

## DC hot topic

February 2017

### TPR's guide to scheme management skills



TPR's revised **Code of practice** on the governance and administration of occupational trust-based schemes providing money purchase benefits came into force on 28 July 2016.

To coincide with this, TPR published the final versions of its **"how to" guides**. These are intended to help trustees implement the Code.

The six new guides reflect the key areas of the Code, where TPR sets out its expectations in more detail.

This note sets out some headline points in relation to the guide to scheme management skills.

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#### Trustees

Trustees should:

- have a clear understanding of their role and responsibilities
- regularly review their scheme's governance framework to ensure it remains effective and continues to reflect good practice.

Useful skills include:

- the ability to absorb and analyse large quantities of information
- effective communication
- attention to detail
- the ability to problem solve.

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#### Obtaining and improving knowledge and skills

Best practice:

- Training plans which cover key areas (such as scheme rules, pension law and regulations, TPR's codes of practice and guidance, investment, administration and decumulation), particular events or circumstances (such as changes to legislation and bulk transfers) and developing and using key skills.

Trustees should:

- have a training record
- annually assess TKU
- annually evaluate the board's performance and effectiveness.

# TPR's guide to scheme management skills cont.

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## Working well with advisers and service providers

Best practice:

When developing selection criteria, trustees consider issues such as:

- the different types and levels of services available on the market
- the capacity of and technology used by advisers and service providers
- experience of working with similar schemes
- existence and adequacy of professional indemnity cover.

Trustees should:

- set clear selection criteria
- seek legal advice when reviewing contracts
- be able to understand and, where appropriate, scrutinise and challenge advice
- assess performance against documented targets and objectives on a regular basis.

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## Working well with employers

Trustees should:

- encourage employers to take an active interest in running and helping to manage the scheme
- keep in regular contact with the employer
- if applicable, provide employers with information about the services the scheme provides for them in relation to automatic enrolment.

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## Conflicts of interest

Trustees should:

- have a process in place to identify and manage any conflicts of interest among all those involved in running the scheme
- document conflicts procedures and keep them under review
- ensure they are satisfied with the effectiveness of advisers' and service providers' arrangements for managing and disclosing conflicts.

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## Risk management

Trustees should:

- have a framework in place to help identify, evaluate and manage the material risks facing the scheme
- record identified risks in a risk register and review it regularly
- establish mitigation strategies and regularly review them to ensure they remain effective.



For further information, training and assistance with meeting your legal requirements please speak to your usual contact at Sackers or visit [www.sackers.com/dc-schemes](http://www.sackers.com/dc-schemes).