

## 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  
Treasurer to North Yorkshire Pension Fund  
NYC  
County Hall  
Northallerton

03 June 2024



# TPR General code of practice

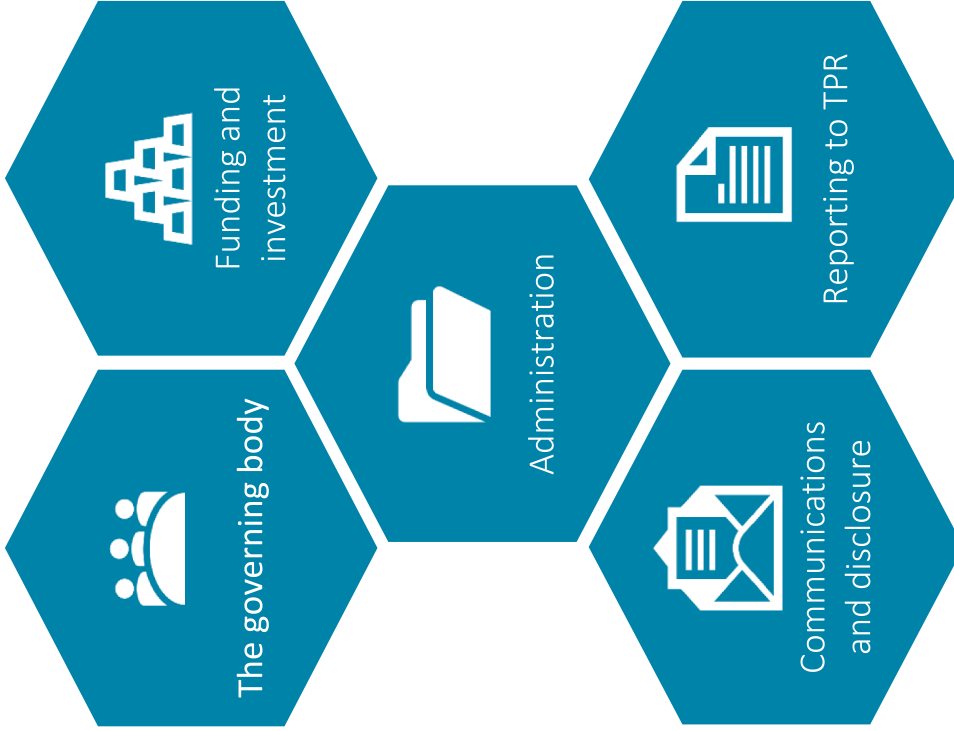
North Yorkshire Pension Fund (NYPF) - Scheme Assessment

Prepared for: North Yorkshire Council  
NYPF Pension Committee  
NYPF Pension Board

Prepared by: Aon  
Date: 6 June 2024



# Introduction






## TPR Code Compliance model

This report sets out how North Yorkshire Pension Fund (NYPF) complies with the Pension Regulator's (TPR) General code of practice (the Code) in relation to the management of the North Yorkshire Pension Fund (NYPF) which is part of the Local Government Pension Scheme (LGPS).

Note that the Code applies to governing bodies of all occupational, personal and Public Service Pension Schemes and therefore it is generic in nature. This document highlights all the key elements of the Code relevant to Public Service Pension Schemes and sets out whether North Yorkshire Council is compliant in each of the Code's modules. There may be a number of requirements relating to these elements that are specifically stipulated within LGPS legislation and it is not the purpose of this compliance model to consider that level of detail.

### Key

	Compliant
	Compliant in some but not all areas
	Not currently compliant
<b>PC</b>	Pension Committee (or equivalent)
<b>PB</b>	Local Pension Board
<b>TPR</b>	The Pensions Regulator
<b>LGPS</b>	Local Government Pension Scheme
<b>Code</b>	TPR's General code of practice



# The governing body

# The governing body – at a glance



## Board Structure and activities

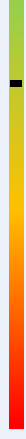
**Fully compliant in 1 out of 5 modules**



No questions are red and no questions are amber out of 30 questions. 13 questions are unanswered.

## Knowledge and understanding requirements

**Fully compliant in 0 out of 2 modules**



2 questions are red and 3 questions are amber out of 20 questions.

## Essential actions

- Expected behaviours & standards to be included in future induction training
  - Ask Democratic Services
  - Ask Democratic Services
  - Ask Democratic Services
  - To reassess annually following reappointment to committee
- To suggest training modules to complete based on skills gaps & meeting subject matter such as Valuations.

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- Revisit training policy
- to set up annual review process and training delivery from outcome

## Advisers and service providers

**Fully compliant in 0 out of 1 module**



No questions are red and 1 question is amber out of 19 questions.

## Risk Management

**Fully compliant in 3 out of 6 modules**



5 questions are red and 2 questions are amber out of 50 questions. 7 questions are unanswered.

## Scheme governance

**Fully compliant in 0 out of 1 module**



2 questions are red and 1 question is amber out of 24 questions. 9 questions are unanswered.

## Comments

The Administering Authority have selected to answer all questions within this section.

The Administering Authority have selected to include all questions when determining whether they comply with the Code within this section.

