

**Report To:** **PENSION FUND MANAGEMENT/ADVISORY PANEL**

**Date:** 8 March 2024

**Reporting Officer:** Sandra Stewart – Director of Pensions  
Emma Mayall – Assistant Director for Administration

**Subject:** **THE PENSIONS REGULATOR’S GENERAL CODE OF PRACTICE**

**Report Summary:** The Pensions Regulator’s General Code of Practice is expected to enter into force in the coming weeks. This report provides information about the new code and GMPF’s compliance with it.

**Recommendation(s):** It is recommended that the Panel notes the report.

**Financial Implications:** Ensuring effective governance and administration will lead to better financial control of the pension scheme ensuring that GMPF operates efficiently. Failure to meet any legal requirements may result in financial penalties being imposed by the Pensions Regulator.

**(Authorised by the Section 151 Officer)**

**Legal Implications:** The Administering Authority has legal obligations to meet in relation to its governance and administration of GMPF as per section 249B of the Pensions Act 2004.

**(Authorised by the Solicitor to the Fund)**

The Public Service Pensions Act 2013 introduced the framework for the governance and administration of public service pension schemes and provided for extended regulatory oversight by the Pensions Regulator.

The General Code of Practice will be issued by the Pensions Regulator under the powers granted to it in section 90 and section 90A of the Pensions Act 2004 and is a combined code in accordance with section 90A(6)(a) of the Pensions Act 2004.

**Risk Management:** The General Code of Practice establishes the Pensions Regulators’ expectations for the functioning of pension schemes. Some of the requirements are statutory whereas other requirements constitute best practice, but either way compliance should result in a more robust well-governed pension fund.

Ultimately, failure to comply with the requirements of the General Code could leave the Administering Authority exposed to financial penalties or litigation.

**ACCESS TO INFORMATION:** **NON-CONFIDENTIAL**

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

**Background Papers:**

<b>APPENDIX 9A</b>	<b>General Code Report</b>
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## **1. INTRODUCTION**

- 1.1 The Public Service Pensions Act 2013 introduced the framework for the governance and administration of public service pension schemes and provided for extended regulatory oversight by the Pensions Regulator (TPR).
- 1.2 The Regulator is required to issue one or more codes of practice covering specific matters relating to public service pension schemes. Currently, public service pension schemes must abide by [Code of Practice 14](#) (Governance and Administration of Public Service Pension Schemes), and [Code of Practice 13](#) (Governance and Administration of Occupational Trust-Based Schemes Providing Money Purchase Benefits) in relation to their Additional Voluntary Contribution arrangements. However, Code of Practice 13 and 14 will soon be superseded by the [General Code of Practice](#).
- 1.3 It has long been TPR's ambition to simplify and reduce the current 15 Codes of Practice into a single condensed General Code of Practice that will (for the most part) apply equally to all pension schemes. The General Code will apply to governing bodies of occupational, personal, and public service pension schemes. Some legal obligations will not apply to all types of governing bodies or schemes, and where this is the case, it is highlighted in the General Code.
- 1.4 The General Code will be considerably shorter than all the codes it replaces. Content will be separated into five key areas, being:
  - The Governing Body
  - Funding and investment
  - Administration
  - Communication and disclosure
  - Reporting to TPR
- 1.5 TPR issued its consultation on the draft General Code of Practice in March 2021. The draft General Code was then revised slightly due to the consultation responses received. Since 2021, there have been several suggested dates for implementation, but on 10 January 2024 the General Code was laid in parliament and the final form of the General Code was published.
- 1.6 It is expected that the General Code will take effect on or around 27 March 2024 based on parliamentary timetables at the time of writing, but this may be subject to change.

