

Local Pension Board

13 April 2021

Business Plan

1 Recommendations

- 1.1 That the Local Pension Board notes and comments on the Business Plan attached at Appendix 1.
- 1.2 That the Local Pension Board notes the Investment Strategy Statement attached at Appendix 2.

2 Executive Summary

- 2.1 It is best practice for local authority pension funds to operate a formal and documented Business Plan for their operations. This report sets out the Business Plan for 2021/22, as approved by the Pension Fund Investment Sub-Committee in March 2021.
- 2.2 The business plan includes a Single Action Plan for the Fund as an appendix. This simplifies the business planning and monitoring arrangements. During 2020/21 the Fund had a number of action plans for different reasons e.g. Covid, the governance review, risk management, and these became complex to manage and co-ordinate.
- 2.3 The Investment Strategy Statement is also a key planning document for the Fund and has been updated at the March 2021 Investment Sub Committee. It sets out the Fund's approach to investing, including the strategic asset allocation, investment mandates, the expected returns, investment risk, and investment governance. The table below highlights the key changes.

Section	Update
2. The suitability of particular investment and types of investments	Added reference to undertaking a light review of the Investment Strategy in 2021
	Added reference to ESG factors being monitored
3. Investment of money in a wide variety of asset classes	Added reference to taking incremental steps towards the long-term target asset allocation
	Added reference to the Fund being open to considering local impact investing if it is congruent with the overall investment objectives of the Fund

5. Managers	Updates to the table of investment managers, asset classes, and investment styles
7. Funding risks	Employer risk added to the list of funding risks Addition of a cross reference to the Funding Strategy
8. Asset risks	Expansion of the list of asset risks to include market risk, rate/duration risk, counterparty risk, real asset values, and climate risk
11. Assets to be invested in the pool	Updated for latest position with regard to investments in the pool Addition of a comment noting the option to undertake local impact investing outside of the pool
12. Structures and governance of the BCPP pool	Addition of reference to BCPP as an authorised contractual scheme manager
13. ESG Policy	Updated in respect of recent training Addition of reference to the intention to review Investment Guiding Principles and ESG Beliefs in 2021
14. The exercise of voting rights	Updated to reflect that voting is now reported quarterly
15. Stewardship	Updated to reference the 2020 UK Stewardship Code

3 Financial Implications

3.1 The Fund has an investment strategy and funding strategy designed to manage the financial position of the Fund. The business plan is designed to ensure that these two strategies are updated and implemented appropriately.

4 Environmental Implications

4.1 The Fund has a climate risk policy designed to minimise the Fund's contribution towards climate change and minimise the Fund's exposure to risk driven by climate change.

5 Supporting Information

5.1 None.

6 Timescales and Next Steps

6.1 None.

Appendices

Appendix 1 – Business Plan

Appendix 2 – Investment Strategy Statement

Background Papers

None.

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The report was circulated to the following members prior to publication:

Local Member(s):

Other members: