Meeting
Pension FUND COMMITTEE
Date and time
Tuesday 4TH JULY, 2023 **At 6.00 PM**
Venue
Hendon TOWN HALL, THE BURROUGHS, LONDON NW4 4AX

To: Members of Pension FUND COMMITTEE (quorum 3)

Chair: Councillor Simon Radford
Vice Chair: Councillor Anne Hutton

Andreas Ioannidis	Elliot Simberg
Mark Shooter	Liron Woodcock-Velleman

Substitute Members

Nick Mearing-Smith	Danny Rich	Arjun Mittra
Peter Zinkin		

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions or comments must be submitted by 10AM on the third working day before the date of the committee meeting. Therefore, the deadline for this meeting is Thursday 29 June 2023 at 10AM. Requests must be submitted to governanceservice@barnet.gov.uk

You are requested to attend the above meeting for which an agenda is attached.

Andrew Charlwood – Head of Governance

Governance Service contact: governanceservice@barnet.gov.uk

Media Relations Contact: Tristan Garrick 020 8359 2454 Tristan.Garrick@Barnet.gov.uk

Assurance Group

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If you are attending the meeting either in person or online, you understand that you may be picked up in recordings made by the public or the Council.

Order of Business

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Decisions of the Pension Fund Committee

22 March 2023

AGENDA ITEM 1

Cllr Anne Hutton (Chair)
Cllr Andreas Ioannidis (Vice-Chair)

Cllr Zahra Beg	Cllr Danny Rich	Cllr Michael Mire
Cllr Simon Radford	Cllr Mark Shooter	Cllr Arjun Mittra

1. MINUTES (Agenda Item 1):

RESOLVED that the minutes of the meeting held on 31 January 2023 be agreed as a correct record.

2. ABSENCE OF MEMBERS (Agenda Item 2):

The Pension Fund Committee noted the apologies for absence from Councillor Elliot Simberg.

3. DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS (Agenda Item 3):

Councillor Andreas Ioannidis made a declaration, he noted that he was an employee of Middlesex University and so a member of the Middlesex Pension Scheme (which is a separate pension scheme not linked to the Barnet Pension Fund). Councillor Ioannidis took part in the consideration and determination of the item.

4. PUBLIC QUESTION AND COMMENTS (IF ANY) (Agenda Item 4):

None.

5. REPORT OF THE MONITORING OFFICER (IF ANY) (Agenda Item 5):

None.

6. MEMBERS' ITEMS (IF ANY) (Agenda Item 6):

None.

7. VALUATION UPDATE (Agenda Item 7):

The Pensions Manager presented the report and noted that it provided the Committee with the final Funding Strategy Statement (FSS) used to determine the approach adopted for the 31 March 2022 valuation and the setting of employer contribution rates.
He noted that the report also highlights the approach used to set the contribution rates for the London Borough of Barnet and Middlesex University and updates the Committee on progress to identify the unexplained data item highlighted in the Actuary's valuation report.

Having considered the report, the Pension Fund Committee:

Resolved that:

The Pension Fund Committee approved the Funding Strategy Statement (FSS) for 2023 – 2026 and noted the Rates & Adjustments Certificate (included in the draft Valuation Report as Appendix B) and updates on the valuation and unexplained data item.

8. CESSATION OF RE (Agenda Item 8):

The Pensions Manager presented the report and noted that following the in-sourcing of services provided by RE (Regional Enterprise) Limited ("RE") from 1 April 2023, the employment of circa 400 people will be TUPE'd back to the Council and RE's admission within the Fund will be terminated. He also noted the paper set out the support that has been provided to individuals impacted and the commercial issues related to the termination of RE as an employer.

Having considered the report, the Pension Fund Committee:

Resolved that:
1. The Pensions fund Committee noted the arrangements made in respect of the transfer in of RE employees.
2. The Pensions Fund Committee agreed not to return any exit credit to RE (Regional Enterprise) Limited on termination.

9. EXTERNAL AUDIT UPDATE (Agenda Item 9):

The Finance Manager introduced the report and noted that the report updated the Pension Fund Committee on the 2020/21 audit, and on the plan for the 2021/22 audit.

Michael Asare Bediako from BDO also gave an update on the External Audit and the Committee asked when the audit for Barnet is likely to be completed. Mr Asare Bediako advised that the audit will be completed by the end of April with the exact dates being worked through and once this has been completed the 2022 plan will be brought to the Committee over the summer. BDO will make contact with the S151 officer once a date has been agreed.

Cllr Mire attended the meeting at 7pm

Having considered the report, the Pension Fund Committee:

Resolved that:

That the Pension Fund Committee noted the update on the 2020/21 audit, and the plan for the 2021/22 audit, and identified matters that the Committee wish to bring to the attention of the auditor.

10. PENSION FUND INVESTMENT PERFORMANCE (Agenda Item 10):

The Finance Manager presented the report which provided an update on investment valuations, transactions and performance to 28 February 2023 with an updated estimated valuation to 28 February 2023.

Having considered the report, the Pensions Fund Committee:

Resolved that:

That the Pension Fund Committee noted the investment activities and performance of the Pension Fund to 28 February 2023.

11. INVESTMENT STRATEGY (Agenda Item 11):

The Head of Pensions & Treasury presented the report which provided a summary of the investment transactions made in the first 2 months of 2023, and an overview of the planned investment transactions in 2023.

The Chair asked if the Committee could comment before the strategy is approved. Mr Spreckley hoped that this will come to the Pensions Fund Committee for comments.

Given recent activity in the Banking Sector, the Committee requested that Officers analyse the Fund's exposure to the Banking Sector. The Head of Pensions and Treasury clarified that whilst we could analyse the Fund's exposure to the Banking Sector, it would not be possible for Officers to take action unless the level of our exposure was deemed an "urgent situation" which needed addressing.

Having considered the report, the Pensions Fund Committee:

Resolved that:

The Pension Fund Committee noted the investment transactions that have occurred so far in 2023, and the further planned transactions for 2023.

12. LONDON CIV (Agenda Item 12):

The Head of Pensions & Treasury presented the report which highlighted that a successful London CIV would provide efficiencies and cost benefits to Barnet and the people of London with Barnet seeking to develop and strengthen its relationship with the London CIV.

Representatives from The London CIV gave a presentation to the Committee.

Cllr Mire left the meeting at 8.15pm

After thanking representatives from The London CIV, having considered the report the Pension Fund Committee:

Resolved that:

The Pension Fund Committee noted the contents of the report.

13. KNOWLEDGE AND UNDERSTANDING (Agenda Item 13):

The Pensions manager presented the report which summarised the actions that will be taken by the LBB Pensions Team to keep records of any training that the Committee.

Having considered the report the Pension Fund Committee:

Resolved that:

The Pension Fund Committee noted the contents of the report.

14. WORK PROGRAMME (Agenda Item 14):

The Pension Fund Committee noted the work programme.

15. MOTION TO EXCLUDE PRESS AND PUBLIC (Agenda Item 15):

RESOLVED that the parties be excluded from the meeting, together with the press and public.

16. ITEM 7 - APPENDIX B - DRAFT VALUATION REPORT (INCLUDING THE RATES & ADJUSTMENT CERTIFICATE) (Agenda Item 16):

The Head of Pensions and Treasury introduced the appendix to the report.

Resolved:

- That the Exempt information be noted.

17. ITEM 13 APPENDIX C – REVIEW OF FUND MANAGERS (HYMANS ROBERTSON) FOR Q4, 2022 (EXEMPT) (Agenda Item 17):

Resolved:

- That the Exempt information be noted.

18. ANY ITEM(S) THAT THE CHAIRMAN DECIDES IS URGENT (Agenda Item 18):

None.

The meeting finished at 8.34 pm

AGENDA ITEM 7

Pension Fund Committee

4 July 2023

Title	Pension Fund Investment Performance Report
Date of meeting	4 July 2023
Report of	Executive Director of Strategy and Resources (S151 Officer)
Wards	N/A
Status	Public with Exempt Appendix C
Urgent	No
Appendices	Appendix A – Asset Allocation as of 31st May 2023 Appendix B – Review of Investment Managers' Performance for Q1 2023 (Hymans Robertson) Appendix C – Review of Fund Managers (Hymans Robertson) for Q1 2023 (exempt) Exempt enclosures - Not for publication by virtue of paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended (information relating to the financial or business affairs of any particular person (including the authority holding that information)).
Officer Contact Details	Adam McPhail, Finance Manager- Pensions (adam.mcphail@barnet.gov.uk)

Summary

This report provides an update on investment valuations, transactions and performance to 31 March 2023 with an updated estimated valuation to 31 May 2023.

Recommendations

1. **That the Pension Fund Committee note the investment activities and performance of the Pension Fund to 31 May 2023.**

BARNET LONDON BOROUGH

1. Reasons for the Recommendations

Why this report is needed

1.1 To ensure that the Pension Fund is being invested prudently and in accordance with the Pension Fund investment strategy.

Market Overview and Fund Performance

1.2 From March to May 2023 markets continued to improve and this is reflected in the valuation increasing by an estimated £4.6m (0.2% increase). Investments in LGIM Future World equities are the main outperformers over the 2 months (1.2%).

1.3 Hymans Robertson have provided their report for Q1 2023 (appendix B), which gives an update on the overall market in the quarter to March 2023. The fund had a return of 2.3% over the quarter, which is 1.2% below benchmark.

1.4 The main drivers of absolute returns continue to be listed equities and infrastructure.

1.5 The quarterly underperformance against benchmark is mainly due to Adams Street Private Equity (-14.9 %) as well as CBRE Global Alpha Property (-8.8%) and Standard Life Long Lease Property (-8.2%). The relatively new LCIV Sustainable Equity fund has also struggled in the quarter (-5.0%).

Investment Management Ratings

1.6 Hymans' manager ratings are included within their quarterly report (appendix C, page 4). All the managers are rated either preferred or positive (the top two rankings) other than three mandates ranked as suitable, and one ranked as suitable- on watch, as highlighted in the report. The LCIV mandates are not rated by Hymans.

1.7 Hymans also award Responsible Investment ratings and all bar one is rated strong or good. The four London CIV mandates not rated.

1.8 Notable comments in the Hymans quarterly report (appendix C) include:

- The resignation of CFO of Abdrn with their successor to be announced in due course.
- The resignation of the Manager of CBRE Investment Management Fund, with their successor already appointed.

1.9 Hymans have no concerns over these updates.

Strategic Allocations

1.10 The Pension Fund Committee has agreed to a strategic allocation of Pension Fund Assets to particular asset types. The target percentages of these asset types can be found in the last column of Appendix 1.

1.11 We have brought a significant proposal to amend the Fund's mix of income and growth assets so that 70% is held in growth assets and 30% is held in income assets. The detail of this and the rationale for proposing the move is provided in the Investment Strategy paper covered under item 9.

Re-balancing

1.12 Under the current allocation and at 31 May 2023, the fund is currently overweight in Equities (by 1.57%) and Cash (4.64%). Whilst being overweight in Corporate Bonds (2.05%) and Illiquid Alternatives (3.9%).

1.13 In the January 2023 Pension Fund Committee meeting the Committee agreed to delegate the re-balancing of the pension funds assets to bring it more in line with the strategic allocation. Whilst there is a significant underweighting in Illiquid Alternatives, there are still funds of this asset type which continue to drawdown funds.

1.14 We will take an opportunity to rebalance towards our overall strategic allocation as part of the larger shift in strategic allocation considered under item 9.

2. Alternative Options Considered and Not Recommended

2.1 None.

3. Post Decision Implementation

3.1 The Chief Financial Officer will carry out any actions considered necessary.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 The current corporate plan (Barnet Plan 2023-2026) was adopted in February 2023. To ensure that the Pension Fund is being invested prudently and to the best advantage in order to achieve the required funding level. Effective monitoring of the Pension Fund will ensure that long-term investment targeted returns are achieved and will provide support towards the Council's corporate priorities.

Corporate Performance / Outcome Measures

4.2 Effective management of Pension Fund assets which leads to good performance, has a positive effect on wider council finances through potential reduction in contribution payments.

Sustainability

4.3 The Pension Fund appoints external fund managers to maximise Pension Fund assets in accordance with the Fund investment strategy. The Pension Fund is a long-term investor and short-term volatility of investment return is expected. In the longer term, the appointed fund managers are expected to deliver positive returns in accordance with the Fund benchmarks. The global diversification of the Pension Fund portfolio gives some protection against market volatility. The funding level of the Scheme uses a valuation of the future liabilities discounted using gilt yields. The mismatch between assets held and the method of valuing future liabilities will also result in volatility of funding levels.

Corporate Parenting

4.4 Not applicable in the context of this report.

Risk Management

4.5 A key risk is that of poor investment performance. The performance of the fund managers is monitored by the Pension Fund Committee every quarter with reference to reports from Hymans Robertson, the Pension Fund investment adviser. If a fund manager's performance is considered inadequate, the fund manager can be replaced.

Insight

4.6 Not Applicable

Social Value

4.7 Membership of the Pension Fund ensures the long-term financial health of contributing employees on retirement.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 The Pension Fund appoints external fund managers to maximise Pension Fund assets in accordance with the Fund investment strategy. The Pension Fund is a long-term investor and short-term volatility of investment return is expected. In the longer term, the appointed fund managers are expected to deliver positive returns in accordance with the Fund benchmarks. The global diversification of the Pension Fund portfolio gives some protection against market volatility. The funding level of the Scheme uses a valuation of the future liabilities discounted using gilt yields. The mismatch between assets held and the method of valuing future liabilities will also result in volatility of funding levels.

6. Legal Implications and Constitution References

6.1 The Council's Constitution – Part 2B section 16 includes within the responsibilities of the Pension Fund Committee.

6.2 Regulation 9 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 provides the power to appoint investment managers. The regulations no longer have a specific reference to monitoring investment managers but state "the authority must reasonably believe that the investment manager's ability in and practical experience of financial matters make that investment manager suitably qualified to make investment decisions for it", Regulation 9(3). Only through periodic monitoring can the Committee achieve this requirement.

7. Consultation

7.1 Not Applicable

8. Equalities and Diversity

8.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

8.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The public sector equality duty requires public authorities in carrying out their functions to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements and monitoring of the Pension Fund's managers will benefit everyone who contributes to the fund.

8.3

9.	Background Papers
9.1	None.

Appendix A- Asset Allocation as at 31 May 2023

	31-Dec-22	Transactions	31-Mar-23	Transactions	31-May-23			Target Allocation	
	£'000	£'000	£'000	£'000	£'000	%	%	%	%
Equities							**51.57%**		**50.00**
LGIM Global	103,425	-107,542	0		0	0.00%		0.00	
LGIM RAFI	184,348		193,092		192,680	13.09%		10.00	
LGIM Future Worlds	268,187	107,542	394,606		399,403	27.13%		25.00	
LCIV Emerging Markets	65,448		67,305		64,922	4.41%		5.00	
LCIV Sustainable Exclusion Equity	39,787		39,652		39,373	2.67%		5.00	
Adams Street Private Equity	66,055	5,328	62,841		62,841	4.27%		5.00	
Property							**5.86%**		**6.00**
Aberdeen Standard Long Lease	35,159		26,753		26,753	1.82%		2.00	
CBRE Global	28,768		31,873		31,948	2.17%		2.00	
Fiera Real Estate Opportunities Fund	28,249	-1,287	27,577		27,577	1.87%		2.00	
Multi Credit Liquid							**12.87%**		**13.00**
Baring Global High Yield	37,976		38,975		39,065	2.65%		3.50	
LCIV MAC	30,043	30,000	60,214		60,869	4.13%		3.50	
Insight Secured Finance	89,530		89,530		89,530	6.08%		6.00	
Corporate Bonds							**7.95%**		**10.00**
Schroder	126,710		117,087		117,087	7.95%		10.00	
Illiquid Alternatives							**17.10%**		**21.00**
Alcentra European Direct Lending	14,281	-283	13,164		13,164	0.89%		1.50	
Partners Group	47,062	-1,120	46,586	-3,114	43,472	2.95%		5.50	
LCIV Private Debt	40,069	1,973	41,797		41,797	2.84%		4.00	
Barings Special Situations Debt	24,153	1,567	35,586		35,586	2.42%		2.00	
LCIV Renewables Infrastructure	15,390	1,987	17,896	1,810	19,706	1.34%		3.00	
IFM Global Infrastructure	78,558		98,001		98,001	6.66%		5.00	
Cash	102,905		64,901		68,323	4.64%	**4.64%**	0.00	**0.00**
Total	**1,426,103**	**38,165**	**1,467,436**	**(1,304)**	**1,472,097**	**100%**	**100.00%**	**100.00**	**100.00**

Due to report timings, there will be small valuation differences with Hymans reports

Prior month valuations are adjusted for cash and foreign exchange rate movements

London Borough of Barnet Pension Fund

Q1 2023 Investment Monitoring Report

Nick Jellema – Senior Investment Consultant
Yoel Deal – Investment Consultant
Tianna Patel – Senior Investment Analyst
Jiazhe Lee – Investment Analyst

HYMANS ROBERTSON

Executive Summary

Fund assets totalled c.£1,472m at the end of Q1 2023, an increase of c.£39m from the end of the previous quarter.

The Fund's assets returned 2.3% (net of fees) over the quarter, underperforming the benchmark by c.1.2%.

