

LOCAL PENSION BOARD – 26 JANUARY 2024

GENERAL CODE OF PRACTICE: INITIAL COMPLIANCE ASSESSMENT

Report by the Director of Finance

RECOMMENDATION

1. **The Board is RECOMMENDED to note and comment on the General Code of Practice initial compliance assessment carried out by the Governance and Communications Team of the fund.**

Introduction

2. The Pensions Regulator published a draft General Code of Practice document in March 2021 which will replace the existing 15 codes of practice. The reasons behind implementing the single General Code of Practice was the ability to clarify, modernise and simplify the disparate sets of codes of practice.
3. The Local Government Pension Scheme (LGPS) currently assesses compliance against the Code of Practice 14 (CoP14) which will be superseded by the General Code of Practice, when the final document is published later this year.
4. The new draft code consists of 51 modules which relate to 5 main areas:
 - a) Governing Body – 18 modules
 - b) Funding and Investments – 8 modules
 - c) Administration – 10 modules
 - d) Communications and Disclosure – 11 modules
 - e) Reporting to TPR – 4 modules
5. Only 38 of the 51 modules apply to the LGPS. 17 of the modules were already part of the Code of Practice 14. 21 modules are new to LGPS. The number of modules assessed as part of the review are as follows:
 - a) Governing Body – 15 modules
 - b) Funding and Investments – 2 modules
 - c) Administration – 10 modules
 - d) Communications and Disclosure – 7 modules
 - e) Reporting to TPR – 4 modules
6. A high-level review of each relevant module was undertaken. **APPENDIX 1** shows the full results of this review. Fund officers assessed Oxfordshire Pension Fund's compliance for each module and applied a Red/Amber/Green rating. Green shows the fund is fully compliant with the requirements in the relevant module; amber indicates the fund is compliant with over 75% of the

requirements in the module; red indicates the fund is compliant with less than 75% of the requirements.

Key Findings

7. The Governing Body

- 9 of the 15 modules in this area were rated green.
- Some work is required in this area around policies for record-keeping (a requirement within TGB017) and work is already underway to improve the rating for the module on contract monitoring (TGB010).
- The best practice modules 'Remuneration Policy' (TGB016) and 'Continuity Planning' (TGB022) were also rated amber. Oxfordshire County Council requires all services to have a business continuity plan. The current continuity plan for Pension Services requires updating following the most recent round of recruitment in the team.

8. Administration

- 1 of the 10 modules in the Administration area were rated green (Transfers – ADM014).
- There are 2 modules covering data quality for scheme records and data monitoring (ADM003 and ADM006). TPR requires funds to aim for a 100% data quality score. While fund officers have processes in place to continuously improve OPF's data quality score, we do not meet the 100% target.
- All other amber-rated modules require improvements or refinements to administration processes and policies which are being reviewed by the Pensions Services team.

9. Communications and Disclosures

- 4 of the 7 modules in this area require work to ensure full compliance.
- 2 modules require further process reviews ('General principles for member communications' - CAD001 and 'Short-service refunds' - CAD016) to comply.
- Most of the requirements for the module 'Publishing information' (CAD010) are already in place. However, improvements to the Oxfordshire Pension Fund webpages are a priority which is being put forward for the 2024/25 Business Plan, to ensure compliance.
- Finally, the 'Audit Requirements' (CAD014) module would have been rated green - but delays to audits nationally mean there are delays to our own accounts being signed-off.

10. In conclusion, this initial compliance assessment has served as an excellent precursor to understand the work required when the final General Code of Practice is released by the Pensions Regulator later in the year. More detailed analysis of each of the modules will be required, however this initial review sets out the current position and serves as a good foundation for further work on compliance.

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