



Spotlight

TPR General Code of Practice Issued

The Pensions Regulator (TPR) has [published](#) its new General Code of Practice which has now been laid in Parliament. It replaces the Code of Practice (no.14) for Public Service Pension Schemes. The Code is expected to come into force on 27 March 2024.

In this **Spotlight** we set out the key highlights, and what is new for Public Service Pension Schemes. Whilst the Spotlight is directed at Local Government Pension Scheme (LGPS) Administering Authorities, the majority of the points will apply equally to those running Police and Fire Pension Schemes and other Public Service Pension Schemes.

We also introduce our **TPR compliance model** which we have developed to support administering authorities with reviewing their current operations in line with the Code. In addition, we are holding a **webinar** with Nick Gannon from TPR on Monday 29 January (3-4pm) to discuss the impact of the new General Code on Public Service Pension Schemes. Please hold this slot – an invite will be sent shortly.

At a glance...

- The General Code of Practice (the “Code”) consolidates and modernises 10 previous Codes into a single Code and sets out governance standards for pension schemes.
- The Code applies to governing bodies of occupational schemes (Defined Benefit and Defined Contribution), personal pension schemes and public service pension schemes.
- For Public Service Pension Schemes specifically, the Code replaces Code of Practice 14 (Governance and Administration of Public Service Pension Schemes).
- As expected, there are five sections within the Code: The governing body, Funding and Investment, Administration, Communications and disclosure and Reporting to TPR.
- The Code will be accessible online and the paper version runs to 171 pages comprising of 51 modules (and not all modules apply to all schemes).

Contents

What is new for public service pension schemes?	2
What next?	5

Why bring you this spotlight?

To share our thoughts on what the Code means for Public Service Pension Schemes.

Next steps

- Interpret the requirements of the Code.
- Consider the modules and areas that your administering authority/scheme needs to take action on.
- Commence plans to determine how you will assess and demonstrate compliance with the Code.

Prepared for: LGPS Administering Authorities and Public Service Pension Schemes

Prepared by: Aon Public Sector Team

Date: 10 January 2024

What is new for public service pension schemes?

We have set out below our initial understanding of what is new in the General Code of Practice. Our commentary below focuses on new and good practice modules.

Governing body

The Code provides increased clarity on the definition of the governing body for Public Service Pension Schemes, including the LGPS. This is confirmed to be the scheme manager. It outlines that each Public Service Pension Scheme will need to determine who fulfils the role of scheme manager according to their regulations and local arrangements. The Code recognises that the governance of Public Service Pension Schemes needs to take into account the differing responsibilities of the scheme manager, pension board and where appropriate, pensions committee.

Good practice

In the new General Code there are a number of areas of good practice which sit alongside core modules (highlighted by an * in the list below). Whilst compliance with the good practice modules is not a legal requirement, we would suggest all administering authorities and Public Service Pension Schemes consider all areas of the new Code.

New modules

There are a number of new modules in the Code when compared with Code of Practice 14. These are:

Governing body section

- Meetings and decision-making
- Remuneration and fee policy*
- Managing advisers and service providers*
- Scheme continuity planning*
- Own risk assessment*

Funding and Investment section

- Investment governance*
- Investment monitoring*
- Climate change*

Administration

- Planning and maintaining administration
- Financial transactions

- Transfers out
- Record-keeping
- Data monitoring and Improvement
- Maintenance of IT systems
- Cyber controls*

Communications and disclosure

- General principles for member communications
- Scams

Below we have listed some of the key highlights from our initial review.

Governance

TPR states that the governing body should spend an appropriate amount of time running its scheme and should meet at least quarterly. The Code outlines the items that must be included in written meeting records. Public Service Pension Schemes will need to consider the requirements of the appointment and role of the chair module, as well as relevant aspects of the new good practice remuneration and fee policy module. These are areas we plan to discuss with TPR at our webinar on 29 January. It also recognises that arrangements for meetings and decision making for councils acting as LGPS authorities are set out in legislation and will apply to each council as appropriate.

Managing advisers and service providers

TPR expects schemes to operate an effective system of governance and this module outlines the expected controls for the selection, appointment and management of advisers and service providers. It confirms that where the governing body appoints advisers and service providers, it retains ultimate accountability and should be able to demonstrate its management of commercial relationships.

