

CAMBRIDGESHIRE PENSION FUND

Agenda Item No:

To: Pension Fund Committee

Meeting date: 2 October 2024

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Subject: Cambridgeshire Pension Fund - General Code of Practice Compliance (regulatory)

Purpose of the report: To present to the Pension Fund Committee a report on the compliance of the Cambridgeshire Pension Fund against The Pension Regulator's (TPR) General Code of Practice (regulatory).

Recommendations: The Pension Committee is asked to note the regulatory compliance check against the General Code of Practice.

Reasons for Recommendation:

- To ensure adequate oversight of the regulatory compliance against the General Code of Practice.
- To ensure adequate transparency of the governance of the Fund, ensuring that the Fund is meeting its statutory requirements.

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1. Background

1.1 On 28 March 2024, TPR's General Code of Practice came into force. The Code consolidated ten of the previous codes of practice into one including Code of Practice No.14. The General Code of Practice can be found [here](#).

2. Executive summary

2.1 The report contains the results of the compliance check against the Pension Regulator's General Code of Practice regulatory requirements.

2.2 The Code is split into 51 modules covering 5 areas as follows:

- The Governing Body
- Funding and Investment
- Administration
- Communication and Disclosure
- Reporting to TPR.

2.3 The review demonstrates that the Cambridgeshire Pension Fund is compliant with the regulatory requirements of the Code, with only two partially met areas identified from the 14 modules (risk management and information to members). Detail of the Fund's compliance is located in 3.2 and the action plan to achieve full compliance in the two areas identified is located in 3.4.

3. Issues and choices

Cambridgeshire Pension Fund Code of Practice Compliance Review (regulatory)

3.1 Whilst the LGPS is generally regarded as a well governed scheme, the introduction of the Code provides the opportunity for funds to reassess their own systems of governance, address any gaps identified and, and look to add value and enhance current arrangements.

3.2 Below is a summary of compliance against the 14 modules that apply to the LGPS, a chart demonstrating the aggregated position can also be located in appendix 1:

| The Governing Body | | |
|---|---------------------------|--|
| Board Structure and activities | 8 regulatory requirements | All fully met the compliance standards. |
| Governance of knowledge and understanding | 3 regulatory requirements | All fully met the compliance standards. |
| Advisors and Service Providers | No regulatory requirement | N/A |
| Risk Management | 5 regulatory requirements | 4 requirements fully met the compliance standards. 1 requirement was partially compliant with one action to be |

| | | |
|--------------------------------------|---------------------------|---|
| | | undertaken as detailed in section 3.4 below. |
| Scheme Governance | 1 regulatory requirement | Fully met the compliance standard. |
| Funding and Investment | | |
| Investment | No regulatory requirement | N/A |
| Administration | | |
| Scheme Administration | 1 regulatory requirement | Fully met the compliance standard. |
| Information handling | 7 regulatory requirements | All fully met the compliance standards. |
| IT & Cyber Security | 1 regulatory requirement | Fully met the compliance standard. |
| Contributions | 2 regulatory requirements | All fully met the compliance standards. |
| Communications and Disclosure | | |
| Information to members | 8 regulatory requirements | 7 requirements fully met the compliance standards. 1 requirement was partially compliant with one action to be undertaken as detailed in section 3.4 below. |
| Public Information | 5 regulatory requirements | All fully met the compliance standards. |
| Reporting to TPR | | |
| Regular reports | 3 regulatory requirements | All fully met the compliance standards. |
| Reporting Breaches | 4 regulatory requirements | All fully met the compliance standards. |

