

**Item 8**

## **Update on pension fund investment in infrastructure**

### **Purpose of report**

For information.

### **Summary**

This report is intended to update Panel members on the 11 December roundtable and next steps.

### **Recommendation**

Members are asked to note the update.

### **Action**

Officers to provide a further update at the March Panel meeting.

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**Update on pension fund investment in infrastructure**

1. The LGA and Chartered Institute for Public Finance and Accountancy held a joint roundtable to explore the scope for greater Local Government Pension Scheme (LGPS) funds to invest in infrastructure on 11 December. As agreed at the November meeting, the LGA was represented by Cllr John Fuller, who chaired the event, and Cllr David Wesley. A good mix and range of experts were in attendance. A full list of attendees is set out in **Appendix A**.
2. There was broad agreement with Cllr Fuller's opening remarks that the group could make a particularly useful contribution to the debate by establishing what needs to be done to enhance the attractiveness of infrastructure projects for private investment. As a result of the ensuing discussion, we will be focusing our efforts on researching and meeting with experts on:
  - 2.1. Identifying local infrastructure schemes that have the potential to be attractive to private investors
  - 2.2. Exploring the scope for "pooling" infrastructure schemes as investment opportunities
  - 2.3. Developing the capacity for LGPS funds to assess infrastructure-related investment propositions and monitor investments
  - 2.4. Working with the National Association of Pension Funds as it decides where to target funds collected as part of the Pension Investment Platform set to launch in March 2013
3. With parallel work being undertaken at the LGA to set up a Shadow National Pensions Board, the objective is to complete preliminary analysis to be followed up by the new shadow board in more detail. Although we had originally planned to hold three roundtables, we now believe that it would be more useful to hold bilateral or small group meetings with key experts through to mid-February with a view to publishing a set of think pieces by the end of March. For example, the Royal Bank of Canada and Eversheds are particularly keen to work with us to bottom out critical issues related to credit monitoring and structuring investment agreements. We propose to convene another roundtable on 5 March to sound out the broader group on our analysis prior to publishing the think pieces.

**Financial Implications**

4. This is core work for the LGA and is budgeted for within the 2012-13 LGA budget.

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**Appendix A**

LIST OF ROUNDTABLE ATTENDEES

Cllr John Fuller	South Norfolk District Council
Nigel Keogh	CIPFA
Cllr David Wesley	Lancashire County Council
Brian Town	Department for Communities and Local Government
Chris Megainey	Department for Communities and Local Government
Ciaran Guilfoyle	Derby City Council
Hugh Gittins	Eversheds
Sir John Banham	Future Homes Commission
Brian Strutton	GMB
Ian Howell	Hampshire County Council
Doug Segars	Infrastructure UK
Paul Walker	LB of Enfield
Peter Wallach	Merseyside Pension Fund
Nicola Mark	Norfolk Pension Fund
Amelia Henning	Royal Bank of Canada
Cllr Martin Lawton	South Yorkshire Pensions Authority
Peter Morris	Tameside Metropolitan Borough Council
Bob Scruton	The Pensions Regulator
Kevin Dervey	West Midlands Pension Fund
Caroline Green	LGA
Piali Das Gupta	LGA