

Scottish LGPS
Scheme Advisory Board
8 February 2023

Cost Transparency

Fees, charges and returns are a vital issue for the LGPS, and the SAB has agreed to participate in the Online Cost transparency system run by Byhiras on behalf of the English and Welsh LGPS SAB. This provides LGPS funds with a range of reports on performance and charges indicators based on templates developed by the Cost Transparency Initiative (CTI)¹. It allows fund to benchmark themselves against similar LGPS funds in the UK. The specific data is commercially confidential, but recent analysis work indicates that investment fees may be rising, and ‘hidden fees’ are still a significant issue.

The number of templates submitted from investment managers to Scottish funds is:

Year	Templates submitted	Templates Late	Percentage submitted
2019/20	166	1	99%
2020/21	213	6	97%
2021/22	259	17	93%

Note: Late templates from previous years are still sometimes received, and the percentage submitted tends to rise.

The system was upgraded last year to accept Euros and US Dollars, and to give flexibility for different financial year end-dates, and is due to be re-procured in 2024. Currently, around 100 data fields are collected, and collection of data quarterly is being explored to give more up-to-date information. Over the next three months the CTI is also contacting LGPS and private funds to better understand what information provides the maximum benefit, to better target data gathering.

Awareness raising sessions on the Code of Transparency and the specific reporting system are planned for groups of funds throughout England and Wales. These are aimed at both pension officers and elected members and board members.

Recommendation:

It is recommended that the SAB request that Byhiras run an awareness session for Scottish Funds, Pension committees, Pension Boards and SAB members and advisors.

¹ https://www.plsa.co.uk/Policy-and-Research/Topics/cti/mod/article_inline