Getting ready for the General Code: Where to start
Practical tips and tools - gap analysis

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Welcome to the Muse series Getting ready for the Code, where we are sharing practical tips and tools.

The first article in the series is a practical look at gap analysis, to help assess how ready you are for the Code and Effective System of Governance (ESoG) requirements.

It has been close to two years since we issued this first article in our Code series. Since then there's been a name change and lots of anticipation about the level of work and requirements of the Code. Also, other countries have implemented their versions of the Code and are in the process of undertaking their ORAs, with lessons to be learned. So, we've tweaked our introduction accordingly.

Why start now?

Since late 2021, we've seen schemes starting to prepare to meet the ESoG requirements. Some are still biding their time, however, waiting for the final Code. The Pensions Regulator has been quoted urging schemes to review compliance with the Code before it comes into effect, as what is in it is already expected of trustees. As a reminder, the legislation that sits behind the Code has been in force since January 2019.

A practical gap analysis tool to use

We've put together a practical template based on gap analysis work we've done to check that schemes have the necessary and relevant documents and policies in place. It includes all key documents and policies Trustees i) should have in place ii) the Code requires, iii) are relevant to the ORA.

It's set up to help you assess what you already have in place, capture each document's location and determine actions you might need to take (and when) to fill in any gaps. It can also drive your reporting and assurance the trustee board needs on Code and ORA readiness and identify agreed priority actions.

If you'd like a copy of the template to work with, please email us at governanceservices@museadvisory.com.

Learnings from ESoG specific gap analyses is that an approach which engages the Trustee Board and teams in place supporting them reaps more rewards than a box-ticking exercise. What's important here is that some value is extracted from considering the current state of a system of governance. If treated like a governance review with some board effectiveness thrown in, it can be a helpful opportunity to look in the mirror or act as a catalyst for change.

The governance benefits

Gap analysis is a good exercise to undertake. Whilst there is an element of compliance, it's mainly about ensuring good governance: knowing policies are underpinned by processes that work in practice to support effective scheme operations, knowing that your governance framework is helping you achieve your objectives.

A pragmatic approach to the Code requirements is to start with what you have, look to rebadge where it makes sense and prioritise work (and any support) on the most important gaps for your own scheme.

Staying in touch

If you'd like to touch base on this, or the Code and any issues you are thinking through on the ESoG, Risk Management Function or ORA, please let us know. Rosanne Corbett acts as Risk Management Key Function Holder for a large Irish scheme and is currently completing its first ORA exercise. Please contact her directly at rosanne@museadvisory.com.

We'd also love to hear your views on articles in the series and any areas you'd like us to cover in future editions. Please just email us at governanceservices@museadvisory.com

We'll be re-issuing the remainder of our article series each day over the next couple of weeks and will complete the series with how to undertake the ORA when the final Code is made public.

Rosanne, Claire, Jo, and Barry