

# Compliance and Reporting Committee

## HYBRID MEETING – 19<sup>TH</sup> JUNE 2023

### ITEM 5 – PAPER B

#### COMMITTEE WORKPLAN: WORKSTREAM UPDATES

1. This paper summarises the agreements reached by the Committee in respect of each of the five workstreams since the last CRC meeting in April 2023.

#### JUNE 2023 UPDATE

##### Funding Strategy Statement (FSS) Guidance Update

Lead Officer	Rachel Brothwood (West Midlands Pension Fund)
Supported by	Ian Howe (Leicestershire CC); Sara Maxey (Essex CC); Nick Harvey (CIPFA), James Graham (Kent), Alan Wareham (DLUHC)
Start Date	September 2022
Target Completion Date	It was originally set as Spring 2024, but timetable is being reviewed to take into consideration CIPFA forum dates.

Meetings since April CRC meeting: 24<sup>th</sup> May 2023

1. Current position:
2. The procurement timetable and process for working with CIPFA on drafting the updated guidance is being looked at and is a key factor within all workstreams where CIPFA input is required. It has been confirmed by Nick Harvey that CIPFA's Accounting and Financial Reporting Forum would need to agree the final guidance. The next forum dates are in July and October and the group agreed these dates were not realistic for having finalised updated FSS guidance. Timetable can be set once Jo Donnelly has received clarity from CIPFA on their involvement in the relevant workstreams. The policy examples shared by funds will be used as a guide to make the suggested changes to the current guidance. How funds deal with employer exits from funds and how the guidance can cover this will be discussed with funds who have experienced more cases. Broadening the group membership to include a representative from an Aon or Mercer fund client, as well as a London Borough, is being explored.

# Compliance and Reporting Committee

## 3. Next steps:

- Procurement timetable and drafting the final guidance, process confirmation from CIPFA
- Identified common themes and potential changes to current guidance from examples shared
- BC to follow up with Alan Wareham on GAD involvement in shaping guidance and any feedback from Departmental lawyers.

## Annual Report Guidance

Lead Officer	Peter Worth (TAS Accounting)
Supported by	Ian Howe (Leicestershire CC); Dominic Taylor (Staffordshire CC); Sara Maxey (Essex CC); Nick Harvey (CIPFA); George Graham (SYPF); Alan Wareham (DLUHC)
Start Date	September 2022
Target Completion Date	April 2024
Meetings since April CRC meeting: 23 <sup>rd</sup> May 2023	

## 4. Current position:

DLUHC feedback was supportive of the work of this workstream, and the changes suggested in the checklist provided by the group – with some minor comments to be taken into consideration. Recent DLUHC feedback that regulations changes are unlikely to happen this calendar year has been taken onboard by the group and the amendments to the guidance not requiring legislation changes would proceed via the route of statutory guidance. The group are aiming to take the finalised guidance to the October 2023 CIPFA Accounting and Financial Reporting Forum for agreement. This deadline is dependent on CIPFA's involvement and clarification of the procurement timetable and process which is being sought from CIPFA by Jo Donnelly.

## 5. Next steps:

Examples of how pooled assets could be displayed are to be shared by DLUHC for consideration by the group. Best practice examples of annual reports are to be reviewed and Gareth Brown (LGA) to contribute table examples to show how funds could consistently report asset classes. Becky Clough and Jo Donnelly are attending Technical Group on 9 June 2023 to update on this workstream and to request volunteers to review administration key performance indicators found in Annex 2 of the current guidance. A version of the old guidance with tracked changes added from the checklist

# Compliance and Reporting Committee

agreed by the group and DLUHC will be produced by Becky Clough, ready for drafting of the final guidance.

