

Compliance and Reporting Committee (CRC)

Meeting of 17 February 2025

Item 3 – Paper A

Actions and agreements from 21 October 2024

Present

Joanne Donnelly	Meeting Chair in Mark Wynn's absence
Jeffrey Dong	Welsh Treasurers
Karen Gibson	Practitioner – County Councils
Kevin Gerard	Practitioner – Wales
Nicola Todd	Practitioner – Northern Ireland
Rachel Brothwood	Practitioner – Metropolitan Authorities
Nemashe Sivayogan	Practitioner – London Borough
Christina Thompson	Practitioner – London Pensions Fund Authority (LPFA)
Richard McIndoe	Practitioner – Scotland
Fiona Miller	Border to Coast Pensions Partnership
Peter Worth	Worth TAS Accounting
Nick Harvey	Chartered Institute of Public Finance and Accountancy (CIPFA)
Jack Bower	Institute of Chartered Accountants in England and Wales (ICAEW)
John Boyd	Audit Scotland
Oliver Simms	Financial Reporting Council (FRC)
Mary Lambe	Governance Consultant (Aon)
Iain Colvin	Governance Consultant (Hymans Robertson)
John Neal	UNITE
Bramman Rajkumar	Ministry for Housing, Communities and Local Government (MHCLG)
Oliver Watson	MHCLG
Jeremy Hughes	Local Government Association (LGA) – Deputy Board Secretary
Becky Clough	LGA – Board Support and Policy Officer
Ona Ehimuan	LGA – Pensions Secretary
Sarah Tingey	LGA – Research and Data Analyst

Items 1 & 2 – Welcome, apologies, introductions, and meeting protocol

1. The Chair welcomed attendees to the meeting and advised them of the meeting protocol. Christina Thompson, Section 151 Officer at LPFA was welcomed to her first meeting, replacing Robert Branagh, Chief Executive

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Officer of LPFA who had stepped down. The Chair put on record the Committee's thanks for his contributions to the Committee.

2. Apologies were received from Mark Wynn (Chair) and the Committee agreed that Jo Donnelly, Board Secretary would chair the meeting in his absence. Paul Mayers (National Audit Office) and Peter Turner (London Borough of Bromley) were absent without apology. There were no declarations of interest raised.
3. Oliver Simms (Financial Reporting Council) was present at the meeting for this occasion only.

Item 3 – Matters arising from the meeting of 24th June 2024

4. Mary Lambe (ML) raised that the actions and agreements note of the meeting on 24 June 2024 should reflect at paragraph 13 that her comments related to the previous Code of Practice 14. The actions and agreements were then agreed by the Committee.

Item 4 – MHCLG update

5. Bramman Rajkumar (BR) gave an update on key MHCLG workstreams. The MHCLG team had been meeting with various funds and pools following the launch of the Pensions Review and the responses to the Call for Evidence launched in Phase 1 of the review were being analysed.
6. Overarching themes from meetings with fund and pools revealed a mixture of views, with some caution that there still needed to be a commitment to making the current structure of pooling work. BR informed the Committee that the proposals that would be set out in the expected consultation were focused more on consolidation, via the increased pooling of assets, than on reducing the number of funds or pools. BR also said that Ministers were interested in governance and work was ongoing on reviewing the Good Governance recommendations. The Committee welcomed this and repeated its view that they would also like to see the separation of pension fund audit opinions from those of the host authority. BR said that there was no update on this latter point.
7. The Chair informed the Committee that the SAB would be holding an event for Pension Committee chairs to discuss the Pensions Review and Local Government Minister, Jim McMahon and Pensions Minister, Emma Reynolds had been invited.

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Item 5 – Workplan Update

8. Ona Ehimuan (OE) introduced Paper B to the Committee which gave an overview of the work and proposed next steps of the CRC working groups. The Annual Report Guidance published in March 2024 was now in use and the Funding Strategy Statement Guidance had been submitted to the Committee for approval under Item 6 of the agenda. The main focus going forward will be on Knowledge and Skills and Good Governance.
9. In response to a question on how the Board will monitor compliance with the new Annual Report Guidance, BC confirmed that the Board would be doing some analysis using the fund annual reports for 2023/24 when creating the Scheme Annual Report. BC stated that the Board's role was to provide advice to funds and thereby encourage compliance, but it had no powers to deal with non-compliance.
10. The Committee noted the update provided.

