| Subject | **Compliance with The Pensions Regulator's General Code of Practice** | Status | For Publication |
|---|---|---|---|
| **Report to** | Local Pension Board | **Date** | 20 February 2025 |
| **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.

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## 2 Recommendations

2.1 Board Members are recommended to:

**a. Note the update on compliance with the TPR's General Code of Practice and actions identified; and**

**b. Consider if any further information or explanation is required from officers.**

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## 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   The Pensions Regulator's (TPR) General Code of Practice (the Code) came into force on 27 March 2024; bringing 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.

5.2   Following its introduction, officers undertook a full assessment of compliance with all of the areas of the Code that are relevant to Public Service Pensions Schemes – some of which are requirements, and some of which are good practice only. This initial assessment was carried out alongside the independent governance review with the support of Aon and making use of their compliance tool developed for this purpose.

5.3   The first review was reported to the Board in August 2024, and it was advised that we would continue to undertake and report back on further reviews on a six-monthly basis.

5.4   The review process now in place involves officers undertaking a detailed review of compliance and updating on progress against planned actions. These reviews are scheduled on a rolling programme that ensures the full range of modules within the Code are reviewed and updated twice per year.

5.5   This report presents the results of the first full review completed since the initial assessment reported last August.

5.6   The 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, and a series of questions within each.

5.7   The table below summarises the RAG status of each question in the modules – with the results from the previous review shown in grey for comparison.

| Section | Green | Amber | Red | Total Questions | Green Status Percentage |
|---|---|---|---|---|---|
| The Governing Body | 115 | 18 | 10* | **143** | 80.4% |
| Previous review | 115 | 18 | 10* | | 80.4% |
| Funding and Investment | 29 | 5 | 3 | **37** | 78.4% |
| Previous review | 29 | 5 | 3 | | 78.4% |
| Administration | 70 | 13 | 5 | **88** | 79.5% |
| Previous review | 65 | 17 | 6 | | 73.9% |
| Communications & Disclosure | 28 | 4 | 4 | **36** | 77.8% |
| Previous review | 23 | 8 | 5 | | 63.9% |
| Reporting to TPR | 7 | 3 | 4 | **14** | 50.0% |
| Previous review | 7 | 2 | 5 | | 50.0% |

\* Note:

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

5.8    Note that the 'Own Risk Assessment' module was deferred at the initial assessment on the advice of Aon who suggested that there would need to be further guidance for LGPS funds on the application of these requirements, so it is necessary to wait for this. Aon have confirmed that this continues to be their recommendation. There are possible indications that this module may not become mandatory for LGPS funds, we will continue to monitor this.

5.9    The results of this latest review show continued good compliance overall as indicated by the number of green and amber ratings, and some progress achieved with a number of ratings on individual questions moving from a previous status of red to amber or amber to green.

5.10    In addition, there has been an increase in the number of fully compliant modules since the previous assessment, identified below.

        a.    Administration – Information handling: Now fully compliant in 1 out 4 modules, compared to 0 out of 4 previously.

        b.    Communications and Disclosure – Information to members: Now fully compliant in 2 out of 5 modules compared to 1 out of 5 previously.

        c.    Communications and Disclosure – Public information: Now fully compliant in 1 out of 2 modules compared to 0 out of 2 previously.

5.11    The report attached at Appendix A has been produced directly from the compliance toolkit and provides the results of the assessment, setting out for each of the five sections:

        a.    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, a new section has been added to the report to capture any changes to the RAG status since the last review or to confirm that no changes have been made.

        c.    The next section sets out the actions in full, showing the module and question number to which they relate. These are split between:

            -    Essential Actions – these are the actions identified to address questions that were answered as 'No' or only 'Partially' and are therefore rated as Red or Amber.

            -    Other Actions – these are additional actions identified for the purposes of further improvement on questions that are already Green rated.

        At the request of Board members, an icon has now been added against each of the essential actions to indicate if this relates to a Requirement in the Code or a recommendation for Good Practice.

        The commentary shown for each of the actions has been updated to indicate any progress made and now shows a target date for completion or confirms if the action has been completed since the previous assessment.

        d.    The final page for each of the five sections sets out a summary of each of the modules included within it and indicates the interpretation that Aon has provided as to the application or partial application of each of these to LGPS funds.

5.12    For reference if helpful for Board members, an additional appendix has been attached that lists all the questions within each module and shows the RAG status of each, with

those questions that are for good practice only (rather than a requirement) shown in orange font. This is attached at Appendix B.

5.13 The process of reviewing the assessment has worked well and the involvement of Service Managers has given them further understanding of the areas for focus that need to be captured in their service level action plans. As reported previously, 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.

5.14 The main areas of progress to highlight from the review include:

    a. Administration Processes for Transfers Out – the initial assessment highlighted a number of areas that, whilst procedures and timescales were in place, they were not formally documented. This has now been addressed and all transfer out procedures are documented, ensuring that they are compliant with Scam requirements.

    b. Communications and Disclosures Scams – as with Transfers Out, actions were identified to develop formal documented processes and training to strengthen the procedures already in place. This work now been carried out and the three actions relating to this are now completed.

    c. Communications and Disclosures Dispute Resolution Procedure – The initial review highlighted that timescales were not embedded, and applicants were not always kept updated on the progress of their application. Systems for monitoring timescales are now in place and any delays are escalated and communicated to the applicant.

    d. Regulatory Breach Reporting – This has moved from red to amber (partially met) due to progress being made in the review and re-draft of the Regulatory Breach Policy and the associated breach log.

5.15 Work continues to progress other key areas where actions have been identified and these will continue to be monitored as part of the regular assessments of compliance with the Code, ensuring that they are captured in the relevant strategies and action plans.

5.16 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.

5.17 Reviews will continue to be carried out regularly with a twice yearly update reported to the Board at their 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 | |
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| **Document** | **Place of Inspection** |
| The Pensions Regulator – General Code of Practice | TPR website: TPR General Code of Practice | The Pensions Regulator |