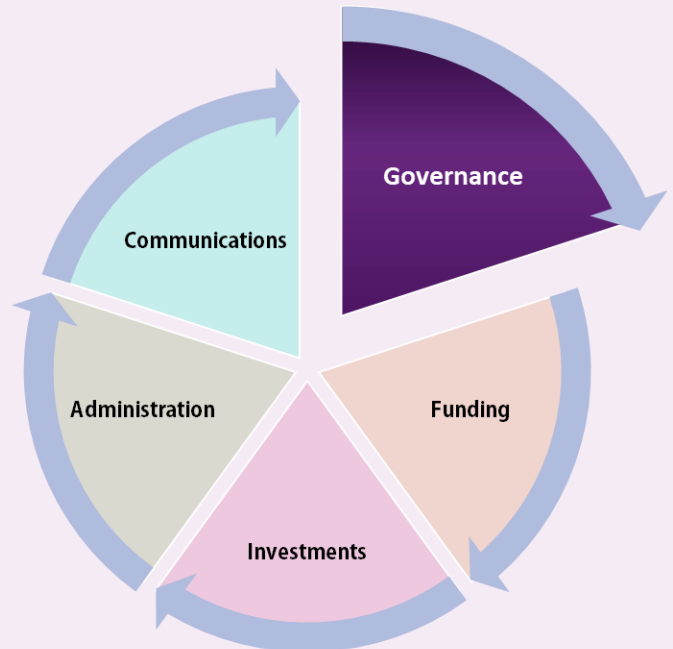
The Fund's priorities for the three years 2022/23 to 2024/25 are linked to the five key areas of business: Governance; Funding; Investments; Administration; and Communications. The following sections outline: the Fund's objectives; area of activity, including strategic Business as Usual (BAU); financial; staff resource and third party support requirements; and training required to deliver the outcomes of the Business Plan.



Essex Pension Fund

Business Plan

Governance



Objectives

We aim to:

- Provide a high-quality service whilst maintaining Value for Money;
- Ensure compliance with the LGPS regulations, other relevant legislation and The Pensions Regulator's Codes of Practice;
- Ensure the Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
- Evolve and look for new opportunities, ensuring efficiency at all times;
- Act with integrity and be accountable to our stakeholders;
- Understand and monitor risk and compliance;
- Continually measure and monitor success against our objectives; and
- Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.

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Area of Activity including strategic BAU	2022/23	2023/24	2024/25
Policies and Publications			
Business Plan & Budget	Annual	Annual	Annual
Risk Management Strategy	-	Review	-
Governance Policy and Compliance Statement	-	Review	-
Terms of Reference for PSB/ISC/PAB	Annual	Annual	Annual
Policy for the Recording and Reporting Breaches of the law	-	Review	-
Conflict of Interest Policy	Review	-	-
Members' knowledge and understanding - Knowledge and Skills Strategy	-	Review	-
Members' knowledge and understanding - Training Plan and Training Needs Analysis	-	Review	-
Business Continuity Policy	-	-	Review
Business Continuity Plan (including Cyber security) and Testing	Ongoing	Ongoing	Ongoing
Statement of Accounts including compliance with CIPFA requirements	Annual	Annual	Annual
Stakeholder Engagement Strategy	Implement	-	Review
PAB Workplan	Annual	Annual	Annual
PSB and PAB Member Appointments	As required	As required	As required
Reviews			
Fund's Strategic Objectives	As required	As required	As required
Governance Review and Effectiveness Survey	-	-	Review
LGPS Reform / Consultations / Changes to the Scheme	Ongoing	Ongoing	Ongoing
AVC Review	As required	As required	Review
Procurements			
Independent Governance & Administration Adviser (IGAA) Review	-	Review	-

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Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities and BAU, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Director for Essex Pension Fund	0.60
Head of Essex Pension Fund	0.25
Investment Team	0.65
Funding/Employer Team	0.50
Compliance Team	2.50
Administration Team	0.25
Technical Team	0.20
Systems Team	0.25
Total	5.20

*These are estimated figures and are subject to change.

