



INTELLIGENCE ON EUROPEAN PENSIONS AND INSTITUTIONAL INVESTMENT

Click here to [Log in](#) or [Register for FREE access.](#)

[Home](#) | [News](#) | [Magazine](#) | [Awards 2012](#) | [IPE Channels](#) | [White Papers](#) | [About IPE](#)

Enter your search term

SEARCH

Engineering lobby pushes for LGPS infrastructure platform

16 Jul 2012



UK – Consolidation of the UK's local authority schemes could raise £6bn (€7.6bn) for infrastructure investment, the country's lobbying group for the engineering industry has suggested.

The Association for Consultancy and Engineering (ACE) suggested that local government pension schemes (LGPS) should set aside around 5% of assets for infrastructure projects, while acknowledging in its report – ['Pensions and infrastructure: Balancing risk, reward, return and market conditions'](#) – that the industry was unlikely to increase its exposure "significantly" in the immediate future.

[risk, reward, return and market conditions](#) – that the industry was unlikely to increase its exposure "significantly" in the immediate future.

[Article continues below](#)



www.ipe.com/awards

The proposed consolidation comes not long after [London's councils debated](#) pooling the assets of the capital's 34 funds.

The proposal, backed by the London Pensions Fund Authority's chief executive Mike Taylor, had not gone far beyond the initial debate, Taylor today told IPE.

The ACE's chief executive Nelson Ogunshakin noted that the fragmented nature of the local government system meant no single fund had "the capacity to invest in a significant infrastructure project".

But he said that creating a platform through which the funds could potentially commit 5% of assets would be one solution.

The engineering group's report also welcomed the National Association of Pension Fund's work with the Pension Protection Fund to launch its own infrastructure vehicle, but acknowledged that how the fund interacted with the market would be important.

"Its potential alignment with other investment methods – such as listed funds, unlisted funds, listed equity or unlisted equity – will determine how pension funds consider its return/risk ratio and the degree to which funding can be diverted into the platform," it said.

The report added that, due to the need for a "cultural change" among pension funds as a whole, it was unlikely the industry would be able to participate in many of the projects outlined in last year's National Infrastructure Plan.

"However, in the medium to long term, as a source of finance, they could prove to be valuable," it said.

Speaking with IPE today on the viability of merging or pooling local authority assets, Taylor said that while the proposed London project – which would create a £30bn London Pensions Mutual, as well as a £2.5bn London Infrastructure Investment Vehicle – had been debated, further detailed work requested by the capital's council leaders had not yet got underway.

Asked how feasible less local control over pension assets was at a time when the government was emphasising more local accountability and control for a number of public services, Taylor said it opened up the debate on the meaning of 'localism'.

"It is that issue with localism," he said. "What does localism mean, and when does the 'value for money' consideration take over from the local consideration?"

He added that mergers or pooling of fund assets should nonetheless be part of the "longer-term" value for money and governance debate among the local authority schemes, dismissing claims his organisation stood to gain from greater integration.

Latest news

- ['Constitutional settlement' must follow Shareholder Spring, says Kay](#)
- [€2.4bn Dutch pension fund abandons hedge funds after loss](#)
- [Mandate roundup: Lewisham, BlackRock, UBS, BAT, LCP, NOW: Pensions](#)
- [Irish government says lower management fees could offset pensions levy](#)
- [German asset management association defends GOEFs against AIFMD](#)
- [Final version of Kay Review calls for creation of investor forum](#)
- [KLM pension fund makes first foray into private equity](#)
- [Financial stability threatened by 'creeping' ESG risks – report](#)
- [Hedge funds largely ignorant of ESG principles – Probus Sigma](#)
- [Asian investor tenders \\$100m equity mandate using IPE-Quest](#)
- [AEW Europe, Natixis to announce first close for real estate debt fund](#)
- [IPE Top 400: Amundi bucks French trend in growing institutional assets](#)
- [Friday people roundup](#)
- [NEST returns 7.6% in first half-year in service](#)
- [IAPF welcomes decision to issue index-linked, amortising bonds](#)
- [Rabobank pension fund credits extensive hedging policy for 15% return](#)
- [Pension Insurance Corporation wins more business with £320m buy-in](#)
- [Government gives green light for social investing by charities](#)
- [Endowments receive poor marks on socially responsible investing](#)

IPE-Quest: Your first step in manager selection

IPE-Quest is a manager search facility that connects institutional investors and asset managers.

QN1247 - Currency - overlay
 Asset class: Currency - overlay .
 Asset region: Global.
 Size: USD 10 Billion.

[IPE QUEST »](#)

Your IPE.com

[Views](#) | [Searches](#)

The **Views** channel of IPE.com shows the articles you have recently viewed.

The **Searches** channel of IPE.com shows the articles you have recently searched for.

Click tabs for results

RSS | [What is RSS?](#)



Advertisement

Featured Video Putting Risk First



Reporter Brendan Maton sits down with Natixis Global Asset Management's experts to discuss risk management and durable portfolio construction.

[Watch the Video »](#)

Enter

Copenhagen,
29 November

[Twitter](#)
[LinkedIn](#)

**Learn to
Manage Risks and
Increase Returns**
Using
Equity Derivatives,
Options and
Volatility Tools

"The LPFA is a statutory body – like everything else, we would be abolished, and a new organisation would be formed to run it," he said.

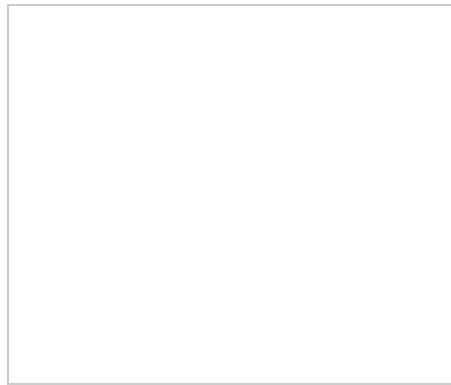
"The vested interest arguments are more 'I can do it better than anyone else can' and I don't think that's necessarily true at the level of the funds around at the moment."

Author: [Jonathan Williams](#)

 | [What is RSS?](#)

[Top of page](#)

[Back to Latest News](#)



[About IPE](#) | [Contact IPE](#) | [Terms & Conditions](#) | © IPE International Publishers Limited 2010

IPE International Publishers Limited, Registered in England, Reg No. 3233596, VAT No. 685 1784 92
Registered Office: Pentagon House, 52-54 Southwark Street, London SE1 1UN