

Compliance and Reporting Committee

DATE:	12th February 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 23 rd October 2023 meeting	Paper A	11:10
4	Annual Report Guidance	Paper B	11:15
5	ICAEW/SAB Report on Audit Issues	Paper C	11:35
6	Workstream update – (Good Governance and Administration – verbal)	Paper D	11:45
7	Updated Terms of Reference	Paper E	12:15
8	TPR General Code	Paper F	12:20
9	DLUHC Update		12:40
10	AOB and date of next meeting		12:45

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

Scheme Advisory Board Secretariat

1

18 Smith Square, London SW1P 3HZ

E SABSecretariat@local.gov.uk W www.lgpsboard.org

Compliance and Reporting Committee (CRC)

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.

Compliance and Reporting Committee (CRC)

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

Compliance and Reporting Committee (CRC)

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

Compliance and Reporting Committee (CRC)

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.

Scheme Advisory Board Secretariat

5

18 Smith Square, London SW1P 3HZ

E SABSecretariat@local.gov.uk W www.lgpsboard.org

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 12 February 2024

ITEM 4 PAPER B

ANNUAL REPORT GUIDANCE

Background:

1. Regulation 57 of the Local Government Pension Scheme Regulations 2013 requires funds to prepare an annual report. Part (3) of this regulation requires that *‘in preparing and publishing the pension fund annual report, the authority must have regard to guidance given by the Secretary of State’*. The purpose of this guidance is to ensure that annual reports are consistent and fit for purpose.
2. In the past, this guidance has been drafted by the now disbanded Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Panel, with input from Department for Levelling Up, Housing and Communities (DLUHC). As previously reported to this Committee, a workstream was established to review the 2019 guidance and identify changes required to streamline the current guidance and bring it up to date. The work undertaken to review the previous guidance and consult with pension funds, industry experts, DLUHC, CIPFA and other interested stakeholders has been reported at previous Committee meetings.
3. With many thanks to those who participated in the working group, the work is now complete. A revised draft is included in Annex A and has been shared separately by email with CRC members for review and approval. This report is publicly available on the SAB website, but the annexed draft guidance is not as this is awaiting final approval by CIPFA/DLUHC. We anticipate making the final draft available once approved and the final design process and accessibility checks have been completed.
4. It is worth noting that this revised annual reporting guidance will be the first jointly produced statutory guidance document emanating from this Committee.

Clearance process

5. The guidance will also need to be cleared through CIPFA's and DLUHC's processes. It is expected to be approved by CIPFA at its Public Finance Management Board meeting on 22nd February 2024.
6. As with the previous guidance, it will be applicable to Scotland. The Secretariat have checked with the Scottish Public Pensions Agency

Compliance and Reporting Committee (CRC)

(SPPA) policy team and the Scottish Scheme Advisory Board (SAB), and they have indicated that they will arrange for this guidance be adopted by Scottish Ministers.

7. Once adopted, the updated guidance is intended to apply to 2023/24 Annual Reports (so for those reports due to be published by 1 December 2024) and later years. However, it is acknowledged that it may be a challenge for funds to report on all the new requirements for the 2023/24 reporting year, as changes to the recording and reporting of data may take time to implement. The guidance therefore says that pension funds should use their best endeavours to comply fully with the requirement but exercise judgement where, because of changes to the previous content, to do so would require disproportionate effort or cost.

Maintaining the guidance

8. As agreed at the creation of this Committee, the new guidance will be freely available and hosted on the Scheme Advisory Board's website. This means that it should be easier to maintain the guidance and keep it up to date with any changes required from year to year.
9. The Secretariat will ensure that publication online is consistent with accessibility requirements and is available as an accessible document on the SAB website.
10. The Committee are invited to contribute any other relevant design or presentation considerations that the Secretariat should bear in mind in publishing the advice.
11. The Committee may wish to note that further work (probably later this year) is likely be needed to align the new annual report guidance with any additional reporting duties added to the Investment Strategy Statement guidance. DLUHC committed to making such changes in its [response to the investments consultation](#) last year. The issuing of the Pensions Regulator's General Code of Practice, which is expected to be effective from 27 March 2024, may also require further updates to the annual reporting guidance for next year.