3.3 The assessment scorecard containing details of each requirement can be located in appendix 2.

Actions to be undertaken

3.4 As indicated above there were two regulatory requirement that failed to meet full compliance in risk management and information to members as detailed below:

| Module | Regulatory requirement | Action | Due date |
|-----------------|--|--|------------|
| Risk Management | Partial compliance – Regarding the pension board, scheme managers of public service pension schemes should: - Circulate the register of interests and the other | The Fund has in place a register that captures interests and potential conflicts. This had not been shared with Board or published prior to the review | Completed. |

| Module | Regulatory requirement | Action | Due date |
|-------------------------------|---|--|-----------------------|
| | <p>relevant documents to the pension board for ongoing review</p> <p>- Publish these documents (for example, on a scheme's website)</p> | <p>but both actions have now been undertaken.</p> | |
| <p>Information to members</p> | <p>Partial compliance - Where a member has a right to a cash transfer sum or a contribution refund the information in s101AC of the Pension Schemes Act 1993 must be provided within a reasonable period.</p> | <p>Processes are in place to identify leavers who are entitled to either a refund or refund and cash transfer sum quote and appropriate workflow is allocated. However, there is no reporting in place to establish whether all cases are meeting the requirement.</p> <p>The Annual Report guidance developed by CIPFA, and SAB has identified the need to report on refund payment cases and this is currently in development.</p> <p>Reporting will also be developed wider to address the notification stage of this process and the intention to have a KPI in place by December 2024, with reporting against the KPI to be delivered thereafter.</p> | <p>December 2024.</p> |

Independent review

- 3.5 The Hymans Robertson General Code of Practice compliance checker tool was used to assess compliance against the regulatory requirements of the Code. In addition, Hymans conducted an independent desk top exercise following the completion of the tool to ensure that the evidence was adequate, and that the compliance position reached by Officers was reflective of the evidence provided. As a result of the review two further activities were identified that do not impact the regulatory compliance but would be worth the Fund considering for additional assurance:
- 1) To consider an independent assessment of the Internal Dispute Resolution Procedure – the Pension Regulator states that governing bodies should, regularly assess the effectiveness of the dispute procedure and be satisfied that those following the process are complying with the requirements set, which includes effective decision making.

- 2) To consider whether knowledge assessments/confidence assessments should be undertaken to further enhance evidence surrounding knowledge and understanding.

Next steps

- 3.6 Due to the comprehensive review required against each module, the regulatory requirements have been assessed in advance of the Pensions Regulator expectations and best practice to ensure compliance with statutory obligations as priority.
- 3.7 Now that the first part of the review has been undertaken, the next stage is to review the 62 TPR expectations and 26 best practice requirements. A report will be brought back to the Committee with the results by the end of the financial year.
- 3.8 The Committee will be updated with progress against any actions identified.
- 3.9 Annual reviews against the Code will be conducted to ensure compliance remains fully met.

4. Relevant Pension Fund objectives

The following objectives as per the Business Plan have been considered in this report -

- 4.1 To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 4.2 To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- 4.3 To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.

5. Implications (including financial implications)

5.1 Resources and financial

- 5.1.1 Officers conducted the review using the Hymans Robertson compliance checker tool. Hymans subsequently analysed the Funds results for objectivity.

5.2 Legal

- 5.2.1 Failure to assess requirements against the Code could result in statutory obligations being missed.

5.3 Risk management

- 5.3.1 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

| Risk | Residual risk rating |
|--|----------------------|
| Those charged with governance are unable to fulfil their responsibilities effectively | Green |
| Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making | Green |
| Failure to understand and monitor risk compliance. | Green |
| Failure to recognise and manage conflicts of interest. | Green |

| Risk | Residual risk rating |
|---|----------------------|
| Failure to administer the scheme in line with regulations and guidance. | Green |
| Failure to act appropriately upon expert advice and/or risk of poor advice. | Green |

5.3.2 The Fund's full risk register can be found on the Fund's website at the following link:

[Cambridgeshire Risk Register](#)

5.4 Consultation

5.4.1 Not applicable.

6. Background papers

6.1 None.

7. Appendices

7.1 Appendix 1 - Aggregate regulatory position for each module (fully met", "partially met" or not completed).

7.2 Appendix 2 - Scorecard summary of regulatory compliance.

8. Accessibility

8.1 The information contained in this report and appendices is available in accessible format on request from michelle.oakensen@westnorthants.gov.uk

Appendix 1 – Aggregate position for each module (regulatory) when the individual requirements are assessed as either “Fully met”, “Partially met” or “Not completed”.

