

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 21 October 2024

ITEM 8 PAPER E

Good Governance update

Current position

1. Prior to the General Election, significant progress had been made with MHCLG officials to prepare a consultation on new Governance Statutory guidance, which would be the first significant step to implement the Good Governance recommendations. It was understood that Government had been aiming for the guidance to be ready for consultation before the 2024 Summer Recess, however the calling of the General Election and forming of a new Government has meant the implementation timetable is now less clear. However, the call to implement these recommendations has been made directly by the Board Chair, Cllr Phillips in a [welcome letter to the new Minister, in face-to-face meetings with the Minister](#) and in the [Board's response to the recent Call for Evidence](#) as part of the Government's Pensions Review.
2. It should be noted that the [Terms of Reference](#) for the Chancellor's Pensions Review does mention 'improved governance' and it is not clear at this stage whether the perceived "inefficiency and fragmentation" in the scheme extends to administrative, investment or governance functions. However, we understand that officials consider the implementation of the Good Governance recommendations and the outcome of the Pensions Review as being linked.
3. The Secretariat have reassessed the Board's original 2021 agreed action plan to see if anything can be taken forward in the absence of a clear Ministerial position. As a reminder, the agreed action plan for implementation of the recommendations generally comprised of:
 - Those matters that would fall to the Ministry of Housing, Communities and Local Government (MHCLG) to implement, either by amending scheme regulations or producing statutory guidance
 - Those matters that would fall to the Board and other bodies to implement – subject to the actions being taken by MHCLG
 - Actions to identify and promote existing best practice that the Board can take forward regardless of the outcome of the two points above.
4. The actions listed in the column titled 'SAB immediate actions' (bullet point 3) were either completed in 2022 or have been partially completed and are awaiting further progress, therefore attention is now being turned to what

Compliance and Reporting Committee (CRC)

the Board can do whilst the delay continues and how this links to the need for the Board to issue guidance to assist funds with compliance with the Pension Regulator's (TPR) General Code.

5. The Secretariat are therefore proposing the timeline for its work on Good Governance to shift the initial focus and resources in the coming months to the knowledge and skills guidance project (as covered in paper D), updating the Board's Local Pensions Board guidance and developing a LGPS peer support offer by recruiting a new team member. Applications for the role of a Pensions Policy and Support Officer to help design a new peer support model closed on 11 October 2024.
6. If no firm outcome is provided by MHCLG by the end of the calendar year on how the Good Governance recommendations will be implemented, it is proposed that the Board also continue to revise the existing statutory Governance Compliance Statement Guidance of its own volition. That review would update the guidance (which was drafted in 2008) to reflect current best practice in governance, in how Governance Compliance Statements are prepared and how funds can take into consideration the relevant topics covered in TPR's General Code module 'The Governing Body'. It is expected that the working group will be brought together before the end of the calendar year to scope this work out and provide priority areas to address, along with a timeline to complete a revision of the guidance – with an update being brought to the next CRC meeting in early 2025.

Recommendation

For the Committee to agree the actions as set out in this report.
