

'...I get by with a little help from my friends...'

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...So the Beatles song goes and so more trustee boards are turning to external sources of executive support services to help achieve their strategic and operational objectives.

This can be for several reasons:

- The employer used to provide the trustee board with management support. However, these resources may have been scaled back and those that remain are juggling other (often non-pensions related) priorities;
- The breadth of skills now required to support a trustee board effectively may be difficult to secure in a small in-house team (or individual); and
- It can be a struggle to recruit and retain the best talent in an in-house role, particularly where the scheme is in 'run off'.

As a result, there is an increasing trend for trustee boards to outsource some or all their pensions executive support. This may free up the trustees' time and allow them to concentrate on strategic matters, whilst knowing that the day-to-day management of the scheme is being effectively managed. Below are a few pointers for trustees to consider when reviewing executive pension support options.

An executive partner with a strategic mindset

In addition to strong technical skills, a strong executive team will understand, challenge, and further develop the trustees' strategic plan and objectives. They should bring wide industry knowledge and insights to help marry up the requirements of the scheme with market developments and best practice.

Dedicated to progressing your agenda and free of conflicts

A shared understanding of the trustees' objectives, strategy and risk, as well as a dedicated focus on delivery is essential. This can be particularly important in funding and covenant matters, where conflicts can make support by in-house resources provided and often managed by the employer difficult.

Good governance

The definition of 'good governance' for pension schemes continues to change apace. In addition to the numerous documents trustees are expected to have in place and up to date, they must also monitor a steady stream of regulatory and legislative developments. An experienced executive should undertake this analysis as a matter of course, providing the trustees with peace of mind that changes affecting them are reflected in their documentation, plans, processes and controls.

Effective and efficient delivery

A broad range of professional skills is required to provide a trustee board with effective executive support. In addition to strategic capability, the executive team may need to have expertise in a variety of other disciplines including secretariat, actuarial, legal, finance and provider management. They must also be able to work effectively and credibly with the sponsor and other stakeholders.

Your chosen team should provide access to the range of skills you are likely to require, both now and in the future. It can also be helpful to be able to quickly access more resources at times of particularly intense activity, conflicting situations or to provide continuity where in-house resources are temporarily unavailable.

Investment committees

Schemes with an investment committee, often find that it's the most challenging committee to support. Without a reasonable amount of subject matter knowledge, it can be difficult to accurately draft minutes, as well as manage actions between meetings. So partial outsourcing executive/ secretarial support to this one committee may well be of benefit, particularly given the time critical nature of many aspects of investment implementation activities.

Meeting effectiveness

Professional pensions executive support should significantly increase meeting effectiveness. The executive should work with the trustee chair and secretary to ensure that the agenda reflects the scheme's strategic objectives as well as operational, legal and regulatory requirements, and that items are considered in a timely way. They should also work with other advisers and third parties to ensure that information they present is appropriately positioned and at a suitable level of detail - neither too much nor too little.

For many boards, 'a little help' from external sources, can make all the difference.