

Agenda Item

Subject	Governance Update	Status	For Publication
Report to	Authority	Date	8 February 2024
Report of	Head of Governance		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Jo Stone Head of Governance	Phone	01226 666418
E Mail	jstone@sypa.org.uk		

1 Purpose of the Report

- 1.1 To provide members with an update on current governance related activity and regulatory matters.

2 Recommendations

- 2.1 Members are recommended to:
- a. **Note the updates included in this report; and**
 - b. **Welcome the action being taken to undertake an independent Governance Review.**

3 Link to Corporate Objectives

- 3.1 This content of the Corporate Strategy is influenced by all of the corporate objectives , but this report particularly links to the delivery of the following corporate objective:

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

- 3.2 The contents of this report are part of the arrangements in place to ensure good governance.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report relate to actions that will contribute to addressing risks around regulatory compliance.

5 Background and Options

- 5.1 This report provides updates on current activities and regulatory matters relevant to the Authority's overall governance framework.

Regulatory Update

The Pensions Regulator – General Code of Practice

- 5.2 The Pensions Regulator (TPR) has published its new **General Code of Practice** which was laid in Parliament on 10 January 2024. Its laying period lasts for 40 days, and the Code is expected to come into force on 27 March.
- 5.3 As Members will be aware, the new General Code merges 10 of the TPR's existing codes of practice into a single new code of practice. For the LGPS (and other public service pension schemes) specifically, it replaces Code of Practice 14 *Governance & Administration of Public Service Pension Schemes*.
- 5.4 The General Code comprises five sections:
- a. The Governing Body
 - b. Funding and Investment
 - c. Administration
 - d. Communications & Disclosure
 - e. Reporting to TPR

The Governance team, along with the Senior Management Team, are now working through the detail and will also attend webinars on the new General Code and the implications for LGPS funds that are being offered. We will consider and assess the Authority's current arrangements against the General Code and produce a plan for making any changes or enhancements needed to ensure compliance.

- 5.5 Ensuring compliance with the General Code has also been added as an objective in the Corporate Strategy elsewhere on this agenda. Progress against this objective will be reported regularly throughout the year to the Authority, and to the Local Pension Board.

Independent Governance Review

- 5.6 The Scheme Advisory Board's Good Governance proposals when implemented will require LGPS Funds to undertake an independent review of their governance arrangements every two years. The Authority aims to do this as a matter of good practice pending this becoming mandatory. The last such review was undertaken during 2020 and reported to the September 2020 Authority meeting. Therefore, arrangements have now been made to commission an independent review to take place this year and plan to undertake these reviews every 2 years in future.
- 5.7 A competitive procurement process was carried out using one of the LGPS National Frameworks and *Aon* have been appointed to undertake the 2024 governance review.
- 5.8 The outline scope of the review includes assessing the Authority's governance with regard to:
- a. The thinking derived from the Scheme Advisory Board's Good Governance Review Phase III report and action plan.
 - b. Best practice reflected in the Pensions Regulator's new General Code of Practice.
 - c. The LGPS Regulations
 - d. Local Government law as it applies to the Authority.
- 5.9 The aim is for the review to provide an overall assessment of the effectiveness of the Authority's governance arrangements and to identify and make recommendations in respect of:
- a. Any areas where the Authority falls short of current best practice.
 - b. Any areas where the Authority is ahead of current best practice.
 - c. Any resource and / or skill deficits in relation to any of the above.

- d. Any areas where the Authority will have to make changes in order to meet requirements arising from the Good Governance Review

5.10 The review work will involve the team from Aon observing meetings, reviewing various policies and documentation, and conducting interviews with officers and with Authority and Local Pension Board members over the next few months with a view to presenting a final report to the meeting of the Authority in June 2024.

6 Implications

6.1 The proposals outlined in this report have the following implications:

Financial	There are no direct financial implications arising from this report. The costs of the Governance Review are included in the budget.
Human Resources	None.
ICT	None.
Legal	The Authority will ensure compliance with TPR's General Code in line with its legal requirements.
Procurement	A suitable procurement process was followed to appoint the consultants for the Governance Review, in accordance with the Authority's Contract Standing Orders.

Jo Stone

Head of Governance & Monitoring Officer

Background Papers	
Document	Place of Inspection