Support from Third Party Suppliers

External Third Party Support
Aon - Independent Governance Administration Adviser (IGAA)
Barnett Waddingham LLP - Fund Actuary
Hymans Robertson LLP - Institutional Investment Consultant (IIC)
Mark Stevens - Independent Investment Adviser (IIA)

Budget

To deliver the above activities in 2022/23, the budget allocated for third party support is £260k.

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Training

Training offered/delivered to our Committee/Board Members to increase knowledge, enabling robust decision making:

Training	2022/23	2023/24	2024/25
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	As required	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
EPF Training Modules	As required	As required	As required
Relevant LOLA Modules covering CIPFA and TPR Single Code	Ongoing	Ongoing	Ongoing
PLSA LA Conference	Annual	Annual	Annual
LGPS Governance Conference	Annual	Annual	Annual
Attendance at training days for Board Members	As required	As required	As required
Any other Governance training as necessary	As required	As required	As required

On the Horizon*

- Scheme Advisory Board (SAB) Good Governance Project
 - ◊ The Statutory Guidance resulting from the Good Governance Project is yet to be published. Therefore the impacts of the Fund's Priorities is still unknown however, it is expected to include a requirement to publish an Annual Governance Compliance Statement which will be subjected to independent review.
- The Pensions Regulator (TPR)
 - ◊ The new TPR Single Code is expected to be published during calendar year 2022 which will have an impact on the training that will be required to be delivered to the PSB, ISC and PAB as well as the annual assessment of the Fund's compliance with the Code which will be carried out in line with the released dates.

* Any projects listed under 'On the Horizon' that are formally published throughout the year will be added to the Quarterly Pension Fund Activity Report presented to the PSB.

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Funding



Objectives

We aim to:

- Recognise in drawing up its funding strategy the desirability of Employer contribution rates that are as stable as possible;
- Prudently set levels of Employer contributions that aim to achieve a fully funded position in the timescales determined in the Funding Strategy Statement;
- Manage Employers' liabilities effectively, having due consideration of each Employer's strength of covenant, by the adoption, where necessary, of Employer specific funding objectives;
- Ensure consistency between the investment strategy and funding strategy;
- Maintain liquidity in order to ensure benefits can be met as and when they fall due over the lifetime of the Fund; and
- Adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other Employers and ultimately the tax payer from an Employer defaulting on its pension obligations to minimise unrecoverable debt on termination of Employer participation.

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Area of Activity including strategic BAU	2022/23	2023/24	2024/25
Policies and Publications			
Funding Strategy Statement (including Flexibilities Policies)	Triennial	As required	As required
Reviews			
Actuarial Valuation (including review of assumptions)	Triennial	Implement	-
Employer Risk Exercise	Triennial	Ongoing	Ongoing
Longevity Analysis of Fund	Triennial	-	-
Interim Funding review	-	Annual	Annual
Employing Authority discretions and delegations	As required	As required	As required
McCloud Preparation/Implementation	Expected*	Implement*	Implement*
Employer Training Webinars	Ongoing	Ongoing	Ongoing
Procurements			
Actuarial Contract review	-	Review	-

*Pending Regulatory Change

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities and BAU, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	0.25
Investment Team	-
Funding/Employer Team	5.30
Compliance Team	-
Administration Team	-
Technical Team	0.20
Systems Team	0.15
Total	6.00

*These are estimated figures and are subject to change.

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Support from Third Party Suppliers

External Third Party Support

Barnett Waddingham LLP - Fund Actuary

Hymans Robertson LLP - Institutional Investment Consultant (IIC)

Budget

To deliver the above activities in 2022/23, the budget allocated for third party support is £160k.

