

Compliance and Reporting Committee (CRC)

HYBRID MEETING - 23 June 2025

ITEM 5 – PAPER B

Fit for the Future Response – Governance Proposals

Background

1. The Government has now published [its response to the Fit for the Future consultation](#). A significant element of those proposals was implementation of the Good Governance recommendations made by the Board in 2021, which is welcomed. To summarise, the Government intends for the following new requirements to apply to administering authorities (AA):
 - To prepare strategies on Governance (including member representation), a Training Strategy and a Conflicts of Interest policy (replacing the governance compliance statement).
 - To appoint a Senior LGPS officer
 - To prepare and publish an Administration Strategy
 - To change the way in which strategies on governance and training, funding, administration and investments are published in the Annual Report
 - To participate in an independent governance review (IGR) and, if applicable, produce an improvement plan to address any issues identified (every three years rather than two as originally consulted on)
 - That pension committee members, the LGPS Senior officer and officers should have the appropriate level of knowledge and understanding for their roles, and that the requirements for pension committee members and local pension board members should be aligned.
 - For the Governance and Training strategy to set out how AA's will ensure that the new requirements on knowledge and understanding are met
 - To appoint an independent advisor to the pension committee (without voting rights). This advisor would be required to have one or more of the following qualifications and experience: qualifications from Pensions Management Institute (PMI) – the award in pension trusteeship, diploma in professional trusteeship, certificate in professional trusteeship, accreditation for professional trustee; member of, and accredited by, the Association of Professional Pension Trustees (APPT); and significant experience of pensions and/or investments.
2. Possibly in response to the Board flagging that this had been omitted from the original proposals, they now also include the requirement for

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administering authorities to have cover member representation in their Governance Strategy.

Workplan and delivery of proposals

3. The consultation response sets an ambition for all of these proposals to be implemented through amendments to LGPS regulations and statutory guidance in time for adoption in the 2026/27 scheme year. However, some of the proposals, such as the requirement to undertake an IGR, are conditional on progress and final assent being granted to the [Pensions Bill](#).
4. For many of these, the consultation response outlines that it is expected that the Scheme Advisory Board will be asked to take the policy and/or drafting lead. That approach is positive and can be seen as confidence in similar guidance products and working group input that have been led by the Board in the past year. However, it is a considerable body of work in a relatively short timescale. It will require the continued input to working groups and reviewing documentation from both the Secretariat Team and working group members (who continue to volunteer their time), during an exceptionally busy and challenging time for the LGPS.
5. It is understood that there will be Governance Statutory Guidance (covering broadly Knowledge requirements, Senior LGPS Officer, Conflict of Interest and Pool Governance), Training Strategy Guidance and Administration Strategy Guidance.
6. This Committee's workplan had long been established to develop the recommendations made in the original Good Governance recommendations so the Secretariat have planned for this work however there will need to be some to allow for. As a reminder the current CRC working groups are below:
 - Knowledge and Skills working
 - Governance working group
 - Peer Support
 - Audit working group
7. It was agreed at the last Committee meeting that there will need to be a working group established to focus on the Administration Strategy guidance and the Secretariat will need to gather input from other networks such as Pension Officer Groups.
8. The consultation response proposed changes to the Annual Report guidance covered to require AAs to report on their local investments and pooling performance. There are also changes proposed to the Annual Report guidance to cover the opt out data (in the [Access and Fairness consultation](#)). This will mean the Annual Report guidance will need to be updated and possibly the original or new working group established to review the

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proposals. This was expected, as the Secretariat had aimed to review the implementation of the guidance, but these additions will mean the review will need to be started earlier than planned.

9. We have been working closely with Ministry of Housing, Communities and Local Government (MHCLG) officials to pull together a project plan for the work, including understanding priorities and some of the contingencies around the passage of the Bill and drafting of the necessary regulatory amendments. A first round of working group meetings has also been held ahead of this Committee meeting and a verbal update will be given on the response from those groups.

Committee Role

10. This Committee meets next on 20 October 2025 and a full update of progress will be provided then but also an interim progress report will be supplied in the interim period to allow the Committee to be sighted on progress before the next time it meets. We expect to have made significant progress and be able to outline the main elements that the guidance documents will cover. We expect also to have had sight of the necessary draft amendments to the 2013 Regulations.
11. The Committee workplan will be extended to cover the project plan for this set of projects, and any changes in the expected timeline will be communicated to the Committee at the time at which they become clearer.

Recommendation

That the Committee notes the update as set out above.
