



# Implementing New Governance Arrangements

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Dave Lyons, Head of Public Sector Investment Consultancy

Michael Ferguson, Senior Governance Consultant

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



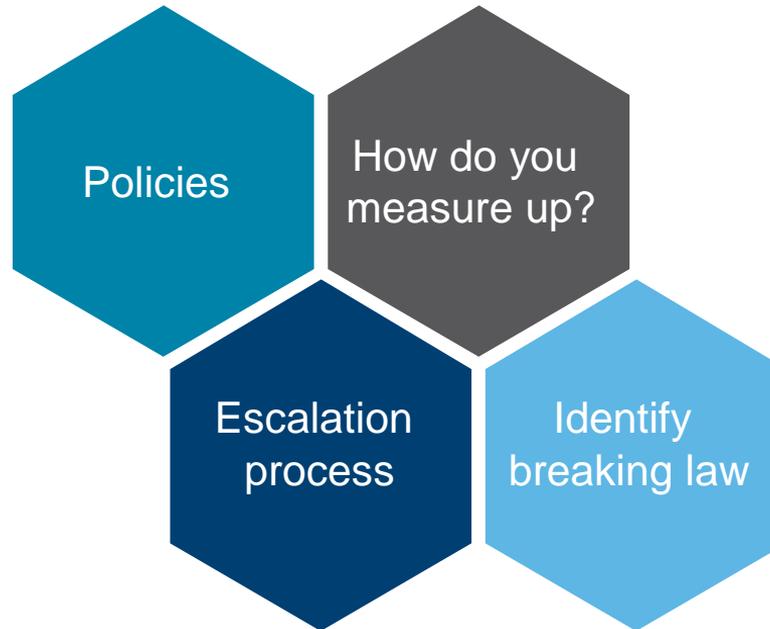
# Pensions Boards

## Working together



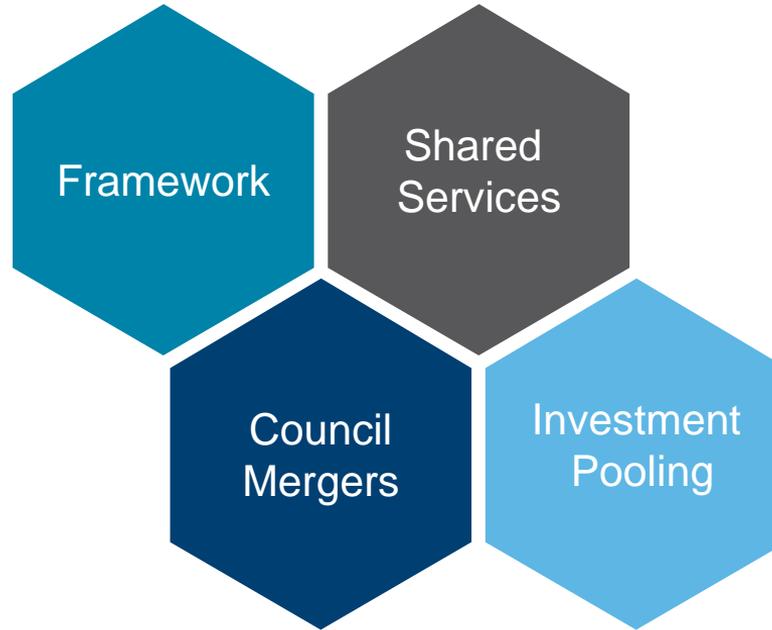
# The Pensions Regulator

## Compliance with TPR code of Practice



# Collaboration

## Different ways of working together



# Investment Pooling – Governance



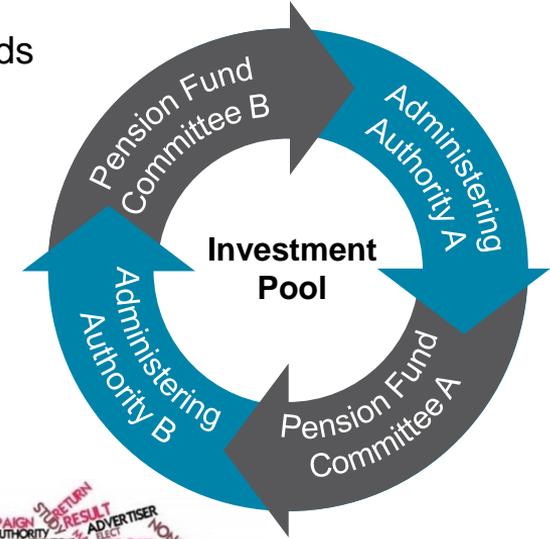


# Investment Considerations: Lessons from England and Wales



# Recap: Government, guidance and governance

- ▶ The UK Government and the experience of the English and Welsh Funds
- ▶ Guidance:
  - Asset pool(s) that achieve the benefits of scale
  - Strong governance and decision making
  - Reduced costs and excellent value for money
  - An improved capacity and capability to invest in infrastructure
- ▶ And the 'unwritten guidance' ...?
  - Regulated entities and the Authorised Contractual Scheme (“ACS”)
- ▶ Investment Regulations
  - Need to change to accommodate this style of investment pooling
- ▶ So, is everything changing from a governance perspective?
  - Not really ...
  - ... but it will get a lot more complicated



## 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



**Dave Lyons**

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**Head of Public Sector  
Investment Consultancy**

Aon Hewitt  
Global Investment Practice  
+44 (0) 7860 400618  
[dave.lyons@aonhewitt.com](mailto:dave.lyons@aonhewitt.com)



**Michael Ferguson**

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**Senior Governance Consultant**

Aon Hewitt  
Public Sector Team  
+44 (0) 7798 841776  
[michael.ferguson@aonhewitt.com](mailto:michael.ferguson@aonhewitt.com)

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Registered Office: The Aon Centre,

The Leadenhall Building,

122 Leadenhall Street,

London, EC3V 4AN.

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