# The governing body



## Modules

### Board structure and activities

- Role of the governing body (1)
- Recruiting and appointment to the governing body (2,6)
- *Arrangements for member-nominated trustee appointments (7)*
- Appointment and role of the chair (5)
- Meetings and decision-making (1)
- Remuneration and fee policy (4)

### Knowledge & understanding requirements

- Knowledge and understanding (3,6)
- Governance of knowledge and understanding (3,6)

### Value for scheme members (DC only)

- *Value for members (7)*

### Advisers and service providers

- Managing advisors and service providers (4)

### Risk management

- Identifying, evaluating and recording risks (1)
- Internal controls (1)
- Assurance reports on internal controls (1)
- Scheme continuity planning (4)
- Conflicts of interest (3,6)
- Own risk assessment (4)
- *Risk management function (7)*

### Scheme governance

- Systems of governance (4)



#### Notes:

The numbers next to the module names above set out Aon's interpretation of the Code for Public Service Pension Schemes. Please note it should not be taken as legal advice.

- (1) Applies
- (2) Mostly applies
- (3) Partially applies
- (4) Good practice
- (5) Mostly good practice
- (6) Partially good practice
- (7) Does not apply



# Funding and investment




# Funding and investment – at a glance



**Investment**

**Fully compliant in 4 out of 4 modules**



No questions are red and no questions are amber out of 37 questions.

## Essential actions

None

## Comments

The Administering Authority have selected to answer all questions within this section.

The Administering Authority have selected to include all questions when determining whether they comply with the Code within this section.

# Funding and investment

## Modules

### Investment

- Investment governance (4)
- *Investment decision making* (7)
- Investment monitoring (4)
- Stewardship (6)
- Climate change (3,6)
- *Statement of investment principles* (6)\*
- *Default arrangements and charge restrictions* (7)

#### Notes:

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- (5) Mostly good practice
- (6) Partially good practice
- (7) Does not apply

\* Note that for the Statement of investment principles module the Code references good practice for PSPs. However, due to the overriding legal requirement to have an Investment Strategy Statement (ISS) in place we have not included any questions on this module but have referred to the ISS within the Investment governance module.





# Administration

# Administration – at a glance



## Scheme administration

**Fully compliant in 0 out of 1 module**



2 questions are red and 1 question is amber out of 16 questions.

## Information handling

**Fully compliant in 0 out of 4 modules**



No questions are red and no questions are amber out of 42 questions. 42 questions are unanswered.

## IT

**Fully compliant in 0 out of 2 modules**



No questions are red and no questions are amber out of 17 questions. 17 questions are unanswered.

## Contributions

**Fully compliant in 3 out of 3 modules**



No questions are red and no questions are amber out of 13 questions.

## Essential actions

- Include in governance roles & responsibilities document
- ongoing project to create working processes currently in review
- Ask Finance

## Comments

The Administering Authority have selected to answer all questions within this section.

The Administering Authority have selected to include all questions when determining whether they comply with the Code within this section.

# Administration



## Modules

### Scheme administration

- Planning and maintaining administration (1)

### IT

- Maintenance of IT systems (1)
- Cyber controls (2,6)

### Information handling

- Financial transactions (1)
- Transfers out (2)
- Record-keeping (3,6)
- Data monitoring and improvement (1)

### Contributions

- Receiving contributions (3)
- Monitoring contributions (1)
- Resolving overdue contributions (1)

### Notes:

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- (6) Partially good practice
- (7) Does not apply





# Communications and disclosure

# Communications and disclosure – at a glance



## Information to members

**Fully compliant in 5 out of 5 modules**



No questions are red and no questions are amber out of 22 questions.

## Public information

**Fully compliant in 2 out of 2 modules**



No questions are red and no questions are amber out of 14 questions.

## Essential actions

None

## Comments

The Administering Authority have selected to answer all questions within this section.

The Administering Authority have selected to include all questions when determining whether they comply with the Code within this section.

# Communication and disclosure



## Modules

### Information to members

- General principles for member communications (1)
- *Annual pension benefit statements (DC)* (7)
- *Summary funding and pension benefit statements (DB)* (7)
- Benefit information statements (PSPS) (1)
- Retirement risk warnings and guidance (1)
- Notification of right to cash transfer sum or contribution refund (2)
- *Chair's statement* (7)
- Scams (1)
- *Audit requirements* (7)

### Public information

- Publishing scheme information (PSPS) (2,6)
- Dispute resolution procedures (2,6)

### Notes:

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- (1) Applies
- (2) Mostly applies
- (3) Partially applies
- (4) Good practice
- (5) Mostly good practice
- (6) Partially good practice
- (7) Does not apply





# Reporting to TPR



# Reporting to TPR – at a glance



## Regular reports

**Fully compliant in 1 out of 1 module**



No questions are red and no questions are amber out of 3 questions.

## Whistleblowing- Reporting breaches of the law

**Fully compliant in 2 out of 4 modules**



1 question is red and 1 question is amber out of 11 questions.

## Essential actions

- Arrange training for PFC & PB in the 2024 meeting schedule
- Senior Fund accountant needs to ensure reporting mechanism is added to process and they are logged on the breaches log

## Comments

The Administering Authority have selected to answer all questions within this section.

The Administering Authority have selected to include all questions when determining whether they comply with the Code within this section.

# Reporting to TPR



## Modules

### Regular reports

- Registrable information and scheme returns (1)

### Whistleblowing - reporting breaches of the law

- Who must report (1)
- Decision to report (1)
- How to report (1)
- Reporting payment failures (1)

#### Notes:

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- (7) Does not apply



The information set out in this report is based on the expectations set out in the Code, compared to your current practice and it is not a regulatory and compliance audit. The information is based on the responses by the Administering Authority to questions set by Aon based on information contained in the Code.

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