

Compliance and Reporting Committee

DATE:	24th June 2024
VENUE:	Hybrid meeting – MS Teams & 18 Smith Square
TIME:	11.00am – 1.00pm

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Hybrid meeting protocol		11:05
3	Actions and Agreements from 12 th February 2024 meeting	Paper A	11:10
4	Development of Funding Strategy Statement guidance	Paper B	11:15
5	The Pension Regulator's General Code	Paper C	11:30
6	Peer support offer – scoping discussion	Paper D	11:40
7	Audit Roundtable – update and next steps	Paper E	11:55
8	Knowledge and Skills working group	Verbal	12:05
9	Work plan update	Paper F	12:15
10	Post election planning	Verbal	12:35
11	AOB and date of next meeting		12:45

Compliance and Reporting Committee (CRC)

Meeting of 12 February 2024

Item 3 – Paper A

Hybrid meeting – 12 February 2024

Actions and agreements

Present

Mark Wynn	Chair
Jeffrey Dong	Welsh Treasurers
Karen Gibson	Practitioner – County Councils
Richard McIndoe	Practitioner – Scottish Authorities
Kevin Gerard	Practitioner – Wales
Nicola Todd	Practitioner – Northern Ireland
Rachel Brothwood	Practitioner – Metropolitan Authorities
Nemashe Sivayogan	Practitioner – London Borough
John Jones	Local Pensions Board Representative
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
Teresa Clay	Department for Levelling Up, Housing and Communities (DLUHC)
Alan Wareham	DLUHC
Oliver Watson	DLUHC
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 (ML) was in attendance as an observer pending approval of her joining the Committee.

Compliance and Reporting Committee (CRC)

2. Apologies were received from Fiona Miller (Border to Coast), Robert Branagh (Practitioner – London Pensions Fund Authority (LPFA), Kevin Gerard (Practitioner – Carmarthenshire Pension Fund) and George Georgiou (GMB). 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 23 October 2023

3. The actions and agreements of the meeting on 23 October 2023 were agreed.

Item 4 – Annual Report Guidance

4. Becky Clough (BC) introduced Paper B to the Committee. Annex A contained the final draft of the revised CIPFA Annual Report Guidance, which is the first jointly produced statutory guidance document emanating from this Committee.
5. The Guidance was expected to be approved by CIPFA's Public Finance Management Board (PFMB) at its meeting on 22nd February 2024. BC and the Chair thanked all contributors and the workstream volunteers for their input and work on the revised guidance.
6. A checklist would be added to the final draft once complete. Once the guidance was adopted by the Minister as statutory guidance, the final design process (and accessibility checks) would also be completed before publication. The Committee was invited to comment on the final draft.
7. The Committee welcomed and agreed the draft, which was comprehensive and provided clarity to practitioners on the requirements that funds needed to meet in their annual reports.
8. Peter Worth (PW), as workstream chair, complimented the Secretariat team, CIPFA and DLUHC for the work undertaken to revise the guidance and welcomed that the checklist was being kept as that had previously enabled funds to easily identify gaps when compiling their annual reports.
9. DLUHC were asked about the process and implications for non-compliance given the fact that the guidance would be statutory. Teresa Clay (TC) responded saying that it would be expected for funds to 'have regard to the guidance' however complying was not mandatory. If a legal challenge was brought against a fund which related to the statutory

Compliance and Reporting Committee (CRC)

guidance and it was found that the fund did not have appropriate regard to the guidance, this would have a significant impact on the result of the challenge.

10. On the subject of compliance, Jeremy Hughes (JH) said that the Good Governance and Administration working group had previously discussed the idea of a biennial independent review in line with SAB's Good Governance recommendations. The Secretariat were looking at the peer review model in place at the LGA as a potential way forward to support funds in their duties, but this would require further discussion.
11. The guidance stated that funds should use 'best endeavours' to meet the new requirements of the guidance for 2023/24 annual reports in acknowledgement of any difficulties in meeting the new requirements in the first reporting year.
12. It was noted that the revised guidance provided more clarity and therefore would make it easier to aggregate data at a scheme level. The administration KPIs in the guidance could be further developed over time to reflect the value of the service provided to members.
13. It was suggested that an area which could be developed in future versions of the guidance was staffing resource with more focus on recruitment, training and retention.
14. It was noted that the benefit of producing the guidance under the CRC is that feedback from funds can be fed directly into this Committee and changes or developments can be considered more easily.
15. The Chair thanked the Committee for their comments and the progress made on this valuable piece of work.

ACTION – that the Secretariat send a thank you note to the contributors to the Annual Report Guidance on behalf of the Committee.

Item 5 – ICAEW/SAB Report on Audit Issues

16. JH introduced Paper C to the Committee. At the last Audit Roundtable meeting on 12th July 2023, it was agreed that more information was needed to support actuaries, auditors, fund practitioners and employers to better understand the processes and flow of information throughout triennial valuation periods. It had since been agreed that a briefing note

Compliance and Reporting Committee (CRC)

was to be commissioned and jointly funded by SAB and the ICAEW. Peter Worth (PW) had been commissioned by ICAEW to write the document.

