

WILTSHIRE COUNCIL

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The LGPS Pension Team
5/G6
Department for Communities and Local Government
Eland House
Bressenden Place
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6 December 2012

Dear Ms Layne,

Consultation on proposed changes to Investment Regulations in relation to Investment in Partnership

Please find below the responses from the Wiltshire Pension Fund in regards to the above mentioned consultation.

Question 1: How best could the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2009 be amended to enable local authority pension funds to invest more easily in infrastructure vehicles?

Wiltshire Pension Fund has recently invested in Infrastructure as an asset class. As this was new asset class for the Fund the Committee felt comfortable will setting a strategic allocation of 5%. The Fund already had a small investment in the form of a Partnership so the Committee applied the Investment Regulations and increased the total contribution to partnerships to 7% at their February 2012 meeting.

In the future the Committee may become more comfortable and approve a larger allocation to Infrastructure, if this was the case a further review of the partnership limit would be required.

In terms of the proposed options the Government are considering option A would provide the most flexibility as Investments could also be made in partnerships unrelated to Infrastructure.

Question 2: What would be the most appropriate limit on investments in partnerships contained with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009?

The proposed limit of 30% appears reasonable given that Funds are diversified and invest in other asset classes where other structures are applied.

Question 3: Should a new investment class for investment in infrastructure (including via partnerships or limited liability partnerships) be created and be inserted into the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009? If, so, what would be an appropriate limit for such a class? How might this be best defined in regulation?

Other asset classes are not limited by the Investment Regulations in terms of strategic allocations. The decision on strategic allocations should be retained by the individual Pension Fund Committees who are closer to their individual Funding Strategy.

Increasing the partnership limit will not mean that Funds will immediately make additional investments into Infrastructure.

Question 4: Are there other ways, not specially raised in this consultation document, that the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 could be amended to increase flexibility for local authority pension funds to invest in infrastructure projects?

Wiltshire Pension Fund has not experienced any other specific issues that caused any difficulties in investing in Infrastructure as an asset class.

Question 5: Are there ways in which the Regulations could be amended to facilitate investment in infrastructure specifically in the United Kingdom, where local funds believe that appropriate rates of return can be achieved?

The decision to invest in Infrastructure should be a commercial decision based on risk/return characteristics of the investment. If the UK is the only region in any asset class this would restrict the benefits of diversification and limit the opportunities from investing globally.

Yours sincerely,



David Anthony
Head of Pensions
Wiltshire Pension Fund