

Scheme Advisory Board

MEETING – 13 DECEMBER 2021

ITEM 6 PAPER B

COMPLIANCE AND REPORTING COMMITTEE UPDATE

Background

1. When it met on the 27th September 2021 the Board agreed to establish a new Compliance and Reporting Committee (CRC) to continue the work formerly undertaken by the now defunct CIPFA Pensions Panel.
2. To assist in this process the Board also agreed that members of both the cost management and investment committees should be given the opportunity to comment on any potential overlap between the remit and work of the existing committees and the new CRC. These meetings were held on the 28th and 29th October 2021.

Consideration

3. At both meetings, as recorded in the relevant committee reports for this meeting, there was a clear consensus that there was no obvious overlap between the work of the existing committees and the proposed new CRC; but that there were concerns around the capacity of, communication about and membership of the new CRC.
4. A meeting with the members of the former CIPFA pensions panel is to be held on December 9th, this will seek their views on the proposed Terms of Reference, scope and structure of the new CRC. A verbal update from that meeting will be provided to the Board during this agenda item.
5. At Annex A below the Board will find the proposed draft Terms of Reference for the new CRC, as shared with CIPFA and former Pension Panel members for comment. These seek to cover as many aspects of the new CRC's operation, establishment, membership and policies as possible at the present time.
6. The new CRC Chair is to be nominated by CIPFA. The Board will be asked to consider during a later agenda item necessary changes to the Board's Terms of Reference that are needed to accommodate the additional non-voting seat on the Board that is needed for the new CRC Chair.

Recommendation – that the Board approves the Terms of Reference and tasks the secretariat with continuing progress towards establishing the committee

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Annex A

Local Government Pension Scheme Advisory Board (The Board)

Terms of Reference for the Compliance and Reporting Committee

Constitution

1. The Board is constituted under Section 7 of the Public Service Pensions Act 2013 and regulations 110 to 113 of the Local Government Pension Scheme Regulations 2013.
2. Regulation 110 (4) provides that the Board may establish sub-committees and working groups as and when required, whether short-term or otherwise.

Remit and Scope

3. The remit of the committee is to:
 - Provide support and guidance to administering authorities in delivering compliance and reporting
 - Engage with regulators to clarify compliance requirements and encourage the integration and appropriate simplification of those requirements
 - Seek to promote the development of clear, appropriate, meaningful and transparent reporting to stakeholders
4. In delivering its remit the Committee shall consider items passed to it by the Board within the scope of compliance and reporting related to the Local Government Pension Scheme. Such items may include a request for options to be brought back to the Board for further consideration and possible recommendation to the Secretary of State.
5. Items under 2 above may include requests made to the Board by CIPFA or the Secretary of State to undertake the drafting of guidance.
6. The Committee may request that the Board approve its consideration of other items, within the remit, as the Committee judge to be significant to the effective running of the Scheme from time to time.
7. The Committee should limit their considerations to the remit and provide, as requested, information and options to the Board which shall reserve to itself the ability to make recommendations and/or release such information or options to any third party.
8. The Committee Chair shall liaise with and report to CIPFA as agreed by the Chair of the Board on matters relevant to the scope of the Committee. It is

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expected that the Committee Chair will report to CIPFA's Public Finance Management Board (PFMB) which is CIPFA's foremost governance link between CIPFA's policy and technical work and thereby provides a direct link to the CIPFA Board and CIPFA Council.

Membership

9. The Chair of the Committee shall be nominated by CIPFA and agreed by the members of the Board. The Chair of the Committee shall attend Board meetings on a non-voting basis.
10. The following membership and nominating organisations are proposed for the Committee:

Member type	Seat/s	Nominating organisation/process
Chair	1	CIPFA
Treasurers	5	One from each Treasurer Society^
Practitioners (E&W)	5*	Open advertisement with LGPS administering authorities
Practitioners (Sc & NI)	2	One representative from each of NILGOSC and Scottish SAB
Scheme members	3	One from each Trade Union represented on the Board (GMB, Unison, Unite)
Audit	2	One representative from each of NAO and Audit Scotland
Local Pension Boards	1	Open advertisement with LGPS administering authorities
Asset Pools	1	Cross Pool Group

^in existence at the time these Terms of Reference were agreed

*E&W practitioners should, so far as possible, reflect the differing types of administering authorities

11. When first constituted the membership of the Committee shall include existing members of the CIPFA pensions panel. On the retirement of those members from the Committee any replacement should be in accordance with the membership table above.
12. Nominations for membership of the Committee should come in the first instance via the nomination organisation/process listed in the membership

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table above but may also come from the Chair of the Board, the Chair of the Committee, members of the Board or the Secretariat. In accordance with Regulation 111 (6) appointments to committees shall be made by the Chair of the Board with the agreement of the Board members.

