Local Pension Board Training

The Pensions Regulator (TPR) have introduced a campaign to improve governance in all pensions schemes, including the LGPS. Below is a summary of TPR's guidance and whilst this is not aimed solely at the LGPS many of the messages are entirely relevant and it is suggested that the Board complete the toolkit training to assist with their general knowledge and understanding.

An overview of the TPR campaign, along with a summary of and link to the toolkit, are outlined below.

21st Century Trusteeship – Raising the importance of governance

Funds need to get the maximum effectiveness from their governance arrangements. The Pension Regulator's (TPR) 21st Century Trusteeship campaign is designed to drive up standards of pension scheme governance and applies equally to private and public sector schemes. At a glance –

- The TPR has started a programme to communicate its expectations on trustee governance.
- TPR aims to clarify what good governance looks like and its approach to non-compliant schemes.
- TPR is setting out how it will respond (penalties) in the event of non-compliance. This forms part of TPR's aim to be "clearer, quicker and tougher". It is also apparent that TPR is increasingly likely to "name and shame" those it penalises.

The campaign sets out TPR's expectations for those managing pension schemes, and LGPS funds should ensure they are aware of these standards. In particular, funds should be aware of good governance fundamentals, have a clear understating of roles and responsibilities, and have a clear purpose and strategy.

What does good governance look like?

Good governance is the bedrock of a well-run pension scheme. There is a clear link between good governance and good fund performance so it is an essential part of effective scheme management. Without good governance, you are unlikely to achieve good outcomes for members.

Good governance is about having motivated, knowledgeable and skilled trustees in place. It's also about having the right structures and processes to enable effective, timely decisions and risk management, and to provide clear scheme objectives.

How do clear roles and responsibilities create good outcomes?

Being clear on the roles and responsibilities of all the main participants involved in running the scheme will help the board:

- Respond to important issues and make effective decisions.
- Operate efficiently and free up time to focus on strategic priorities.
- Monitor and oversee scheme activities effectively such as risk management, administration and member communication.

How can a clear purpose and strategy be achieved?

TPR encourages trustees to develop and regularly review their business plan to help them manage the scheme effectively. The business plan should help trustees set a clear strategy and inform everything they do, allowing them to plan ahead and improve their ability to comply with legal requirements at all times. The business plan can help trustees to:

- Set strategic goals.
- Check progress using short/medium-term objectives.
- Take action effectively if objectives are not met.
- Prioritise scheme business.
- Plan effective training for trustees.
- Coordinate activities with advisors and engage with the employers.
- Manage risks effectively.

It is clear that a good trustee board needs an appropriate range of different skills and experiences relevant to their scheme in order to help them achieve better outcomes. To assist with developing these skills tPR offers a free online learning programme known as 'The Trustee toolkit' which includes a series of online modules developed to help you meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004. Details of each module can be found below:

Toolkit Section	Detail
Introducing Pension Scheme	This module covers occupational pension schemes and how they are run.
The trustee's role	This module details what it is like to become a trustee, attending board meetings, duties, powers and protections.
Running a scheme	This module covers scheme governance, risk management, maintaining member data and working with advisors.
Pension Law	Details covered within this module are pension legislation, the Pension Regulator, the tax treatment of pensions, state pensions and internal dispute procedures.
An Introduction to investment	The sections covered are investing in a pension scheme, types of assets, risk, reward, economic cycles, active and passive management, and diversification and managing investments
How a DB scheme works	This module covers benefit accrual and calculations, the employers covenant and recognising when and employer's ability to meet pension liabilities may be at risk.
Funding your DB scheme	This module covers various assumptions used to measure the funding position of a scheme and the different measures used to determine funding levels of schemes.
DB recovery plans, contributions and funding principles	This module covers setting contributions and producing a recovery plan and statement of funding principles.

Investment in a DB Scheme	This module covers reviewing the investment strategy scenario analysis, stochastic modelling and changes trustees might make to the asset allocation.

The toolkit can be accessed using the following link -
https://trusteetoolkit.thepensionsregulator.gov.uk/?_ga=2.169097065.935708194.1538471446-432863552.1533807763