



## Pension Fund Committee

21 November 2019

<b>Title</b>	<b>Responsible Investing</b>
<b>Report of</b>	Director of Finance
<b>Wards</b>	N/A
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix 1 – Summary of views and comments from training session <b>(to follow)</b> . Appendix 2 – Hymans Robertson background paper to Responsible Investing
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### Summary

Committee members attended a training day on 11 November to consider issues relating to responsible investing (RI). This agenda item is designed to offer an opportunity to record any issues raised at the meeting. It is proposed that a survey of Committee and Board Member investment beliefs is undertaken as a first step to developing RI policies.

### Officers Recommendations

1. That the Pension Fund Committee agree to undertake a survey of Committee and Board Member investment beliefs.

#### 1. WHY THIS REPORT IS NEEDED

- 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 Committee members attended a training session on responsible investing on 11<sup>th</sup> November. A summary of the issues raised at the training session is attached (appendix 1). Also attached (appendix 2) is Hymans Robertson background paper on Responsible Investing. Hymans and the other presenters at the training recommended as an initial step the development of investment beliefs that will inform the Committee's policies. It is therefore recommended that a survey of Committee and Board member beliefs is undertaken and the results used to propose a Responsible Investment policy.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The LGPS (Management and Investment of Funds) Regulations 2016 (Regulation 7(7)) requires the Committee to periodically (at least every three years) review the investment strategy. The Regulations also require the Scheme's Investment Strategy Statement to the Committee's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 Alternatives will be considered when developing RI proposals.

## **4. POST DECISION IMPLEMENTATION**

- 4.1 N/A.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 Good management of the Pension Fund will minimise the cost of providing benefits thus enabling funds to be directed to Council priorities.

### **5.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.1 There are no direct resources issues 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.

### **5.3 Social Value**

- 5.3.1 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.

5.3.2 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.

5.3.3 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.

5.3.4 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.

#### **5.4 Legal and Constitutional References**

5.4.1 The LGPS (Management and Investment of Funds) Regulations 2016 (Regulation 7(7)) requires the Committee to periodically (at least every three years) to review the investment strategy.

5.4.2 The Council's Constitution – Article 7 – includes within the responsibilities of the Pension Fund Committee, (1) the approval of the Investment Strategy Statement and (2) the appointment of investment managers. This paper considers alterations to the asset allocation set out in the ISS.

#### **5.5 Risk Management**

5.5.1 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.

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

#### **5.6 Equalities and Diversity**

5.6.1 Pursuant to the Equality 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to the public-sector equality duty.

#### **5.7 Corporate Parenting**

5.7.1 Not applicable in the context of this report.

#### **5.8 Consultation and Engagement**

5.8.1 Including Local Pension Board members in training and in the beliefs survey will enable the Committee to consider the views of scheme member and employer representatives.

5.9 **Insight**

5.9.1 Not applicable

**6. BACKGROUND PAPERS**

6.1 Papers presented to the Responsible Investment training day have been circulated to Members of the Committee.