Scheme Advisory Board (SAB) meeting
23 November 2026, 1.30pm to 3.30pm
Beecham Room, 18 Smith Square, London
and Microsoft Teams

Paper I: Compliance and Reporting Committee (CRC) update

Key points to note

The CRC's work is helping translate the Fit for the Future reforms into practical guidance and support for administering authorities, while continuing to inform emerging policy on pension fund reporting and audit. This paper sets out progress following the committee's meeting on 2 November 2026 and the proposed next steps across its workplan.

The immediate priorities are knowledge and understanding guidance, conflicts of interest policy guidance and a draft specification for Independent Governance Reviews. Alongside these products, the secretariat proposes bringing together the wider guidance, engagement and support activities into a coordinated Fit for the Future support programme. The updated workplan at Annex C brings these activities together and provides the Board with an opportunity to confirm the priorities and direction of the programme.

The paper also explains how the peer support offer is being developed and tested before wider roll-out. The extended, levy-funded pilot stage will provide practical evidence to inform future recommendations on sustainable funding arrangements. No decision on the longer-term funding model is sought at this meeting.

Recommendation

That the Board:

- Notes progress across the CRC's workstreams, including pension fund accounts separation and the development of peer support.
- Comments on the proposed approach in the draft Knowledge and Understanding guidance at Annex B (confidential).
- Agrees that approval of the final Knowledge and Understanding guidance be delegated to the Chair, following consideration of feedback.

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- Endorses the CRC's recommendation that the secretariat develop a draft IGR specification, with a target of completion by the end of 2026.
- Approves the updated CRC workplan at Annex C.

Key developments

Pension fund accounts separation

The committee received a substantive update from MHCLG on the decoupling of pension fund accounts from the administering authority accounts. Detailed work from the CRC's working group has contributed to MHCLG's policy proposals on this.

The working group's discussions have centred on a number of key policy areas where the proposals have continued to develop, including; the publication timetable, governance and approval processes, the need for a value for money assessment and public inspection rights.

In terms of the future publication timetable for pension fund accounts and annual reports, MHCLG has indicated support for pension fund accounts being audited and published earlier in the year than administering authority accounts. It has mooted a deadline for publication of pension fund accounts by 31 October and over time bringing forward the deadline for the publication of the annual report to coincide with that. The practical difficulties of accelerating publication timetables, including auditor capacity and reporting processes, have formed an important part of stakeholder feedback.

MHCLG have proposed the introduction of a pension fund-specific Annual Governance Statement (AGS) and a separate Statement of Responsibilities for pension fund accounts, signed by the administering authority's Chief Financial Officer. The intention is to strengthen the visibility of pension fund governance and accountability arrangements whilst avoiding unnecessary duplication with wider administering authority governance reporting. This function could be delegated to the LGPS Senior Officer if they met the regulatory requirements to sign off accounts.

Many elements of current audit arrangements would remain unchanged. MHCLG's emerging policy position is that auditor powers, including public interest reports, statutory recommendations and advisory notices, should continue to apply through the administering authority as the relevant legal entity. Similarly, existing Value for Money assessment arrangements would remain in place in the short term, although views have been sought on whether pension fund-specific approaches may be

appropriate as part of wider local audit reform programmes.

The proposals continue to evolve through engagement with stakeholders, but the overall direction of travel has remained consistent. MHCLG is pursuing a pragmatic decoupling model which would increase the visibility and transparency of pension fund reporting through separate accounts and governance reporting, whilst retaining existing governance structures, accountability arrangements and audit responsibilities.

Audit roundtable

The annual audit roundtable (which comprises representatives of fund practitioners, local government sector audit firms, actuaries, regulators and standard setting bodies) is scheduled for 19 November 2026 from 11.00am to 1.00pm, ahead of the Board meeting. Any significant matters arising will be reported verbally at the Board meeting.

CIPFA consultation on the 2027/28 Code of Practice on Local Authority Accounting in the UK

The committee noted the Board's response to this consultation, which focussed on addressing some of the practical challenges associated with the current IAS 19 accounting framework. In compiling its response, the working group and other stakeholders were consulted.

