

Paper I: Compliance and Reporting Committee (CRC) update

Key points to note

This paper summarises the work undertaken by the CRC, its working groups and the workplan following the Government's Fit for the Future regulations and guidance being introduced. It also includes an update on the Annual Report guidance.

Recommendation

That the Board notes this update and:

- Approves the updated Annual Report guidance at Annex A
- Notes the progress made with the peer support project and key milestones at Annex B
- Approves the CRC's workplan and secretariat's proposal for post Fit for the Future workplan at Annex C

Key developments

Separation of audit

The committee met on 29 June 2026 and a substantive update was provided from MHCLG on the decoupling of pension fund accounts, which is a key item on the audit working group's workplan. A more detailed policy paper was shared with the committee in confidence ahead of the meeting, setting out the Government's preferred approach to decoupling and its impact on issues such as annual governance statements, value for money assessments, approval of accounts, reporting deadlines and auditor requirements.

More formal consultation on these measures would begin shortly and the committee agreed that further discussion through the audit working group would be beneficial, particularly given the potential implications for future annual reporting guidance and the lessons that may be drawn from reporting arrangements already operating in Wales. The secretariat will organise a meeting of the audit working group, aiming for July 2026.

The Pensions Regulator update

Representatives from TPR outlined the regulator's ambition to increase engagement and visibility across the public service pensions sector. TPR would be paying particularly close interest to the implementation of Independent Governance Reviews, the development of skills and capabilities among those responsible for LGPS governance and the apparent inconsistencies of approach between LGPS funds in reporting breaches. It was agreed that the secretariat would look into drawing up some guidance on the recording, materiality assessment and reporting of breaches to provide some greater consistency. It was recognised that TPR might not be able to endorse such guidance but it could be shared with them to ensure they did not object to it.

Members discussed the challenges associated with defining TPR's role in relation to pooling and wider governance reforms, recognising that funding and investment issues currently sit outside the regulator's remit. TPR noted that it would seek greater clarity regarding the governance of the investment function and risk thresholds within the LGPS governance framework.

The committee also considered third-party administration risks. TPR encouraged early engagement where concerns arise and highlighted increasing interest in the performance and resilience of not just service providers but also software suppliers. TPR recognised that while McCloud implementation appears to be moving into business-as-usual activity across most funds, the cumulative volume of change within the LGPS remains a significant challenge for administering authorities.

Annual report guidance

The secretariat provided an update on possible changes to the Annual Report guidance for scheme year 2026/27. Revisions are largely intended to reflect the governance reforms arising from Fit for the Future.

A list of anticipated amendments was agreed by the Committee and are now proposed to the Board:

- **Introduction:** updates to the notes for new wording of regulation 57 (inclusion of policies in the annual report) and insertion of new statutory roles.
- **Section 2: Overall fund management:** added new roles of Independent Person and LGPS Senior Officer
- **Section 3: Governance and Training:** Amend reference to the following policies: Governance Strategy from Governance Compliance Statement,

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added Conflicts of Interest policy and delivery of Training Strategy in reporting year. Added requirement to report the recommendations and action plan of an Independent Governance Review in the reporting period.

- **Section 6: Investments and funding:** changes to align with new asset pooling requirements including Investment Strategy Statement in the statutory guidance and removal of references to 'levelling up'. Added reporting of the exercise of voting rights and any climate risk or other relevant reports. Also added how the responsible investment and environmental, social and corporate governance policy has been implemented. Added clarification on reporting on local investments.

The new guidance for approval is at Annex A.

Supplementary guidance development

The CRC agreed the following key areas where funds may require supplementary guidance from the Board to fully implement the Fit for the Future reforms:

- Conflicts of interest policy
- Knowledge and understanding

The secretariat would seek to produce draft versions of these guidance documents over summer 2026 and take to the November 2026 CRC for consideration and ideally subsequent adoption by the Board at its November meeting. It was agreed that existing working groups (Good Governance and Knowledge and Understanding) will be utilised to test and inform the development of these supplementary guidance products.

Some additional guidance products, covering the Governance Strategy and Training Strategy, will be undertaken over a longer timeframe, as most funds are expected to already have established approaches in these areas.

It is expected that some guidance products will also be of interest across other committees and working groups. The secretariat will continue to support appropriate information sharing and coordination between bodies to ensure that related workstreams remain aligned and that developments are considered from all relevant perspectives. To note that subsequently, CMBDA agreed to form a working group to work with MHCLG and SAB on statutory guidance for a pension administration strategy, which is expected to be of interest to CRC.

Other non-guidance activity

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In addition to the development of supplementary guidance, the CRC agreed to:

- Facilitate discussions with relevant stakeholders on the Independent Governance Review criteria and process
- Establish and support an Independent Person network
- Establish and support a LGPS Senior Officer network
- Continue developing opportunities for ongoing engagement with Local Pension Board chairs and Pension Committee chairs

Working groups summary

None of the Committee's working groups had met before the CRC due to the final statutory guidance not yet being released. The next round of working group meetings has now been scheduled for July 2026 and where possible a verbal update will be provided at the Board meeting.