17. PW confirmed that he had begun engaging with actuaries, auditors and practitioners to gather the information needed for the document. Many smaller auditors may not be familiar with Public Sector defined benefit (DB) pension schemes such as the Local Government Pension Scheme so the information note would serve to add clarity for these auditors.
18. PW noted that the language in the document needed to be pitched at the right level for it to be effective and asked for the practitioners in the Committee to send through any relevant information, such as example queries from non-Public Sector Audit Appointments (PSAA) auditors.
19. It was expected that the document would be available to be reviewed at the next Audit Roundtable on 17 April 2024.

Item 6 – Workstream update

20. Becky Clough introduced Paper D to the Committee and explained that the Good Governance and Administration update would be verbal as the most recent meeting of the group had taken place after the papers had been published.
21. The Funding Strategy Statement (FSS) and Good Governance workstreams would be delivered after the annual report guidance. It was expected that the new FSS guidance should be ready in good time before the next valuation date, to give funds enough time to prepare. Separate from the CRC workstreams, DLUHC will be revising the statutory guidance for the investment strategy statement in light of the recent consultation.
22. The Funding Strategy Statement (FSS) working group was planning to meet again at the end of March. The aim is to revise the guidance by December 2024. Following on from the Board's publication of a statement on surpluses and the closure of surpluses working group, it had been agreed to include some members of the surpluses group into the FSS working group and expand its scope to include areas such as partial terminations.
23. The Audit Issues working group was planning to meet in March ahead of the completion of the ICAEW/SAB information note. JH informed the Committee that DLUHC had published a consultation on [addressing the local audit backlog in England](#) which would be closing on 7th March 2024.

Compliance and Reporting Committee (CRC)

The Committee asked if the Secretariat could write a response on their behalf, emphasising again the benefits of separating pension fund audit from host authority audit and how the widespread disclaiming of administering authority accounts could create downstream issues for other scheme employers' audits. This was agreed.

ACTION – that the Secretariat write a response to DLUHC's consultation on the Committee's behalf

24. Jeffrey Dong (JDo) gave an update on the Good Governance and Administration working group. The group met on 9th February 2024 and discussed updating the 2008 Governance Compliance Statement guidance and how it could link with the Pensions Regulator (TPR)'s new General Code of Practice. Alan Wareham (AW) informed the Committee that DLUHC was aiming to consult on the revised Governance Compliance Statement guidance in the early Summer and the group would be meeting on a more regular basis to facilitate this.
25. The Knowledge and Skills working group were discussing the next steps to be taken now that it had the survey data and the feedback from the roundtable discussion held at the LGA Governance Conference in January 2024. The group were not aiming to revise the CIPFA Knowledge and Skills Framework guidance at this time but instead were looking at other ways to further support funds.
26. TC informed the Committee that there were proposals to include information about training in the upcoming governance guidance and there was already a requirement on this in the Annual Report guidance.
27. The issue of MIFID II compliance was raised as the Directive still required funds to be able to demonstrate to those providing them with financial products that they had the capacity to act as professional investors. Joanne Donnelly (JD) said that the Secretariat were keeping an eye on how EU-derived legislation would evolve post-Brexit and potentially impact the requirements of this directive. The Secretariat were also aware that some of the content on the Board website was out of date. A review of the website and its contents as a whole was on the Board's workplan.
28. The Chair thanked all working group members for their contributions to the CRC workstreams.

Item 7 – Updated Terms of Reference (ToR)

Compliance and Reporting Committee (CRC)

29. Ona Ehimuan (OE) introduced Paper E to the Committee. Following the action agreed at the last meeting, the Secretariat has carried out a broader review of the ToR of all the Committees. As the CRC was the most recently established committee, the terms of reference were the most up to date however there were three main changes for the Committee to approve.
30. It was asked whether Governance should be added to this Committee's title if it will be removed from the Investment, Governance and Engagement committee. JD explained that the Secretariat had considered this during the review and concluded it would not be necessary as governance was inherent and integrated into all Committee work.
31. The Committee agreed the recommended changes to the terms of reference.

AGREED – the recommended changes to the Committee ToR

Item 8 – The Pensions Regulator (TPR) General Code

32. BC introduced Paper F to the Committee. The Board held a focus group on 8th February 2024 to determine the support needed for funds to meet the requirements of the new Code.
33. There are several areas of overlap with existing Board work and projects and it was important to identify these areas and where more clarity could be provided on how the Code applied to the LGPS. The next [LGPS Live](#) webinar was taking place on 6th March 2024 at 3.30pm and would focus on the Code and the opportunities and challenges it presents for the LGPS.
34. It was thought the most important issue at the moment was to determine what parts of the Code do and don't apply to the LGPS.