Training

Training offered/delivered to our Committee/Board Members/Fund Employers to increase knowledge, enabling robust decision making:

Training	2022/23	2023/24	2024/25
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	As required	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Actuarial Valuation training	Triennial	-	-
Funding Strategy Statement training	Triennial	-	-
Interim Valuation training	-	Annual	Annual
EPF Training Modules	As required	As required	As required
Any other Employer/Funding training as necessary	As required	As required	As required
Employer Forum/Webinar	As required	As required	As required

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On the Horizon*

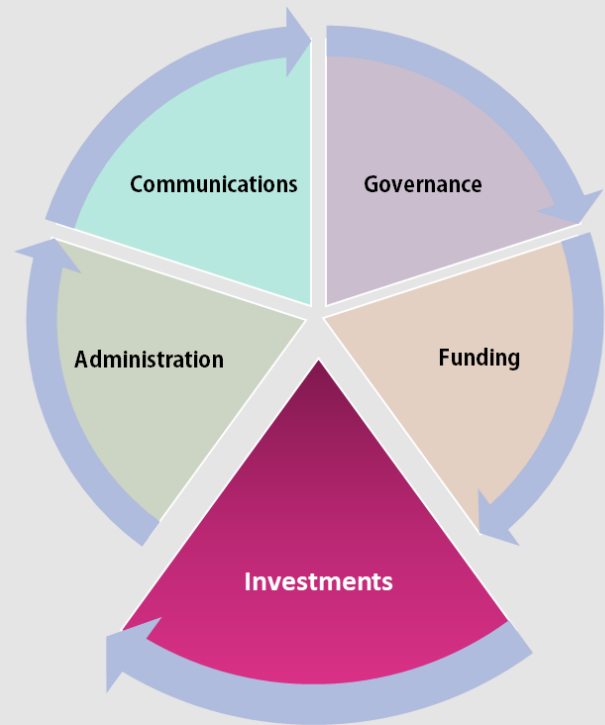
- Goodwin
 - ◇ Due to the court cases and resulting scheme changes, benefits will need to be recalculated/increased which will impact on the overall liabilities of the Essex Pension Fund and in turn the funding level.
 - ◇ Training to provide understanding to Employers and Committee/Board members on the impact.

* Any projects listed under 'On the Horizon' that are formally published throughout the year will be added to the Quarterly Pension Fund Activity Report presented to the PSB.

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Investments



Objectives

We aim to:

- Maximise the returns from investments within reasonable risk parameters;
- Ensure the Fund's investments are properly managed before, during and after pooling is implemented; and
- Ensure investment issues are communicated appropriately to the Fund's stakeholders.

Essex Pension Fund

Business Plan

Area of Activity including Strategic BAU	2022/23	2023/24	2024/25
Policies and Publications			
Investment Strategy Statement review including Responsible Investment (RI) Policy	-	Triennial	-
Reporting on RI	Annual	Annual	Annual
Investment Managers Engagement Strategy	Ongoing	Ongoing	Ongoing
Reviews			
Treasury Management Strategy	Annual	Annual	Annual
Strategic Asset Allocation	Biannual	Biannual	Biannual
Asset/Liability Study (Total Fund Assessment)	-	Triennial	-
ACCESS collaboration	Ongoing	Ongoing	Ongoing
Individual Manager review (on an exceptional basis)	Quarterly	Quarterly	Quarterly
CEM Benchmarking/Cost Transparency	Annual	Annual	Annual
Signatory of the Financial Reporting Council (FRC) UK 2020 Stewardship Code	Annual	Annual	Annual
Annual review of all investment managers' compliance with the Fund's RI and Stewardship Policy	Ongoing	Ongoing	Ongoing
Climate Change Policy Objectives and Metrics (Task Force for Climate related Financial Disclosures (TCFD))	Implement	Review	Review
PLSA Responsible Investment Quality Mark (RIQM)	Explore	Develop	Implement
Voting Policies	Explore/Develop	Implement	-
Procurements			
Institutional Investment Consultant review	-	Review	-
Institutional Investment Consultant – CMA review	Annual	Annual	Annual
Independent Investment Adviser review	-	Review	-
External RI Adviser Exploration	Continued exploration	Potential Implementation	-

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Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities and BAU, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	0.25
Investment Team	2.25
Funding/Employer Team	-
Compliance Team	-
Administration Team	-
Technical Team	0.20
Systems Team	0.20
Total	3.00

*These are estimated figures and are subject to change.

