

Sixty second summary

21st Century Trusteeship - chapters 5 & 6 – Pension Fund's Got Talent

The latest instalments of the Pensions Regulator's 21st Century Trusteeship campaign continue to provide the Hymans' team with tenuous opportunities to reference popular culture. This time we have tied it to that Saturday night favourite 'BGT'¹. [Chapter 5](#) "Skills and Experience" focuses on the need to ensure there is Diversity² within your Pension Committees. [Chapter 6](#) continues the talent theme, looking at the calibre of the advisers and service providers you might use and how you manage those relationships.

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. Quite rightly much of the focus in recent years has been on ensuring your pension committee and pension board members have the required knowledge and understanding in order to fulfil their respective roles. Underlining that point, the first 4 chapters of the campaign reinforced the importance of this.

What is in the latest chapters?

With the latest two chapters the focus now shifts beyond this knowledge and understanding requirement and picks up less tangible skills that your committee and pension board require – how has it organised itself as a group and how does it manage its relationship with advisers and service providers?

Skills and experience - the key theme of **chapter 5** is clearly the need for diversity within your committee and the dividends that a well-balanced and varied group can bring in delivering a well-managed Fund.

This theme therefore raises a lot of questions to be considered by you and your committee/board. Your questions might include the following. Collectively do we have the right mix of skills (including those softer skills linked to negotiation, influencing and communication) to add to our technical knowledge and experience? Do our members feel comfortable expressing their opinions and concerns, helping to create innovative solutions? Do we apply the same rigour to succession planning for our committee/board as we do for officers? Do we have any skills gaps and how do we plan to fill these (e.g. training or co-opting skills from elsewhere if necessary).

The big win from these questions is that this level of consideration and analysis should invariably bring better results and more in tune thinking within the committee and local pension board.

Advisers and service providers – if you need to ensure diverse skills across your committee/board then in **chapter 6** the Regulator is also keen that you ensure you benefit from a diverse range of views and experience across your advisers and service providers too. The three key messages are:

¹ That's Britain's Got Talent for those of you who have never had the pleasure

² Series 3 winners, pipping Susan Boyle and her Wild Horses

- appoint good quality professional advisers and service providers (providing additional expertise, skills and knowledge to enable you to meet your objectives);
- select the right people to provide the advice or services required (making sure they demonstrate the right level of experience of working in a similar environment); and
- retain sufficient management control and regularly review their performance (be clear on your requirements and your reporting mechanisms - consider replacing advisers or service providers if necessary where they do not perform to the standards required).

However, this all comes with a health warning. While you might seek advice or outsource a service, don't forget that you don't outsource accountability. You need to ensure you retain the necessary talent within your own "BGT judging panel", with the skills to understand the advice being given or to scrutinize the services received and challenge where necessary.

So what do I do with this latest bedtime reading from TPR?

It's hard not to get a certain sense of déjà vu at this point³ as many of the messages and actions from the 21st Century Trusteeship flow through all of its different chapters.

To ensure that your decision makers have all of the necessary skills between them you need to be able to measure this. As we discussed in our previous 21st Trusteeship 60 Second Summary, our confidence assessment questionnaire can assist here, recording member's confidence in your committee/board and your decision making processes, teasing out where skills gaps might exist and helping you better identify and target training, as well as the need to use external sources if appropriate.

But as now also highlighted in chapter 6, even your external support needs to have the right skills and pedigree. Within these arrangements, it's important to ensure you have agreed service levels and performance indicators in place and that **you** are managing this robustly. Our strong LGPS Governance team can bring our experience, to assist in setting up these structures with your advisers and service providers and ensure you meet the Regulator's (and your members') expectations

We know ensuring you have this diversity of knowledge and understanding at Committee level can be a challenge to LGPS Funds, given that the pool to draw from is limited by the decisions of the voting public – much like BGT. But by taking the right action you can ensure that your committee or pension board has the best possible combination of talents.

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

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³ To the best of our knowledge no act with such a name has appeared on BGT.....yet!