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I am writing to seek the views of the Scottish Local Government Pension Scheme Advisory Board (SLGPSB) on a number of current initiatives affecting local government pensions, and to seek your help in collating information.

Reforms in England and Wales

The Local Government Pension Scheme (England and Wales): Next steps on investments - government response was published on 22 November 2023 as part of the Chancellor's [Autumn Statement](#). In his statement he announced that the UK Government plans to press ahead with the proposals, and in particular, he confirmed:

- the deadline for funds in E&W to transfer assets to the pools would be 31 March 2025 and that in the future there would be fewer pools, each with a value of at least £50 billion.
- funds will be required to set plans to invest up to 5% of assets in projects that supported the UK Government's Levelling Up ambitions.
- Investment Strategy Statement (ISS) guidance to be revised to require funds to consider investments to meet the government's ambition of a 10% allocation to private equity.
- to implement a requirement in guidance for administering authorities to set a training policy for pensions committee members and to report against the policy.

The views of the SLGPSAB on the UK Government's proposals would be welcomed. In particular, I would be grateful for the SLGPSAB's view on the proposals for asset allocation, whether there is appetite to increase investment in the Scottish economy or indeed any obstacles in doing so, and how the SLGPSAB may monitor good governance in the LGPS(S).

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Scottish-based Investments

I am regularly asked in undertaking my ministerial duties if there is quantifiable evidence about the extent of LGPS(S) investments in the Scotland's economy. I wonder if the SLGPSAB may commission some work or investigate and provide a report on how much, if any, each of the funds currently invests in for example, Scottish infrastructure projects and Scottish equities.

Building Community Wealth– Finance Pillar

As you may be aware, the Scottish Government consulted on Community Wealth Building (CWB) during 2023. The aim of the consultation was to explore what new powers, abilities and duties could enable to support CWB in their local area or region. The Scottish Government's analysis of the consultation can be viewed here:

<https://www.gov.scot/publications/building-community-wealth-scotland-independent-analysis-responses-consultation-exercise-analysis-report/pages/1/>

As you can see from Part 7 of the response, a number of responses advocated the use of pension funds, including local authority funds, to support CWB. The Scottish Government is committed the principle that fiduciary duty is the central focus of pension committees. However, if there are potential benefits to be had through progressive financing models and other initiatives we should consider those opportunities, particularly if they benefit the funds, local and Scottish economy. I would be grateful for you views on any how opportunities might be explored.

I look forward to hearing from the SLGPSAB in due course, and in the meantime wish to express my gratitude for the constructive engagement you continue to offer to the Scottish Government.



TOM ARTHUR

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