

# Scheme Advisory Board

## **HYBRID MEETING – 4 December 2023**

### **ITEM 14 – PAPER H**

#### **COMPLIANCE AND REPORTING (CRC) COMMITTEE**

##### **Workplan update – summary of workstreams**

1. The committee's five workstreams have made considerable progress since the last Board meeting and the Department for Levelling up, Housing and Communities (DLUHC) have confirmed a preferred timeline to produce the guidance documents required by the workstreams. A high-level workplan of upcoming tasks and associated timelines has been drafted. Is it unknown at present, whether the appointment of a new minister will impact on any timetables previously discussed with DLUHC. Progress on each of the five workstreams is covered in this report.

##### **Annual Report guidance**

2. The workstream have reviewed the existing guidance and considered the areas that should be retained, removed, or updated. The secretariat is working with DLUHC to incorporate the relevant aspects into the new guidance following the release of the response to the investments consultation on November 22<sup>nd</sup> 2023.
3. The Secretariat has also obtained feedback from seventeen funds and attended pension officer groups to obtain feedback on the administration Key Performance Indicators (KPIs) within the current guidance. Using this feedback existing KPIs have been developed and new KPIs have been created to better reflect the scope and scale of administration work.
4. It is DLUHC's ambition to publish the annual report guidance by March 2024. To achieve this, the new guidance will be taken to the CRC meeting on 12th February 2024 for approval and will also require approval at CIPFA's Public Finance Management Board on 22 February 2024.

##### **Audit issues workstream**

5. Unfortunately there hasn't been any progress on finding an appropriate legislative vehicle to change primary legislation to allow for the separation of pension fund accounts, and therefore audits, from the administering authority accounts in England. It was hoped the Audit, Reporting and Governance Authority (ARGA) Bill could be a potential legislative vehicle, but this was not included in the Kings Speech on November 7<sup>th</sup> 2023.

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6. At the Audit Roundtable in July 2023, the attendees agreed that it would be useful to produce guidance that would set out the timeline and information flow throughout a triennial valuation period. This would aid understanding and signpost the different parties, and in particular auditors, to where they should be requesting the information that they need. A specification for the guide has been written by the Secretariat and shared with the workstream, who have agreed the specification. Discussions are ongoing with the Institute of Chartered Accountants in England and Wales (ICAEW) to determine how the cost of producing the guidance will be met. The SAB budget for the current year has been agreed but did not include this work therefore, it is hoped that funding could be found externally from interested parties. A further meeting of the Audit Roundtable group is to be arranged for the new year.

## **Knowledge and skills**

7. Following on from the knowledge and skills survey issued in March 2023, it was agreed that the Secretariat issue a follow up survey targeted at Pensions Committee and Board members. The survey opened on 13 October 2023 and the closing date was extended by the secretariat from 29 October 2023 until 6 November 2023 to allow more time for responses. The survey asked for feedback from Pension Committee and Board members for their experience in obtaining the required knowledge and skills required for their role. The survey received 262 responses and results are to be discussed and next steps identified at the next workstream meeting on December 7<sup>th</sup> 2023.

## **Good Governance and Administration workstream**

8. Progress over the summer has been encouraging as the Good Governance and Administration (formerly named the Administration, Communications and Governance workstream) has been working identifying updates required to the 2008 statutory governance guidance which is now very out of date and needed to be rewritten. The workstream have collated areas to be covered in the new guidance, incorporating the 2021 Good Governance recommendations made by SAB to DLUHC. A provisional timeline is in place in the CRC workplan to consult on draft governance guidance in early 2024.

## **Funding Strategy Statement (FSS) guidance**

9. The working group has met twice over the summer and necessary changes and gaps within the current guidance have been identified. Confirmation is now required from DLUHC on the next steps, including the drafting timetable and method of production. The group will meet again once a timetable and method of drafting the guidance is

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confirmed, but it is expected the FSS guidance would be delivered after the good governance and annual report guidance. It is expected that the new FSS guidance should be ready in good time before the next valuation, to give funds enough time to prepare.

**Recommendation – that the Board notes the progress made by the CRC on each of the five workstreams set out above**

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