

Subject	Compliance with The Pensions Regulator General Code of Practice	Status	For Publication
Report to	Local Pension Board	Date	08 August 2024
Report of	Head of Governance & Corporate Services		
Equality Impact Assessment	Not Required	Attached	No
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1 Purpose of the Report

- 1.1 To provide Local Pension Board members with an update on the current status of compliance with the Pensions Regulator's (TPR's) General Code of Practice.

2 Recommendations

- 2.1 Board Members are recommended to:
- a. Note the update on compliance with the TPR's new General Code of Practice and actions identified; and**
 - b. Consider if any further information or explanation is required from officers.**

3 Link to Corporate Objectives

- 3.1 This report 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 As previously reported, the TPR's new General Code of Practice came into effect on 27 March. The General Code brings together 10 existing codes of practice, including Code of Practice 14 (Governance and Administration of Public Service Pension Schemes), into a single modular code which applies to all UK pension schemes. Not all areas of the Code fully apply to public service pension schemes; some are just good practice and others do not apply at all. There are also modules that partially apply and/or are partially good practice.
- 5.2 Given the importance of ensuring a full evaluation of compliance with the General Code in a timely manner and the complexity involved, a decision was made to do this with Aon alongside their governance review work – which had the benefits of introducing a degree of independence to the baseline assessment as well as the use of a toolkit produced by Aon to support the process. The toolkit has been purchased by the Authority and will therefore continue to be used for reviewing against the General Code requirements on a regular basis going forward.
- 5.3 This report presents the results of the first assessment which was carried out over two days in March 2024 by officers with support and challenge from the Aon consultants.
- 5.4 The General Code has five overarching principles covering The Governing Body, Funding and Investments, Administration, Communication and Disclosure and Reporting to TPR, each of which is divided up into modules.
- 5.5 As summarised in Aon's independent governance review report elsewhere on this agenda, the results showed generally good compliance as indicated by the number of green and amber ratings in the table shown below.

Section	Green	Amber	Red	Total Questions
The Governing Body	115	18	10*	143
Funding and Investment	29	5	3	37
Administration	65	17	6	88
Communications and Disclosure	23	8	5	36
Reporting to TPR	7	2	5	14

* Note:

7 of these questions rated as red relate to the 'Own Risk Assessment' module which has not been assessed yet.

- 5.6 The completion of the 'Own Risk Assessment' module was deferred as recommended by Aon. The module is good practice for public service pension schemes but relates to requirements that must be followed by private sector schemes. As the requirements are extremely onerous, Aon advised, and officers concurred, that it is worth waiting to see whether public sector industry guidance emerges on this area (for example, from the LGPS Scheme Advisory Board).
- 5.7 The report attached at Appendix A has been produced directly from the toolkit and provides the results of the assessment, setting out for each of the five sections:
- An 'at a glance' page showing a heat scale that indicates the overall RAG and compliance status for each of the modules assessed. (This page also includes a sidebar to show some of the essential actions extracted from the toolkit – this appears to cut off some of the content, but the actions are detailed fully in the rest of the report as explained below).

- b. Following on from the 'at a glance' page for each section, the actions noted are set out in full, showing the module and question number to which they relate.
 - c. The final page for each of the five sections sets out the names of each of the modules included within it and indicates the interpretation that Aon has provided as to their application or partial application to LGPS funds.
- 5.8 The process of completing the assessment was very useful and officers felt that it was reassuring that the questions rated as red concerned issues that on the whole were already known and actions either being planned or already in progress.
- 5.9 The issues arising from the assessment that were highlighted by Aon in their report on the independent governance review include:
- a. Cybercrime Risk – this is a key area of interest for the regulator and very high on the Authority's own strategic priorities. The assessment recognised the strong controls already in place in this regard, but also noted some key actions required. These include undertaking a review of data and asset mapping to help identify the potential magnitude of cyber security risks from third party suppliers and supplementing the due diligence checks carried out when procuring new suppliers with a programme of regular and ongoing specialist assessments of suppliers prioritised based on relative assessed risk.
The review of data assets is being planned as part of ongoing work on the information governance framework currently in development. Work will be undertaken to investigate and develop a suitable process for assessment of key suppliers. In the meantime, assurance is provided from obtaining controls reports as relevant from primary service providers – CIVICA as provider of the pensions administration software system, Hymans Robertson as the Fund's actuary and Border to Coast.
Actions are also planned to carry out a review against the Pensions Regulator's [Cyber Guidance](#).
 - b. Monitoring of administration process timescales for regulatory breach recording – action is in progress on developing an improved procedure, included in the Annual Governance Statement action plan.
 - c. Internal controls – the recommendation to ensure all procedures are documented and to review the current structure of where information is held to make this easier to manage will be taken forward and is included in the actions noted from the compliance assessment.
 - d. Actions to formalise the data improvement plan and finalise the Business Continuity strategy are included as specific objectives in the Corporate Strategy for 2024/25 to 2026/27.
- 5.10 Officers will ensure that when policies, strategies and other relevant documents are created or reviewed, the requirements of the TPR General Code of Practice will be referred to and taken into account.
- 5.11 Reviews will be carried out regularly with a twice yearly update reported to the Board – currently scheduled for the August and February meetings each year.

6 **Implications**

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

Financial	None. The cost of purchasing the toolkit from Aon was met from the existing budget.
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Human Resources	None.
ICT	None.
Legal	The assessment of compliance with TPR's General Code will enable the Authority to ensure it meets its legal obligations.
Procurement	None.

Jo Stone

Head of Governance and Corporate Services & Monitoring Officer

Background Papers	
Document	Place of Inspection
The Pensions Regulator – General Code of Practice	TPR website: TPR general (single) code of practice The Pensions Regulator