Compliance and Reporting Committee (CRC) Meeting
2 November 2026 11.00am
Room 6.5, 18 Smith Square, London and Microsoft Teams

Paper B: Fit for the Future update

Key points to note

The committee is invited to note progress on the conflicts of interest and knowledge and understanding guidance. Both were originally expected to be brought to this meeting, but the delivery timetable has been revised. The current intention is to publish the knowledge and understanding guidance in December 2026 and the conflicts of interest guidance in January 2027. Drafts will be shared with committee members for comment by correspondence ahead of publication

The committee is also invited to consider the proposed next steps for a developing support programme, particularly Independent Governance Review support.

The committee's overall workplan, including how the wider Fit for the Future support programme should be prioritised during 2027, will be considered at item 8.

Recommendation

For the committee to agree the suggested approach outlined in this paper and associated updates to the workplan at annex A.

Background

The statutory guidance on LGPS Fund Governance was published on the same date as the committee's last meeting in June. This paper provides an update on outstanding actions needed to support implementation of the Fit for the Future reforms.

Current position

In line with the committee's previous consideration of priorities in governance support activity, the secretariat has focused on the development of the two supplementary guidance products to support funds in implementing the requirements arising from the Fit for the Future reforms. These two guidance products are the

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conflicts of interest and knowledge and understanding.

The conflicts of interest guidance is intended to support funds in the preparation and maintenance of standalone conflicts of interest policies, while the knowledge and understanding guidance seeks to provide an updated, single framework to assess compliance with knowledge and understanding requirements, in light of the strengthened expectations under the Fit for the Future reforms.

At the last committee, it was anticipated that both guidance products would be developed through summer and autumn 2026 and brought forward for consideration at this meeting. While good progress has been made, delivery timescales have subsequently been affected by volume of other asks on the secretariat and the inability of the secretariat to grow the team given the ongoing restructuring at the Local Government Association (LGA).

Given the constraints on secretariat resources and the importance of progressing this work, additional consultancy support has been commissioned via an existing procurement framework set up by the LGA. The commissioned resource will assist with drafting and reviewing the guidance, providing additional capacity and independent challenge to support development. This support will be used alongside the input of the working group and is intended to supplement, rather than substitute for, the experience and practical insight provided by those on the working group.

The revised timetable is to is to publish the knowledge and understanding guidance in December 2026 and the conflicts of interest guidance in January 2027. This should still allow sufficient opportunity for engagement and detailed consideration of the draft documents by relevant stakeholders.

As the intention is to publish both guidance products before the next cycle of committee meetings, CRC members will be invited to provide comments on the draft guidance via correspondence.

Knowledge and understanding guidance update

The secretariat has reviewed the Pension Committee member section of the 2021

CIPFA Knowledge and Skills Framework to consider whether it remains fit for purpose following the introduction of statutory knowledge and understanding requirements through the Fit for the Future reforms. The review has been deliberately limited to the Pension Committee member section of the previous framework. This reflects the priority attached to supporting administering authorities in implementing the new statutory requirements for committee members and ensuring there is practical guidance available to help funds assess, evidence and develop knowledge and understanding for these roles.

Whilst the original CIPFA framework also covered Senior Officers, there is also a broader question as to whether Senior Officer competencies should continue to form part of the same framework, given the different treatment of this role within the new statutory guidance.

The review follows the nine-core knowledge and understanding areas identified within the June 2026 statutory guidance. These build on the earlier CIPFA framework but were updated to reflect broader changes in the LGPS governance landscape since they were published in 2021. This includes consideration of governance reforms, evolving administration and oversight arrangements, the increased focus on governance effectiveness and developments relating to pooling and investment governance.

The draft guidance also introduces a revised structure for assessing depth of knowledge, using three levels of attainment: awareness, general understanding and strong understanding. This approach is intended to provide a clearer articulation of the level of knowledge expected across different competency areas and to support funds in designing proportionate training and development frameworks.

Draft guidance has been shared with the working group for review. The secretariat considered it important that working group members were given sufficient time to provide detailed feedback on the draft before it is brought forward for committee consideration. Feedback from the working group has been requested by 30 October 2026 and a verbal summary of views received will be shared with the committee.

The secretariat would also welcome provide feedback from committee members on the following issues:

- Whether the draft guidance appropriately expands upon and supports the statutory knowledge and understanding requirements.
- Whether an appropriate distinction has been achieved between knowledge and understanding requirements and the wider responsibilities of committee members as decision-makers.
- Whether the proposed levels of awareness, general understanding and strong understanding provide a suitable framework for assessing competence.
- Whether any areas of knowledge have been omitted, duplicated or included in excessive detail.
- Whether emerging governance topics, including administration governance, cyber resilience and digital oversight, are sufficiently reflected within the framework.
- The future approach to Senior Officer competencies, including whether these should continue to be included within the same framework or be considered separately in light of the differing requirements set out within the statutory guidance.

Based on the feedback received, we will further refine the guidance, particularly in areas where governance reforms and other related workstreams continue to develop. Of particular relevance will be the outputs from the Pension Administration Strategy Working Group, which may influence how competencies relating to administration governance, cyber resilience and digital oversight are ultimately framed.

