

Regulatory and Other Committee

Open Report on behalf of Executive Director of Finance and Public Protection

Report to:	Pensions Committee
Date:	07 January 2016
Subject:	TPR's Code of Practice

Summary:

This paper presents a checklist for the Pensions Regulator's (TPR) Code of Practice, and highlights how the Lincolnshire Pension Fund meets the requirements.

Recommendation(s):

That the Committee consider the checklist and agree any actions arising.

Background

1. From 1st April 2015, all public sector pension schemes are regulated by The Pensions Regulator (TPR). To understand the Regulator's requirements, TPR produced a Code of Practice no.14, published in January 2015 (attached at appendix B). This Code outlines how to approach the administration and governance of a public service scheme.
2. Codes of practice are not statements of the law and there is no penalty for failing to comply with them. It is not necessary for all the provisions of a code of practice to be followed in every circumstance. Any alternative approach to that appearing in the code of practice will nevertheless need to meet the underlying legal requirements, and a penalty may be imposed if these requirements are not met. When determining whether the legal requirements have been met, a court or tribunal must take any relevant provisions of a code of practice into account.
3. The code is structured as a reference for scheme managers (the administering authority) and pension boards to use to inform their actions in four core areas of scheme governance and administration: governing your scheme, managing risks, administration and resolving issues.
4. Each core section includes practical guidance to help scheme managers and pension boards to discharge their legal duties. The regulator recognises that there may be alternative and justifiable actions or approaches that

scheme managers or pension boards may wish to adopt, provided these meet the minimum legal requirements. The language of the code identifies what is a legal requirement and what is guidance:

Must – in the code the term ‘must’ is used where there is a legal requirement.

Should – in the code the term ‘should’ is used to refer to practical guidance and the standards expected by the regulator.

5. To assist in identifying how the Lincolnshire Pension Fund measures against the Code of Practice, a checklist has been drawn up and is attached at Appendix A. The Pension Board considered the checklist at their October meeting, and it has now been brought to the Committee for their consideration.
6. The summary dashboard on p3 of the checklist shows the RAG rating for each of the TPR's requirements. As can be seen there are three areas where the rating is red. These are:
 - a. **G8 – Maintaining contributions** - Is there a satisfactory process in place to assess the materiality of any payment failures and ensure that those which are material are reported to the Regulator within a reasonable period? *Existing spreadsheets in place identify late payment. However, current process does not consider significance of failures and whether they should be reported. Part of current review to develop process.*
 - b. **I8 – IDRPs** - Does the Administering Authority regularly assess the effectiveness of its arrangements? *Not currently reported to PC. WYPF asked to include IDRPs update in quarterly report.*
 - c. **I9 – IDRPs** - Does the Administering Authority regularly assess the effectiveness where employers carry out a stage one process? *Not currently reported to PC. WYPF asked to include IDRPs update in quarterly report.*

Conclusion

7. The Lincolnshire Pension Fund now falls under the regulation of the Pension's Regulator, and must look to comply with the TPR's Code of Practice no. 14, for public service pension schemes. The checklist attached assists the Scheme Manager Board in understanding the requirements of the Code and identifying how the Lincolnshire Pension Fund meets those requirements.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	TPR Code of Practice Checklist
Appendix B	TPR Code of Practice no.14

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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