Item 9 – DLUHC update

35. Updates were provided on other areas not already covered in the Committee agenda. The Committee were asked to note that work has continued on survivor benefits. TC would be attending the next Investment Committee meeting on 26th February 2024 to discuss future pooling guidance, following on from DLUHC's response to the Investments consultation. TC thanked the Committee and working groups for their input to guidance documents.

Compliance and Reporting Committee (CRC)

Item 10 – AOB and date of next meeting

36. There were no other items of business raised. The date of the next meeting was confirmed as 24th June 2024.

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 24 June 2024

ITEM 4 PAPER B

Development of Funding Strategy Statement Guidance

Background

1. Regulation 58 of the Local Government Pension Scheme Regulations 2013 requires funds to publish a written statement setting out its funding strategy. Part (4) of this regulation requires that:

‘(4) In preparing, maintaining and reviewing the statement, the administering authority must have regard to -

(a) the guidance set out in the document published in October 2012 by CIPFA, the Chartered Institute of Public Finance and Accountancy and called "Preparing and Maintaining a Funding Strategy Statement in the Local Government Pension Scheme 2012(42); and

(b) the current version of the investment strategy under regulation 7 (investment strategy statement) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

2. This workstream has been working on updating the guidance mentioned in part (4)(a) as a joint guidance document between the Board, the Chartered Institute of Public Finance and Accountancy (CIPFA) and Department for Levelling Up, Housing and Communities (DLUHC), with the same approval process as the Annual Report guidance. As confirmed above, the LGPS regulations do currently name the CIPFA guidance dated 2012 and this has been raised with DLUHC to be amended.

Current position

3. Following a short pause on this workstream whilst the Annual Report guidance was prioritised, there has been good progress made on the updated guidance with 2 workstream meetings taking place since the last Committee meeting.
4. To add to the work already completed and to assist with the forthcoming work required, the membership of this workstream has been increased to now include wider stakeholder representation. The membership changes broaden the working group from solely practitioners to include representation from all four fund actuarial firms, the Government Actuary's Department, scheme employers, LGPS legal advisors and scheme members. The Scottish Scheme Advisory

Compliance and Reporting Committee (CRC)

Board also wish to have a representative on the group and are seeking a volunteer.

5. The Secretariat believes that broadening the membership helps with the substantial work involved in adding and shaping the content already identified as missing and requiring development from the current guidance. It is also accepted that actuaries and employers are key stakeholders to the FSS, so it is hoped a broad consensus on the topics to be covered in the guidance can be reached. To cover the broadening of membership, a Terms of Reference has been agreed and can be found in **Annex A**.
6. Discussions in the last 2 meetings have focused on the structure and new content. It was agreed that the guidance should help administering authorities create their own funding strategy, covering all the necessary topic areas but without being prescriptive in the policy approach to take. It is also key that the guidance should help administering authorities publish a document which is presented and understood by its primary readership of scheme employers. Some of the workstream discussion focused on how the guidance covers the below topics:
 - Roles and responsibilities of key parties
 - Engagement with employers and other key stakeholders
 - A funding framework which establishes and monitors fund aims
 - Funding deficit, surpluses and de-risking policies
 - Funding risk management
 - Setting out good principles and justification for funding decisions
 - Links with other fund policies and strategies.
7. Before and after these meetings, work has been undertaken by the Secretariat to combine and refine the previous guidance within the preferred new structure and to highlight and draft (where needed) the new content. The latest version of the guidance has been shared with the group and feedback was requested by 7 June 2024. Comprehensive feedback has been received with the overarching theme being striking a balance between providing information for Fund officers and providing a succinct list of what is required in a FSS.

Next steps

8. The next workstream meeting is being organised for the end of July 2024. The planned timetable to ensure the guidance is ready for the end of this calendar year will be reviewed once the new Government is formed.

Terms of Reference for the Scheme Advisory Board (SAB) Funding Strategy Statement Working Group

Background

- Regulation 58 of the Local Government Pension Scheme (LGPS) Regulations 2013 outline the requirements for a LGPS Administering Authority to prepare and publish a Funding Strategy Statement (set out below)

58. -(1) An administering authority must, after consultation with such persons as it considers appropriate, prepare, maintain and publish a written statement setting out its funding strategy.

(2) The statement must be published no later than 31st March 2015.

(3) The authority must keep the statement under review and, after consultation with such persons as it considers appropriate, make such revisions as are appropriate following a material change in its policy set out in the statement, and if revisions are made, publish the statement as revised.

(4) In preparing, maintaining and reviewing the statement, the administering authority must have regard to-

(a) the guidance set out in the document published in October 2012 by CIPFA, the Chartered Institute of Public Finance and Accountancy and called "Preparing and Maintaining a Funding Strategy Statement in the Local Government Pension Scheme 2012(42); and

(b) the current version of the investment strategy under regulation 7 (investment strategy statement) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

- The Chartered Institute of Public Finance and Accountancy (CIPFA) released guidance in 2016 'Preparing and Maintaining a Funding Strategy Statement' which updated the previous 2012 guidance.