Recommendations:

- To approve the 2024 Annual Report guidance at Annex A, and that the guidance should come into force from April 2024 subject to Ministerial and CIPFA approval.
- To ask the SAB secretariat to work with CIPFA and DLUHC to deliver awareness sessions in April 2024 on the new guidance.

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 12 February 2024

ITEM 5 PAPER C

ICAEW/SAB Report on Audit Issues

Background

- 1) The Committee has previously noted the increasing concern about the divergence in expectations about the amount and type of information that needs to be provided between the auditors of scheme employers, fund officers and their actuaries.
- 2) At the last Audit Summit convened by the Scheme Advisory Board in July 2023 it was agreed that it would be useful to have some authoritative guidance on the timeline and information flow for triennial valuation and IAS19 purposes. The aim would be to aid understanding and signpost the different parties, and in particular auditors, to where they should be requesting the information that they need (summarised as “where is the best version of the truth”). The proposed audience would be actuaries, auditors, fund practitioners and employers.
- 3) Following the meeting, the CRC audit working group agreed a specification to procure such guidance but there was a short delay while the funding for the project was discussed. In the end it was agreed to split the costs 50/50 between the Scheme Advisory Board and the ICAEW. The specification for the guidance is at Annex A.

Next Steps

- 4) We now have an outline of the proposed guidance document which will be discussed with a group of volunteer practitioners, actuaries and auditors. Following that process, we expect to have a first draft for detailed review by the end of February 2024. As well as the guidance outlined above, other useful outputs from this work will be:
 - visual maps showing the flow of information between employers, actuaries, funds, custodians and auditors,
 - a model questionnaire with key questions for actuaries to complete each year and provide to scheme employer auditors.
- 5) A further Audit Roundtable will be arranged in April which can agree communications around this guidance, as well as consider any new issues that might create problems when the audit round for 2023/24 accounts kicks off later this year.

Compliance and Reporting Committee (CRC)

Annex A – Specification for Further Guidance on Sources of Audit Information

Purpose

ICAEW and the LGA would like to procure a short, factual guide that would describe the flow of information between LGPS stakeholders throughout the triennial valuation cycle and the annual IAS19 valuation cycles. This would enable the various parties to understand who holds what information, how it is being relied on, for what purpose and what assurances can be placed upon it (summarised as “where is the best version of the truth”).

In relation to the triennial valuation the kind of information that would be covered in this guide includes:

1. Employer payroll and workforce data (including approach where data is incomplete or cannot be relied upon).
2. Asset value, investment return and cashflow data (including approach where data is incomplete or cannot be relied upon)
3. Processes and controls implemented by the actuary to provide assurance on the accuracy and completeness of data submitted.
4. Summary of fund actuary’s methodology and sources of economic and demographic assumptions
5. Methodology and assumptions for the notional allocation of fund assets between employers at each triennial valuation

In relation to the IAS19 valuation the kind of information that would be covered in this guide includes:

6. Roll-forward approach taken by actuaries, including sources of economic and demographic assumptions.
7. Investment return and cashflow data (including approach where data is incomplete or cannot be relied upon)
8. Processes and controls implemented by the actuary to provide assurance on the accuracy and completeness of data submitted.
9. Reports/information provided by the actuary to practitioners.

The guide should also summarise, again in a factual way, the key objectives sought by auditors with references to the relevant professional standards and guidance. For example, their need to consider and where necessary challenge the available sources of information relied on in the above.

Compliance and Reporting Committee (CRC)

Audience

Actuaries, auditors, fund practitioners.

Outputs

- A short factual guide as described as above.
- Visual maps showing the flow of information between employers, actuaries, funds, custodians and auditors.
- A model questionnaire with key questions for actuaries to complete each year and provide to scheme employer auditors.

