

PE67. INVESTMENT IN UK INFRASTRUCTURE

The Committee considered a report by the Chief Finance Officer on the latest developments in identifying options for investing in UK infrastructure projects.

At the Special Joint Meeting of the Committee and Panel on 10 September 2013 it was agreed as undernoted:-

- (1) That investment in local infrastructure (to include Central Scotland, Scotland and the UK as a whole) should be further progressed;
- (2) That an assessment of the following 3 options should be undertaken in determining the best way to proceed:-
 - to invest in one or more of the available UK Infrastructure Funds;
 - to collaborate with other LGPS funds (or other investor) to establish a segregated account run by an external investment manager and focusing on UK/Scottish Infrastructure; and
 - to invest in individual projects, relying on larger fund advisers to undertake due diligence.
- (3) The final decision to invest remains dependent on identifying a suitable Fund or manager;
- (4) Any investment is limited to not more than £30m;
- (5) If direct investment is to be pursued, a protocol governing such investments be established, and
- (6) The Chief Finance Officer report on progress to the next round of Panel/Committee meetings.

The updated report provided options for progressing investment in UK infrastructure including:-

- The establishment of collaborative arrangements with the Lothian Pension Fund;
- The setting up of a Segregated Fund for Falkirk Council; and
- The tendering for an Investment Manager to manage the Pension Funds.

The report indicated that the proposed collaborative arrangement with the Lothian Pensions Fund, which involved seconding staff to the Falkirk Council Pensions Team from the Lothian Investment Team, would require appropriate approval by the Falkirk Council Legal and Human Resources sections. It was noted that the views of investment advisers Hymans Robertson would be required on the collaborative arrangements before any final investment decision could be made.

Prior to the Committee taking a decision in relation to this item of business the Convener asked Bruce Miller, Clare Scott and Andrew Imrie, Lothian Pension Fund to leave the meeting during deliberations. Bruce Miller later re-entered the meeting following consideration of the matter.

Decision

The Committee agreed:-

- (1) that a more structured dialogue take place with Lothian Pension Fund (the preferred option); and**
- (2) that the Chief Finance Officer provide an update at the meeting on 6 March 2014.**