Objectives for the Funding Strategy Statement (FSS) working group

1. Identify the gaps and new additions to the 2016 FSS guidance
2. To reach a broad consensus on the remit and scope of the new guidance.
3. Take into consideration the evolving LGPS landscape and how appropriately this should be reflected in the new guidance:
 - Growing number of LGPS employers and profile type and scheme wide events may impact funding strategies
 - Increased number of funds reporting surpluses and how this should be

- covered in the FSS including various risk management strategies
 - Scheme maturity
 - Proposed future changes to LGPS investment regulations
 - The impact of Public Sector finances on scheme membership, scheme maturity and cash flow
 - Different approaches to employer exits and requests for partial terminations
 - Communications and engagement best practice between funds and scheme employers
4. Produce a new draft of the guidance for submission for approval by the Compliance and Reporting Committee, CIPFA Public Finance and Management Board (PFMB) and the Minister within the Department for Levelling Up, Housing and Communities (DLUHC).

Membership

The membership of the FSS working group will have a broad representation to accurately reflect the parties who assist the Administering Authority to produce the FSS and who may have an interest in the statement. It should be noted that it is the LGPS Administering Authority who must prepare and publish a FSS and the non-practitioners on the group are to provide technical support or views from each represented stakeholder.

Outcomes

- Updated guidance document for LGPS Administering Authorities on preparing and maintaining the FSS.
- Increased engagement and understanding across the LGPS, particularly from LGPS employers on preparing and the areas which apply to the FSS.

Responsibilities

- SAB Secretariat to convene meetings of the group.
- An approximate date of the next meeting will be decided at each individual meeting according to the requirements of the group.

Timescales

For the guidance to be in place in good time for the start of the 2025 Actuarial Valuation the group aims to have the guidance ready by December 2024. To do this approval will be required at the CRC meeting on 21 October 2024 and CIPFA's PFMB on 7 November 2024, followed by Ministerial approval

V1 - March 2024

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 24 June 2024

ITEM 5 PAPER C

The Pensions Regulator's General Code

Background:

1. Since the draft Code was released in January 2024, the Secretariat has been analysing the Code and gathering feedback on the requirements and challenges the Code presents for the LGPS. The Secretariat held a focus group for fund officers in February 2024, have separately met with the main governance advisers and hosted a LGPS Live webinar, all of which provided opportunities to discuss the Code and understand what support and interpretation is needed to assist funds with their own Code compliance. A further goal has been to achieve a degree of consistency between funds in how the Code is understood and implemented.
2. The Secretariat has previously identified to the CRC and the Board that there are clear overlaps in some Code modules and with DLUHC's intended implementation of the Board's Good Governance recommendations (as well as other CRC workstreams).
3. The Committee has previously agreed the expected new governance guidance to implement the Good Governance recommendations provides an opportunity to fill in gaps in some module requirements within the Code for the LGPS. Therefore, any new and best practice requirements in the Code (where possible) are being woven into existing workplan items.

Current position:

4. The Secretariat is aware that funds have started to plan and report to their governance bodies on how they intend to review their own compliance against the Code. And some funds have completed their compliance review. All funds will have different starting positions and therefore will need differing action plans to be able to demonstrate compliance. Having an action plan which sets out how a fund is planning to address Code compliance has been strongly encouraged by TPR. If not already planned, Code compliance should be an agenda item for upcoming Pension Committee and Local Pension Board meetings.
5. It had been hoped that DLUHC's response to the Good Governance recommendations would help resolve some of the ambiguity in some Code modules (not all) by putting in place statutory guidance that

Compliance and Reporting Committee (CRC)

achieved similar aims to parts of the new Code. For example, there is overlap in the Good Governance recommendations with the requirements in the following TPR Code modules: The Governing Body, Funding and Investment, Administration, Communications and Disclosure and Reporting to The Pensions Regulator. However, the continued delays at DLUHC in issuing its proposals on Good Governance and the subsequent calling of the General Election on 4th July 2024 has meant it is unlikely that we will have clarity for some months (possibly towards the end of this calendar year).

6. However, waiting for the Good Governance consultation shouldn't delay funds planning and reviewing their own compliance with the Code as the module areas within the Code are much broader than what was proposed in the Good Governance recommendations.
7. The Secretariat have met with The Pension Regulator (TPR) to discuss the Code. It was raised that there are ambiguities in some modules whether it directly applies to public sector schemes or not. The Code isn't intended to set out the public sector requirements specifically and the intention instead is that all pension schemes should ask themselves whether they are meeting the Code, and where they may be able to improve their compliance even in areas where this is not a legal requirement but is best practice.
8. The Secretariat also spoke to TPR about the public sector toolkit and a revised public sector specific version of the Code. TPR have confirmed that the toolkit is being revised but wouldn't commit to the public sector toolkit remaining a standalone product for the public sector, instead indicating that it may be incorporated into a new series of thematic toolkits. TPR felt that a public sector specific Code or guide to the new Code was not consistent with their desire to combine all the Codes into one. TPR have also confirmed that it does not intend to issue a governance and administration survey this year (2024).

