

Management Plans

General Planning Guidance for Trustees

Introduction

This guidance is designed to help trustees developing their management plan. It is not comprehensive list of everything trustees will be legally required to do during an assessment period and any plan will need to take account of the specific circumstances of your scheme. Pension Protection Fund caseworkers will be able to support you in developing your plans and addressing any queries or issues which are particular to your scheme. Throughout the assessment period it remains your responsibility to administer the scheme in accordance with the scheme rules and the legislation.

The completed plan must be agreed with the caseworker.

Timescales

Start date:

We would look to agree plans with trustees and see activity commencing within three months of the Pension Protection Fund confirming an assessment period has commenced unless there is a strong possibility of scheme rescue. In such circumstances you and your caseworker may agree that only limited work is carried out until scheme status is confirmed.

End date:

It will be at least a year from the start of the assessment period until the Pension Protection Fund can assume responsibility for a scheme to allow enough time for Fraud Compensation to be properly considered.

We appreciate that for most schemes completing the data audit will be the most time consuming task and may have a significant impact on the length of the assessment period.

Some schemes may be straightforward and the length of time required relatively easy to estimate.

Other schemes may require initial investigation before the exact work required can be budgeted for and the overall timetable for completing the data audit set. In such cases, we would expect the overall timetable and budget at the outset to be fairly broad but the initial investigations should be within clearly defined timescales and budget. As issues are closed down, we would expect

greater accuracy in the estimate of timescales, budgets and the overall timetable to be reviewed.

Where deliverables need to be signed-off or agreed with by the Pension Protection Fund appropriate time for this to take place must be allowed in the plan.

Within the first 6 months we would expect to see:

- the issue of admissible rules to be considered and addressed;
- pensions in payment to be reduced to Pension Protection Fund compensation levels;
- initial communication to members;
- detailed plans for the completion of the assessment period which factor in the data audit;
- analysis and agreement with caseworker about the need to undertake ill-health reviews;
- trustees to have reviewed the scheme's investments (seeking advice where appropriate) and to have made a decision on their strategy during the assessment period; and
- assurance that the contracting-out certificate has been cancelled.

Deliverables

We use the term 'deliverable' to encompass the activities and tasks which need to be completed in order to progress the scheme through the assessment period.

Using the guidance the plan will need to set out the steps you plan to take to achieve each deliverable.

We have provided a template plan as guidance, however, you will also need to consider which elements apply to your scheme and whether there are any other significant areas of work which should be added.

Tolerances

You should agree with your caseworker budgetary, time and scope tolerances. Where the delivery is likely to or has strayed outside agreed tolerances then you should raise this with the caseworker.

We appreciate that taking schemes through assessment or winding-up can be more of an art rather than a science. Experience suggests that this issue is primarily a matter of communication so that the caseworker can understand the cost and time management controls being operated by the trustees.

Costs

We would expect the plan to include a breakdown of costs by deliverable. It is important that realistic costs are estimated at the start. These costs will need to be based on a set of assumptions which should be set out in the plan

We understand that in certain circumstances changes to the budget may need to be made and ask you to discuss with the caseworker any proposed changes to the agreed costs which fall outside agreed tolerances.

Liaison points

How often we need to liaise with you will depend on the complexity of the case and the financial exposure of the Pension Protection Fund. We are keen to agree with you at the beginning when and how we will maintain contact. This is an opportunity to review work completed, agree any queries about the next stage of work and ensure that progress is on track to meet the overall timescales agreed in the plan.

In your plan we would like you to suggest the points at which you feel it would make sense for us to liaise.

In addition it is important that you contact your caseworker as necessary where you foresee any problems in delivering within agreed tolerances.

Responsibilities and Resources

Effective management and delivery requires clear roles and responsibilities. Therefore, the plan and any supporting documents should clearly state who is responsible for delivery and who needs to support the task owner.

Should you have any difficulties with others involved in delivering this work on your behalf please feel free to discuss this with your caseworker.

Change control

We understand that there may be circumstances where plans need to change.

Once the plan and the tolerances around the plan are agreed you should let your caseworker know if you wish to make changes which fall outside those agreed tolerances. An acknowledgement of this should be included in your plan.

Risks and Dependencies

Your plan should include any risks to the timely delivery of the work. This will facilitate a discussion with your caseworker about whether action should be taken to mitigate these risks and what level of risk can be tolerated.

Where a piece of work is heavily dependent on inputs from others or on the completion of another task this should be highlighted in your plan.

Quality

For each deliverable it would be helpful if you could set out how you plan to ensure that the work is good quality - this may easily align with your internal quality assurance procedures.