

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.

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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

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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

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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.

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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.