MHCLG update – member benefits and investments/governance

MHCLG officials updated the committee on plans from recent member benefit consultations covering opt-out reporting, forfeiture provisions, New Fair Deal, normal minimum pension age and academy consolidation. MHCLG was beginning to consider a phase three package for April 2028 and would work with SAB and LGA colleagues to identify and develop possible in scope measures.

MHCLG remains committed to producing Pension Administration Strategy guidance by the end of the scheme year. They were also monitoring implementation of the reforms and recognised concerns about capacity and the operation of Independent Governance Reviews, while early feedback on recruitment of independent persons had been positive.

Fit for the Future supplementary guidance update

The committee received an update on the secretariat's view on the actions needed

to support implementation of the Fit for the Future reforms.

In line with the committee's previous consideration of priorities, the secretariat has focused on the development of the two supplementary guidance documents covering conflicts of interest and knowledge and understanding.

At the last committee, it had been anticipated that both guidance products would be developed through summer and autumn 2026 and brought forward for consideration to the November 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).

The committee agreed a revised timetable to publish the knowledge and understanding guidance in December 2026 and the conflicts of interest guidance in early 2027.

Knowledge and understanding guidance

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 a broader question as to whether and how 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 draft guidance also introduces a revised structure for assessing depth of knowledge. 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.

The guidance is intended to provide a principles-based framework for developing knowledge and understanding across the nine key areas, with the levels indicating

the appropriate depth of understanding rather than prescribing an exhaustive syllabus or how training should be delivered. It forms one part of a wider package of governance guidance and support, to be developed incrementally, including guidance on Training Strategies and Governance Strategies to support funds in applying, evidencing and monitoring knowledge and understanding in practice.

Draft guidance has been shared with the working group for review and is also being provided to the Board at Annex B (confidential) in draft form to illustrate the proposed direction of travel. Subject to any further feedback, it is anticipated that approval of the final version of the guidance will be delegated to the Chair and provided via correspondence.

The Board is invited to comment on the draft guidance and agree the proposed arrangements for final approval and publication.

Conflicts of Interest policy guidance

Work on guidance for creating an LGPS-specific conflicts of interest policy is also progressing. The initial work has focused on establishing scope and structure, drawing on the approach used in the Board's Funding Strategy Statement guidance and Preparing the Fund Annual Report guidance.

The guidance will focus on what a good Conflicts of Interest Policy should cover, rather than prescribing how funds should identify, assess or manage conflicts in practice. It is expected to be available this guidance will be available in early 2027.

It is anticipated that approval of the final version of the guidance will be delegated to the Chair and provided via correspondence

Independent Governance Review (IGR)

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 IGR process set out in statutory guidance.

The workshop held on 1 October 2026, brought together administering authorities, the Pensions Regulator (TPR) and representatives from the National LGPS Frameworks Team to explore the practical implementation of IGRs. 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 committee agreed to recommend that the secretariat lead the development of a draft specification for an IGR, ideally by the end of the calendar year.

Broader Fit for the Future support programme

Following publication of the final Fit for the Future statutory guidance, the secretariat proposes bringing together the guidance and support requested by MHCLG and funds into a coordinated Fit for the Future support programme. Ongoing engagement with administering authorities and other stakeholders has helped clarify the implementation challenges and the support needed.

The table at Annex C summarises the secretariat's updated proposed programme of guidance, engagement and support activities, recognising that priorities may continue to evolve as implementation progresses.

Local pension board support and guidance

The CRC welcomed the establishment of a regular forum for local pension board chairs, intended both to support peer discussion and to provide feedback to SAB. A further forum will be held in early 2027.

The secretariat is also refreshing the 2016 local pension board guidance to reflect ten years of experience and emerging governance arrangements, including the relationship with independent persons, meeting arrangements and different committee and board models. The secretariat is establishing the scope and membership of the local pension board guidance work and will bring a further update to the committee.

Workplan and Terms of Reference

The CRC agreed the workplan at Annex C, reflecting the committee's current priorities and the developing Fit for the Future support programme.

The committee also noted that its Terms of Reference will need to be reviewed ahead of the concentration of membership terms ending in 2027. The review will consider the potential staggering of future appointments and whether the committee's membership appropriately reflects the developing governance landscape, including representation from LGPS senior officers, independent

persons, local pension boards and pools.

