

Scheme Advisory Board

Hybrid Meeting – 24 March 2025

Item 14 – Paper J

Investment Committee Report – 3 March 2025

Code of Transparency (CoT) data system

1. The Committee appreciated the good work done by the Secretariat to address non-compliance with the Code by signatories. The rate of template completion for 2023/24 stood at 96 per cent at the time of the meeting and around 98 per cent to 99 per cent for previous years. The Secretariat would continue to chase any Code signatories with a high number of late templates. The Committee was also presented with a breakdown of late templates in private markets. Of only 2.2 per cent of templates which were late across all years, 54.8 per cent of these were in relation to private markets.
2. The Committee also received a paper outlining progress with the ongoing project on the Code of Transparency data system. The Secretariat had met with the National LGPS Frameworks team to begin preparation to develop a new framework for template collection, cost data monitoring and benchmarking services. This followed the Board's decision to not reprocur the existing central data system. The Framework team have advised that new framework being developed should start from April 2026 to allow a transitional period before the end of the Board's contract with Byhiras in August 2026. The Secretariat are working on putting together a founder's group which will include representation of the Board via the Secretariat with meetings expected to commence in April 2025. An updated project plan has been submitted at **Annex A** for the Board's approval and further detail will be provided in the coming months.

Recommendation – that the Board approves the updated CoT project plan at Annex A

Fit for the Future – next steps

3. The Committee discussed the Board's response to the Fit for the Future consultation which closed on 16 January 2025. The timelines of the Government's proposals and response to the consultation would need to be aligned with the work being done on Local Government Reorganisation to avoid additional disruption. Pools had submitted their proposals to meet the proposals set out in the consultation by 1 March 2025. MHCLG would be reviewing the proposals, and the Secretariat had offered to help in that, on a confidential basis. Some members of the Committee expressed concern if the Government expected the setting of responsible investment policy to sit with the pool, rather than just its implementation. It was felt that the policy-making function

Scheme Advisory Board

should remain with the funds and if transferred to the pools, it would be difficult to reconcile the varying views of their clients.

Responsible Investment Advisory Group (RIAG) Report

4. The Group discussed the Climate Risk Reporting principles that were put together by the fund actuaries and is currently published on the Board website alongside the updated Funding Strategy Statement. Other topics of discussion were the updated advice on fiduciary duty and the Fit for the Future consultation.
5. The Group felt the legal advice was very useful but did question the idea that scheme members were more interested in responsible investment than employers as this was not necessarily the case in many of the Group members' experience.
6. The proposals set out by the Government in the Fit for the Future consultation raised some questions about the management of responsible investment under the proposed new model. The Group had lengthy discussions on this and raised their concerns with Oliver Watson from MHCLG who was present at the meeting.
7. The Terms of Reference for the Group, which were last updated in September 2024, were updated to extend the term length of the RIAG chair to four years with a renomination of an additional four years to match the group members. This was approved.

Update of Fiduciary Duty advice

8. The Committee were informed that the Board had received [further advice](#) from Nigel Giffin KC on the evolving legal understanding of the fiduciary duty in the LGPS. The Secretariat informed the Committee that a draft summary had been written and would be published on the Board website to provide an overview of the key points raised in the 36-page document. The Committee welcomed the advice, and the draft summary was circulated confidentially to the Committee after the meeting for comment. The final draft summary has also been submitted to the Board for approval under Item 8.

Committee Workplan

9. The Committee agreed that the workplan for 2025 be submitted to the Board for approval. The workplan can be found at Annex B.

Recommendation – that the Board notes the report and approves the Cot project plan at Annex A and the Investment Committee's 2025 workplan at Annex B.

Scheme Advisory Board

ANNEX A - UPDATED PROJECT TIMETABLE

The timetable below sets out the updated key decision points and proposed timescales. The timetable for the project will remain agile to respond to developments as they emerge.

Project stage	Current timeline and proposed future timescales	Required input
Byhiras contract extension and novation	December 2023 - April 2024	Secretariat to write formal notification of contract extension to Byhiras
CoT system working group	January - February 2024	Members to be selected, Secretariat to arrange meetings and collate findings
Market engagement prep	February – April 2024	LGA Procurement team to assist with shaping of early market engagement questions
Early market engagement	24 June – 6 August 2024	Secretariat to schedule meetings with providers and collate feedback to present case to Board
Survey of funds based on early market engagement findings	9 September – 27 September 2024	Secretariat to devise and issue survey using Survey Monkey
CoT system working group final meeting	w/c 7 October 2024	Feedback on survey results
Board executive panel recommendation	w/c 21 October 2024	Send updates/information pack pre meeting
Update Investment Committee	11 November 2024	Secretariat to update the Investment Committee on the project and the recommendation being made by the panel
Board final decision	25 November 2024	Secretariat present paper to Board and invite final decision on future of the system. The final decision will be made by the Board on recommendation from an executive panel comprised of members from the Board.

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Scheme Advisory Board

Project stage	Current timeline and proposed future timescales	Required input
Ministerial Budget submission for 2025/26	November 2024	Start-up costs for framework development approved by Minister
Framework development scoping conversations	December 2024 – April 2025	Various – Secretariat, National LGPS Team, fund officers (volunteers as Framework Founders)
Framework development	April 2025 – April 2026	Various – Secretariat, National LGPS Team, fund officers (volunteers as Framework Founders)
Framework launch and transition from Byhiras system	April 2026 – August 2026	Various – Secretariat, National LGPS Team, fund officers (volunteers as Framework Founders), fund officers (system users to retrieve data from Byhiras), Byhiras (to support transitional arrangements and comms)
Byhiras contract end	30 August 2026	
Review of new arrangements to see if they are delivering expected outcomes	30 August 2027	Secretariat and fund officers

*Rows in grey indicate stages that have been completed.

Scheme Advisory Board

ANNEX B – COMMITTEE WORKPLAN

Investment Committee High-Level Workplan

Workstream	Details	Action for next Committee	Timescales
Code of Transparency	Work with the National LGPS Framework team to develop a framework for funds to procure investment cost data monitoring and benchmarking services	Compile a project plan and bring updates on progress to the next meeting. Explore changes needed to the Code to reflect the pivot to alternative method of collecting investment cost data	New framework projected to launch in April 2026. Revise Code to launch alongside the framework; exact timescales TBC
Fit for the Future consultation	Work with MHCLG to ensure the draft Bill is implementable by funds and pools, minimising the risk of unintended consequences	Depending on timing of MHCLG response.	Bill expected in Summer 2025
Fiduciary duty advice	Seek legal opinion with follow up questions on fiduciary duty and conflicts of interest	Identify legal practitioner to engage; draft summary of follow up advice to be publicised	TBC
Responsible investment (RI)	Committee agenda informed by RIAG. Discuss how Fit for the Future proposals interact with RI policies and fund requirements	Continue discussions at RIAG meetings and provide update to the Committee in the RIAG Report	Bill expected in Summer 2025 At some point we expect climate risk reporting regulations for LGPS