

Scheme Advisory Board

25th June 2024

Scheme Advisory Board statement in response to the Local Government Minister letter to all LGPS funds in England sent on 15th May 2024

Before the General Election was called, the then Minister for Local Government, [wrote to all Pension Committee Chairs and administering authority section 151 officers](#) in England asking that they respond by 19th July 2024 setting out their responses to a number of questions.

Although Parliament has since been dissolved and all business in the House of Commons and House of Lords has come to an end, administering authorities may still be planning to respond to the letter and this approach is supported by the Board. We think it is likely that any new Minister will want to assure themselves that the Scheme is being efficiently run and will be interested in funds' views on this.

The Scheme Advisory Board would welcome an opportunity to discuss with the new Government (when formed) how the management, governance and administration of the LGPS can be improved. To underline that message and show the shared intent that exists, the following text has been prepared by the Secretariat, with approval from the Board Chair, which administering authorities may wish to insert to their response. It has been intentionally kept short so responding administering authorities can insert it into a two-page response.

Scheme Advisory Board suggested text:

The most impactful thing that the Department could do to improve the efficient and effective managing of the scheme would be to continue, without delay, the implementation of the Scheme Advisory Board's Good Governance recommendations. The necessary policy discussions have already taken place and this could be implemented within a matter of months of a new government being established.

The Board's Code of Transparency project has transformed the transparency around investment costs and we can now have much greater confidence in the figures reported. The [2022/23 Scheme Annual Report](#) shows that total administration and governance costs have increased; however we know that LGPS membership continues to grow and that there are more costly private markets/unlisted assets under management. Implementing the changes needed for McCloud remedy has proved financially costly for funds, even if the impact on liabilities has not been significant. Administering an increasingly complex scheme will remain a challenge for funds.

Any ambition for the achievement of long-term savings and efficiencies through consolidation does not come without significant operational risks, particularly affecting scheme members but also employers. These risks need to be properly understood and appropriately managed. We would welcome an open discussion about the possible benefits – and limitations – of scale, and the role of local accountability in the management of the scheme.

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