

Scheme Annual Report 2021

Chair's Statement

On behalf of the Scheme Advisory Board I am delighted to be able to present the ninth Annual Report for the Local Government Pension Scheme (LGPS) in England and Wales. The LGPS is one of the largest defined benefit (DB) schemes in the world and is the largest DB scheme in England and Wales, with 14,448 active employers, 6.2m members and assets of £342bn.

The aim of this Annual Report is to provide a single source of information about the status of the LGPS for its members, employers, and other stakeholders. Continually improving key information about the Scheme as a whole is one of the top priorities of the Board. This report aggregates information supplied in the 86 fund annual reports, as of 31st March 2021.

To navigate the Annual Report, please use the menu to the right of this page. [LGPS Scheme Advisory Board - Scheme Annual Report \(lgpsboard.org\)](https://lgpsboard.org)

Here are some key LGPS highlights for 2021:

- Total membership of the LGPS grew by 66,624 (1.08%) to 6.226 m members in 2021 from 6.160 m in 2020
- The total assets of the LGPS increased to £342bn (a change of 23.4%). These assets were invested in pooled investment vehicles (66.2%), public equities (13.4%) bonds (4.6%), direct property (2.3%), as well as other asset classes (8.7%)
- The Local Authority net return on investment over 2020/21 was 20.56%. This was reflective of the market conditions during the year and set against the UK equities return of 30%
- The scheme maintained a positive cash-flow position overall, including investment income
- Over 1.8m pensioners were paid over the year
- CoViD-19 significantly impacted life expectancy - with a drop of 0.9 years and 0.5 years for males and females respectively (2019 figures v 2020)
- Total management charges increased by £196m (+12.9%) from £1,517m. This was primarily driven by a £193m (14.9%) rise in investment management charges, while administration and oversight and governance costs remained broadly stable.

As at the 31st March 2019 (the date of the last triennial fund valuations), the LGPS liabilities were estimated at £291bn indicating an overall funding level of 98%. During the intervening years since establishment, the Board actively developed proposals to tackle the funding deficit (£6bn in 2019, £37bn in 2016) to improve the sustainability of the LGPS and its future funding levels. The next triennial valuation of the LGPS will be as at 31st March 2022.

The work of the Scheme Advisory Board through the period of this report (1 April 2020 - 31 March 2021) was focused on McCloud, the good governance project, the government's introduction of the £95k exit payment cap, responsible investment guidance and the development of the RI A-Z database, which was launched in April 2021.

There was also significant progress on the cost transparency project, with the launch of the Board's Code of Transparency database. The Board also published guidance following the Supreme Court's judgment in April 2020 on the Palestine Solidarity Campaign's case against the then MHCLG's investment guidance.

A large proportion of the Board's resources were also obviously focused on the response to the CoViD-19 crisis and supporting the sector through that and the ensuing changes in ways of working. How the scheme responded to and coped with those challenges is a testament to the strength and quality of those working on the scheme.

I would be pleased to hear your views on this our ninth Annual Report (these should be sent to [the Scheme Advisory Board secretariat](#)). The Board is keen to ensure we add to the Report and that the work underlying our compilation and analysis is ultimately recognised through the UK.

Cllr Roger Phillips

Chair of the LGPS Advisory Board
31 May 2022