

Scheme Advisory Board

HYBRID MEETING – 20TH FEBRUARY 2023

ITEM 12 – PAPER E

INVESTMENT, GOVERNANCE AND ENGAGEMENT COMMITTEE

CHAIR’S REPORT FROM MEETING OF 6TH FEBRUARY 2023

Code of Transparency Compliance Update

1. Members were informed that compliance with the Code of Transparency online system across funds for 2021/22 had risen to 92% (from 89%) as of 30th January 2023. The last quarter had seen Code signatories making good use of the system.
2. Data from the 2020/21 fund annual reports showed that 102 out of the 230 asset managers identifiable from the reports were signed up to the Code. That is around 44% of the total number of managers, however the assets they manage account for 80-90% of total scheme assets by value. The 10 largest (by AUM) asset managers not yet signed up to the Code accounted for around £10bn of assets and it was agreed to contact funds using those firms to suggest they invite them to sign up to the Code.

Code of Transparency Next Steps

3. Members were informed that the approved changes to the online reporting system by Byhiras were on track to be implemented by April 2023. The Secretariat had also developed an awareness and communications strategy which it was agreed to submit to the Board for addition to the 2023-24 work programme (this is at Annex A). Part of that would be some face-to-face training sessions in regional locations. To boost attendance from those funds least engaged with the reporting tool, it was agreed that the Secretariat would crossmatch invites to the sessions with data on usage of the system, with a view to making enhanced contact with those funds.
4. Prior to the February meeting, Byhiras made proposals to implement cosmetic updates to the website. The Committee did not recommend taking those up at this time.

Climate Risk Reporting Survey Analysis

5. Members were informed about the results from a survey of LGPS funds in England, Wales and Scotland on preparations to implement climate risk reporting in financial year 2023/24. The responses showed that the majority of funds were prepared, however there were 10-15 funds that showed indications of not making the necessary preparations. It was suggested there was a need to repeat the survey once the climate risk reporting consultation response had been published. It was also agreed that the Secretariat would include in the next monthly bulletin a summary

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of responses to the survey, and notification that the survey would be repeated.

Sharia Compliance

6. Members were informed that the Secretariat had been scoping out procurement of a report into the LGPS from an Islamic legal and financial perspective (see Annex B). This was a recommendation of the legal advice from Lydia Seymour QC/KC in 2021. The Secretariat had held conversations with several Islamic finance advisors who confirmed that it would be possible to do this. The commission of the report would have to go through the formal procurement process, but this should be straightforward as the value of the report was expected to be below £25,000. The committee agreed to recommend this to the Board for addition to the 2023-24 programme.

Ona Ehimuan

Pensions Secretary

8th February 2023