

Compliance and Reporting Committee (CRC)

Meeting of 12 February 2024

Item 3 – Paper A

Hybrid meeting – 23 October 2023

Actions and agreements

Present

Jo Donnelly	Head of Pensions – LGA (Acting Chair)
Jeffrey Dong	Welsh Treasurers
Karen Gibson	Practitioner – County Councils
Richard McIndoe	Practitioner – Scottish Authorities
Robert Branagh	Practitioner – London Pensions Fund Authority (LPFA)
Kevin Gerard	Practitioner – Wales
Nicola Todd	Practitioner – Northern Ireland
Rachel Brothwood	Practitioner – Metropolitan Authorities
Peter Turner	Practitioner – London Borough
John Jones	Local Pensions Board Representative
Nick Harvey	Chartered Institute of Public Finance and Accountancy (CIPFA)
John Boyd	Audit Scotland
Teresa Clay	Department for Levelling Up, Housing and Communities (DLUHC)
Alan Wareham	DLUHC
John Neal	UNITE
Jeremy Hughes	Local Government Association (LGA) – Deputy Board Secretary
Becky Clough	LGA – Board Support and Policy Officer
Ona Ehimuan	LGA – Pensions Secretary
Gareth Brown	LGA – Data Analyst

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

1. Jo Donnelly (JD) welcomed attendees to the meeting and advised them of the meeting protocol. The Committee agreed that JD act as Chair of the meeting in Mark Wynn's absence due to illness.
2. Apologies were received from Mark Wynn (Chair), Nemashe Sivayogan (London Borough of Merton), Fiona Miller (Border to Coast) and Peter

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Worth (Worth TAS Accounting). George Georgiou (GMB) and Paul Mayers (National Audit Office) were absent without apology. There were no declarations of interest.

Item 3 – Matters arising from the meeting of 19 June 2023

3. The actions and agreements of the meeting on 19 June 2023 were agreed.

Item 4 – Process for producing statutory guidance

4. It was confirmed that the Committee's five workstreams had been holding meetings over the past year and good progress had been made. It was confirmed by SAB that the guidance produced by the workstreams is expected to be freely available.
5. DLUHC confirmed that they had a preferred timeline to produce guidance documents required by the workstreams and that it was DLUHC's ambition to publish first the annual report guidance, and to do so by March 2024. To achieve this, the new guidance will be brought to the CRC meeting on 12th February 2024 for approval and will also require approval at CIPFA's Public Finance Management Board meeting on 22nd February 2024.
6. 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.

Item 5 – Annual Report Guidance update

7. The working group have reviewed the existing guidance and considered the areas that should be retained, removed or updated. Once DLUHC had published its response to the investment's consultation, the group would also need to incorporate any relevant aspects into the new guidance, and it was noted that any new reporting required by DLUHC would need to be confirmed soon to fit in with the drafting timetable.
8. The Secretariat had met with nine funds who volunteered to give feedback on the administration Key Performance Indicators (KPIs) within the current guidance. Using this feedback new KPIs have been created and existing KPIs developed. New administration KPIs cover communications work, digital engagement, data quality and staffing.

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9. The National Technical Group have been consulted and the Secretariat have attended Pension Officer Groups to gather feedback. The KPIs would also be presented at the Pensions Managers' Conference in Torquay in November 2023.
10. Rachel Brothwood (RB) asked how the SF3 data would fit into the new guidance. TC responded that DLUHC was working on developing a standard list of asset classes to minimise and streamline the work needed to collect different data for various purposes.

Item 6 – Knowledge & Skills Survey of pension committees and boards

11. Gareth Brown (GB) introduced Paper C to the Committee. Following on from the knowledge and skills survey issued in March 2023, it was agreed that the Secretariat issue a follow up survey targeted at Pensions Committee and Board members. The survey opened on 13 October 2023 and had 76 responses at the time of meeting and a reminder was to be sent out to contacts to further encourage responses by the deadline of the 29 October 2023. John Jones (JJ) stated that it was important for people to use their contacts to promote this survey. It was also suggested that the deadline of the survey be extended to allow for additional promotion and to secure an increased response rate. **[POST MEETING NOTE – the deadline for the survey was extended by the SAB Secretariat from 29 October 2023 until 6 November 2023]**
12. Peter Turner (PT) emphasised the importance of Pensions Committee and Board members needing training, especially within the context of the significant asset value held by the LGPS. He asked whether there was training readily available if skills gaps were identified. JD reminded the Committee that the LGA provided a three-day training course called 'Fundamentals' aimed at Pensions Committee and Board members.
13. It was agreed that the Secretariat would identify the funds that had not yet sent any responses to the survey and send a reminder.
14. The results of the survey would be analysed and presented at the LGA Governance Conference in York (18-19 January 2024).

