

Business plan 2022/23 – Investments

Item	Key in year deliverables	Aims	Support	Timescales
Training				
Continuous training of the Local Pension Committee	<ul style="list-style-type: none"> • Officers to review training policy and training needs self assessment for members • Publicise the annual RI / stewardship meeting LGPS Central organise • Share details of quarterly LAPFF (Local Authority Pension Fund Forum) meetings with Members allowing opportunity to attend (virtually/in person) • New Members to have induction with relevant officer(s) and induction pack • Hymans training module 1 – intro to the LGPS • Hymans training for all officers and members in 22/23: <ul style="list-style-type: none"> • Mod 2- LGPS Governance • Mod 4 – Funding and actuarial matters • Mod 5 - Investments • Create plan for 23/24 based on self assessments 	<ul style="list-style-type: none"> • Training needs to understand individual requirements, officers to advise Member accordingly • To build RI understanding whilst developing Climate Strategy for the Fund • LAPFF highlight engagement success and progress as well as informing of new areas of RI. • Hymans online training to generally improve knowledge in the most important areas for Committee members and officers 	Training from external sources can include Hymans, LGPS Central, LAPFF, Funds investment managers	<ul style="list-style-type: none"> • March 2023
Policies				
Deliver a comprehensive climate strategy for the Fund	<ul style="list-style-type: none"> • Officers to propose a workplan for approval • Recruit appropriate resource • Schedule meetings with members as needed to form direction of travel, improve 	<ul style="list-style-type: none"> • To deliver a robust climate strategy in line with a recognised framework (IIGCC) that can be used to 	External support / resource as required to be defined for selected workstreams,	<ul style="list-style-type: none"> • Plan to be delivered in March 2022 with proposal

	<p>understanding and make decisions</p> <ul style="list-style-type: none"> • Climate strategy to include: <ul style="list-style-type: none"> • Governance and strategy • Targets – long and medium term with review policy • How strategic asset allocation may be utilised to reach targets • Asset class alignment – includes setting goals of increasing AUM in asset classes aligned to achieving net zero • implementation plan for the Climate Strategy • Consultation with employers and employees • Design and Publication of strategy 	<p>manage the carbon ambitions for the Fund.</p> <ul style="list-style-type: none"> • To communicate to scheme members and interested parties. 	<p>Hymans, LGPS Central, other external body or LCC resource</p>	<ul style="list-style-type: none"> • Draft strategy available for consultation in June for employers and employees • Implementation plan proposed following approval of a Climate Strategy
Update Investment Strategy Statement (ISS)	<ul style="list-style-type: none"> • Annual update of ISS to include changes from 2021 Strategic Asset Allocation review • Inclusion of approach to cash management • Include from Climate Strategy how investment strategy may be affected 	<ul style="list-style-type: none"> • Annual refresh to set the parameters within which the Fund’s assets can be invested 		<ul style="list-style-type: none"> • January 2023
Asset allocation				
Enact the 2022 decisions from the Strategic Asset Allocation (SAA)	<ul style="list-style-type: none"> • Perform asset class reviews for: <ul style="list-style-type: none"> • Property, • infrastructure and • listed equity • Create and propose implementation plan for associated outcomes • Enact other decisions as approved by the Committee in Jan 2022: <ul style="list-style-type: none"> • Decision on Central targeted return product • Distressed debt opportunity • Use of short duration products to ‘park’ excess cash 	<p>To complete Fund decisions proposed by Hymans and approved by Committee in Jan 2022</p>	<ul style="list-style-type: none"> • The Fund’s investment advisor Hymans Robertson 	<ul style="list-style-type: none"> • Property – April 2021 • Infrastructure – July 2021 • Listed Equity tbc pending outcomes from Climate Strategy

	<ul style="list-style-type: none"> • Develop the Funds rebalancing principles to approve during the year 			
Investment manager presentations	<ul style="list-style-type: none"> • Four manager presentations covering 4 differing asset classes at Pension Committee. Infrastructure–(IFM), Active equities / Private Markets (Central), Passive equities / Timberland • Each manager to cover the following: <ul style="list-style-type: none"> • ESG – eg how they identify, assess, and manage climate risks • Performance • Market outlook general & their sector 	<ul style="list-style-type: none"> • To improve the Committee understanding of related mandate • Question manager on the ESG polices and performance versus mandate goals 		<ul style="list-style-type: none"> • Investment managers TBC for committee meetings in March, June, September and November
2023 Strategic asset allocation preparatory work	<ul style="list-style-type: none"> • Produce 2023 investment strategy refresh, including: <ul style="list-style-type: none"> • climate strategy proposals • March 2022 actuarial fund valuation • Asset class reviews 	<ul style="list-style-type: none"> • To provide the Fund the right level of return taking into account all risks, assets and liabilities 	<ul style="list-style-type: none"> • The Fund’s investment advisor Hymans and any third party with respect to Climate strategy 	<ul style="list-style-type: none"> • The SAA is normally delivered for approval at the January Local Pension Committee meeting
Valuation				
Triannual valuation	<ul style="list-style-type: none"> • Update the Committee on progress with the Fund’s valuation • Invite Hymans and Vita (longevity analysis) to Committee during the year • Revised funding Strategy, including new employer rates for consultation and approval 	<ul style="list-style-type: none"> • To update and decide on key assumptions 	<ul style="list-style-type: none"> • Hymans Robertson, Club Vita 	<ul style="list-style-type: none"> • During 2022
Reporting				
Reporting	<ul style="list-style-type: none"> • Review volume of information the Committee receives. Manager reports, for example add a fair proportion to the overall size of the pack. 	<ul style="list-style-type: none"> • To improve the effectiveness of Committee meetings 		<ul style="list-style-type: none"> • During 2022

2022/23 RI Plan	<ul style="list-style-type: none"> ○ Include recommendations from climate risk reports 21/22 and 22/23 into the RI plan.:Updating of the governance policy statement to explain how climate risks are governed ○ ○ Develop climate strategy and communication of climate risks ○ Consider reporting against the stewardship code ○ Review as part of the FSS the extent to which climate risks could affect other risks noted in the FSS ○ Implementation of the approved climate strategy (multi-year activity) ● Reporting against the Fund’s TCFD (taskforce on climate financial disclosures) recommendations which will include various disclosures covering the following: <ul style="list-style-type: none"> ○ Governance ○ Strategy ○ Risk management ○ Metrics and targets ● Deliver the third climate risk report for the Fund 	<ul style="list-style-type: none"> ● To be compliant with the recommendations from the Fund’s TCFD report ● Improve appreciation of climate risks from the 3rd iteration of the report ● Improve the measurement of carbon metrics by investigating how previously uncalculated asset classes could be measured. 	<ul style="list-style-type: none"> ● LGPS Central 	<ul style="list-style-type: none"> ● Climate Risk report to be delivered during the second half of the year, usually November
LGPS Central	<ul style="list-style-type: none"> ● Update Committee with Shareholder and customer activity with respect to actions or decisions taken at the Joint Committee and Company (central) meetings 	<ul style="list-style-type: none"> ● In line with good governance of the Fund 		<ul style="list-style-type: none"> ● As appropriate through 2022/23

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