

EAPF Business Plan 2023 – 2026

1 April 2023 to 31 March 2026



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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 challenges we face

We want to meet our strategic objectives, keep improving all aspects of our pension fund and manage our risks.

At time of writing, we are witnessing global challenges which impact on our pension fund. These include ongoing market volatility following the Russian invasion of Ukraine, the energy crisis, inflation and an ever growing threat from cyber security. We are also still experiencing the ongoing impact of coronavirus on our Fund. We will continue to monitor and react to these risks.

Alongside these global issues are more pension-focused challenges. These may be driven by new regulation, recent reviews into our fund's governance approach or outcomes of audits, alongside recruitment pressures.

These challenges set the strategic priorities for the Fund from April 2023 for the next 3 years, with an annual review.

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

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Strategic Priorities

1. **Serve our members well**

We want to make sure that the members' experience is a constantly improving one. This includes ensuring that our communications are effective and engaging. We will tailor messages to help with the costs of living crisis and roll out new services, like the pensions dashboard. We will continue to build links with our Black, Asian and Minority Ethnic members to ensure that we are serving them as best as we can. This includes building better links into the Pensions Committee and addressing the current lack of diversity data on our membership. More broadly, we will complete work to rectify historic data issues among our suppliers, feeding in where appropriate into wider corporate discussions on the outsourcing of EA services.

2. **Strengthen our governance further**

A new assurance framework will be put in place to ensure internal controls are effective. This will include implementing the recommendations from the Defra-EAPF cyber security project and external governance reviews which are all expected to report in 2023. To support continuity and resilience, the strong emphasis on training will continue. This will help manage changes in key positions in the Pensions Committee, advisers and employer bodies. This will be complemented by a review of the Committee Structure.

3. **Deliver our investment vision**

Responsible investment remains at the core of our investment approach. We need to ensure that we can deliver our investment strategy in line with our vision. With the majority of our investments now managed by Brunel, we will continue to build ever closer links with partner funds to provide an effective oversight of pooling and our legacy asset managers, while monitoring costs. This will include responding to and implementing the new pooling guidance. Where our vision cannot be implemented through Brunel, for example in relation to impact investing, we will look for alternative options outside of the pool.

4. **Build Resource in the Pension Fund Management Team**

The principal recommendation from the recent governance effectiveness survey was to monitor team resources following an increase in work across all parts of the pension fund. Building and resourcing the right team structure, will be a priority from April 2023, along with an ongoing emphasis on team development, succession planning and filling skills gaps.

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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;
- 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 2023.

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

Craig Martin
EAPF Chief Pensions Officer
Environment Agency
Horizon House
Deanery Road
Bristol
BS1 5AH

Email – craig.martin@environment-agency.gov.uk

Telephone - 0203 025 4179

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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

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.

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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