Next steps:

9. As many funds are still considering and planning how to review and demonstrate compliance with the Code, more time is needed to understand the impact on the LGPS. Therefore, the Secretariat propose the following next steps:
 - Plan a follow-up LGPS Live webinar and meeting with the original focus group
 - Issue a survey to gauge how funds are doing on Code compliance

Compliance and Reporting Committee (CRC)

- Commence a review of the Board's 2015 Local Pension Board guidance on areas impacted by the Code
10. Continuing with identifying in the below Board workstreams where clarity on specific areas within the Code can be provided, specifically:
- Knowledge and Skills workstream
 - Climate risk reporting
 - Good Governance.

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 24 June 2024

ITEM 6 PAPER D

Peer support offer – scoping discussion

Background

1. One of the recommendations within the Scheme Advisory Board's (SAB) Good Governance [action plan](#) was for the '*LGA to consider establishing a peer review process for LGPS Funds*'. In line with that recommendation and as discussed at the last Committee and Board meetings, the Secretariat is looking at how a Local Government Pension Scheme (LGPS) peer support service could be implemented across the sector. Following representations made by the Board Chair, Councillor Roger Phillips, to the Minister, Simon Hoare MP, the Board has also been allocated extra sufficient budget to take on another member of staff who could help to work up a detailed proposal for discussion and assist with the coordination of a peer support service.

Current position

2. It is accepted that the LGA's peer support offering is highly valued within the sector and underpinned by key principles which are important to councils. Because of this, the Secretariat met with the LGA's Peer Challenge Programme Manager to find out more about the introduction and delivery of the LGA's offering to councils. For information, the [LGA's website](#) states

'Our highly valued peer challenge programme supports continuous improvement by providing effective insight, guidance and challenge to enable continuous improvement, as well as assurance to local leaders and residents'.

3. A LGPS specific peer challenge could learn from and (where appropriate) replicate the approach taken by the LGA in some of its peer support offering. Through the insight of LGA colleagues, a key attribute of the LGA's established peer support service is that is sector led and building upon an existing strong level of mutual support across the sector.
4. In 2022/23, the LGA's existing service undertook appropriately 55 corporate/finance challenges in 2022/2023 and also a further 88 challenges across areas such as governance, communications, adult social care and children's service. The LGA has taken over 10 years to build up its current offering, has a large team of staff and peer members who provide this extensive service, and the peer support

Compliance and Reporting Committee (CRC)

activity is funded through the Sector Support Programme grant received from DLUHC.

5. To start the scoping of the work involved in creating a LGPS peer support offer with the existing Secretariat team, a job description has been created which is currently under internal review. It is also hoped that the new role would assist in the development of the Board's communication activities which is also crucial to developing the Board's work in this area.

Next steps

6. The Secretariat intends to create a draft framework for Board approval which sets out options for models of a LGPS peer support service, with the specific focus on governance assurance for a LGPS fund. Three objectives have been drafted as an initial scope for what a governance peer support service could aim to achieve. The Committee is invited to comment on these high-level objectives and the development of a peer support service.
 - Allow LGPS funds to gain external assurance support of its governance activities
 - To share, promote and increase good governance practices
 - To facilitate access to an expert network of LGPS peer members.
7. To build a framework on the above objectives we are proposing to establish a working group under the CRC and add developing a Peer Support Offer to the workplan for this Committee.

Recommendation

- To approve the high-level objectives set out under paragraph 6 of this report.
- Agree that a working group should be established reporting to this Committee and for a Peer Support Offer to be added to the CRC workplan.

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 24 June 2024

ITEM 7 PAPER E

Audit Roundtable update and next steps

Background

1. At the last Committee meeting it was reported that the Board jointly commissioned, along with the Institute of Chartered Accountants in England and Wales (ICAEW), a document which sets out the timeline and information flow throughout a triennial valuation period. The purpose of this document is to make clearer to all parties involved in the audit and accounting of LGPS balances, how the LGPS works in practice, show key information flows between employing bodies, pension funds and actuaries, explain key accounting requirements for employing bodies and explain the role of external auditors.

Current position

2. The draft document was presented at the last audit working group meeting held on 20 March 2024 and at the audit roundtable on 17 April 2024. A note of the discussion at the audit roundtable meeting can be found at **Annex A**.
3. Following the feedback received, the document has been finalised by the ICAEW and can be found on the [Board's website](#).
4. The document is called the 'Local Government Pension Scheme Informer' and includes several charts, graphs, tables and appendices providing further supporting information such as contribution rates and extracts from actuarial accounting reports. There are also links to other key guidance documents throughout. At fifty-five pages the document is comprehensive and covers many complex audit and accounting areas. It has been designed to be as user-friendly as possible with a clearly defined contents page and document navigation so users can easily move between key sections.
5. The Secretariat wishes to thank the ICAEW for the additional work undertaken on the final design and formatting of the document. Also, the Secretariat wishes to thank the audit working group and the audit roundtable attendees for their input into this document.

