

North Yorkshire Council
Pension Fund Committee
28 June 2024
General Code of Practice
Report of the Treasurer

1. Purpose of the report

- 1.1 To provide the Committee with an update on the North Yorkshire Pension Fund's progress against compliance with the Pensions Regulator's new General Code of Practice.

2. Background

- 2.1 The Pensions Regulator's (TPR) General Code of Practice ("the code") came into force on 28 March 2024. The code contains new governance requirements and sets out TPR's expectations of how occupational pension schemes should be managed and the policies, practices and procedures that should be in place to ensure governing bodies are able to comply with their duties in pensions legislation.
- 2.2 Overall, the code provides Local Government Pension Scheme (LGPS) funds with a strong framework to assess existing fund compliance levels concerning the running of the Fund, managing advisers and service providers, risk management and the administration of the scheme for members.
- 2.3 All schemes should undertake a gap analysis to assess what actions need to be taken to ensure compliance with the code.
- 2.4 The code is divided into five key areas:
- The governing body
 - Funding and investment
 - Administration
 - Communication and disclosure
 - Reporting to TPR

The content is then split into 51 modules. One of the challenges is establishing which areas apply or not (or are good practice) for the LGPS and then what funds need to do to meet TPR's expectations in these areas.

- 2.5 Two new elements introduced by the new general code are the Effective System of Governance (ESOG) and an Own Risk Assessment (ORA). Whilst these are not mandatory for public sector pension schemes they are seen as best practice.

The elements of an ESOG include the processes and policies that a scheme should have in place in order to operate effectively and efficiently. The ORA is a regular process where the governing body assesses the effectiveness and risks of the ESOG.

Both the ESOG and ORA will be completed when the full assessment has been completed.

3. Current position

3.1 Aon (the Fund's Actuary) has developed a TPR compliance model to assist with:

- Identifying the gaps or areas that need attention
- Capturing actions
- Reporting compliance

3.2 Using the compliance model, officers have completed a first assessment against both the 'must' and 'best practice' requirements of the all the key areas, with the majority of the modules within them completed.

3.3 Initial findings are:

- **The governing body**
Fully compliant in 4 of 15 modules – awaiting information from democratic services to be able to fully complete this section
- **Funding and investment**
Fully compliant in 4 of 4 modules
- **Administration**
Fully compliant in 3 of 10 modules – 2 modules still to be completed
- **Communication and disclosure**
Fully compliant in 7 of 7 modules
- **Reporting to TPR**
Fully compliant in 3 of 5 modules

3.4 The first scheme assessment report is attached as **Appendix 1**.

4. Next steps

4.1 Work will continue to complete the Fund's assessment using the compliance model then both the ESOG & ORA will be completed. From this an action plan will be created with timescales and priorities.

A training session will be delivered by Aon on 27 June 2024 for both Committee and Pension Board Members.

5. Recommendations

5.1 Members are asked to note the contents of this report.

Gary Fielding
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