



November 2016

**Circular: 01/2016
Transparency Code**

The Scottish Local Government Pension Scheme Advisory Board (SLGPSAB) has improving cost transparency and investment fee consistency in its current work plan. The SLGPSAB received a presentation in February and agreed to follow the work commissioned by the England and Wales SAB on this issue. As many of the same asset managers operate in Scotland, there seemed little point in duplicating this work.

The E&W SAB has now formally announced that it will proceed with a cost collection strategy. This is as an important factor in the LGPS being perceived as a value led and innovative scheme.

To assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis, the E&W Board has developed a Code of Transparency for LGPS asset managers. The core of the code is a template for completion by asset managers, which lists a series of broad headings for reporting costs and expenses. In its initial form it 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.

The Code will be voluntary with asset managers encouraged to sign up to it to demonstrate their commitment to transparent reporting of costs. Those asset managers who sign up to the 'Code of Transparency' will be listed on the E&W Board website and able to use the Code logo on their marketing literature.

The code and template can be accessed here:

<http://www.lgpsboard.org/index.php/structure-reform/cost-transparency>

The SLGPSAB welcomed this code and asks pension funds in Scotland to promote the code with their own asset managers.

It should also assist in the consistent reporting of costs in Scotland. The aim is to ensure that the LGPS, across the UK, will become the first pension system in the world to move toward cost transparency outside of the Netherlands.

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To: The Scottish Local Government Pension Scheme c/o the Head of Service,
Convener of the Pensions Committee and Chair of the Pension Board of the respective
Scottish LGPS Fund

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