

Compliance and Reporting Committee (CRC)

Meeting of 21 October 2024

Item 3 – Paper A

Hybrid meeting – 24 June 2024

Actions and agreements

Present

Mark Wynn	Chair
Jeffrey Dong	Welsh Treasurers
Karen Gibson	Practitioner – County Councils
Kevin Gerard	Practitioner – Wales
Nicola Todd	Practitioner – Northern Ireland
Rachel Brothwood	Practitioner – Metropolitan Authorities
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
Mary Lambe	Governance Consultant (Aon)
Iain Colvin	Governance Consultant (Hymans Robertson)
John Neal	UNITE
Jo Donnelly	Local Government Association (LGA) – Head of Pensions
Jeremy Hughes	LGA – Deputy Board Secretary
Becky Clough	LGA – Board Support and Policy Officer
Ona Ehimuan	LGA – Pensions Secretary

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

1. The Chair welcomed attendees to the meeting and advised them of the meeting protocol. Mary Lambe – Governance Consultant from Aon and Iain Colvin – Governance Consultant from Hymans Robertson were welcomed to their first meeting as approved members of the committee.
2. Apologies were received from Fiona Miller (Border to Coast), Robert Branagh (Practitioner – London Pensions Fund Authority (LPFA)), John Jones (Local Pensions Board Representative), George Georgiou (GMB), Richard McIndoe (Practitioner – Scottish Authorities), Nemashe Sivayogan

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(Practitioner – London Borough) and Sarah Tingey (Local Government Association). DLUHC representatives did not attend the meeting due to the upcoming general election. Paul Mayers (National Audit Office) and Peter Turner (London Borough of Bromley) were absent without apology. There were no declarations of interest.

Item 3 – Matters arising from the meeting of 12th February 2024

3. The actions and agreements of the meeting on 12 February 2024 were agreed.

Item 4 – Development of Funding Strategy Statement Guidance

4. Becky Clough introduced Paper B to the Committee and confirmed that the Funding Strategy Statement (FSS) Guidance working group had met twice since the last Committee meeting and outlined the progress reported in the paper. Committee members were asked to note the Terms of Reference for the working group in Annex A.
5. The group will be meeting again at the end of July to continue working on the draft version of the guidance, BC confirmed that extensive feedback on the draft has been received with general consensus on the necessary content a FSS must contain.
6. To meet the deadline to publish this guidance before the end of the calendar year, this Committee will be asked to approve the guidance at the next meeting taking place on 21 October 2024. The guidance will then be taken to the CIPFA Public Finance Management Board (PFMB) meeting on 7 November 2024 for their approval, followed by reporting to the Board on the 25 November 2024. The FSS guidance will follow the same process as the Annual Reporting guidance and Ministerial approval will be the final step.

POST MEETING NOTE: Following on from the general election it has been confirmed that that DLUHC will be renamed as the Ministry for Housing, Communities and Local Government (MHCLG). The rest of this document will refer to DLUHC to reflect their name at the time of the meeting.

7. Both the Chair and Rachel Brothwood (RB), lead officer of the FSS Guidance working group, praised the work undertaken by the working group and thanked the Secretariat for their input. Peter Worth (PW) asked whether surpluses and de-risking would be featured in the new guidance.

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BC explained that the guidance would not stipulate individual fund policy in this area, instead it would outline topics and issues to be covered in the FSS.

8. A further question was raised about the inclusion of information on guarantors. It was confirmed that this was a topic area which was being added to the new guidance, including issues which an FSS should address around understanding of different stakeholders and when engagement may be needed.
9. The Chair rounded up the discussion by saying it was important to strike a balance between providing the best possible guidance to help ensure consistency whilst allowing funds to make decisions for themselves.

Item 5 – The Pensions Regulator (TPR) General Code

10. Becky Clough introduced Paper C to the Committee.
11. Following a question raised at the March 2024 Board meeting, the Secretariat had a productive meeting with TPR who confirmed that the Public Sector toolkit will be reviewed although could not confirm if it would remain as a standalone product, like the current version.
12. As many funds were still considering and planning how to review and demonstrate compliance with the Code, more time would be needed to fully understand the impact on the LGPS. Some funds were also wanting to see the DLUHC response to the Good Governance recommendations before reviewing their arrangements. Paper C suggested that the SAB issue a survey in autumn to explore further how funds were coping and how well the Code has been received.
13. Mary Lambe (ML) has found that for some funds the initial hurdle in digesting the Code has been to identify what areas apply to the LGPS. She noted that even those who would have said they were fully compliant with the Code have identified areas for improvement, which was a positive development. She would like the Board to give a message to funds not to wait for an announcement from DLUHC on Good Governance before starting to review their governance arrangements. She added that it would be good for the Board to reach a view on things like what an “effective system of governance” means in an LGPS context. It would also help to get clarity on any deadline for compliance as there were different views being taken on this.

