



18 November 2014

Letter to the Editor – Financial Times

Sir,

David Cameron's desire to boost investment in UK infrastructure is a noble ambition. However, your report ("Qatar looks to back UK high-speed train plan", 17 November) is depressing in singing the praises of international investment while ignoring a huge pool of existing capital sitting on the government's doorstep.

The Local Government Pension Scheme (LGPS) alone has total assets of approximately £178 billion across 89 funds. This is of comparable size to the Sovereign Wealth Fund of Qatar.

We need foreign investment. However, it would be beneficial for British pension funds to invest prudently in local infrastructure, providing those funds with the long-term inflation linked returns they require, while simultaneously delivering economic and social benefits to local areas.

As developers plan a King's Cross-style redevelopment at Birmingham's new HS2 station, should Mr Cameron not be talking to the LGPS? Some would argue that LGPS members do not have sufficient scale individually to make investments in complex alternative assets.

This is why it is imperative that LGPS funds should be able to pool assets and expertise in order to access more complex, liability-matching investments. At LPFA we have proposed voluntary Asset Liability Management partnerships across the LGPS, which would provide all funds with the opportunity to invest actively together in a wider range of assets, including infrastructure.

LPFA, and I'm sure other large LGPS funds, would welcome the opportunity to discuss with the Prime Minister how best to bring local financing and knowledge to the table and enhance the offer to UK pension funds and potential overseas investors.

Sir Merrick Cockell

London Pensions Fund Authority