



LOCAL PENSION COMMITTEE – 26TH FEBRUARY 2021

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND STRATEGIES UPDATE

Purpose of the Report

1. The purpose of this report is to seek approval on minor updates to the Administration and Communication Strategy and the Investment Strategy Statement and note submission of the Fund's Investment Advisor Objectives to the Competition and Markets Authority.

Background

2. The Local Pension Committee is responsible for the governance of the Leicestershire fund, which includes setting policies to be included in statutory documents.

Administration and Communication Strategy Update

3. The Leicestershire Pension Fund has an Administration and Communication Strategy. This is a legislative requirement and the Pensions Manager reviews the strategy at least every two years. Significant changes are consulted on with the Fund's employers
4. The last review of the strategy was in January 2020 and was taken to the Pension Board for noting. Following a review in January 2021, The Pensions Manager has made two minor changes to the strategy. These are not deemed material so employers have not been consulted with, however those employers that are affected by the change to the IConnect deadline, have been informed as this is designed to assist them with the transition to monthly posting of data.
5. The two changes are;
 - I. The deadline for employers to start submitting monthly IConnect data has been extended from the 31 March 2021 to the 31 March 2022. Of the Fund's 192 employers with active scheme members, there are 115 submitting monthly data already with 77 employers remaining.
 - II. Refreshed wording in respect of governance of the Fund following the Independent Governance Review and revised Terms of Reference of the

- Local Pension Committee and Board. 30. The January 2021 version is attached as Appendix A
6. The Local Pension Board was consulted at its meeting on 8 February 2021 and supported the amendments set out above.

Investment Strategy Statement (ISS)

7. A number of minor updates include the following, all of which were approved at the January 2021 Pension Committee.
- a. The Fund's revised strategic asset allocation (SAA) is updated.
 - b. Updated the long term median investment return estimated based on the investments advisor's models from 5.9% to 5.4%.
 - c. Updated the discount rate assumption from 3.9% to 3.4%, at an 80% likelihood.
 - d. Added detail to the number of investment products the Fund has invested with LGPS Central
 - e. Link added within the responsible investing (RI) section directing to the RI plan as approved at the January 2021 committee.

Investment Advisor Objectives

8. The Competition and Markets Authority has stipulated that Pension Scheme Trustees should set objectives for their investment consultants, and that such objectives should be:
- 'closely linked' to the pension scheme's strategic objectives;
 - reviewed at least every three years, and after a significant change to the investment strategy or objectives;
 - established no later than 10 December 2019 (i.e. 6 months following the date of the final Order published by the CMA) or prior to appointment of a new investment consultant.
9. The Committee approved it's the Fund's advisor Objectives on 8 November 2019, following a review of which no amendments were made. In accordance with the Investment Consultancy and Fiduciary Management Market Investigation Order 2019 the Fund submitted a compliance statement and signed certificate to the CMA confirming the Fund has complied with the requirements.

Recommendation

It is recommended that the Local Pension Committee:

- a) Approve the revised Administration and Communication that is attached as Appendix A to this report.

- b) Approve the revised Investment Strategy Statement that is attached as Appendix B to this report.
- c) Note submission of the Fund's Investment Advisor Objectives to the Competition and Markets Authority.

Equality and Human Rights Implications

None

Appendices

Appendix A – Administration and Communication Policy

Appendix B – Investment Strategy Statement

Appendix C – Investment Advisor Objectives.

Background Papers

None

Officers to Contact

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