



Pension Fund Committee

22nd March 2023

Title	Investment Strategy and Manager Appointments
Report of	Executive Director of Strategy and Resources (S151 Officer)
Wards	N/A
Status	Public
Urgent	No
Key	Non-key
Enclosures	Appendix 1- Summary of Outstanding Transactions Appendix 2- Strategy Review Briefing Paper
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Summary

This report provides a summary of the investment transactions made in the first 2 months of 2023, and an overview of the planned investment transactions in 2023.

Officers Recommendations

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

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 matters covered in this paper are:

- Investment transactions that have occurred in 2023
- The planned further investment transactions in 2023

1.3 Investment Transactions in 2022

1.3.1 Below is a summary of the investments made by the Pension Fund in the first 2 months of 2023:

Fund Name	Amount Invested
LCIV Renewable Infrastructure	£0.849m
LCIV Private Debt	£2.715
LCIV Multi-Asset Credit	£30.000m
Total	£33.564m

1.3.2 Below is a summary of the disinvestments the Pension Fund Made in the first 2 months of 2023 (please note these are automatic disinvestments from funds reaching maturity):

Fund Name	Amount Disinvested
Partners Group 2015 Fund	£0.267
Partners Group 2017 Fund	£0.534
Total	£0.801

1.4 Planned Investment Transactions for 2023

- 1.4.1 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.
- 1.4.2 The Pension Fund also has a new investment into LCIV Global ESG Bonds (agreed at December 2021 meeting), with a commitment of £60m.
- 1.4.3 At the January 2023 Pension Fund Committee meeting, the committee agreed to use both Allianz and Pemberton Trade Finance Funds as a more effective way to manage long term cash holdings. Whilst these funds are still in the application process, it is expected that cash will be deposited into these funds before April 2023.
- 1.4.4 In order 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.
- 1.4.5 Appendix 1 shows a summary of these outstanding transactions, with expected timings, methods, drivers, and funding sources.

1.5 Strategy Review

- 1.5.1 Due to the change in the economic environment, officers will be undertaking a review of the current investment strategy. More details around this can be found in the Strategy Review Briefing Paper (appendix 2).

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 and if necessary, revise the investment strategy.

3. Alternative options considered and not recommended

- 3.1 None

4. Post decision implementation

- 4.1 Delegation is requested to officers to implement the agreed actions.

5. Implications of decision

5.1 Corporate Priorities and Performance

- 5.1.1 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.

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

5.2.1 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.

5.3 **Legal and Constitutional References**

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

5.3.2 The Council's Constitution – Article 7 – includes within the responsibilities of the Pension Fund Committee, (1) the approval of the Investment Strategy Statement and 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.

5.4 **Insight**

5.4.1 N/A

5.5 **Social Value**

5.5.1 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.

5.5.2 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.

5.5.3 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.

5.5.4 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.

5.6 **Risk Management**

5.6.1 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.

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

5.7 Equalities and Diversity

5.7.1 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.

5.8 Corporate Parenting

5.8.1 Not applicable in the context of this report.

5.9 Consultation and Engagement

5.9.1 Not applicable.

6. Environmental Impact

6.1 The paper and appendices discuss investments into assets which are deemed as Responsible Investments.

7. Background papers

7.1 All recent Committee meetings have included an agenda item on investment strategy.

Report Clearance Checklist

(Removed prior to publication and retained by Governance Service)

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Author to complete table below:

Who	Clearance Date	Name
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HB Public Law	08/03/2023	Sharon Clarke
Finance	06/03/2023	Anisa Darr
Governance	07/03/2023	Paul Frost