Action – the Secretariat to identify the funds that had not yet responded to the survey and send a reminder.

Item 7 – Good Governance

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15. There had been developments in this area over the summer and the Good Governance and Administration (formerly the Administration, Communications and Governance) working group had met twice since the last meeting. The group had agreed that DLUHC's 2008 Governance Compliance Statement guidance was out of date and needed to be rewritten. The group had put together a contents list for the new guidance, incorporating the 2021 Good Governance recommendations made by SAB to DLUHC.
16. Alan Wareham (AW) said that there was a provisional timeline in place to consult on draft governance guidance in early 2024, with an aim to finalise this before the end of the calendar year.

Item 8 – Institute of Chartered Accountants in England and Wales (ICAEW) report on audit (CONFIDENTIAL)

17. JH introduced Paper D to the Committee. It was agreed at the last audit roundtable on 12 July 2023 that ICAEW would consider developing a guide that would describe the flow of information between LGPS stakeholders throughout the triennial valuation cycle and annual accounting exercises. This would enable the various parties to understand who held what information, how it was being relied on, for what purpose and what assurances could be placed upon it. A specification for the guide had been written and shared with the committee. Discussions are continuing to determine how the cost of producing this guidance will be met and it was hoped that this would be resolved in time for the guidance to be available before the end of the year. A further meeting of the Audit Roundtable group would be arranged for the new year, and it was agreed to invite Peter Turner to that also.
18. It was noted that the responsibility for these type of guidance documents should be held by one body or a small number of bodies to allow for efficient maintenance and updating. Although there would still be a need to co-ordinate input and share costs, SAB might be best placed to coordinate, without necessarily being the author. The SAB budget for the current year had been agreed and was fully committed, and did not include this work. Therefore, it was hoped that funding could be found externally from interested parties.

Action – it was agreed that the Secretariat should invite Peter Turner to the next audit roundtable

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Item 9 – Update from recent LGA meeting with The Pensions Regulator (TPR)

19. The TPR General Code had not yet been laid in Parliament and it was thought if not laid before the King's Speech on 7 November 2023, it would not be in place before the end of the calendar year, as it will need to lay in Parliament for 40 days before being effective. The SAB would consider what guidance needs to be developed to supplement the Code, once published.

Item 10 – Update on workplan and workstreams

20. The lead officers from the workstreams each provided the Committee with an update on matters that had not been discussed in items earlier in this meeting. On **audit matters**, it was no longer clear whether the Audit, Reporting and Governance Authority (ARGA) Bill, which had been identified as a potential legislative vehicle to bring the separation of pension fund accounts, was going to be taken forward. Jeffrey Dong (JDo) thanked the **Administration and Good Governance** workstream members for their input. RB gave an update on the **FSS** workstream. The group had met twice over the Summer and the changes required to be made to the guidance identified. However, confirmation was needed for the next steps regarding the drafting timetable and method of production. The group would meet again once a timetable and method of drafting the guidance was confirmed. DLUHC confirmed that they wanted this work to be prioritised and would bring forward a suggested timetable for producing all the required guidance that the workstreams were looked at.

Item 11 – AOB and date of next meeting

21. The Secretariat introduced Paper F. It was agreed at the July 2023 Board meeting to update the Terms of Reference (ToR) of the Board to reduce the number of meetings per year from four to three and that the ToR for the committees would also be updated to reflect this. The Committee agreed to change its ToR. The Secretariat is also conducting a broader review of the current ToR and a paper outlining any further recommendations would be brought to the next meeting.

Action – that the Secretariat bring a paper on any other changes required to the ToR to the next meeting.

22. The date of the next meeting was confirmed as 12 February 2024.

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