

## **Plumbing & Mechanical Services (UK) Industry Pension Scheme Governance Review Progress Report**

This note sets out the current position of the Trustee's governance review as of 24 February 2021 together with details of the work required during the remainder of this year.

In August 2020, the Trustee Board and the three Constituent Organisations (APHC, SNIPEF and Unite) commissioned an independent review of the Scheme's governance arrangements. This review covered the Scheme's complete governance structure; not only the Trustee Board but also the way in which the Scheme's 350 employers are represented.

The consultants presented their findings to the Trustee Board, APHC, SNIPEF and Unite at the end of November. It should be emphasised that completion of the external review was just the conclusion of the first stage of the process as, in accordance with the existing governance rules, their recommendations have to be discussed and unanimously agreed by all four of the Trustee Board, APHC, SNIPEF and Unite.

The external consultant's report provided a range of issues which were extremely useful in framing the decisions that need to be made and the four parties are now working their way through them. This process will take some time not least because of their number and complexity. Once the Trustee Board, APHC, SNIPEF and Unite have reached agreement, the Trustee Board will then run a consultation exercise involving all employers and members of the Scheme.

Given the work that needs to be done, it is difficult to predict when the consultation exercise will take place. If there are no legal difficulties with the proposed new structure and everything proceeds reasonably smoothly, the consultation process may be able to proceed during the second quarter of 2021.

The outcome of the consultation process will clearly depend on the issues raised which will then dictate whether any further work is required and the future timescale. Once this has been completed, it will then take time to create those new elements of the governance structure. This is likely to include the establishment of a new entity set up solely to represent the interests of all employers which will involve further consultation and communication with employers in order to agree its membership structure. Subject to the same caveats as above, this could take place during the third quarter of 2021.

Once the new elements are in place, the agreed changes to the Scheme's governance structure can be implemented. Again, it is difficult to say with certainty what the timetable will be, but the Trustees believe that given no major problems, implementation could take place in the fourth quarter of 2021.

In conclusion, there is a considerable amount of work involved in this project. As noted earlier, the external consultant's independent review was the catalyst for this process. All four parties involved, the Trustee Board, APHC, SNIPEF and Unite, are fully committed to it but need to ensure that it is done carefully and professionally to result in a robust and sustainable governance structure for the future lifetime of the Scheme. Therefore, as highlighted above, to be completed properly, this project will take a significant amount of time with implementation unlikely until the last quarter of 2021 at the earliest.