

## 21st Century Trusteeship – Three month round-up

As part of our ongoing campaign to raise standards of trusteeship across all schemes, we've produced information and easy-to-use tools to help trustees understand and meet the standards of good governance we expect. So far, we've produced information about:

- ▶ why good governance is so important
- ▶ having clear roles and responsibilities in your scheme – including example terms of reference for trustee boards and sub-committees
- ▶ having a clear purpose and strategy – including an example business plan to help set the scheme's long-term goals and objectives

Many pension schemes aren't meeting the governance standards we expect, so we're making our expectations clear in order for you to manage your scheme effectively.

### Main points to remember:

#### Good governance

- ▶ Good governance is vital for all schemes – no matter how big or small.
- ▶ Running a pension scheme can be complex and challenging. Good governance can help you to overcome these challenges, save time in the long run and deliver good member outcomes.
- ▶ Make sure you have people, structures and processes in place that work well for your particular scheme. These will help you to make decisions effectively, manage risks to the scheme and members, seize opportunities and set appropriate long-term objectives.
- ▶ Get the basics right first. This includes making sure we have up-to-date information about your scheme, and you pay the scheme levy and complete your scheme return on time.
- ▶ We already take action against breaches of the basics and we will increasingly focus on schemes with wider governance issues.

#### Clear roles and responsibilities

- ▶ As a trustee or scheme manager you are accountable for all scheme activities even if you delegate some of the day-to-day functions. You need to monitor and oversee how your scheme is run.
- ▶ Make sure you are clear on roles, responsibilities, decision-making, governance structures and processes. Document them clearly.
- ▶ Act in the best interests of all beneficiaries, ensuring good governance and delivering good outcomes.

#### Clear purpose and strategy

- ▶ Develop and regularly review your scheme's business plan. This will help you to manage your scheme effectively and get good outcomes for members.
- ▶ Your business plan should help you to set a clear strategy and inform all that your board does.

## Checklist: Check your governance

To help you further, use our checklist to guide you through the fundamentals of good governance. Make sure someone is responsible for each task. We expect you to be doing all of these things and if you're not, you're at risk of facing enforcement action.

Action to take	Completed
<b>The basics</b>	
Make sure you know when the general levy is due (and the PPF levy if you're a DB scheme), and who will ensure it is paid on time.	
Know when your scheme return is due, who will prepare it and what processes are in place to review its accuracy before you submit it. Make sure you submit it on time.	
Assess the accuracy of your member data and put an improvement plan in place to resolve any issues you identify.	
Update your scheme information on Exchange as soon as possible when things change, and make sure this information is kept up to date (and know who is responsible for doing this).	
Put a process in place to ensure the chair's statement is prepared and submitted on time (for DC schemes only). Make sure all the information you need is available and if it isn't, take action to address any issues.	
If you're a DB scheme, commission an actuarial scheme valuation at least every three years, and send it to TPR on time using Exchange.	
If you're a DB scheme and you have a deficit, work with the scheme employer to put a recovery plan in place outlining how you will eliminate the deficit, and send it to TPR using Exchange.	
Inform us about problems and issues, including late payments of contributions and breaches of the law.	
<b>Roles and responsibilities</b>	
Assess the level of understanding people involved in running the scheme have of their role and responsibilities, and take action to address any issues.	
Review your process for ensuring new trustees understand their role and responsibilities.	
Assess how effective your governance structures are to regularly monitor the activities you've delegated. Identify and plan actions to address any issues.	

Action to take	Completed
Check the right structures are in place to escalate issues to the trustee board and make sure the scheme runs smoothly.	
Review your documented process for appointing the chair of trustees to ensure someone with the right qualities is appointed as soon as possible.	
<b>Purpose and strategy</b>	
Draft a scheme business plan, which includes the scheme's objectives, long-term goals for your scheme, and how you propose to meet them.	
Check there are processes and a structure in place to monitor progress against the scheme's objectives.	
Review your scheme's business plan and objectives regularly.	
Keep a 12-month forward look of key legal changes, activities and events coming up for the scheme.	