Administration

TPR have introduced a number of new administration modules, in particular in relation to planning and maintaining administration, information handling and maintenance of IT systems.

Risk management

There are areas of good practice here in respect of scheme continuity planning. TPR states that scheme managers of public service pension schemes do not have specific obligations set out in pensions legislation but considers it good practice to carry out continuity planning. Also the new area of Own Risk Assessment is listed as an area of good practice for Public Service Pension Schemes. Own Risk Assessments will identify the key governance risks facing the scheme and TPR states that the governing body should incorporate the findings into its management and decision-making processes. In our 29 January webinar we expect to cover how TPR views this, and how the overall effective system of governance requirements should be considered by Public Service Pension Schemes.

Systems of Governance

The requirement for effective systems of governance and internal controls applies to all schemes, although the standards of governance required by law depends on the type of scheme. The Code introduces greater emphasis on documented policies and procedures to demonstrate that the governing body is managing the scheme in line with the requirements.

Scheme managers of Public Service Pension Schemes are required to establish and operate appropriate internal controls in line with requirements in law.

Cyber Controls

Cyber and managing cyber risk for pension schemes is a continually evolving area and we know many Administering Authorities have commenced work in this area. As expected, the Code outlines that Governing bodies should take steps to reduce the risk of incidents occurring, and appropriately manage any incidents that arise. This is listed as a good practice module however it does also clearly set out the legal requirements for all Public Service Pension Schemes relating to internal controls.

Investment

The Code contains some good practice modules on investments for Public Service Pension Funds, including investment governance, investment monitoring and climate change. TPR states the scheme managers of Local Government Pension Schemes do not have the same obligations in pensions legislation, but it is good practice for them to approach investment governance and investment monitoring in the same way.

What next?

Here is what is coming next.

Webinar

The Code comes into force on 27 March 2024. Ahead of this we are holding a **webinar** with TPR on 29 January 2024 between 3-4pm where we will discuss key areas of the Code and what it means for the LGPS and Public Service Pension Schemes. An invite and link to book a place on the webinar will be issued shortly.

Other communications

We plan to issue further communications in the coming weeks as we digest and interpret the Code's requirements further.

TPR compliance model

The move from one dedicated code for Public Service Pension Schemes to one new General Code for all schemes will require fresh thinking in how to interpret requirements and how best to assess and demonstrate compliance with this new Code. We have developed a **new compliance model** to help LGPS funds assess compliance against the new General Code. This will produce automated information for ongoing reporting to Pensions Committees and Local Pensions Boards and will support funds in developing an action plan against areas that need further attention. We will set out more detail at our webinar.

Act now

We recommend that LGPS administering authorities and all Public Service Pension Schemes commence action now to interpret the Code carefully and consider assessing compliance. It will be key to formulate an action plan to address the changes needed, including identifying any new policies or procedures or changes to existing policies that may be required.



Mary Lambe
Head of Public Sector
Governance
01727 888 236
mary.lambe@aon.com



Scott Campbell
Senior Consultant
0117 941 4412
scott.campbell.2@aon.com



Jennie Green
Benefits and Governance
Consultant
0117 900 4430
jennie.green@aon.com

Aon plc (NYSE:AON) exists to shape decisions for the better - to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries and sovereignties with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

Follow Aon on [LinkedIn](#), [Twitter](#), [Facebook](#) and [Instagram](#). Stay up-to-date by visiting the [Aon Newsroom](#) and sign up for News Alerts [here](#).

Copyright © 2024 Aon Solutions UK Limited and Aon Investments Limited. All rights reserved. aon.com. Aon Wealth Solutions' business in the UK is provided by Aon Solutions UK Limited - registration number 4396810, or Aon Investments Limited – registration number 5913159, both of which are registered in England and Wales have their registered office at The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN. Tel: 020 7623 5500. Aon Investments Limited is authorised and regulated by the Financial Conduct Authority. This document and any enclosures or attachments are prepared on the understanding that they are solely for the benefit of the addressee(s). Unless we provide express prior written consent no part of this document should be reproduced, distributed or communicated to anyone else and, in providing this document, we do not accept or assume any responsibility for any other purpose or to anyone other than the addressee(s) of this document. In this context, "we" includes any Aon Scheme Actuary appointed by you. To protect the confidential and proprietary information included in this document, it may not be disclosed or provided to any third parties without Aon's prior written consent.