



Implementing New Governance Arrangements

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Prepared by Aon Hewitt

Agenda



What's hot in governance







Investment considerations:
Lessons from
England and Wales



Questions

What do we mean by governance

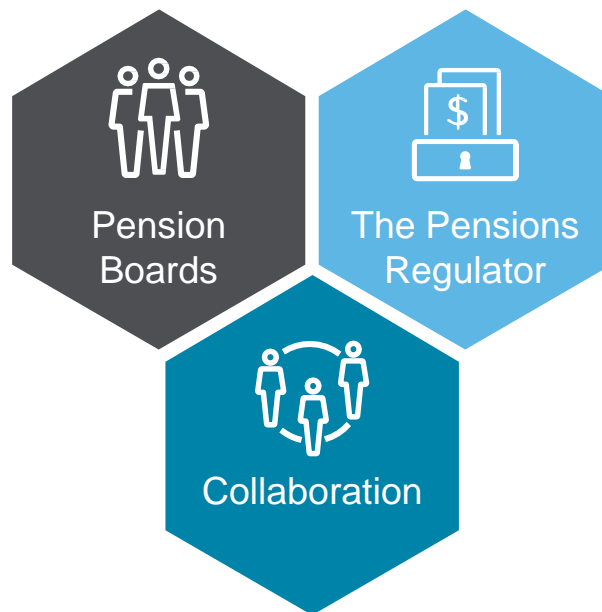
The right **people**, 
doing the right **things**, 
at the right **time**, 
with the right **information**, 
to get the right **results**. 



What's hot in governance?



3 Hot Areas



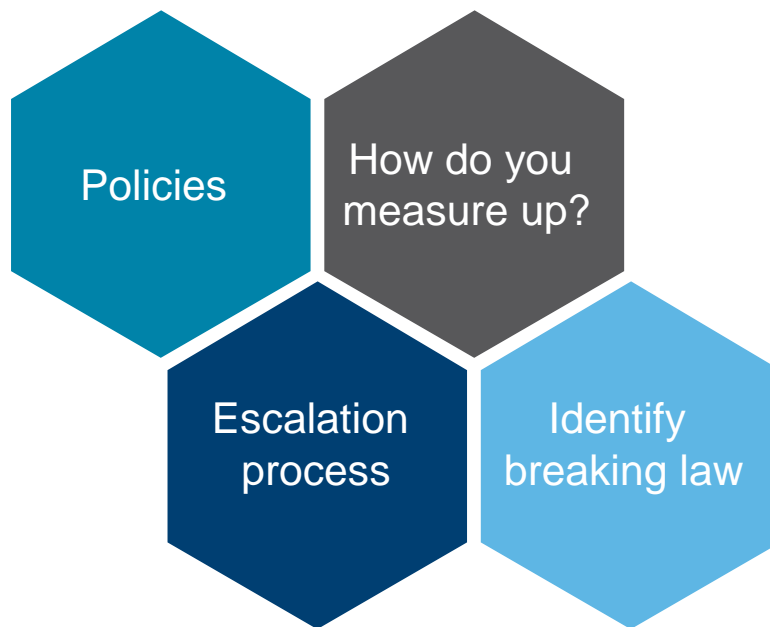
Pensions Boards

Working together



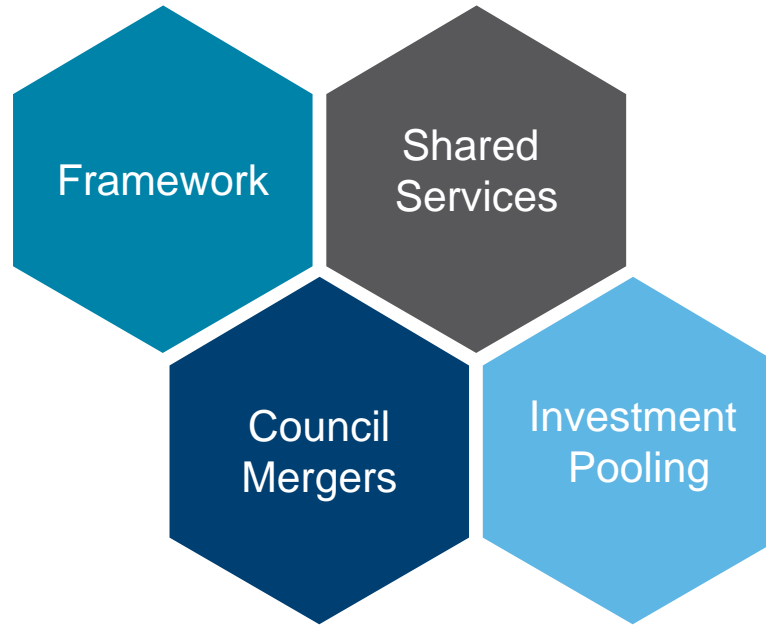
The Pensions Regulator

Compliance with TPR code of Practice



Collaboration

Different ways of working together



Investment Pooling – Governance





Investment Considerations: Lessons from England and Wales



Key takeaways (so far ...)

- ▶ You might not get much notice!



- ▶ Joint procurement can reduce costs; doesn't necessarily need full-blown investment pooling
 - Passive management now effectively repriced for all LGPS funds
 - But will active managers follow suit?
- ▶ Structure of investment pools is crucial
 - ACS structure is not necessarily a panacea
- ▶ Investment pooling won't necessarily drive investment into infrastructure
 - But maybe now it doesn't need to

Potential risks

1

Short term

- ▶ Transitioning assets
- ▶ Costs ...
- ▶ ... and risk

2

Medium term

- ▶ Monitoring and reporting
- ▶ What is expected
- ▶ What is required
- ▶ And what can be delivered

3

Long term

- ▶ Sanctions, 'Divorce proceedings'?
- ▶ 'Article 50, or similar



Conclusions

- › Unclear if investment pooling will come to Scotland and Northern Ireland
 - May occur anyway, even if not formally required
 - And, if it does ...

Same challenges, different issues

- › Everything changes, but at the same time, nothing really changes
- › The challenges vary over time
- › However, effective governance will remain key to achieving successful outcomes





Questions?



Contact List



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