Item 6 – Funding Strategy Statement Guidance

11. BC introduced Paper C to the Committee and noted that the final draft of the FSS Guidance had been circulated to the Committee as Annex A, via email for approval by the Committee at this meeting. BC thanked all of the contributors to the revised guidance and Rachel Brothwood in particular for chairing the FSS Guidance working group.
12. BC confirmed that the guidance has been drafted such that it could apply to Scotland as well, if the Scottish Government chose. Working drafts had been shared with the Scottish Public Pensions Agency (SPPA), Scottish Scheme Advisory Board and input received from Scottish funds.
13. ML suggested two minor areas for edit within the guidance to clarify the meaning, which were noted.
14. RB hoped the guidance would be useful to funds, employers and other stakeholders and noted that it would need to be kept under review, specifically mentioning the climate risk principles referred to in the guidance as an evolving area. Given this was quite a substantial redraft of the previous guidance, RB suggested the Secretariat considered how to effectively communicate to funds about the new guidance.
15. The guidance was approved with ML's suggested edits.

ACTION – the Secretariat to submit the draft of the FSS Guidance to CIPFA's Public Finance Management Board (PFMB) on 7 November, to

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the Board meeting on 25 November and then to MHCLG for ministerial approval.

Item 7 – Knowledge and Skills working group update

16. BC introduced Paper D to the Committee. The Knowledge and Skills workstream, unlike the FSS and Annual Report guidance does not have a single guidance document as its output, instead its objective is to review the current guidance documents in place and make recommendations to address any gaps and inconsistency. This builds upon the survey already conducted on Pensions Committee and Board members asking for their views. One potential output from the working group is developing training policy guidance that aligned with other guidance and TPR's General Code.
17. The Committee agreed that this approach would be welcome and also suggested that a map of all the existing guidance, legal requirements, SAB's inputs and their intended audience would be helpful to create in the first instance. BC said that receiving input of Pension Committee members and governance officers and representatives would be useful additions to the Knowledge and Skills working group to inform the work to be done.
18. The Committee agreed the actions contained in Paper D.

Item 8 – Good Governance

19. BC introduced Paper E to the Committee and confirmed that the outstanding actions from the Board's original action plan in the 2021 Good Governance recommendations are awaiting further progress by MHCLG. In the meantime, the proposal is that the Secretariat focuses resources in the coming months on the knowledge and skills workstream's outputs (whilst awaiting further clarity from MHCLG). The Secretariat would also move ahead with reviewing the Board's Local Pensions Board guidance as well as developing an LGPS peer support offer. A new member of staff has been recruited to support this work and it was hoped that some initial thoughts would be presented at the next Committee meeting.
20. ML commented that the work being done on Good Governance would assist with the future implementation of the Government's requests in the Pensions Review. The peer support offer was welcomed by the Committee and RB added that it is important for the Board to set out clear roles in the peer support process. The Committee also suggested that when it came to reviewing the Governance Compliance Statement guidance (one of the Good Governance recommendations), consideration should be given to the relationship between the GCS and the requirement for an annual governance statement that accompanies the fund's accounts.

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21. The Committee agreed the actions contained in Paper E.

ACTION – that the Secretariat focuses on the Knowledge and Skills workstream and updating the Board’s Local Board guidance and scoping out a peer support offer.

Item 9 – Audit update

22. Jeremy Hughes (JH) introduced Paper F to the Committee. The Board had previously received a positive response to its recommendation for separation of pension fund accounts from the administering authority’s main accounts. The King’s Speech on 17 July 2024 confirmed a commitment to bring forward a draft Audit Reform and Corporate Governance Bill, which the Secretariat hoped could be a possible legislative vehicle to make this change. The Committee agreed to write to MHCLG to clarify the intention on implementing this recommendation. The Committee also discussed whether pension fund accounts should have the same inspection and objection rights around them as main authority accounts.

23. The Audit Informer document commissioned jointly by the Board and ICAEW was now in use. Jack Bower (JB) asked if there was any feedback on the document. Nemashe Sivayogan (NS) said that it was a useful document, but the consensus was there were still issues around employer audits and queries which required significant resource to deal with.

24. The Committee was asked to note the date of the next Audit Roundtable meeting on 9 December 2024.

Item 10 – AOB and date of next meeting

25. There were no other items raised and the date of the next meeting was confirmed as 17 February 2025.
