

Environment Agency  
Pension Fund

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# Business Plan - EAPF

1 April 2024 to 31 March 2027



## **EAPF mission statement**

We want to

- deliver a globally recognized sustainable pension fund that is affordable, delivers financially and invests responsibly;
- pay our members' pensions as they become due whilst providing the best possible member experience, and
- act in the best interests of our members and employers to meet our regulatory, fiduciary and governance responsibilities.

## **The Environment in which we operate**

All of the areas we operate in as a pension Fund, be it governance, administration, finance, or investment, they are impacted by international, national, local and Fund-specific issues.

Some issues appear to be constant – international events continue to impact on market volatility and our funding levels. Regulatory changes in the pension world remain frequent.

Some issues have an international dimension but impact directly on our members – for example when Capita, our key outsourced administration provider was attacked by a cyber security gang based in Russia.

Our business plan has to consider all these different dimensions. It has to identify the key priorities, facilitate continuous improvements but have the flexibility to tackle new emerging risks.

This all informs the strategic priorities for the Fund from April 2024 for the next 3 years, with those priorities reviewed on an annual basis.

These will be implemented through detailed & costed work plans in the areas of governance, administration, finance and investment, and financed through an agreed annual budget.

## **Pension Fund Team Vision**

We protect the EAPF by investing for impact, delivering value for money, adapting to change and maximising our members' experience.

## Strategic Priorities

### 1. **Serve our members well**

We need to rebuild trust with our members who were impacted by the cyber attack on Capita last year. Part of this is providing reassurance on data and security management through completing ongoing projects on GMP & McCloud rectification, as well as internal assurance work. Looking forward, we will be starting a contract tender process for our outsourced administrator, in line with the planned contractual timetable and preparing for the introduction of Pensions Dashboards. We will continue to build links with our members, including those from a Black, Asian and Minority Ethnic background, to ensure that we are serving them as best as we can and have the right data and comms to support this.

### 2. **Review Governance**

We will be kicking off a wide-ranging review into how we run the Fund. This will include succession planning for key future changes to the Pensions Committee membership, progressing our shareholder and client role in the Brunel Pension Partnership and reviewing terms of reference and our approach to managing conflicts of interest. We will be supported by internal and external legal and governance advisers. Alongside this, we will review future regulatory changes coming down the line and ask our external governance advisers to assess our compliance with the new Pension Regulator's Code of Practice.

### 3. **Manage Cybersecurity**

This is the third year running that the Fund has financed cyber security work tailored to meet the needs of the Fund. Following the successful completion of the Cybersecurity project in 2023/4 with Defra, who provide IT architecture and services to the Fund, the EAPF will undertake a further round of reviewing key suppliers' cyber risks using independent experts to protect members' data and the Fund's assets. We will also strengthen business continuity arrangements within the EAPF team and build new policies and process around this.

### 4. **Build team resources and resilience**

Following the Operational Design and Development exercise with Defra HR, a new team structure has been created to meet the increasing workload, build resilience in the team and strengthen business continuity planning. Recruiting to the new posts will be a priority work area in 2024/5.

## Monitoring and Reporting

In order to identify whether we are meeting our agreed business plan we will:

- monitor progress on our strategic priorities regularly within the EAPF Pension Fund Management Team
- provide updates on progress against the business plan on a quarterly basis to the Pensions Committee. These will highlight any areas where we are failing to achieve our targets, the reasons why, and identify any changes to the planned priorities as a result of this;
- undertake an annual review by the Pensions Board of progress against the strategic priorities; and
- provide a budget update every 6 months to Pensions Committee, highlighting and explaining any significant additional spend or underspend.

## Further Information

This business plan, underlying workplans and annual budget was agreed at the Pensions Committee in March 2024.

If you require further information about anything in or related to this business plan, please contact:  
[\*\*eapf@environment-agency.gov.uk\*\*](mailto:eapf@environment-agency.gov.uk)

# Annex 1: Overview of EAPF Policies

## Aims and Objectives

We have a number of strategies and policies setting out how the EAPF is managed, our aims and objectives and how our performance will be measured.

The main strategies and policies are outlined below and all can be found here:  
[www.eapf.org.uk/trustees/governance-policies](http://www.eapf.org.uk/trustees/governance-policies)

Details of when each one will be reviewed are in the respective work plans, alongside potential new policies.

- Administration Strategy
- Bulk Transfer and Admission Agreement policies
- Communications Policy
- Conflicts of Interest Policy
- Fraud Policy
- Governance Policy & Compliance Statement
- Governance Policy
- Reporting Breaches Procedure
- Terms of Reference & Standing Order
- Knowledge & Skills Policy
- Statement of discretionary policies
- Active Fund - Funding Strategy Statement
- Closed Fund – Funding Strategy Statement
- Active Responsible Investment Strategy Statement
- Closed Investment Strategy Statement
- Responsible Investment Strategy
- Policy to Address Climate Change
- Risk Management Policy
- Reporting to UK Stewardship Code

The key objectives from the EAPF's main policies and strategies are as follows:

## Governance

Our main governance objectives are to:

- Act in the best interests of the Fund's members and employers
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- Understand and monitor risk.
- Deliver our services through people who have the appropriate knowledge and expertise, and ensure that this knowledge and expertise is maintained within the continually changing scheme and wider pensions landscape
- Provide effective oversight of our LGPS pooling provider to ensure it delivers our investment strategy, supports our responsible investment approach and provides value for money
- Ensure those persons responsible for governing the EAPF have sufficient expertise to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage any potential conflicts of interest.

## Administration & Communications

Our main administration objectives are to ensure the EAPF:

- Runs smoothly for its members and employers and provides a high quality, proactive, efficient and cost effective service
- Pays accurate benefits and collects correct contributions from the right people in a timely manner
- Sets out clear roles and responsibilities for the Fund itself, Capita and our employers as set out in the LGPS Regulations, this administration strategy and other relevant documentation
- Identifies, mitigates and monitors potential risks to the Fund and our employers
- Puts in place effective governance arrangements to monitor and improve pension administration
- Maintains accurate records and communicates all information and data accurately, and in a timely and secure manner
- Uses appropriate technology and best practice to continually improve the quality of service.

## Funding

- To ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependents' benefits as they fall due for payment.
- To ensure that employer contribution rates are reasonably stable where appropriate. (Active fund only)
- To minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return. (Active fund only)
- To reflect the different characteristics of different employers in determining contribution rates. (Active fund only)
- To use reasonable measures to reduce the risk to other employers and ultimately to the UK tax payer from an employer defaulting on its pension obligations. (Active fund only).

## Investment

- (Active Fund) To achieve sufficient long-term returns for the scheme to be affordable to employers now and in the future
- (Active Fund) Minimise the risk of having to increase the contribution rate in the future.
- The aims of our Responsible Investment Strategy are to:
  - Use our investments to build a better future, including by investing significantly in sustainable assets; and
  - Work with others across the investment industry to build that better future; and
  - Make our members proud of their pension fund and the impact it is making.

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# Annex 2 – Organisational chart

## How we fit into the LGPS Governance Framework

