

Pensions CIV Sectoral Joint Committee

Item no: 4

Pensions Infrastructure Platform

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Summary Mr Mike Weston (CEO Pensions Infrastructure Platform ("PiP")) will be attending the meeting to present to Members on the work of the PiP and how it may be that it can provide a potential route to infrastructure investment.

Recommendations The committee is recommended to:

- i. Receive the presentation from CEO of the PiP and raise any questions; and
- ii. Provide guidance to London CIV as to whether further dialogue with the PiP should be pursued.

Pensions Infrastructure Platform

Introduction

1. At its last meeting the Committee received an introductory report and presentations from London CIV's Investment Oversight Director and Hermes Investment Management. Since then the government has published its views of the reform criteria for the LGPS and infrastructure investment is a key component.
2. It is recognised that the decision to invest in infrastructure is, to a very large degree, predicated on finding appropriate risk:reward returns and will remain a sovereign decision for each London LGPS fund based on each fund's specific profile. However, it is clear that, in principle, London boroughs are keen to invest in infrastructure opportunities and have asked London CIV to develop the case for investing in infrastructure in more detail.
3. Infrastructure as an asset class is diverse and often highly complex, requiring specialist knowledge and expertise. As currently resourced London CIV has 'investor' knowledge but does not have the expertise as a 'deal maker'. To address this it is necessary for London CIV to engage with partners who can provide that expertise, Hermes are potentially one such partner but there are others that could be considered and the Pensions Infrastructure Platform ("PiP"; <http://www.pipfunds.co.uk/>) is another example.
4. The Chief Executive of the PiP (Mr Mike Weston) has been invited to attend this meeting to provide a short presentation on the current position of the PiP, how it might partner with London CIV and the boroughs, and to answer Member's questions.
5. The PiP was developed as a result of discussions between the Pensions and Lifetime Savings Association, Pensions Protection Fund ("PPF") and HM Treasury regarding the potential for pension funds to increase their investment allocation to UK infrastructure assets. As a result of these conversations, a Memorandum of Understanding was signed in November 2011. It noted that there is the potential for mutual benefit for the Government and pension funds from increased levels of investment into UK infrastructure.
6. The Pensions and Lifetime Savings Association, PPF and nine other UK pension funds established the PiP with the aim of developing a range of infrastructure investment opportunities that would be 'for pension funds, by pension funds'. These investments would offer stable, inflation-linked, long-term yields and low leverage.
7. PiP Limited is owned by the Pensions and Lifetime Savings Association and committed to returning any operating surpluses to investors through lower management fees. PiP is not a government entity; government does not direct how it invests.

Recommendations

8. The committee is recommended to:
 - i. Receive the presentation from CEO of the PiP and raise any questions; and
 - ii. Provide guidance to London CIV as to whether further dialogue with the PiP should be pursued.

Financial implications

9. There are no financial implications to London Councils.

Legal implications**Equalities implications**

10. There are no equalities implications to London Councils.