Investment, Governance and Engagement Committee

Meeting – 15th May 2023

Item 5 – Paper C

Code of Transparency Awareness and Training Programme

Recommendations:

- **For the Committee to note the schedule of workshops and session plan for the awareness and communications programme**
- **For members of the Committee to suggest appropriate contributors**
- **That the Committee encourage participation in the programme using their personal networks**

Background

1. At the February meeting, the Committee agreed an awareness and communications project that aimed to ensure that funds were able to make best use of the online reporting system used to track investment costs. That project was approved by the Board and the Secretariat have been putting it into action.

2. The key aims of the awareness and communications strategy are:
    a) to improve general awareness of the importance of cost transparency;
    b) to deliver some specific training for fund officers who use (or ought to use) the associated reporting system;
    c) to refresh the current user manual.

Considerations

3. The Secretariat has arranged a series of regional training sessions for local pension board and committee members and fund officers. The sessions have been arranged as follows:

City	Date	Time	Host organisation
London	21/06/2023	10:00-13:00	LGA
Manchester	11/07/2023	14:00-17:00	GMPF
Wolverhampton	12/09/2023	14:00-17:00	WMPF
Leeds	13/09/2023	14:00-17:00	Border to Coast
Bristol	TBC	TBC	EAPF
Darlington	TBC	TBC	DLUHC
Cardiff	TBC	TBC	WPP
Glasgow/Edinburgh	TBC	TBC	TBC

Local Government Association, 18 Smith Square, Westminster, London SW1P 3HZ
E SABSecretariat@local.gov.uk **W** www.local.gov.uk

Investment, Governance and Engagement Committee

4. Included in the session plan for local pension board and committee members are segments on the background of the Code of Transparency and a case study from a fund or pool on how investment cost information has been used. It would be very helpful if members of the Committee could suggest appropriate contributors for the “case-study” sessions and for the “Why Cost Transparency Matters” session. Included in the session plan for fund officers is a troubleshooting session run in conjunction with Byhiras. There is also a facilitated discussion on the information that fund officers should be receiving and how this information should be reported to pension boards and committees. The full session plan can be found at Annex A.

5. Invitations to the sessions will go out once the programme is approved by the Board (on 22 May). There will be no charge for attending these sessions and we will advertise them in the LGPC bulletin and on the SAB website. Sessions will be bookable via the LGA’s system – Eventsforce – so we can monitor take-up. Committee members are asked to also encourage participation at the workshops using their personal networks. Depending on demand and capacity of the venues booked, the Secretariat will also consider doing an additional on-line version of the workshop in September.

6. The Secretariat will monitor take up of the sessions and cross-reference this with user engagement data from Byhiras, so that we can directly encourage those not using the reporting system frequently to attend one of the scheduled sessions.

7. Once these have been arranged, a refresh of the current user manual for the online reporting system will be commenced.

Local Government Association, 18 Smith Square, Westminster, London SW1P 3HZ
E SABSecretariat@local.gov.uk **W** www.local.gov.uk

Investment, Governance and Engagement Committee

Annex A – Full Session Plan

Session with Local Pension Committee and Board members (plus Officers).

Intro to session 5 mins (ideally from whichever organisation is hosting).

Session 1 – Introducing the Code of Transparency (SAB - 20 mins)

- Investment costs need to be considered alongside risk and reward, but are an essential part of contract management
- Summary of the key features of Code
- As of today, 80-90% of AUM covered by Code
- Over 100 managers signed up, a huge achievement
- In 2019 we procured a data submission system
- Recently made improvements, quarterly reporting and notifications
- SAB can see high level data on costs per asset class and size of fund but not detailed data
- SAB monitors compliance with the Code via the online system, reporting regularly to Investment Committee meetings

Session 2 – Why Cost Transparency Matters (Unison or a Cllr - 20 mins)

- Scheme now recovered from GFC to be nearly fully funded in 2022, but this is no time for complacency
- LGPS could demand more of investment managers
- Fiduciary duty is to ensure every penny accounted for
- Information is power
- What reports are you getting on investment performance and do they consider cost?
- Ask the difficult questions and hold officers, and through them the investment managers, to account

Session 3 – case study from fund or pool on how investment cost information has been used (15 mins)

Questions and comments (SAB to facilitate – 20 mins)

Wrap up (5 mins) – attendees to set themselves a challenge

Local Government Association, 18 Smith Square, Westminster, London SW1P 3HZ
E SABSecretariat@local.gov.uk **W** www.local.gov.uk

Investment, Governance and Engagement Committee

Short break - then move to Officers-only session

Intro and poll (15 mins) – assessing where we think we're at, who knows what?

Officers session 1 (35 mins) – the nuts and bolts

Stream 1 Introducing the CoT system (Byhiras) – this will cover a welcome to the system, getting a login, refreshing primary users and taking a look around (eg how to generate reports)

Stream 2 Deriving Value from the Data (facilitated by SAB Secretariat) – how to get the most out of the system, also cover reporting functions and what the graphs mean. Then group discussion on what they have done with the data

Officers session 2 (35 mins) Facilitated discussion to cover

- what should officers be reporting to committees and boards
- are you getting the data you need from managers
- any frustrations with the system
- any suggestions to improve the system

Wrap up (5 mins)

- next steps on development and decision points
- let's keep in touch!

Local Government Association, 18 Smith Square, Westminster, London SW1P 3HZ
E SABSecretariat@local.gov.uk **W** www.local.gov.uk