Peer support project

Peer support project training

The secretariat successfully delivered the first LGPS Peer Support Training in May 2026. The session was facilitated by Gary Hughes who leads the Local Government Association (LGA)'s improvement programme. A total of 24 attendees comprising Senior LGPS officers, Pension Committee representatives and Local Pension Board representatives, with both in-person and online attendance.

The training included details of the LGA improvement programme for councils, how this could apply to the LGPS, the draft LGPS peer support framework and a role-playing session of what might happen during a peer support event. The training aimed to help attendees to understand the peer role, expected behaviours and the balance between support and constructive challenge.

Feedback for the training was positive, with some suggestions to extend the case study section, although there was a recognition that a one-day programme cannot cover every possible scenario. There are currently 22 people on the waiting list for the next training event, demonstrating continued interest.

The secretariat is looking to recruit more peers, especially from elected members. Discussions are continuing with the LGA Political Group Officers, who would like to

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assist in identifying suitable members through their political groups and the secretariat is working with them on the practical arrangements for this.

Peer support project pilot

Camden remains committed to being our pilot fund. We had hoped to undertake this in July, but the local elections in May 2026 resulted in a new committee chair and some other changes to membership. To allow new members time to settle, the pilot has been moved to September.

The secretariat is starting to plan for a second pilot to build on learning from the initial pilot and currently identifying a fund willing to participate in a second pilot.

Peer support documentation

The secretariat has drafted a peer induction document which provides a general introduction to the role of a peer and a fund guidance document which covers the process, focus and arrangements of a peer support event. A peer data form has also been drafted to capture personal data, professional qualifications, skills and equality, diversity and inclusion information. These documents were shared with the CRC and working group for feedback, a verbal update will be provided to the Board.

The secretariat now joins the cross-LGA meetings with other teams delivering service specific versions of the Corporate Peer Challenge. This provides a useful opportunity to learn from their approaches and experiences, helping to strengthen and enhance our own peer support offer and create these documents.

As the LGPS Peer Support programme continues to develop, the Secretariat is exploring the use of a Customer Relationship Management (CRM) system, similar to that used by the LGA to support its peer programmes. The system would enable the secretariat to maintain peer information, including skills, experience and recent peer activity, making it easier to identify suitable peers for future reviews and manage the growing peer network effectively.

Peer support project plan

Updated key milestones is annex A and these are based on our understanding of the project to date and learning from LGA colleagues on similar projects.

Corporately, the LGA still has not published the conclusion to its internal consultation undertaken earlier in the year concerning its future operating and funding model. We expect greater clarity to emerge over the summer but there remains some uncertainty regarding longer-term LGA support for this project (and the Board more

generally). However, the Secretariat continues to explore options for how the LGPS Peer Support programme could scale up as it develops. This includes engaging with other service-specific peer support teams to learn from their approaches and considering the resources and funding that may be required to support future delivery.

Local pension board support and guidance

Following the Board's agreement to a programme of work to strengthen support, networking and learning opportunities for local pension board (LPB) members and chairs, the CRC received an update on recent and planned activity relating to LPBs.

The committee noted the success of the Board's first dedicated event for LPB Chairs and Deputy Chairs, held on 12 May 2026 and attended by representatives from 58 funds. The event focused on understanding LPB priorities and how LPB members wish to engage with the Board, alongside updates on Fit for the Future reforms, the changing role of LPBs and the emerging peer support programme.

Feedback from attendees was overwhelmingly positive, with all respondents indicating that they would attend a future event and recommend it to others. Members particularly valued the focus on LGPS reform, the opportunity to hear from a range of stakeholders and the ability to share experiences with peers. Feedback also highlighted a desire for greater opportunities for networking and discussion, further support on implementation of Fit for the Future, and consideration of issues such as LPB recruitment and training.

In light of this positive response, the committee agreed the proposal to establish a LPB forum to provide a more informal environment for LPB Chairs to discuss common issues, share experiences and strengthen engagement across the LGPS. The first forum is scheduled for September 2026.

The committee also considered proposals to review and update the Board's LPB guidance. Members noted that the current guidance was published in 2015 to support the establishment of LPBs and, while still providing a useful foundation, no longer reflects the significant legislative, regulatory and governance developments that have taken place over the last decade. The committee agreed that the guidance should be refreshed to reflect current practice, the impact of Fit for the Future reforms, developments in governance and administration, and the evolving role of LPBs within the wider LGPS assurance framework.

The committee supported a collaborative approach to revising the guidance through a dedicated working group involving key stakeholders, practitioners and LPB representatives. The revised guidance should place greater emphasis on practical application, examples of good practice, training and reporting expectations, and the relationship between LPBs and other governance bodies. The Committee agreed that updating the guidance would provide a valuable opportunity to reinforce the role of LPBs as a key component of effective LGPS governance.

Annex A – Annual report guidance

Guidance circulated via email.

