

**Agenda Item**

<b>Subject</b>	<b>“Levelling Up” Plan</b>	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	6 <sup>th</sup> June 2024
<b>Report of</b>	Director		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
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**1 Purpose of the Report**

- 1.1 To secure approval for the Authority’s plan to invest up to 5% of the Pension Fund in projects which support the Government’s “Levelling Up” missions in preparation for expected regulatory requirements.

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**2 Recommendations**

- 2.1 Members are recommended to:
- a. Approve the plan set out at Appendix A.**

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**3 Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objectives:

**Customer Focus**

To design our services around the needs of our customers (whether scheme members or employers).

**Listening to our stakeholders**

To ensure that stakeholders’ views are heard within our decision making processes.

**Investment Returns**

To maintain an investment strategy which delivers the best financial return, commensurate with appropriate levels of risk, to ensure that the Fund can meet both its immediate and long term liabilities.

**Responsible Investment**

To develop our investment options within the context of a sustainable and responsible investment strategy.

### **Effective and Transparent Governance**

To uphold effective governance showing prudence and propriety at all times.

### **Scheme Funding**

To maintain a position of full funding (for the fund as a whole) combined with stable and affordable employer contributions on an ongoing basis.

### **Valuing and engaging our Employees**

To ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services.

The plan at Appendix A balances the need to achieve a positive impact from investments with the need to deliver the financial returns required to pay pensions thus impacting the corporate objectives concerned with investment returns, responsible investment and scheme funding.

## **4 Implications for the Corporate Risk Register**

- 4.1 The actions outlined in this report impact the investment related risks included in the Corporate Risk Register.

## **5 Background and Options**

- 5.1 The Authority approved a strategy for Place Based Impact Investment in March 2023. This strategy was an initial response to the Government's desire (which is intended to be placed into regulations) that LGPS funds should invest up to 5% of their assets in projects supporting the Government's "Levelling Up" Missions. The Authority does not recognise "levelling up" as something that is necessarily investable and therefore prefers to refer to the place-based impact investing which is a recognised investment approach. Subsequently the Government's consultation on LGPS investments indicated a forthcoming requirement for funds to have a plan for so called "levelling up" investments and specified certain elements of the contents of the plan, as well as specifying certain new elements of the Investment Strategy Statement and reporting requirements.
- 5.2 Given the progress already made in this area, including reflecting the necessary content in the Investment Strategy Statement, it is desirable to put this plan in place in advance of the detailed guidance and a draft plan for approval is set out at Appendix A.
- 5.3 The plan set out at Appendix A specifically addresses the following areas which are set out in the Government's expectations of such plans as set out in their consultation response.
- The approach to measurement of impact as related to specific "levelling up" missions and metrics.
  - The role pooling will play within the approach to investments of this type.

- 5.4 Beyond this the attached plan sets out a forecast of the build up of the place-based impact portfolio over the period to 2032 (in line with the broader Transition Plan, approved in March) and a number of actions required to ensure delivery of the plan which are reflected in the Investment Strategy Team's workplan.
- 5.5 In future this plan will be updated alongside the Investment Strategy Statement as part of each triennial strategy review.

## 6 **Implications**

- 6.1 The proposals outlined in this report have the following implications:

Financial	The implementation of the plan set out at Appendix A will incur a range of fees which as they are related to specific investments will be charged directly to the Pension Fund thus being a charge against the performance of the relevant investments as would be the case for any other investment.
Human Resources	None
ICT	None
Legal	No specific implications identified.
Procurement	The delivery of the proposed South Yorkshire specific investment mandates will require full procurement processes which will be undertaken in line with the relevant regulations and with appropriate external advice.

**George Graham**

**Director**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>