Support from Third Party Suppliers

External Third Party Support

Hymans Robertson LLP - Institutional Investment Consultant (IIC)
Mark Stevens - Independent Investment Adviser (IIA)
Northern Trust - The Fund's Global Custodian
Barnett Waddingham LLP - Fund Actuary

Budget

To deliver the above activities in 2022/23, the budget allocated for third party support is £860k*.

*includes participation within ACCESS

Essex Pension Fund

Business Plan

Training

Training offered/delivered to our Committee/Board Members to increase knowledge, enabling robust decision making:

Training	2022/23	2023/24	2024/25
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	As required	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Bitesize Training by Asset Class	Quarterly	Quarterly	Quarterly
Investment Strategy Statement Training	-	Triennial	-
Responsible Investment Training	Ongoing	Ongoing	Ongoing
Asset / Liability Study Training	-	Triennial	-
Review Investment Management Fees / Cost Transparency	Annual	Annual	Annual
Market Commentary	Quarterly	Quarterly	Quarterly
Treasury Management (Cash Flow) Training	As required	As required	As required
EPF Training Modules	As required	As required	As required
LAPFF Members Meetings	Quarterly	Quarterly	Quarterly
LAPFF Annual Conference	Annual	Annual	Annual
LGC Investments and Pensions Summit	Annual	Annual	Annual
LGC Investment Seminar	Annual	Annual	Annual
Investment & Training Seminar	Triennial	-	-
ACCESS Investor Days/Training Requirements in Relation to Pooling	Biannual	Biannual	Biannual
Any other investment training as necessary	As required	As required	As required

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On the Horizon

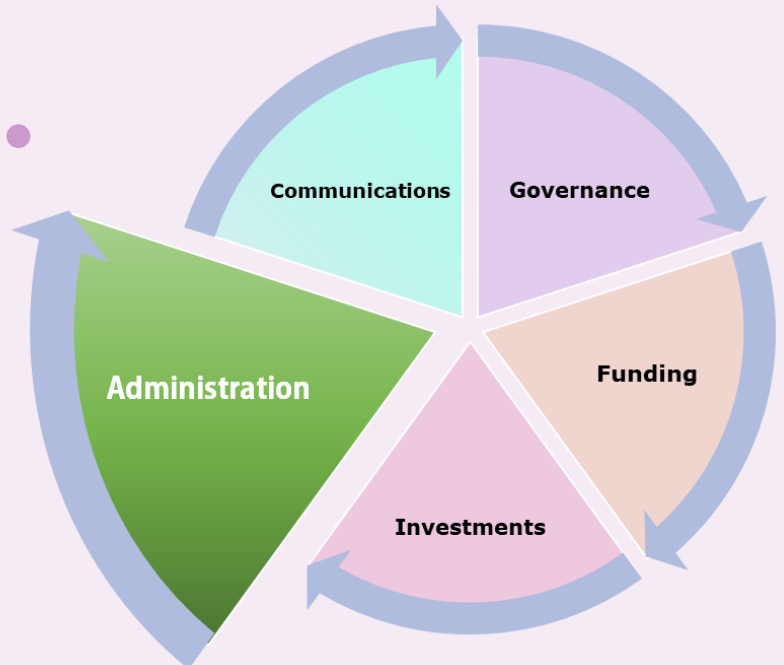
- Structural Reform of the LGPS: Pooling of Investments.
 - ◇ Working collaboratively with ACCESS (which is made up of 10 other local authorities) to pool the Fund's investments. Over the coming months ACCESS will be working towards establishing suitable solutions to pool the illiquid assets of the funds.
 - ◇ DLUHC is expected to issue further Pooling Guidance during 2022/23 which may impact on the current arrangements.
- Responsible Investment
 - ◇ Continue developing the Fund's approach to responsible investment and engagement, working collaboratively with ACCESS, the Local Authority Pension Fund Forum and the Fund's Investment Managers.
- Pension Scheme Act
 - ◇ The Pension Schemes Act published in 2021/22 created a legislative framework to support the recommendations of the Task Force on Climate related Financial Disclosures (TCFD).
 - ◇ In line with the TCFD recommendations, private schemes with assets of £1bn or more will be required to prepare and publish a report disclosing how the scheme complies with the TCFD recommendations annually. DLUHC is expected to consult on the specific LGPS requirements that this will introduce.

