

## **SAB Levy Contributions from Pension Funds**

### **Background**

At the SAB's meeting on 28<sup>th</sup> June, the SAB agreed that, prior to raising levy contributions for Pensions Funds for 2022/23, the joint secretaries would check what was agreed about the levy initially by the SAB and also to see what methodology is currently being used by the English and Welsh Board, with a refreshed allocation proposal to be brought to the SAB.

Having looked back at previous Minutes and correspondence, there is little in the way of detail on the allocation methodology, however it is understood this was based on the size of fund at the time the levy was first raised. There is a reference in the 26<sup>th</sup> November 2015 SAB Minute as follows:

The Board noted that the levy was required to be established by December 2015. The Board noted that the Scheme Advisory Board was still a relatively new body and that any levy raised in relation to its business should be proportionate. The Board agreed to set a levy at £40,000 for 2015/16 as the main business of the Board is still in its infancy and agreed that the distribution of the levy would be based on advice from pension fund managers.

The SAB levy is distributed on size of fund – however the proportions have not changed since the levy was introduced in 2015.

The joint secretaries have contacted the English & Welsh SAB to see if they can provide any information on their levy (noting issues around their SAB budget appear to have been taken in private).

### **Proposal on the levy for 2022/23 and review for future years**

Whilst any information from the E&W SAB will be helpful, it is proposed that in setting a levy for future years, that the joint secretaries work with SAB advisers to come forward with a suggestion for a fair and proportionate approach, which ensures the SAB can function effectively and undertake bespoke work as required.

In the meantime, for 2022-23, given where we are in the year, it is now recommended that the SAB collects the £40k levy on the same proportions as previously (as this is what Pension Funds will have budgeted for), with the work then focussing on the levy for 2023/23 and beyond.

Connected with this, there is a question over the resourcing of the SAB. For instance, the E&W SAB has some dedicated resource, extending beyond the secretariat role. The SAB will be aware that support has been provided by E&W SAB officers for example on preparing the Annual Report. This proved to be a little more difficult to get access to this support for preparing the 2020-21 SAB Annual Report which is at item 11, due to work pressures on the officers. Nonetheless the support provided is welcomed and reflects the arrangement in place for the E&W SAB to offer support to SPPA and the Scottish SAB.

This is simply one example where perhaps the SAB could procure resource. The work on cost cap also suggests a degree of dedicated in-house expertise could be of value.

It is therefore proposed that, aligned with work on the levy, work is done to identify what an in-house resource could provide, scale and potential cost of this.

## **Recommendations**

The SAB is asked to agree:

- i. That the levy is raised from Pension Funds at £40k for 2022/23 on the same proportions as previously.
- ii. That the joint secretaries work with SAB advisers to develop a proportionate robust and transparent levy for future years, from 2023/24.
- iii. That, aligned with reviewing the levy, work is undertaken to look at what a dedicated resource could provide, scale and potential cost of this, to support the SAB's work.