

TEESSIDE PENSION FUND
Administered by Middlesbrough Council

AGENDA ITEM 9

PENSION FUND COMMITTEE REPORT

12 MARCH 2025

DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE

PENSIONS REGULATOR GENERAL CODE OF PRACTICE REVIEW - UPDATE

1. PURPOSE OF THE REPORT

- 1.1 To provide Members with an update on progress towards ensuring the Fund achieves full compliance with the Pensions Regulator's General Code of Practice

2. RECOMMENDATION

- 2.1 That Members note the report.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications associated with this report.

4. BACKGROUND

- 4.1 The Pensions Regulator (TPR) is the UK regulator of workplace pension schemes. It has a wide range of responsibilities in relation to regulating trust-based (private sector) pension schemes and plays a more limited but still very significant, role in regulating public service pension schemes such as the Local Government Pension Scheme (LGPS).
- 4.2 The TPR produces guidance in relation to the governance and administration (but not the investment or funding) of public service pension schemes. As reported to the 13 March 2024 Committee, TPR went through an exercise to merge its existing codes of practice into a single new code, the General Code of Practice, which came into force on 27 March 2024. The General Code of Practice can be found on TPR's website at the following link:
<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/general-code-of-practice.ashx>
- 4.3 The General Code of Practice is divided into five sections (shown in bold below). Also shown below are the new modules included in the General Code of Practice (not present in the previous codes of practice). Some of these (asterisked and shown in italics) will not directly apply to the LGPS but where this is the case, compliance will usually be viewed as 'best practice' by TPR.

The governing body

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

Funding and investment

- *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

5. COMPLIANCE WITH THE CODE

5.1 Although the General Code of Practice took effect from 27 March 2024, TPR indicated that it did not expect schemes to be able to demonstrate full compliance with all the provisions of the Code from that date. However, what is expected that schemes will have an awareness of where there are potential gaps in compliance and, ideally, a plan setting out how and when these gaps will be filled.

5.2 As reported to the 13 March 2024 Committee, the Fund carried out an initial assessment to determine its level of compliance with the Code, with the aid of a spreadsheet-based assessment tool developed by Hymans Robertson (the Fund's actuary). That initial assessment showed that, from the 14 chapters of the General Code of Practice that are analysed in the report, five showed full compliance, with the remaining nine showing levels of compliance between around 57% and 93%. A task list was produced showing what steps needed to be taken to reach full compliance with the Code.

5.3 An updated version of this task list is attached at Appendix A.

6. NEXT STEPS

6.1 The Code of Practice checklist will be provided to future Pension Fund Committee and Teesside Pension Board meetings as required.

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Appendix A

Task	Original Target Timescale	Status	Revised Target Timescale
The Governing Body: Board Structure and Activities			
1. Include Nolan principles within induction training for Pension Fund Committee and Teesside Pension Board, to ensure non-Councillors are aware of required characteristics.	30/06/2024	Complete	
2. Note - Going forward, Appendix 2 (qualities of a Chair) could be shared with group leaders prior to any appointment process for a future chair of the Pension Fund Committee	30/06/2024	In-hand (for May 2025 annual Council meeting)	
Administration: Scheme Administration			
3. Develop a strategy for the long-term administrative objectives of the scheme and agree a process for delivering these with the administrator - will be picked up as part of the ongoing re-procurement of the outsourced pensions administration function.	31/12/2024	Initially align with Tyne & Wear Pension Fund's stated administration strategy objectives: "comply with...statutory requirements, improve data quality and reduce the risk of breaching rules and regulations that could result in penalties and reputational damage. The focus of the strategy is to ensure the timely flow of required and accurate information between employers and the Fund."	
Administration: IT & Cyber Security			
4. Consider providing more detail to Committee on cyber risks and controls	30/09/2024	Ongoing – Cyber risk, data security and business continuity were covered extensively in Tyne & Wear Pension Fund's administration proposal. These will be referenced in the Pension Fund Business Plan and more detail can be provided to subsequent Committee meetings.	30/09/2025

