

“Cheers” to good governance

✓ **Scottish & Newcastle Pension Plan head of pensions, Neil Parfrey, and Knowa chief commercial officer, Aled Davies, tell Francesca Fabrizi how artificial intelligence (AI), when used in the right way, can assist pension schemes in meeting their general code and wider governance obligations**



Aled Davies, chief commercial officer, Knowa

Please tell us about the Scottish & Newcastle Pension Plan and, separately, Knowa.

Neil Parfrey: The Scottish & Newcastle Pension Plan is a closed defined benefit scheme. It has approximately 30,000 members and assets in excess of £2 billion. The plan is overseen by a trustee board of nine, of whom three are independent directors. Day-to-day operations are the responsibility of the pensions team.

Aled Davies: Knowa is an AI-powered governance and meeting pack platform designed for pension schemes. Knowa has garnered the trust of over 500 pension schemes managing over £160 billion of pension scheme assets, and over 5,000 industry professionals as it continues to set the benchmark for board governance in the pensions industry.

The Pensions Regulator’s General Code of Practice came into force earlier this year. What have been the biggest



Neil Parfrey, head of pensions, Scottish & Newcastle Pension Plan

challenges regarding compliance?

Parfrey: One of the biggest challenges we encountered was managing the sheer volume of compliance requirements. While we were already compliant with most aspects of the code, our evidence, such as logs, policies, and reports, were scattered. This made it difficult to present a unified and coherent picture of our compliance status.

Our priorities were therefore twofold. First, collating and connecting all these disparate pieces of information into a single, accessible repository. Second, formalising our processes to monitor and maintain compliance effectively, bringing more of these elements into our business-as-usual oversight. This meant not only gathering the existing documentation but also establishing a systematic approach to keeping everything up to date.

To address these priorities, we needed to find the most efficient way to make this information accessible

to the trustee board, integrating our compliance evidence into their oversight processes. We therefore focused on enhancing our reporting mechanisms and ensuring that the trustees had easy access to all relevant information, which supports better governance and informed decision-making.

How did you address those challenges and how have the services provided by Knowa helped?

Parfrey: We were able to start from a strong position, with the plan well-managed with a foundation of agreed policies and protocols. However, while these policies were typically agreed at meetings and known to the pensions team, they weren’t always formally documented. This made it difficult to present a comprehensive and effective system of governance.

To address this, we conducted a thorough gap analysis to identify any unwritten policies and areas where we were deficient. One of our key objectives was to eliminate the use of spreadsheets that, until now, had been critical to governance and compliance. Relying on spreadsheets introduced version control frustrations and challenges in maintaining a single source of truth, which could compromise our governance efforts.

We collaborated with Knowa to integrate and, where possible, automate our governance responsibilities. This partnership offered numerous advantages. Importantly, we didn’t have to reinvent the wheel; we had already invested significant time in developing our policies and processes, so it was crucial for the technology to adapt to our existing framework rather than forcing us to adjust to fit the technology. This ensured there was no disruption to our governance.

Davies: It's why we believe that offering great technology alone isn't enough. To truly unlock its value for a scheme, it's essential to combine it with people who understand both pensions and the technology itself. This way we can tailor solutions that effectively accommodate the unique structure and needs of each scheme.

Parfrey: So, by leveraging modern technology through Knowa, our directors have found the new tools to be user-friendly and easily accessible. We also had the opportunity to work with Knowa on several new features like our meeting attendance tracker, allowing us to customise solutions to meet our specific needs. With access to live information, we're now making decisions based on the most current data available.

Where are you now and what are your next steps?

Parfrey: The first step is now complete, as all information critical to our governance is consolidated on Knowa. This centralisation has been transformative, with the trustees already commenting on how much easier it is to access all the information they need to govern. It also means our data is now accessible through Knowa Q, Knowa's AI-powered tool for querying and discovering our knowledge. So, our focus is now turning to developing new habits to make Knowa Q an integral part of our business-as-usual practices. By doing so, the trustees and pensions team will be able to find insights in seconds, significantly boosting our productivity.

Our next step is to embed this technology deeply into our working practices to continue reaping its value and insights. We're aware that with compliance initiatives, there's always a risk that after substantial investment, old habits might resurface, and important tasks could be neglected. To prevent this, we're integrating live views of our logs, registers, and other essential documents directly into our meeting packs via

Knowa. This approach keeps critical information at the forefront during our meetings and decision-making processes.

Looking ahead, our first Own Risk Assessment (ORA), as required by the general code, isn't due until October 2026, but we're already taking proactive steps toward compiling it. Even though it's a compliance requirement, we view this as an opportunity to thoroughly review and enhance our governance well ahead of the statutory deadline. This early start allows us to identify areas for improvement and implement necessary changes in a timely manner. I hope to be able to integrate this into our Knowa account in due course too.

What tips would you offer other pension funds going forward working on complying with the code?

Parfrey: When it comes to complying with the code, my primary advice to other pension funds is to start as early as possible and seek proper guidance to help you through the process. Instead of viewing the code as a burdensome obligation, consider it an opportunity to "road test" and strengthen your governance framework.

Davies: We've had a great time working with Neil, the pensions team and the trustees, as we enjoy working with schemes with the ambition and vision to overhaul governance in one go.

This isn't the only approach of course. Smaller schemes might find it effective to break the process into different priorities. For example, as a first step, rather than creating your first Effective System of Governance (ESOG) on a spreadsheet and falling immediately into old habits, you could start by using our ESOG best practice template. This would help avoid common pitfalls associated with manual spreadsheets that Neil mentioned.

The next step could be to integrate the most critical or challenging compliance tools, such as the risk register or trustee training log. For many schemes, this might be all they need from technology to comply with the code, but others can

continue to expand their use of tech as resources permit over time.

Two crucial questions to keep asking are: "What knowledge do my trustees need at their fingertips to govern effectively?" and "how do I avoid gaps in my data?". Once you've identified this information, focus on making it accessible through platforms like Knowa.

Looking ahead to the ORA, I encourage schemes to explore practical and proportionate methods to comply, such as implementing live dashboards. These tools can provide real-time data to help decision-making and make the compliance process more meaningful, manageable and efficient.

Anything else you would like to add?

Parfrey: One area that can sometimes be overlooked with any adoption of new technology is the importance of maintaining strong in-house discipline to keep it up to date and relevant. This includes regularly updating documents, policies, and maintaining tools like the calendar. We've initiated regular training sessions with our directors during trustee meetings to ensure they not only review Knowa before each meeting but are also fully aware of where all relevant documents and policies are stored. This practice is invaluable for succession planning, as it ensures that new members can quickly familiarise themselves with our governance processes.

Davies: From the beginning, Knowa's mission has been to deliver a profound and enduring transformation to trustee boards by making collective board knowledge and memory instantly accessible with no data gaps. Compliance with the general code aligns perfectly with this goal. By adopting a technology-enabled approach to compliance, not only is critical governance information centralised, but trustees are also empowered to make more informed decisions.

Written by Francesca Fabrizi