



How often should you review your advisers for good governance?

Trustees are responsible for running pension schemes which involves making complicated decisions. Of course, having an adviser should make the decision-making process a lot easier by using the knowledge and experience of your advisers. It is important to remember that even though your advisers might be the experts, the Trustee remains responsible for any work relating to the Scheme and therefore, you must be comfortable with the advice you are receiving and that it is providing you, and your members, with value for money.

Why review your advisers?

Even if the relationship is going well and the Trustee is happy with the service received, as part of good governance, Trustees should be reviewing advisers on a regular basis. This could be for a number of reasons:

- To aim for best market practice
- To understand what else is available in the market place
- To make sure services are still relevant, based on your journey plan
- To make sure the fee structure and scope are still appropriate
- To consider other options if the relationship is not working as it should or if a key contact has left the adviser's organisation

Remember, reviewing an adviser does not mean something is necessarily wrong nor does it mean you should change advisers (frequently, or even at all), but it gives you an opportunity to understand how your service can be maintained or improved.

What approach should you take?

The type of review depends on what you are trying to achieve by reviewing your advisers:

- Are there issues and do you believe these can be resolved?
- Is the relationship going well?
- Have you heard about some improvements and innovation elsewhere that you want to introduce?

The type of review can also help to determine how often advisers should be reviewed. Some examples of reviews are included below.



Full market review

- Allows Trustee to review the market in the context of considering what the Trustee wants to achieve, what service does it want to retain, what would it change?
- Appropriate if the Trustee has the intention to move services if required
- Trustee may want to consider using a search consultant to benefit from their market knowledge and expertise to find the right shortlist of candidates and to run the process

Benchmarking

- Allows the Trustee to approach the market without committing to move advisers
- Uses data to understand where the current level of service and fees measure up against other providers
- Requires a specific exercise to approach the market or work with a search consultant who has access to data from across the market that can be used for the comparison
- The main consideration is to ensure the Trustee is reviewing services on a like for like basis so it requires some information about the Scheme, and the services currently received to be shared

Contract review

- Focuses on reviewing contractual terms such as SLAs, fees and liability limits
- Some market knowledge is required to ensure commercial terms are appropriate, and work in practice should you ever need to rely on them
- Legal advice is also typically required, in particular to consider any new or changed terms

Feedback

- This approach seeks feedback from the Trustee, and can also include feedback from your Pensions Manager or executive function, in an informal setting and could be as often as every meeting
- Can coincide with an annual service review meeting or relevant annual events
- Seeking feedback from advisers allows for a two-way approach ensuring any changes required suit both the Trustee and advisers

Questionnaire

- Allows for formal feedback by conducting an annual questionnaire
- Can be a streamlined process by using mostly the same questions for all advisers
- Consideration is needed for specific questions that may be more relevant to certain advisers



So how often should you review your advisers for good governance?

Ultimately, reviewing your advisers will help to improve the relationship between the Trustee and the adviser. Therefore, you might think that reviewing advisers more frequently is the right approach to take. But this can be a considerable amount of work for ever-stretched Trustee Boards and in house teams to coordinate.

Therefore taking account of the governance burden, we suggest a mixture of approaches which can be used depending on the needs of the Trustee.

As required	This could be appropriate if the Trustee is at a pivotal point in the Scheme's journey plan - are you approaching buy out and need different expertise from your advisers? Has your Scheme reached a care and maintenance mode, yet you still have senior leads managing your day to day services? Has a key adviser left and their replacement is not up to scratch?
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Annually	This allows the Trustee to take stock on their advisers on a more frequent basis and could coincide with the end or start of the Scheme year. The Trustee can then consider their adviser's performance in the context of the Trustee's business plan and what is required for the upcoming year e.g. are there specific projects coming up that you need specific expertise to manage or deliver?
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Periodically	Reviewing your advisers periodically, such as prior to renewal of a contract or triennially after your valuation cycle has completed, is common. This is an opportune time to check your current scope of services continues to match what you receive, and to benchmark the services you receive against the market, before extending the term or signing up to a new contract.
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Less frequently	Some Trustee Boards conduct a full market review after a longer duration, say every eight to ten years. even if there haven't been any notable service challenges. This allows the Trustee to consider what commercial terms they would achieve in the market and to gain deeper insights into how others may deliver and help the Trustee evolve the service. It doesn't commit the Trustee to change advisers, rather it provides comfort that the Trustee is achieving the optimal service for their needs, and normally leads to noticeable improvement in the service.
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Is it time you conducted a review of your advisers? Do you need help managing the review, or access to wider experience of the market?

If you would like practical help and independent advice please contact Jo or Pamjit at: Jo.fellowes@museadvisory.com and Pamjit.virdi@museadvisory.com

