



London Borough of Enfield

Report Title	Impact of Spring budget on Pension Funds
Report to	Pension, Policy & Investment Committee (PPIC)
Date of Meeting	20 March 2024
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Classification	Part 1 Public

Purpose of Report

1. To introduce a report from the London Borough of Enfield Pension Fund's ("Fund") investment advisor, Aon, detailing the impact of the UK spring budget on Local Government Pension Schemes (LGPS).

Recommendations

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| I. Members are asked to note the contents of the report. |
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Background

2. On Wednesday 6th March 2024, the UK Chancellor, Jeremy Hunt, published the UK spring budget for 2024.
3. A summary of the budget and the main impacts on Pension Fund's is attached in appendix 1.

Impact on LGPS

4. The most significant announcement in the budget impacting the LGPS is the requirement to publicly disclose the breakdown of asset allocations, including UK equities, on an annual basis.

5. These requirements are expected by the end of the month as part of the new Annual Report guidance.
6. The Chancellor has also stated that the Government will review what further action is needed if this reporting does not demonstrate that UK equity allocations are increasing.
7. The Fund invests in listed and unlisted equities through 6 managers. These managers are global in nature and do not specifically invest in UK equities instead targeting those companies who are likely to provide the highest level of returns.
8. PPIC are reminded that although the Government would like to see UK equity investment increasing, the fiduciary duty placed on the LGPS means the priority for Pension Funds is to achieve the highest risk adjusted returns for its members and employers. Increasing investment in UK equities may be in direct conflict to this fiduciary duty. This conflict would need to be resolved pending further announcements the current Government or future government may make
9. The Fund currently has approximately £20m (c.1.3%) invested in listed UK equities through its managers. It should be noted however that the Fund has approx. 5% of investments in the Bond portfolio invested in UK companies in addition to a significant holding in UK gilts. The Fund also holds a 5% allocation to UK property.
10. In addition to the above investments the Fund also has an 8% holding in Private equity. However, the strategy employed by the manager here is a global strategy and only a small proportion of investments are held in the UK (less than 5%),
11. The Chancellor also announced additional funding for children's social care and that the Government will work with the LGPS to consider the role they might play in unlocking investment in new Children's homes. Officers await further detail on this matter.

Preferred Option and Reasons For Preferred Option

12. PPIC members are asked to note the contents of this report and the attached appendices and take into consideration the impacts in future asset allocations

Financial Implications

13. There are no direct financial implications for the Fund arising from this report

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Appendices

Appendix 1: Aon Budget briefing note

Background Papers

None