

To: Pension Fund Committee

Meeting date: 19 December 2024

Report by: Michelle Oakensen
Governance and Regulations Manager
michelle.oakensen@westnorthants.gov.uk

Subject: General Code of Practice – Compliance with the expectations of the Pensions Regulator (TPR).

Purpose of the report: To present to the Pension Fund Committee a report on the compliance of the Cambridgeshire Pension Fund against the General Code of Practice (TPR expectations).

Recommendations: The Pension Committee is asked to note the TPR expectation 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.

Enquiries to: Michelle Oakensen
Governance and Regulations Manager
michelle.oakensen@westnorthants.gov.uk

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 TPR'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 largely compliant with the 62 TPR expectation requirements of the Code, with five partially met areas identified and one area not met from the 14 modules. Detail of the Fund's compliance is located in 3.2 and the action plan to achieve full compliance in the areas identified is located in 3.3.

3. Issues and choices

Cambridgeshire Pension Fund Code of Practice Compliance Review (TPR expectations)

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 look to add value and enhance current arrangements.

3.2 Below is a summary of compliance against the 62 TPR expectation requirements within the 14 modules that apply to the LGPS. A chart demonstrating the aggregation position can also be located in appendix 1.

The Governing Body		
Board Structure and activities	1 TPR expectation	Fully met the compliance standard.
Governance of knowledge and understanding	6 TPR expectations	5 requirements fully met the compliance standards. 1 requirement was partially compliant with one action to be undertaken as detailed in section 6.4 below.
Advisors and Service Providers	No TPR expectation	N/A
Risk Management	13 TPR expectations	12 requirements fully met the compliance standards. 1 requirement was partially compliant with one action to be undertaken as detailed in section 6.4 below.

Scheme Governance	1 TPR expectation	Fully met the compliance standard.
Funding and Investment		
Investment	No TPR expectation	N/A
Administration		
Scheme Administration	2 TPR expectations	Fully met the compliance standard.
Information handling	12 TPR expectations	11 requirements fully meet the compliance standards. 1 area was not compliant with one action to be undertaken as detailed in section 6.4 below.
IT & Cyber Security	1 TPR expectation	Fully met the compliance standard.
Contributions	8 TPR expectations	7 requirements fully met the compliance standards. 1 requirement was partially compliant with one action to be undertaken as detailed in section 6.4 below.
Communications and Disclosure		
Information to members	6 TPR expectations	4 requirements fully met the compliance standards. 2 requirements were partially compliant with one action to be undertaken as detailed in section 6.4 below.
Public Information	6 TPR expectations	All fully met the compliance standards.
Reporting to TPR		
Regular reports	No TPR expectations	N/A
Reporting Breaches	6 TPR expectations	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 six TPR expectation requirements that failed to meet full compliance in risk management and information to members as detailed below:

Module	TPR expectation requirement	Action	Due/completion date
Governance of knowledge and understanding (knowledge & understanding page 25, para 1 of the Code).	The governing body should regularly carry out an audit of its members' skills and experience to identify gaps and imbalances.	To consider whether knowledge assessments/confidence assessments should be undertaken to further enhance evidence surrounding knowledge and understanding.	In line with the Training Strategy review due to be presented to the Committee in March 2025.

Module	TPR expectation requirement	Action	Due/completion date
Risk Management	The governing body should make sure that their internal controls are documented (internal controls page 48, para 7 of the Code).	A training officer has recently been appointed and part of the role will be to document all processes for consistency and compliance purposes. Starting with the ones that fall outside of workflow i.e. IDRPs processes.	During 2025.
Information handling	Where the governing body believe they will not meet the legislative deadlines, they should make an application to TPR before the deadline (transfers out- page 103 para 7e of the Code).	A process will need introducing to identify cases where a transfer out payment will not be made by the statutory deadline. It must be noted that these are only expected in exceptional circumstances as protocol would be to either pay within the guarantee period or cancel the request.	31 March 2025.
Contributions	Governing bodies should maintain a record of their investigation and the communications between themselves and the employer (resolving overdue contributions page 127, para 5 of the Code).	To create an escalation log specifically for late/missed contributions payments. The Funding team will add an additional column to their day to day log if a case has been escalated. All communications will be stored within employer files within teams.	31 March 2025.
Information to members	Scheme managers should follow the principles set out in the section entitled ""General Principles for Member Communications"" when drafting benefit information statements (benefit information statements page 137, para 3 of the Code).	To ensure that the information included in benefit statements is also contained within the Communication Strategy.	Will be considered as part of the Communication Strategy review due to be presented to the Committee in March 2025.

Module	TPR expectation requirement	Action	Due/completion date
	The term "reasonable period" in the phrase above should be construed as 3 months from leaving. Governing bodies should advise members where it is likely to take more than 3 months to provide the information (notification of right to cash transfer sum or contribution refund page 142, para 3 of the Code).	Most members will be provided with information within 3 months. For cases where this may not be possible a process will be developed to ensure the member is updated before the deadline is missed.	31 May 2025.

Independent review

- 3.5 The Hymans Robertson General Code of Practice compliance checker tool was used to assess compliance against the TPR expectations 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. In line with the regulatory compliance a review of the internal dispute resolution procedure would further support the public information module for TPR expectations also.

Next steps

- 3.6 The final stage of the review is to look at the 26 best practice requirements. A report will be brought back to the Committee in March 2025. The final report will also contain a consolidated list of actions for monitoring and oversight purposes.
- 3.7 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 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective. Failure to assess requirements against the Code could result in statutory obligations being missed.

5.3 Consultation with Key Advisers

5.3.1 Squire Patton Boggs conducted a review of the paper for legal implications.

5.4 Risk management

5.4.1 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
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

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

[Cambridgeshire Risk Register](#)

5.5 Consultation

5.5.1 Not applicable.

6. Background papers

6.1 None.

7. Appendices

7.1 Appendix 1 - Aggregate position for each TPR expectation module

7.2 Appendix 2 - Scorecard summary of TPR expectations.

8. Accessibility

8.1 The information contained in this report an appendices is available In an accessible format on request from the report author.

Appendix 1 – Aggregate position for each TPR expectation module

