



LOCAL PENSION BOARD

12 DECEMBER 2023

REPORT TITLE:	UPDATE ON CATALYST FUND
REPORT OF:	DIRECTOR OF PENSIONS

REPORT SUMMARY

The purpose of this report is to provide Board members with a copy of a report on the Catalyst Fund recently taken to Pensions Committee.

RECOMMENDATION/S

That the Local Pension Board be recommended to consider and note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To fulfil its role in supporting the Scheme Manager, it is important that the Local Pension Board is informed of the governance of the Fund's investment activities.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not relevant for this report. This is the most suitable option to provide the Local Pension Board with this information.

3.0 BACKGROUND INFORMATION

- 3.1 The Catalyst Fund was established in 2016 with the strategy of supporting development and refurbishment projects in the Merseyside area with the aim to create jobs, promote Building Research Establishment Environmental Assessment Method (BREEAM) excellent space, brownfield regeneration and environmental measures, contributing to the improvement of the region whilst delivering a commercial return in line with Fund's target return.
- 3.2 The Fund seeks returns commensurate with its broader strategies. However, it is recognised that local investments can bring a greater degree of risk in terms of counterparties, contractors and project scale. The Fund can invest both via equity and debt; however, at inception it was assessed that market conditions were such that lending was preferred due to better risk adjusted returns and opportunities to recycle capital.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are none arising directly from this report.

5.0 LEGAL IMPLICATIONS

- 5.1 There are no implications arising directly from this report. Guidance to the Local Government Pension Scheme (LGPS) Investment Regulations states that the pursuit of financial return should be the predominant concern but investment may be made into projects that deliver a social impact where administering authorities have good reason to think scheme members share the concern for social impact and there is no risk of significant financial detriment to the Fund.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 As set out in the accompanying report.

7.0 RELEVANT RISKS

- 7.1 A failure to provide the Local Pension Board with information on legislative changes and the Fund's activities could hinder the Board in fulfilling its statutory duties.

8.0 ENGAGEMENT/CONSULTATION

8.1 There has been no consultation planned or undertaken for this report. There are no implications for partner organisations arising from this report.

9.0 EQUALITY IMPLICATIONS

9.1 There are no equality implications arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The Fund has regard to the environmental, social and governance implications of the local investments which are made.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 As set out in the accompanying rebuilding port.

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APPENDICES

Appendix 1 Catalyst Report to Pensions Committee

BACKGROUND PAPERS

CIPFA: Managing Risk in the Local Government Pension Scheme

TERMS OF REFERENCE

This report is being considered by the Pension Board in accordance with Section 13.2 (b) of its Terms of Reference:

(b) Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date