

Consultation, consultation, consultation



Summary

- The Pension Schemes Act and other regulatory changes have created a busy consultation environment for the pensions industry.
- Planning and time allocation are imperative to ensure that you can respond to the policy areas deemed as the most important or influential.
- Equally important is constructing responses in a way that will positively influence the direction of regulatory travel.
- Teamwork and the sharing of expertise can be vital in ensuring your voice is heard.

to forming a response in a way that will resonate with the organisation consulting.

Preparation is key

Targeting consultations to respond to and understanding who you are trying to shape the policy for can be key to effective responses, as AJ Bell senior analyst, Tom Selby, explains: “We respond to consultations that have an impact on our customers or the advisers we work with, either directly or indirectly.

“The volume of consultations from regulators and government departments is significant, so we prioritise responding to those that we believe could have the most significant impact on savers, advisers and the wider retirement market.”

Aegon pensions director, Steven Cameron, states that the firm goes back to its ‘corporate purpose’ when determining which consultations to respond to, which in Aegon’s case is ‘helping people achieve a lifetime of financial security’.

“We start with that in mind and consider whether what is being proposed

▶ In a landscape where pensions policy is constantly evolving, consultations seem to be coming thick and fast. Jack Gray investigates how best to allocate time and resources, and what is most important to consider, when responding to consultations

With frequent consultations coming from both regulators and the government, plus the added workload presented by Pension Schemes Act regulations, it can be hard to stay on top of all of them. Organisations that plan and allocate time effectively stand the best chance of influencing changes to pension policy that they deem the most important.

This may result in some consultations going unanswered, but this balancing act is necessary as it seems impossible to respond to every consultation in detail.

Although it may seem daunting, there are ways to ensure your voice is heard. Constructive responses, rather than criticism or dismissal, are likely to achieve better results, while understanding what the issuer of the consultation is aiming for is imperative

has a potential impact on our customers,” he continues. “We would also then look at what is being proposed and see whether, if it goes in one direction or another, it would make much difference. If it is something that could go in different directions, one of which could be very positive and one the opposite, these are the ones we would put more effort into exploring in detail.”

Responding to consultations in a way that helps meet company objectives could be a good starting point, with Pensions and Lifetime Savings Association (PLSA) director of policy and advocacy, Nigel Peale, noting that its policy board sets four ‘over-arching themes’ for the policy and advocacy team to consider when responding: promoting good governance; facilitating better saver engagement; encouraging appropriate contributions; and addressing the challenges and opportunities of scale.

But it is not just the company lens that organisations need to consider. Looking at a proposal through different lenses, such as the end-customer, employer and adviser perspectives, can be imperative to a successful consultation response, according to Cameron.

“Sometimes you need to step right back to what the aim actually is and how that sits against other government pension policy aims, then go all the way back down to what they are proposing,” he says.

Effective construction

Deciding which consultations to respond to is only part of the battle. Once decided upon, how those responses are formulated can have an impact as to whether your voice is heard and considered in shaping future policy.

“As with most things, you should always have the potential impact on customers at the heart of any response,” says Selby. “This is crucial in ironing out any issues that may arise as a result of reforms or ideas put forward by government or regulators.

“It is also important to be

constructive in responses and understand why the regulator or government is doing what it is doing. If there are issues with something that is being proposed, it is important to provide clear explanations of where problems could emerge and, where possible, provide alternative solutions to meet the stated aim.”

Cameron agrees, stating that if you want to influence you have got to understand what the organisation consulting is seeking to achieve.

“There is no point responding and ignoring the underlying aims of the policy objective,” he says. “Then you have to work out whether what is being consulted is likely to deliver on those aims and, if not, come up with constructive alternatives. Don’t just criticise or dismiss what is being proposed as not a good idea.”

Insight Investment head of solution design, Jos Vermeulen, adds that it is critical that consultation respondents have “something sensible to say” and have a view that will add to discussion or policy shaping.

“There is a whole process for thinking through the topic of the consultation, what the potential outcomes could be, what the unintended consequences could be and then how to answer the consultation in a way that would avoid bad outcomes,” he explains.

“You need to ensure that you frame your responses to be as unbiased as possible and try and think through the other side of the arguments.”

When formulating a response, it is also important to back up any suggestions with evidence or expertise. “In many cases we identify that it may also be helpful to the body we are responding to if we provide relevant background or supporting evidence to outline our policy response,” says Peale. “This often includes survey findings or relevant data gathered from our members’ experience in the field.”

Time management

Seeking the right voices within an

organisation can provide the expertise needed to construct a persuasive response. However, this can throw up its own set of challenges, with Cameron noting that helping those with the expertise understand the consultation is a key part of the process: “We need to bring the consultation to life for others around the business to help them understand why it might be relevant to them to get them thinking about it so we can then draw on their expertise for the response. The more you need to liaise with others in the business, the more you need to be careful with how you manage and allocate time.”

Effective time management can be essential, and allocating time and deciding which consultations to respond to is part of the challenge. People says that it boils down to how much a particular issue matters to who the organisation represents and whether a response can shape positive change in policy.

The expectation is rarely to respond to every question, explains Cameron. “They don’t want to read answers to 50 questions when there are only five that a respondent is particularly passionate about or want to get a point across on.” So, understanding which answers will have the most impact can be an efficient way to manage time.

Although there are challenges to responding to consultations and it can be difficult to find the time amongst other responsibilities, Vermeulen believes that is the responsibility of firms with particular expertise to offer their opinion on policy that will affect those they represent and the wider saving community.

“It is part of our responsibility to respond on behalf of pension scheme investors to these consultations,” he states. “It is a key part of our stewardship role, so we think it is critical to respond to consultations to protect clients and investors.”

Written by Jack Gray