Scottish LGPS SAB
LGPS Fund Annual Reporting
Report to SAB 27 February 2024

Scottish LGPS Pension funds are required to produce an annual report (under s.55 of the LGPS (Scotland) Regulations 2018). This sets out some requirements and says funds "must have regard to guidance given by the Scottish Ministers". Funds were previously guided by the 2019 CIPFA 'Preparing the Annual Report' guidance, which applied across the UK. However, the CIPFA group overseeing this has been disestablished, which leaves a gap.

The English and Welsh SAB created a working group to review and streamline this guidance and reduce duplication wherever possible with other reporting obligations. There has also been input around bringing the investment section into line with government thinking (for example, on revised categories to report asset classes) to make the data more comparable across funds and meaningful for readers.

The SAB has the opportunity to give a view on the annual report proposals to Scottish Ministers.

An annual report is a legislative requirement, and helps give transparency to fund members, and others. There are clear advantages in having comparable data and standardising reporting on other matters. The proposed guidance has been developed jointly with CIPFA, and will come with their accreditation. Getting similar accreditation for a Scottish version, given that we have had no engagement with CIPFA on this, may be time-consuming and difficult.

However, there are some differences, for example reporting on pooling, which are not relevant for Scotland. Rather than changing the guidance itself, there may be a case for the SAB to issue supporting interpretive guidance to Scottish funds.

It is suggested that the SAB agree to support the annual report guidelines as statutory guidance for funds, but ask SAB advisors to review the applicability of all the elements in a Scottish context and produce supportive guidance. The adoption of this statutory guidance would only be on a "best endeavors" basis in the first year (2023/4) but be fully implemented in subsequent years.