



Item: 5

Pension Fund Sub-committee: 20 November 2024.

Pension Regulator General Code of Practice – Self-Assessment of Compliance.

Report by Head of Finance

1. Overview

- 1.1. In March 2024 the Pensions Regulator updated the multiple previous versions of the General Code of Practice (the Code) and combined them into a single code of practice to be used by public and private sector pension schemes, including the Local Government Pension Scheme (LGPS).
- 1.2. The updated Code includes elements which are not applicable to the LGPS. However, Orkney Islands Council, in its capacity as the Administrating Authority of the Orkney Islands Pension Fund (the Fund), should endeavour to comply with the sections that are relevant to them.
- 1.3. The new code recommends that self-assessment of the Fund's compliance against the Code requirements should take place.
- 1.4. Hymans Robertson have developed a LGPS Code Checker self-assessment tool, which has been used to carry out:
 - An internal assessment of the risks the scheme faces.
 - How well the Scheme's governance systems are working.
 - The way risks are managed.
- 1.5. A summary of the Fund's current assessment of compliance with the Code is attached as Appendix 1.
- 1.6. A scorecard summary, which includes actions required to progress towards an improved compliance position, is attached as Appendix 2.
- 1.7. Self-assessment against the Code will be completed annually to ensure continuous improvement and to identify the key areas that need further work or processes to be put in place.

2. Recommendations

2.1. It is recommended that members of the Sub-committee:

- i. Scrutinise the General Code of Practice self-assessment results and Summary Scorecard including action points, attached as Appendices 1 and 2 to this report, in order to obtain assurance.

3. Background

3.1. The updated [Pensions Regulator General Code of Practice](#) was approved in March 2024 and is designed to help trustees comply with their duty to establish and operate an effective system of governance, including internal controls.

3.2. The five main areas of the Code include:

- Administration.
- Funding and Investment.
- Governing Bodies.
- Communication and Disclosure.
- Reporting to The Pensions Regulator.

3.3. There are over 130 different requirements which apply to Local Government Pension Schemes, which can broadly be categorised as:

- Regulatory.
- Expectation of the Pensions Regulator.
- Best Practice.

3.4. The Pensions Regulator expects scheme governing bodies to be able to demonstrate that they have appropriate procedures and policies in place.

For Further Information please contact:

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Implications of Report

1. **Financial:** The Local Government Pension Scheme Code Checker has been purchased from Hymans Robertson at a one-off cost of £4,500.
2. **Legal:** Using the Code of Practice will help the Council meet its statutory obligation to secure best value.
3. **Corporate Governance:** Not applicable.

4. **Human Resources:** Not applicable.
5. **Equalities:** Equality Impact Assessment is not required for performance monitoring.
6. **Island Communities Impact:** Island Communities Impact Assessment is not required for performance monitoring.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our communities.
 - Developing our Infrastructure.
 - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
9. **Environmental and Climate Risk:** None directly related to the recommendations in this report.
10. **Risk:** Self- Assessment of compliance with the General Code of Practice aids in the Authority's duty to establish and operate an effective system of governance, including internal controls.
11. **Procurement:** N/a
12. **Health and Safety:** N/a
13. **Property and Assets:** N/a
14. **Information Technology:** N/a
15. **Cost of Living:** N/a

List of Background Papers

[Pensions Regulator General Code of Practice.](#)

Appendices

Appendix 1 – General Code of Practice - Assessment Summary.

Appendix 2 – General Code of Practice – Scorecard Summary.

Orkney Islands Council Pension Fund



ORKNEY
ISLANDS COUNCIL

General Code of Practice -
Assessment summary

20 November 2024

Introduction

In March 2024 The Pensions Regulator combined various codes of practice into a single General Code of Practice which is applicable to most public and private occupational pension schemes, including the LGPS.

There are elements of the code which do not apply to the LGPS and not all requirements carry the same weight. Administering Authorities of LGPS funds must however comply with the sections relevant to them.

The Code makes reference to, and places significant responsibility on, the "governing body" of a pension scheme. In the words of The Regulator, the governing body is "in a public service pension scheme, the scheme manager".

Furthermore "Each public service pension scheme should determine who fulfils the role of scheme manager according to their regulations and local arrangements." It is our understanding that for the LGPS this refers to the administering authority or any other body or individual carrying out a delegated function on behalf of the administering authority. For most, but not all, LGPS funds this will be a pension committee or sub-committee. A local pension board is not a governing body.

Purpose

The purpose of this report is to summarise the Fund's officers view of compliance with the Code. There are a number of criteria which Funds must comply with in order to satisfy the requirements of the various sections of the Code. This report records the findings from the assessment by Fund officers across all relevant subject areas.

Conducting an assessment against the requirements allows the Fund to create an action plan, targeting the areas considered most risky. It will also help uncover requirements which are partially met within the Code, but where some further action is required to fully meet requirements.

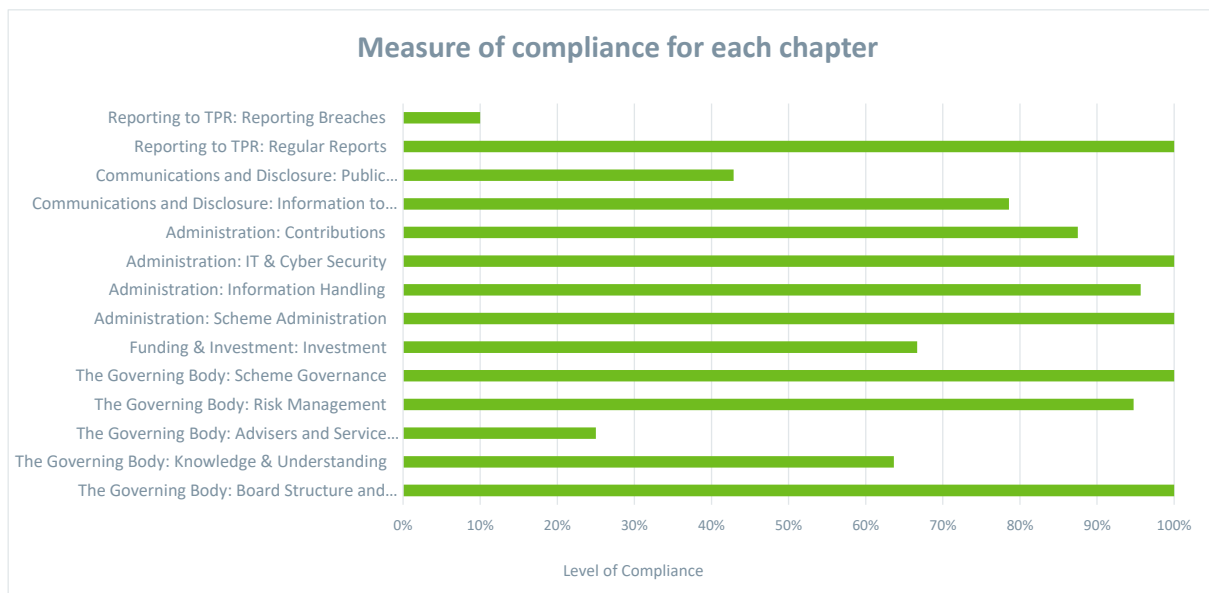
Results

Officers have conducted an assessment of the Fund's current compliance against the Code. For this assessment the Code has been broken down into 15 distinct sub-sets which are referred to as chapters. Note, there are no requirements for LGPS funds in the "Value for Scheme Members" chapter.

Within each of these chapters, there are a number of different modules each with their own set of requirements. Each requirement has been assessed and a corresponding risk rating applied. These requirements fall into one of three categories -

- **Regulatory Requirement;**
- **TPR Expectation;** and
- **Best Practice**

The Chart below summarises the Fund's assessment of current risk rating for each chapter. A score of 100% for a particular chapter indicates that all requirements are fully met. A score of 50% would indicate that half of the requirements in that chapter fully meet requirements within the Code.



Commentary on results

It can be seen from the Chart above that there are 5 areas of the Code where the requirements are fully met. It is important that these areas are monitored to ensure the requirements continue to be fully met.

This means that there are 9 chapters where the requirements of the Code are not fully met. The areas where more actions are required are:

- Reporting to TPR: Reporting Breaches
- The Governing Body: Advisers and Service Providers
- Communications and Disclosure: Public Information

Further analysis

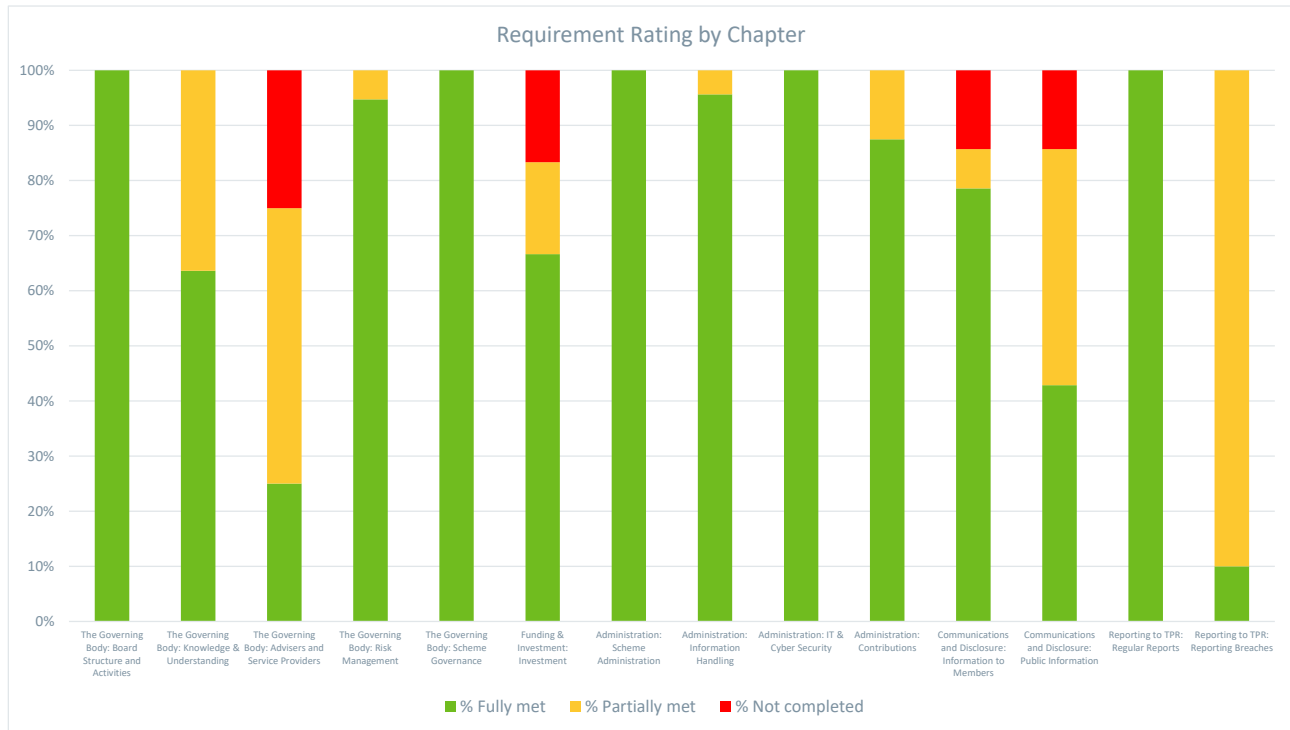
Within each topic the administering authority has assessed a number of strands – noting the following:

- Risk rating for each requirement – fully met, partially met or not completed
- The evidence taken into account when assessing compliance
- The owner of that particular strand
- The steps which need to be taken to ensure compliance or continued compliance
- The suggested immediate actions

The Appendix contains the detail of the current ratings for each of the chapters, as well as the actions required.

It is also beneficial to understand the level of risk. This removes the binary nature of compliance, and builds in allowance for the fact that there may be a number of requirements which are partially met. Understanding this in more detail provides a more detailed overview.

The following chart shows the aggregate position of each chapter, when the individual requirements are assessed as either "Fully met", "Partially met" or "Not completed".



When looking at the results in this way, it is more encouraging as there are 9 chapters of the Code with requirements which are already partially completed and as such, actions could be fully completed relatively easily. The steps required to complete the actions, as proposed by the Fund's officers, are set out in the appendix.

Breakdown of results

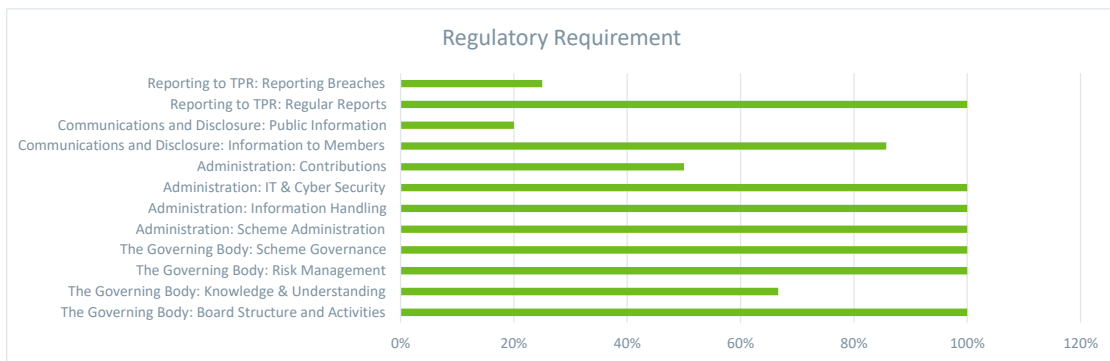
Simply looking at the overall ratings across a full chapter of the Code may not provide the level of detail needed. The requirements from the Code can be split into the following categories:

- **Regulatory Requirement** - these align with Legislation or Regulations which LGPS Funds must follow.
- **TPR Expectation** - These align with what the Regulator would expect to see from LGPS Funds.
- **Best Practice** - These are examples of what the Regulator believes should be in place for well governed Funds.

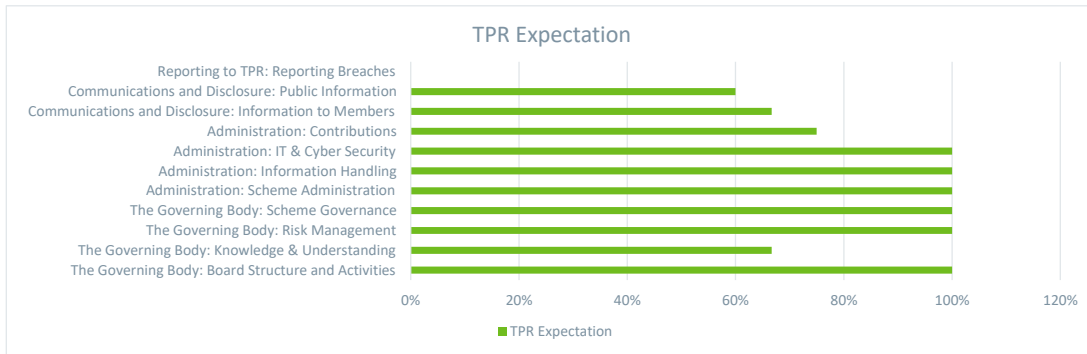
Having an understanding of the current ratings in the parts of the Code where there is a Regulatory requirement can help prioritise the required actions and the focus of efforts in the short term.

The charts below provide a summary of the results in these categories. Please note that each chart only contains the chapters which have requirements in the relevant category. To confirm some chapters from the Code will be missing from the charts below as they won't have requirements.

The chart below summarises the **Regulatory requirements** which have been assessed to be fully met.



The chart below summarises **TPR's expectations**, which have been assessed to be fully met.



The chart below summarises the **best practice** requirements, which have been assessed to be fully met.



Next Steps

This report summarises the findings of the most recent assessment against the Code. Preparation is the first step in ensuring the Fund is compliant with the requirements of the Code. The Administering Authority should ensure that any changes, updates or additions to the Code are reflected in the Fund's compliance checks in future.

Having assessed the Fund's current position against the Code, and prepared this report, a suggested list of actions is:

1. Circulation of this report and appendix to relevant stakeholders
2. Identify steps required to turn partially compliant requirements into fully compliant, assigning owners to each action
3. Identify the steps required to make non-compliant requirements fully compliant, again assigning owners to each action
4. Create a plan based on steps 2 and 3 above, with key milestones and timescales allocated to each step
5. Decide on any actions to ensure compliant strands remain compliant
6. Decide on the frequency of review of the plan, and update timescales as required
7. Agree when the next full compliance review will take place

A note of the risk rating for each chapter, as well as the required actions and who has responsibility for those actions, is contained within the appendix.

Reliances and limitations

This report has been produced by Fund officers of the Orkney Islands Council Pension Fund, to help them self-assess the Fund's levels of compliance with the Pension Regulator's General Code of Practice.

This report does not provide legal or regulatory advice, but is designed to provide Fund officers with a tool to self-assess its compliance with The Pensions Regulators General Code of Practice as at March 2024. You should speak to your usual Hymans contact before continuing to use this checker following a legislative update. This report does not consider changes to the Code or LGPS Regulations after March 2024. This report does not cover all statutory obligations and good practice recommendations to which LGPS funds are subject and the fund officers remain responsible for ensuring the Fund's compliance with relevant law and regulation. This report does not attempt to replicate the advice or roles of scheme actuaries, lawyers, investment advisers nor administrators and we recommend that you seek advice from those advisers where relevant or where an officer has a concern about the position of the Fund.

This report should not be shared with anyone outside of the Orkney Islands Council Pension Fund. However, it can be shared with the Pension Committee and Pension Board.

Please contact Hymans Robertson if you wish to share the output report with any other external third parties. We make no representation to any third party as to the accuracy or completeness of the output report. No reliance should be placed on this checker or output reports or appendices by any third party and we accept no responsibility or liability to any third party in respect of it.

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This report has been prepared by the officers at Orkney Islands Council Pension Fund.

20 November 2024

Appendix - Scorecard summary

Orkney Islands Council Pension Fund

The following gives an overview of the current compliance position against the General Code of Practice, and a note of the immediate actions

The Governing Body: Board Structure and Activities			
Requirements	Current rating	Actions	Responsibility
The governance of a public service pension scheme will need to take into account the differing responsibilities of the scheme manager, pension board and, where appropriate, pension committee.	Fully met		Committee
The pension board must have an equal number of employer and member representatives	Fully met		Committee
Legislation dictates how the governing body of a PSPS is made up and pension board members must not have a conflict of interest and must evidence such if required by the scheme manager	Fully met		Committee
Members of governing bodies to display the characteristics shown in Appendix 1.	Fully met		Committee
To have a process in place for appointing pension board members	Fully met		Head of Legal
Schemes will have governing bodies where appointments are made in accordance with scheme-specific legislation. The governing body, or pension board, should seek to inform those making the appointment of the expectations and any legislative requirements placed on members of the governing body.	Fully met		Fund Officers
Expectations of a chair in particular the skills and behaviours which are expected to be shown are set out (see Appendix 2 for more detail)	Fully met		Head of Legal
Scheme managers of PSPS are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules, and with the requirements of the law. This applies to the running of meetings and making decisions.	Fully met		Committee
Meeting arrangements and decision making should comply with the requirements of The Local Government Act 1972 and Local Government and Housing Act 1989.	Fully met		Head of Legal
The pension board should maintain a record of the specified records which are shown in Appendix 3.	Fully met		Fund Officers

