

# Compliance and Reporting Committee (CRC)

**HYBRID MEETING – 12 February 2024**

## **ITEM 8 PAPER F**

### **The Pensions Regulator's General Code of Practice**

#### **Background**

1. The Scheme Advisory Board has welcomed the publication of The Pensions Regulator's (TPR) [General Code of Practice](#) ('the Code') which has been laid in Parliament and which is expected to come into force on 27<sup>th</sup> March 2024.
2. The Code brings together 10 previous TPR Codes into one single Code, mainly covering governance and administration of pension schemes. The previous Codes will be revoked, including Code of Practice 14 for Public Sector Pension Schemes.
3. Compliance with the new Code will be required within 12 months of the close of the first Scheme Year which starts after the Code has come into force. For LGPS, that means within 12 months of the year ending on 31 March 2025.
4. [TPR's research on governance and administration](#) shows that LGPS funds generally already have high standards of governance in place, however the new Code provides an opportunity for funds to review current practices. Doing the necessary work to review the 177 page document may also present challenges during what is an already busy time within the LGPS.

#### **The New Code**

5. The draft is substantially similar to the draft that was consulted on in 2021, with most of the changes around the clarity of language and ordering of sections. The Board's main recommendation back to TPR in the consultation was that clarity was required on which parts of the Code were obligatory for LGPS funds and which should be considered good practice. There has been some improvement in that for the final Code, but there isn't a simple map or template that sets this out.
6. The Secretariat is studying the Code closely to identify any new requirements for funds. Not all of these will be binding on LGPS funds, but an initial review of the Code suggests that there is new guidance around:
  - Schemes establishing what knowledge and skills are required for the governing body (defined as the scheme manager for LGPS, i.e.

# Compliance and Reporting Committee (CRC)

- the Pensions Committee for most funds, although there are also some explicit duties for Local Pension Boards)
- Documenting of risk assessments and the clear identification of who discharges the risk management function
  - The principles of remuneration policy need to be documented. There is already a separate statutory duty to have a policy on elected member allowances, but this duty is new for Board members
  - There are welcome suggestions to improve the representativeness of those sitting on governing bodies
  - The role of internal audit and the need to get assurance reports from key service providers
  - Cyber and business continuity guidance have been embedded into the Code and are clearly a strong theme.

## Next Steps

7. In terms of how we respond to the new Code, we have already identified clear overlaps with the work to implement the Good Governance recommendations as well as the Knowledge and Skills workstream. The Secretariat's working assumption is that we can weave compliance with the Code into our existing workplan rather than needing to create it as a project in itself. Indeed, the Code is largely consistent with our recommendations and its publication should provide further impetus for DLUHC to deliver on them.
8. The Secretariat also believe that consistency between funds in how they interpret the Code's requirements is desirable. The Board has already committed to supporting funds in understanding and meeting any new requirements in the Code and, where needed, will produce new or update existing guidance to assist funds with their responsibilities.
9. To inform this work, the Secretariat is holding an online focus group for funds on Thursday 8<sup>th</sup> February 2024 from 10am to 12pm to gather initial feedback on the Code and understand what support and interpretation is needed to assist funds with Code compliance. The Secretariat will separately meet with the main governance advisers to ensure that there aren't mixed messages being sent out to funds.
10. The SAB's LGPS Live webinar taking place on 6<sup>th</sup> March 2024 at 3.30pm will also focus on the Code and provide an opportunity to discuss the requirements and challenges it presents for the LGPS.

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