

<b>Title of Report</b>	TPR - New single code Update/ Introduction
<b>For Consideration By</b>	Pensions Committee
<b>Meeting Date</b>	19 January 2023
<b>Classification</b>	Public
<b><u>Ward(s) Affected</u></b>	All
<b><u>Group Director</u></b>	Ian Williams, Group Director Finance & Corporate Resources

## 1. **Introduction**

- 1.1. From 1<sup>st</sup> April 2015 the Pensions Regulator (TPR) assumed responsibility for public service pension schemes and put in place Code of Practice 14: Governance and Administration of Public Service Pension Schemes (COP14). COP14 came into force from 1<sup>st</sup> April 2015 and all public service pension schemes were expected to comply with the requirements of COP14 from that date.
- 1.2. In 2021 TPR consulted on a new Single Modular Code (The New Code), intended to replace a number of their existing Codes of Practice including COP14.
- 1.3. This report provides more background about COP14 and an update on the New Code, which is expected to come into force in Spring 2023. Once in force, the New Code will replace COP14.

## 2. **Recommendations**

- 2.1. **The Pensions Committee is recommended to note the report**

## 3. **Related Decisions**

- 3.1. Pensions Committee 11<sup>th</sup> September 2017 - The Pensions Regulator Code of Practice Compliance Checklist
- 3.2. Pensions Committee 12<sup>th</sup> September 2018 - The Pensions Regulator Code of Practice Compliance Checklist
- 3.3. Pensions Committee 10<sup>th</sup> September 2019 - The Pensions Regulator Code of Practice Compliance Checklist

4. **Comments of the Group Director of Finance and Corporate Resources.**

- 4.1. In the last decade there has been much greater focus on the standard of governance within LGPS funds. This increased focus can be seen in TPR's increased powers of oversight, as well as in the introduction of local pension boards. TPR's COP14, and the forthcoming New Code, are useful guides to the standards of governance expected by TPR. Measuring compliance with the code on a regular basis helps to ensure that good practice is understood and maintained.
- 4.2. A good standard of governance is crucial in minimising the key risks involved in managing the pension fund. Although the greater powers of oversight granted to TPR has benefited schemes through driving improvements in governance, ensuring compliance with the updated requirements results in additional work for officers and advisers of the fund.
- 4.3. While delivering the requirements of COP14 and the forthcoming New Code are therefore associated with increased costs, these are immaterial in comparison with the risks of failing to ensure that scheme governance is of a high standard and compliant with all necessary regulation and guidance.
- 4.4. The risks of non-compliance include both financial penalties issued by TPR, which can be considerable, and the longer-term costs to the Council likely to ensue in the event of poor management of the Pension Fund, including a potentially increased employer contribution rate.

5. **Comments of the Director of Legal, Democratic and Electoral Services**

- 5.1. The Public Service Pensions Act (2013) introduced a legal framework for the governance and administration of public service pension schemes and provided for extended regulatory oversight by TPR. The 2013 Act requires TPR to issue one or more Codes of Practice setting out the legal requirements in respect of the management of the schemes. TPR has discharged that duty by issuing COP14.
- 5.2. COP14, and the forthcoming New Code, contain practical guidance and set out standards of conduct and good practice expected of those in charge of managing schemes. It is therefore appropriate for the Pensions Committee and Pensions Board to consider the Hackney Pension Fund's compliance with the code at regular intervals.

6. **Background to the report**

- 6.1. The Public Service Pensions Act 2013 introduced the primary legislation for public service pension schemes to move from a final salary basis to a career average basis, and also extended TPR's powers to have oversight of public

sector pension schemes. Prior to this Act TPR had no jurisdiction over public service pension schemes.

- 6.2. As part of this new role, TPR created Code of Practice 14: Governance and Administration of Public Service Pension Schemes. TPR has a number of different Codes of Practice covering different aspects of running pension schemes, and the public service pension schemes is the 14<sup>th</sup> code in their list. The other TPR codes do not apply to public service pension schemes.
- 6.3. Although following COP14 itself is not a regulatory requirement, should TPR identify a situation where legal requirements are not being met, compliance with COP14 (or the forthcoming New Code) will be considered when determining the appropriate action to take.
- 6.4. COP14 covers a number of aspects of governance and administration, divided into the following sections:
  - Reporting duties
  - Knowledge and Understanding
  - Conflicts of Interest
  - Publishing information about schemes
  - Managing risk and internal controls
  - Maintaining accurate member data
  - Maintaining contributions
  - Providing information to members and others
  - Internal Dispute Resolution
  - Reporting breaches of the law
- 6.5. It is important to note that TPR has no jurisdiction over funding and investments for the LGPS. COP14 applies only to governance and administration matters.
- 6.6. The Committee was last provided with an update on the Fund's compliance against COP14 in September 2019. At that point, the Fund was either fully or partially compliant in all areas. The areas where the Fund was only partially compliant included:
  - Documenting and regularly assessing training requirements for the Pensions Board
  - Maintaining accurate member data

- Provision of annual benefit statements

- 6.7. Further work in all these areas has been undertaken since that date so we would expect the number of areas in which the Fund is fully compliant to have increased since the last check.
- 6.8. An updated check is now due and with the imminent implementation of the New Code it has been decided to wait and assess compliance against the New Code in the summer. However, an updated check against COP14 can be brought to the March meeting if the Committee wishes.

### **Appendices**

None

### **Background documents**

None

<b>Report Author</b>	Name Rachel Cowburn Title Head of Pensions Email <a href="mailto:rachel.cowburn@hackney.gov.uk">rachel.cowburn@hackney.gov.uk</a> Tel 020 8356 2630
<b>Comments for the Group Director of Finance and Corporate Resources prepared by</b>	Name: Jackie Moylan Title: Director, Financial Management Email: <a href="mailto:jackie.moylan@hackney.gov.uk">jackie.moylan@hackney.gov.uk</a> Tel: 020 8356 3032
<b>Comments for the Director of Legal, Democratic and Electoral Services prepared by</b>	Name: Georgia Lazari Title: Team Leader (Places) Email : <a href="mailto:georgia.lazari@hackney.gov.uk">georgia.lazari@hackney.gov.uk</a> Tel: 0208 356 1369