Appendix - Scorecard summary

The Governing Body: Knowledge & Understanding			
Requirements	Current rating	Actions	Responsibility
All governing bodies should maintain a list (in an accessible format) of items the members of the governing body should be familiar with	Fully met	Upload CIPFA Knowledge and Skills Framework to PF/PB website page.	Fund Officers
The governing body should regularly carry out an audit of its members' skills and experience to identify gaps and imbalances	Partially met	Develop self-assessment tool to identify gaps/imbances in skills and knowledge.	Committee
Pension board members must be conversant with - The rules of the scheme, and - Any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme. And have knowledge and understanding of— - The law relating to pensions, and - Such other matters as may be prescribed.	Fully met		Pension Board
Scheme managers or their delegates should achieve at least basic competence in knowledge and skills.	Fully met		Fund Officers
Pension board members should have a working knowledge of the topics in Appendix 4	Fully met		Pension Board
Demonstrate that, as a group, the pension board possess the skills, knowledge, and experience to run the scheme effectively	Fully met		Pension Board
The pension board meet the requirements in Appendix 5	Fully met		Pension Board
Members of the pension board should be aware that their responsibilities and duties begin from the date they take up their post	Partially met	Create information pack for prospective and new members of Pension Sub-committee and Board.	Fund Officers
Governing bodies should provide the necessary training and support to it's members	Fully met		Fund Officers
Members of the pension board can work towards completing TPR public service toolkit or equivalent learning programmes	Partially met	Create record of Member/Officer TPR Toolkit completion.	Fund Officers
To enable the pension board to ensure their knowledge and understanding is established and maintained, members of a governing body should comply with the points laid out in Appendix 6	Partially met	Develop self-assessment tool to identify gaps/imbances in skills and knowledge.	Fund Officers

The Governing Body: Advisers and Service Providers			
Requirements	Current rating	Actions	Responsibility
Follow the processes set out for selecting advisers and service providers. (see Appendix 7 for more detail)	Partially met	Scheme of Delegation refers to appointing actuarial services and fund managers, but not fund advisers. Discuss amendment of Scheme of Delegation with Service Manager (Governance).	S.151 Officer/ Section 95 Officer
Follow the processes set out for appointing advisers and service providers. (see Appendix 8 for more detail)	Fully met		S.151 Officer/ Section 95 Officer
Follow the processes set out for managing advisers and service providers. (see Appendix 9 for more detail)	Partially met	Scheme advisers and service providers are awarded open ended contracts, and performance is reviewed annually. Further assessment of the other Code requirements will be undertaken.	S.151 Officer/ Section 95 Officer
Follow the processes set out for replacing advisers and service providers. (see Appendix 10 for more detail)	Not completed	Replacement of fund advisor is not listed on the risk register. No documented plan for what a transition would look like.	S.151 Officer/ Section 95 Officer

Appendix - Scorecard summary

The Governing Body: Risk Management			
Requirements	Current rating	Actions	Responsibility
Scheme managers of public service pension schemes are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law.	Fully met		Committee
The governing body should identify risks, record them, and regularly review and evaluate them (see Appendix 11 for guidance on identifying, evaluating and recording risk)	Fully met		Committee
The scheme manager should have in place internal controls, including: - The arrangements and procedures to be followed in the administration and management of the scheme - The systems and arrangements for monitoring that administration and management, and - Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.	Fully met		Committee
The governing body should design internal controls which ensure that the scheme is administered and managed in accordance with the requirements of the law and the scheme rules. The scheme's internal controls should also: - Include a clear separation of duties for those performing them, and processes for escalation and decision-making - Require the exercise of judgement, where appropriate, in assessing the risk profile of the scheme and in designing appropriate controls.	Fully met		Pensions Manager
The governing body should make sure that their internal controls are documented.	Fully met		Pensions Manager
A scheme's internal controls should be reviewed at least annually. However, the review of controls can be staggered if they address different areas of a scheme's operations or governance.	Fully met		Pensions Manager
Reviews should also be carried out when: - Substantial changes to the scheme take place. These include changes to pension scheme personnel, service providers, scheme advisors, or administration and other IT systems; - A control is not working to the standard required by the law.	Fully met		Pensions Manager
When designing internal controls governing bodies should consider TPR expectations (see Appendix 12 for more detail)	Fully met		Pensions Manager
To maintain internal controls governing bodies should consider TPR expectations (see Appendix 13 for more detail)	Fully met		Pensions Manager
The governing body may consider using assurance reports to assess whether the scheme or a service provider meets the relevant legislative requirements on internal controls.	Fully met		
If selecting a suitable internal auditor, the governing body should consider: - The candidate's independence - Any actual or potential conflicts of interest (see Conflicts of interest) - The candidate's knowledge of the subject	Fully met		Committee
The governing body should read and understand assurance reports provided by service providers to establish if the controls used by the organisations that they outsource various functions to are adequate. This will also include assurance reports produced by the scheme's investment manager and custodian. They should consider the scope of such reports and the degree to which these are applicable. For example, whether the reports cover the specific team or office providing services to the scheme.	Fully met		Fund Officers
Governing bodies should consider having a continuity plan that meets the requirements of Appendix 14	Partially met	Review and consider a Pension Fund specific Business Continuity Plan, at the same time as the overall OIC one is being reviewed by IT.	Fund Officers
When identifying and evaluating risks, governing bodies should consider conflicts of interest.	Fully met		Fund Officers
Where management of conflicts of interest form part of the scheme manager's internal controls the following expectation apply: - Members of governing bodies should understand when potential and actual conflicts arise legal and professional requirements and legislation that apply to English local authorities should apply - The requirements in Appendix 15 are met.	Fully met		Fund Officers
Where management of conflicts of interest does not form part of the scheme manager's internal controls the following expectation apply: - Members of governing bodies should understand when potential and actual conflicts arise - Legal and professional requirements and legislation that apply to English local authorities should apply - The requirements in Appendix 15 are met.	Not applicable		
Governing bodies should have processes in place to ensure that their decision-making is not compromised by actual or potential conflicts	Fully met		Fund Officers
Governing bodies should consider seeking independent legal advice, to help decide whether an actual or potential conflict of interest can be eliminated (and if so, the best way of achieving it)	Fully met		Head of Legal
Regarding the pension board, scheme managers of public service pension schemes must: - Be satisfied that a prospective member of the pension board does not have a conflict of interest - Remain satisfied that none of the members of the pension board has a conflict of interest	Fully met		Head of Legal
Regarding the pension board, scheme managers of public service pension schemes should: - Circulate the register of interests and the other relevant documents to the pension board for ongoing review - Publish these documents (for example, on a scheme's website)	Fully met		Fund Officers

Appendix - Scorecard summary

The Governing Body: Scheme Governance			
Requirements	Current rating	Actions	Responsibility
<p>The scheme manager needs to have a system of governance and internal controls that;</p> <ul style="list-style-type: none"> - Provide the governing body with oversight of the day-to-day operations of the scheme - Include any delegated activities for which the governing body remains accountable - Provide the governing body with assurances that their scheme is operating correctly and in accordance with the law 	Fully met		Committee
<p>Scheme managers are required to establish and operate internal controls, which are adequate for securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law. Internal controls means;</p> <ul style="list-style-type: none"> - Arrangements and procedures to be followed in the administration and management of the scheme, - Systems and arrangements for monitoring that administration and management, and - Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme; 	Fully met		Committee

Funding & Investment: Investment			
Requirements	Current rating	Actions	Responsibility
It is best practice for governing bodies to meet the requirements set out in Appendix 16	Fully met		Committee
It is best practice for governing bodies to meet the requirements set out in Appendix 17	Fully met		Committee
In respect of any DC arrangement, best practice is for governing bodies to meet the requirements set out in Appendix 18	Not applicable		
<p>The governing body should:</p> <ul style="list-style-type: none"> - Have governance policies that ensure the form and structure of liabilities, the strength of the employer covenant, the risk of sponsor default, life expectancy of members, and the need to access cash at particular times are taken into account in investment decision-making - Clearly communicate the policies above to advisers, investment managers, and other relevant stakeholders 	Fully met		Committee
In relation to investment monitoring, governing bodies should follow the steps in Appendix 19	Partially met	We do not currently consider fees when monitoring performance of the Fund Managers.	Committee
Governing bodies should set clear expectations for their investment managers	Not completed	We monitor against benchmark, but not target to exceed benchmark expectations set by the Fund Managers when they are appointed. Discuss with Hymans how this can be monitored going forward.	Committee
The expectations for governing bodies in relation to climate change are set out in Appendix 20	Fully met		Committee

Administration: Scheme Administration			
Requirements	Current rating	Actions	Responsibility
Every scheme must operate internal controls which should include administration.	Fully met		Pensions Manager
With regard to planning and preparation governing bodies should comply with the requirements in Appendix 21.	Fully met		Pensions Manager
To maintain proper administration, governing bodies should comply with the requirements set out in Appendix 22.	Fully met		Pensions Manager