As part of that review, the secretariat will also consider whether the committee's existing working groups remain appropriate or whether some would be better established as task and finish groups aligned to specific workplan priorities. Proposals will be brought back to the committee for consideration.

Peer support project

The date set for our first pilot with Camden was September 2026 and the secretariat had recruited a peer team and a LGA peer manager to facilitate the pensions-specific programme.

Due to the Camden October 2026 by-elections, the pilot was postponed and we expect it now to go ahead in the new year. However, the preparatory work undertaken to assemble the peer team has proved invaluable in testing and refining the proposed peer selection process. This provided the secretariat with an early opportunity to apply the recruitment and matching approach in practice, helping to identify the key factors involved in building an effective peer team.

The experience has strengthened our understanding of the importance of maintaining accurate peer data, developing a diverse and well-connected peer network, and ensuring that peer skills and experience can be effectively matched to the needs of individual funds. These lessons will help inform future pilots and the wider rollout of the peer support programme.

The proposed peer selection framework is now taking shape, with draft eligibility criteria and matching arrangements developed for each peer role. However, successful implementation will depend on further development of the supporting peer infrastructure. This includes establishing and maintaining an up-to-date peer database, expanding the pool of trained peers through targeted recruitment and engagement activity, and working closely with administering authorities to identify individuals with the appropriate skills and experience.

The peer support working group has contributed to the drafting of numerous documents that will support both LGPS peers participating in the programme and administering authorities receiving peer support. An overview of each document and its intended purpose is set out below.

- **Draft LGPS Peer Support Induction Pack (pre-training)**
  This induction pack will be provided to individuals who volunteer to become

peers and will be issued prior to training. Its purpose is to provide an overview of the peer role and the peer support programme

- **Draft LGPS Fund Guidance**
  This guidance is intended for pilot funds participating in a peer support event

- **Draft Peer Team Guidance Note (post-training)**
  This guidance is designed to support peers before and during a peer support event. It will be tailored and issued to the peer team once an event has been confirmed

- **Peer Support Framework**
  This framework outlines the broad themes of a peer support event and is intended to provide a consistent structure on which each review can be based

We have also published Frequently Asked Questions to help with both communications around the project and to address the feedback we have received.

Longer-term funding model for peer support

At its July 2026 meeting, the Board requested further consideration of the longer-term funding model for LGPS peer support, specifically the relative merits of funding the programme through the levy or recovering costs from participating funds. Following the postponement of the initial pilot, the secretariat is now planning for an extended pilot stage, funded through the levy as previously agreed. This allows more time to consider the longer-term funding model and gather a stronger evidence base to inform decisions on sustainable funding arrangements for the wider roll-out.

The SAB budget update at item 14 provides illustrative projections for different funding models, rather than a formal recommendation at this stage. Work to explore the funding options will continue alongside pilot delivery and evaluation, with recommendations being brought forward once practical experience of the model has been gained.

Peer support and IGRs

The statutory guidance recognises peer support as a mechanism for addressing governance improvement needs identified through Independent Governance Reviews (IGRs). The peer support programme also has a wider role as a sector-led improvement offer, beyond responding to IGR findings.

