



Brent Pension Fund Sub-Committee
19 February 2025

**Report from the Corporate Director,
Finance and Resources**

Implementation of Infrastructure allocation

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	PART EXEMPT - Appendix 1, Increasing the Infrastructure allocation as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
List of Appendices:	One: 1. Increasing the Infrastructure allocation
Background Papers:	N/A
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1.0 Executive Summary

1.1 The report provides an overview of considerations for moving towards the target infrastructure allocation of 15% of total Fund assets.

2.0 Recommendation(s)

The Pension Fund Sub-Committee is recommended to:

2.1 Note the analysis provided by Hymans Robertson regarding the infrastructure allocation.

2.2 Consider the different pathways for increasing the infrastructure allocation, including how ESG and local investment could be incorporated, timelines, and alternative funds.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

3.1.1 The work of the Pension Fund is critical in ensuring that it undertakes statutory functions on behalf of the Local Government Pension Scheme and complying with legislation and best practice. Efficient and effective performance and service delivery of the Pension Fund underpins all Borough Plan priorities.

3.2 Background

3.2.1 The London Borough of Brent Pension Fund invests in a variety of different asset classes to generate investment returns and diversify exposure in order to meet its primary objective which is to provide pension benefits as they fall due.

3.2.2 The most recent investment strategy review, completed in February 2023, the committee agreed to maintain a long term 15% strategic asset allocation to Infrastructure assets.

3.2.3 The fund's current infrastructure investments and the total proportion of infrastructure assets are shown in the table below:

Infrastructure Assets	Value as at 31 December 2024 (£m)	% of Fund
Alinda	17.2	1.3
Capital Dynamics	2.1	0.2
London CIV	54.2	4.1
Total Infrastructure	73.5	5.5
TOTAL ASSETS	1,335.8	100

3.2.4 The Fund's main exposure to the infrastructure asset class is through the London CIV Infrastructure Fund which is a funds of funds product managed by Stepstone. This investment, a commitment of £50m, was agreed in 2019. To date, a total of £45.4m has been invested by Brent, and the current value of the fund is £54.2m. The remaining uncalled investment is £4.6m.

3.2.5 This fund currently invests in 11 underlying funds with a significant allocation to renewables (45%) and transport (28%) with the remainder invested across a range of sectors including communications, logistics and utilities.

3.2.6 The fund has a minimum allocation of 25% to renewables and all other sectors are limited to a maximum of 25% per sector.

3.2.7 As at 31 December, the Fund also has smaller infrastructure allocations with Alinda II and III infrastructure funds (£17.2m in total) and Capital Dynamics (£2.1m in total).

3.2.8 Therefore, new investments will need to be identified to build the allocation to infrastructure towards its 15% target. The Fund's investment advisors have prepared a report, attached in Appendix 1, which provides an overview of considerations for moving towards the target infrastructure allocation.

3.3 **Increasing the Infrastructure allocation**

The report covers the following areas:

3.3.1 **Overview of LCIV Infrastructure Fund:** Analysis of the Fund's current exposure to infrastructure is through the LCIV Infrastructure Fund.

3.3.2 **Investment and ESG Objectives:** Discusses the investment characteristics and ESG objectives of the infrastructure allocation, including:

- The difference between economic infrastructure and social infrastructure;
- Expected returns from infrastructure investments and the link to the development cycle;
- Key risks in infrastructure investments;
- The role of infrastructure in meeting net zero targets;
- Local investment.

3.3.3 **Pathways and Timeline for building the allocation:** Provides an overview of different pathways to the target allocation including:

- Key characteristics of the various types of pooled infrastructure funds available for investment;
- Timeline for increasing the allocation;
- Potential pathways for increasing the allocation including increasing the allocation to the LCIV Infrastructure Fund, direct investment and using other funds to diversify the allocation.

3.3.4 **Fund Examples:** Discusses alternative funds that could be considered in addition to the LCIV Infrastructure Fund.

4.0 **Stakeholder and ward member consultation and engagement**

4.1 In view of the nature of the report, there has been no consultation or engagement with stakeholders or ward members to date.

5.0 **Financial Considerations**

5.1 There are no direct financial considerations arising out of this report.

6.0 Legal Considerations

6.1 There are no legal considerations arising out of this report.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are no adverse equality considerations arising out of this report.

8.0 Climate Change and Environmental Considerations

8.1 There are no climate change or environmental considerations arising out of this report.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are no HR or property considerations arising out this report

10.0 Communication Considerations

10.1 There are no communication considerations arising out of this report.

Report sign off:

MINESH PATEL

Corporate Director, Finance and Resources