

Responsible Investment Advisory Group (RIAG)

HYBRID MEETING – 6 OCTOBER 2025

ITEM 6 PAPER C

Pension Schemes Bill – local investment provisions

Background:

1. The [Government response to the Fit for the Future consultation](#) confirmed that all LGPS administering authorities (AAs) need to set a strategy and investment target in relation to local investment.
2. The Government is also in the process of establishing strategic authorities across England under the Devolution agenda. Clause 2 of the [Pension Schemes Bill](#) (PSB) would in addition require LGPS administering authorities to “co-operate with the strategic authorities to identify and develop appropriate investment opportunities”.
3. The Government’s response to the consultation also used an alternative formulation for local investment obligations, saying that LGPS AAs should “have regard to” the strategic authority’s growth plan in setting out their policy on local growth in their investment strategies.
4. The PSB defines local investments as “investments in, or for the benefit of persons living or working in the scheme manager’s area, or the areas of the other scheme managers participating in the same asset pool company as the scheme manager”. However, the Minister has [said](#) at Committee stage that this definition is not to be interpreted too narrowly and should not “prevent investments that straddle boundaries—for example, investments in transport and infrastructure that would benefit people living in both Wales and neighbouring English counties”.
5. AAs will also need to report on levels of investment and the associated outcome, although we understand that the Ministry of Housing, Communities and Local Government (MHCLG) will not be prescriptive as to how this should be done. Because of this, the Group is asked to consider whether any best practice guidance from the Board would be helpful.
6. The Good Economy have recently published a report entitled “[Scaling Up Local Investing for Place-Based Impact: A Strategic Framework and Guidance for LGPS](#)”. In that report, which had input from all of the pools (except Access) and several funds, they recommend the establishment of a common impact reporting standard for local investments. This would be intended “to ensure consistency, comparability and transparency of impact reporting – and stakeholder accountability for the local economic, social and environmental impact of local investing”.

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Issues for the Group

7. The Group is invited to consider whether it agrees that a common reporting standard for local investments would be useful and, if so, how we could go about devising and agreeing such a standard.
8. The Group's views are also invited on the most appropriate ask of AAs in relation to the new strategic authorities, and whether we should seek clarification of what "co-operation" with strategic authorities means in this context.
9. The Secretariat are also cautious about requiring LGPS AAs to "develop" local growth proposals with strategic authorities and how Pension Committees would do this in practice. This will be particularly challenging when partner funds in a pool straddle a large number of different strategic authorities, possibly with different levels of sophistication or capacity in developing projects.
10. If LGPS AAs are closely involved in the development of specific investment proposals, does this create a risk of a conflict of interest when the pool is called on to do the due diligence in respect of it? There are also questions that need to be answered over the criteria to be applied and what happens when funds and pools take different views on more subjective criteria, like member support or risk appetite. Does, or indeed should, either party have a "veto"?
11. We invite any other comments or observations that Group members have on the local investment proposals or would like the Board to include in its briefings on the Pension Schemes Bill on this point.

Recommendation

That the Group discusses the points raised above.
