

A new online tool for trustee boards

Trustees have a duty to manage a scheme's assets and take steps to make sure members' benefits are provided as per the scheme's rules. To help provide an objective assessment of trustee effectiveness, XPS have developed a new tool to offer valuable insight into what trustees are doing well and practical recommendations for improvement.

The importance of assessing trustee effectiveness

The Pensions Regulator's 21st Century Trusteeship guidance sets out that trustees should regularly review the performance and effectiveness of their board. The way the trustees work together, how meetings are run, the risk management framework and decision making processes in place can all make a real difference to the outcome of the scheme, and are often difficult for trustees themselves to assess.

Our tool gives trustees a pragmatic and objective way of carrying out this assessment that is tailored to an individual trustee board. Using our online survey, XPS will collate the views of each member of the board and analyse them, reporting on what is working well and any practical recommendations for improvements.



The tool was easy to use and initiated lots of discussions amongst the Trustee group. The results provided us with valuable insight on where to target process improvements and how we could improve our risk management framework.

Chair of Trustees
EDS Retirement Plan

How it works

► All members of the board complete an online survey covering **4 areas**:

Knowledge and advice

- › Do you have sufficient knowledge of key areas to make informed decisions?
- › Do you have robust training plans in place?
- › Do you know when to take advice and do you have good relationships with your advisers?

Governance

- › Are meetings run effectively?
- › Are robust procedures and policies in place?
- › Are decisions discussed and agreed in an open and fair way?

Risks and controls

- › Do the trustees understand the key risks and the controls in place?
- › How are risks assessed and monitored?

Scheme objectives

- › Do the trustees have clear and documented objectives?
- › Is there a business plan in place to monitor ongoing and future activity?

How it works (continued)

- ▶ XPS will then produce a report based on all survey responses, showing the trustees' results across the four sections along with an overall effectiveness rating. You will also receive clear recommendations of actions that could help to further improve trustee effectiveness for your scheme.



Case study

One trustee board with eight trustees including an independent chair used our tool. This particular board was confident that their scheme was well-run and they were operating effectively, but found it hard to look objectively at their performance and felt the tool would give them added comfort.

Findings

The findings were delivered to the trustee board by their XPS adviser, and as expected the scheme did score well in most areas. There were, however, some recommendations for improvement.

- › This included a potential **knowledge gap** around the legal aspects of the scheme, being addressed by a training session as well as individual tailored training plans being introduced.
- › It was also highlighted that there could be more of a focus on **member engagement**, leading to increased planning around the information provided to members, and member feedback sought on the quality of communications.



The Trustees found the assessment really insightful and have implemented steps to address the recommendations made.

Our tool will highlight ways in which trustees can improve their effectiveness, driving **better decision-making and outcomes.**

For further information, please get in touch with **James Foster** or **Rob Wallace** or speak to your usual XPS Pensions contact.



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