



Finding the best fit adviser



The issue

As a matter of good governance, our client (a hybrid pension scheme) benchmarked the service they received from all advisers and service providers from time to time. However, two specific concerns had arisen that they felt they needed to address:

- they had been **losing confidence** in their incumbent third party administrator's capabilities over a number of years
- administration costs and consulting **fees felt high**, and the basis on which they were calculated was opaque.

The trustees established a sub-committee to undertake a full market review for consultancy, administration and scheme secretarial services, and **appointed PS Independent Trustees (PSIT) to help the sub-committee by providing expert insight** and co-ordinating and managing the process.



What we did

Our tried and tested adviser review process meant we could run a **rigorous and transparent tender** on behalf of the trustees. Having established the trustees' key selection criteria, we used our extensive database of advisers to produce a **targeted 'long list' of potential suppliers**.

By maintaining key information on all advisory firms, this database enabled us to quickly identify any advisers who were:

- unlikely to quote or be able to quote competitively
- not able to meet one or more of the trustees' key criteria.

These 'close fit' firms, which included the incumbent provider, were then sent a formal invitation to tender. This was designed to **draw out their suitability for the trustees' specific requirements**.





What we did (continued)

The stages we worked through with the sub-committee once tender responses had been received were:

Review responses

The sub-committee used our summary report setting out the key detail from each response, and our **scorecard assessing each submission against requirements**, to inform their decision making.

Outcome: four firms were shortlisted.



Presentations

The closeness of fit of each adviser was assessed objectively, using a second scorecard, and more subjectively, based on how well the trustees felt they gelled with the presenters from each firm.

Outcome: shortlist dropped to two.



Site visits and references

Working with each adviser, we devised a site visit that would enable the sub-committee to meet the key staff who would be involved in delivering the services. The visits focused **on administrative systems and controls, the member experience, IT capability**, consulting style, secretarial support, **and transition management**. References were also taken for both firms.

Outcome: the sub-committee made their recommendation to move to a new provider, which was approved by the full board at their next meeting.





The results

Using PSIT's extensive knowledge of the pension adviser market, the trustees were able to undertake **a tailored, targeted tender process to find the adviser who was the best fit** for them and their scheme.

By appointing PSIT to manage the process, this was achieved with minimal time commitment needed from the trustees on the sub-committee. It also ensured that the correct balance of objective and subjective assessment was used at each stage.

As a result, the trustees have chosen a new provider who was able to demonstrate:



a focus on getting implementation right, which the trustees felt would **maximise the quality of services over the long term**, for both the trustees and scheme members



the capability of the proposed team and systems to deliver **a proper client/member facing service**, as well as the effectiveness of the controls in place



an **open and accessible style of working**, which ensures the trustees have easy access to their full team including the senior management



a completely transparent fixed fee structure



cost savings of over 20%

"PSIT conducted a complicated tender process for the trustee directors of the Linton Park Pension Scheme for the provision of administration, consultancy and secretarial services. It assisted in drawing up a tender brief for the Pension Scheme and contacted firms to invite applications for tender. It then received the completed tenders and assisted the administrative subcommittee in evaluating the responses and drawing up a short list for interview. It organised the review sessions and the final site visits.

Using PSIT to undertake the review process resulted in the Pension Scheme being able to undertake a wide review of the market which it would have been unable to do on its own. In addition, it provided **objective views** of the quality of tenders and the review of providers. It ensured a **smooth process** that was as objective and **comprehensive** as possible and provided **value for money** with the final selection of the new provider."

Julia Morton - Company Secretary, Camellia Plc