Task	Original Target Timescale	Status	Revised Target Timescale
Communications and Disclosure: Information to Members			
5. Deferred members where no address is known do not receive benefit statements (although, technically, those statements are produced). Ongoing discussions about bulk address tracing with outsourced pensions administrator will be progressed. Assess on-line availability as a longer-term alternative.	31/12/2024	Discussions with XPS were put on hold following the announcement of the tender outcome. Will be considered once new pensions administrator onboarded.	30/09/2025
The Governing Body: Knowledge & Understanding			
6. Maintain list of key scheme documents available to access outside of the on-line learning academy.	30/09/2024	Key scheme documents are currently held on https://www.teespen.org.uk/lgps-members/investments-and-funds/trust-documents/ These will be transferred to another site (tbc) from June 2025.	30/06/2025
7. Further review of the Pension Committee and Board knowledge and understanding should be scheduled.	30/09/2024	National Knowledge Assessment carried out in 2024 with Board and Committee participation, reported to Committee and Board in November/December 2024	
8. Pension Board knowledge and understanding could be further reinforced by scheduling further Board training through the Pension Board workplan	30/09/2024	Ongoing – Pension Board workplan is flexible enough to incorporate training opportunities	Ongoing
9. Could develop and document Pension Committee and Board training plans more fully.	30/09/2024	Ongoing	30/06/2025
The Governing Body: Risk Management			
10. More formal annual review of all internal control documents need to be put in place.	31/12/2024		30/06/2025
11. Further analysis is required to ensure all TPR expectations on the design of internal controls are covered.	31/12/2024		30/06/2025

Task	Original Target Timescale	Status	Revised Target Timescale
12. Diarise review of assurance reports (from external providers), assess whether any gaps exist i.e. any investment managers who do not / can not provide reports. Liaise with external audit, who also go through a process to collate these reports, to avoid duplication of effort.	30/09/2024		30/06/2025
13. Review pensions administration provider's Business Continuity Plan at same six month frequency as the Fund's Plan Develop an annual review process of any potential conflicts of interest in relation to the six non-Middlesbrough Council Committee members.	31/12/2024	New provider's business continuity plan assessed as part of tender exercise.	Complete
14. Develop an annual review process of any potential conflicts of interest in relation to the six non-Middlesbrough Council Committee members.	30/09/2024	Under discussion with Democratic Services	30/06/2025
15. Arrange to publish Board conflict register on website (although this is currently a 'nil' return).	30/06/2024	To be discussed with Democratic Services	30/06/2025
Investment			
16. Develop written policy on the use of advisers "These policies should consider the specific circumstances of the scheme, such as the investment knowledge and experience available to the governing body and the relevant legal requirements"	31/12/2024	On hold pending outcome of Government 'LGPS Fit for the Future' consultation exercise, which looks likely to require Funds to use their Pool company as their principal source of investment advice	30/09/2025
17. Further onward reporting and additional analysis required to fully meet the standard outlined, for example including stress testing, scenario testing and any early warning triggers that are relevant. Work with other managers to fully understand their climate risk approach.	31/12/2024	Need to identify internal (or external) resource to carry this out.	31/12/2025

Task	Original Target Timescale	Status	Revised Target Timescale
Administration: Information Handling			
18. Annual review of processes and systems for financial transactions recommended. Finalise reporting on scheme-specific data.	31/12/2024	Scheme-specific data report finalised with XPS. Need to ensure reporting carried forward with new pensions administration provider	30/09/2025
19. Formal data improvement plan should be devised and implemented - will progress once new pensions administration contract is in place.	31/12/2024	Develop data improvement plan with new provider post-31 st May 2025 transfer	30/09/2025
20. Carry out data reviews annually.	31/12/2024	Implement with new pensions administration provider	30/09/2025
Communications and Disclosure: Public Information			
21. Update IDRPs guide leaflet to include correct contact details of Money and Pensions Service.	30/06/2024	Updated	30/06/2024
Reporting to TPR: Reporting Breaches			
22. Update breaches policy to include reference to advising TPR if another regulatory body e.g. ICO is advised of a breach.	30/06/2024	Updated	30/06/2024