Annex B – Compliance and reporting committee workplan 2026

Workstream	Details	Timescale
Audit issues	To share views and expertise of administering authorities and scheme employers with government to assist in shaping the proposal and implementation for decoupling the pension fund accounts from the main administering authority accounts To recommend agenda items for the Audit Roundtable meetings.	Target completion date is to be confirmed once timetable confirmed with MHCLG Audit roundtable to be scheduled in Autumn 2026.
Knowledge and understanding	To feed views and expertise into updated knowledge and understanding supplementary guidance	To be approved by the CRC in November 2026
Good Governance	To feed views and expertise into conflicts of interest policy supplementary guidance	To be approved by the CRC in November 2026
Peer Support	To scope out the feasibility of creating a LGPS peer support offer and delivery peer support pilot events (see more detailed paper and timetable at agenda item 6).	Ongoing.
Annual Report guidance	To consider any changes needed to the guidance, considering the outcome of the Fit for the Future consultation and feedback from funds	For the Board to approve during the July 2026 meeting.
Local pension board support and guidance	To strength the support, networking and learning opportunities for local pension board (LPB) members	Aiming for November 2026 for first draft.

Annex C - Key milestones of the delivery of pilot 1

This milestone plan provides a high-level overview of the key stages involved in delivering the peer support pilot, including planning and coordination as the project moves from development into implementation.

Stage 1: Initiation and Scoping Discovery: (November 2024 – March 2025)

Stage 2: Design and development: (April 2025 – September 2025)

Stage 3: Approval and mobilisation: (July 2025 – November 2025)

Stage 4: Pilot preparation: (December 2025 – August 2026)

Stage 5: Pilot progress: (May 2026 – August 2026)

Stage 6: Delivery and testing: (September 2026 – November 2026)

Stage 7: Evaluation and learning: (December 2026 – January 2027)

Project stage		Focus	Tasks	Milestone/Approval
1	Initiation and Scoping Discovery November 2024 – March 2025	Meet and set up project plan Meet with LGA peer review team for advice/support Prep for CRC Meeting Meet with MHCLG to discuss proposal	Pensions Policy and Support Officer and Board Support and Policy Officer to meet and set up project plan for the peer support officer. Secretariat to meet with LGA to discuss LGA peer review process. Pensions Policy Support Officer to make any amendments to project proposal following meet. Draft the working group Terms of Reference (ToR) Draft CRC report, draft project ToR and high-level project plan for CRC meeting.	Approval: Working group ToR, peer support ToR, high level project plan completed and approved by CRC. Milestone: LGA peer support process outlined by LGA. Peer support process defined from IGR. Volunteers for working group recruited.

			Secretariat to send comms in January bulletin inviting funds interested to register interest in joining a working group Secretariat to meet with MHCLG to discuss the project proposal.	
2	Design and development April 2025 – September 2025	Decision at Board meeting with SAB managers Organise working group meetings dates LGA peer challenge shadowing	Papers taken to the Board similar to CRC, Secretariat to shadow LGA peer challenge for better understanding of the process Discussion with managers around costs Pensions Policy and Support officer to arrange meetings with volunteered funds and other stakeholders Pensions policy and support officer to schedule regular meetings with all and separate meetings with stakeholders for updates Secretariat to meet regularly for updates on project.	Milestone: Peer support project update provided. Working group met 3x over 5 months. Board Policy Officer and Pension Policy and Support shadowed two different LGA peer challenges.
3	Drafting of pilot proposal and approval (July 2025 –	Draft LGPS peer support framework and available in time for CRC and Board	Draft framework and project proposal presented to working group, CRC and Board	Approval: Framework models approved at CRC.

	November 2025)	Project proposal which includes consideration of budget and other constraints to be delivered to the Board for decision	for approval.	Pilot proposal and budget approved by the Board.
4	Pilot preparation (December 2025 – March 2026)	Commence pilot scoping	Initial meeting with pilot fund Draft framework shared with working group, LGA colleagues and host fund Drafting and developing key project documents, such as peer and fund guidance note, peer induction pack, timetable, peer charter, peer database, email templates of information Identifying and considering additional pensions specific documentation that may be required pilot such as Insurance policy, whistle blowing policy, expenses policy, expression of Interest, form for peers, terms and conditions for peers and funds, Draft project governance structures and updated key milestones Identify LGA support Scoping meeting with	Milestone: Meeting with pilot fund completed Framework draft completed and feedback received from LGA colleagues, working group and pilot fund Training secured Pilot dates finalised Project update to Board and CRC

			fund Secure training with LGA CPC team Meeting with LGA facilitator Create budget and expenses tracker Identify secretariat support Project update to CRC & Board	
5	Pilot progress (May 2026 – August 2026)	Pilot preparations	Training for peers, Finalising final steps with pilot fund Finalising peer support framework. Finalising Fund Guidance, Peer Team Guidance Confirm pilot peer team Finalise pilot dates with fund	Milestone: Training for peers completed Next steps with pilot completed
6	Delivery and testing: (September 2026 – November 2026)	Pilot delivery, evaluation and next steps	Pilot exercise Feedback to Board Reflecting on pilot findings	To be confirmed
7	Evaluation and learning: (December 2026 – January 2027)		Update to working group Project update to CRC Project update to Board	To be confirmed