

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 17 February 2025

ITEM 5 PAPER B

Good Governance and Administration Working Group update

Current position

1. Since the last Committee meeting, the Good Governance and Administration working group has met on 16 December 2024 and on 3 February 2025. In both meetings, discussions centred around the governance proposals in the Government's [LGPS Fit for the Future consultation](#). The Board's [response](#) to the governance questions were discussed within the group, along with the group's own feedback.
2. Whilst it was clear in the Board's response that it welcomed the long-awaited progress with the Good Governance recommendations, within the consultation there are many references to the Board assisting with new guidance. Therefore, during the working group meetings, a clear steer from representatives from the Ministry of Housing, Communities and Local Government (MHCLG) was requested on the expected timeline of the Government response, when draft regulations (where applicable) might be laid and timeline for development and implementation of guidance.
3. The Board's response pointed out that some key recommendations from the Good Governance action plan were missing from the consultation. For example, the recommendation that the approach to member representation within fund governance structures should be set out in strategy documents, including explaining the fund's approach to voting rights for member representatives. Another recommendation was that the updated governance guidance should set out that the pension committee will be included in the business planning process and both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
4. The importance of ensuring that the fund is appropriately resourced was [emphasised in a letter](#) to Chief Financial Officers and Pension Committee Chairs which the Board Chair, Cllr Roger Phillips, sent in January 2025. The main message in the letter was to ensure that administering authorities provide appropriate resources for effective pension service delivery.
5. The proposal for the appointment of a senior LGPS officer was a core recommendation from the 2021 proposals. In its response to the consultation, the Board invited clarity on how this role will be set out in the LGPS regulations and supported with further guidance to assist administering authorities in how to integrate this post within their own

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governance structures. The Board believes that the role should have senior responsibility across all pension functions within the administering authority. The role-holder could then ensure the fund is appropriately managed and resourced across administration, investment, and governance matters. One emerging issue, which wasn't covered in the Board's response at the time, is the impact of Local Government devolution programs on the governance structure of an LGPS fund. This is something the Secretariat are actively reviewing.

6. The Board also welcomed mandating the preparation of an administration strategy and believes that guidance could assist funds by filling a gap in the current suite of guidance documents available. Within the working group, it was raised that in creating the administration strategy guidance views should be sought from a wide range of officers within administration teams and the national Pension Officer Group
7. The Board agreed with the overall aim of the proposal to drive improvement and the idea for funds' performance to be reported against an agreed set of indicators designed to measure standards of service. This is a key aim of the [Board's Preparing the Fund Annual Report guidance](#) which is to be discussed at item 9.
8. The working group agreed to next meet in March 2025 (if diaries allow) and in April 2025. The timeline discussed was that the Governance Guidance would be prioritised and would be looked at over the coming months followed by the Administration Strategy guidance later in the year.

Recommendation

For the Committee to note the update as set out in this report.