* Any projects listed under 'On the Horizon' that are formally published throughout the year will be added to the Quarterly Pension Fund Activity Report presented to the PSB.

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Administration



Objectives

We aim to:

- Deliver a high quality, friendly and informative service to all beneficiaries and Employers at the point of need;
- Ensure contribution income is collected from the right people at the right time in the right amount;
- Ensure benefits are paid to the right people at the right time in the right amount; and
- Ensure the Fund Employers are aware of and understand their roles and responsibilities, and carry out their functions in line with legislation, guidance and the Fund's agreed policies and procedures.

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Area of Activity including Strategic BAU	2022/23	2023/24	2024/25
Policies and Publications			
Administration Strategy	-	-	Review
Data Retention Policy	Explore	Develop	Implement
Review			
LGPS Reform / Changes to Scheme / Planning for Administration changes	Ongoing	Ongoing	Ongoing
Pensions Single payments*	Implement	-	Review
Greater Digitalisation of the Fund including Member Online and Employer Online	Ongoing	Ongoing	Ongoing
Administering Authority Discretions	Review	-	-
McCloud Preparation/Implementation	Expected**	Implement**	Implement**
Monthly Returns Digital Transformation	Implement	Review	Ongoing

*Dependent on the new ECC Corporate Systems project being implemented

**Pending Regulatory Change

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	0.25
Investment Team	-
Funding/Employer Team	-
Compliance Team	1.00
Administration Team	33.50
Technical Team	4.40
Systems Team	4.25
Total	43.50

*These are estimated figures and are subject to change.

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Support from Third Party Suppliers

External Third Party Support

Aon - Independent Governance Administration Adviser (IGAA)

Civica - Administration System

Adare - Printing

Faraday - Tracing Bureau

Barnett Waddingham LLP - Fund Actuary

Budget

To deliver the above activities in 2022/23, the budget allocated for third party support is £750k.

Training

Training offered/delivered to our Committee/Board Members/Fund Employers/Fund Members to increase knowledge, enabling robust decision making:

Training	2022/23	2023/24	2024/25
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	As required	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Road Shows / Surgeries	Ongoing	Ongoing	Ongoing
Monthly Return Workshops	As required	As required	As required
Employer Online Workshops	As required	As required	As required
EPF Training Modules	As required	As required	As required
Any other administration / regulatory training as necessary	As required	As required	As required

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On the Horizon

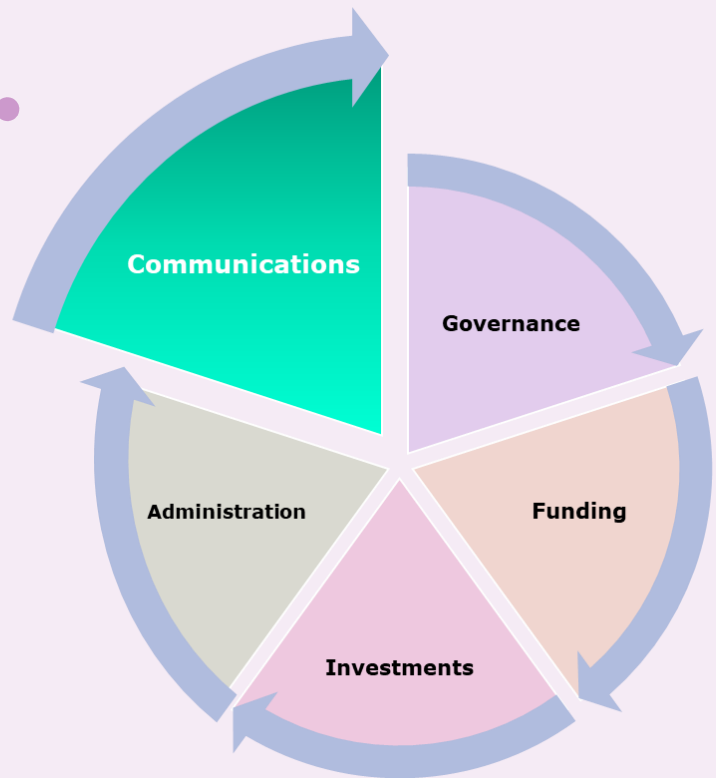
- Goodwin
 - ◇ Due to the court cases and resulting scheme changes, benefits will need to be retrospectively recalculated for thousands of members, which will increase the volume of work for the Fund and will impact costs. It will also impact Employers in having to check and provide missing data.
- National Pensions Dashboard
 - ◇ The Pension Schemes Act currently being introduced by the Government creates a legislative framework to support the introduction of pension dashboards. Onboarding to dashboards is not expected to start until 2023 but schemes will need to make sure that their data is consistent with the required data standards and testing of software is carried out.