Timelines

To be published by 31 March 2024, with first draft available by 31st January 2024

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 12 February 2024

ITEM 6 PAPER D

WORKSTREAM UPDATE

This paper summarises the agreements and the work undertaken by each of the five workstreams since the last CRC meeting in October 2023. The Scheme Advisory Board (SAB) Secretariat wishes to thank all volunteers within each workstream for their input into each project. Preparing the annual report guidance has taken precedence and with that project coming to completion, the next priority in terms of timing is likely to be Good Governance-related guidance and then the Funding Strategy Statement (FSS) guidance.

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)) and Julia Grace (Avon)
Start date	September 2022
Target completion date	December 2024
Meetings since October 2023:	None

1. Current position

The group have identified the high-level prospective changes and additions required to the current FSS guidance following a review of a sample of fund policies and discussions within the workstream meetings. The group agreed at its last meeting that a further meeting of the workstream would be organised once the next steps regarding the drafting timetable and method of production was confirmed. A suggested timetable for producing all the required guidance that each of the CRC workstreams are looking at has since been drawn up to be agreed jointly by the SAB Secretariat and DLUHC.

The new FSS guidance is likely to include more detailed advice on how funds set their policies on partial terminations and employer exits/cessation. This matter was also discussed at the working group on Surpluses that the Board established and some of the members of that group have asked to join the Working Group looking at the new FSS guidance (including the four actuarial firms).

Compliance and Reporting Committee (CRC)

2. Next steps:

Next workstream meeting to be planned 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 representative from tri-borough.
Start Date	September 2022
Target completion date	April 2024
Meetings since October 2023: 4 th December 2023 and 16 th January 2024	

3. Current position:

A separate report is provided at Item 4 Paper B covering the work undertaken and formal recommendation to approve revised guidance.

4. Next steps:

For this committee to approve the Annual Report guidance and for the guidance to come into force from April 2024. For the SAB secretariat to work with CIPFA and DLUHC to deliver awareness sessions in March 2024 on the new guidance.

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)
Start date	August 2022

Compliance and Reporting Committee (CRC)

Target completion date Ongoing

Meetings since October 2023: None

5. Current position:

As previously reported, the working group decided that it would be useful to produce a short factual guide to set out the timeline and information flow throughout a triennial valuation period. The purpose would be to help aid understanding and signpost different parties, and in particular auditors, to where they should be requesting the information that they need during the audit process. The intended audience for the guide is actuaries, auditors, and pension fund accounting practitioners. This guide has been jointly commissioned by the Board and ICAEW and the output (based on the specification agreed by the workstream) will cover specifically:

- A short factual guide
- Visual maps showing the flow of information between employers, actuaries, funds, custodians and auditors,
- A model questionnaire with key questions for actuaries to complete each year and provide to scheme employer auditors.

An outline of the proposed document has recently been received and is being reviewed. The first detailed draft for review is expected by the end of February 2024, ready for publication in March 2024. The Secretariat are planning to use various events, including the LGPC bulletin, SAB website and relevant contacts to ensure the intended audience of the guide are made aware of this publication.

The next audit working group meeting is being arranged for mid-March with the next audit roundtable the following month.

The Board's call for a separation of pension fund from host authority audit received a boost since the last CRC meeting as the House of Commons' Levelling Up, Housing and Communities Select Committee report on local audit included the following recommendation:

Local authority accounts are currently required by legislation to include Pension Fund statements, but this has made the accounts longer, more complicated, and less useful to users. The Government should introduce legislation to decouple local authority accounts from these Pension Fund statements, which should be published as separate documents.

Their full report can be found [here](#). Unfortunately, though not entirely unexpectedly, the [ARGA Bill](#) did not feature in the Kings Speech and so it is not expected that the Government will legislate to implement audit separation ahead of the General Election.

Compliance and Reporting Committee (CRC)

6. Next steps:

The SAB Secretariat is currently reviewing the short factual guide for publication in March 2024 and organising the next workstream meeting date.

