

## **Paper C: Annual report guidance**

### **Key points to note**

This report covers the high-level changes to the [‘Preparing the Fund Annual Report’](#) Board guidance for the committee to discuss and recommend taking to the July 2026 Board meeting for approval and then cleared through CIPFA’s and MHCLG’s processes.

### **Recommendation**

To discuss the suggested amendments to the guidance outlined in this report and recommend the changes needed to Board and whether given the scope of the proposed changes and their alignment with Fit for the Future requirements, a ‘best endeavours’ approach is required on this occasion.

### **Background**

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.

The Board issued updated annual report guidance in March 2024 for English and Welsh funds which was jointly approved by the CIPFA and MHCLG. The guidance applied from the 2023/2024 reporting year and was intended to be kept under review, with further revisions anticipated once MHCLG confirmed the additional reporting requirements arising from the Fit for the Future proposals.

In October 2025, we brought to the committee that, subject to MHCLG’s timelines for finalising regulations and guidance, an updated draft of the annual report guidance was expected to be brought to the committee in early 2026.

### **Current position**

At the time of drafting this report, the final statutory guidance is not yet available, limiting the ability to fully assess the changes required to the current guidance.

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However, the secretariat, working with MHCLG officials on the draft statutory guidance (prior to Ministerial approval) have identified specific areas of the 2024 guidance that are likely to require revision to reflect the regulations coming into force on 30 June 2026, and as the anticipated final statutory guidance The revisions are as follows:

- Introduction (paragraph 6): updates to the notes for new wording of regulation 57 (inclusion of policies in the annual report)
- Section 6: Investments and funding: changes to align with new asset pooling requirements including Investment Strategy Statement asset allocation table in the new statutory guidance and removal of references to 'levelling up'
- Section 2: Overall fund management: add new roles of Independent Person and LGPS Senior Officer and remove requirement for list of 'investment managers'
- Section 2: Add requirement to report the results of an Independent Governance Review in the reporting period
- Section 3: Amend reference to the following policies: Governance Strategy from Governance Compliance Statement, Conflicts of Interest and delivery of Training Strategy in reporting year.

It is expected that the updated guidance is intended to apply to 2026/2027 Fund Annual Reports (so for those reports due to be published by 1 December 2027) and later years. When the guidance was last updated in March 2024, the revisions constituted substantial, wholesale changes. It was therefore recognised that funds would face challenges in reporting against all new requirements, and that implementing changes to data recording and reporting processes would take time. Accordingly, the 2024 guidance advised that funds should use their 'best endeavours' to comply fully with the requirements for the first reporting year.

In relation to the current proposed updates, a view is sought from the committee as to whether the changes are sufficiently significant to warrant adopting a similar approach. The secretariat's view is that, as the proposed changes are less substantial in nature and largely implementing the Fit for the Future requirements, applying the same level of flexibility may not be necessary on this occasion.

For Scottish funds, there is separate statutory guidance however, the secretariat will share the updates with the Scottish Public Pensions Agency (SPPA) policy team and the Scottish Scheme Advisory Board (SAB) as it is understood they use parts of the current guidance.

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