

# Scheme Advisory Board

Kemi Badenoch MP  
Minister of State (Minister for Levelling Up Communities)  
Fry Building  
2 Marsham Street  
SW1P 4DF

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Please reply to [joanne.donnelly@local.gov.uk](mailto:joanne.donnelly@local.gov.uk)

Dear Kemi

## **Local Government Pension Scheme: Scheme Advisory Board Levelling Up White Paper**

May I first of all thank you for taking the time to meet with me and Joanne Donnelly on April 19<sup>th</sup> to discuss a range of issues impacting on the scheme. I hope you found the meeting as helpful and informative as we did.

Amongst the topics we discussed I thought it would be useful if I put on record the views of the Scheme Advisory Board on the Levelling Up White Paper, in particular the proposal that LGPS fund authorities should have plans to invest up to 5% of their assets in local and impact projects that can contribute to “levelling up”. The Board considered the proposal when it last met on March 7<sup>th</sup> and agreed to raise the following points with you.

I am pleased to say that the Board is fully supportive of the aim of increasing investment in the type of “local” and “impact” projects envisaged in the White Paper and believes that the LGPS sector is willing to support the levelling up agenda wherever possible and appropriate within their funding and investment strategy policies. However, in terms of how this can be implemented and achieved the Board has raised a number of practical concerns on which further clarification would be welcome -

- Confirmation that “local” means UK wide and not local to each LGPS administering authority;
- What are the expectations on LGPS funds regarding the balance between investment return and levelling up outcomes;
- What is the relationship between the 5% ambition in this space and the ceiling of 5% of local investments able to be made outside of pools as set out in the 2019 informal consultation on pooling guidance;
- Confirmation that the 5% ambition includes relevant existing investments;
- Assistance to overcome the barriers to more investment in this space, with regard to scale, cost, availability of opportunities and the resources required for the due diligence needed around investment opportunities.

## **Scheme Advisory Board Secretariat**

18 Smith Square, London SW1P 3HZ

The Board secretariat is provided by the Local Government Association

In relation to the barriers, we understand that consideration of options around accessing and scaling up the availability of investment opportunities is underway in your department. We would of course welcome further discussions.

We would also like to suggest that government looks into the possibility of introducing “levelling up bonds” – similar to the green bonds already issued and which have been oversubscribed. This could be a way of ensuring that LGPS funds have access to a product that government itself certifies as satisfying the levelling up agenda.

In the meantime, we will continue to work in close collaboration with your pensions team on developing the levelling up agenda for the LGPS and stand ready to assist wherever that would be helpful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roger', followed by a long horizontal line extending to the right.

Cllr Roger Phillips  
Chair of the Board