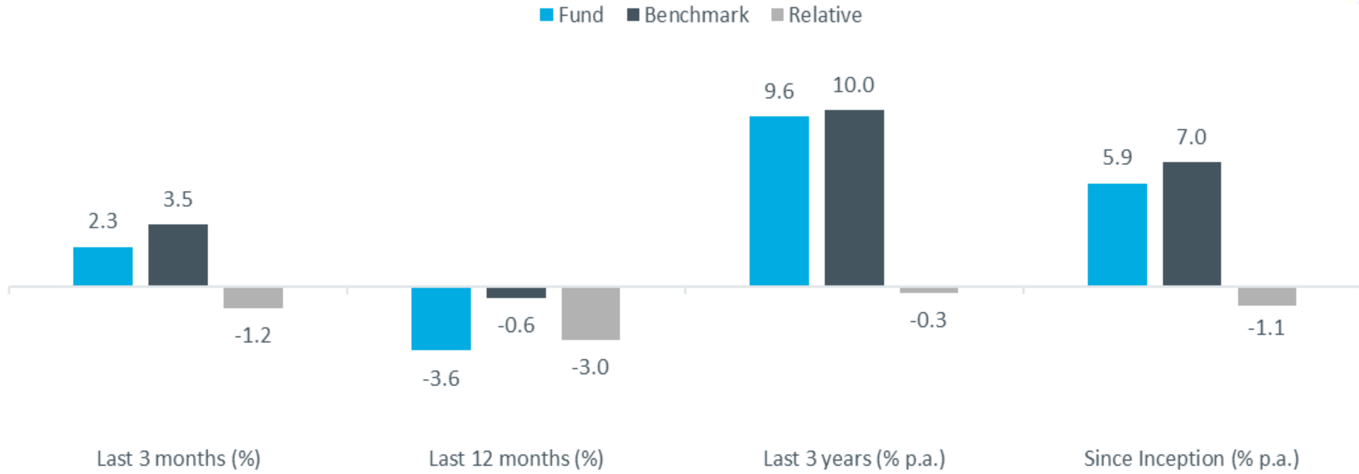
Key Actions

The following transitions took place over the quarter:

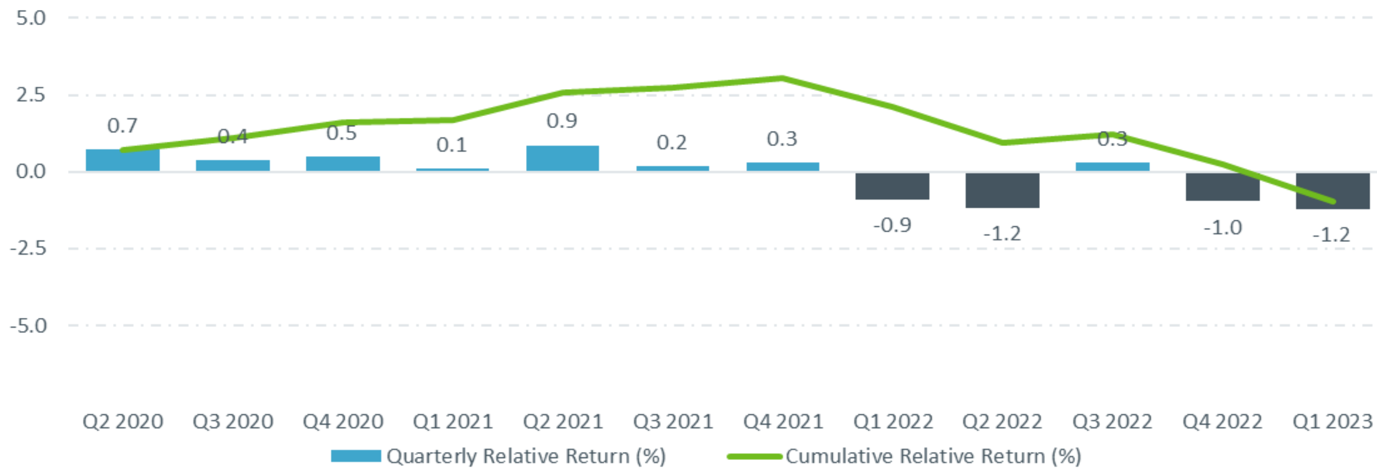
- An investment of c.£18.5m into the Allianz Trade Finance fund; and
- An investment of c.£22m and c.£34m into the LGIM Future World Global Equity Index GBP Hedged and Unhedged funds respectively – funded by an equal disinvestment from the LGIM RAFI Carbon Pathway Index fund and LGIM passive market-cap funds as part of the ongoing phased transition.

Over the quarter the following funds continued to call capital from the Fund's commitments: Adams Street Global 2019, Adams Street Global Secondaries, LCIV Private Debt, LCIV Renewable Infrastructure, LCIV MAC and Barings Global Special Situations Credit.

Historic quarterly performance (net of fees)



Relative quarterly and relative cumulative performance 3yr (net of fees)



HYMANS ROBERTSON

The Q1 23 valuation for Alcentra Direct Lending, Adams Street, CBRE Global Alpha and Barings Global Special Situations are as at Q4 22, due to a lag applied by the manager. Where applicable the valuations are adjusted for cash movements post quarter end.

With the final tranche of transitions conducted on 7 March 2023, all of the disinvestment proceeds from the LGIM passive market-cap funds have been fully transitioned to the new funds: LGIM Future World and LCIV Sustainable Exclusion. The allocations to the LGIM passive funds are now in line with the strategic allocation at 0%. A final transition remains, from LGIM RAFI Carbon Pathway Index fund to LCIV Sustainable Exclusion to bring that allocation up to the desired 5% target.

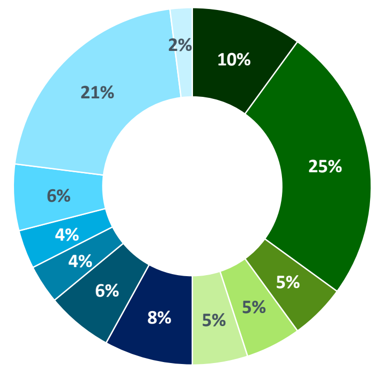
The Officers have developed a Cash management policy to address the high cash balance.

The allocation chart shows a diverse range of assets invested across Growth and Income mandates.

Asset allocation

Manager	Valuation (£m) Q4 2022	Valuation (£m) Q1 2023	Actual Proportion	Benchmark	Relative
LGIM RAFI Carbon Pathway Index GBP Hdgd	184.4	193.2	13.1%	10.0%	3.1%
LGIM Future World Global Equity Index	120.8	170.1	11.6%	10.0%	1.6%
LGIM Future World Global Equity Index GBP Hdgd	147.5	224.7	15.3%	15.0%	0.3%
LCIV Sustainable Exclusion Global Equity	39.8	39.7	2.7%	5.0%	-2.3%
LGIM UK Equity Index	5.2	0.0	0.0%	0.0%	0.0%
LGIM World ex UK Dev Equity Index	54.3	0.0	0.0%		
LGIM World ex UK Dev Equity Index GBP Hdgd	38.5	0.0	0.0%		
LGIM World Emerging Markets Equity Index	5.5	0.0	0.0%		
LCIV Emerging Markets Equity	65.4	67.3	4.6%	5.0%	-0.4%
Adams Street 2019 Global	53.7	53.1	3.6%	5.0%	-0.6%
Adams Street Global Secondaries	9.9	11.6	0.8%		
Total Growth	**725.2**	**759.6**	**51.6%**	**50.0%**	**1.6%**
IFM Global Infrastructure	97.2	98.2	6.7%	5.0%	1.7%
LCIV Renewable Infrastructure	15.4	17.9	1.2%	3.0%	-1.8%
Standard Life Long Lease Property	28.4	26.8	1.8%	2.0%	-0.2%
CBRE Global Alpha	32.9	32.9	2.2%	2.0%	0.2%
FREOF V	28.8	27.6	1.9%	2.0%	-0.1%
Barings Multi-Credit	38.0	39.0	2.6%	3.5%	-0.9%
LCIV MAC	30.0	60.2	4.1%	3.5%	0.6%
Insight Secured Finance	89.9	91.8	6.2%	6.0%	0.2%
Schroder All Maturities Corporate Bond	113.7	117.1	8.0%	10.0%	-2.0%
Alcentra Direct Lending	13.5	13.0	0.9%	1.5%	-0.6%
Partners Group MAC 2015	4.1	4.1	0.3%	0.0%	0.3%
Partners Group MAC 2017	13.5	13.1	0.9%	3.0%	-2.1%
Partners Group MAC V	29.7	29.3	2.0%	2.5%	-0.5%
LCIV Private Debt	40.1	41.8	2.8%	4.0%	-1.2%
Barings Global Special Situations Credit	33.2	34.8	2.4%	2.0%	0.4%
Total Income	**608.4**	**647.6**	**44.0%**	**50.0%**	**-6.0%**
Allianz Trade Finance	0.0	18.5	1.3%	0.0%	1.3%
Pemberton Trade Finance	0.0	0.0	0.0%	0.0%	0.0%
Cash	99.0	46.2	3.1%	0.0%	3.1%
Total Fund	**1,432.6**	**1,471.9**	**100.0%**	**100.0%**	**0.0%**

Strategic allocation



- RAFI 10%
- Global Equity 25%
- Global Active ESG Equity 5%
- Emerging Markets 5%
- Private Equity 5%
- Infrastructure 8%
- Property 6%
- Multi-Credit 4%
- ABS 4%
- Corporate Bonds 6%
- Private Debt 21%
- Distressed Debt 2%

Source: Investment Managers.

The table shows a summary of the Fund performance, net of investment management fees, over selected time periods.

Benchmark Indicator

◆ Market-based

■ Cash-based / Absolute return

Details of the managers' benchmarks can be found in the Appendix.

'UNDER THE SPOTLIGHT':
To focus discussion, the contents of the remaining slides relate to a selection of funds whose performance is of particular interest this quarter:

The Q1 23 performance for Alentra Direct Lending, CBRE and ASP, are as at Q4 22, due to a lag applied by the manager. Hymans Robertson estimate the performance numbers for Alcentra Direct Lending, Adams Street Partners 2019 Global, Adams Street Partners Global Secondaries, LCIV Renewable Infrastructure, LCIV Private Debt, IFM Global Infrastructure and Barings Global Special Situations Credit mandates. As such these may differ to the managers' net IRRs.

Manager performance (net of fees)

		Last 3 months (%)			Last 12 months (%)			Last 3 years (% p.a.)			Since Inception (% p.a.)		
		Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth													
LGIM RAFI Carbon Pathway Index GBP Hdgd	◆	4.7	4.6	**0.1**	-1.0	-1.4	**0.4**	19.2	19.0	**0.2**	8.0	8.0	**0.0**
LGIM Future World Global Equity Index	◆	4.9	4.9	**0.0**	-1.1	-1.2	**0.2**	n/a	n/a	**n/a**	5.4	5.2	**0.2**
LGIM Future World Global Equity Index GBP Hdgc	◆	7.1	7.1	**0.0**	-6.1	-6.2	**0.1**	n/a	n/a	**n/a**	1.2	1.1	**0.1**
LCIV Emerging Markets Equity	◆	2.8	1.1	**1.7**	-1.1	-4.9	**4.0**	10.9	7.9	**2.7**	4.9	2.3	**2.5**
LCIV Sustainable Exclusion Global Equity	◆	-0.4	4.8	**-5.0**	-7.7	-1.0	**-6.8**	n/a	n/a	**n/a**	-1.9	4.4	**-6.0**
Adams Street 2019 Global	◆	-12.4	3.0	**-14.9**	-34.8	-3.9	**-32.2**	31.5	12.1	**17.3**	42.7	12.0	**27.4**
Income													
IFM Global Infrastructure	■	1.0	1.9	**-1.0**	15.8	8.0	**7.2**	13.2	8.0	**4.8**	13.4	8.0	**5.0**
LCIV Renewable Infrastructure	■	7.6	1.7	**5.8**	34.3	7.0	**25.5**	n/a	n/a	**n/a**	21.6	7.0	**13.7**
Standard Life Long Lease Property	◆	-5.9	2.5	**-8.2**	-21.9	-14.1	**-9.0**	-2.6	-7.1	**4.9**	-0.8	-3.0	**2.3**
CBRE Global Alpha	■	-6.8	2.2	**-8.8**	9.7	9.0	**0.7**	5.7	9.0	**-3.0**	6.1	9.0	**-2.6**
FREOF V	■	0.5	2.9	**-2.3**	0.2	12.0	**-10.5**	n/a	n/a	**n/a**	3.1	12.0	**-8.0**
Barings Multi-Credit	■	2.6	2.0	**0.6**	-4.8	6.6	**-10.7**	7.1	5.7	**1.3**	3.0	5.7	**-2.6**
Insight Secured Finance	■	2.1	1.9	**0.1**	1.6	6.3	**-4.5**	5.0	4.9	**0.1**	2.9	4.8	**-1.8**
Schroder All Maturities Corporate Bond	◆	2.8	2.4	**0.4**	-12.1	-10.3	**-2.1**	-3.0	-3.1	**0.0**	3.8	3.5	**0.3**
Alcentra Direct Lending	■	-0.2	1.7	**-1.9**	1.2	7.0	**-5.5**	3.4	7.0	**-3.4**	5.4	7.0	**-1.5**
Partners Group MAC 2015	■	1.2	1.9	**-0.7**	-6.5	6.3	**-12.1**	2.1	5.5	**-3.2**	6.4	5.3	**1.0**
Partners Group MAC 2017	■	0.9	1.9	**-1.0**	6.0	6.3	**-0.3**	6.1	5.5	**0.6**	4.6	5.3	**-0.7**
Partners Group MAC V	■	1.5	1.9	**-0.4**	3.5	6.3	**-2.7**	7.0	5.5	**1.5**	4.7	5.4	**-0.7**
LCIV Private Debt	■	-2.3	1.5	**-3.7**	12.3	6.0	**5.9**	n/a	n/a	**n/a**	8.6	6.0	**2.5**
LCIV MAC	■	2.1	2.0	**0.0**	n/a	n/a	**n/a**	n/a	n/a	**n/a**	2.2	2.7	**-0.5**
Barings Global Special Situations Credit	■	0.4	3.3	**-2.7**	2.3	13.8	**-10.1**	n/a	n/a	**n/a**	12.2	13.8	**-1.4**
Total		**2.3**	**3.5**	**-1.2**	**-3.6**	**-0.6**	**-3.0**	**9.6**	**10.0**	**-0.3**	**5.9**	**7.0**	**-1.1**

Source: Fund performance provided by Investment Managers and is net of fees. Benchmark performance provided by Investment Managers and DataStream. Please note the Fund has a substantial amount of transitions activity over the quarter, which was a period of heightened market volatility. Reasonable endeavours have been made to ensure the performance data is accurate. However, there may be a lower level of accuracy in the performance data, as a result of this significant increase in transition activity.

Global growth has surprised positively in Q1 with resilient labour market and falling energy prices, improving the outlook for consumers and businesses. Forecasted 2023 GDP growth was revised higher in most developed economies, while recession in the UK is now forecasted to be shorter and shallower than previously expected.

The European Central Bank (ECB), Bank of England (BoE) and Federal Reserve (the Fed) continued to announce rate hikes. The BoE and the Fed both raised policy rates by 0.25% p.a., to 4.25% p.a. and 5.0% p.a. respectively. The ECB raised rates by a larger 0.50% p.a., to 3.50% p.a.

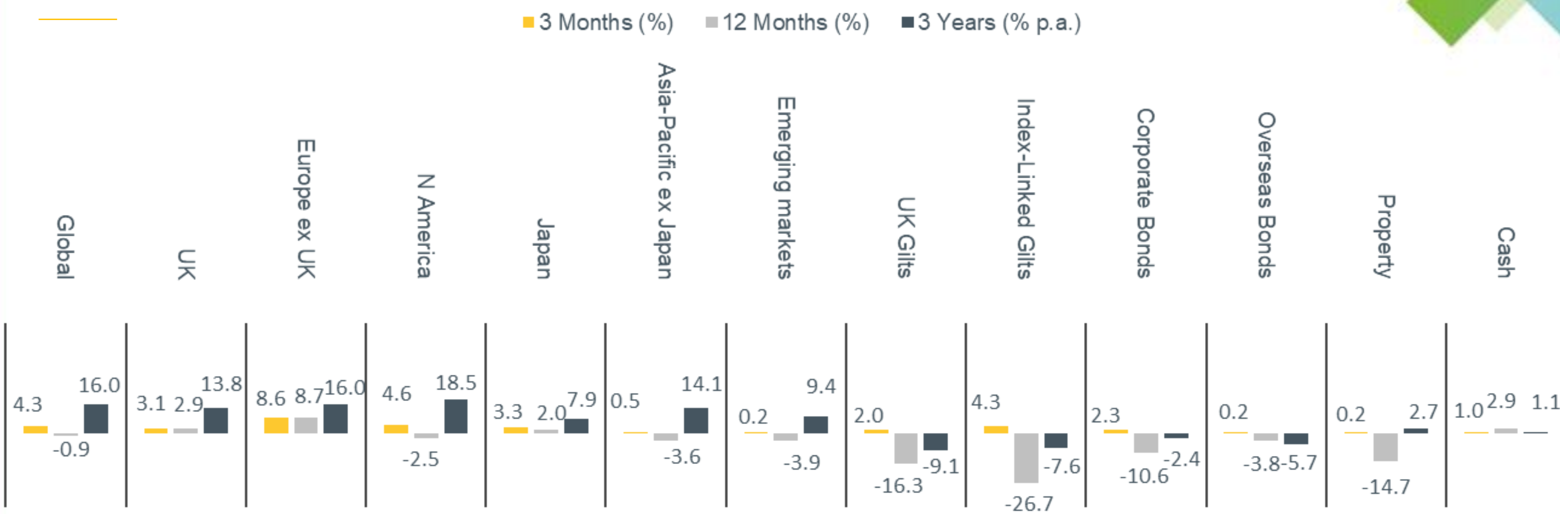
Year-on-year headline CPI inflation in the US and Eurozone fell to 6.0%, and 8.5%, respectively, as the UK measure rose to 10.4%. The equivalent core measures fell to 5.5% in the US as the UK and Eurozone measures rose to 6.2% and 5.6% respectively.

UK 10-year implied inflation is 3.8% p.a., 0.2% above end-December levels.

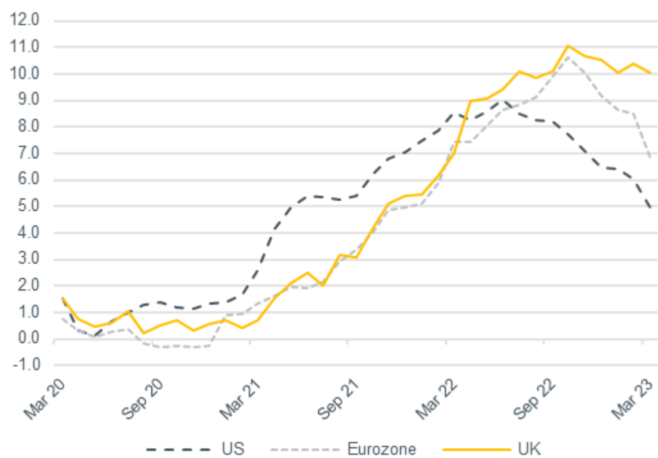
The US dollar gave back some of its February gains, falling 0.9% in trade-weighted terms over the quarter. Equivalent sterling, euro and yen measures rose 1.8%, 0.6% and 0.1%, respectively.

The MSCI UK Monthly Property Total Return Index ended consecutive falls and returned to positive territory in March, despite still declining -14.7% year-on-year. Capital values have also fallen 19% over the last 12 months, with the most pronounced declines being in the industrial sector.

