

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 20 October 2025

ITEM 7 PAPER D

Annual Report Guidance

Background

1. The Board updated guidance for administering authorities to follow when preparing their statutory pension fund annual report in March 2024. This guidance was the first publication which was reviewed and jointly approved by the Board's Compliance and Reporting Committee (CRC), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing, Communities and Local Government (MHCLG). It replaced the 2019 guidance produced by the CIPFA Pensions Panel, which was disbanded in 2021.
2. The new guidance applied to 2023/24 annual reports, which were due for publication by 1 December 2024, and later years. Where there were changes, funds were asked to use their best endeavours to comply fully with the requirements for 2023/24 but exercise judgement where, because of changes to the previous content, to do so would require disproportionate effort or cost. When the guidance was issued, the Board stated that it would be kept under regular review and kept up to date with any changes required from year to year.
3. The Secretariat anticipated that further review was likely be needed to align the new annual report guidance with any additional reporting duties added to the Investment Strategy Statement guidance, as reported to Committee in [February 2024](#). MHCLG are making such changes to give effect to the Fit for the Future proposals, the response to which was published in May of this year.

Current position

4. MHCLG have yet to identify the specific new reporting duties that need to be reflected in the annual report guidance as a result of the consultation. However, it is expected that updates will be made to the current guidance to require reporting on:
 - The undertaking and any results of an Independent Governance Review (which itself is still in development)
 - The fund structure and governance strategy, including identification of the LGPS Senior Officer and Independent Person in the fund structure (both new roles yet to be specified), and any changes in governance membership throughout the year
 - The extent to which the Training Strategy has been delivered during the reporting year
 - Local investment (and removing the current reference to 'levelling up')
 - Opt out data (once more is known about the outcome of the Access and Fairness consultation)
5. We also anticipate a change to LGPS regulations to make clear that relevant

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policies may be hyperlinked in the annual report and do not need to be included in their entirety. There may also be additional or different requirements on reporting once the detailed outcome of the decoupling of pension fund accounts from the local authority accounts is better understood.

6. Given the considerable effort last year that was invested in revising the guidance and the work undertaken by funds to align their processes, the Board is keen to avoid major updates that could place further strain on resources. Nonetheless, this opportunity may be used to make minor adjustments that improve clarity or support compliance, informed by feedback received from funds since the guidance was first issued.
7. Diversity and representation are recognised as important factors in ensuring governing bodies reflect the communities they serve and benefit from a wide range of skills and experience. The Board has been considering whether the annual report guidance needed to be updated to contain information about the characteristics of those running the scheme.
8. To inform that consideration a short survey was issued on 18th August 2025 to administering authorities to understand what information was held on the diversity of representation in the LGPS. That survey sought data on:
 - The diversity of representation within Pension Committees and Boards and
 - Views on Peer Support within the Scheme (results of this part of the survey are covered in Agenda Item 6, Paper C)
9. The survey aligns with good practice expectations set out by The Pensions Regulator. The responses of this [survey](#) have been published on our website and inform the Board's ongoing work to promote best practice and develop guidance for funds. While specific data may best be reported in aggregate at Scheme level, the Secretariat are minded recommending to the Board that the administering authorities should report in their annual report on how the Equality, Diversity and Inclusion guidance from the TPR has been considered.
10. The Secretariat is not intending to reconvene the previous working group to look at these specific amendments. However, it will share a draft of the updated guidance with the previous members of the working group for comment.
11. It is expected that updated draft annual report guidance will be brought to the February 2026 Committee for clearance. However, this is dependent on MHCLG bringing forward its regulation and guidance changes within the timeline currently envisaged.

Recommendation

That the Committee notes that further changes to the Board's Annual Report guidance are planned and the process for agreeing them.
