

## **Summary note of (hybrid) meeting held on 5th December 2022**

Full details of the meeting and agenda papers can be found on the [board meetings page](#)

The minutes of the meeting on 10th October were approved.

The main points arising from the meeting are shown below:

### **SAB 2022/23 Workplan and Budget**

The budget for 2022-23 was still awaiting approval from the Minister; the levy invoices could not be issued to funds until this had been done. There was expectation of significant upwards pressure on the levy for 2023-24 due to various active items on the workplan for the new year. The Secretariat would also need to recruit another staff member to maintain current capacity levels after Bob Holloway's retirement. The approval of additional expenditure for improvements to the Code of Transparency online reporting tool would also lead to upwards pressure on the levy. Jeremy Hughes (JH) explained that a definite figure will be brought to the next Board. Cllr Phillips confirmed that he would discuss the approval of the current year's SAB budget at his meeting with Lee Rowley MP.

### **Agenda Steering Group Update**

Members were informed that the steering group had met and discussed reporting standards and consistency, MIFID II and climate risk reporting. On reporting standards and consistency, it was agreed that the SAB Secretariat would provide an update to the Board of which annual reports had been published and which included audited data.

### **McCloud/Exit Pay Update**

On McCloud, LGPC and SAB had met with its working group and drawn up guidance which was being reviewed by lawyers. Timings for DLUHC's work on this issue had been pushed back; a response to the last McCloud consultation was not now expected before the new year. There was still an expectation that there will be a further consultation on issues not addressed by the initial consultation in the new year. It was expected that the new regulations would be in place before the summer recess. The Department will reconvene its working group on McCloud remedy implementation in the new year and will seek LGPC/SAB input. On exit pay, SAB had responded to Treasury's consultation, but Government had not yet indicated a timeline for its response or next steps in local government.

### **SAB/Committee Membership**

The Board was informed that Councillor Christopher Weaver's Board membership was awaiting approval from DLUHC. John Cornett (Audit Scotland) was no longer a member of the Compliance and Reporting Committee and had been replaced by John Boyd (Audit Scotland). The Board also approved Oliver Simms (Institute of Chartered Accountants in England & Wales) joining the CRC as an observer.

### **Risk Register**

The first iteration of this register was presented to the Board and included the Scoring Matrix, Risk Heat Map and the Risk and Mitigation Register. The document remains a "work in progress" and would be developed further in line with any comments from the Board in relation to the format, the kinds of risks that it should cover and the suggested mitigations. Board members commented on the risk

register and it was agreed that the comments made by Board members would be considered in the next iteration of the risk register.

### **Good Governance Review**

The Department had held meetings of its working group; most recently on 29th November 2022. The Department's plans included the streamlining of the annual report document, with funds reporting their performance against their various strategies (rather than just reproducing their strategy statements). There were also plans for more formal training requirements for pension committee members and a standard set of administrative KPIs to allow comparisons of relative performance between funds. The Department's consultation on this is expected to happen in 2023. JH reminded the group that the Department's proposals were likely to include the need for funds to have a workforce strategy. He felt that it would be beneficial for the Board, LGPC and LGA to work out what opportunities that presented. The Chair welcomed the update and the work being done by the Department.

### **Compliance and Reporting Committee Report**

The Chair of the committee reported to the Board details of the meeting held on 14th November. All of the workstreams were now underway and had either already had or were soon to have their first meeting. There were a host of volunteers on these workstreams who had already made invaluable contributions. The Chair's priority now was to ensure that these working groups had clear delivery plans and that, where relevant, links were made between them.

### **Cost Management, Benefit Design and Administration Committee Report**

The Chair of the committee reported to the Board details of the meeting held on 21st November. The Chair gave an overview of the proposals from GAD on scheme level assumptions for the cost control mechanism and the standardised valuation assessment. These were accepted by the Board. On the Gender Pensions Gap, the Board gave approval for GAD to provide some initial analysis by mid-January. The Cost Management Committee would then agree the scope of the more detailed analysis of factors which may be driving gender differences next year. The cost of the work was approved and would be recouped through the levy next year. The Secretariat reported that it had collected data from funds on members opting out from the Scheme and was in the process of analysing the returns. These would be reported to the Committee at its next meeting.

### **Investment, Governance and Engagement Committee Report**

The Chair of the committee reported to the Board details of the meeting held on 28th November. The committee was given an update on compliance with the Code of Transparency and discussed the next steps to be taken with the Code of Transparency online reporting tool. The development of quarterly reporting of data and integrating email reminders to complete templates, with the associated expenditure, had been approved by the Board Chair. It was now necessary to ensure that funds and pools are aware of and are deriving maximum value from the tool's current functionality and the Investment Committee would be developing proposals to improve awareness of the tool.

### **AOB**

On Sharia Compliance in the LGPS, it was agreed that the Secretariat would explore procurement of a report into LGPS assets with a view to determining what proportion were acceptable from a Sharia point of view. The Board was informed that the ONS review had concluded, and the Further Education sector had been

reclassified from private to public sector. The Department for Education had confirmed that there were no immediate consequences for their participation as employers in the LGPS, but that the wider implications were under consideration. On collection of the 2021-22 levy, the Board was informed that to date, there were two funds that had not yet paid.

The Board was also informed that the response to DLUHC's climate risk reporting consultation had been submitted and published. On the Autumn Statement, JD informed the Board that there were no announcements in the statement that would have direct impact on the LGPS or the SAB, aside from the confirmation that state pensions would be uprated by the September measure of CPI (the "triple lock") and that therefore LGPS pensions in payment would also be uprated by the same amount for 2023-24.

The Board was notified of a letter that had been sent to the Chair from the Royal Borough of Kensington and Chelsea (RBKC) Pension Fund regarding a proposed change in its approach to the pooling of investments. The Board had been invited to reply to the consultation on changes to RBKC's investment strategy statement by 31 December. The Board discussed the issue at length. The need for greater clarity and transparency in the pooling agenda was emphasised, and the Board Chair said that he would discuss the issue at his meeting with the Local Government Minister later in the week. It was not felt that a response to the RBKC consultation from the Board was necessary.

Date of Next Meeting – 20th February 2023