13. The Chair of the Board together with the Chair of the Committee shall seek, so far as possible, to achieve a balance in the membership of the Committee between the various scheme stakeholders.
14. Subject to the needs of the Committee, membership shall be limited to 20 members in total.
15. Appointed substitutes may attend if a Committee member is unable to attend. Substitutes shall be determined by the same method of appointment as members of the sub-committee. Substitutes to be kept informed with agendas, papers and minutes to be circulated to them.
16. Members of the Committee should make arrangements to ensure substitute members (and vice-versa where the substitute attends) are briefed on discussions taking place at each Committee meeting.
17. Substitute members are not permitted to attend meetings in addition to the member of the Committee.
18. The Chair and members shall serve for no longer than five years and may be reappointed on no more than one occasion.
19. A standing invitation to the Committee should be made to officials representing the Secretary of State responsible for the LGPS.
20. With the permission of the Chair invitations shall be made to appropriate individuals to assist with the consideration of particular items in the workplan. Such individuals shall attend for the whole or part of a meeting as agreed by the Chair but shall have no voting rights on the Committee.

Work plan

21. The Committee is required to develop and submit a work plan for approval by the Board on an annual basis within the timescales advised by the Board.
22. The Committee shall strive to carry out the key areas of work in line with the agreed work plan but the work plan will be subject to flexibility to respond to other matters as they arise. The Chair of the Committee must update the Board on a regular basis on progress against that Committee's work plan including any additional areas of work.

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23. The Committee may establish working groups as appropriate in order to deliver the plan. Membership of such groups shall be nominated by the Committee and/or Secretariat and agreed by the Committee Chair.

Transparency and Communication

24. The membership, appointment processes, meeting dates, agendas, and minutes of the Committee shall be published regularly by the Secretariat on an appropriate website. The Board may however choose to redact commercially sensitive or confidential information where Freedom of Information legislation so allows.
25. Members of the Committee may comment in public and/or attend conferences in their capacity as a Committee member only with the prior agreement of the Chair.

Agreement of reports to the Board

26. Where the Board have asked for a report on the item or items under consideration the report shall be subject to receiving the approval of the Committee by consensus.
27. Consensus of the Committee shall be determined by the Chair. However, where consensus cannot be reached or where the view of the Chair is challenged, it shall not be put to a vote rather the Chair will notify the Board that a report cannot be produced by the Committee.

Attendance

28. All Committee members are expected to regularly attend meetings. Where a member of the Committee fails to attend regularly, the Chair may seek for that person to be replaced.

Quorum

29. The Committee will have a formal quorum of 50% of the total membership, rounded up where the membership is an odd number. Where the Committee has failed to meet its quorum over two consecutive meetings, an agenda item will be placed on the following Board agenda to allow it to reconsider the terms of reference and/or membership of the Committee if it is considered appropriate.

Frequency of Meetings

30. The Committee will meet a minimum of four times a year. The Chair may, on the provision of reasonable notice, call meetings more frequently if deemed necessary or on the joint request of two or more Committee members.

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Declaration of interests

31. Each member of the Committee will be expected to declare, on appointment and at each meeting any interests which may lead to conflicts in the subject area or specific agenda of that Committee meeting.
32. It shall be the responsibility of the Chair for ensuring that the Board is made aware of and provided with the necessary information in relation to any conflict of interest which the Chair deems to be material to the work of the Committee.

Administration

33. The Board Secretariat will agree an agenda with the Chair prior to each Committee meeting. The agenda and any papers for the committee will be issued at least 5 working days (where practicable) in advance of the meeting except in the case of matters of urgency.
34. The Board Secretariat will record high level minutes of each meeting including all actions and agreements which will be circulated to all Committee members within 10 working days after the meeting. These minutes will be subject to formal agreement at the following Committee meeting.

Remuneration of Committee members

35. Members of the Committee or other attendees of Committee meetings shall not be paid remuneration or expenses for attending meetings.

Personal Liability of Committee members

36. Members of the Committee shall carry no personal liability in respect of recommendations made to the Board in respect of any of the areas of work within the scope or workplan of the Committee.

Term of Committee

37. The Committee will remain in place while the Board so chooses.

13th December 2021