Appendix - Scorecard summary

Administration: Information Handling			
Requirements	Current rating	Actions	Responsibility
The governing body should maintain the following records; - Records of member and beneficiary information - Records of transactions - Records of pension board meetings and decisions (for further information see Appendix 23)	Fully met		Pensions Manager
The scheme manager is required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules, and with the requirements of the law. Governing bodies should make sure financial transactions are managed as part of their internal controls.	Fully met		Pensions Manager
The management of financial transactions should be proportionate to the nature, complexity, and activity of the scheme. Governing bodies should comply with the requirements of Appendix 24.	Fully met		Pensions Manager
When deciding to grant statutory transfers, governing bodies must carry out appropriate checks to decide if one of the conditions for transfer are met.	Fully met		Pensions Manager
Governing bodies should ensure that they have the necessary administrative procedures to deal with transfer requests, without undue delay and in line with scheme rules and the law.	Fully met		Pensions Manager
Governing bodies should also maintain accurate and complete records of all requests received and the transfers that have been made.	Fully met		Pensions Manager
The governing body must provide the statement of entitlement within approximately three months of receiving the request, unless this information has been provided in response to a request in the previous 12 months	Fully met		Pensions Manager
Before paying a transfer s the governing body must check that the receiving scheme is; - Able to accept the transfer - Willing to accept the transfer - A scheme to which a transfer can be made under the relevant legislation	Fully met		Pensions Manager
Where the governing body suspect the receiving scheme is an illegitimate arrangement, they should report it to Action Fraud.	Fully met		Pensions Manager
Where the governing body believe they will not meet the legislative deadlines, they should make an application to TPR before the deadline	Fully met		Pensions Manager
The governing bodies of DB schemes that receive a request to transfer or convert safeguarded benefits of £30,000 or more, must check the scheme member (or survivor) has received appropriate independent advice.	Fully met		Pensions Manager
When checking written confirmation governing bodies should follow advised steps around record keeping and responding to suspected fraudulent activity (See Appendix 25 for full details)	Partially met	Update checklist to include date and officer information.	Pensions Manager
Governing bodies are required to complete transfers within six months. For DB benefits, this is measured from the guarantee date provided in the statement of entitlement.	Fully met		Pensions Manager
Governing bodies should meet the record keeping requirements set out in Appendix 26	Fully met		Pensions Manager
Governing bodies may consider the record keeping requirements set out in Appendix 27 as best practice [can we link to an appendix listing page 106 para 7]	Fully met		Pensions Manager
When maintaining administrative systems governing bodies should comply with the measures laid out in Appendix 28	Fully met		Pensions Manager
When maintaining administrative systems governing bodies may consider the measures laid out in Appendix 28 as best practice	Fully met		Pensions Manager
Governing bodies should ensure that appropriate processes are in place: - To enable participating employers to provide timely and accurate data - To reconcile employer data and scheme data - For situations where an employer fails to meet their legal duties to the scheme	Fully met		Pensions Manager
Governing bodies may consider educating employers to understand where member information must and should be shared to the scheme and/or another employer	Fully met		Pensions Manager
Governing bodies should retain records for as long as they are needed	Fully met		Pensions Manager
Governing bodies should have appropriate processes in place for monitoring scheme data (see Appendix 29 for full details)	Fully met		Pensions Manager
Governing bodies should have appropriate processes in place for reviewing scheme data (see Appendix 30 for full details)	Fully met		Pensions Manager
Governing bodies should have appropriate processes in place for protecting scheme data (see Appendix 31 for full details)	Fully met		Pensions Manager

Appendix - Scorecard summary

Administration: IT & Cyber Security			
Requirements	Current rating	Actions	Responsibility
Governing bodies should take steps to make sure their service providers can prove they meet our expectations for maintaining IT systems as listed in Appendix 32	Fully met		Fund Officers
Scheme managers should establish adequate internal controls in relation to any regulatory or legal obligations in respect of cyber risk	Fully met		Fund Officers
When assessing cyber risk governing bodies should follow the procedures set out in Appendix 33	Fully met		Fund Officers
When managing cyber risk governing bodies should follow the procedures set out in Appendix 34	Fully met		Fund Officers

Administration: Contributions			
Requirements	Current rating	Actions	Responsibility
Employee Contributions must be paid to the scheme by day 19 of the following month, or day 22 if paid electronically.	Partially met	There are only 2 admitted bodies that make payments for contributions so there is not a specific process set up as we have not had any issues with them not paying on time. A task is to be added to the outstanding tasks spreadsheet to be checked on the 19th of each month	Pensions Manager
Employer contribution payments must be paid by the date specified in the scheme rules, regulations, or documentation.	Fully met		Pensions Manager
Governing bodies should develop a record to monitor contribution payments to the scheme (a contributions monitoring record).	Fully met		Pensions Manager
Governing bodies should have processes in place to check contributions due to the scheme and to reconcile them with what is actually paid to identify payment failures.	Fully met		Pensions Manager
Governing bodies should develop and maintain records for monitoring contribution payments to the scheme. This should include: contribution rates, date contributions are due, interest on late payments. (see Appendix 35 for full details)	Fully met		Pensions Manager
Governing bodies must also keep records of any employer contributions due to the scheme that have been written off.	Not applicable		Pensions Manager
When a payment failure is identified, the governing body should contact the employer quickly to resolve the overdue payment.	Not applicable		Pensions Manager
The governing body should obtain overdue payments and rectify administrative errors. (see Appendix 36 for more detail)	Fully met		Pensions Manager
Governing bodies should maintain a record of their investigation and the communications between themselves and the employer.	Fully met		Pensions Manager
The governing body should review current processes to detect situations where fraud may be more likely to occur and where additional checks may be needed.	Fully met		Pensions Manager

Appendix - Scorecard summary

Communications and Disclosure: Information to Members			
Requirements	Current rating	Actions	Responsibility
The scheme manager should comply with the requirements of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.	Fully met		Pensions Manager
The governing body should follow the principles set out in the section entitled "General Principles for Member Communications". TPR expectations are listed in Appendix 37	Fully met		Pensions Manager
Scheme managers must provide all active members with an annual benefit information statement. They may also be required to provide a benefit information statement to certain types of members on request.	Fully met		Pensions Manager
Scheme managers should follow the principles set out in the section entitled "General Principles for Member Communications" when drafting benefit information statements. (see Appendix 38 for more detail)	Fully met		Pensions Manager
For active members the scheme manager must: - Include a description of the benefits earned by members during their pensionable service - Issue the annual statement by no later than 31 August of the year following the period to which the statement relates - Comply with any HM Treasury directions, in terms of any other information that must be included and the way it must be provided to members.	Fully met		Pensions Manager
For active, deferred, or pension credit members the scheme manager must: - Provide a benefit information statement following a request for one, if the information has not been provided to that member in the previous 12 months - Issue a benefit information statement as soon as possible following a valid request for one, and within two months	Fully met		Pensions Manager
For members with defined contribution (DC) benefits, scheme managers must: - provide a benefit information statement regarding their DC benefits to every member within 12 months of the end of the scheme year (irrespective of whether they also have DB benefits) - include the information required by law in any benefit information statement.	Fully met		Pensions Manager
Where the applicable public service scheme regulations require additional benefit information to be provided to members, or for statements to be given at shorter intervals than set out above, those scheme regulations will also apply.	Fully met		Pensions Manager
Where a member has a right to a cash transfer sum or a contribution refund the information in s101AC of the Pension Schemes Act 1993 must be provided within a reasonable period.	Partially met	Update correspondence to include rights around cash transfer and contribution refunds.	Pensions Manager
The term "reasonable period" in the phrase above should be construed as 3 months from leaving. Governing bodies should advise members where it is likely to take more than 3 months to provide the information.	Not completed	Further investigation into this will take place to establish if current procedures are satisfactory.	Pensions Manager
The governing body should give members 3 months to confirm if they wish to transfer their cash transfer sum and can extend this deadline at their discretion. If the member does not respond, the governing body may arrange to pay a contribution refund after a further month.	Not completed	Further investigation into this will take place to establish if current procedures are satisfactory.	Pensions Manager
Where a member elects for a cash transfer sum the governing body should pay it within 3 months but can extend in exceptional circumstances.	Fully met		Pensions Manager
When processing a transfer, governing bodies must check that at least one of the conditions for the transfer to proceed is met (see Transfers out module within Information Handling section of this checker).	Fully met		Pensions Manager
As part of their internal controls, governing bodies should ensure that they take the steps set out in Appendix 39.	Fully met		Pensions Manager

Appendix - Scorecard summary

Communications and Disclosure: Public Information			
Requirements	Current rating	Actions	Responsibility
<p>Scheme managers must publish certain information about the pension board and keep that information up to date.</p> <p>The scheme manager must publish and maintain:</p> <ul style="list-style-type: none"> - The names of pension board members - Details about the representation of scheme members on the pension board - Details of the matters for which the pension board is responsible 	Fully met	<p>Add website review to year end procedures.</p> <p>Confirm review period for Comms policy</p>	Fund Officers
<p>Scheme managers may consider publishing information about pension board business, for example, board papers, agendas, and minutes of meetings. These may be redacted to the extent that they contain confidential information and/or data protected by law.</p>	Fully met		Fund Officers
<p>Scheme managers should consider requests for additional information to be published, to encourage scheme member engagement and promote</p>	Fully met		Fund Officers
<p>Scheme managers may consider how best to publish information, making use of the principles outlined in General principles for member communications.</p> <p>See appendix 37</p>	Partially met	<p>Consider accessibility requirements of published information.</p>	Fund Officers
<p>Scheme managers may also publish:</p> <ul style="list-style-type: none"> - the employment and job title (where relevant) and any other relevant position each board members holds - details of the pension board recruitment process - who each pension board member represents - the full terms of reference for the pension board, including details of how it will operate - any specific roles and responsibilities of individual pension board members 	Fully met		Fund Officers
<p>Scheme managers should:</p> <ul style="list-style-type: none"> - Have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete - Ensure any out-of-date or incorrect information identified is updated as soon as possible and in any event, within one month 	Not completed	<p>Create a register of published information, to include review log.</p>	Fund Officers
<p>Governing bodies must put formal procedures and processes in place to investigate and decide upon pension scheme disputes quickly and effectively</p> <p>These processes must be followed to resolve various matters</p>	Partially met	<p>Review and update procedure and guidance.</p>	Pensions Manager
<p>Where a person no longer has an interest in the scheme or claims to be such a person, governing bodies must ensure their scheme's procedures allow a reasonable period for that person or their representatives to make their applications. The reasonable period in these circumstances is six months beginning on the date their interest in the scheme stopped.</p> <p>Governing bodies can accept an application outside of this timeframe if they believe it is appropriate.</p>	Partially met	<p>Review and update procedure and guidance.</p>	Pensions Manager
<p>In relation to dispute resolution processes, governing bodies must:</p> <ul style="list-style-type: none"> - Provide their internal dispute resolution procedure to: <ul style="list-style-type: none"> - prospective members if it is practicable to do so - any scheme members who have not been given the information - certain people who request the information and who have not been given that information in the previous 12 months - members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment 	Not completed	<p>Review and update procedure and guidance - publish Internal Disputes Resolution Procedure to Fund website.</p>	Pensions Manager
<p>The governing body must provide information about the Money and Pensions Service and the Pensions Ombudsman to the complainant at certain stages of the dispute</p>	Partially met	<p>Review and update procedure and guidance</p>	Pensions Manager
<p>There are further considerations the governing body should make in relation to the dispute resolution process.</p> <p>(see Appendix 40 for further details).</p>	Partially met	<p>Review and update procedure and guidance</p>	Pensions Manager
<p>In relation to reasonable time periods governing bodies should:</p> <ul style="list-style-type: none"> - Decide the matter in dispute within four months of receiving the application - In the case of a two-stage dispute resolution procedure, reach a first stage decision within four months of receiving the application - In the case of a two-stage dispute resolution procedure, reach a second stage decision within four months of the point when the governing body receives the referral - Notify applicants of the decision no later than 21 days from when it is made - Not delay a decision where it is possible to process an application sooner than four months - Allow more than four months to reach a decision if it is appropriate to do so <p>For public sector schemes, where the governing regulations provide for shorter periods to consider grievances than set out above, those regulations will apply</p>	Fully met		Pensions Manager
<p>When reviewing an application, decision-makers should:</p> <ul style="list-style-type: none"> - Ensure they have all the appropriate information to make an informed decision - Request further information if required - Be satisfied that the time and action to reach a decision and notify the applicant are appropriate to the situation, and be able to demonstrate this 	Fully met		Pensions Manager
<p>The governing body should keep members informed about dispute resolution.</p> <p>This can include:</p> <ul style="list-style-type: none"> - Publishing and making readily available timescales for an application - Making their procedure accessible on the Fund's website - Keeping applicants advised of the progress of their dispute and expected timescales 	Partially met	<p>Review and update procedure and guidance - publish Internal Disputes Resolution Procedure to Fund website.</p>	Pensions Manager