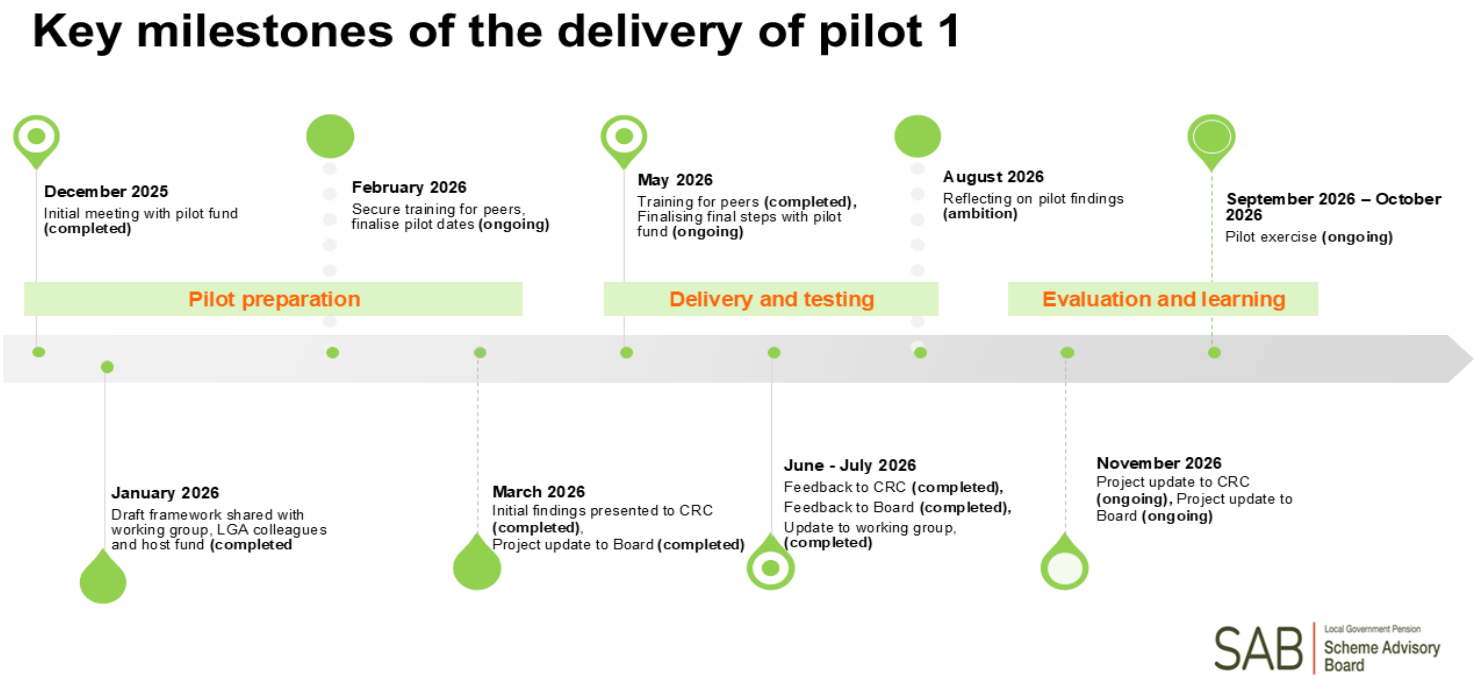
Feedback from funds suggests that preparation for the March 2028 IGR deadline is

currently taking priority over participation in the development of peer support. This highlights a potential constraint on fund engagement during the programme's development.

Pilot project update

The overall project milestones have evolved as the pilot deliverables have been identified. See Annex A for an updated plan of the key milestones within delivery of the first pilot.

Annex A - key milestones within delivery of the first pilot.



Annex B –Draft knowledge and understanding guidance confidential – shared in draft with the Board.

Annex C – Compliance and reporting committee workplan

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 being held on 19 November 2026.
Knowledge and understanding	To feed views and expertise into updated knowledge and understanding supplementary guidance	Publication December 2026
Good Governance	To feed views and expertise into conflicts of interest policy supplementary guidance	Publication January 2027
Peer Support	To develop and test the LGPS peer support offer through pilot delivery and evaluation, including the supporting peer infrastructure, and use the learning to inform wider roll-out and future funding arrangements.	Pilot delivery and evaluation ongoing; future delivery and funding arrangements to be informed by the pilot findings.
Annual Report guidance	To consider any changes needed to the guidance as they arise, including potentially opt out reporting, Pension Administration Strategy guidance and feedback from funds	To be confirmed
Local pension board support and guidance	To strengthen the support, networking and learning opportunities for local pension board (LPB) members	Ongoing. A further local pension board chairs forum will be held in early 2027.

Workstream	Details	Timescale
Independent governance review	Specification for procurement initially, then further engagement on other work required.	Development of a specification for an IGR, ideally by the end of the calendar year.
Governance Strategy guidance	Guidance on the preparation of a Governance Strategy	To be confirmed
Training Strategy guidance	Guidance on the preparation of a Training Strategy	To be confirmed
Independent person network	To be scoped out	To be confirmed
LGPS Senior Officer network	To be scoped out	To be confirmed
Breaches framework support	Guidance on reporting specific LGPS breaches to TPR	To be confirmed
CRC governance and Terms of Reference	Review the CRC's Terms of Reference, membership arrangements and supporting working group structure to ensure they remain appropriate for the developing governance landscape.	Ahead of the next cycle of committee appointments.