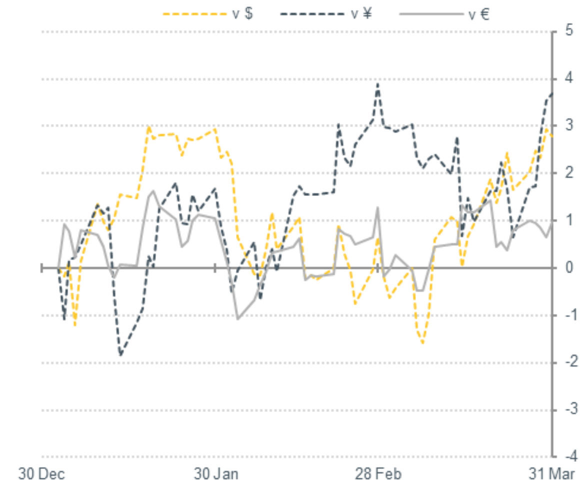
Historic returns for world markets [1]



Annual CPI Inflation (% p.a.)



Sterling trend chart (% change)



Source: DataStream. [1] Returns shown in Sterling terms. Indices shown (from left to right) are: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, ICE BofA Global Government Index, MSCI UK Monthly Property; UK Interbank 7 Day

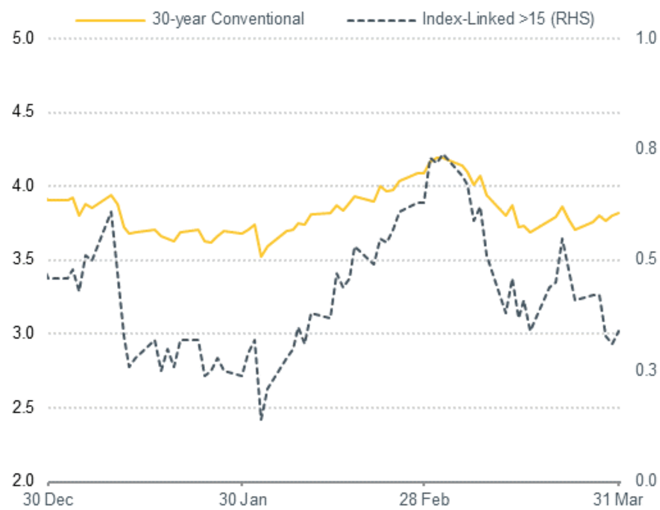
The S&P GSCI Commodity Spot Price Index ended March 5.9% below end-December levels, primarily driven by a decline in energy prices.

Bonds have been volatile over the quarter, rallying in January, posting losses in February and rallying again in March after investor flight to safety due to stresses in the banking sector. As a result, UK 10-year gilt yields ended the period at 3.5% p.a., 0.2% p.a. below end-December levels. Equivalent US yields fell 0.4% p.a., to 3.5% p.a., and Germans yields fell 0.3% p.a. to 2.3% p.a.

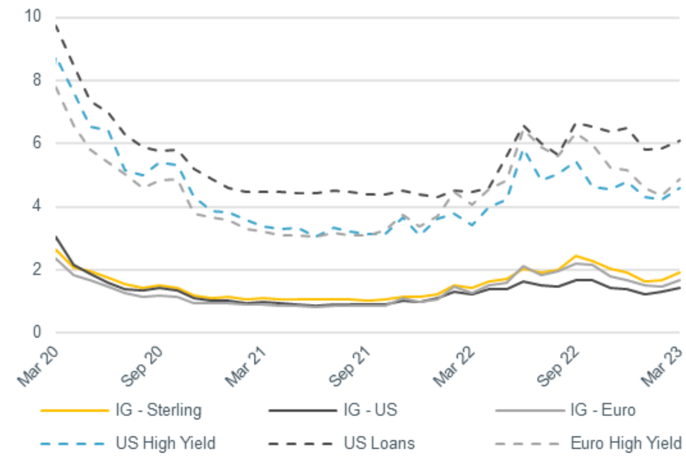
Credit had positive returns due to falling sovereign bond yields. Global investment-grade credit spreads widened 0.1% p.a. to 1.5% p.a. while speculative-grade credit spreads narrowed 0.1% p.a. to 5.0% p.a.

The FTSE All World Total Return Index rose 7.0%, buoyed by the support lent to stocks from resilient economic data which, together with high core inflation, led to investors reassessing interest rate expectations in higher for longer. The improvement in consumer and business sentiment in Europe, on the back of lower gas prices, led European equities to outperform. Growth stocks outperformed value stocks over the quarter, as falling bond yields supported the former while the latter were weighed down by stresses in the banking sector. By sector, energy, healthcare and financials were the worst underperformers.

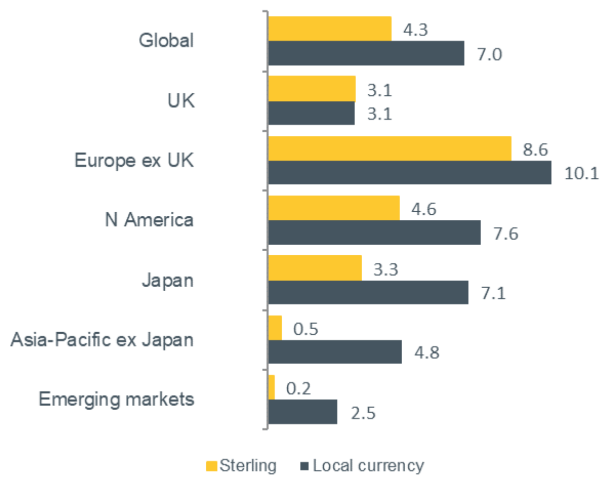
Gilt yields chart (% p.a.)



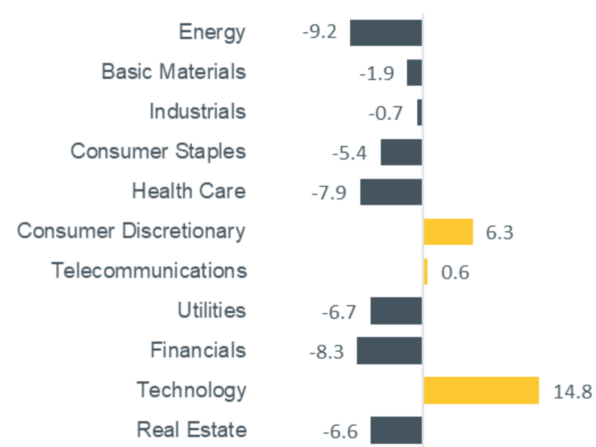
Investment and speculative grade credit spreads (% p.a.)



Regional equity returns [1]



Global equity sector returns (%) [2]



Source: DataStream, Barings, ICE [1] FTSE All World Indices. Commentary compares regional equity returns in local currency. [2] Returns shown in Sterling terms and relative to FTSE All World.

Risk warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

Hymans Robertson LLP and our group companies have a wide range of clients some of which are fund managers, who may be parties in our recommendations to you in various circumstances including but not limited to manager selection, moving money to or from a manager or supporting retention of or disinvestment from a manager. We have a research team that advises on shortlisting fund managers in manager selection exercises and forming views on managers, which is separate from our client and other relationships with fund managers and therefore we do not believe there will be a conflict that would influence the advice given.

Geometric v arithmetic performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:

$$\frac{(1 + Fund\ Performance)}{(1 + Benchmark\ Performance)} - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

$$Fund\ Performance - Benchmark\ Performance$$

The geometric return is a better measure of investment performance when compared to the arithmetic return, to account for potential volatility of returns.

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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AGENDA ITEM 8

Pension Fund Committee
4 July 2023

Title	**Pooling Update**
Date of meeting	4 July 2023
Report of	Executive Director of Strategy & Resources (S151 Officer)
Wards	N/A
Status	Public
Urgent	No
Appendices	None
Officer Contact Details	David Spreckley, Head of Pensions and Treasury – 020 8359 6264 – david.spreckley@barnet.gov.uk

Summary

The report provides an overview of Barnet's Pooling activity including details of:

- Assets invested in Pooled Funds and the future direction of how our total pooled assets will evolve going forward
- London CIV's policies around NetZero and Responsible Investment
- Performance of London CIV Funds
- Regulatory changes
- Barnet Team engagement with London CIV

Recommendations

That the Pension Fund Committee notes the importance of pooling and the update provided by Officers.

1. Why This Report is Needed

1.1 In November 2015 the government published guidance for LGPS Funds to pool their assets with the objective of improving governance and cost efficiency. The guidance is linked here.

1.2 London CIV is our Pooling vehicle and is a key strategic partner. This paper provides an update on our activity with London CIV and pooling more generally (our assets held with LGIM are also classified as pooled funds).

1.3 Note that London CIV attended and presented to the Committee on 22 March 2023 and a detailed paper setting further context of London CIV and pooling in general was provided as a cover report for that meeting. The relevant paper can be accessed here

Proportion of assets Pooled

1.4 A summary of our asset holdings split into LCIV, LGIM and Other assets is shown below. Over the 12-months since 31 March 2022 our proportion of assets held in pooled assets has increased from c50% to c55%. A summary of the change in position from 31 March 2022 to 31 March 2023 is provided int the table below:

£m	31-Mar-22	%	31-Mar-23	%
London CIV	146.50	9.8%	226.90	15.4%
LGIM (pooled)	603.80	40.3%	588.00	39.9%
Balance	748.70	49.9%	657.00	44.6%
Total	1,499.00		1,471.90	

Future Allocation to Pooled assets

1.5 We have undertaken a strategic review of our underlying asset allocation and this is being considered within a separate item at the 4 July 2023 PFC meeting. We have recommended to the Committee that we move 20% of our liquid listed equity allocation to liquid credit. Now that review has been concluded we will be focusing time on reviewing our underlying fund managers through a NetZero and pooling lens.

1.6 The proposed move from liquid equity to credit would initially (marginally) reduce our allocation to pooled assets (as we would be reallocating a part of our pooled LGIM and London CIV assets to our existing Schroders fund which is not pooled). However, we are in progressed discussions with London CIV around a new longer duration, less actively managed "buy and maintain" bond fund which, in time, is likely to be more suitable for our requirements relative to the Schroders Bond fund. We therefore expect our allocation to pooled assets to substantially increase by the end of this year.

1.7 There is likely to be an increased focus on pooling from a central government guidance and, eventually, regulatory perspective. Pursuing strategies that do not dovetail with the wider pooling project may mean we are eventually compelled to take action without building the level of soft and hard influence that being a 'positive' pooling partner is likely to bring.

1.8 Building on this last point, being a positive voice for the London CIV is part of an overall strategy of ours to build more influence within the pooling framework and have a 'seat at the table'. This is consistent with an objective of wanting to be a Leading Voice.

Pooling and Net Zero

1.9 London CIV have invested significant time in considering their NetZero strategy and made the following statement within their latest TCFD report:

"Accordingly, we committed to net zero GHG (Green House Gas) emissions by 2040, becoming the first Local Authority pension pool to do so. To achieve this, the progress which will be made over the next ten years is critical. We have set interim targets which require an average carbon intensity reduction of 35% by 2025 (relative to 2020), and of 60% by 2030 across funds invested via the London CIV Fund range. Of course, we recognise that the targets of our client funds may vary. As such, our role as a local authority pension pool is to provide investment solutions which help our 32 clients meet their own net-zero or climate objectives"

1.10 More details about London CIV's NetZero thinking (including their Climate Change policies and TCFD report) can be found here.

1.11 Over the next three years there will likely be increased efforts from Investment Managers generally to increase market share through offering NetZero "solutions" – there is already evidence of some LGPS funds diverging from the pooling agenda in the name of achieving a "Net Zero" position – this is likely to be a net negative net zero strategy and we should avoid being too individualistic in our solutions.

1.12 We are likely to achieve better NetZero outcomes overall by prioritising pooling over NetZero – this is consistent with our principle of wishing to be a "leading voice" around the NetZero agenda.

1.13 That said, 2030 is an important NetZero milestone date for the Barnet Pension Fund and we will use our BarNetZero Model Portfolio to work with London CIV to develop NetZero solutions which anchor more towards a 2030 position whilst at the same time being a vocal supporter of London CIV.

Pooling and wider ESG considerations

1.14 The London CIV define their Stewardship Priorities within their 2023 Stewardship Report as follows:

"London CIV remains committed to the three key stewardship themes that were identified in 2021: climate change, diversity and inclusion (including human rights), and tax and cost transparency (within the broader theme of principles of governance). These priorities were chosen due to their significant financial impact and the potential influence we can exert. In 2021, we released our first Climate Policy, outlining our expectations of our Client Funds and other stakeholders. In 2022, we published our Voting Guidelines, setting standards for our portfolio companies' climate, diversity and inclusion, and governance practices. We also partnered with CACEIS in January 2022 to provide improved cost transparency and benchmarking information."

1.15 London CIV will form a key pillar in our overall Responsible Investment strategy as investing through the London CIV maximises our reach and influence from a Stewardship perspective. For example, we have seen through attending Seed Investor Group meetings that ESG plays a key role in LCIV fund selections and monitoring processes.

1.16 As we progress with the development of our Responsible Investment strategy we will seek to leverage the expertise of LCIV to shape both our NetZero strategy and our overall Stewardship reporting framework.

1.17 A link to London CIV's Stewardship Report is [here]

Performance of LCIV Funds

1.18 Over the last 12-months our London CIV Funds have generally performed in excess of their benchmarks, apart from the London CIV Sustainable Exclusion Fund, which has significant holdings in the Financial and Banking sectors (which have generally underperformed).

1.19 Specifically, over the 12-month period from 1 April 2022 the Sustainable Exclusion Fund had direct exposure to both Silicon Valley Bank (which failed) and First Republic Bank (which was rescued) and both these holdings have contributed to the relatively poor performance of the Fund. Note that the Sustainable Exclusion Fund sold its holding in Silicon Valley Bank before it failed, but still suffered losses. Conversely, the Renewable Infrastructure Fund has performed significantly better than its benchmark.

1.20 Barnet Pension Team analysis suggests that the weighted average return of our London CIV Funds over the last 12-months has been around 1% to 2% relative to an average Benchmark return of around negative 1% (note these figures are approximate as some funds have received new contributions which distorts the calculations and excludes the LCIV MAC fund which is a new investment over 2022/23).

1.21 A summary of each Fund's performance relative to its Benchmark over the period 1 April 2022 to 31 March 2023 (sourced from Hymans) is provided below:

£m	Benchmark Return	Fund Return	Value at 31 March 2023
LCIV Emerging Markets	-4.90%	-1.10%	68.1
LCIV Sustainable Exclusion	-1.00%	-7.70%	42.9
LCIV Renewable Infrastructure	7.00%	34.30%	11.10
LCIV Private Debt	6.00%	12.30%	24.4
LCIV MAC (new Fund 22/23)	n/a	n/a	n/a
Total			146.5

Regulatory changes

1.22 The following statement was made within the 2023 Spring Budget:

"The government is challenging the Local Government Pension Scheme in England and Wales to move further and faster on consolidating assets – a forthcoming consultation will propose LGPS funds transfer all listed assets into their pools by March 2025, and 96 Spring Budget 2023 set direction for the future. This may include moving towards a smaller number of pools in excess of £50 billion to optimise benefits of scale. While pooling has delivered substantial benefits so far, progress needs to accelerate to deliver and the government stands ready to take further action if needed. The Government will also consult on requiring LGPS funds to consider investment opportunities in illiquid assets such as venture and growth capital, thereby seeking to unlock some of the £364 billion of LGPS assets into long-term productive assets"

1.23 Further guidance on this will be published in due course, but the above statement is broadly consistent with Barnet's overall attitude to pooling.

Officer engagement with London CIV

1.24 Over the last 6-months or so the London CIV team have invested significant time with the Barnet Pension Team and we have had several sessions exploring our strategy including with our advisors.

1.25 This investment has led to real progress in us reaching a mutual understanding of how we can move forward in a way that drives value for both the London CIV and Barnet (and therefore also the London LGPS community as a whole). For example, through this dialogue we have made significant progress on the development of London CIV fund Sterling Credit Long Bond fund which we will likely be recommending to the Committee in November 2023.

1.26 Since that meeting we have attended two Seed Investment sessions where we have worked with London CIV to design a suitable fund structure that meets our needs and works with the requirements of other Funds as well – i.e. there has been progress in the spirit of collective interests which we believe will achieve positive outcomes for Barnet and London more generally.

1.27 Members of the committee have attended London CIV events in order to show our commitment and to establish greater personal and professional relationships with London CIV personnel.

2. Alternative Options Considered and Not Recommended

2.1 Not applicable in the context of this report.

3. Post Decision Implementation

3.1 Not applicable in the context of this report.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 The Pension Fund Committee supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, by careful monitoring of the Pension Fund activities with a view to ensuring the overall sustainability of the Pension Fund.

4.2 Sustainability of the Pension Fund is a crucial pillar in allowing the council to fulfil its wider objectives.

4.3 The Pension Fund is also developing its NetZero and Stewardship policies which feed into the wider objectives around Planet, Places and People.

Corporate Performance / Outcome Measures

4.4 Not applicable in the context of this report.

Sustainability

4.5 London CIV is a key stakeholder as we progress out ESG and NetZero policies.

Corporate Parenting

4.6 Not applicable in the context of this report.

Risk Management

4.7 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

Insight

4.8 Not applicable in the context of this report.

Social Value

4.9 Not applicable in the context of this report.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 Risks that are not mitigated or managed can have a financial penalty to the Fund.

6. Legal Implications and Constitution References

6.1 Government Guidance around the pooling requirements is linked in the body of this report.

6.2 The Council's Constitution – Part 2B section 15 includes within the responsibilities of the Pension Fund Committee.

6.3 The terms of reference for the committee includes:
"To have responsibility for all aspects of the governance, investment and administration of the LB Barnet Pension fund, including, but not limited to the following:
To ensure compliance with all Local Government Pension Scheme statutes, regulations and best practice."

7. Consultation

7.1 Not applicable in the context of this report.

8. Equalities and Diversity

8.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

8.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public sector equality duty. The Public Sector Equality Duty requires public authorities in

	carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.
9.	**Background Papers**
9.1	London CIV attended and presented to the Committee on 22 March 2023 and a detailed paper setting further context of London CIV and pooling in general was provided as a cover report to within that meeting. The relevant paper can be accessed here

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Pension Fund Committee

4 July 2023

Title	Investment Strategy and Manager Appointments
Date of meeting	4 July 2023
Report of	Executive Director of Strategy and Resources (S151 officer)
Wards	N/A
Status	Public
Urgent	No
Appendices	Appendix 1- Summary of Outstanding Transactions Appendix 2 – Barnet Briefing paper on Consolidating the Surplus Appendix 3 – Hymans Strategy Review paper (Exempt) Exempt enclosures - Not for publication by virtue of paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended (information relating to the financial or business affairs of any particular person (including the authority holding that information)).
Officer Contact Details	Adam McPhail, Finance Manager, 0208 359 7639 adam.mcphail@barnet.gov.uk

Summary

This report provides a summary of the investment transactions made in the 3 months from February 2023 to May 2023, and an overview of the planned investment transactions in 2023.