Appendix - Scorecard summary

Reporting to TPR: Regular Reports			
Requirements	Current rating	Actions	Responsibility
Governing bodies of registrable schemes must provide TPR with all registrable information when registering their schemes.	Fully met		Pensions Manager
The governing body must tell TPR about changes to the registrable information as soon as reasonably practicable, at the very latest within five working days of the governing body becoming aware of the change.	Fully met		Pensions Manager
Governing bodies must complete a scheme return, including registrable information, plus any other information TPR may require to exercise their functions for a registered scheme. This must be provided by the date specified in the scheme return notice.	Fully met		Pensions Manager
Governing bodies should have measures in place to review and ensure the accuracy of the information in their scheme return	Fully met		Pensions Manager

Reporting to TPR: Reporting Breaches			
Requirements	Current rating	Actions	Responsibility
Report breaches of the law when: - A legal duty which is relevant to the administration of a scheme, has not been, or is not being, complied with, and - The failure to comply is likely to be of material significance	Partially met	Formal policy needs to be approved and adopted.	Committee
Governing bodies should be satisfied that those responsible for reporting breaches are aware of the legal requirements and this code. Training should be provided for the Governing body and any in-house administrators (see Appendix 41 for more details)	Partially met	Formal policy needs to be approved and adopted.	Committee
Breaches must be reported if they are likely to be of 'material significance' to TPR in carrying out any of their functions.	Fully met		Committee
Those responsible for reporting breaches, including the governing body, should establish and operate procedures to ensure they are able to meet their legal duties (see Appendix 42 for list of procedures governing bodies could have in place)	Partially met	Formal policy needs to be approved and adopted.	Committee
Breaches of the law must be reported as soon as reasonably practicable.	Partially met	Formal policy needs to be approved and adopted.	Pensions Manager
Breach report should contain the information listed in Appendix 43	Partially met	Update report to include all required information.	Pensions Manager
There are other requirements placed on those running pension schemes to report to other bodies. Where the duty to report to another body coincides with the duty to report to TPR, the report to us should include details of the other bodies the matter has been reported to.	Partially met	Formal policy needs to be approved and adopted.	Pensions Manager
If a scheme or an individual is at risk, for example where there has been dishonesty, the reporter should not take any actions that may alert those implicated that a report has been made. Similarly, reporters should not delay their report to TPR, to check whether any proposed solutions will be effective	Partially met	Formal policy needs to be approved and adopted.	Pensions Manager
Where contributions are not paid on time, and the governing body has reasonable cause to believe that the payment failure is likely to be of material significance to TPR they should send a written report of the matter to TPR.	Partially met	Formal policy needs to be approved and adopted.	Pensions Manager
Reports of late contribution payments should be made to us within 14 days of the trustees having reasonable cause to believe that a material payment failure exists. Members should be notified within 30 days of the report to TPR. When reporting to members, governing bodies should provide payment information that will enable them to understand what has been paid to the scheme and by whom	Partially met	Formal policy needs to be approved and adopted.	Pensions Manager

Role of the governing body page 10

Expected behaviours and standards:

- a. Act honestly and with integrity, competence, and capability.
- b. Act with financial probity, including in matters outside their role.
- c. Meet their legal obligations and govern their scheme properly and according to scheme rules.
- d. Act in the interest of scheme members and beneficiaries.
- e. Seek to ensure that all scheme members, whether active, deferred, drawing a pension, or in a decumulation phase, benefit from good governance.
- f. Be open and honest in their dealings with us.
- g. Have or be able to acquire the appropriate levels of knowledge and understanding and keep these up to date.
- h. Identify and, where relevant, challenge others on any potential or actual failure to comply with the scheme rules, regulations, and legislation.

Role of the governing body: Expectations of a chair page 19

As a matter of good practice, the chair needs to be able to demonstrate the skills and behaviours below:

- a. Act as the leader of the governing body and demonstrate the standards of behaviour expected from other members of the board.
 - b. Represent the interests of the scheme to all relevant parties, including employers, advisers, service providers, and members.
 - c. Have an independent viewpoint when necessary and be able to manage potential conflicts (see Conflicts of interest).
 - d. Be able to recognise each individual trustee's potential, and ensure their knowledge and skills are used effectively (see Knowledge and understanding).
 - e. Encourage members of the governing body to think strategically and take the broad, long-term view.
 - f. Help achieve compromise and consensus between differing parties to achieve good member outcomes.
 - g. Encourage participation from all members of the governing body, including new members.
 - h. Be able to demonstrate elements of the following skills:
 - Communication with the governing body and its stakeholders.
 - Organising teaching, and training (sourcing if not delivering).
- See Governance of knowledge and understanding.
- Debating, challenging, and negotiating.
 - Ability to gather and understand diverse views.
 - Managing conflicts of interest.

Role of the governing body: Meetings and decision-making page 20

The governing body must include the following in their written meeting records

- (1) In relation to any pension board meetings,
 - (a) the date, time and place of the meeting;
 - (b) the names of all the members of the pension board invited to the meeting;
 - (c) the name of any person who attended the meeting and the capacity in which each attended; and
 - (d) any decisions made at the meeting.

- (2) In relation to any other decision made by the members of the pension board in the exercise of their functions as members of the pension board, the records which are specified are records relating to any such decision including—
 - (a) the date, time and place of the decision; and
 - (b) the names of the members of the pension board who participated in making the decision.

- (3) In relation to any decision made by a committee or sub-committee of the pension board which has not been ratified by the pension board, the records which are specified are records relating to any such decision including—
 - (a) the date, time and place of the decision; and
 - (b) the names of the members of the committee or sub-committee who participated in making the decision.

Knowledge and understanding - full list of requirements from pages 26-30

Pensions law and associated legislation:

- a. The roles, responsibilities, and duties of the governing body.
- b. The governing body's liabilities and potential liability for decisions made.
- c. The law relating to pensions and trusts.
- d. The definition and nature of a pension trust (if applicable).
- e. The separation of the scheme's assets (if applicable) from any sponsoring employer.
- f. Fiduciary duties and safeguarding the financial interests of all beneficiaries.
- g. The responsibility to act prudently and according to the scheme rules.
- h. Other legislation that might affect the scheme and the governing body, for example: – anti-discrimination – data protection
- i. Our codes of practice as they apply to the scheme.
- j. Proposals for legislative change.
- k. Tax treatment of pension schemes.
- l. Main features of the state pension provision.
- m. Key elements of automatic enrolment legislation.

The scheme:

- a. Trust deed, rules, and any amendments (if applicable).
- b. Scheme regulations and statutory guidance (public service schemes only).
- c. The governing body's powers and discretions.
- d. The benefit structure, including the pension or decumulation options available to members.
- e. The balance of powers between the governing body and the employer.
- f. Any written policies and procedures relating to: – internal dispute resolution – the appointment of members of the governing body
- g. Statements of policy about the exercise of discretionary functions.
- h. How policies, practices, and scheme rules are reviewed and amended.
- i. Terms of reference, structure, and operational policies of any sub-committees of the governing body.
- j. Any admission body policies (public service schemes only).
- k. Any categories of membership of the scheme.
- l. The annual chair's statement (certain defined contribution (DC) schemes). See Chair's statement.
- m. The scheme's remuneration policy (where applicable).

Governance of knowledge and understanding page 32

The governing body should:

- a. have a balance of skills and experience throughout the board and be able to demonstrate this
- b. be able to apply its knowledge to governing the scheme
- c. have enough skills to judge and question advice or services provided by a third party
- d. be able to identify and address skills gaps
- e. have enough understanding of industry good practice and standards to assess scheme performance and its service providers. See Managing advisers and service providers.
- f. keep records of the learning activities of individual members and the body as a whole
- g. be able to demonstrate steps it has taken to comply with the law
- h. have and maintain training and development plans to ensure that individual and collective knowledge and understanding is kept relevant and up to date.

