

The Scheme Advisory Board

Summary note of (hybrid) meeting held on 20th February 2023

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

The minutes of the meeting on 5th December 2022 were approved.

The main points arising from the meeting are shown below:

SAB 2022/23 Workplan and Budget - The Board approved a draft budget and workplan for 2023-24. The budget would be a substantial increase from last year, largely due to the Secretariat's absorption of the CIPFA Pensions Panel's work, work to improve cost transparency and expenditure associated with running the Scheme Cost Assessment. This last item is a one-off cost paid every four years in line with the quadrennial scheme valuation cycle. The Board agreed to look into whether it was possible to smooth its annual budget profile so that these cyclical costs were spread.

Fund Valuation Reports - With emerging fund valuation reports increasing surpluses, the Board agreed to consider at its next meeting what opportunities and challenges that might bring for administering authorities in the future. Work continued to collect and analyse data from fund annual reports and valuation reports, for aggregation at scheme level. The Scheme Annual Report for 2021/22 was expected to be released in May and the Scheme Valuation Report (collating 2022 fund valuation reports) later in the summer.

DLUHC Update - The Board received an update from officials at the Department of Levelling Up, Housing and Communities (DLUHC) on its proposed consultations and work to develop the detail of the McCloud remedy. The Board was told that the second consultation on McCloud would potentially be pushed back beyond local government elections in May. Final regulations were now due to be published in September 2023 with the regulations coming into effect from 1st October 2023. On Climate Risk Reporting, DLUHC was yet to issue its response to the consultation which closed on 24th November 2022. Their target date for publishing the regulations implementing the reporting requirements was now "before summer recess". Progress on other workstreams was moving more slowly than anticipated.

The Board received a briefing on the proposed LGPC response to the consultation on changing the revaluation date, which closed on 24th February. The consultation document set out that anywhere between 20,000 and 13,000 members of the LGPS would be prevented from breaching the annual allowance in 2023/24 if the proposed changes were implemented – depending on the assumed pay increase.

Audit Issues - On local audit issues, the Board received an update on work to explore the separation of pension fund accounts from administering authority accounts. Meetings had been held with the Public Sector Audit Appointments Limited (PSAA), Financial Reporting Council (FRC) and Audit Wales to evidence the benefits of pension fund audit separation. The Minister has responded positively to the Board's request for separation and officials confirmed that a suitable statutory vehicle to implement the change was being sought. The Board also agreed to convene a discussion between fund practitioners, auditors and actuaries to explore how to improve assurance and ways of working. This has been arranged for 20 April 2023.

Knowledge and Understanding - The Board also approved a survey of funds, aimed at collecting information on the current standards of knowledge and understanding, as well as provision of training in pension funds. The information collected from the survey would assist in the development of a new Knowledge and Skills framework.

Gender Pensions Gap - The Board agreed to publish the initial findings of the Gender Pensions Gap research and commissioned Government's Actuary Department (GAD) to undertake some additional analysis. It was noted that the new Pensions Minister, Laura Trott, had recently committed to undertaking work on the gender pensions gap in the private sector. The Board expressed its desire for this kind of analysis to become part of the standard output of fund valuations in future.

Sharia Compliance - The Board approved the procurement of a report to consider whether there is any contradiction between the principles of Sharia law and membership of the Local Government Pension Scheme for a Muslim local government employee in the UK. The report will also consider the governance and investment practice of the Scheme.

Code of Transparency - The Board agreed that it was necessary to improve the awareness and communications of both the Code and associated on-line reporting system that had been developed. It asked the Secretariat to arrange a series of workshops around the country to brief local pension committee board members and officers about the importance of this issue.

AOB (Bob Holloway Retirement) - The Board's Chair, Councillor Roger Phillips thanked Bob Holloway for his contributions to the Scheme and the Board over the length of his career ahead of his retirement on 24th February 2023.

Date of Next Meeting – 22nd May 2023

END