



2025-08
ITEM 12

Invest Local

Background

At the previous meeting of the SAB in May 2025, members were presented with a report and appendix on the SAB survey of Scottish Funds “Investments in Scotland,” focussed on Scottish equity and infrastructure. This information was welcomed in general as a first step. Some discussion took place during the meeting around developing a standard reporting template and providing more context around the information request to assist funds in providing improved information. It was also agreed that a working group should be formed involving the SPPA and Funds to highlight any advice and provide recommendations to the SAB on next steps.

Next steps

Regarding the publication of ‘Local’ Investment responses – the response from Funds show they are generally happy to publish the data collected, but to note there is not yet a 100% response rate and some concerns have been raised. Therefore, the current recommendation is to publish the summary paper only.

A note of the discussion is copied below for members reflection and consideration. It is proposed that a future meeting of the group is convened with the aim of setting out future actions that may be considered at the next SAB meeting in November for approval.

Discussion

In July 2025 a working group was convened and attended by SPPA, Pension Fund advisors, Scottish Government and Joint Secretariat and SAB Policy Officer. The meeting covered a range of topics and some of these have noted below:

- As highlighted the Scottish Government’s Programme of Government commitment, ministers would like increased internal investments while Funds provide the best to their members.
- The Government is seeking increased investment in Scotland from both private and public pensions funds and how they were investigating the current levels of investments in Scotland at the moment but that there would be no mandate on this.



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- The group were keen to understand what kind of investment was needed for long term wealth creation and what had questions over the ideal funding source.
- In general it was felt that developing clearer language would be beneficial, so everyone was the same page around the Scottish investments request.
- It was proposed during the meeting that lessons could be learned from past Scottish and UK investment programmes as well as the Australian model.
- The group discussed the impact on fiduciary duty and cited the continued relevance of Pinsent Masons' legal opinion (2016), stating it would only become an issue if local investing became mandated.

Further points raised during the meeting included:

- How SLGPS Funds can have investments in Scotland and that would not create wealth generation or improve the local economy citing commercial properties as an example.
- How Scottish opportunities could be found while ensuring risk and return parameters were met.
- The limitations of the scale of investments in Scotland as many are too small in scale. It was highlighted that a blended turn from Scottish investment cases would be better as small investments are more difficult to manage.
- The need for Scottish investments to be guaranteed for pensions funds, as they will look at why investments were not backed by banks.
- Further clarity on the level and definition of local investments and whether there is a distinction between the proposed definition of 'local investments' by UK Government in the Pensions Bill or if the intention is to fill a specific gap of investment.