- Procurement timetable and drafting the final guidance process confirmation from CIPFA
- First draft of updated guidance with checklist amends added as tracked changes to current version by 17<sup>th</sup> June 2023
- Volunteers from Technical Group for review of KPIs and meeting in place to gather feedback, taking into consideration aim for approval at October forum.
- Next meeting mid-July

## Audit Issues

Lead Officer	Nemashe Sivayogan (Merton LB)
Supported by	Melanie Stokes (Staffordshire CC); Sara Maxey (Essex CC); Nick Harvey (CIPFA); Sean Johns (Cornwall CC); Peter Worth (TAS Accounting); Oliver Simms (ICAEW); Joana Marfoh (Islington LB); Bola Tobun (Harrow LB)
Start Date	August 2022
Target Completion Date	To be confirmed
Meetings since April CRC meeting:	10 <sup>th</sup> May 2023

### 6. Current position:

The first Audit Summit meeting was held on 20<sup>th</sup> April 2023. Discussions were held on resolving the challenges faced by auditors and actuaries when providing assurances to LGPS employers. It was agreed that a separate meeting of auditors and actuaries would be held to work through some of the issues surrounding the general approach to auditing asset allocations amongst employers within an LGPS fund in more detail. It was also agreed that SAB would send some communications to funds to explain some of the current issues faced and what was being done to address them. On the issue of differing materiality for LGPS employers, it was agreed that a further separate discussion would be arranged between actuaries and auditors. It was agreed for the full group to reconvene on July 12<sup>th</sup> 2023.

The most recent working group meeting was held on 10<sup>th</sup> May 2023. On the separation of pension fund audits, it was expected that there would be delays in effecting this change as it requires a change to primary legislation. DLUHC are working to identify an appropriate legislative vehicle and are awaiting the King's Speech to ascertain issues and policies of priority. It was suggested

# Compliance and Reporting Committee

that Cllr Phillips would address the issue at a future meeting with the Minister, Lee Rowley MP, with a view to facilitate and accelerate the process. Solutions to the delays in audits were being considered and there were plans for a working group on issues arising from surpluses.

## 7. Next steps:

The working group agreed that further actions would be contingent on the progress made by the Department and the Audit Summit group. It was agreed that the next meeting would be scheduled before the next Audit Summit in July.

## Review Guidance on Administration, Communications and Governance

Lead Officer	Jeff Dong (Swansea PF)
Supported by	Kevin Gerard (Carmarthenshire PF); Nick Harvey (CIPFA)
Start Date	November 2022
Target Completion Date	To be confirmed
Meetings since April CRC meeting: 5 <sup>th</sup> June 2023	

## 8. Current position:

The group asked Alan Wareham (AW) if the Department could give the group a clear steer on which items in the Good Governance recommendations would be of most priority to be looked at first by the group, considering the list is extensive. AW suggested that 2008 guidance on Governance Compliance Statement requires updating and this could cover a couple of recommendations with the Good Governance report. Nemashe Sivayogan (LB Merton) would join the group, however considering the progression of the workstream, additional members would still be required.

## 9. Next steps:

AW to share the 2008 governance guidance as a word document for the group to comment. A new member to be found for the group with the specification for volunteers to ideally be an officer within a Governance role from a fund outside of London and Wales.

# Compliance and Reporting Committee

## Knowledge and Skills Framework

Lead Officer                      John Jones (Local Pension Board Chair)

Supported by                      Karen Gibson (Dorset CC); Nick Harvey (CIPFA);  
Heidi Catherall (Cheshire PF); Justin Bridges  
(Shropshire Council); Alison Grange (Shropshire  
Council)

Start Date                        December 2022

Target Completion Date      To be confirmed

Meetings since April CRC meeting: 15<sup>th</sup> May 2023

### 10. Current position:

At the last meeting Gareth Brown (LGA) went through the survey results with the group. The document summarising the results was also shared on the day with the group. The survey results are extensive and provided detailed information and views of the respondents which needed to be analysed and relevant themes picked out for the group to consider. The group agreed to individually review the document shared by Gareth outside of the meeting for more detailed discussions to be had at the next meeting. Rachel Howe from West Midlands Pension Fund provided an update on the work WMPF undertakes to train and recruit new Pension Board and Committee members.

### 11. Next steps:

Group to meet late June to discuss the survey results in more detail and decide on next steps.

\*\*\*\*