



# The key risks for Trustee Boards may not be what you think!

Amanda Cullen 3 Minute Read



We all know that the world is changing – and changing more quickly than ever. Everywhere we look we see evidence of this – geopolitics, climate change, AI are just three areas where the status quo is not what it was a year ago or a month ago – possibly even a week ago.



*Many corporate boards recognise that their board is unprepared for how the external environment is shifting so much and how that could impact their business. They are starting to address this by considering a more dynamic and integrated approach to risk.*

This is a relevant concern for trustee boards too. Whilst it is important to manage the risks that are typically associated with pension scheme oversight, operational, financial, etc., it's also important to have an awareness of outside influences that could adversely affect the ability of the scheme to discharge its fundamental responsibility - to pay the right benefits to the right members at the right time.

Recently we worked with a trustee board on enhancing their strategic thinking. We ran a lively interactive session, working in small groups to consider how external influences might affect their scheme, and then focusing on a scheme specific issue to explore the impact that a single event might have on every aspect of their scheme.



It was interesting to see that even when two groups were given the same task, they tackled it in very different and complementary ways, resulting in richer output than either group achieved alone. For example, when two groups were asked to consider legal changes that might impact their scheme, one group came up with a 'big picture' list that included regulatory change and greater litigation, whilst the other group's focus was more detailed, and included pension dashboards and equalisation of transfer values.

As a result of the session the Board took away some specific actions, but they all agreed that the most benefit had been gained from the discussion itself. They recognised the importance of:

- working in small groups as well as large – to ensure that all voices are heard and diverse input is given
- dedicating time to looking at the bigger picture, rather than focusing on the day-to-day activity in the scheme
- not getting silo'd by Board committees, but taking a broader view from time to time, so as to ensure that nothing falls between the cracks, and a holistic approach is taken
- increasing their resilience to unforeseen events, and to change more generally, and appreciating that this is a key Board responsibility

With the ever increasing burden of day-to-day activity that is required of many Trustee Boards, it can be hard to carve out time to step back and think strategically about the scheme as a whole, but the risk is that if you don't, you will always be on the back foot, and poorly equipped to both embrace beneficial change and handle detrimental events.



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