Good Governance and Administration

Lead Officer	Jeff Dong (Swansea)
Supported by	Kevin Gerard (Carmarthenshire); Nick Harvey (CIPFA), Alan Wareham (DLUHC), Nemashe Sivayogan (Merton LB) and Jo Quarterman (Norfolk)
Start Date	November 2022
Target completion date	To be confirmed
Meetings since October 2023: 28 November 2023 and 9 February 2024	

7. Current position:

The workstream have started work on revised statutory guidance on governance that will incorporate the Good Governance recommendations that SAB made to DLUHC in 2021 alongside an update of the 2008 Governance Compliance Statement guidance. The workstream held a productive meeting in November 2023 and discussed specific areas of the governance guidance for DLUHC to consider how these recommendations would be presented in the new guidance. Areas discussed were the requirement for a single named officer as well as knowledge and skills requirements.

In November 2023, the group agreed to pause on organising the next meeting until the new Minister was able to be briefed and to allow for other workstreams with an earlier deadline to proceed. The next meeting has since been organised for 9th February 2024 and a verbal update on progress will be provided to the committee. With the issuing of the Pensions Regulator's General Code the group will also need to consider whether aspects of that will also need to be incorporated into this guidance.

8. Next steps:

To be provided verbally.

Compliance and Reporting Committee (CRC)

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

Meetings since October 2023: 7 December 2023 and 17 January 2024

9. Current position:

The group actioned the recommendation made in the June 2023 CRC meeting to issue another survey specifically tailored to Pension Board and Committee members. The survey was issued on 13th October 2023 and closed on 6th November 2023 (the deadline was extended from the originally set 29th October 2023 to allow time for more responses).

A summary of the survey results is below:

- 63 funds represented in responses
- 267 individual responses received (140 from Pension Committee members and 127 Pension Board members)
- 45% of respondents had been in their role for more than 3 years
- 77% had received an induction for their role
- 74% had received training in last 3 months and only 3.45% had received training more than 12 months ago
- 22% didn't have any awareness of the LGPS before their role and 33% had 'some'
- 44% wanted further training in investment strategy
- 33% weren't aware of knowledge and skills requirements before starting their role
- 11-20 hours and 21-30 hours training was most popular in training hours received per year
- 82% said knowledge and skills should be assessed
- Training online and as part of formal meetings rated as the most effective approaches
- 70% were in favour of payment for development of knowledge and skills
- 64% supported the publication of training undertaken in fund's annual report

Compliance and Reporting Committee (CRC)

- 67% either agree or strongly agree with a legislative requirement for Pension Committee members to have knowledge and skills
- Nearly 90% welcome scheme wide guidance on minimum training requirements
- 67% had not received any training in non-pension skills
- 69% would support a peer review system
- 74% would welcome scheme wide training data to compare their fund

Next steps:

The high-level findings of the survey were presented at the LGA's Governance conference held in York on 18th – 19th January 2024. The conference audience was split into groups to discuss the results and report back. Some of the messages that emerged were:

- There need to be a range of training options that reflect the different levels of knowledge and experience
- It was recognised that obtaining LGPS knowledge was a journey and would take time
- Training needs analyses for the committees and boards help to understand 'collective knowledge'
- Forums for sharing best practice across funds would be desirable
- Committee and board members are volunteers with busy schedules and other duties so accessibility of training options should be a key consideration in any training strategy
- A syllabus that set out a common understanding of the different roles required would be helpful

The workstream met before the Conference on 17th January 2024 and agreed to meet again in March 2024. There was consensus on the key areas from the survey results to explore and the next steps were agreed:

- Analyse the requirements of TPR's General Code and how this linked with the findings of the survey and research amongst LGPS funds on clarity required within the Code
- Make recommendations on what is required for any new scheme-wide guidance and consider the various communication channels this could be disseminated
- Work with DLUHC on what is needed for the investment consultation response on training

Compliance and Reporting Committee (CRC)

MEETING of 12 February 2024

ITEM 7 PAPER E

Committee Terms of Reference

Background:

