

Leicestershire County Council Pension Fund

Pensions Investment Business Plan

2023-2024

	Item	Key in year deliverables	Aims	Support required from another service	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 LGPS Central's Annual Responsible Investment meeting date to LPC Members • 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 minimum standard of knowledge by improving RI understanding, knowledge of investment asset classes and Fund mandates • Highlight LAPFF 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 • Complete • Throughout year • As needed throughout year • Progress to be highlighted to officers and members quarterly • March 2023

Policies	Net Zero Climate Strategy	<ul style="list-style-type: none"> • Issue a Net Zero Climate Strategy Implementation plan and commence implementation. • Publication and communication of Strategy • Further development of measurements through future iterations of Climate Risk Report. 	<ul style="list-style-type: none"> • To manage the climate risk and opportunities to the Fund arising from Climate Change. • To communicate to scheme members and interested parties. 	External support / resource as required to be defined for selected workstreams, Hymans, LGPS Central, other external bodies	<ul style="list-style-type: none"> • Subject to March 2023 approval by June 2023 • Ongoing, multiyear timescales.
	Update Investment Strategy Statement (ISS)	<ul style="list-style-type: none"> • Annual update of ISS to include changes from 2023 Strategic Asset Allocation (SAA) review • Include elements from approved Net Zero Climate Strategy and 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 highlighting factors taken into account when deciding the investment strategy 		<ul style="list-style-type: none"> • March 2023
	Annual Review of Fund's various policies and strategies	<ul style="list-style-type: none"> • To undertake a review of the Fund's various policies and strategies 	<ul style="list-style-type: none"> • Annual refresh of relevant Strategies to reflect any developments within the Fund and its management (such as the NZCS). Or government guidance. 	External Support/resource as required Hymans, LGPS Central or other external body.	Ongoing, as required
Asset Allocation	Enact the 2023 decisions from the Strategic Asset Allocation (SAA)	<ul style="list-style-type: none"> • Perform asset class reviews for: Listed equity, targeted return and protection assets • Create and propose implementation plan for associated outcomes 	To complete Fund decisions proposed by Hymans and approved by Committee in Jan 2023	<ul style="list-style-type: none"> • The Fund's investment advisor Hymans Robertson 	<p>Currently planned as:</p> <ul style="list-style-type: none"> • Listed equities and targeted return – April 2023 • Protection assets – July 2023

		<ul style="list-style-type: none"> • Enact other decisions as approved by the Committee in Jan 2023 throughout the year as appropriate 			
	Investment manager presentations	<ul style="list-style-type: none"> • Four manager presentations covering 4 differing various classes at Pension Committee. Asset classes to chosen by officers throughout the year. • Each manager to cover the following: <ul style="list-style-type: none"> ○ ESG – e.g. how they identify, assess, and manage climate risks ○ Investment performance ○ Market outlook for their sector 	<ul style="list-style-type: none"> • To improve the Committee understanding of the sector and mandates the Fund has investments within including LGPS Central’s governance of external managers. • Question manager on the ESG polices and performance versus mandate goals 	Investment Manager attendance	<ul style="list-style-type: none"> • Investment managers TBC for quarterly committee meetings scheduled for March, June, September and December 2023.
	2024 Strategic Asset Allocation preparatory work	<ul style="list-style-type: none"> • Produce 2024 strategic asset allocation strategy refresh, including: <ul style="list-style-type: none"> • Net Zero Climate Strategy considerations • Balancing required return versus risk and updated medium/long assumptions for asset class returns. • Any potential 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 the NZCS 	<ul style="list-style-type: none"> • The SAA is normally delivered for approval at the January Local Pension Committee meeting
Valuation	Triennial valuation	<ul style="list-style-type: none"> • Update Committee on variances arising from assumptions made within the latest valuation 	<ul style="list-style-type: none"> • Early indication of the potential effects on the Fund and employers when the next triennial valuation takes place 	<ul style="list-style-type: none"> • Hymans Robertson 	<ul style="list-style-type: none"> • Half way through the 3 year cycle – ie October 2023 valuation point

Reporting	Annual Report and Accounts	Approval and publication of the Fund's Annual Report and Accounts by 1 December in line with the LGPS Regulations.			
	Reporting	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 • To review and improve the Fund performance information the committee receives from the independent external company. 		<ul style="list-style-type: none"> • During 2023
	Monitor the annual Budget	<ul style="list-style-type: none"> • To monitor the Annual Budget reflecting anticipated income and expenditure during 2023 	<ul style="list-style-type: none"> • Provide indications of variances from the budget 		<ul style="list-style-type: none"> • During 2023
	RI Plan	<ul style="list-style-type: none"> ○ Quarterly reporting of engagement and stewardship activities ○ Further develop communication of climate risks ○ Consider reporting against the 2020 Stewardship Code [subject to review] ○ Implementation of the approved climate strategy • Review of TCFD reporting and Climate Risk Report with LGPS Central to streamline reporting and following outcome of 	<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. [ie. corporate bonds] 	<ul style="list-style-type: none"> • LGPS Central. LAPFF, Investment Managers reporting 	<ul style="list-style-type: none"> • Climate Risk report to be delivered during the second half of the year and presented to committee at the December 2023 meeting. • Ongoing multiyear implementation of NZCS.

		<p>Government's late 2022 consultation.</p> <ul style="list-style-type: none"> • 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 • Review and work with LGPS Central to develop fourth climate risk report for the Fund • Development of 2024 RI Plan including fourth Climate Risk Report recommendations and further implementation of the Net Zero Climate Strategy • Communication and response to government consultation re governance and reporting of climate change risks 			
	<p>LGPS Central</p>	<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 2023/24

	Respond to Government consultations and initiatives	<ul style="list-style-type: none"> • Participation with LGPS Central and individually where appropriate 	<ul style="list-style-type: none"> • To allow government to hear the Funds views on various topics being consulted on. 	LGPS Central, Hymans Robertson	<ul style="list-style-type: none"> • As appropriate through 2023/24
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