



In Touch technical update

TPR consultation on a new Code of Practice

The Pensions Regulator (TPR) has published a 10 week consultation on a consolidation of ten of its existing Codes of Practice. The new Code incorporates changes introduced by the 2018 governance regulations.

At a glance...

- The new Code is aimed at all schemes, defined benefit (DB) and defined contribution (DC), across both the private sector and the public sector.
- It is made up of five core sections: The governing body, Funding and investment, Administration, Communications and disclosure, and Reporting to TPR. The Code covers a total of 51 modules.
- In addition to the new Code, the following existing Codes of Practice will continue to apply: 02 Notifiable Events, 03 Funding defined benefits, 10 Modification of subsisting rights, 12 Circumstances in relation to the material detriment test and 15 Authorisation and supervision of master trusts.
- TPR cites reasons for producing the new Code including increased member engagement, the need to publish additional information about schemes, and public scrutiny of pension schemes and those running them, as well as growing concerns about climate change and developments such as the pensions dashboard.

Scope of the Code

The consultation proposes that the new Code applies to occupational, personal and public service pension schemes. As a result of this, TPR introduces a new term of "Governing bodies" to capture trustees or managers of occupational pension schemes, managers of personal pension schemes, and the scheme managers and/or pension boards of public service schemes.

Some aspects only apply to schemes with greater than 100 members, although TPR recognises that other schemes may wish to consider these requirements as best practice.

The modules are designed to be presented online and will be interlinked. A [web-based version](#) of the draft Code has been published as part of the consultation, which runs from 17 March to 26 May 2021.

Why bring you this note?

The Pensions Regulator has issued a consultation on a new Code of Practice.

Next steps

We will review the consultation and highlight suggested actions.

We suggest consideration of the new Code is added to the business plan later this year.

We anticipate that the new code will come into effect later this year.

Prepared for: Aon clients
Prepared by: Aon's In Touch Group
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The governing body

This section makes up about one third of the total content and is divided into six main areas:

- Board structure and activities;
- Knowledge and understanding;
- Value for scheme members;
- Advisers and service providers;
- Risk management;
- Scheme governance.

This structure will already be familiar to DC schemes as it captures content from the existing standards relating to: The trustee board, Scheme management skills and Value for members.

These sections contain 18 out of the 51 total modules in the Code. Ten of the modules in this section contain new content and requirements for DB pension schemes, seven of the modules are new for DC pension schemes and only two modules are new for public service.

This section contains the detailed requirements originally outlined in the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. This includes:

- the requirement for schemes to establish and operate an effective system of governance, including the requirement to perform an 'Own Risk Assessment' (ORA); and
- written policies on key areas of governance, including a remuneration policy and a risk management policy.

Funding and investment

This section is made up of eight modules covering:

- Investment governance;
- Investment decision-making;
- Implementation report;
- Investment monitoring;
- Stewardship;
- Climate change;
- Statement of investment principles;
- Default arrangements and charge restrictions.

Six of the modules are new for DB and DC pension schemes and none apply for public service pension schemes, although some are marked as best practice.

Administration

This section contains ten modules divided into four key areas:

- Scheme administration;
- Information handling;
- IT;
- Contributions.

Seven of the modules are new for all schemes, although some are based on existing guidance. In particular, TPR highlights that the principles that already apply to DC schemes are equally valuable to all schemes and has now set comparable expectations for other schemes.

The new material covers administration, financial transactions, transfers, scheme records, data monitoring, maintenance of IT systems and cyber controls.

Communication and disclosure

This section contains 11 modules divided into two main areas:

- Information to members;
- Public information.

There is greater segmentation of what is required between DB, DC and public service pension schemes. Three of the modules are new for DB schemes, one is new for DC schemes and two are new for public sector schemes.

The new materials focus on general principles for communications, scams and audit requirements.

Reporting to TPR

This section contains four modules divided into two main areas:

- Regular reports;
- Whistleblowing – Reporting breaches of the law.

Most of this material is already in existence, with the module covering scheme returns being new for DB pension schemes and public service schemes.

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