## **2. GENERAL CODE OF PRACTICE IN DETAIL**

- 2.1 The General Code sets out TPR's expectations around the conduct and practice that governing bodies should meet to comply with their duties in pensions legislation. The General Code is not prescriptive about methods that governing bodies should use to meet TPR's expectations, recognising that different approaches may be appropriate for different schemes.
- 2.2 The General Code of Practice is issued by TPR under the powers given to it in section 90 and section 90A of the Pensions Act 2004 and is a combined code in accordance with section 90A(6)(a) of the Pensions Act 2004.
- 2.3 The General Code itself is not a statement of the law. However, it does set out TPR's expectations of how governing bodies should comply with their legal duties. TPR assumes that Trustees and Scheme Managers will have a good understanding of pensions legislation as it applies to them and will be able to interpret how the General Code translates to their legal environment.

- 2.4 The term ‘governing bodies’ was introduced by TPR to account for the array of individuals and entities that are responsible for the governance and running of their pension scheme. The current view is that in the LGPS, the governing body is the administering authority and thereafter whatever delegated function it details within its terms of reference, for example a Pension Committee or Director. However, depending on the context, this term could apply either to the Scheme Manager, Local Pension Board or Pensions Committee.
- 2.5 The General Code is divided into five keys areas with further areas of detail:
- The Governing Body
    - Board Structure and Activities
    - Knowledge and Understanding Requirements
    - Value for Scheme Members
    - Advisers and Service Providers
    - Risk Management
    - Scheme Governance
  - Funding and investment
    - Investment
  - Administration
    - Scheme Administration
    - Information Handling
    - IT
    - Contributions
  - Communication and disclosure
    - Information to Members
    - Public Information
  - Reporting to TPR
    - Regular Reports
    - Whistleblowing – Reporting Breaches of the Law
- 2.6 The General Code will eventually be uploaded to TPR’s website and allow readers to filter the content by module. TPR has stated an interest in eventually adding filters and other smart features beyond the standard PDF version currently available.
- 2.7 For Public Service Pension Schemes, including the LGPS, the General Code’s requirements broadly fall into the following four categories:
- Those that have a statutory basis and apply in full
  - Those that do not have a statutory basis but there is a clear expectation from TPR that these are in place (should)
  - Those that TPR considers to be best practice (could)
  - Those that are not applicable
- 2.8 Most requirements that do not apply to the LGPS relate to private sector defined contribution pension schemes, where the operation of the scheme is significantly different to a public sector defined benefit scheme such as the LGPS.
- 2.9 The requirements that only constitute best practice for the LGPS largely relate to funding and investment. In the LGPS, the Department for Levelling Up, Housing and Communities (DLUHC) is the correct and proper regulator for funding and investment matters. Nonetheless, TPR’s General Code provides useful information and guidance on funding and investment matters. There is substantial overlap between the regulatory requirements established by DLUHC for investments and the General Code.

### **3. ADMINISTERING AUTHORITY COMPLIANCE WITH THE GENERAL CODE**

- 3.1 The requirements under the new General Code could be characterised as an evolution to the requirements of the current Code of Practice 14 (Governance and Administration of Public Service Pension Schemes). GMPF already complies with the requirements of Code of Practice 14 and will therefore be well placed to comply with the upcoming General Code.
- 3.2 The new requirements added to the General Code primarily relate to scams and information technology. These new requirements were included in the 2021 draft General Code consultation. GMPF has undertaken several projects relating to cyber security and dealing with scams since 2021, which should stand the Fund in a good position to be able to demonstrate compliance with these requirements.
- 3.3 A summary of the requirements together with an initial assessment of GMPF's compliance has been attached at **Appendix 1**. Officers will be reviewing and reconsidering all aspects of the code in more detail over the coming weeks to ensure that GMPF can demonstrate compliance, and an action plan will be created where officers believe further steps need to be taken.
- 3.4 TPR has suggested that pension schemes will have six months to ensure compliance with the new General Code from the point the General Code enters into force. After the six-month adjustment period, TPR will begin enforcement action against noncompliant pension schemes.
- 3.5 GMPF is currently engaging with TPR as part of their Relationship Supervision programme. TPR will likely take a keen interest in GMPF's implementation of the new General Code as part of this programme. Officers will also prepare reports on the new code and progress on ensuring compliance for GMPF's Local Pension Board.

### **4. RECOMMENDATION**

- 4.1 It is recommended that the Panel notes the report.