* Any projects listed under 'On the Horizon' that are formally published throughout the year will be added to the Quarterly Pension Fund Activity Report presented to the PSB.

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Communications



Objectives

We aim to:

- Communicate in a friendly, expert and direct way to our stakeholders, treating all our stakeholders equally;
- Ensure our communications are useful and easy to follow;
- Deliver information in a way that suits all types of stakeholders including providing more accessibility through greater use of technology; and
- Aim for full appreciation of the pension scheme benefits and changes to the Scheme by all the Scheme Members, prospective Scheme Members and Employers.

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Area of Activity including Strategic BAU	2022/23	2023/24	2024/25
Policies and Publications			
Communications Policy	Review	-	-
Stakeholder Engagement Strategy	Implement	-	Review
Reviews			
LGPS Reform / Communications of: Consultations / Changes to the Scheme	Ongoing	Ongoing	Ongoing
Greater Digitalisation of the Fund including the exploration of Electronic Communications	Ongoing	Ongoing	Ongoing
McCloud Implications	Ongoing	Ongoing	Ongoing
Social Media Channel	-	-	Review
Explore new Website Options	Explore	Commence	Implement
Annual Benefit Statements	Annual	Annual	Annual
Fund Surveys	Review	-	-

Internal Staff Resources and Support from Third Party Suppliers

To deliver the above activities, the internal staff resources and support from third party suppliers are as follows:

Internal Staff Resources	FTE*
Director for Essex Pension Fund	0.10
Head of Essex Pension Fund	-
Investment Team	0.10
Funding/Employer Team	0.20
Compliance Team	-
Administration Team	0.25
Technical Team	1:00
Systems Team	0.15
Total	1.80

*These are estimated figures and are subject to change.

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Support from Third Party Suppliers

External Third Party Support

Aon - Independent Governance Administration Adviser (IGAA)

Barnett Waddingham LLP - Fund Actuary

Hymans Robertson LLP - Institutional Investment Consultant (IIC)

Budget

To deliver the above activities in 2022/23, there is no separate budget allocated as this is included within the Operational Budget.

Training

Training offered/delivered to our Committee/Board Members to enabling robust decision making:

Training	2022/23	2023/24	2024/25
Formal Induction/Refresher training to ensure the PSB/ISC can carry out its role as decision maker	As required	As required	As required
Formal Induction/Refresher training to ensure the PAB can carry out its role	As required	As required	As required
Ad hoc Communications Training	As required	As required	As required
Media training	As required	As required	As required

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- Goodwin
 - ◇ Due to the court cases and expected retrospective changes to benefits, significant communications work will be needed to keep Scheme Members and Employers informed about the changes and the timetable for implementation.
- National Pensions Dashboard
 - ◇ The Pension Schemes Act currently being introduced by the Government creates a legislative framework to support the introduction of pension dashboards.
 - ◇ Onboarding to dashboards is not expected to start until 2023, and it will be a number of years before any dashboard is up and running, but the Fund is likely to need to communicate with Members in the run up and post implementation.

* Any projects listed under 'On the Horizon' that are formally published throughout the year will be added to the Quarterly Pension Fund Activity Report presented to the PSB.

