

Investment Committee

Hybrid Meeting – 11 November 2024

Item 4 – Paper B

LGPS Cost Transparency Compliance Update (standing agenda item)

Background

1. The LGPS Investment Code of Transparency (Code) requires signatories to provide certain cost information to their LGPS clients. To enable the SAB to have direct oversight of Code compliance as well as see scheme-wide cost data, the SAB procured an online system, specifically for the LGPS, which is provided by Byhiras. This was launched at the end of March 2020.

Recent developments

2. The table in **Annex A** sets out how uptake and use of the system has developed since the system was launched. In terms of “headline numbers” for timeliness, the overall percentage of completed templates for 2019/20 has remained the same at 98%. The largest proportion of missing templates remain in the infrastructure and unlisted equity asset classes.
3. For 2020/21 the overall completion rate has risen from 98% to 99%. Late templates are predominantly in the unlisted equity (more commonly known as private equity), private listed equity and property asset classes.
4. For 2021/22 the overall completion rate has remained at 98%. Late templates are predominantly in the unlisted equity, property ‘other’ asset classes.
5. For 2022/23 the overall completion rate has remained at 98%. Late templates are predominantly in the property, active listed equity and active listed fixed income asset classes.
6. For 2023/24 the overall completion rate currently stands at 95% (at the time of writing). Late templates are predominantly in the unlisted equity, infrastructure, active listed equity and property asset classes.
7. These improvements compared to the completion rates reported at previous meetings are due to work that the Secretariat has put in to chase the particular fund managers failing to upload templates as required under the Code. Often this is to do with formatting issues which have been resolved with the help of the current service provider, Byhiras.
8. Despite this, the Secretariat has identified fund managers that still have a significant number of late templates. These are as follows:
 - a. Neuberger Berman Europe Limited has 72 late templates at the time of writing (1 for 2019/20, 33 for 2023/24 and 38 for

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2024/25) an increase of 40 since the last meeting. The majority of the outstanding historic templates have been uploaded following on from our contact with them in previous months, however the sharp rise in late templates once again indicates an ongoing issue with uploading the template without prompting from the Board. We have been informed that the vast majority of the templates relate to alternative funds, causing a delay in the flow of data but they are working to upload the templates.

- b. Partners Group UK Limited have 34 late templates at the time of writing (9 for 2019/20, 8 for 2020/21 and 17 for 2021/22), which is the same as at the last meeting. Partners Group informed us that they would not be uploading the late templates for previous years as they did not have the capacity to do so. Jo Donnelly, Board Secretary wrote to Partners Group on two separate occasions (2 September 2024 and 2 October 2024) to request that these templates be uploaded and expressed the Investment Committee's concern that an asset manager with substantial LGPS assets under management has not done so. Partners Group responded on both occasions saying that they are committed to future compliance but will not be reworking past templates. The Secretariat have contacted the three underlying funds to ask whether this will be an issue and have received a response from one fund confirming that they have received the data directly and do not need the Secretariat to chase these further.

The Secretariat asks at this stage whether the Committee has a particular view on escalating this matter.

- c. JP Morgan Asset Management have 24 late templates at the time of writing (12 for 2023/24, 1 for 2022/23 1 for 2021/22, 1 for 2020/21, 1 for 2021, 2 for 2020 and 6 for 2019), which is an increase from 12 at the last meeting. The Secretariat made contact with JP Morgan in October 2024 to ask for an update on the remaining outstanding templates and have been informed that they will be uploaded as soon as possible.
- d. Aviva Investors Global Services Limited have 29 late templates at the time of writing (4 for 2023/24, 4 for 2022/23, 4 for 2021/22, 4 for 2020/21, 2 for 2019/20, 3 for 2023, 3 for 2022, 3 for 2021 and 2 for 2020) up from 25 at the last meeting. The Secretariat made contact with them to follow up on the additional 4 late templates and they confirmed that the templates . Aviva previously informed us that they have had issues uploading real estate templates due to reporting deadlines and issues with logging on to the system but clients are sent the data directly without issue.

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- e. Veritas Asset Management have 12 late templates (2 for 2023/24, 2 for 2022/23, 2 for 2021/22, 2 for 2023, 2 for 2022, 2 for 2021,). We have made contact with them to chase the outstanding templates and are awaiting a response from them.
 - f. Dalmore Capital have 38 late templates on the system for 2023/24. We have made contact with them to chase the outstanding templates and are awaiting a response from them.
9. The Secretariat will continue to work with fund managers to resolve issues that are preventing better compliance.
10. Since the last meeting, we have had 3 new managers sign up to the Code:
- Cardano Risk Management Limited on 10 July 2024
 - Generation Investment Management on 6 August 2024
 - Alphinity Investment Management Ltd on 3 September 2024

Recommendation: That the Committee notes this summary report.

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Annex A

Headline statistics on cost transparency compliance system users and uses

Cumulative totals to the date shown

Date	No. of managers on system	Total no. of schedules established	No. of templates complete	No. of templates due	No. of templates late
June 2020	46	1,023	922	96	5
January 2021	69	1,358	1,265	0	93
April 2021	86	2,984	1,394	1,448	142
September 2021	95	4,252	3,639	163	450
November 2021	103	4,551	3,732	208	611
February 2022	107	4,995	3,863	439	693
May 2022	114	7,326	4,089	2,215	1,022
September 2022	113	7,102	6,360	53	744
November 2022	115	6,884	6,411	15	458
February 2023	114	7,147	6,508	264	363
May 2023	114	9,584	6,869	2,344	371
July 2023	113	9,706	7,751	1,603	352
November 2023	115	9,792	9,418	15	359
February 2024	116	10,357	9,630	262	465
July 2024	118	13,154	11,344	1,571	239
November 2024	120	13,319	12,952	54	313

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Totals (non-cumulative) for each financial year

Date	No. of managers with schedules	Total no. of schedules established	No. of templates complete	No. of templates due	No. of templates late
2019/20	78	1,438	1,418	0	20
Change from July 2024	No change	No change	No change	No change	No change
2020/21	103	2,671	2,646	0	25
Change from July 2024	No change	Up 26	Up 8	No change	Down 8
2021/22	110	2,917	2,871	0	46
Change from July 2024	Down 1	Up 5	Up 17	No change	Down 12
2022/23	109	3,070	3,033	0	37
Change from July 2024	No change	Up 13	Up 35	No change	Down 22
2023/24	109	3,105	2,959	0	146
Change from July 2024	Up 2	Up 40	Up 1,523	Down 1,570	Up 77

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