Recommendations

1. **In order to consolidate the Fund's surplus position the Committee is asked to agree to the recommendation to switch the Fund's Strategic Allocation from 50% growth assets / 50% income assets to 30% growth assets / 70% income assets.**

2. **The Pension Fund Committee note other investment transactions that have occurred so far in 2023, and the further planned transactions for 2023.**

1. Reasons for the Recommendations

1.1 Acting in its capacity as Administering Authority to the Barnet Pension Fund, it is the responsibility of London Borough of Barnet to ensure that the Pension Fund complies with legislation and effectively manages the Fund's financial affairs.

1.2 The matters covered in this paper are:

- A recommendation to amend the Fund's strategic allocation between Income and Growth assets
- Investment transactions that have occurred in February 2023 to May 2023
- The planned further investment transactions in 2023 (in addition to the strategic move recommended

Strategic Allocation

1.3 At the 22 March 2023 Pension Fund Committee meeting, Officers notified the Committee that they would be working with their advisors to review the Fund's strategic asset allocation, in particular, because the level of return that could be achieved through a "risk free" government bond has increased substantially (reflecting the general increase in interest rates witnessed globally). Because the level of risk free return on government bonds have increased, the return available on other bond like assets has also increased – i.e. we may now be able to achieve a more stable level of return for a given level of risk.

1.4 We have concluded this review and now propose to move 20% of our assets from our liquid assets held with LGIM and London CIV and investment them towards our Schroder and London CIV liquid credit Funds. A briefing cover paper and Hymans report (exempt) is included as appendices to this paper and both provide greater detail on the rationale and considerations around this proposal.

1.5 However, in summary, the analysis shows that our Funding Level has increased substantially (estimated at around 115% at 31 March 2023 from 95% at 31 March 2022) and the proposed recommendation reduces our downside risk (at a 1 in 20 assessment) over a three-year period by £80m and marginally increases the probability that we will remain fully funded in 20 years – i.e. the proposal's primary rationale is to consolidate our surplus position.

1.6 We may utilise our Trade Finance Funds to facilitate transition and manage overall transaction costs.

1.7 As a next phase we will be providing a more in-depth review of our Fund to finesse our risk / return position within the 30% Growth / 70% Income allocation and also to reflect our desire to increase assets with the London CIV (where appropriate) and also to recognise our NetZero and wider ESG objectives.

Investment Transactions from February 2023 to May 2023

1.8 Below is a summary of the investments made by the Pension Fund from February 2023 to May 2023:

Fund Name	Amount Invested

LGIM Future Worlds (Hedged)	64.525m
LGIM Future Worlds (Unhedged)	43.017m
LCIV Renewable Infrastructure	2.841m
Barings Special Situations	1.568m
Adams Street Private Equity 2019	3.531m
Adams Street Secondaries	1.797m
Allianz ALWOCA	18.500m
Pemberton Trade Finance Fund	18.500m
Total	**£154.279m**

1.9 Below is a summary of the disinvestments the Pension Fund made from February 2023 to May 2023:

Fund Name	**Amount Disinvested**
LGIM UK Equity Index	5.478m
LGIM World ex UK Dev Equity Index	56.250m
LGIM World EM Equity Index	5.525m
LGIM World ex UK Dev Equity Index (Hedged)	40.288m
Fiera Real Estate	1.287m
Alcentra European Direct Lending	0.283m

Partners MAC 2015	0.673m
Partners MAC 2017	1.453m
Total	**£111.237**

Planned Investment Transactions for 2023

1.10 The Pension Fund has a number of investments where the commitments have not been fully drawn. Whilst fund managers do not provide a detailed schedule as to the scale and timings of the remaining drawdowns, it is expected that the majority of these funds will be invested during 2023.

1.11 The Pension Fund also has a new investment into LCIV Global ESG Bonds (agreed at December 2021 meeting) with an original commitment of 5% of assets towards that Fund. The proposed strategic allocation would increase our allocation to this Fund to 15% of the Pension Fund's assets.

1.12 To fund these new investments, the Pension Fund is also expected to make a variety of disinvestments from a number of funds. The timing of these disinvestments will depend on the timing of the drawdowns mentioned above; as a result it is expected that the majority of these disinvestments will occur in 2023.

1.13 Appendix 1 shows a summary of these outstanding transactions, with expected timings, methods, drivers, and funding sources (under the current 50% equity / 50% growth allocation).

2. Alternative Options Considered and Not Recommended

2.1 As you will see from the Hymans report, Officers considered a range of other allocation profiles between 30% Income / 70% Income and 50% Growth / 50% Income. The proposal represents the optimal amongst the range considered. We did not want to consider allocations of equity lower than 30% as we feel it is important to retain a meaningful exposure to growth assets.

2.2 We also considered whether we could utilise Index-linked gilt funds to facilitate the transition but felt that the governance and delegations required to set a gilts fund up would not enable us to do this before the 4 July meeting when we needed to make the proposal. Utilising an Index-linked gilt fund may reduce transition risk (particularly around interest rate exposure).

3. Post Decision Implementation

3.1 None

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 The current corporate plan (Barnet Plan 2023-2026) was adopted in February 2023.

4.2 Effective monitoring of the Pension Fund's investment performance will ensure that long term investment targeted returns are achieved and will provide support towards the Council's corporate priorities.

Corporate Performance / Outcome Measures

4.3 This report allows the committee to have oversight of the investment transactions of the Pension Fund.

Sustainability

4.4 Not applicable in the context of this report

Corporate Parenting

4.5 Not applicable in the context of this report.

Risk Management

4.6 Risk management is central to the LGPS; which are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met.

4.7 Understanding the causes of sources and variabilities of scheme returns informs the management of investment and funding risk.

Insight

4.8 Not applicable in the context of this report

Social Value

4.9 The Public Services (Social Value) Act 2012 came into force on 31 January 2013. It requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.

4.10 Before they start the procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

4.11 The Act is a tool to help commissioners get more value for money out of procurement. It also encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems.

4.12 There are no specific social value issues arising out of this report, however membership of the Pension Fund ensures the long-term financial health of contributing employees on retirement.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 There are no direct resources issues for the council however changes in the financial performance of the pension fund affects the pension fund deficit reflected in the Authority's accounts and the level of contributions payable by the Council and other employers.

6. Legal Implications and Constitution References

6.1 The Council's Constitution - Part 2B - Terms of Reference & Delegation of Duties to Committees and Sub-Committees includes in the Terms of Reference for the Pension Fund Committee the repsonsibility for the review and challenge at least quarterly the performance of the Pension

	Fund's investments taking into consideration the benchmarks and targets set out in the Investment Strategy Statement and investment management contracts and to consider advice from the investment advisor(s). (https://barnet.moderngov.co.uk/documents/s78121/Part%202B%20and%202C%20-%20Terms%20of%20Reference%20of%20Committees.pdf p.20). The Council's Constitution – Article 7 – includes within the responsibilities of the Pension Fund Committee, (1) the approval of the Investment Strategy Statement and to act in accordance with its principles and (2) the appointment of investment managers. This paper considers alterations to the asset allocation set out in the ISS.
7.	**Consultation**
7.1	Not required
8.	**Equalities and Diversity**
8.1	Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.
9.	**Background Papers**
9.1	All recent Committee meetings have included an agenda item on investment strategy.

Consolidating our Pension Surplus

June 2023

NOTE: Analysis undertaken by Hymans focused on the non-MDX obligations as we are potentially considering a separate investment strategy for MDX obligations. However, having consulted with Hymans, they would be comfortable extrapolating the conclusions to the whole of Fund including MDX. We are having separate discussions with MDX around their investment strategy reflecting their specific risk profile, but we would not want to have a strategy for MDX that was intrinsically more risky than for the rest of the Fund

Consolidating our surplus proposal 1/5

1. Summary

Updated Hymans analysis indicates that our Funding position has increased by 20% since the 31 March 2022 valuation (95% to 115%). This is because:

- long-term interest rates have increased (reducing present value of our liabilities);
- asset values have remained steady.

However, this position could quickly unwind. For example, a modest 0.5% reduction to long-term interest rate expectations combined with a 15% fall in asset values would see this position revert to substantial deficit.

We have investigated how to consolidate the surplus and, following advice from Hymans, are recommending to the Committee a 20% shift of assets from our liquid equity to our liquid credit funds (choosing these funds are they are easiest to move and also provide the most risk reduction based on Hymans analysis).

Hymans analysis suggest this action would reduce our downside risk over a three year period by £80m (assuming a 1-20 likelihood) and marginally increasing the probability we would be fully funded over a 20 year period. This paper (and attached Hymans analysis) provides further information.

2. Context

Since 31 March 2022 we have experienced an unprecedented increase to the level of long-term 'risk free' interest rates. The risk free rate has increased from around 1.6% at 31 March 2022 to around 3.6% at 31 March 2023 (levels not generally seen since 2011).

This increase in risk free interest rates is good for long-term investors, such as pension schemes, who can secure a higher level of return for a given level of risk and this has been reflected in the Fund's financial position, which is summarised in the table below (extracted from Hymans' report), where the Fund is assessed to have a Funding Level of 115% and £190m surplus at 31 March 2023.

Funding position

- We have shown in the table below a summary of how the funding level has improved during the period March 2022 to March 2023, as well as a number of important assumptions that underpin the Fund's investment strategy. Our ALM analysis has used March 2023 as its starting point.

	Mar-22	Mar-23
Funding Level	95%	115%
Surplus* / *(deficit)	(c.£70m)	c.£190m
Discount rate p.a. (expected returns over 20y with 75% likelihood)	4.7%	6.2%
CPI p.a. (expected CPI inflation over 20y with 50% likelihood)	2.7%	2.3%

Source: Hymans Robertson

Consolidating our surplus proposal 2/5

3. Impact of funding improvement on contributions

The change in financial position of the Fund may have a significant impact on contributions when they are next assessed at 31 March 2025. A summary of the council's current contribution rate is provided below.

Rate	2022 Rate	Comment
Primary	19.1%	Cost of new benefits provided
Secondary	9.3%	Under Hymans model the Secondary Rate acts as a 'balancing item' to target full funding with a certain probability – notionally though this reflect deficit payments. Should be significantly lower if we have a surplus position.
Total	28.4%	

We may only benefit from a reduction in contribution rates if the funding level remains high (and, to a certain degree, if interest rates remain high) when contributions are next assessed. Recognising this, we are considering how we can consolidate the surplus position. This has particular importance given the wider cost pressures within the council's Medium Term Financial Strategy.

Contribution rate stability is an important LGPS principle i.e. even with a surplus our actuary may still recommend a modest change in rates – this is a discussion we will have at the time, but we believe this action may increase our case to reduce rates if we feel it appropriate.

4. How can we consolidate this position?

The main way to consolidate the funding position of a pension scheme is to hold assets that give a contractual return (e.g. Bonds, ideally long term bonds). This is because assets that give a contractual return better match our pension liabilities (which are also a form of contractual obligation) – i.e. we match a contractual liability with a contractual asset.

Assets that give a discretionary (i.e. non contractual) return (e.g. equity) are more risky for pension funds (although may provide greater upside potential) – one caveat to this statement is in relation to inflation risk, which is considered in a further section.

5. Fund Cashflow Profile

A benefit of increasing our allocation to income related assets is that it will support payment of our annual pension payroll without requiring disinvestments (we are approaching becoming cashflow negative i.e. our benefit outgo exceeds our contribution income).

The strategy we are proposing works in consolidating our funding position for benefits already promised. In time we may consider designing a new framework that fully utilises existing assets to meet benefit payments with a different framework to deploy new contributions towards a more growth tilted allocation – this may allow us to benefit from higher equity returns to fund new benefits whilst protecting the position for benefits earned.

The detail of this can be looked at as a second stage.

Consolidating our surplus proposal 3/5

6. Inflation

Inflation is a high risk for the LGPS as it provides uncapped inflation linked pension increases. Within the 115% funding level modelled, Hymans have used an average inflation assumption of 2.3%, which broadly allows for inflation at current levels trending down to around 2.5% in the shortish term (next five years) and 2.3% in the very long-term (i.e. slightly higher than the Bank of England target). The 115% funding level allows for the impact of the c10% pension increase applied in 2023.

There is a risk that inflation turns out to be higher than within Hymans modelling – if this happens our surplus would erode. This is a significant risk factor that retaining a higher proportion of equity may mitigate, however, we make the following comments in relation to this:

- Equity may provide a lose hedge to inflation in the very long-term, but the hedge to inflation over a shorter term is unclear.
- We are not proposing to switch to a 30% equity allocation "forever more" and would retain the flexibility to revert to a higher equity in the future
- Whilst the Fund's equity allocation would reduce substantially, the Fund will still retain other 'real assets' – e.g. Infrastructure and Real Estate Funds which also provide an inflation hedge

We do not believe holding higher equity is necessarily the strongest mitigating strategy for inflation and so if the Committee does have retained concerns we should explore alternative inflation hedging strategies beyond increasing our equity allocation.

7. Analysis undertaken

Hymans have analysed the impact on funding outcomes for several different asset allocations. The risk analysed is as follows:

- A 1 in 20 downside position over a three year period (a valuation cycle); and
- Probability of being fully funded over a 20 year period

The investment allocations considered by Hymans are in two groups:

Strategies considered	Explanation
"Quick Fix"	Strategies based on funds that we currently invest – i.e. can be allocated to quickly following the 4 July PFC meeting
"Alternative"	Alternative funds that may support even more efficient consolidation of the position (which we may explore as a second phase)

Within the analysis we placed a lower limit for equity allocation at 30% of the Fund (from a 'sense check' perspective we would not wish to reduce equity to below this level but could consider a lower allocation than 30% as a next step if the PFC wished us to).

The recommendation of switching 30% from liquid equity to liquid credit reflects the most optimal strategy under the "quick fix" scenarios.

Hymans analysis is attached.

Consolidating our surplus proposal 4/5

8. ESG and Pooling Considerations

The proposal within this paper have been framed from a strategic rather than ESG / Pooling perspective, but the following points are relevant to this proposal:

- Consolidating our funding position increases the probability that the council can reduce its contributions, which may be utilised to progress the council's wider goals, particularly around Planet, Places and People, all of which has an indirect ESG impact
- Reducing our overall risk means we may, in time, utilise a higher risk budget towards new impact funds with high upside potential and strong ESG outcomes
- A key objective for selecting the LCIV Global Bond fund was its ESG credentials and the proposal increases our allocation to that Fund beyond the current 5% strategic allocation
- The proposal will increase our overall allocation to LCIV pooled funds (at the expense of our passively managed pooled funds held with LGIM) – arguably, we have greater influence through an ESG lens with money invested with LCIV over LGIM

We will bring a separate paper to the Committee setting out a framework for making decisions in relation to the council's NetZero objectives. It is likely that this process will require us to rethink some of our existing funds. Recognising that this may take some time to work through we felt it was important to take steps to consolidate the Funding position as market conditions can change and we may miss this opportunity.

9. What other funds are doing?

We are aware of only a few other LGPS Funds that that hold 30% in equity (most funds hold a significantly higher proportion). There are likely several reasons for this, for example Funds may:

- Be considering this move but have not implemented it yet
- Be Sitting on a higher surplus than Barnet and so feel that they have sufficient 'buffer' to weather a poor economic outcome over the period to the next valuation
- Not have fully analysed the position of having surplus and how to consolidate this position
- Not wish to appear as an "outlier" when compared with peers – i.e. there is an element of herd mentality within LGPSs
- Be feeling bullish about the equity market (or bearish over the bond market) and feel there is more upside opportunity to come and would rather take the risk
- Be concerned about inflation risk and feel an equity allocation is a better match for this – see inflation section for comments on this
- Be reducing risk in a different way (e.g. equity caps / collars)

A breakdown of London Fund asset allocations at 2019 and 2022 (sourced from LCIV) is set out in Appendix A to this document.

Consolidating our surplus proposal 5/5

10. Impact on Returns and Discount Rate

The table below summarises the expected returns of the proposed investment strategy with the current strategy.

% p.a.	Current Strategic Allocation	Proposed Strategic Allocation
Expected Return	8.0	7.3
Risk (Volatility over 1 year)	11.0	8.3

There is therefore a modest reduction of expected return of 0.7% p.a. - but the return is still 1.1% higher than the discount rate used to assess the 115% surplus position (6.2%) and, in our view, the reduction in return is more than compensated by the reduction in risk (i.e. our risk adjusted return would be higher).

11. Transition considerations

The rationale behind this proposal is to reduce risk and so we would wish to implement it as soon as possible following the Pension Fund Committee meeting.

Given the quantum of transition we would likely implement in tranches and may utilise our Trade Funds to manage overall transition costs. We will take advice from Hymans on the most optimal means to manage the transition.

