

LGPS Investment Consultation

Like many Administering Authorities we have given significant consideration to the LGPS Investment Framework [consultation](#). This short document sets out six key recommendations which will form the substance of Barnet's response.*

We believe that if these recommendations are implemented, then the LGPS Investment Framework will move to benefit LGPS Funds, Local Residents and the UK more generally.

If you would like to discuss the thinking behind these recommendations, please contact:

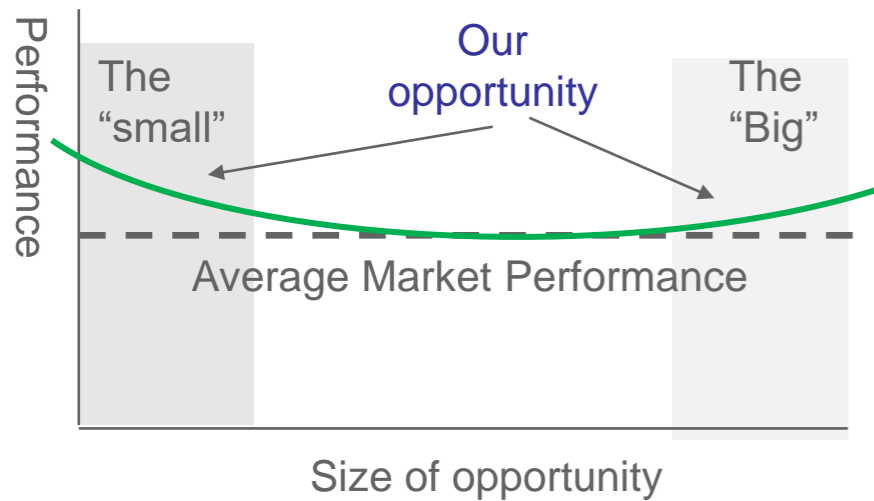
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*recommendations draft pending further discussion with key stakeholders and Barnet's Pension Fund Committee

The principles underpinning our thinking

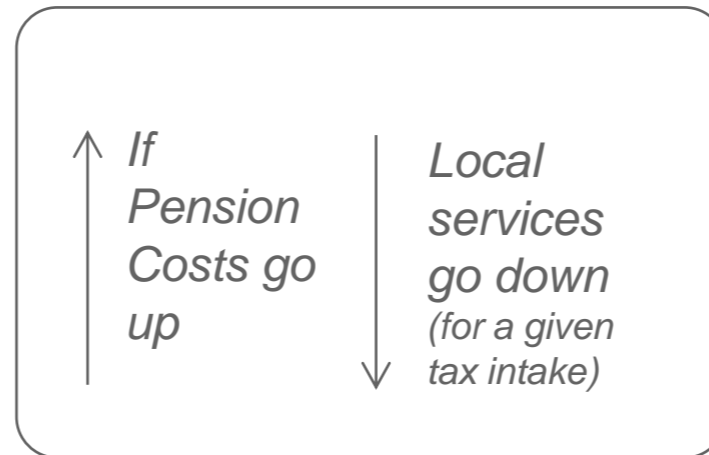
Outperformance achieved from both large and small-scale opportunities



We believe sustainable outperformance against market can be achieved through both large-scale investments (e.g. Large Infrastructure) and small-scale investments (e.g. Venture)

*note a Fund may allocate a large proportion of assets to “small” scale investments

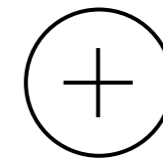
Our primary Fiduciary Duty is to Local Residents



The constituent who stands to benefit / suffer the most from out / under performance of the Fund are local taxpayers and users of local services. This is therefore the group we owe our primary Fiduciary Duty towards

There is a Local “Dividend” received through local infrastructure investment

Investment Return



Local Dividend

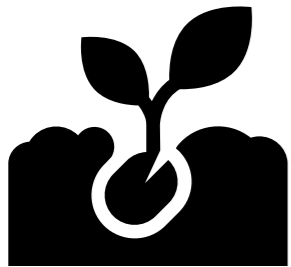
Local investment may create a return (financial or non-financial) that benefits the local community in addition to the financial return made by the initial investors

Caring for people, our places and the planet

Evolving the LGPS Investment Framework to improve outcomes for Barnet



Regulations modified to encourage greater collaborations between the Pools and Funds so the big opportunities and best assets can be accessed – we think this will increase the overall level of pooled assets



The ability to allow for a ‘Levelling Up’ dividend in decision making where Local Taxpayers and / or employers benefit from the investment collaterally – we think this will increase and accelerate investment towards Levelling Up initiatives



Encourage investment in smaller Private opportunities as well as large – Funds are adept in discovering high value Private Assets locally. Encouraging and utilising this network of expertise, in collaboration with pools where possible, will help drive value for our taxpayers and increase investments towards Private Assets overall

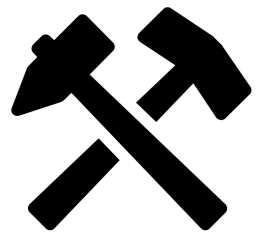
Suggested actions to improve governance



Made explicit that Funds can rely on the Pools' due diligence – this will reduce our overall governance expense and help us build a closer relationship with our Pool. We would further recommend that Pool's obtain their own independent due diligence



Government commission a review on the potential for concentration risk from greater consolidation to fewer Fund managers - with greater concentration comes potential risk, we think this needs to be properly explored and understood as it may inform the extent of ultimate pooling



That the governance burden is supported by investment in centralised reporting tools (which could be co-ordinated by a Pool) – this will transform governance within Funds and allow clearer comparison between funds