

## The General Code has been published!

The General Code of Practice was laid before parliament on 10 January 2024 and is expected to come into force on 27 March 2024. Whilst there are not too many changes from the draft Code there are some areas that trustees will need to consider and action that needs to be taken.

We summarise here the main changes and actions to take. If you need any help navigating and complying with the General Code, please do get in touch.

### Helen's highlights – Key changes in the Code

- The Remuneration and Fees Policy is retained (note the new name) with clarity that this is about the principles to set fees rather than the amounts themselves. However, schemes do now not have to publish this.
- The Own Risk Assessment is also retained but the maximum period of review is now aligned to that in IORP II of three years. There is also more time to draft the first ORA, however we would recommend that schemes start work on their approach to risk management and how this fits into their ORA.
- As previewed in the interim update, unregulated investment rules have been scrapped.
- The Code has been updated for transfer regulations, TCFD and Value for Money (VfM) requirements for those relevant schemes with assets lower than £100m.

#### Actions:

- The primary action is to review the risk management of the scheme and how you can make your Own Risk Assessment a natural output of your activity rather than a separate exercise.
- Draft a Remuneration and Fees Policy. We have one you can adapt.

### Nareser's notes – Other interesting updates

- Fitness and propriety requirements scrapped – Seems this was a step too far.
- Collective knowledge focus across the governing body rather than individual expertise.
- Reviewing advisers and service providers moves from every two years to every three years – Thought that every two years may place burdens on schemes and lead to short-termism.
- An underlining in Value for Money that costs are not the only variable – Follows other statements and upcoming potential changes.
- Scenario/stress tests relaxed slightly to include other risk measures – This allows schemes to utilise existing reports.
- Update to recognise that perfect data doesn't exist and a new policy for recording where data cannot be corrected, perhaps due to loss, and what the treatment in the scheme is.
- Reporting where the employer has not provided information regarding contributions on request has increased from 14 to 28 days – A pragmatic step to prevent unnecessary reporting.
- A reflection that a trustee is not necessarily a cyber expert and is able to rely on third party reports and expertise.

## Scott speaks – What this updated Code says

After such a long wait we might have expected more changes than we actually got, nevertheless we welcome the edits made which signal pragmatism from The Pensions Regulator (TPR).

The most notable change is that of risk management and the ORA, recognising that an annual process might be distracting, and the ORA process can use existing reports that the trustee currently commissions; the ORA being used to collate and summarise those and not some additional unconnected exercise. This will mean that schemes that have a sound risk management process which thinks about the ORA and works backwards will find themselves with less additional work to do. We also think it is positive that TPR has recognised that for some schemes a separate Risk Management Function to the existing governance structures is overkill and allows schemes to work out which model works the best for them and their resources.

The Pensions Regulator has also included a more full-throated endorsement of professional trustees suggesting that trustee boards consider getting such support where they are struggling to recruit, to manage conflicts or where governance robustness is lacking.

We note that the concept of the Effective System of Governance (ESOG) has not changed and reviews at least every three years remain. Many schemes will therefore need to get a plan in place.

## Pegasus can help

### Pegasus can:

- Help you navigate 'Must' and 'Should' items in the Code for practical compliance.
- Review your policies/processes and any gaps.
- Draft policies you don't have, we have many templates ready to tailor so no reinventing the wheel.
- Turn your Effective System of Governance (ESOG) review requirements into a practical plan.
- Review and streamline your risk management processes to make the Risk Management Function right for your scheme.

### Why Pegasus?

- We get things done – we are pragmatic and proportionate.
- Independent from advisers.
- Lots of industry and scheme experience to resolve queries on ESOG.

## Your key Pegasus contacts



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