A summary of the proposed changes is provided below:

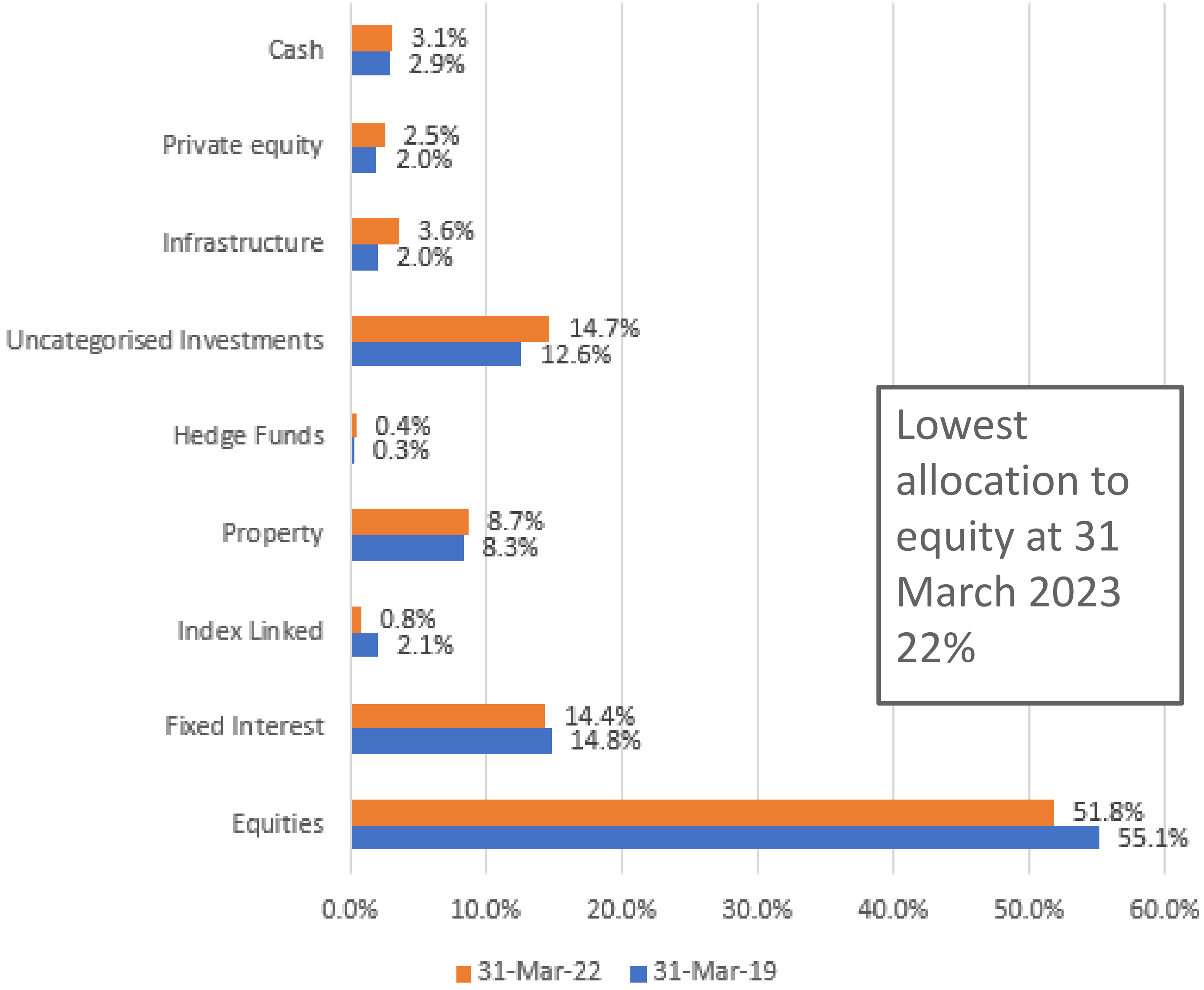
	Current Strategic Allocation	Proposed Strategic Allocation
LGIM Future Worlds	25%	13%
LGIM RAFI	10%	6%
LCIV Emerging Markets	5%	3%
LCIV Sustainable Equity	5%	3%
Liquid Equity	**45%**	**25%**
Schroders (all maturities sterling)	5%	15%
LCIV Global Bonds	5%	15%
Liquid Credit	**10%**	**30%**

The initial proposal, necessarily, uses the 'building blocks' of the funds available to us which is why we are proposing to reallocate to Schroders and LCIV liquid bond funds (utilising both funds to limit concentration risk to a particular fund).

We are discussing a new, longer duration, less actively managed, Bond fund with LCIV. This fund may facilitate further consolidation of our funding position. We are also considering our NetZero strategy. We may therefore bring further proposals to the Committee in due course within the 70% / 30% framework we have set out here.

Appendix – Asset Allocation breakdown for other London LGPS Funds

The chart below (sourced from LCIV) shows a comparison in the asset allocation between the 2019 and 2022 triennial valuation dates amongst the 32 London LGPS Funds.



Two key points from this analysis:

1) There has been a modest decrease to equity allocation between 2019 and 2022 (c3%);

2) Average (public) equity at 2022 is around 7% higher than our current allocation (45%) and therefore higher than what we are proposing to move to within this paper (however, the increase in funding which may drive a lower allocation to equity happened subsequent to the 2022 valuation)

That said we are not aware of many other Funds making such a reduction to equity, possible reasons for this are summarised in this note

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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AGENDA ITEM 10

Pension Fund Committee

Title	**Administration and Data Update Report**
Date of meeting	4 July 2023
Report of	Executive Director of Strategy & Resources (S151 officer)
Wards	N/A
Status	Public
Urgent	No
Appendices	None
Officer Contact Details	Mark Fox, Pensions Manager – 0208 359 3341 – mark.fox@barnet.gov.uk

Summary

This report provides the Pension Fund Committee with an update on the current administration performance by West Yorkshire Pension Fund (WYPF), along with other issues affecting the administration and an update on the data improvement plan and historical leaver exercise.

The report also details the work undertaken by the LBB Pensions Team in trying to determine the cause of the £50m data experience item detailed in the 2022 valuation report.

Recommendations

1. **That the Pension Fund Committee note the current performance levels and updates on the data improvement plan and historical leaver exercise.**
2. **That the Pension Fund Committee note that actions already taken by the LBB Pensions Team to determine the cause of the £50m data experience issue and the further measures being taken.**

1. Reasons for the Recommendations

1.1 The efficient delivery of benefits is reliant upon effective administrative procedures being in place, along with the presence of quality data.

WYPF Performance

1.2 In May, WYPF processed **870** cases with **91.2%** cases being completed within the agreed Key Performance Indicators (KPIs) targets. WYPF performance has improved over the last few months, with the 90% target threshold being met. The LBB Pensions Team ("the Pensions Team") hope that this will improve to around 95% over the next few months as the staff recruited recently by WYPF are fully trained and integrated within WYPF.

1.3 The Local Pensions Board were updated on administration performance at their meeting on 28 June. WYPF had been recruiting a large number of staff, which has been completed and now these new recruits have been training, performance should continue to move towards the 95% threshold. The LBB Pensions Team is monitoring WYPF performance closely to ensure that performance.

1.4 WYPF work in progress levels remain high, as of the end of May, there were over **2,200** outstanding items of work.

1.5 The number of complaints and Internal Dispute Resolution Procedure (IDRP) cases received remains very low. There is currently one stage 1 IDRP case in progress and no stage 2 cases. A complaint from The Pensions Ombudsman (TPO) has recently been received by the Pensions Team.

1.6 WYPF (in conjunction with the LBB Pensions Team) will be issuing a Member Newsletter, hopefully before the end of June. A copy of this newsletter will be sent to members of the Committee for their information.

Annual Benefit Statements (ABS's)

1.7 WYPF have started to produce both the 2023 Annual Benefit Statements (ABSs) for active members and Deferred Benefit Statements (DBSs) for deferred members. As of 5 June, **85%** of ABSs had been produced and **99.8%** of DBSs.

1.8 For the remaining statements that need to be issued, WYPF are working with employers to ensure that these statements are issued by the statutory deadline of 31 August.

Data Improvement Plan

1.9 WYPF continue to provide monthly data quality update reports to the Pensions Team showing progress in updating data issues.

1.10 Initially, there were **c28,500** data items that needed to be reviewed and updated. As of 2 June, this number had reduced to **c6,750**.

1.11 WYPF had previously identified ten areas of data with the largest number of issues that need correcting, and it was agreed with the Pensions Team which of these areas would be worked on first. Two of the ten areas of data have been completed.

1.12 WYPF do not anticipate that the next area of work will be completed until the end of August with the fourth data area starting towards the end of the year. These two data areas account for c3,000 of the remaining data items that need correcting.

1.13 WYPF also provide updates on both common and conditional data scores. These figures show the presence of data held on members' records. Common data points are needed so that a member can be uniquely identified, such as date of birth and address. Conditional data is used to calculate the member benefits, such as salary and service information.

1.14 These data scores are a method for measuring quantity of data and are reported to The Pensions Regulator (TPR) in the Scheme Return. The TPR has targets for common data but not for conditional data.

1.15 The common data score for May 2023 was **96.58%** which is above the TPR target. For conditional data, the score was **86.94%**, which has increased significantly since the beginning of the year due to the two areas of data being completed. The target is to get this number to 90% or above by the end of next March at the latest, which is why the Pensions Team and WYPF are focussing on correcting the data issues still outstanding.

Historical Leavers

1.16 WYPF initially inherited **c1,500** "historic leavers". Following the work undertaken by WYPF in the 2021 Annual Benefit Statement (ABS) process, this number increased to **c1,950**.

1.17 As of 2 June, this number had reduced to **452**, of which **241** are leavers who left before 1 November 2020 when WYPF took over the administration of the Fund.

1.18 The Pensions Team have recently contacted employers and their payroll providers again where historic leaver forms are still outstanding. This is having some effect, but we have warned both employers and their payroll providers that if any historic leavers are still outstanding by the end of June, we will start to issue fines for non-compliance with the Administration Strategy and will also submit a report to TPR.

1.19 The Pensions Team continue to work with the council's payroll provider to get the Council's historic leavers processed. The number has now reduced to **185** but these leavers tend to be more complex and are spending more time checking salary and service data before the forms can be submitted to WYPF.

Data for the 2022 triennial valuation

1.20 At previous meetings, the Committee were advised of the large data experience item of c£50m, in the valuation report which the Pensions Team were investigating.

1.21 The Pensions Team have been attempting to find the reason for this discrepancy. This will help assist in the data improvement plan project (and subsequently for the calculation of members benefits) and to ensure that this discrepancy does not occur again in the 2025 valuation.

1.22 The investigations have involved the Pensions Team reconciling the data used in the 2019 valuation against the 2022 data. This involved:

- Comparing the monetary and percentage differences between the salary used in 2019 and 2022 valuations.

- Checking the monetary and percentage differences between the pensions calculated for the 2019 and 2022 valuations.
- Applying assumed salary increases and actual pension increases to the 2019 data to check if the 2022 data is what would be expected.
- Looking at the membership splits (active members, deferred members and pensioners) between 2019 and 2022 to determine any significant differences. This work is still ongoing.

1.23 This analysis has not identified any systemic issues with the data provided in 2019 and the data used in 2022.

Pensions Dashboard

1.24 The Department for Work and Pensions (DWP) announced a delay to the Pensions Dashboard Programme in March, which was described as a “reset”.

1.25 On 8 June, the DWP confirmed that new regulations were being laid before Parliament which provides for a new approach to delivery of the Dashboard project, that allows the Government to work more collaboratively with the pensions industry.

1.26 Rather than setting out the entire staging timeline in legislation, the regulations confirm that this will now be set out in the form of “guidance” which should be agreed with the pension industry by the end of the year. The Government has set an ultimate deadline of 31 October 2026, although it is hoped that dashboards will be accessible to the public earlier than this.

“McCloud” ruling

1.27 The McCloud remedy regulations, that would extend the Local Government Pension Scheme (LGPS) statutory underpin protection to younger members of the Fund, are expected to be published in September 2023 with a regulatory live date from October 2023.

1.28 WYPF are working with their system provider to ensure that the calculations have been programmed and are ready for the anticipated live date.

1.29 The Pensions Team will continue to update the Committee on both the Pensions Dashboard and the “McCloud” ruling at future meetings.

2. Alternative Options Considered and Not Recommended

2.1 Not applicable in the context of this report.

3. Post Decision Implementation

3.1 Not applicable in the context of this report.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 The Pension Fund Committee supports the delivery of the Council’s strategic objectives and priorities as expressed through the Corporate Plan, by careful monitoring of the Pension Fund activities with a view to ensuring the overall sustainability of the Pension Fund.

4.2 Sustainability of the Pension Fund is a crucial pillar in allowing the council to fulfil its wider objectives.

4.3 The Pension Fund is also developing its NetZero and Stewardship policies which feed into the wider objectives around Planet, Places and People.

Corporate Performance / Outcome Measures

4.4 Not applicable in the context of this report.

Sustainability

4.5 Not applicable in the context of this report.

Corporate Parenting

4.6 Not applicable in the context of this report.

Risk Management

4.7 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

Insight

4.8 Not applicable in the context of this report.

Social Value

4.9 Not applicable in the context of this report.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 Risks that are not mitigated or managed can have a financial penalty to the Fund.

6. Legal Implications and Constitution References

6.1 Legal Implications and Constitution References

6.2 Government Guidance around the pooling requirements is linked in the body of this report.

6.3 The Council’s Constitution – Part 2B section 15 includes within it the responsibilities of the Pension Fund Committee.

7. Consultation

7.1 Not applicable in the context of this report.

8.	**Equalities and Diversity**
8.1	Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.
8.2	The rules governing admission to and participation in the Pension Fund are in keeping with the public sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.
9.	**Background Papers**
9.1	None

AGENDA ITEM 11

Pension Fund Committee

Title	**Knowledge and Understanding**
Date of meeting	4 July 2023
Report of	Executive Director of Strategy & Resources (S151 Officer)
Wards	N/A
Status	Public
Urgent	No
Appendices	Appendix A- Mandatory and Primary training opportunities available to Members of the Local Pensions Board and Pension Fund Committee
Officer Contact Details	Jim Nokku – Senior Pensions Officer - 0208 359 6437 – jim.nokku@barnet.gov.uk

Summary

It is important that the Pension Fund Committee has appropriate training opportunities. for it to fulfil its duties.

This paper summarises the actions that will be taken by the LBB Pensions Team to keep records of any training that the Committee.

Recommendations

1.1 That the Pension Fund Committee note the contents of this report.

1.2 That the Pension Fund Committee note the LBB Pensions Team recommendation that the Committee members complete the LOLA training by 31 October 2023.

BARNET
LONDON BOROUGH

1. Why This Report is Needed

1.1 The London Borough of Barnet Pension Fund is governed by the Pension Fund Committee and scrutinised by the Local Pensions Board with support of the LBB Pensions Team, advisors and outsourced administrators.

1.2 The Pension Fund Committee is the decision-making body responsible for the operation of the Pension Fund, ensuring it is governed and administered effectively and is financially sustainable.

1.3 Whilst the Local Pension Board has no direct decision-making powers, members of the Local Pensions Board have a regulatory duty to keep their knowledge and understanding up-to-date and to document their training. There is no direct Regulatory requirement for the Pensions Fund Committee to undertake training beyond what is required as an elected member.

1.4 Issues surrounding the Pension Fund are complex and financially significant to the Council. To make effective decisions it is important that Committee members feel empowered to ask the right questions of the Pensions Team and advisors.

1.5 It is important that both members of the Pension Fund Committee and Local Pension Board have access to sufficient training opportunities so that they can meet their duties.

1.6 To deliver on this priority, the Pensions Team have identified ‘mandatory’ training – this is training that we expect Local Pension Board members to undertake (with Committee members undertaking, if they wish) to enable them to perform their duties. There is also ‘recommended’ training, which will further develop both Board and Committee members’ skills.

1.7 The mandatory and primary training opportunities available to Board and Committee members are set out in Appendix A

1.8 At the last Committee meeting, the Committee were invited to note the training options available and to endeavour to undertake the recommended training. This will also include substitute members of the Committee. The LBB Pensions Team proposed that all training is logged to demonstrate that the Local Pensions Board is meeting regulatory requirements and the Pension Fund Committee are keeping their pensions knowledge up to date and relevant.

1.9 The LBB Pensions Team will be contacting all members of the Board and the Pension Fund Committee bimonthly, so the training log can be kept up to date and monitored.

1.10 Hymans Robertson online training platform “LGPS Online Learning Academy (LOLA)” is available to Committee members to further their pensions knowledge and understanding. LOLA consists of a series of short video presentations with supplemental learning materials and quizzes.

1.11 The Pensions Team monitor progress of Committee and Board members with LOLA training. The Pensions Team will all also be undertaking this training and we would recommend that Committee members complete all the LOLA training by **31 October 2023**.

1.12 The LBB Pensions Team can arrange for registration details to be sent to Committee members, if required.

2. Alternative Options Considered and Not Recommended

2.1 Not applicable in the context of this report.

3. Post Decision Implementation

3.1 Not applicable in the context of this report.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 The Pension Fund Committee supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, by careful monitoring of the Pension Fund activities with a view to ensuring the overall sustainability of the Pension Fund.

4.2 Sustainability of the Pension Fund is a crucial pillar in allowing the council to fulfil its wider objectives.

4.3 The Pension Fund is also developing its NetZero and Stewardship policies which feed into the wider objectives around Planet, Places and People.

Corporate Performance / Outcome Measures

4.4 Not applicable in the context of this report.

Sustainability

4.5 Not applicable in the context of this report.

Corporate Parenting

4.6 Not applicable in the context of this report.

Risk Management

4.7 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

Insight

4.8 Not applicable in the context of this report.

Social Value

4.9 Not applicable in the context of this report.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 Risks that are not mitigated or managed can have a financial penalty to the Fund.

6. Legal Implications and Constitution References

6.1 Government Guidance around the pooling requirements is linked in the body of this report.

6.2 The Council's Constitution – Part 2B section 15 includes within it the responsibilities of the Pension Fund Committee.

7. Consultation

7.1 Not applicable in the context of this report.

8. Equalities and Diversity

8.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

8.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

9. Background Papers

9.1 None

APPENDIX A

MANDATORY AND PRIMARY TRAINING OPPORTUNITIES AVAILABLE TO MEMBERS OF THE LOCAL PENSIONS FUND AND PENSION FUND COMMITTEE

Training Opportunity	Description	Approx. hours	PFC	LPB
The Pensions Regulator Trustee tool kit	Web based modular training programme with 7x 30-minute modules focused on governance	3.5	Recommended	Mandatory
Hymans' training portal	Web based training programme with 6 modules covering all aspects of operating an LGPS Fund	c10	Mandatory (within first 6-months of appointment)	Recommended (within first 6-months of appointment)
CIPFA	Day sessions developed and provided by CIPFA on various governance and topical issues	10 per year	Recommended	Recommended
Sustainability Training Day (completed)	Dedicated workshop / training day focusing on sustainability with a view to developing the Fund's Responsible Investment Policy	5	Mandatory	N/A
Ad-hoc training sessions held before or during committee meetings	Topical issues – Committee / Officers to make suggestions	4 per year	Mandatory	N/A (LPB will also receive training
Private Reading / research	Reading papers / attending workshops and seminars as suggested by Officers and other members of the Committee	0.25 per week. (c10 per year.)	Recommended	Recommended
Total (First 12-months)			**19 hours Mandatory 23.5 hours Recommended**	**3.5 hours Mandatory 30 hours Recommended**

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	Pension Fund Committee **4 July 2023**
Title	External Audit and Accounts Update
Date of meeting	4 July 2023
Report of	Executive Director of Strategy and Resources (S151 officer)
Wards	All
Status	Public
Urgent	No
Appendices	None
Officer Contact Details	Adam McPhail, Finance Manager, 0208 359 7639 adam.mcphail@barnet.gov.uk

Summary

BDO are the Pension Fund's appointed external auditors for the 2020/21 and 2021/22 financial years. In line with International Standard on Auditing 260 (ISA 260) the Pension Fund's external auditors, BDO, should be provided with access to those charged with governance. BDO will not be attending the meeting. This report is to update the Pension Fund Committee on the 2020/21 audit, and on the plan for the 2021/22 audit. This report also notifies the Pension Fund Committee of the publishing of the draft Pension Fund accounts.

Recommendations

That the Pension Fund Committee note the update on the 2020/21 audit, and the plan for the 2021/22 audit, and to identify matters that the Committee wish to bring to the attention of the auditor.