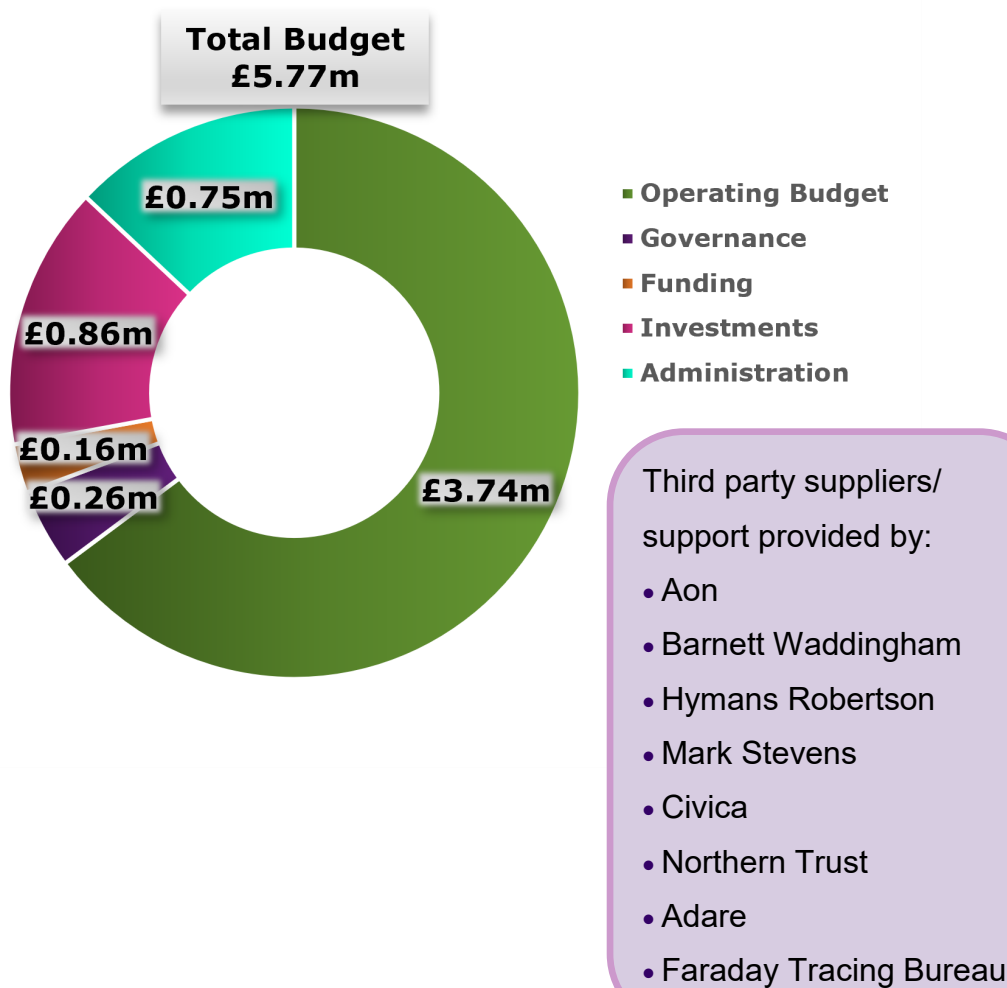
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Additional Information

Budget

The 2022/23 operational and third party supplier support budget is shown below:



*Investments excludes Investment Management Fees and associated expenses

**Investments section includes £124k which relates to the ACCESS Partnership arrangements

Essex Pension Fund

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Key Policy Documents

For further information on the Essex Pension Fund, please visit our website



www.essexpensionfund.co.uk

- Administration Strategy
- Annual Report & Accounts
- Business Continuity Policy
- Communications Policy
- Conflict of Interest Policy
- Cyber Policy
- Funding Strategy Statement
- Governance Policy & Compliance Statement
- Investment Engagement Strategy
- Investment Strategy Statement
- Knowledge and Skills Strategy
- Policy for Recording and Reporting Breaches of the Law
- Responsible Investment Policy
- Risk Strategy
- Stakeholder Engagement Strategy
- Treasury Management Strategy

Further Information

If you require further information about anything in or related to this Business Plan, please contact:

Jody Evans, Director for Essex Pension Fund

Email: Compliance.team@essex.gov.uk

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CM1 1QH**