

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 			
	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 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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