

Scheme Advisory Board Annual Review

Chair's introduction and reflections over the last 12 months

This is the first Scheme Advisory Board Annual Review to be published, and I am delighted to be able to share this with you. This review has two aims; the first is to share the key work undertaken by the Board, its committees and working groups in one succinct, factual based overview of the previous 12 months, along with a high-level breakdown of how the budget for the previous year has been spent. The second is to highlight the various workstreams that the Board and the Secretariat have planned for the coming 12 months so the LGPS community can engage with and have awareness of the work planned.

I hope you find this Annual Review a useful 'all in one' summary of the Board's work over the past 12 months, but also a forward-looking projection of what the Board hopes to achieve over the next 12 months on behalf of the LGPS community. As always, we'd welcome feedback and input so please do contact the [Secretariat Team](#) to share your thoughts.



Councillor Roger Phillips, Scheme Advisory Board Chair

Overview of the last 12 months (January 2024 to December 2024)

It has continued to be an extremely busy year for the Local Government Pension Scheme (LGPS). Here is an overview of some the Board's work:

Legal opinions and guidance

- Board statement on dealing with funding level surpluses
- Specialist advice commissioned and published on whether the LGPS is Sharia Compliant and further Counsel advice published
- Board Statements on Fiduciary Duty and dealing with lobbying
- Counsel opinion on the implications of the events concerning Gaza
- Updated Fiduciary Duty Legal opinion commissioned from Counsel (expected early 2025)
- Guidance on Preparing the Fund Annual Report published
- Joint informer document published with the Institute of Chartered Accountants in England and Wales (ICAEW) to assist scheme employers and their auditors
- Guidance on preparing the Funding Strategy Statement submitted to Ministry of Housing, Communities and Local Government (MHCLG) for adoption in early 2025

Working with government and policy development

- Scheme representation on the previous Government's Economic Activity of Public Bodies (Overseas Matters) Bill

Scheme Advisory Board Secretariat

Local Government Association, 18 Smith Square, Westminster, London SW1P 3HZ

E SABSecretariat@local.gov.uk W www.lgpsboard.org

- Statement in response to the then Minister for Local Government Simon Hoare's letter to LGPS funds 'Efficiencies in local government and management of the LGPS'
- Engaging proactively with the new Government and the Pensions Review
 - Response to Pensions Review Phase One Call for Evidence in September 2024
 - Scheme representation at roundtable event at 11 Downing Street
 - Extensive engagement with fund officers, pools and Pension Committee Chairs and Pension Boards at various events, webinars and roundtable events
- Board Chair met face-to-face with previous Local Government Minister and current Minister, and separately with the Pensions Minister
- Focus groups held to obtain views on The Pension Regulator's General Code of Practice
- Reconfirmed in a letter to Local Government Minister, Jim McMahon MP, the Board's previous recommendation made for the separation of pension fund accounts from the administering authority's main accounts.
- Progressed the Board's Gender Pensions Gap work with communication to scheme employers, representation on the industry-wide Pensions Equity Group and recommendation made to MHCLG for a review of the actuarial factors surrounding authorised unpaid leave
- Continued to push the need for MHCLG to implement the Board's 2021 Good Governance recommendations and commenced a review of the 2008 Governance Guidance
- Started to scope out a LGPS Peer Support Offer

Scheme information

- [11th Scheme Annual Report published](#)
- Completed the statutory Scheme Cost Assessment for the 2020 quadrennial valuation
- The Board continued to explore the issue of optant outs and two surveys were issued to employers during the year. The first surveyed local authority employers to collect insight on the reasons for and number of employees opting out; as well as employer appetite for more promotional materials about the LGPS for employees. The second survey was issued to local authority employers and some academy school networks to obtain insight on Gender Pension Gap reporting and the process of opting out, as well as any demographic information held by employers for employees who opt out
- Code of Transparency early market engagement completed, and the Board decided on the future of the cost transparency centralised data system

Board Budget

The Board's budget is set each financial year and is agreed by the Minister. The budget for 2024/25 was agreed by then Minister for Local Government Simon Hoare at £717,500.

The anticipated budget for 2025/26 is expected to be £719,000 but is still to be

Scheme Advisory Board Secretariat

Local Government Association, 18 Smith Square, Westminster, London SW1P 3HZ

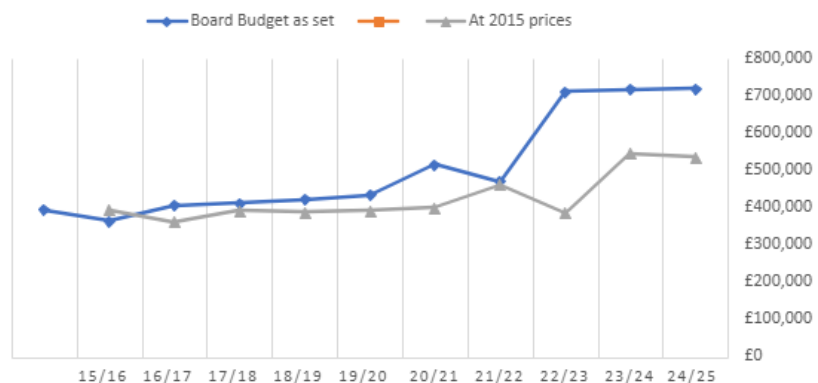
E SABSecretariat@local.gov.uk W www.lgpsboard.org

Scheme Advisory Board



approved by the Minister. If approved, the Board's budget represents 33 pence per active scheme member (based on [2024 SF3 data](#)) which the Board believes provides value for money for the scheme. A graph showing the Board's budget over the last 10 years confirms

REAL TERMS CHANGE IN SAB BUDGET



that the budget has not significantly increased year-on-year, except in the year 2023/24 (which was primarily driven by the expenditure associated with running the Scheme Cost Assessment which is now spread over the valuation cycle for future years). Since its inception, the Board has used its budget to develop significant projects and initiatives from its groundbreaking Code of Transparency project to exploring the Gender Pensions Gap.

Priority work for the next 12 months (January 2025 to December 2025)

We anticipate that there will be no reduction in the asks made of the Board in the coming year from government. There are also the Board's own workplan items which are planned for 2025 and we anticipate there being major workstreams on:

- Supporting the LGPS community in the development and implementation of the proposals taken forward as set out in the government's recent consultation on investments (['LGPS - Fit for the Future'](#))
- Supporting government with the implementation of the Board's Good Governance recommendations
- Reviewing the statutory guidance on knowledge and skills and governance
- Taking forward the Board's decision on next steps for the Code of Transparency on investment costs
- Dealing with policy and regulatory changes proposed by the new government in relation to climate risk reporting, survivor benefits, Fair Deal, and consolidation of pooling
- Developing a LGPS-specific Peer Support offering
- Continuing to develop proactive proposals around various policy issues such the government's Pensions Review and measures to address the gender pensions gap and optant outs
- Development of the Board's communication ambitions to upgrade its website and develop and improve its communication channels

2025 Board meeting dates

24 March, 21 July, and 24 November

Scheme Advisory Board Secretariat

Local Government Association, 18 Smith Square, Westminster, London SW1P 3HZ

E SABSecretariat@local.gov.uk W www.lgpsboard.org