- 1) At the last meeting, it was reported that the Secretariat was conducting a broader review of the Committee's current Terms of Reference (ToR), scope and workplan. The ToR, together with the Committee's scope and workplan, have been examined to ensure they are still relevant.
- 2) As the newest of the Board's committees, the CRC was felt to have the most appropriate and up to date scope and workplan. The Secretariat have concluded that the current ToR and committee workplan is still generally relevant and appropriate, however there are 3 specific recommendations for the committee to approve:
 - a) To amend the current ToR to remove the specific number of seats within each category of membership. This will allow more flexibility to manage the membership needed, according to the availability of members to sit on the committee and to achieve the aims of the committee workplan.
 - b) To add the role of 'governance advisor' to the list of membership categories.
 - c) There is a recommendation for the Investment, Governance and Engagement committee to be renamed to the Investment Committee. Both Committees are asked to agree that the Governance representative on the Investment Committee, Mary Lambe from Aon, should move over to the Compliance and Reporting Committee, along with another governance consultant (to be appointed).

Recommendation:

To approve the above recommendations and for the Secretariat to make the relevant changes to the ToR and Committee membership.

Compliance and Reporting Committee (CRC)

HYBRID MEETING – 12 February 2024

ITEM 8 PAPER F

The Pensions Regulator's General Code of Practice

Background

1. The Scheme Advisory Board has welcomed the publication of The Pensions Regulator's (TPR) [General Code of Practice](#) ('the Code') which has been laid in Parliament and which is expected to come into force on 27th March 2024.
2. The Code brings together 10 previous TPR Codes into one single Code, mainly covering governance and administration of pension schemes. The previous Codes will be revoked, including Code of Practice 14 for Public Sector Pension Schemes.
3. Compliance with the new Code will be required within 12 months of the close of the first Scheme Year which starts after the Code has come into force. For LGPS, that means within 12 months of the year ending on 31 March 2025.
4. [TPR's research on governance and administration](#) shows that LGPS funds generally already have high standards of governance in place, however the new Code provides an opportunity for funds to review current practices. Doing the necessary work to review the 177 page document may also present challenges during what is an already busy time within the LGPS.

The New Code

5. The draft is substantially similar to the draft that was consulted on in 2021, with most of the changes around the clarity of language and ordering of sections. The Board's main recommendation back to TPR in the consultation was that clarity was required on which parts of the Code were obligatory for LGPS funds and which should be considered good practice. There has been some improvement in that for the final Code, but there isn't a simple map or template that sets this out.
6. The Secretariat is studying the Code closely to identify any new requirements for funds. Not all of these will be binding on LGPS funds, but an initial review of the Code suggests that there is new guidance around:
 - Schemes establishing what knowledge and skills are required for the governing body (defined as the scheme manager for LGPS, i.e.

Compliance and Reporting Committee (CRC)

- the Pensions Committee for most funds, although there are also some explicit duties for Local Pension Boards)
- Documenting of risk assessments and the clear identification of who discharges the risk management function
 - The principles of remuneration policy need to be documented. There is already a separate statutory duty to have a policy on elected member allowances, but this duty is new for Board members
 - There are welcome suggestions to improve the representativeness of those sitting on governing bodies
 - The role of internal audit and the need to get assurance reports from key service providers
 - Cyber and business continuity guidance have been embedded into the Code and are clearly a strong theme.

Next Steps

7. In terms of how we respond to the new Code, we have already identified clear overlaps with the work to implement the Good Governance recommendations as well as the Knowledge and Skills workstream. The Secretariat's working assumption is that we can weave compliance with the Code into our existing workplan rather than needing to create it as a project in itself. Indeed, the Code is largely consistent with our recommendations and its publication should provide further impetus for DLUHC to deliver on them.
8. The Secretariat also believe that consistency between funds in how they interpret the Code's requirements is desirable. The Board has already committed to supporting funds in understanding and meeting any new requirements in the Code and, where needed, will produce new or update existing guidance to assist funds with their responsibilities.
9. To inform this work, the Secretariat is holding an online focus group for funds on Thursday 8th February 2024 from 10am to 12pm to gather initial feedback on the Code and understand what support and interpretation is needed to assist funds with Code compliance. The Secretariat will separately meet with the main governance advisers to ensure that there aren't mixed messages being sent out to funds.
10. The SAB's LGPS Live webinar taking place on 6th March 2024 at 3.30pm will also focus on the Code and provide an opportunity to discuss the requirements and challenges it presents for the LGPS.
