



## Pension Fund Committee

11 January 2024

<b>Title</b>	Investment Strategy
<b>Date of meeting</b>	11 January 2024
<b>Report of</b>	Executive Director of Strategy and Resources (S151 officer)
<b>Wards</b>	N/A
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Appendices</b>	Appendix 1- Summary of Outstanding Transactions
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### Summary

This report provides a summary of the investment transactions made in the 3 months from October 2023 to December 2023, and an overview of the planned investment transactions in 2024.

### Recommendations

**The Pension Fund Committee note the investment transactions that have occurred in the four months from 1st October to 31<sup>st</sup> December 2023, and the further planned transactions for 2024.**

#### 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:
  - Investment transactions that have occurred in October 2023 to December 2023
  - The planned further investment transactions in 2024

### Investment Transactions from October 2023 to December 2023

1.3 Below is a summary of the investments made by the Pension Fund from October 2023 to December 2023:

<b>Fund Name</b>	<b>Amount Invested (£m)</b>
LCIV Long Term Buy and Maintain Credit Fund	£75.000
LCIV Renewable Infrastructure	£0.295
Adams Street 2019	£1.218
Adams Street Secondaries	£4.382
<b>Total</b>	<b>£80.895</b>

1.4 Below is a summary of the disinvestments the Pension Fund made from October 2023 to December 2023:

<b>Fund Name</b>	<b>Amount Disinvested (£m)</b>
Schroders Corporate Bonds	£75.000
Partners 2017	£0.426
Partners 2019	£1.202
Alcentra	£0.098
<b>Total</b>	<b>£76.726</b>

The disinvestments from both Partners and Alcentra are distributions from the fund managers as each fund is currently winding down.

### Planned Investment Transactions for 2024

1.5 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 2024.

- 1.6 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 2024.
- 1.7 Appendix 1 shows a summary of these outstanding transactions, with expected timings, methods, drivers, and funding sources (under the current 30% equity / 70% growth allocation).

## **2. Alternative Options Considered and Not Recommended**

- 2.1 None

## **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. Ensuring that the Pension Fund is being invested prudently and to the best advantage in order to achieve the required funding level, and 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 This report allows the committee to have oversight of the investment transactions of the Pension Fund.

### **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 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.
- 4.6 Understanding the causes of sources and variabilities of scheme returns informs the management of investment and funding risk.

### **Insight**

- 4.7 Not applicable in the context of this report

### **Social Value**

- 4.8 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.

- 4.9 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.
- 4.10 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.
- 4.11 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 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.
- 6.2 The Council's Constitution – Part 2B section 15.1 includes within the responsibilities of the Pension Fund Committee, namely, 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.
  - to consider approval and act in accordance with the Investment Strategy Statement and
  - to review the Investment Strategy Statement at least triennially, or more frequently if advised by the Chief Finance Officer of the need to do so and if so required.
  - to appoint and monitor Investment advisors and Pension Fund investment managers.

## **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 None

