

APPENDIX A

Croydon Council

REPORT TO:	Pension Committee 19 September 2017
AGENDA ITEM:	12
SUBJECT:	The Local Government Pension Scheme Advisory Board Code of Transparency
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: This report introduces the LGPS Code of Transparency which is intended to assist LGPS administering authorities in obtaining detailed investment fee data.	
FINANCIAL SUMMARY: This initiative should assist administering authorities in understanding and controlling investment fees.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1. RECOMMENDATIONS

- 1.1 The Committee is asked to note this report and comment on the application of the Code as appropriate.

2. EXECUTIVE SUMMARY

- 2.1 The Local Government Pension Scheme Advisory Board has launched its Code of Transparency. This should prove to be a valuable tool in understanding costs of managing investments.

3. DETAIL

- 3.1 The Local Government Pension Scheme Advisory Board (the Board) is a body set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113. It has been established to encourage best practice, increase transparency and coordinate technical and standards issues.
- 3.2 The move toward investment fee transparency and consistency is seen by the

Board as an important factor in the LGPS being perceived as a value led and innovative scheme. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and included in the government's criteria for pooling investments. To assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis the Board has developed a voluntary Code of Transparency for LGPS asset managers.

- 3.3 The full text of the Code is appended to this report (Appendix A: Code of Transparency).
- 3.4 To assist LGPS administering authorities in obtaining the more detailed investment fee data they require, the Board has worked with key stakeholders including investment managers, CIPFA and LGPS administering authorities to develop the Code. The Code is voluntary and covers the provision of transparent and consistent investment cost and fee information between Investment Managers and Administering Authorities. An Investment Manager who signs up to the Code in respect of the investment types covered by the Code, i.e. listed assets, agrees that within a period of twelve months of signing up it will put in place the systems necessary to allow the completion and automatic submission of the template to each Administering Authority that the Investment Manager is appointed by. There are separate templates for segregated portfolio management and for pooled funds.
- 3.5 The template lists a series of broad headings for reporting costs and expenses and in its initial form will concentrate on those areas which should already be available but may not have been supplied by asset managers either proactively or in a format easily useable by LGPS funds.
- 3.6 As this phase of the rollout of the Code only applies to listed assets, for the Croydon Fund the impacted asset classes are limited to equities, fixed interest and commercial property. At the time of writing LGIM and Markham Rae had adopted the Code.

4 FINANCIAL CONSIDERATIONS

- 4.1 There are no further financial considerations flowing from this report.

5. OTHER CONSIDERATIONS

- 5.1 Other than the considerations referred to above, there are no customer Focus, Equalities, Environment and Design, Crime and Disorder or Human Rights considerations arising from this report

6. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 6.1 The Solicitor to the Council comments that there are no direct legal implications arising from the recommendations within this report.
- 6.2 (Approved for and on behalf of Jacqueline Harris-Baker, Director of Law and Monitoring Officer)

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BACKGROUND DOCUMENTS:

None.

Appendices

Appendix A: The Local Government Pension Scheme Advisory Board Code of
Transparency, May 2017