Next steps:

6. The Secretariat have published the document on the [Board's website](#) and have recorded a short video with the ICAEW to promote it. It has

Compliance and Reporting Committee (CRC)

also been shared with the audit roundtable network and will be added to the June 2024 LGPC bulletin, which is sent to all LGPS administering authority contacts, with a request to also share with scheme employers and their auditors.

7. Feedback on the informer document is encouraged. The Secretariat will also consider what other information or topics could be developed in this document, or further documents in the future.

Scheme Advisory Board

AUDIT ROUNDTABLE HELD ON 17th APRIL 2024

Present

Mark Wynn	Chair
Joel Duckham	AON
Barry McKay	Barnett Waddingham
Garry Smith	Barnett Waddingham
Adrian Loughlin	Hymans Robertson
Craig Alexander	Hymans Robertson
Mark Wilson	Mercer
Andy Reid	Azets
Mark Bartlett	Bishop Fleming
Chloe Wilkinson	Ernst and Young
Grant Patterson	Grant Thornton
Andy Aldcroft	KPMG
Andrew Cardoza	KPMG
Sharon Liddle	Mazars
Jonathan Livesey	PWC
Leigh Lloyd-Thomas	BDO
Christopher Manning	Practitioner – West Midlands Pension Fund
Nemashe Sivayogan	Practitioner – London Borough of Merton
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)
Alison Ring	ICAEW
Andrew Kendrick	National Audit Office
Oliver Simms	Financial Reporting Council (FRC)
Alan Wareham	Department for Levelling Up, Housing and Communities (DLUHC)
Charity Main	Academies Representative
Richard Lane	Academies Representative
Joanne Donnelly	LGA – Board Secretary
Jeremy Hughes	LGA – Deputy Board Secretary
Becky Clough	LGA – Board Support and Policy Officer
Ona Ehimuan	LGA – Pensions Secretary
Sarah Tingey	LGA – Research and Data Analyst

Actions and Agreements

1. Mark Wynn (MW) welcomed attendees to the meeting and explained that the key aim was to discuss the information note that had been commissioned by ICAEW and the SAB to assist with the understanding of the timeline and information flow for the triennial valuation, audit and

Scheme Advisory Board

accounting processes in the LGPS. The latest draft of the information note had been circulated to the attendees prior to the meeting.

2. MW invited Peter Worth (PW) as the author of the information note to present an overview. The note provides information on year-end processes, audit and actuarial valuation processes. PW consulted with a range of stakeholders including auditors (Grant Thornton and Mazars), actuaries (Barnett Waddingham and Hymans Robertson) and a number of pension fund authorities.
3. Extensive feedback had already been received which PW was still working into the existing draft. For example, the example on page 13 will be replaced and Appendix E will be removed.
4. It was agreed that the document didn't sufficiently cover the different approaches to asset allocation and issues around valuing the assets. There was discussion about whether it was worth holding up publication of the note to add new content or whether that should be followed up separately. It was noted that in the academy sector there were a number of forums and events coming up that it would be useful to have the note available for.
5. It was agreed that the group would provide any further feedback on any factual inconsistencies to PW by Friday 19 April 2024 and further consideration would be given to dealing with the asset allocation issue. It was also agreed that the note and accompanying messaging by SAB and ICAEW would be done with an audience of smaller audit firms in mind.

ACTION – that the information note be published soon, with messaging explaining when/where further information would be available

6. On the separation of pension fund accounts from the local authority accounts, Alan Wareham (AW) said that there is support for this, including from the Levelling Up Select Committee but a suitable legislative vehicle has not yet been identified. Nemashe Sivayogan (NS) asked why there have been delays and whether AW could give an indication of when the separation can be expected, however this could not be confirmed. DLUHC were asked whether the necessary policy work and legal drafting had been done to respond quickly if a legislative vehicle became available. AW confirmed that it had, and the Department could respond swiftly if needed.
7. In relation to the implications of the proposed backstop date for completing local authority audits, it was advised that most auditor firms would only disclaim the main authority accounts if the backstop deadline was reached. Grant Patterson (GP) added that most firms were ready to issue unqualified pension fund opinions in most cases.
8. On the issuing of IAS 19 assurances to employer auditors in advance of issuing the audit opinion, the group noted that there were varying policies on issuing assurance letters when information is incomplete. The representatives from EY, Mazars and Grant Thornton all confirmed that

Scheme Advisory Board

they only provide assurance letters if there has been sufficient audit work done. Audit firms also reported delays due to difficulties with valuing complex investments and in obtaining the information to value certain investments (eg, private equity).

