

# Compliance and Reporting Committee

## HYBRID MEETING – 17<sup>TH</sup> APRIL 2023

### ITEM 5 – PAPER B

#### COMMITTEE WORKPLAN

1. This paper summarises the agreements reached by the committee in respect of the each of the five workstreams since the last CRC meeting in January 2023.

#### APRIL 2023 UPDATE

##### Funding Strategy Statement Guidance Update

Lead Officer	Rachel Brothwood (West Midlands Pension Fund)
Supported by	Ian Howe (Leicestershire CC) Sara Maxey (Essex CC); Nick Harvey (CIPFA)
Start Date	September 2022
Target Completion Date	Phase I (current issues) – Spring 2023; Phase II (emerging issues) – Spring 2024

Meetings since Jan CRC meeting: 23<sup>rd</sup> February, 6<sup>th</sup> April

2. Current position:

The group have identified how they would like to update the guidance, and what new content is needed. They agreed to combine what had previously been described as Phase 1 and Phase 2 of the project in February 2023. James Graham has left the group and a replacement needs to be found. Mark Wynn has discussed drafting responsibility with CIPFA, and it has been agreed that the group will need to take forward the drafting as far as possible before putting it through whatever clearance and finalising processes are agreed.

3. Next steps:

Find new group member to keep representativeness of the group. Share best practice examples, distil that into draft new statutory guidance text. Provide CIPFA and the Committee with projected timeline for the project, including time for consultation and adoption.

#### Annual Report Guidance

Lead Officer	Peter Worth (TAS Accounting)
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Supported by Ian Howe (Leicestershire CC); Dominic Taylor (Staffordshire CC); Sara Maxey (Essex CC); Nick Harvey (CIPFA); George Graham (SYPF)

Start Date September 2022

Target Completion Date April 2023

Meetings since Jan CRC meeting: 6<sup>th</sup> February, 21<sup>st</sup> March

#### 4. Current position:

The working group went through a checklist of CIPFA's current annual report guidance and discussed elements that should be retained and those that should be changed. DLUHC officials have also been engaged on how they see content evolving with respect to pooling in particular. PW will be collating this information for the group to review and discuss next steps. The group also raised the issue of whether the CRC should make recommendations on ensuring better compliance with annual report guidance and whether the SAB should produce templates for funds to use.

#### 5. Next steps:

Working group to meet in May 2023

## Audit Issues

Lead Officer Nemashe Sivayogan (Merton LB)

Supported by Melanie Stokes (Staffordshire CC); Sara Maxey (Essex CC); Nick Harvey (CIPFA); Sean Johns (Cornwall CC); Peter Worth (TAS Accounting); Oliver Simms (ICAEW); Joana Marfoh (Islington LB); Bola Tobun (Harrow LB)

Start Date August 2022

Target Completion Date April 2023

Meetings since Jan CRC meeting: 15<sup>th</sup> February, 11<sup>th</sup> April

#### 6. Current position:

Separation of pension fund audit issue – The Minister has responded to SAB's letter sent in August 2022 re: external audit. He has agreed to take the issue forward; Alan Wareham from DLUHC confirmed that the

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Department is identifying an appropriate legislative vehicle to make the separation law.

Asset allocation issue – A meeting between the auditors, actuaries and regulators has been arranged for 20<sup>th</sup> April 2023. The agenda for the meeting is as follows:

- Approach to asset allocation in LGPS
- Potential centralisation of some assurance procedures
- Challenges presented by different year ends for different LGPS employers
- The different materiality of pension assets and liabilities amongst LGPS employers
- Ways to co-ordinate queries from audit companies who have multiple clients with the same fund
- Ways to improve funds and actuaries preparedness to deal with auditors' queries
- Standardising documentation
- Initial discussion on whether service organisation reports or other tools might be helpful in demonstrating effective governance to auditors

## 7. Next steps:

To meet again in May 2023 to discuss the outcomes of the Audit Summit and resulting actions for the group.

## Knowledge and Skills Framework

Lead Officer	John Jones (Local Pension Board Chair)
Supported by	Karen Gibson (Dorset CC); Nick Harvey (CIPFA); Heidi Catherall (Cheshire PF); Justin Bridges (Shropshire CC)
Start Date	TBC
Target Completion Date	TBC
Meetings since Jan CRC meeting:	7 <sup>th</sup> February

## 8. Current position:

Before looking again at the guidance, it was felt that there was insufficient data on what current practice was. The group met on 7<sup>th</sup>

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February to agree the content of a survey on current practices to incentivise knowledge and understanding in local pension boards. The survey has been issued with a closing date of 19<sup>th</sup> April and the results will be collated for the group to discuss.

9. Next steps:

Working group to meet in May 2023 to discuss results of recent survey.

## **Review Guidance on Administration, Communications and Governance**

Lead Officer	Jeff Dong (Swansea PF)
Supported by	Kevin Gerard (Carmarthenshire PF); Nick Harvey (CIPFA)
Start Date	TBC
Target Completion Date	TBC
Meetings since Jan CRC meeting: 16 <sup>th</sup> Feb, 4 <sup>th</sup> April	

10. Current position:

Much of the work of this group is dependent on the Department's response to the Board's Good Governance recommendations. The group has continued to support the Department in shaping the content of the consultation on their proposed response, discussing the content with Alan Wareham at the workstream meetings. Outline DLUHC proposals have been outlined to the group and feedback was shared with the Department.

11. Next steps:

AW confirmed that advice on the DLUHC proposals would be with the Minister shortly. Once there had been a ministerial readout, the Department would be able to move forward with drafting the detail of the consultation. The working group will arrange to meet to further discuss and support the Department as needed.