Governance of knowledge and understanding page 33

Members of a governing body should:

- a. ~~be able to demonstrate the basic level of knowledge and understanding needed to run their scheme within six months of their appointment.~~
- b. start on a programme of learning immediately on appointment, if not before, in conjunction with a scheme-specific induction programme, if one is provided
- c. undertake advanced scheme-specific learning once a good understanding of the scheme has been obtained
- d. consider how they are meeting our expectations of knowledge and understanding.
- e. review their own knowledge and understanding and identify any gaps at least annually, particularly in relation to changes in legislation or their scheme
- f. keep records of any review of knowledge and understanding and steps taken to address any gaps
- g. keep records of any alternative or further learning activity (for example, reading, attending conferences, sessions with the scheme advisers)

The governing body: Managing advisers and service providers - page 39

In selecting advisers and service providers, governing bodies should:

- a. Establish agreed and documented policies for making appointments to the scheme. These should be reviewed at least every three years, and before commencing any procurement or appointment process.
- b. Consider running a tender process when appointing advisers and service providers, and commit enough time and resources.
- c. Carefully consider any proposed degree of delegation, as well as the experience and skill set of the chosen service provider.
- d. Be familiar with and understand the impact of the terms and conditions of contracts with service providers (See our Scheme management skills guidance).
- e. Review relevant independent frameworks, such as ISO certification or accreditation frameworks for specialist functions like administration.
- f. Assess service providers and carry out due diligence as part of the appointment process.
- g. Clearly set out the roles and responsibilities of service providers and advisers.

The governing body: Managing advisers and service providers - page 39

When appointing advisers and service providers, governing bodies should:

- a. agree appropriate delegations and procedures for referral
- b. agree performance indicators on appointment and secure accountability within the service provider
- c. include a process for managing advisers, recording decisions taken as well as escalation points
- d. ensure the flow of communication with the service provider or adviser, so all parties have the necessary information to make key decisions and to fulfil their assigned roles
- e. take steps to identify and manage conflicts of interest. See Conflicts of interest.
- f. understand the implications of data protection legislation for any information that will be shared with or handled by service providers

The governing body: Managing advisers and service providers - page 40

When managing advisers and service providers, governing bodies should:

- a. seek to ensure that advisers make you aware of any relevant obligations, professional conduct rules and whistleblowing requirements that they may be obliged to follow
- b. ensure service providers are able to demonstrate that they are fulfilling the requirements of any legal obligation that has been delegated to them
- c. ensure service providers are able to demonstrate that they have adequate internal controls relating to the services they provide. See Internal controls and Assurance reports on internal controls.
- d. regularly assess performance against agreed key performance indicators (KPIs) and service level agreements (SLAs). Record outcomes and ensure all actions are allocated for remedy with progress tracked
- e. review the performance of advisers and service providers against the objectives set for them, including strategic objectives. See our objective setting guidance.
- f. Periodically review the market for relevant service providers and consider if the scheme continues to receive quality service and value for money. This may be part of any value for members assessment run by the scheme.
- g. Have enough knowledge and understanding to enable them to fully understand any advice or information they receive.
- h. Understand how any advice or information they receive affects decisions or activities that they are legally responsible for.
- i. Have a process to ensure that improvements are made where poor service is identified.
- j. Work with service providers to understand and secure any necessary resources to deal with forthcoming legislative or scheme changes.
- k. Have clear documented procedures in place, to allow a continuous and consistent service if the service provider changes or fails. See Scheme continuity planning.

The governing body: Managing advisers and service providers - page 41

In replacing advisers and service providers, governing bodies should:

- a. Consider the interests of the scheme members when replacing the adviser or service provider.
- b. Understand the impact of the terms and conditions of contracts, including any fees or penalties, and procedures for releasing relevant information to the governing body and new advisers.
- c. Understand the risks associated with transitioning to a new provider and put plans in place to mitigate them.
- d. Plan effectively for the transition to a new adviser or service provider, setting out the key steps, actions, decisions, owners, and timescales, including how costs will be met

The governing body: Risk management - page 44 and 45

The governing body should identify risks including:

- a. scheme investments, including asset-liability management (if applicable). See Investment governance.
- b. those affecting operational resilience, including where those risks belong to service providers. See Scheme continuity planning.
- c. insurances, compensation funds, and other risk-mitigation techniques
- d. environmental, social, and governance risks (if applicable). See Stewardship and Climate change.
- e. scheme funding and the strength of the employer covenant (if applicable) f. the risk of fraud
- g. failure to comply with the law and/or scheme rules
- h. poor record-keeping, poor administration, and IT and database failures
- i. cyber security risks. See Cyber controls.
- j. governance and decision making, or existing controls are not operating to the standard required by pensions legislation
- k. actual or potential conflicts of interest (the module on conflicts of interest sets out the actions that governing bodies should take in relation to these matters)

The governing body: Risk management - Internal controls - page 49

When designing internal controls, governing bodies should consider:

- a. how the control will be implemented and the skills of the person performing the control
- b. the level of reliance that can be placed on information technology processes (whether fully automated or not) and the testing of such processes
- c. whether a control can prevent future recurrence or merely detect an event that has already happened
- d. the frequency and timeliness of a control process
- e. how the control will ensure secure data management
- f. processes for identifying errors or control failures
- g. what would be appropriate approval and authorisation controls
- h. whether professional advice is needed when designing internal controls

The governing body: Risk management - Internal controls - page 49

To maintain internal controls governing bodies should:

- a. regularly consider the performance of internal controls in mitigating risks, and where appropriate, achieving long-term strategic aims
- b. consider obtaining independent or third-party assurance about controls. See Assurance reports on internal controls.
- c. obtain assurance that service providers are meeting their own standards for internal controls. See Managing advisers and service providers.

The governing body: Risk management - Scheme continuity planning - page54

Governing bodies should:

- a. seek to ensure that the performance of scheme activities are continuous and regular
- b. have a resilient business continuity plan (BCP) that sets out key actions, in case of a range of events occurring that impact the scheme's operations
- c. make sure key areas of scheme activities, including member data and general scheme administration, are included in the BCP
- d. ensure advisers and service providers also have a BCP in place to maintain services to the scheme
- e. choose how to rely on reports and information about their service providers' BCP arrangements
- f. set out roles and responsibilities within the plan, and agree these with service providers
- g. regularly review process documents and maps, particularly after a system or process change and periodically test the BCP arrangements
- h. prioritise scheme activities in the event of the BCP being triggered, for example: receiving and monitoring contributions, pension payments, retirement processing, bereavement services, and minimising the risk of pension scams
- i. ensure continued access to resources, services, and communications with key parties
- j. have an awareness of the timeframes required to bring new resources on board
- k. understand what contingency is in place to mitigate any under resource due to, for example, increase in work volumes or the loss of staff
- l. identify any events which may reasonably occur that may require additional resources

The governing body: Risk management - Conflicts of interest - page 56

When identifying and recording conflicts of interest, governing bodies should:

- a. have a clear understanding of the importance of managing conflicts of interest and the circumstances in which they may arise
- b. understand any requirements of the scheme's governing documentation, or regulations under which it may operate, in relation to conflicts of interest
- c. encourage a culture of openness and transparency in relation to conflicts of interest.
- d. maintain a written policy for managing actual and perceived conflicts of interests and consider where to publish it on the scheme's website
- e. maintain a register of interests, which should be considered in every meeting of the governing body
- f. ensure all members of the governing body, advisers, and service providers make declarations of interests and conflicts at their appointment, and as they arise
- g. ensure contracts and terms of appointment require advisers and service providers to operate their own conflicts policy, and disclose all conflicts to the governing body
- h. record conflicts of interest in relation to a decision-making process, as well as the action taken to manage them, in the written records of the meeting (see Meetings and decision-making)
- i. if carrying out transactions with related parties, ensure transparency by complying with financial reporting standard (FRS) 102 – related party disclosure

Funding and investment: Investment - Investment governance - page 73

Governing bodies of most defined contribution (DC) and defined benefit (DB) schemes must:

- a. have a good working knowledge of investment matters relating to their scheme
- b. understand the investment powers and duties they have under the scheme trust deed, rules and legislation
- c. appoint an investment manager to manage scheme investments³
- d. obtain and consider advice from a suitably qualified person before making investment decisions⁴
- e. produce a statement of investment principles (SIP), which covers their policies relating to the scheme's investments, unless exempt⁵

Funding and investment: Investment - Investment governance - page 74

We expect that governing bodies required to operate an effective system of governance and that have investment responsibilities will have the measures set out below:

- a. clearly document the objectives, roles, responsibilities, and reporting relationships of all parties involved in making investment decisions
- b. ensure that investment decisions are taken by those with the necessary skills, knowledge, information, and resources
- c. obtain advice and other inputs required to properly govern the scheme's investments
- d. ensure the governance structure relating to the assessment of investment risks and how investment decisions are made is reviewed regularly and is appropriate for the scheme's circumstances and level of complexity
- e. delegate investment decisions where appropriate for the scheme's circumstances and level of complexity. This may include delegating to an investment subcommittee or a qualified investment manager.
- f. have appropriate oversight of any bodies with delegated responsibilities, with clearly written terms of reference and/or contractual arrangements
- g. have written policies covering the use of advisers, including when to use 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
- h. have sufficient expertise to evaluate and challenge the advice they receive from advisers and service providers
- i. ensure investment policies take account of potential long-term effects on scheme investments
- j. have procedures in place to regularly monitor the performance of scheme investments
- k. regularly monitor the performance of investment managers and advisers and consider their performance formally at least every three years, acting upon any issues identified

Funding and investment: Investment - Investment governance - page 75

The governing body of a scheme with a DC element should:

- a. offer an appropriate choice of investment arrangements for members who do not wish to invest in any default arrangement
- b. provide access to information to enable members to make an informed choice about where their contributions are invested, where more than one investment arrangement is available
- c. inform members in advance of potential changes to an investment arrangement
- d. allow members the opportunity to actively choose to switch to a new DC investment arrangement where their existing arrangement is changed or replaced
- e. if replacing or modifying an existing investment arrangement, manage the transition costs with consideration given to value for members

Funding and investment: Investment -Investment monitoring - page 80
Governing bodies should:

