

Serving as a pension scheme trustee is no small undertaking. Anyone who thinks otherwise should visit the Pensions Regulator's website and pore over the myriad responsibilities and requirements detailed there.

The section on meetings and decision-making highlights considerations ranging from investment strategy to approving and signing minutes. It counsels: "Boards should meet often enough to maintain effective oversight and control. In most cases this will be at least quarterly."

On the whole, the site does a fine job of explaining the ever-expanding demands of trusteeship. In the above instance, though, it arguably understates the scale and complexity of what is involved.

For a number of schemes that work less in real time, the idea of trustees gathering every three months or so to discuss a long-agreed agenda is now at best quaint and at worst unhelpful. It is about as relevant as the notion of recording proceedings on a stack of vellum.

The focus today is instead moving towards real-time governance. To put it another way: the fact that pension schemes have long-term horizons cannot obscure the importance of making good decisions over the shorter term.

This goes to the heart of one of the most notable recent trends in this sphere: the growing number of professional trustee appointments. It is a shift that is likely to continue, not least in relation to running a scheme as a Corporate Sole Trustee (CST).

The growth of the CST market:

A CST sits in place of a traditional trustee board, overseeing governance and operations and acting as a point of contact for all aspects of a scheme. CSTs can implement buy-ins, wind-ups and other key projects, as well as navigating the twists and turns of the legal, tax and regulatory landscape.

Financial consultancy Lane Clark & Peacock has produced an annual survey of the professional trustee market since 2021. The 2022 edition reported the number of UK schemes appointing a CST grew by 20% in a year.

The 2023 edition reveals almost half of UK schemes – 49% – have now appointed a professional trustee. The proportion of CSTs within that figure has risen again, with more than 150 appointments in a year.

A new report from another consultancy, Hymans Robertson, predicts DB schemes' CST appointments could double within the next half-decade. It draws attention to the need for "a strong talent pool for recruitment and efficient service delivery".

For many schemes, of course, this is a straightforward question of resources. The vast majority of appointments are at the smaller end of the market – that is, schemes with less than £100 million in assets.

Yet the merits of the CST approach are gaining appreciation across the spectrum. At Law Debenture, as well as offering CST services for smaller schemes, we have among our clients what we believe to be the biggest appointment of its kind.



The importance of timely, fully informed decisions:

Ultimately, whatever their size, schemes want proven expertise and experience. These attributes should translate into the agility and efficiency now necessary to deliver desirable outcomes in the pensions arena.

This taps into the “real time” issue outlined earlier. In a world defined by hyperconnectivity, accelerated technological progress and a state of “permacrisis”, it can be beneficial to arrive at decisions without undue delay.

Trustees are unlikely to accomplish this goal if they assemble only occasionally and concentrate on matters identified weeks in advance. The chances are that events will overtake them.

Such a shortcoming is sometimes known as “the pacing problem”. The term is usually used to describe regulators’ failure to keep pace with innovation, but we might also apply it to boards that lack the support and insight needed to stay abreast of day-to-day developments.

Crucially, it does not automatically follow that today’s decision-making processes must be rushed. With a genuinely responsive and robust governance framework, it is possible to reach resolutions and agreements that are both timely and fully informed.

Close communication with sponsors and members, diversity of thought and optimum use of tech can assist in this respect. A smooth transition to CST status is also essential, since all parties can learn much from each other.


A solution with ever-growing appeal:

The difficulties confronting pension schemes are widely acknowledged. Amid ongoing geo-economic and geopolitical pressures, they have even been recognised at the very highest levels.

Jeremy Hunt explored them during his Mansion House speech in July. The Chancellor stressed the need for financial services providers to be “nimble” and warned that schemes unable to achieve “the best possible outcome for their members” would be wound up by the Pensions Regulator.

They were also central to the Department for Work and Pensions’ subsequent Call for Evidence, whose principal themes -included the barriers to trustee effectiveness. The DWP strongly hinted at concerns over whether trustees “have the right knowledge and skills” to invest to best effect.

At LawDeb we aim to set a high bar with our model of trusteeship and support mandatory accreditation of professional trustees. In addition to accreditation, we believe there are skills and experience that support ‘good trusteeship’, whether as a professional, lay or Corporate Sole Trustee. We have outlined these in a position paper following the consultation. This can be [viewed here](#)



“ At LawDeb we are passionate about delivering value for our clients and pensions scheme members. We believe that ongoing trustee training and development is essential in doing so. ”

**Vicky Paramour, Managing Director
LawDeb Pensions**

The ever-strengthening case for professional trusteeship

A solution with ever-growing appeal, cont.:

To return to where we began, then, the message is clear: trusteeship is a tough gig. And it is only likely to get tougher.

The future will almost certainly lie in more regulation and market complexity. It will bring mounting pressure to manage risk and costs alike. It will present trustees with more responsibilities and requirements. It will further underscore the benefits of excellent governance support and pensions executive services.

In the face of such challenges, the appeal of CSTs – and professional trustees more generally – is becoming harder to ignore. Sponsors and members are increasingly realising the advantages of passing their burden on to someone truly equipped to bear it.

Scott Pinder is Head of Corporate Sole Trustee at Law Debenture.



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The CST route clearly marks the way forward for more and more schemes. This has been the trajectory for several years now, and we expect it to continue. The fact is that the landscape has changed significantly. It's no longer acceptable to meet once a quarter or to allow excessive bureaucracy to thwart effective decision-making.

Not least in the face of a growing regulatory burden and other challenges, what schemes need now is professional expertise and experience that can be delivered in real time. They need an approach that's responsive and a governance framework that's robust – especially when they're nearing a buy-in, a wind-up or some other form of 'endgame'.”

Scott Pinder, Head of Corporate Sole Trustee

To find out more about Corporate Sole Trusteeship contact Scott or visit www.lawdeb.com