The committee is invited to note the progress made to date and agrees the approach to clearing a final draft for publication.

Conflicts of Interest policy guidance

Work on guidance for creating a LGPS-specific conflicts of interest policy is also continuing, however, as a brand-new guidance document, the scoping of this guidance has required more time.

The starting point has been to develop a structure similar to the Board's Funding Strategy Statement guidance and Preparing the Fund Annual Report guidance. The focus will be on what a good Conflicts of Interest Policy should cover, rather than prescribing how funds should identify, assess or manage conflicts in practice.

Our aim is that the final guidance will act as a practical reference point for funds and for anyone reviewing a fund's policy (including, potentially, an Independent Governance Review assessor), to help determine whether all of the expected elements have been considered and covered. It is not intended to provide detailed guidance on the management of conflicts themselves, as these arrangements will need to reflect local governance and circumstances.

An early draft has been shared with our consultant for review, and it is expected that a more advanced draft will be sent for feedback from the Good Governance working group in November 2026. Subject to the receipt and consideration of this feedback, the secretariat intends to share a revised draft with the committee via correspondence alongside an updated timetable for finalisation.

Independent Governance Review (IGR)

While the Board fully supported the implementation of its own Good Governance recommendations through Fit for the Future, it always had some reservations about the regulatory approach to Independent Governance Reviews and had identified that this would benefit from further development and engagement with the sector.

Since the June Committee meeting, a series of stakeholder discussions and a practitioner workshop have been undertaken to explore the purpose, scope and operation of the Independent Governance Review process set out in statutory guidance. This work has highlighted the importance of establishing a proportionate and effective framework that supports assurance, learning and continuous improvement across the Scheme, whilst avoiding unnecessary duplication with

existing governance and regulatory requirements.

The workshop held on 1 October 2026, brought together administering authorities, the secretariat, The Pensions Regulator (TPR) and representatives from the National LGPS Frameworks Team to explore the practical implementation of IGRs and provide an opportunity for participants to share emerging thinking and experiences.

Recognising that many funds are at an early stage of considering their approach to IGRs, discussions focused on developing a more consistent understanding of the purpose of reviews, the range of approaches available to funds, and the practical opportunities and challenges associated with commissioning and undertaking reviews. To encourage open and candid discussion, detailed comments were not recorded. Instead, a high-level briefing note was produced summarising the key themes raised by participants. The workshop demonstrated significant interest from funds in understanding how IGRs may be approached in practice and highlighted a strong appetite for collaboration and the sharing of emerging good practice. In particular, attendees identified value in greater consistency around the specification, scope and procurement of reviews, both to support funds undertaking reviews and to help develop market understanding of expectations.

The workshop also identified significant concerns around the deliverability, timing and ability to obtain value for money through this process. It was agreed that the secretariat would continue to keep under review funds' experiences in procuring effective reviews and to make representations to MHCLG if it appeared that this was not proving possible.

A post-workshop discussion with the National LGPS Frameworks Team regarding the potential development of supporting materials that could assist funds when specifying and commissioning reviews has been undertaken. This relates to the concerns raised during the workshop regarding implementation timescales and the desire to provide practical support to funds at an early stage of the implementation process.

The feedback received through the workshop has further reinforced the secretariat's

view that much further work and stakeholder engagement is needed to ensure IGRs deliver additional benefit to the scheme and are not just a compliance exercise. The secretariat undertook to help to co-ordinate with practitioners, in a quick timescale, a draft model specification for an IGR.

Recommendation: for the secretariat to lead work to develop a draft specification for an IGR, ideally by the end of the year.

Broader Fit for the Future support programme

Since publication of the final Fit for the Future statutory guidance the secretariat believe that it would be helpful to consider bringing together the various asks of it from MHCLG and funds into a broader Fit for the Future support programme. Ongoing engagement with administering authorities and other stakeholders has provided greater insight into implementation challenges and support requirements. The table below summarises the secretariat's updated proposed programme of guidance, engagement and support activities, recognising that priorities may continue to evolve as implementation progresses.

The Secretariat will continue to refine and prioritise its work programme based on stakeholder feedback, implementation challenges emerging from the sector, and greater understanding of how funds are approaching the new requirements in practice. Specifically, the committee will be asked to comment on the wider committee work programme in item 8 and how the support programme set out below should be prioritised in the 2027 timetable:

Annex A – Fit for the Future support work programme

Workstream	Output	Responsible Lead	Timescale
Knowledge and understanding	Supplementary guidance	SAB Secretariat	Publication December 2026
Conflicts of interest guidance	Supplementary guidance	SAB Secretariat	Publication January 2027
Independent Governance Review	Specification for procurement	Joint secretariat and LGPS frameworks team	Publication December 2026
Governance Strategy	Potential supplementary guidance	To be confirmed	To be confirmed
Training Strategy	Potential supplementary guidance	SAB Secretariat	To be confirmed
Independent Person network	Community of practice and peer support network	SAB Secretariat	To be confirmed
LGPS Senior Officer Network	Community of practice and peer support network	SAB Secretariat	To be confirmed
Breaches Framework Support	Supplementary guidance and support activity	SAB Secretariat / The Pensions Regulator	To be confirmed