

D LawDebenture



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Pension Scheme Administration

Ongoing monitoring and critical review of your administrator

22nd June 2023

Agenda

- ❖ Introduction to Law Debenture and Pegasus
- ❖ Regulatory requirements and the Code of Practice
- ❖ Regulatory requirements and the critical review
- ❖ Approach to compliance
- ❖ Quarterly monitoring
- ❖ Annual reviews
- ❖ Critical reviews
- ❖ Conclusions / next steps

Introduction to Law Debenture plc & Pegasus

Our Heritage

Founded in 1889

Longest standing independent professional trustee firm in the UK

Offering trusteeship in Ireland since 2021

Offices in Dublin as well as London, Manchester, and Jersey

FTSE 250 public limited company

Investment trust, leading provider of independent professional services

Our Award Winning Pensions Team

25 Professional Trustees in Dublin, London and Manchester

27 Pegasus Pensions Executives

Backgrounds in Trusteeship, Administration, Actuarial, Investment, Legal, and more...

Culture of collaboration and knowledge sharing

Our Clients

Chair, Co-trustee, Corporate Sole Trustee & Pensions Executive services

1969 – first scheme trusteeship

200+clients with total assets of £325bn including 20 clients in Ireland

Over 80 Pegasus clients

50+ Sole Trustee appointments, 4 of which are based in Ireland



www.lawdebenture.com/pensions

LawDeb named
Independent Trustee of the Year
at the 2023 Pensions Age Awards

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Regulatory requirements and the Code of Practice

- ❖ The IORP II directive has brought with it a range of new requirements
- ❖ The Code (November 2021) doesn't prescribe how to comply with every requirement but provides guidance on the minimum the Authority sees as necessary to comply
- ❖ Trustees determine how their scheme should operate to meet the requirements
- ❖ Pension scheme trustees must monitor and review their administrators regularly and undertake a critical review at least every three years. The first of these critical reviews is due in April 2024

Critical reviews must be conducted at least once every three years. A critical review is an in-depth review of the administrator's performance conducted against the obligations specified in their contract and in the SLA. The critical review forms the basis for a decision by the trustees as to whether to retain the current administrator or consider his/her replacement.

Source: The Pensions Authority Code of Practice (November 2021).

- ❖ Part of the Trustee's Effective System of Governance – 'sound and prudent management' of scheme
- ❖ Must have a written administration policy & must have a contract if administration is outsourced

Regulatory requirements – the Critical Review

Requirements

- ❖ Administrator's performance must be monitored on a quarterly basis and reviews conducted at least once annually – to evaluate performance against the contract and SLAs.

Section 40 of the Code

- ❖ Critical reviews must be conducted at least once every three years, or earlier if circumstances arise.....

Section 41 of the Code

- ❖ In-depth and evaluate the performance against the contract and SLAs
- ❖ The basis for a decision to retain the current administrator or consider their replacement
- ❖ Does not automatically require the trustees to initiate a tender process
- ❖ A tender process to be initiated if concerns arise, including around value for money
- ❖ A decision to remain with the current provider or to change must be documented

Approach to compliance – building blocks

Review the current position

- ✓ Current administration policy and, if relevant, a contract
- ✓ Consider Trustee objectives and timelines with administrator
- ✓ Member feedback already available?
- ✓ Review compliance with the regulation and legislation – read the Code!
- ✓ Risk management issues
- ✓ Collaborative working relationship with the administrator is key
- ✓ How will you assess performance – remember the member experience!

Quarterly Monitoring

Administrator's quarterly stewardship report:

- ❖ Information required to perform duties. Dashboard approach? Report by exception?
- ❖ Details of SLAs - how compare to the contract? Use RAG ratings?
- ❖ Casework measurement – is all as expected? Complaints / compliments / breaches
- ❖ Data quality – how monitored and presented? Should have a data policy
- ❖ Cashflow management – enough to pay the benefits?
- ❖ Regulatory and legislative updates – impact on administration

Annual reviews

Builds on the quarterly monitoring

- ❖ More formal process – consider performance metrics and objectives
- ❖ Service delivery in line with the contract and regulations? Targets achieved?
- ❖ Agree forthcoming priorities and activities for the coming year. Action, ownership
- ❖ Meet the client relationship manager
- ❖ Review adequacy of the quarterly reporting
- ❖ Are risks being managed – don't forget cyber
- ❖ Employer feedback e.g. any issues with contributions

Critical reviews

Critical reviews 'need to be structured, thorough and result in reasonable outcomes'

Pensions Authority, SPS Conference 20 June 2023

- ❖ Obligations under the contract and SLAs being met?
- ❖ Monitoring and annual reviews hopefully resulted in a good degree of satisfaction!
- ❖ Review service levels and experience since the last review, discuss the differences
- ❖ Member experience, surveys, – not just about SLAs – competence, ease of use & convenience!
- ❖ Meet senior personnel but also site visit to meet the staff
- ❖ Members communications – plans, online functionality, ability to self-serve
- ❖ Fees – transparent, any surprises, how are member events determined?

Critical reviews (continued!)