- a. have procedures to review and negotiate the terms of contractual arrangements and fund documents in place with investment managers and advisers as appropriate (see Managing advisers and service providers)
- b. regularly monitor the performance of their scheme's investment managers and advisers (see Managing advisers and service providers)
- c. have procedures in place to regularly monitor their scheme's investments and performance that should:
 - consider investment returns both before and after fees, and against any relevant benchmarks
 - compare investment performance against their stated short and long-term investment objectives
 - consider fees and costs and whether they are justified
 - where applicable, consider their value for members assessment
- d. consider whether and how to report to interested parties, for example members, participating employers, and sponsoring employers
- e. ensure monitoring information is prepared at least quarterly, and at shorter intervals if appropriate for the size and complexity of the scheme
- f. where applicable, ensure analysis of monitoring information includes a stress test, scenario test, or other risk assessment information, to assess the impact of changing circumstances on scheme assets and if relevant, funding level
- g. monitor the level of investment risk run to deliver the performance and how this compares with the investment manager's risk targets
- h. consider environmental, social, and governance (ESG) factors, including shareholder engagement, and have sufficient processes in place to ensure compliance
- i. seek to ensure that controls (including those related to the security, liquidity, and safe custody of the scheme assets) are in place to alert them to potential financial risks relating to their investment manager
- j. regularly assess the effectiveness of their processes, ensuring proper review and monitoring of investments and making improvements as appropriate

Funding and investment: Investment - Climate change - page 85

Governing bodies should:

- a. consider the possible short, medium, and long-term effects of climate change on the scheme's objectives and its operations
- b. maintain and document processes for identifying and assessing climate-related risks and opportunities
- c. integrate these processes into their risk management and governance arrangements
- d. ensure they oversee, assess, and manage climate-related risks and opportunities relating to the scheme

Administration: Scheme administration - page 95

5. With regard to planning and preparation, governing bodies should:

- a. maintain sufficient knowledge and understanding of administration (see Knowledge and understanding)
- b. understand the scope of administrator responsibilities and tasks, as well as the suitability of those performing them
- c. where necessary, have access to appropriate advice and assistance to negotiate contractual terms
- d. consider quality as well as value for members when selecting an administrator, see also Managing advisers and service providers
- e. include administration as an agenda item at governing body meetings
- f. ensure that administration and record keeping are important points on the risk register (see Identifying, evaluating, and recording risks)
- g. develop a strategy for the long-term administrative objectives of the scheme and agree a process for delivering these with the administrator)
- h. monitor administration processes to drive necessary improvements

Administration: Scheme administration - page 96

6. To maintain proper administration, governing bodies should:

- a. receive appropriate information and reports from administrators, and be able to challenge them when needed
- b. ensure that all tasks delegated to an administrator are being carried out properly, according to the law and scheme governing documents
- c. regularly monitor the performance of administrators (see Managing advisers and service providers)
- d. constructively manage issues with administrator performance and consider using any contractual terms to drive improvements
- e. have procedures in place to enable a continuous and consistent service in the event of a change of administrator personnel, or administration provider
- f. record the procedures to follow when administering the scheme, and how to maintain those procedures
- g. ensure that administrators have an adequate business continuity plan that is reviewed at least annually and tested as appropriate (see Scheme continuity planning)

Administration: Information handling - page 98

Regulation 4, 5 and 6 of The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014

Records of member and beneficiary information

4.—(1) In respect of member and beneficiary information, the records which are specified are—

- (a) the name of each member and of each beneficiary;
- (b) the date of birth of each member and of each beneficiary;
- (c) the gender of each member and of each beneficiary;
- (d) the last known postal address of each member and of each beneficiary;
- (e) each member's identification number in respect of the scheme;
- (f) the national insurance number of each member who has been allocated such a number; and
- (g) in respect of each active member, deferred member and pensioner member—
 - (i) the dates on which such member joins and leaves the scheme;
 - (ii) details of such member's employment with any employer participating in the scheme including—
 - (aa) the period of pensionable service in that employment; and
 - (bb) the amount of pensionable earnings in each year of that employment.

(2) In respect of each member's rights and, where applicable, of each beneficiary's entitlement, to any benefits which are not money purchase benefits, injury benefits or compensation benefits under the scheme, the records which are specified are—

- (a) any formula or formulas used for calculating the member's or beneficiary's pension or benefit;
- (b) the percentage to be applied in respect of revaluation for each year to the member's accrued rights to benefits under the scheme; and
- (c) any increase to be applied to the pensioner member's or beneficiary's pension or benefit in payment in each year.

(3) In respect of each member's rights to any money purchase benefits under the scheme, the records which are specified are—

- (a) any investment decisions taken by, or in relation to, the member;
- (b) any investments held on behalf of the member; and
- (c) any anticipated date of retirement notified by the member.

(4) In respect of pension credits under section 29(1)(b) of the Welfare Reform and Pensions Act 1999(6) (creation of pension debits and credits) or under article 26(1)(b) of the Welfare Reform and Pensions (Northern Ireland) Order 1999(7) (creation of pension debits and credits), the records which are specified are records of any information relevant to calculating each member's rights under the scheme which are attributable (directly or indirectly) to a pension credit.

(5) In respect of pension debits under section 29(1)(a) of the Welfare Reform and Pensions Act 1999 or under article 26(1)(a) of the Welfare Reform and Pensions (Northern Ireland) Order 1999, the records which are specified are records of any information relevant to calculating any reduction in each member's rights under the scheme which are attributable to a pension debit.

Records of transactions

5. In respect of transactions, the records which are specified are—

- (a) any employer contribution or member contribution paid in relation to each active member;
- (b) payments of pensions and benefits including the date of the payment;
- (c) except where the payment is a payment under paragraph (b) or (f), payments made by, or on behalf of, the scheme manager to any person including—
 - (i) the name and address of the person to whom payment was made; and
 - (ii) the reason for that payment;
- (d) any movement or transfer of assets from the scheme to any person including—
 - (i) the name and address of the person to whom the assets were moved or transferred; and
 - (ii) the reason for that transaction;
- (e) the receipt or payment of money or assets in respect of the transfer of members into or out of the scheme including—
 - (i) the name of that member;
 - (ii) the terms of the transfer;
 - (iii) the name of the scheme into or out of which the member has been transferred;
 - (iv) the date of the transfer; and
 - (v) the date of receipt or payment of money or assets;

Administration: Information handling - Governance processes and IT systems - page 99

4. The management of financial transactions should be proportionate to the nature, complexity, and activity of the scheme and governing bodies should

- a. understand procedures and controls the administrator operates to.
- b. annually review processes and systems for financial transactions
- c. make sure that any authorisation processes for financial transactions do not cause undue delay
- d. seek to ensure that separate duties exist for administration processes to prevent financial transactions without the right authorisation
- e. use electronic means to process financial transactions wherever feasible.
- f. Service level agreements (SLAs) in place which are specific to the scheme and administrative tasks
- g. Review performance against SLAs to maintain the processing of financial transactions.
- h. maintain a dialogue with participating employers to facilitate the flow of necessary information
- i. Seek to improve processes for receiving and transmitting transaction information
- J. make sure scheme data is complete and accurate.

Administration: Information handling - Transfers out - page 103

12. When checking the written confirmation that the member received the required advice, governing bodies should:

- a. Retain a copy of the written confirmation.
- b. Ensure records are held of:
 - who conducted the check
 - when this was conducted
 - the evidence that the firm or company providing the advice has permission to advise on pension transfers and pension opt outs before the transfer was made
- c. Retain these records for as long as may be relevant, in line with scheme policy, and subject to data protection principles.
- d. Be alert to the risk of fraudulent communications submitted to the scheme.
- e. Where suspicions arise, contact the advisory firm directly using the contact details as listed on the FCA register. Check that the firm has a record of providing the advice.
- f. Contact the transferring member immediately, if there is a problem with verifying the adviser's permission. Inform them that the transfer will not proceed until the appropriate advice has been received.
- g. Keep payment records of the transfer, including details of the receiving bank account, and any confirmation of receipt by the receiving scheme.

Administration: Information handling - Record-keeping - page 106**6. Governing bodies should:**

- a. be able to demonstrate to us, where required, that they operate processes to maintain accurate and up-to-date records, enough to run their pension scheme
- b. keep records of meetings, member data, and transactions made to and from the scheme
- c. retain records for as long as the information is relevant, and in line with data protection legislation
- d. ensure that the data they or their administrator holds, enables financial transactions to be processed accurately. See Financial transactions.
- e. rectify any errors identified in scheme records as soon as possible
- f. review and amend processes as necessary to prevent further errors
- g. comply with the data protection requirements, including the need to store data securely and for a legitimate purpose under administrative systems

Administration: Information handling - Record-keeping - page 106

6. Governing bodies may consider as good practice:

- a. Holding member and benefit records electronically on a dedicated administration system.
- b. Keeping records of scheme governing documentation, including details of any amendments and how they apply to members.
- c. Making sure the administrator has basic member information known as common data.
- d. Working with the administrator to identify, record, validate, and where necessary, correct the items of scheme specific data.
- e. Taking into account developments in technology that may be available to the scheme to improve administration and record-keeping

Administration: Information handling - Administrative systems - page 107

8. Governing bodies should:

- a. ensure that processes exist to record member benefits, identifiers, contributions, investments, member decisions, payments, and transfers
- b. record accurate investments and disinvestments
- c. accurately perform benefit calculations
- d. provide members with accurate information regarding their pension benefits (both accrued and projected entitlements) as required and on a timely basis¹³
- e. carry out reconciliations of data, transactions, and investments held
- f. identify members approaching retirement and other scheme specific events

Administration: Information handling - Data monitoring and improvement - page 110**5. Governing bodies should have the following processes for monitoring scheme data:**

- a. Monitor data on an ongoing basis to ensure it is as accurate and complete as possible for all pension scheme members.
- b. Ensure the governing body receives information about material errors and gaps in their scheme data, once identified.
- c. Ensure any service providers operate their own procedures for identifying, rectifying, and reporting errors to the governing body.
- d. Ensure data improvement is prioritised for members close to the point where they start drawing on their benefits.
- e. Ensure any plan for improving data can be monitored and has an achievable deadline.
- f. Where applicable, ensure member records are reconciled with information held by the employer(s).
- g. Ensure regular reconciliation of scheme membership, especially those reaching retirement.
- h. Carry out scheduled tracing and existence exercises to validate member data.