9. Charity Main (CM) and Louise Molnar (LM) provided an update on schools' audit with feedback from the academies audit working group. The group was created to engage with academies on matters relating to year-end audits (their year-end is 31 August). They are currently focusing on the complexities faced by multi-fund, multi-academy trusts and are also discussing issues surrounding data quality. An audit forum was coming up and LM said that she would raise the information note and share a link to it once published.
10. In terms of emerging year-end issues for 2023/24, CW raised the implications of the [Virgin Media v NTL Pension Trustees](#) case. JD confirmed that the Secretariat were aware of the case and were liaising with the Government Actuary's Department (GAD) on whether the relevant certificates were available for past scheme changes; and whether it would be necessary to produce exemption certificates for each significant change to LGPS benefits. It was understood that the case is now with the Court of Appeal and will be heard in Summer 2024. AW confirmed that DLUHC officials were also aware but there was no further update at this time.
11. Becky Clough (BC) said that the revised Annual Report Guidance had now been published and is the first joint publication by DLUHC, SAB and CIPFA. BC clarified that compliance with new requirements in the guidance is on a 'best endeavours' basis for 2023/24 reports.
12. Garry Smith (GS) informed the attendees that FRS102 has been revised and mandatory adoption of the new reporting standard would begin in January 2026.
13. Another knock-on effect of local authority audit delays was that some NHS employers were struggling to close their accounts, due to late IAS 19 assurance. Nick Harvey (NH) said given the relatively small impact that LGPS obligations had on the balance sheet of those NHS employers, a proposal had been put to CIPFA's Financial Reporting Advisory Board (FRAB) to account for LGPS liabilities on a defined contribution basis. The proposal was not accepted.
14. It was agreed that this group would meet again before the end of the calendar year.

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 24 June 2024

ITEM 9 PAPER F

WORKSTREAM UPDATE

Background

This paper summarises the agreements and the work undertaken by each of the CRC's workstreams since the last CRC meeting in February 2024.

The Scheme Advisory Board (SAB) Secretariat wishes to thank all volunteers within each workstream for their input into each project. In particular, the volunteers from the Annual Report guidance workstream and all who contributed to the production of the new statutory guidance. That was a milestone as the first publication to be reviewed and approved jointly by the SAB, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department for Levelling Up, Housing and Communities (DLUHC).

Funding Strategy Statement (FSS) Guidance

Lead Officer	Rachel Brothwood (West Midlands Pension Fund)
Supported by	Sara Maxey (Essex); Nick Harvey (CIPFA), James Graham (Kent), Alan Wareham (Department for Levelling Up, Housing and Communities (DLUHC)), Jennie Mulrooney (Education & Skills Funding Agency), John Neal (Unite), Steven Scott (Hymans), Roisin McGuire (Barnett Waddington), Michelle Doman (Mercers), Sam Ogbourne (AON), David Goldsmith (Osborne Clarke), Emelda Nicholroy (University and Colleges Employers Association), Cory Blose (Northamptonshire/Cambridgeshire), Aidan Smith (Government Actuary's Department (GAD)) and Julia Grace (Avon)

Start date	September 2022
Target completion date	December 2024
Meetings since February 2024:	15 th April and 29 th May 2024

1. Current position

Following a short pause on this workstream whilst the Annual Report guidance was prioritised, the workstream has met twice and has made good progress on the new guidance since the last Committee meeting.

Compliance and Reporting Committee (CRC)

The review has centred around making the guidance clearer and having a more practical structure that guides readers through the various stages in devising an FSS for its main readership of scheme employers. In doing so, the guidance needs to strike a balance between setting out the topics which a FSS needs to cover but avoid being overly prescriptive in how this is enacted in the individual fund policy. Shortly before the last meeting the working group received a draft copy of the new guidance for discussion during the meeting. The deadline for feedback was the 7th June 2024 and the Secretariat are currently reviewing the comments. It is expected that the group will meet again before the end of July 2024. As a developing workstream, a separate report is provided at Item 4 Paper B of this Committee report pack.

2. Next steps

Next workstream meeting to be planned towards the end of July 2024 and agree project timetable.

Annual Report Guidance

Lead Officer	Peter Worth (TAS Accounting)
Supported by	Dominic Taylor (Staffordshire); Sara Maxey (Essex); Nick Harvey (CIPFA); George Graham (SYPF); Alan Wareham (DLUHC), Martin Griffiths (Warwickshire), Neil Sellstrom (South Tyneside), Damien Pantling (Berkshire) and a representative from tri-borough.
Start Date	September 2022
Target completion date	April 2024
Actual completion date	March 2024

3. Current position

Following approval by this Committee, the guidance was subsequently approved by CIPFA on 22 February 2024, by the SAB on 11th March 2024 and adopted as statutory guidance at the end of March 2024. The [Annual Report guidance document](#) has been published on the Guidance page of the SAB's website. The guidance applies to 2023/24 annual reports which are due for publication by 1 December 2024, and later years. The guidance says administering authorities should use their best endeavours to comply fully with the requirements for the 2023/24 annual report but exercise judgement where, because of changes to the previous content, to do so would require disproportionate effort or cost.

