

60-second summary

The long (long) awaited TPR General Code of Practice has arrived.....so what?



Andrew McKerns
Senior Governance and Administration Consultant

Santa delayed his visit down the pension chimney until January!

While we all thought that December was the month for 'surprising' presents, it turns out that the month of January is when the Pensions Regulator (TPR) became the Secret Santa for the pensions industry. The expectation that TPR's General Code of Practice would be unveiled in spring/summer was overturned when it was somewhat surprisingly laid in Parliament on 10 January. With the [Code](#) expected to come into effect late March, let's take a look at:

- what it covers;
- what has changed since the draft Code was released in 2021; and
- what this means for LGPS Funds.

What does the General Code cover?

In short, all governance (including investment governance) and administration conduct and practices required of an LGPS fund. As part of TPR's goal to simplify its layout and make it easier for users to navigate, TPR has categorised the new General Code into five areas:

- The Governing Body
- Funding and investment
- Communications and disclosure
- Administration
- Reporting to TPR

Within each of these five areas are specific modules (51 to be exact) that apply to the running of a pension scheme – though not all apply to LGPS funds. It was well publicised that new modules on **Cyber controls** and **Pension scams** would feature prominently in the new Code. TPR's expectations in these areas remain pretty much unchanged since the draft Code was produced in 2021.

Overall, the General Code provides 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, importantly, the administration of the scheme for members. If TPR comes calling, it's in all these areas that it would expect evidence of compliance from your Fund.

What has changed since the 2021 draft General Code?

For LGPS funds, we remain largely unscathed from major changes with one exception...

Definition of 'Governing body'

TPR has provided greater clarity on its definition of the 'Governing Body' as it relates to public service pension schemes. It is for each scheme to set out who fulfils the role of 'scheme manager' within their existing arrangements:

"The governance of a public service pension scheme will need to take into account the differing responsibilities of the scheme manager, pension board and, where appropriate, pension committee."

TPR has also produced revised wording with modules relating to risk management in comparison to the 2021 draft Code.

So.... what does this mean for LGPS funds?

We often talk with Fund Officers, Committees and Boards about why the General Code of Practice is important for them. Part of TPR's remit for the General Code is to give practical guidance on legal obligations, and it's one of the main entities policing this compliance. So, at one level, compliance with the Code is important to uphold a Fund's reputation and avoid fines or other remedial measures from TPR. Ultimately though, we would argue that compliance with the Code is a positive opportunity that will foster effective decision making, oversight, processes and internal controls. Surely that's a good thing and something that we owe our scheme members and employers.

To get the best out of the Code, we recommend that funds put an action plan together to:

1. **Train** Officers, Committee and Board on the expectations set out by TPR within the General Code.
2. **Assess** current levels of compliance for all 'must' areas within the General code, as it pertains to LGPS funds. Identify any gaps of partial or non-compliance.
3. **Consider** expected areas of 'should' and 'best practice' indicated by TPR.
4. **Set out** what new policies or processes will be required because of this assessment.

How can we support you and your team?

With such a vast area covered within the General Code, your Hymans team are on hand to deliver training for your fund.

We also recently announced our TPR General Code of Practice compliance checker. This will set out exactly what is expected for each LGPS fund and provide the reporting capabilities for officers to ensure committee and board are aware of the existing and ongoing fund compliance levels.

Following your assessment of existing compliance levels, your Hymans team will be ready with solutions and advice where you feel there are areas of partial or non-compliance and will get you to the governance position you expect of your Fund.

On our recent webinar, we posed LGPS specific questions to TPR's Policy Lead, Nick Gannon, on his expectations for the General Code and what this will mean for funds. If you missed the webinar, or would like to watch again, you can [catch it here on-demand](#).

If you would like to discuss further, or find out more about our compliance checker, please [get in touch](#).