

Sixty second summary

21st Century Trusteeship – Chapter 8 & Chapter 9 – *Why Facebook should 'like' TPR's latest guidance!*



Ian Colvin
Head of LGPS Benefits and Governance Consultancy

Facebook and Mark Zuckerberg were badly rocked by a recent data scandal. Little did they know that this would make them an unwitting star of this article on the Pensions Regulator's 21st Century Trusteeship campaign! As Facebook discovered to its cost, you don't always get 'likes' on social media - particularly where the whiff of 'conflicts of interest' is floating around.

Let's remind ourselves.....What is '21st Century Trusteeship'?

The primary aim of the 21st Century Trusteeship campaign is to drive up standards of governance in pension schemes in order to ensure better outcomes for scheme members. The initial 4 chapters of the campaign focussed on the importance of knowledge and understanding, with those that followed concentrating on the organisation and effectiveness of Committees and Boards. The latest chapters continue this theme - conflicts are under scrutiny in [Chapter 8](#), whilst the focus of [Chapter 9](#) is on 'meetings and decision making'.

What is in the latest chapters?

Chapter 8 - Conflicts of interest

The 4 key messages within this chapter are:

1. Ensure you have a conflicts of interest policy in place;
2. Maintain a register of interests;
3. Ensure that conflict declarations are made at appointment for advisers and providers;
4. Ensure that advisers and providers have their own conflicts of interest policy and that this has been disclosed to the pension committee and pension board.

TPR makes it clear that this is a core issue for pension scheme management and it certainly feels like one that the LGPS should be familiar with. The political make-up and unique structure of the LGPS ensures that those involved in the management of funds are very well versed on the issue of conflicts of interest and how to manage them.

Perhaps the most noteworthy part of this chapter, therefore, is the section on adviser and service provider conflicts. TPR states that your advisers and service providers should have their own arrangements in place for identifying, managing and disclosing their own conflicts of interest.

Facebook's recent problems came from those data mining companies that used its data for their own good – to avoid similar problems you should satisfy yourself that those tasked with advising you are working in your best interest. By doing so, you will avoid leaving yourself open to challenge or criticism over conflicts in the management or administration of your Fund.

Chapter 9 – Meetings and decision making

A quick scroll through TPR's 21st Century homepage brings us to Chapter 9 'meetings and decision making'. This chapter underlines the importance of an effective Chair and of having prepared and well-informed Committee and Board members - without them there will not be effective oversight and control of the LGPS funds.

By way of a stocktake you may want to ask the following questions and evidence the answers:

- Are your Committee/Board meetings productive and effective? Do you complete effectiveness reviews to measure this? (see Hymans 'Focus on Governance' [article](#))
- Does the Chair encourage open debate and guard against a single viewpoint which dominates discussions?
- Do they meet often enough and is enough time given to each issue?
- Are your Committee and Board confident in their responsibilities and do they have the required knowledge and understanding to perform them?
- Is each member participating at the level expected?

The 21st Century LGPS world

TPR has given a firm 'like' to schemes that manage conflicts and meetings effectively and appropriately. The image of Mr Zuckerberg being interviewed by lawmakers on both sides of the Atlantic shows a committed and engaged group taking him to task – TPR has this strong engagement goal for pension scheme management too, including the LGPS.

Now would be a good time to review your current arrangements for managing conflicts and to assess how productive your meetings are – both should be compared against the standard expected by TPR. Doing so should ensure you receive a 'like' (or maybe even a 'share') rather than one of the multitude of negative emoji's which users of social media platforms can't wait to give.

If you have any questions or concerns on anything from these chapters of the Pension Regulator's 21st Century Trusteeship campaign, then please don't hesitate to get in touch with a member of our governance team on the numbers below.

Ian Colvin Head of LGPS Benefits and Governance Consultancy

ian.colvin@hymans.co.uk

0141 566 7923

Peter Riedel Senior Benefits and Governance Consultant

peter.riedel@hymans.co.uk

0141 566 7955

Peter Summers Partner

peter.summers@hymans.co.uk

0141 566 7735

Andrew McKerns Benefits and Governance Consultant

andrew.mckerns@hymans.co.uk

0141 566 7579