The guidance will be kept under regular review. In Scotland, the guidance is advisory only, but administering authorities are encouraged to adopt it on a

Compliance and Reporting Committee (CRC)

best practice basis and it is understood that the Scottish Public Pensions Agency and the Scotland SAB are considering adopting it as statutory guidance.

Since publication the Secretariat has been involved in awareness sessions for the new guidance. A presentation was provided to the CIPFA LGPS audit and accounting workshop and a dedicated LGPS Live webinar was held on 10th April 2024 to introduce and discuss the new guidance.

4. Next steps

Feedback on the guidance is welcome and will be considered when the guidance is next reviewed. Some comments have been received on the asset categorisation reporting and administration key performance indicators (KPIs). Later in the year when collating the data needed for the 2023/24 Scheme Annual Report, the Secretariat will also consider any common reporting inconsistencies or issues affecting whether the guidance needs to be updated as a result. No further meetings of this workstream are planned and as the guidance is now published, the group has been disbanded.

Audit Issues

Lead Officer	Nemashe Sivayogan (Merton LB)
Supported by	Melanie Stokes (Staffordshire); Sara Maxey (Essex); Nick Harvey (CIPFA); Melissa Kelly (Cornwall); Peter Worth (TAS Accounting); Joana Marfoh (Islington LB); Bola Tobun (Southwark LB), Jack Bower (The Institute of Chartered Accountants in England and Wales (ICAEW)), Alan Wareham (DLUHC) and Richard Bullen (Wiltshire)
Start date	August 2022
Target completion date	Ongoing
Meetings since February 2024:	20 th March 2024

5. Current position

When the group last met, the main topic of discussion was the audit document which had been shared with the group in advance for feedback. The group provided helpful comments which were taken into consideration, such as how the guide could be updated to better signpost each section (as the document is over 50 pages) and commentary on broadening some of the accountancy

Compliance and Reporting Committee (CRC)

terminology used. The group agreed that the next version of the document should be shared with the audit roundtable attendees for review.

The group also discussed the DLUHC consultation '[Addressing the local audit backlog in England](#)' (the Board's response can be found on the [SAB website](#)), the implications of the audit backlog, emerging year-end issues and the agenda items for audit roundtable event on 17th April 2024.

A separate report is provided at Item 7 Paper E of this Committee report pack on the audit roundtable meeting and the progress of the audit guidance document.

6. Next steps

No further meetings are planned for this working group at present and this will be revisited once a new Government is formed.

Knowledge and Skills Framework

Lead Officer	John Jones (Local Pension Board Chair)
Supported by	Karen Gibson (Dorset); Nick Harvey (CIPFA); Heidi Catherall (Cheshire); Justin Bridges (Shropshire); Alison Grange (Shropshire), Alan Wareham (DLUHC)
Start Date	December 2022
Target Completion Date	March 2024 (to be updated at next meeting)

Meetings since February 2024: Meeting was organised for 26th March 2024 but was postponed because of the delay to the Governance Statutory Guidance being prepared by DLUHC, which would inform the discussion/next steps for this group. Although the workstream for Good Governance and Administration is closely involved in assisting DLUHC with developing the Good Governance recommendations, this workstream is dedicated to the issue of knowledge and skills, expected to be included in the consultation. The March 2024 meeting has been reorganised for 17th June 2024.

7. Current position and next steps

Verbal update to be provided at the Committee meeting on the discussion from the meeting on the 17th June 2024.

Compliance and Reporting Committee (CRC)

Good Governance and Administration

Lead Officer	Jeff Dong (Swansea)
Supported by	Kevin Gerard (Carmarthenshire); Nick Harvey (CIPFA), Alan Wareham (DLUHC), Nemashe Sivayogan (Merton LB), Jo Quarterman (Norfolk) and Matt Mott (West Yorkshire)
Start Date	November 2022
Target completion date	To be confirmed once new Minister in place.
Meetings since October 2023:	15 th April 2024 and 28 th May 2024

8. Current position

The group decided to broaden fund representation and therefore welcomed Matt Mott, Head of Governance at West Yorkshire Pension Fund, to the working group at its May 2024 meeting.

Since the last Committee meeting this working group has held two meetings and made extensive progress on discussing and shaping the expected Governance Statutory guidance to implement the Good Governance recommendations from DLUHC. Areas of discussion have covered mandating monthly data collection for employers, the specific definition of the LGPS Senior Officer role, the knowledge and skills requirements for Committee/Board members and conflict of interest policies.

It was understood that DLUHC were aiming for the guidance to be ready for consultation before the Summer, however the calling of the General Election taking place on 4th July 2024 has impacted the timetable and DLUHC were unable to attend the May 2024 meeting due to pre-election period.

9. Next steps

The Secretariat will ensure that the productive work to date continues when the next Government is formed. The next meeting date is planned for the 30th July 2024.