Administration: Information handling - Data monitoring and improvement - page 110

6. Governing bodies should have the following processes for reviewing scheme data:

- a. Assess the need for a data review exercise at least annually.
- b. Decide the frequency and nature of any additional data review, where errors and gaps are identified, or in response to significant scheme events, for example winding up the scheme or changing the administrator.
- c. Ensure data reviews include an assessment of the accuracy and completeness of common and scheme specific data.
- d. Keep a record of data reviews carried out and the findings.
- e. Where errors and gaps are identified, put a data improvement plan in place to address the issues.
- f. Ensure the plan includes the actions necessary by the governing body or administrator to correct member data.
- g. Maintain agreed, consistent, and fair policies for situations where data cannot be corrected, for example due to age or loss.

7. Governing bodies should have the following processes for protecting scheme data:

- a. Ensure processes are in place to manage scheme member data to comply with the data protection legislation¹⁰ and the data protection principles.
- b. Ensure processes are in place to address any breaches of the data protection legislation or principles.
- c. Understand their obligations under data protection law.

Administration: IT - Maintenance of IT systems - page 114**5. Standards for maintaining IT systems:**

- a. Cyber security measures and procedures should be in place and functioning. See Cyber controls.
- b. Record evidence of how changes are planned and executed within the system.
- c. Scheme and member data should be backed up regularly.
- d. Disaster recovery processes are in place and tested over appropriate periods.
- e. Written policies should be in place for maintaining, upgrading, and replacing hardware and software.
- f. Request evidence to show there is a schedule for the system to be replaced or updated, to cope with events such as changes to tax thresholds.
- g. Be satisfied that adequate and sufficient hardware and personnel resources, with appropriate functionality and/or skills, exist to carry out the work.
- h. Secure evidence that the IT system can meet current and anticipated system requirements.
- i. Manage planned and potential future upgrades within the administration system.

Administration: IT - Cyber controls - page 116**8. When assessing cyber risk governing bodies should**

- a. Ensure the governing body has knowledge and understanding of cyber risk.
- b. Understand the need for confidentiality, integrity, and availability of the systems and services for processing personal data, and the personal data processed within them.
- c. Have clearly defined roles and responsibilities to identify cyber risks and breaches, and to respond to cyber incidents.
- d. Ensure cyber risk is on the risk register and regularly reviewed. See Internal controls.
- e. Assess at appropriate intervals, the vulnerability of the scheme's key functions, systems, assets (including data assets) to a cyber incident, and the vulnerability of service providers involved in the running of the scheme.
- f. Consider accessing specialist skills and expertise to understand and manage the risk.
- g. Ensure appropriate system controls are in place and are up to date (e.g. firewalls, anti-virus, and anti-malware products).

Administration: IT - Cyber controls - 116

9. When managing cyber risk governing bodies should:

- a. Ensure critical systems and data are regularly backed up.
- b. Have policies for the use of devices, and for home and mobile working.
- c. Have policies and controls on data in line with data protection legislation (including access, protection, use, and transmission).
- d. Take action so that policies and controls remain effective.
- e. Have policies to assess whether breaches need to be reported to the Information Commissioner (<https://www.ico.org.uk>).
- f. Maintain a cyber incident response plan in order to safely and swiftly resume operations. See Scheme continuity planning.
- g. Satisfy themselves with service providers' controls.
- h. Receive regular reports from staff and service providers on cyber risks and incidents

Administration: Contributions - Monitoring contributions - page 123

7. A contributions monitoring record should include the following information in:

- a. Contribution rates.
- b. The date(s) on or before the employer contributions are due to be paid to the scheme.
- c. The date when employee contributions are to be paid to the scheme.
- d. Any rate or amount of interest payable where the contributions payment is late.

Administration: Contributions - Resolving overdue contributions - page 127

10. Governing bodies should obtain overdue payments and rectify administrative errors in the most efficient way for their scheme. A typical process should cover the following:

- a. Investigate any employer failure to pay contributions.
- b. Contact the employer promptly to resolve the overdue payment.
- c. Attempt to find out and record the cause and circumstances of the payment failure.
- d. Investigate any action the employer has taken as a result of the payment failure.
- e. Consider the wider implications or impact of the payment failure.
- f. Consider whether the failure is part of a pattern of a systemic failure.
- g. Seek to ensure that the employer resolves the payment failure.
- h. Where appropriate provide members with sufficient information to enable them to raise any issues with the employer.
- i. Take steps to make sure that a recurrence in the future is avoided.

Communication and disclosure: General principles for member communications - p130

When preparing communications to members, the administering authority should:

- a. ensure that all communications sent to members are accurate, clear, concise, relevant and in plain English
- b. regularly review member communications, taking account of member feedback, any changes to scheme design and developments in law and this code of practice
- c. when deciding on the format of communications and information to be published, consider any technology that may be available to them and appropriate for their members
- d. consider using various communication methods, including accessible online content, audio, Braille, large font, and languages other than English
- e. consider what additional information or explanation members may need to help them make informed decisions about their benefits. For DC and hybrid schemes, regularly inform members of the impact their contributions will have on their overall benefits.

Communication and disclosure: Information to members page 137

4. For active members of defined benefit schemes, scheme managers must:
- a. include a description of the benefits earned by members during their pensionable service.
 - b. issue the annual statement by no later than 31 August of the year following the period to which the statement relates.
 - c. comply with any HM Treasury directions, in terms of any other information that must be included and the way it must be provided to members.

Communication and disclosure: Information to members page 145

5. As part of their internal controls, governing bodies should ensure that they take appropriate steps to mitigate the risk of scams.
6. Governing bodies should be aware of the warning signs of a scam and consider whether any are present when dealing with member requests to transfer or take their benefits.
7. When members ask to transfer out of a scheme, the governing body should carry out due diligence on the scheme to which the member wishes to transfer, to check whether the transfer can legally be paid.
8. Governing bodies should take steps to ensure their members are aware of the risks of pension scams.
9. They may do this by providing clear information on how to spot a scam in all relevant communications to members, including within standard communication materials such as the retirement wake-up pack and in annual benefit statements. Scams warning messages may also be placed on the scheme's website.

Dispute Resolution Procedures: Dispute Resolution Process p152

In relation to dispute resolution processes, the administering authority should

- a. agree on any details of their dispute resolution process that are not set out in law
- b. provide contact details for matters relating to disputes
- c. regularly assess the effectiveness of the dispute procedure
- d. be satisfied that those following the process are complying with the requirements set, which includes effective decision making
- e. consider the circumstances under which advice may be required to reach a decision on a dispute
- f. ensure they make the following information available to applicants:
 - the process to apply for a dispute to be resolved
 - the information that an applicant must include
 - the process by which any decisions are reached

Reporting to TPR: Whistleblowing – reporting breaches of the law - page 159

3. Those with a duty to report are listed below (this list is not exhaustive)

- a. Trustees Each trustee. If the trustee is a corporate body, the requirement to report falls on the trustee company.
- b. Public service scheme pension boards Each member of the pension board of a public service pension scheme.
- c. Scheme managers This includes managers of public service pension schemes and personal pension schemes where a direct payment arrangement exists.
- d. Service providers Those who provide administrative services to occupational and personal pension schemes, including: – insurance companies and third-party administrators, who carry out administrative tasks relating to a scheme – participating employers, who provide staff to carry out administration tasks in-house (this includes performing payroll and similar functions, as well as carrying out or helping with direct administration of the pension scheme) – financial advisers and consultants, who provide services to trustees such as record-keeping or acting as intermediaries receiving and forwarding scheme documents.
- e. Employers All employers. In a multi-employer scheme, this includes any employer who becomes aware of a breach, regardless of whether the breach relates to or affects, members who are its employees or those of other employers.
- f. Professional advisers This includes advisors appointed by the governing body, such as scheme actuaries, scheme auditors, reporting accountants, legal advisers², investment managers, and custodians of scheme assets. Where an individual is appointed to provide the relevant service, the duty to report applies to that individual. Where a firm is appointed to provide services, the duty to report applies to the firm.
- g. A scheme strategist or scheme funder of master trust scheme This is defined in Part 1 of the Pension Schemes Act 2017 (see section 39 of that Act)

Reporting to TPR: Whistleblowing – Reporting breaches of the law - page 165

2. The governing body should have:

- a. a process for clarifying the law around the suspected breach where needed
- b. a process for clarifying the facts around the suspected breach where they are unknown
- c. a process to consider the material significance of the breach, taking into account its cause, effect, the reaction to it, and its wider implications, including dialogue within the governing body where appropriate
- d. a clear referral process at the right level of seniority, so decisions can be made about whether to report to us
- e. an established procedure for dealing with difficult cases
- f. a timeframe for the procedure to take place that is appropriate to the breach and allows the report to be made as soon as reasonably practicable
- g. a system to record breaches, even if they are not reported to us (the record of past breaches may be relevant in deciding whether to report future breaches, for example it may reveal an ongoing issue)
- h. a process for reviewing reporting procedures following any important changes the scheme's governance arrangements

Reporting to TPR: Whistleblowing – Reporting breaches of the law - page 166

The Breach report should include:

- a. full name of the scheme
- b. description of the breach or breaches, including any relevant dates
- c. name of the employer (in the case of an occupational scheme) or scheme manager (in the case of public service and personal pension schemes)
- d. name, position, and contact details of the reporter
- e. role of the reporter in the scheme
- f. reason the reporter believes the breach is of material significance to us
- g. address of the scheme
- h. type of scheme – whether occupational (defined benefit, defined contribution, or hybrid), personal or public service
- i. name and contact details of the governing body (if different to the scheme address)
- j. pension scheme registration (PSR) number if known
- k. address of the employer