1. Reasons for the Recommendations

1.1 Under Section 151 of the Local Government Act 1972 - "…every local authority shall make arrangements for the proper administration of their financial affairs…". Additionally, in accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the council's accounts and pension fund accounts.

2020/21 External Audit Update

1.2 In 2021 BDO presented their audit plan for the pension fund which gave an approximate audit end date of October 2021. However, to date the 2020/21 audit report is still outstanding.

1.3 BDO have provided a number of updates at previous Pension Fund Committees. Most notably:

2nd November 2022 Audit Committee-

https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=144&MId=11061&Ver=4

22nd March 2023 Pension Fund Committee-
https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=11055&Ver=4

1.4 BDO assured us at both the March Local Pension Board meeting, and at the March Pension Fund Committee meeting that the completed audit report will be ready to be signed off in late April/early May.

1.5 To date officers have still not received the completed audit report.

1.6 BDO have provided an update to officers in early June 2023, stating that the Audit Partners quality reviews are now complete, and that the Pension Fund's 2020/21 Annual Accounts are ready to be signed off when the Council's accounts are.

2021/22 External Audit Plan

1.7 Due to the delays in completing the 2020/21 audit, BDO have advised that an audit plan report is not yet available.

1.8 The draft 2021/22 accounts have been published. The deadline for the publication of the accounts was 30th September 2022.

1.9 BDO advised at the March 2023 Pension Fund Committee that a draft plan for the 2021/22 accounts audit had been presented to Senior Officers, but not agreed.

2022/23 Accounts

1.10 The Draft 2022/23 Pension Fund accounts were published with the Main Council accounts before the statutory deadline on 31st May 2023.

1.11 Officers do not expect any audit plan to be presented until the completion of the 2021/22 audit.

AVC Provider Issues

1.12 The fund has identified that the providers of Additional Voluntary Contributions, Aviva and Prudential, have not provided the data need for note 20, for both the 2021/22 and 2022/23 accounts. Officers have contacted these providers many times over the past year but have received no response. Officers continue to chase this.

1.13 Note 20 shows the Net Asset Values of the AVC funds and has no impact on the main statements of the pension fund accounts or any other notes of the accounts.

2. Alternative Options Considered and Not Recommended

2.1 None

3. Post Decision Implementation

3.1 None- The external auditor will report to the Board following the conclusion of the audit.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 The current corporate plan (Barnet Plan 2021-2025) was adopted in March 2021. Following the May 2022 elections, the council now has a new administration and a new corporate plan, consistent with the new administration's priorities will be brought forward shortly.

Corporate Performance / Outcome Measures

4.2 Not applicable in the context of this report

Sustainability

4.3 Not applicable in the context of this report

Corporate Parenting

4.4 Not applicable in the context of this report.

Risk Management

4.5 The external audit ISA 260 report highlights areas of good control and areas of weakness which need to be addressed. Failure to do so carries the risk of adverse financial and/or reputational consequences.

Insight

4.6 Not applicable in the context of this report

Social Value

4.7 Arrangements for proper administration of financial affairs and contributing to the Pension Fund ensures that contributing members have a secured income on retirement.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 This report sets out the framework for the assessment of the Pension Fund's financial reporting and management as well as value for money.

5.2 The external audit fees for 2021/22 are £35,789 (£36,170 for 2020/21).

5.3 In accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the Council's accounts and Pension Fund accounts.

5.4 The ISA 260 report must be considered by "those charged with governance" before the external auditor can sign the accounts".

6.	Legal Implications and Constitution References
6.1	The efficient governance and administration Section 151 of the Local Government Act 1972 requires that "…every local authority shall make arrangements for the proper administration of their financial affairs".
6.2	The Council is a public authority that is subject to the audit of its annual accounts by an external auditor. The Local Audit and Accountability Act 2014, Part 5 specifies the conduct of local audit.
6.3	Part 3, regulation 9 of the Accounts and Audit Regulations 2015 requires that the statement of accounts must be considered by a committee or full council and approved by a resolution of that body. The accounts must then be signed by the person presiding at the meeting. The Section 151 officer must then reconfirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the authority and its income and expenditure for that year.
6.4	The 2015 Regulations require that the final approved accounts are published not later than 30th September of the financial year immediately following the end of the financial year to which the statement relates. The audit did not commence until September 2021 and it was therefore not possible for it to be concluded in line with the statutory deadline. Part 2B - Terms of Reference & Delegation of Duties to Committees and Sub-Committees of the Council Constitution, Para 15.1.9 states that the Pension Fund Committee has responsibility to review and consider approval of the Pension Fund's Annual Report and Statement of Accounts, together with recommendations from external and internal auditors
7.	**Consultation**
7.1	Not required
8.	**Equalities and Diversity**
8.1	Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are; age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality.
8.2	Ensuring the long-term financial health of the Pension Fund will benefit everyone who contributes to it. Access to and participation in the Pension Fund is open to those with and those without protected characteristics, alike, provided that the criteria set out within the relevant Regulations are met.
9.	**Background Papers**
9.1	None

Pension Fund Committee

Title	**Admissions, Cessations and Bond Status Update**
Date of meeting	4 July 2023
Report of	Executive Director of Strategy & Resources (S151 officer)
Wards	N/A
Status	Public, with exempt appendix
Urgent	No
Appendices	Appendix A – Update on Admission Agreements Appendix B – Update on Cessations Appendix C – Update on Bond renewals Appendix D – Update on cessation payment to OCS (Exempt) **Exempt enclosure – appendix D - Not for publication by virtue of paragraphs 3 of Schedule 12A of the Local Government Act 1972 as amended (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).**
Officer Contact Details	Mark Fox, Pensions Manager – 0208 359 3341 – mark.fox@barnet.gov.uk

Summary

This report provides the Pension Fund Committee with a status update on the outstanding admissions, cessations and bond agreements/renewals.

The LBB Pensions Team has been working with employers, West Yorkshire Pension Fund (WYPF), Hymans Robertson and HB Public Law to ensure the outstanding admissions and cessations are completed and that bond agreements are put in place. Officer Recommendations That the Pension Fund Committee note the progress on outstanding admitted body and bond agreements/renewals and cessation valuation.

Recommendations

1. That the Pension Fund Committee note the progress on outstanding admissions, cessations and bond agreements/renewals.

2. That the Pension Fund Committee approve the admission into the Fund of Innovate (Blessed Dominic School, as detailed in paragraph 1.2.

3. That the Pension Fund Committee note the update on Signature Education as detailed in paragraph 1.7.

4. That the Pension Fund Committee approve the decision by the LBB Pensions Team in relation to the exit credit payment for OCS as detailed in Appendix D.

1. Reasons for the Recommendations

1.1 The Report is to update the Pensions Fund Committee on the current position in relation to outstanding admissions, cessations and bond renewals.

1.2 There have been no new admitted bodies to the Fund since the last update to the Committee. For Innovate's contract at Blessed Dominic School, the signed Admission Agreement is with HB Law for sealing. However, HB Law is unable to find confirmation that the Committee have approved this contractor's admission to Fund. Therefore, the Committee are asked to approve the admission of the Innovate (Blessed Dominic School) into the Fund.

1.3 The LBB Pensions Team will be undertaking a review of the admissions, bonds and cessations process during the summer, with the aim to make this more efficient for all parties. The Pensions Team will update the Committee at the next meeting.

Admission Agreements

1.4 An update on the progress on the completion of Admission Agreements is attached as Appendix A.

1.5 Since the last update to the Committee, two Admission Agreements have been signed and sealed – Innovate at St James Catholic School and Enigma CCTV Limited.

1.6 The LBB Pensions Team has set target dates for the outstanding work to complete the Admission Agreements. An update will be provided at the meeting where the deadlines have passed between the date that this report was written and the meeting.

1.7 Signature Education had eight contracts with schools to provide catering services. The Pensions Team were in the final stages of getting the admission agreements signed when Signature Education advised that they are terminating their contracts with the schools, and as such, will not be entering their employees into the LGPS.

1.8 Signature Education advised the LBB Pensions Team that they had paid contributions for their employees into the National Employment Savings Trust (NEST)instead of into the Barnet Fund.

1.9 The Pensions Team were then advised that the employees of Signature Education would be re-employed by London Kosher Caterer from 1 March 2023. The Pensions Team subsequently started the admission process with this employer.

1.10 London Kosher Caterer then went into liquidation on 5 May 2023. This meant that for the individuals involved, they have had no pension accrual in the LGPS since 2021, when they were first employed by Signature Education.

1.11 Whilst this issue is of detriment to these individuals, after taking legal advice, the Pensions Team are of the view that under employment law regulations, it is up to the schools to resolve this matter. The Pensions Team continue to discuss this situation with the Schools Team at the Council.

Cessations

1.12 When the last active member leaves the Fund or if the contract of an admitted body ends, is terminated or the admitted body ceases trading, the Actuary will calculate a cessation valuation where both the value of the assets and liabilities for the employer are determined. The result will be either a surplus (or exit credit) or deficit for the ceasing employer.

1.13 An update on progress is on cessation valuations is included as Appendix B.

1.14 Since the last update to the Committee, Churchill Catering (Queenswell School) have paid the deficit payment due.

1.15 An update of the cessation of OCS is shown as Appendix D.

1.16 Optivo has also agreed to pay the deficit due and the LBB Pensions Team expect that payment will be made shortly.

1.17 There have been two new cessations since the last update to the Committee – Capita Re, where staff returned to the Council on 1 April 2023 and Caterlink (Holly Park School).

Bonds and Bond Renewals

1.18 An update on Bonds and Bond renewals is provided as Appendix C.

1.19 There are eight bond renewals due before the end of the year. The LBB Pensions Team have agreed with Hymans Robertson that it would be both more administratively and cost efficient to arrange for the revised bond values to be calculated at the same date. Therefore, for these eight employers, the bonds will all be calculated as of 1 July 2023.

1.20 Bonds are put in place for a three year period before being recalculated.

1.21 There are three new admissions where we are waiting for the admitted body to provide a bond or guarantee.

2. Alternative Options Considered and Not Recommended

2.1 Not applicable in the context of this report.

3. Post Decision Implementation

3.1 Not applicable in the context of this report.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 The Pension Fund Committee supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, by careful monitoring of the Pension Fund activities with a view to ensuring the overall sustainability of the Pension Fund.

4.2 Sustainability of the Pension Fund is a crucial pillar in allowing the council to fulfil its wider objectives.

4.3 The Pension Fund is also developing its NetZero and Stewardship policies which feed into the wider objectives around Planet, Places and People.

Corporate Performance / Outcome Measures

4.4 Not applicable in the context of this report.

Sustainability

4.5 Not applicable in the context of this report.

Corporate Parenting

4.6 Not applicable in the context of this report.

Risk Management

4.7 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

Insight

4.8 Not applicable in the context of this report.

Social Value

4.9 Not applicable in the context of this report.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 Risks that are not mitigated or managed can have a financial penalty to the Fund.

6. Legal Implications and Constitution References

6.1 Government Guidance around the pooling requirements is linked in the body of this report.

6.2 The terms of reference for the committee (Barnet Constitution Part 2B , s15) include:

- To have responsibility for all aspects of the governance, investment and administration of the LB Barnet Pension fund, including, but not limited to the following:
  - To ensure compliance with all Local Government Pension Scheme statutes, regulations and best practice.

7. Consultation

7.1 Not applicable in the context of this report.

8. Equalities and Diversity

8.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant ‘protected characteristic’ and those who do not share it; and fostering good relations between persons who share a relevant ‘protected characteristic’ and persons who do not share it. The ‘protected characteristics’ are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

8.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

9. Background Papers

9.1 None

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Update on Admission Agreements – July 2023

	Employer	Contract Start Date	Update	Action Required by?
1	**Innovate (St James Catholic School)**	**01/08/2019**	**Admission Agreement has been signed and sealed.**	**n/a**
2	Olive Dining (St Joseph's School)	01/08/2019	Admission Agreement with HB Law for sealing. Deadline set for **23 June 2023.**	HB Law
3	Sancroft Community Care Ltd	01/06/2019	Admission Agreement sent to employer for signing. Employer waiting to obtain Bond before signing Admission Agreement. Deadline set for **14 July 2023**.	Sancroft Community Care Ltd
4	Innovate (Blessed Dominic School)	01/09/2019	Admission Agreement with HB Law to be signed and sealed. HB Law require confirmation from the Committee has approved the admission	HB Law
5	Signature Dining (Pardes House Primary)	01/04/2021	No longer to be an admitted employer in the Fund. Update to be provided to the Committee at the meeting.	n/a
6	Signature Dining (Sacks Morasha)	01/04/2021	No longer to be an admitted employer in the Fund. Update to be provided to the Committee at the meeting.	n/a
7	Signature Dining (Hasmonean Primary)	01/04/2021	No longer to be an admitted employer in the Fund. Update to be provided to the Committee at the meeting.	n/a
8	Tenon (St Michaels School)	01/04/2021	Admission Agreement sent to employer for signing. LBB Pensions Team working with Employer to get signed.	Tenon
9	Alliance in Partnership (Osidge School)	01/08/2018	Employer has now ceased to be an admitted body. No Admission Agreement was signed but contributions were paid.	n/a
10	Signature Dining (Beit Shvidler)	01/09/2021	No longer to be an admitted employer in the Fund. Update to be provided to the Committee at the meeting.	n/a
11	Signature Dining (Hasmonean MAT)	01/09/2021	No longer to be an admitted employer in the Fund. Update to be provided to the Committee at the meeting.	n/a

12	Signature Dining (Etz Chaim)	01/09/2021	No longer to be an admitted employer in the Fund. Update to be provided to the Committee at the meeting.	n/a
13	Signature Dining (Menorah Foundation)	01/09/2021	No longer to be an admitted employer in the Fund. Update to be provided to the Committee at the meeting.	n/a
14	Signature Dining (Queens Road Kosher CPU)	01/09/2021	No longer to be an admitted employer in the Fund. Update to be provided to the Committee at the meeting.	n/a
15	Nourish Contract Catering Ltd (Osidge School)	01/08/2022	Waiting for Admission Agreement to be signed by employer. Deadline set for **30 June 2023**	LBB
16	**Enigma CCTV Limited**	**01/09/2022**	**Admission Agreement has been signed and sealed.**	**n/a**
17	Capita Shared Services Limited	01/11/2022	Waiting for employer to sign and return the Admission Agreement. Deadline set for **30 June 2023**.	Capita Share Services Limited
18	Chequers Cleaning	01/12/2022	Waiting for employer to sign and return the Admission Agreement. Deadline set for **30 June 2023**.	Chequers Cleaning

Employers shown in red above are new admitted bodies and the LBB Pensions Team request that the Pension Fund Committee approve their admission into the Barnet Pension Fund

Update on Cessation Valuations - July 2023

	Employer	Cessation Date	Surplus/deficit	Update	Action Required by?
1	**Absolute Catering (St James' Catholic School)**	**31/07/2019**	**-£47,000**	**The LBB Pensions Team have requested payment of the deficit from Absolute Catering. The LBB Pensions Team are speaking to the employer to ensure payment is made as soon as possible.**	**Absolute Catering/St James' School**
2	Caterlink (Totteridge Academy)	23/02/2020	n/k	Hymans Robertson are processing the cessation valuation. Target date set for **30 June 2023.**	Hymans Robertson
3	**Ashlyns (St Andrew's C of E School)**	**31/07/2022**	**-£45,000**	**Deficit payment has been requested from employer. The LBB Pensions Team speaking to the employer to ensure payment is made as soon as possible.**	**Ashlyns**
4	Atlas Cleaning (St Michaels)	31/03/2021	n/k	WYPF to provide data to Hymans to calculate cessation valuation once outstanding leavers have been processed.	WYPF
5	**Churchill Catering (Queenswell School)**	**30/11/2021**	**-£1,000**	**Deficit payment was paid by employer on 24 January 2023.**	**N/A**
6	Atlas Cleaning (Claremont)	31/03/2022	n/k	WYPF to submit cessation data to Hymans. Member leaver details need to be updated before data can be submitted.	WYPF
7	City and County Healthcare Group	08/06/2022	n/k	Hymans Robertson are processing the cessation valuation. Target date set for 30 June 2023.	Hymans Robertson

8	Alliance in Partnership (Osidge School)	31/07/2022	n/k	WYPF to submit cessation data to Hymans. Member leaver details need to be updated before data can be submitted.	WYPF
9	**OCS**	**31/08/2022**	**£58,000**	**OCS have provided representation to the Committee, and this will be discussed at the meeting**	**N/A**
10	Grasvenor School	31/08/2022	n/k	WYPF to submit cessation data to Hymans. Member leaver details need to be updated before data can be submitted.	WYPF
11	**Optivo**	**30/11/2022**	**-£194,000**	**Optivo has agreed to pay the deficit and this should be made shortly**	**Optivo**
12	Capita Re	31/03/2023	n/k	WYPF to submit cessation data to Hymans.	WYPF
13	Caterlink (Holly Park School)	31/03/2023	n/k	WYPF to submit cessation data to Hymans.	WYPF

Employers shown in red above are new cessations that have arisen since the last update to the Committee.

Update on Bond Renewals – July 2023

Employer	Expiry Date	Value (italics - previous value - being recalculated)	Current Position
HCL Catering - Copthall School	01/05/2023	£73,000	Hymans Robertson to calculate revised Bond value as at 30 June 2023.
ISS	06/07/2023	£1,539,000	Hymans Robertson to calculate revised Bond value as at 30 June 2023.
Olive Dining (Archer Academy)	06/07/2023	£25,000	Hymans Robertson to calculate revised Bond value as at 30 June 2023.
Caterlink (The Compton School)	28/10/2023	£74,000	Hymans Robertson to calculate revised Bond value as at 30 June 2023.
Barnet Education and Learning Services (BELS)	31/08/2023	£3,204,000	Hymans Robertson to calculate revised Bond value as at 30 June 2023.
Tarmac Kier JV	30/09/2023	£360,000	Hymans Robertson to calculate revised Bond value as at 30 June 2023.
NSL Limited	01/11/2023	£1,037,000	Hymans Robertson to calculate revised Bond value as at 30 June 2023.
Greenwich Leisure Limited	31/12/2023	£162,000	Hymans Robertson to calculate revised Bond value as at 30 June 2023.
Tenon (St Michaels)	01/04/2024	£8,000	To be recalculated nearer expiry date.
Innovate (St James)	22/11/2024	£81,000	To be recalculated nearer expiry date.
Olive Dining (St Joseph's Primary)	23/11/2024	£50,000	To be recalculated nearer expiry date.
BEAT	30/11/2024	£76,000	To be recalculated nearer expiry date.
Sancroft Community Care	09/12/2024	£101,000	To be recalculated nearer expiry date.
Innovate (Blessed Dominic School)	09/12/2024	£61,000	To be recalculated nearer expiry date.
Capita CSG	24/11/2025	£2,779,000	To be recalculated nearer expiry date.
Enigma CCTV Limited	01/09/2025	£30,000	To be recalculated nearer expiry date.
Nourish Contract Catering Ltd (Osidge School)	01/08/2025	tbc	Pending employer to provide a Bond or Guarantee (following recent admission).
CSSL	01/11/2025	£2,108,000	Pending employer to provide a Bond or Guarantee (following recent admission).
Chequers Catering	01/12/2025	£40,000	Pending employer to provide a Bond or Guarantee (following recent admission).