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14. RB asked whether the Board would be developing any communications to steer funds towards getting on with complying with the Code and expressed that this should be done before issuing a survey to gauge how funds are doing with Code compliance.
15. Jeff Dong (JD) commented that assessing cyber risk was a significant piece of work on reviewing the new General Code. Iain Colvin (IC) agreed with the earlier comment that the Code modules did overlap and there was work needed to identify the specific modules applicable to the LGPS.
16. With regards to representation and EDI (equality, diversity, and inclusion), more thinking needed to be done on how this applies to the LGPS and in particular how it applies to elected members of committees. It does, however, create an opportunity to engage with democratic services colleagues to gather information on representation within pension committees.
17. BC confirmed that the Secretariat had added an article to the June 2024 LGPC bulletin encouraging funds to press on with work to comply with the Code, despite the delays from government on the Good Governance project recommendations. The focus group would also be reconvened with an invitation extended to CRC governance representatives and Nick Gannon from TPR. It was agreed that a survey should be issued to gauge how funds are doing on Code compliance.
18. It was also agreed that an episode of the LGPS Live webinar would be dedicated to the General Code, with Nick Gannon of TPR invited to present at it. The next steps as noted at paragraph 9 of Paper C were agreed.

ACTION – that the Secretariat carries out the next steps at paragraph 9 of Paper C including reconvening the TPR focus group and extending the invite to Mary Lambe (CRC governance consultant – Aon), Iain Colvin (CRC governance consultant – Hymans Robertson) and Nick Gannon (TPR).

Item 6 – Peer Support Offer – Scoping discussion

19. Jeremy Hughes introduced Paper D to the Committee which detailed the work undertaken in this area since the last meeting in February 2024.
20. RB said that it would be important for the Secretariat to consider how easy it would be to pivot if there were changes in government priorities

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(especially if there were a change in government). Scoping out the work could potentially be onerous depending on how independent and how rigorous the assessment process was. There may also be limits on the resource hard-pressed practitioners would be able to offer to support this work.

21. IC commented that though the biennial review and the peer support offer mentioned in the Good Governance recommendations were originally separate, this would need further development as the original recommendations were high-level in content.
22. Peter Worth (PW) commented that independence is important for any review and there would need to be standard methodology, so the reviews are consistent even if conducted by different people. There were precedents to be drawn from, for example, the former District Auditor Group.
23. The Chair highlighted the importance of pinning down what the key aims of the peer support offer is. The Board does not act in a policing capacity and is independent in its role. It was agreed that any further comments from the Committee on the peer support offer be sent to the Secretariat.

ACTION – that any further comments from the Committee on the peer support offer be sent to the Secretariat.

ACTION – that a working group be established (at the appropriate time) reporting to this Committee and for a Peer Support Offer to be added to the CRC workplan.

AGREED – that the Committee approve the high-level objectives set out under paragraph 6 of Paper D.

Item 7 – Audit Roundtable – update and next steps

24. Ona Ehimuan (OE) introduced Paper E to the Committee. The Board along with the Institute of Chartered Accountants in England and Wales (ICAEW) commissioned a document setting out the timeline and information flow throughout a triennial valuation period and the finalised document is on the Board's website.
25. The Chair thanked PW for his work in producing the informer document. RB welcomed the document saying that it added clarity in areas that many

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did not understand. Jack Bower (JB) said that ICAEW welcomed feedback on the document and extended his thanks to PW.

Item 8 – Knowledge and Skills working group

26. The working group had last met on 17th June 2024 and discussed the next steps resulting from the activity that had taken place over the past year. Now that the Annual Report Guidance had been published, there was more capacity to focus on this workstream. In terms of output from the group, there were plans to look at the CIPFA Knowledge and Skills Framework, guidance on Local Pension Boards issued by SAB on knowledge and skills, as well as TPR's General Code to see if this guidance could be brought into a sole product.
27. The Committee also considered the links to the Good Governance review (especially around the senior officer role). An action plan for the group is to be developed and presented to the Committee at the next meeting.

Item 9 – Workplan Update

28. BC introduced Paper F to the Committee which gave an overview of the work and proposed next steps of the five active CRC working groups.
29. ML asked whether workforce planning would form part of the work being done by the Good Governance and Administration workstream. During the last meeting with DLUHC, they reported that they were no longer planning to include this in their response.
30. The Chair said that workforce planning did not seem to fall squarely under the remit of the Committee, however it is clearly a growing issue within the sector, and it would be good to consider how to offer up support to the sector. Jo Donnelly (JDo) said that the LGPC team was currently exploring the workforce issues being faced in the LGPS and, with the support of the sector, has developed a pensions qualification with LGPS specific modules which will commence in 2025. It will hopefully help improve recruitment and retention.
31. The Committee noted the progress of the working groups.

Item 10 – Post Election Update

32. JDo introduced the discussion to the Committee. The Board would need to write a welcome letter to the new Minister after the general election and the Committee was asked to suggest issues that should be highlighted in

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that letter. The Committee identified audit issues (separation of pension fund audit and the backstop) as well as the Good Governance consultation as key issues. Also mentioned was clarity around outstanding administration regulation issues highlighted by the National Technical Group. Also requested was forfeiture, a response to the 2022 climate risk consultation and a confirmation of the status of the BDS Bill. On the last point, JDo noted that the BDS Bill had fallen with the dissolution of Parliament before the general election and until there was a new government and a King's Speech it was not clear whether it – or a similar Bill – may be brought before Parliament again.

33. The Chair added that clarity on the general direction of travel in the LGPS would also be useful. The areas raised by the Committee were noted by the Secretariat for consideration.

Item 11 – AOB and date of next meeting

34. There were no other items of business raised. The date of the next meeting was confirmed as 21 October 2024.