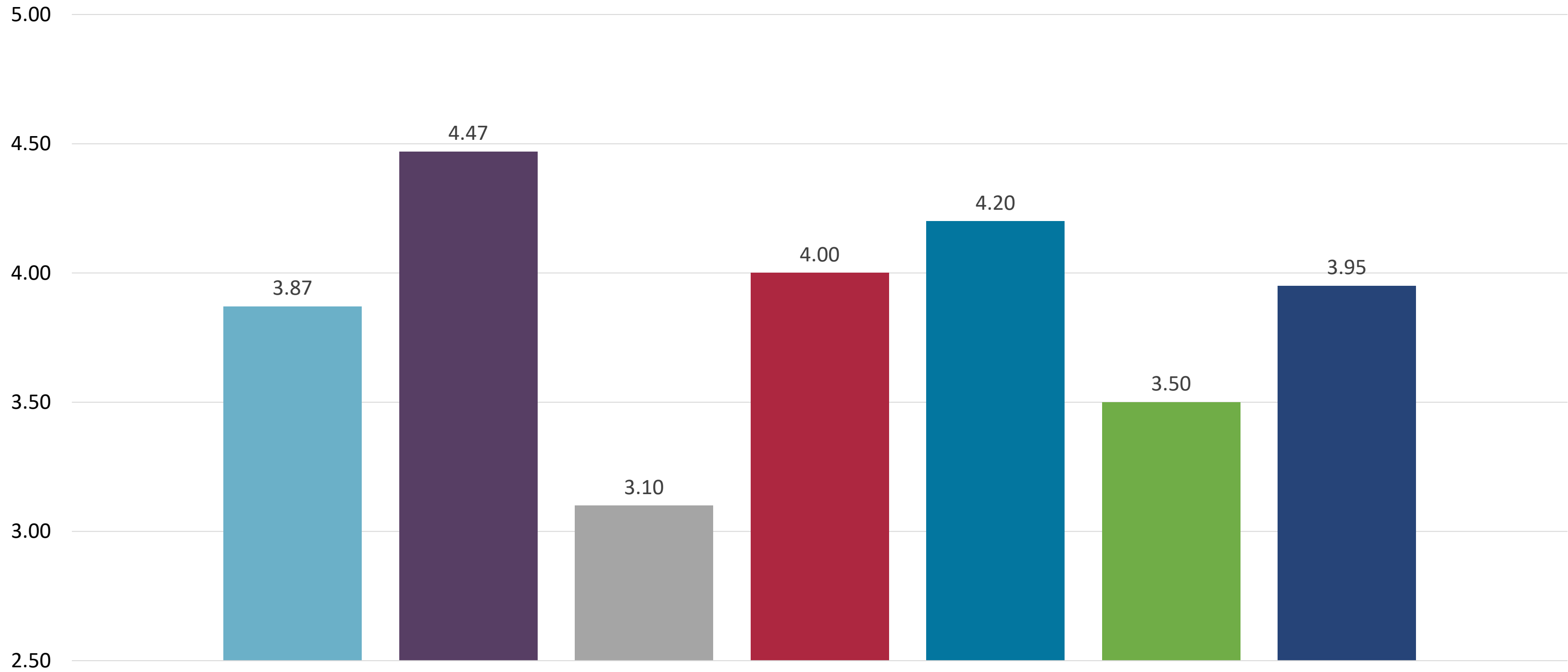
- ❖ Assess any risks with the current service. Employer input
- ❖ Employer role on data provision – is it working well? Agreement in place?
- ❖ Any further actions needed with key deliverables and ownership agreed
- ❖ Any capacity constraints?
- ❖ Project management skills / performance
- ❖ Forms the basis for a decision to retain the administrator or go to tender
- ❖ Document the outcome!

Administrator review Scorecard 2023

Assessment Criteria	Description	Scores
Communication	Good working relationship with the Board? Provide good support for Members?	
Responsiveness / Proactive approach	Responds quickly and positively to a situation or request? Shows initiative?	
Pragmatism / Commerciality	Offers solutions that are proportionate and pragmatic? Considers any risks?	
Collaboration	Identifies when other advisers need to be consulted? Collaborates well with other advisers?	
Effectiveness	The team is sufficiently resourced? Typically delivers on-time & within budget?	
Value for money	Assess the cost of service received versus the benefits? Demonstrates effective use of team resources to manage costs?	
Projects	Manages projects within budget and on time?	
Comments		

Sample Trustee Survey Results

Scores by category



Overall Score
Pragmatism/Commerciality

Administration
Communications
Collaboration

Responsiveness/Proactivity
Effectiveness

Conclusions / Next Steps

- ❖ Compliance is required not discretionary!
- ❖ Building a collaborative partnership with your administrator is key
- ❖ Is the administrator helping the Trustees achieve their objectives?
- ❖ Site visits can be invaluable, to 'Get under the bonnet'
- ❖ Approach to compliance – working group, sub-committee
- ❖ Who will complete the critical reviews – think about independence
- ❖ Don't forget the employer's relationship with the administrator
- ❖ Forms the basis for decision to retain or possibly change.....