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Pension Fund Committee
4 July 2023

Title	**Responsible Investment Update**
Date of meeting	4 July 2023
Report of	Executive Director of Strategy & Resources (S151 Officer)
Wards	N/A
Status	Public
Urgent	No
Appendices	Pension Fund NetZero Storyboard
Officer Contact Details	David Spreckley, Head of Pensions and Treasury – 020 8359 6264 – david.spreckley@barnet.gov.uk

Summary

This report provides an update on the Framework we have developed to progress our NetZero strategy

The Framework seeks to create a hypothetical 'Model NetZero' portfolio optimised on the priority of meeting a NetZero position by 2030 but in turn also generating a suitable risk /return profile. Our aim is for the actual strategy to converge towards this model portfolio once the risk / return metrics are appropriate.

This Model Portfolio approach will allow us to identify gaps and opportunities. It will also provide a means of engaging with key stakeholders as well as making robust data-driven decisions.

Recommendations

The Committee is asked to note the contents of this report and the progress made towards moving developing our NetZero strategy.

BARNET
LONDON BOROUGH

1. Why This Report is Needed

Context

1.1 Whilst Responsible Investment encompasses a broader agenda than NetZero, this update focuses on our NetZero strategy as this has been the focus of Officer time since the last meeting. There is an overview of London CIV's broader Stewardship policies within the Pooling Update paper provided within the agenda pack for this meeting.

1.2 We will provide an update on broader Responsible Investment activity at the next Pension Fund Committee meeting in November.

Our NetZero principles

1.3 At the 31 January 2023 Pension Fund Committee meeting, and following our Responsible Investment day held in December 2022, we took a major step by setting principles for reaching a NetZero within the Pension Fund:

- **Leading and credible voice:** Our framework should provide a platform for Barnet to be a leading voice in discussions around targeting a Net Zero strategy for an LGPS Pension Fund
- **Ambitious and measurable:** our target should be evidence based, credible, measurable and ambitious
- **Risk and return focused:** We should not compromise risk or return potential in targeting a Net Zero strategy
- **Wider Council alignment:** We should echo the wider targets set by the Council

Developing our NetZero Framework

1.4 Officers have been considering how best to develop our NetZero strategy. In doing this we are very mindful that setting a NetZero strategy for a Financial System is very different to setting a NetZero strategy for an Operational Structure, primarily for two key reasons:

- Reducing Carbon output within the Pension Fund by selling assets does not directly reduce Carbon in the real world (i.e. the asset still exists, it is just owned by someone else)[1]
- The world is not NetZero in general (and is unlikely to be by 2030) so if we are to invest into a NetZero investment universe, we may be restricting our investment choices to too narrow a range which can increase our risk significantly

1.5 Therefore, those Pension Funds that have targeted a 2030 NetZero position specifically may find this challenging unless:

- They purchase significant Carbon Offsetting credits
- They significantly restrict the investment universe (which may increase risk as mentioned)

[1] We recognise there is a second order impact that putting selling pressure on Funds that do not look attractive from a NetZero perspective may drive behaviour from management, but conversely it may drive these companies into private hands – private ownership may not share our views around NetZero. Many stakeholders, including London CIV feel engagement is better strategy than divestment

1.6 That said, one of our principles is to be ambitious to reflect the council's wider ambitions around 2030. We have therefore created a framework that is credible, challenges ourselves and our stakeholders **and** anchors discussion and decision making around a 2030 target.

Establishing a "Model 2030 Portfolio"

1.7 Underpinning our approach will be the development of a hypothetical "Model NetZero 2030 Portfolio" – this will be the best fit portfolio we can come up with that prioritises achieving a NetZero position by 2030 (or as near as) together with key risk and return metrics as well as costs and pooling information. We then compare this with our current portfolio (where we must prioritise risk and return considerations) to challenge ourselves whether we can start to converge towards the Model 2030 Portfolio.

1.8 In doing this we will identify:

- Immediate transition opportunities
- Planned transitions (1 – 3 years)
- Opportunities in net negative (e.g. Timberland / Green Tech)
- Gaps that mean we cannot move towards a 2030 position (e.g. because doing so would be too risky / too low return for our requirements)

1.9 A story board is included within Appendix 1 that gives more detail on this Framework for developing our NetZero strategy.

Initial Insights

1.10 We have already started the process of considering what our Model Portfolio may look like and even in these initial stages it has raised some early insights on how we may proceed, for example:

- Having a sustainability tilt to all mandates increases the trajectory to NetZero – *many of our mandates do not have a sustainability tilt currently and so this is something we will need to look at as a first stage*
- Data quality may be a barrier to us achieving a NetZero position as some funds may appear like they achieve a NetZero position but the underpinning data is not credible enough for us to be confident to enter into that mandate – *acknowledging this will allow us to work with stakeholders to improve data quality*
- There are some mandates that provide the ability to offset carbon naturally (e.g. organically through growing trees, or, because they are developing new green technologies which would reduce carbon output in the future). However, these mandates may be limited or may mean we are exposed to too much concentration risk – *this drives an action for us to lobby LCIV and others to create more funds (or funds of funds) which addresses this issue*

[continued]

Next Steps

1.11 Our immediate next steps (pending the strategic review) are:

Step	Comment
Understand the CO2 trajectory of our current portfolio	We are working with Hymans to understand the likely trajectory of our current portfolio from a Green House emissions Perspective i.e. what is the Carbon output projected to be in 2030 and when would our current portfolio reach NetZero? This will identify the areas of our portfolio which will need to change if we are to make meaningful inroads towards a NetZero position by 2030. Initial analysis suggests that the majority of our portfolio would need to refreshed if we are serious about meeting a NetZero position by 2030
Establish Model Portfolio	Work with Hymans and other key stakeholders to develop Model Portfolio and report this back at the November PFC meeting.
Transitions and recommendations	Based on the model portfolio Identify transition plan and gaps and make recommendations for any immediate transitions (which we could take to the November 23 / January 24 PFC meetings). Identify a programme for looking at medium term actions
Engagement	Once we have established our Model Portfolio and reporting framework we will seek to engage with stakeholders, the LGPS community and Fund Managers and continually develop our Model Portfolio so that it becomes something we would feel comfortable converging towards.

1.12 Whilst we will bring back proposals to the November PFC meeting we may run an online workshop to share more of the detail of our planned NetZero trajectory in early September. We will also start to engage key stakeholders with our findings and seek invitations to contribute to our model portfolio

NetZero and our Risk Budget

1.13 A key pillar of our strategy will be to investigate whether we can invest in opportunities which are risky, however have high upside and contribute towards the overall aim of reducing carbon (green tec). We may have more capacity to do this given our overall risk reduction strategy covered in a separate item at the 4 July 2023 Pension Fund Committee meeting.

2. Alternative Options Considered and Not Recommended

2.1 Not applicable in the context of this report.

3. Post Decision Implementation

3.1 Not applicable in the context of this report.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 The Pension Fund Committee supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, by careful monitoring of the Pension Fund activities with a view to ensuring the overall sustainability of the Pension Fund.

4.2 Sustainability of the Pension Fund is a crucial pillar in allowing the council to fulfil its wider objectives.

4.3 The Pension Fund is also developing its NetZero and Stewardship policies which feed into the wider objectives around Planet, Places and People.

Corporate Performance / Outcome Measures

4.4 Not applicable in the context of this report.

Sustainability

4.5 Not applicable in the context of this report.

Corporate Parenting

4.6 Not applicable in the context of this report.

Risk Management

4.7 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

Insight

4.8 Not applicable in the context of this report.

Social Value

4.9 Not applicable in the context of this report.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 Risks that are not mitigated or managed can have a financial penalty to the Fund.

6. Legal Implications and Constitution References

6.1 The Council's Constitution – Part 2B section 15 includes within the responsibilities of the Pension Fund Committee.

6.2 The terms of reference for the committee includes:

"To have responsibility for all aspects of the governance, investment and administration of the LB Barnet Pension fund, including, but not limited to the following:
To ensure compliance with all Local Government Pension Scheme statutes, regulations and best practice."

7. Consultation

7.1 Not applicable in the context of this report.

8. Equalities and Diversity

8.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

8.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

9. Background Papers

9.1 Further discussion on the Fund's Responsible Investment approach can be accessed here.

Developing the Funds Responsible Investment strategy - update.pdf (moderngov.co.uk)

Pensions

Delivering a pension strategy towards NetZero2030

May 2023

ALLFIGURES IN PRESENTATION ARE FOR ILLUSTRATION ONLY TO EXPLAIN CONCEPTS

CONFIDENTIAL FOR DISCUSSION PURPOSES ONLY

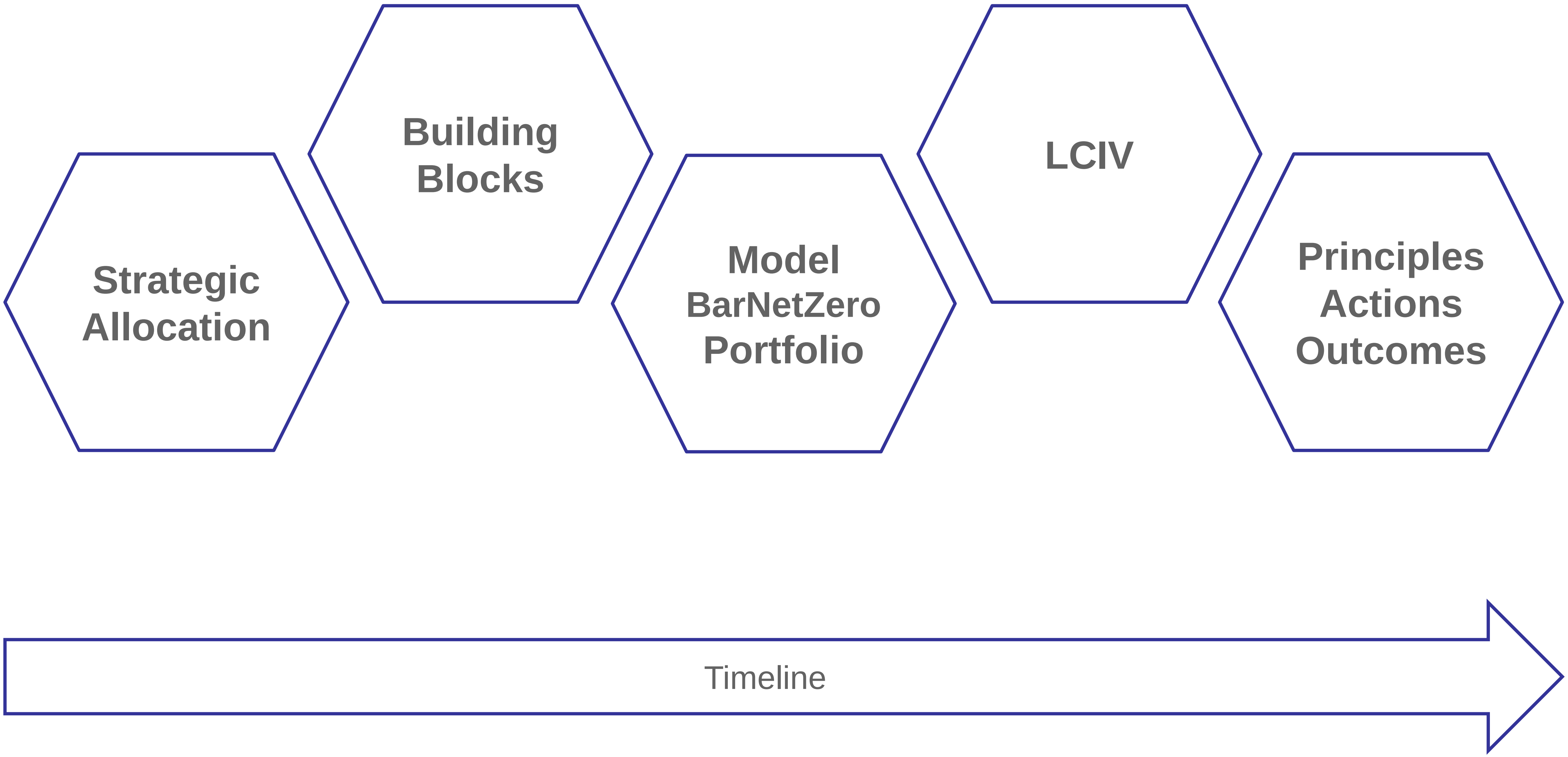
Preface:

Barnet Council has wider ambitions around reaching 2030 NetZero position. However, from a pension perspective, the regime we operate within is not geared around 2030 – we are told 2030 is not possible and / or credible – this creates an implicit drag and could make our 2030 ambition look uncredible and inconsistent with our wider goals.

The BarNetZero Pension Framework seeks to challenge this regime in a constructive and positive way and anchor discussions around 2030 so that we are credible and evidence based

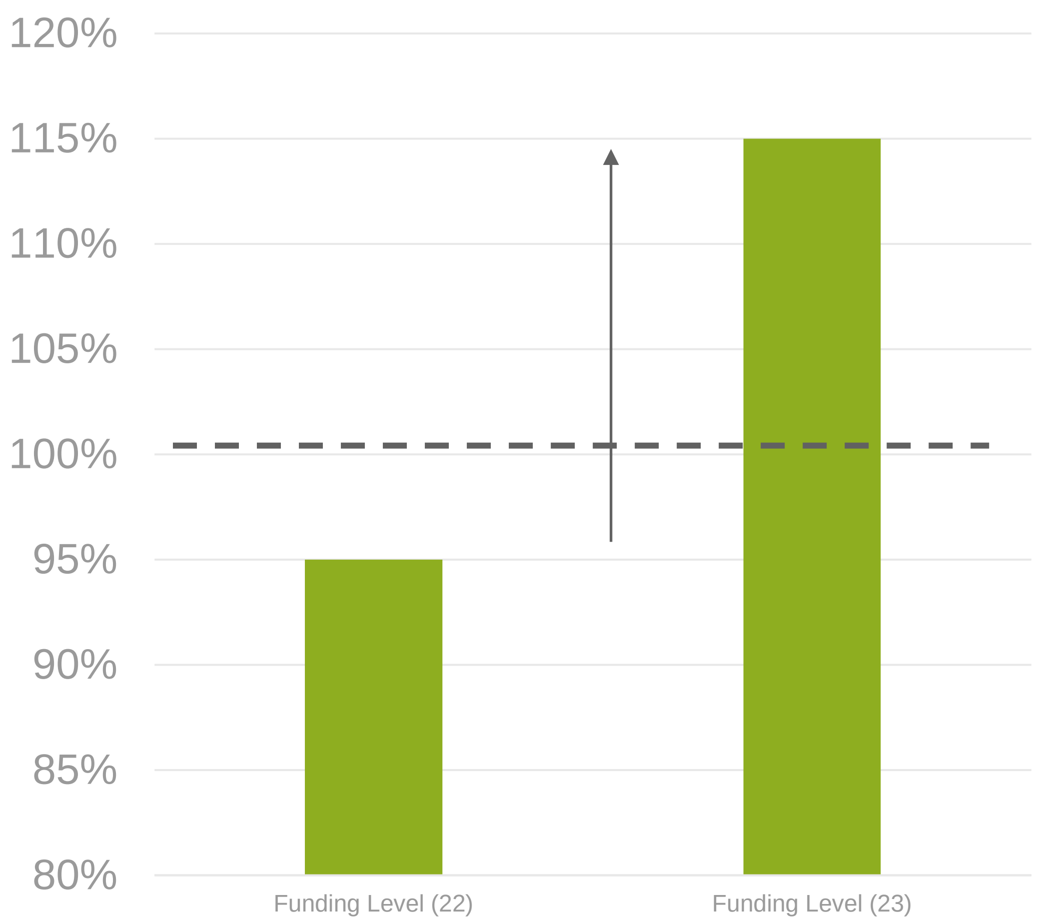
Barnet's NetZero Principles
Leading and credible voice: Our framework should provide a platform for Barnet to be a leading voice in discussions around targeting a Net Zero strategy for an LGPS Pension Fund
Ambitious and measurable: our target should be evidence based, credible, measurable and ambitious
Risk and return focused: We should not compromise risk or return potential in targeting a Net Zero strategy
Wider Council alignment: We should echo the wider targets set by the Council

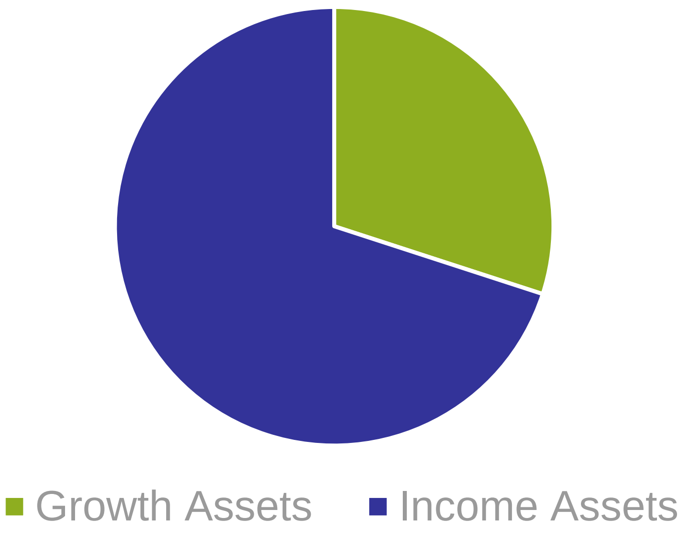
This ‘Story Board’ covers the following aspects:



Strategic Review

Not NetZero focused but key to sound investment management - taking less overall risk may increase our risk budget towards NetZero





- Funding Position improved substantially (95% to 115%) implies significant reduction in cash contributions possible from 2026
- Reducing growth assets reduces risk by 15% (or more) and helps stabilise funding

Do our current "Building Blocks" meet our objective….?

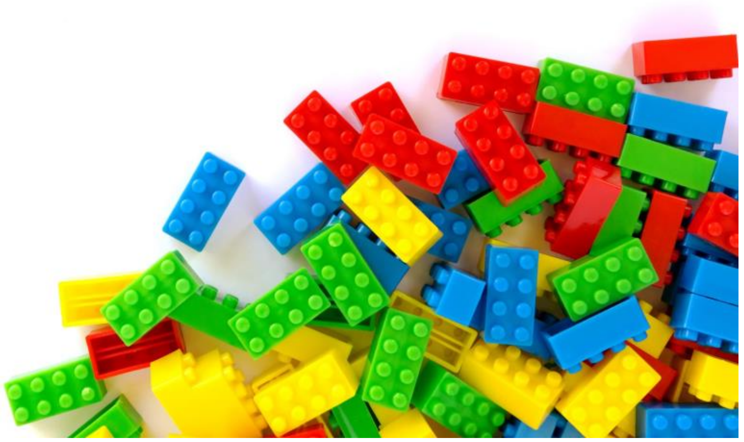
Current Position:
Our current "Building Blocks" will not achieve a NetZero position within a timeframe acceptable to the Council, **but some asset classes can certainly support a 2030 strategy**

However, some asset classes are not consistent with a 2030 NetZero strategy and so we will need to rethink what Building Blocks we use to achieve our strategic aims – this may force some challenging questions – e.g. if passive / Emerging Markets are not consistent with a 2030 do we abandon these approaches?

Asset class	Strategic Allocation	%	NetZero Timeframe	NetZero 2030 target available?
Global Equities	Growth	40.00%	2050+	Y
~~Emerging Market Equities~~	~~Growth~~	~~5.00%~~	~~2050+~~	~~N~~
Private Equity	Growth	6.00%	2050+	Y
~~Property~~	~~Income~~	~~5.00%~~	~~2050+~~	~~N~~
Infrastructure	Income	8.00%	2050+	Y
Corporate bonds	Income	10.00%	2050+	Y
~~Asset backed securities~~	~~Income~~	~~6.00%~~	~~2050+~~	~~N~~
Private Debt	Income	13.00%	2050+	Y
~~MAC~~	~~Income~~	~~7.00%~~	~~2050+~~	~~N~~

EXAMPLE ACTUAL ANALYSIS
NOT CONDUCTED

The funds we pick to deliver our strategy are our "Building Blocks" – moving forward we need to select the Building Blocks that best meet our NetZero objectives



Creating the Model NetZero Portfolio

This is what we are currently looking at

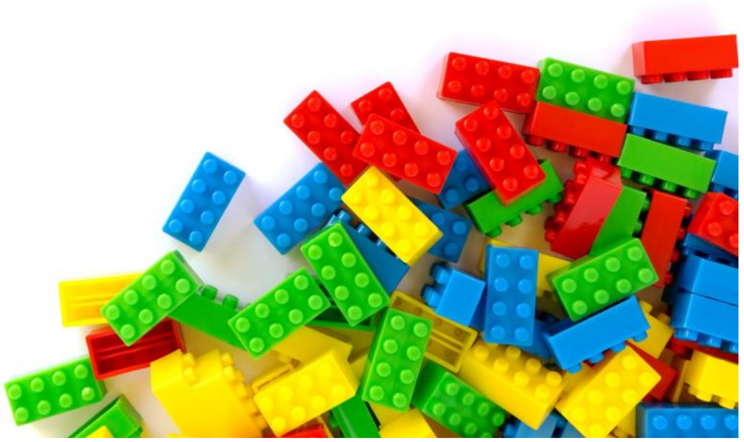
We will map out a Model Portfolio that uses building blocks that **could** achieve a NetZero position by 2030 and which fit our overall strategic allocation – the model portfolio may not be suitable from a risk / return perspective but will help anchor us to a 2030 "target" and drive debate and inform decision making.

Asset class	Strategic Allocation	%	NetZero Timeframe	NetZero 2030 target available?
Global Equities	Growth	40.00%	2030	Y
Private Equity	Growth	15.00%	2035	Y
Infrastructure	Income	15.00%	2028	Y
Corporate bonds	Income	20.00%	2030	Y
Private Debt	Income	10.00%	2035	Y

EXAMPLE ACTUAL ANALYSIS NOT CONDUCTED

We use our Model Portfolio to identify:
- Immediate transition opportunities
- Planned transitions (1 – 3 years)
- Opportunities in net negative
- (Timberland / Green Tech)
- Gaps (i.e. too risky / too low return)

Identifying the gaps and opportunities will allow us to more effectively drive solutions with key stakeholders



NetZero Dashboard - Prototype

Include Data Quality Flag?

Creating a dashboard helps us articulate our progress and focus on key parameters

These are our Building Blocks – include facility to click into 'donut' for granular stats on specific Funds?

	Current
tCO_2 (2030)	1500 tCO_2
NetZero Date	2050+
Return	[7.5% - 8.5%]
Risk	+/- [15% - 25%]
Sector	Balanced
Style	Balanced
Geography	Balanced
Concentration	Acceptable
Fees	25bps
LCIV %	15%
GH Data quality	Unacceptable

Carbon Offsetting Required as a % of Fund Assets

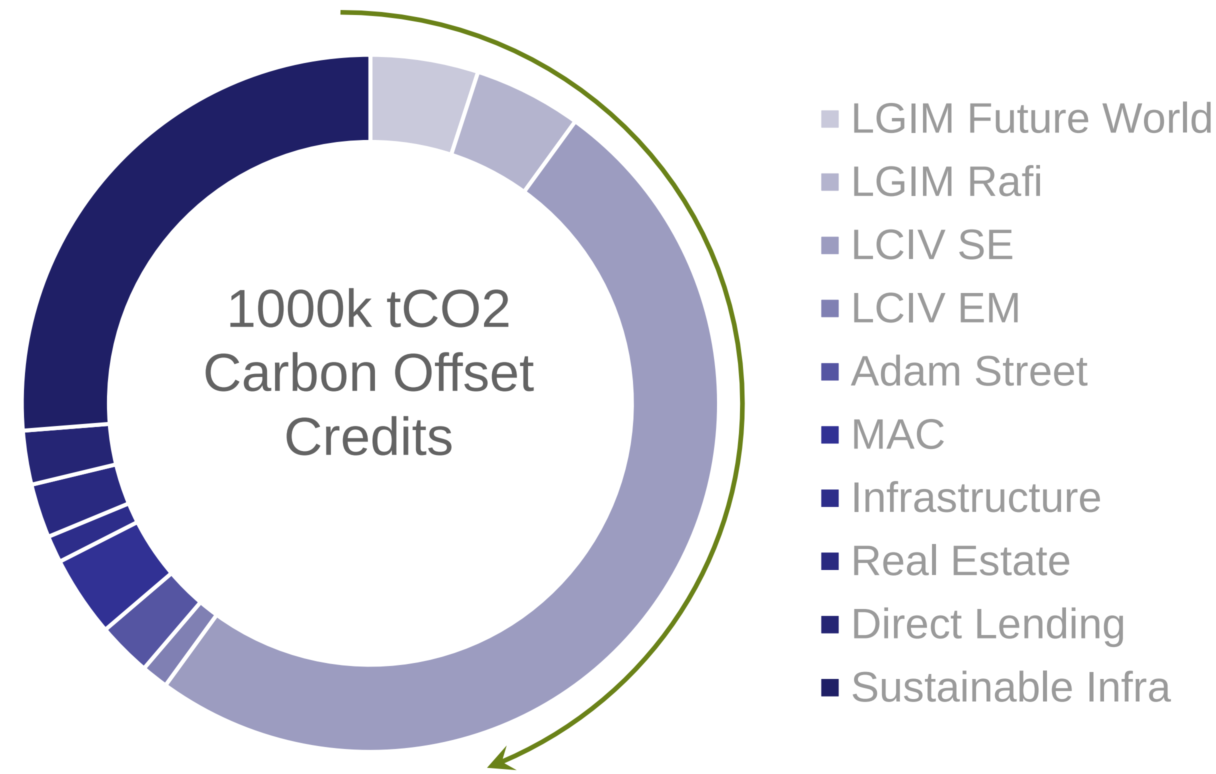
This is the amount of Carbon projected at 2030 based on that portfolio

These are the key risk and return metrics that underpin our decision making

Caring for **people**, our **places** and the **planet**

Dashboard - 2023 to 2026 Interim Step

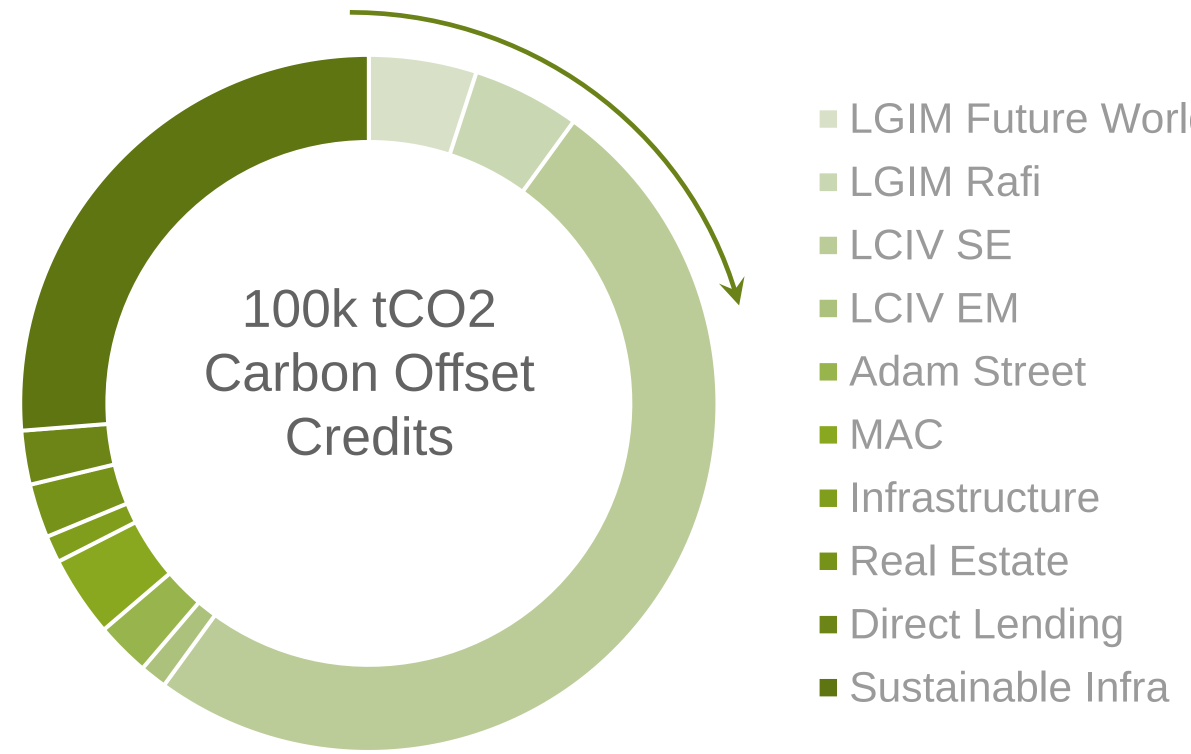
EXAMPLE ACTUAL ANALYSIS NOT CONDUCTED



	Current
tCO2 (2030)	1500 tCO2
NetZero Date	2050+
Return	[7.5% - 8.5%]
Risk	+/- [15% - 25%]
Sector	Balanced
Style	Balanced
Geography	Balanced
Fees	25bps
LCIV %	15%

	Interim (2023 – 2026)	
tCO2 (2030)	1000 tCO2	✗
NetZero Date	2045	✗
Return	[7.5% - 8.5%]	✓
Risk	+/- [15% - 25%]	✓
Sector	Balanced	✓
Style	Balanced	✓
Geography	Balanced	✓
Fees	35bps	✓
LCIV %	25%	✓

Moving towards BarNetZero Model Portfolio



	Interim (2023 – 2026)
tCO2 (2030)	1000 tCO2
NetZero Date	2045
Return	[7.5% - 8.5%]
Risk	+/- [15% - 25%]
Sector	Balanced
Style	Balanced
Geography	Balanced
Concentration	Acceptable
Fees	35bps
LCIV %	25%
GH Data Quality	Acceptable

26%
Convergence

	BarNetZero 2030	
tCO2 (2030)	100 tCO2	?
NetZero Date	2035	?
Return	[7.5% - 8.5%]	✓
Risk	+/- [25% - 35%]	✗
Sector	Over weight tech	✗
Style	Over weight growth	✗
Geography	North America bias	✗
Concentration	Acceptable	✗
Fees	125bps (inc Carbon Offset)	✗
LCIV %	25%	✗
GH Data Quality	Unacceptable	✗

Leveraging LCIV

- London CIV has more reach than Barnet and Barnet has more influence with London CIV than with other investment managers
- A strong successful London CIV allows London to have a greater voice
- A strong relationship for Barnet with London CIV allows to be more influential in shaping that voice

A key strategic aim through a NetZero lens is to support the London CIV "where ever possible"

Over the next three years there will be a clammer from Investment Managers to grab market share through offering NetZero "solutions" – there is already evidence of some LGPS funds diverging from the pooling agenda in the name of achieving "Net Zero" – **this is a net negative net zero strategy** and we should avoid being too individualistic in our solutions – we should use our BarNetZero model portfolio to work with London CIV and be a vocal supporter of London CIV

We should seek to build relationships with London CIV at every level and have an engagement plan for doing this.

NetZero Principles / Actions / Outcomes

Principle	Planned Actions	Outcome
Leading and credible voice: Our framework should provide a platform for Barnet to be a leading voice in discussions around targeting a Net Zero strategy for an LGPS Pension Fund	Create Model BarNetZero portfolio. Support LCIV where possible.	Encourage debate, gives tangible platform to engage with Stakeholders and drive LCIV / London and the LGPS community forward Supporting London CIV leverages our influence
Ambitious and measurable: our target should be evidence based, credible, measurable and ambitious	BarNetZero Framework will measure important investment risk criteria as well as NetZero measures.	Ambition is achieved through 'bringing to life' what a NetZero2030 strategy could look like and using that to anchor discussions / debate and drive our decision making. Identifying the gaps through analysis will allow us to work with stakeholders to develop solutions
Risk and return focused: We should not compromise risk or return potential in targeting a Net Zero strategy	We will measure the risk and return profile of our BarNet Zero strategy We will not converge towards BarNetZero if too risky to do so.	Our strategy will be sustainable Where we cannot move as fast as some stakeholders would like towards a 2030 solution we can explain why
Wider Council alignment: We should echo the wider targets set by the Council	BarNetZero model is framed around a 2030 target	Framing our conversation around 2030 helps support the Council's wider ambitions around 2030

Timeline

4 July 2023 PFC

November 2023 PFC

Six Monthly Review of Model Portfolio and actions towards convergence

H1 2023

H2 2023

Strategic Review

Analyse current ‘Building Blocks’ Carbon and trajectory

Build Model Portfolio

Identify:
- Immediate moves
- Quick win “transitionary moves”
- Opportunities (Impact)
- Gaps

Recommend immediate changes

Present Transition Plan for “quick wins” interim steps

Work with stakeholders to find solutions to “bridge the gaps”

LCIV Engagement Strategy

Wider Engagement Strategy

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

AGENDA ITEM 15

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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London Borough of Barnet

Pension Fund Committee Work Programme

May 2023 – January 2024

AGENDA ITEM 16

Title of Report	Overview of decision	Report Of *(officer)*	Issue Type (Non- key/Key/Urgent
4 July 2023			
Quarterly investment report to 30 June 2023	Review investment activity and the performance of the fund and investment managers.	Chief Financial Officers	Non-key
Pooling update	To note developments in pooling and to review Barnet's pooling plan.	Chief Financial Officer	Non-key
Investment Strategy & manager appointments	To review progress on investment strategy decisions.	Chief Financial Officer	Non-key
Administration Report	To update the Committee on the performance of the administration service.	Chief Financial Officer	Non-key
Admission Agreement and Bonds	To provide an update on admissions, cessations and bond renewals.	Chief Financial Officer	Non-key
Annual accounts for the year to 31st March 2023	To approve the Pension Fund Annual Accounts	Chief Financial Officer	Non-key
Annual review of performance of advisors	Provide feedback to advisors on their performance.	Chief Financial Officer	Non-key
Knowledge and Understanding	To review Committee training completed and possible further training requirements	Chief Financial Officer	Non-key
Responsible Investment	To review the Fund's progress against its Responsible Investment objectives	Chief Financial Officer	Non-key
10 November 2023			
Quarterly investment report to 30 September 2023	Review investment activity and the performance of the fund and investment managers	Chief Financial Officers	Non-key

Subject	Decision requested	Report Of	Issue Type (Non-key/Key/Urgent
Review of Scheme Expenses	To review the scheme costs incurred in the six months to 30 September 2023	Chief Financial Officer	Non-key
Pooling update	To note developments in pooling and to review Barnet's pooling plan	Chief Financial Officer	Non-key
Investment Strategy & manager appointments	To review progress on investment strategy decisions	Chief Financial Officer	Non-key
Admission Agreement and Bonds	To provide an update on admissions, cessations and bond renewals.	Chief Financial Officer	Non-key
Administration Report	To update the Committee on the performance of the administration service, including issuance of ABS.	Chief Financial Officer	Non-key
Annual review of performance of advisors	Provide feedback to advisors on their performance.	Chief Financial Officer	Non-key
Communication Policy and Engagement strategy review	To update the Committee on following a review of the Fund's engagement strategy and communication policy.	Chief Financial Officer	Non-key
Knowledge and Understanding	To review Committee training completed and possible further training requirements	Chief Financial Officer	Non-key
Responsible Investment	To review the Fund's progress against its Responsible Investment objectives	Chief Financial Officer	Non-key
Review of Pension Fund Risk Register	To review the management of pension fund risks.	Chief Financial Officer	Non-key
31 January 2024			
Quarterly investment report to 31 December 2023	Review the investment activity and the performance of the fund and its investment managers.	Chief Financial Officer	Non-Key

Subject	Decision requested	Report Of	Issue Type (Non-key/Key/Urgent
Responsible Investment	To review the Fund's progress against its Responsible Investment objectives	Chief Financial Officer	Non-key
Policies and Procedures	To update the Committee on status of the Fund's policies and procedures and recent updates/	Chief Financial Officer	Non-key
Knowledge and Understanding	To review Committee training completed and possible further training requirements	Chief Financial Officer	Non-key
Annual Accounts	To update the Committee on the status of the outstanding report and accounts.	Chief Financial Officer	Non-key
Admission Agreement and Bonds	To provide an update on admissions, cessations and bond renewals.	Chief Financial Officer	Non-key
Administration report	To update the Committee on the performance of the Pension Administrator.	Chief Financial Officer	Non-key