Examiners' Report: Professionalism & Governance (P&G) – March 2026

Key Messages for Learners

This module tests your ability to apply governance, professionalism and communication knowledge to realistic scenarios. A strong pass typically includes sufficient depth, clear structure, applied analysis, correct use of formats, and good time management.

As an indication, learners should aim for approx. 1,300–1,500 words for Question 1 and 100–200 words per short-answer question. Format and communication marks are easy wins and shouldn't be ignored. Always answer the specific question asked using the headings provided.

1. Introduction

The P&G module is an applied, scenario-based assessment. You're expected to demonstrate the ability to integrate knowledge from the Governance, Professionalism, and Communications Manuals, along with broader industry awareness.

The structure of this report mirrors previous Examiner Reports and is intended to guide future learners and support examiner consistency.

2. General Observations

In the March 2026 sitting, some learners gave comprehensive answers which enabled them to gain strong passes. Time management remains a factor, with some learners losing momentum as they worked through the exam. This paper covered a wide spread of syllabus areas and manual content. The short answer questions were answered better this year, but learners should appreciate they need to gain marks across all questions to pass this exam.

Overall:

- Learners are expected to draw information from different sources (both within the Manuals and in external expected reading materials), this proved difficult for some
- Where learners organised their thoughts and structured their answers well they tended to perform better
- Format marks are routinely lost, these should be seen as 'easy wins' and can be the difference between pass and fail
- Descriptive responses scored lower than applied, based answers based on the scenarios given. Vague or generic statements don't gain marks unless explained and contextualized to the question posed

3. Question-by-Question Commentary

3.1 Question 1 – Case Study (60 marks)

You work for a governance consultancy advising a trustee board where a conflict has arisen between the employer-nominated and member-nominated trustees about how to treat a funding surplus. The employer is seeking a refund, whereas member-nominated trustees feel it should be used to improve member outcomes or fund discretionary increases.

Write a paper to help the full trustee board navigate this situation. Your paper should cover:

a) Key considerations when assessing how a funding surplus or deficit affects employer contributions. 14 marks
b) How trustee duties and professional standards should guide handling of such a conflict. 14 marks
c) How scheme governance and covenant monitoring can support decisions around surplus management. 14 marks
d) Suggestions for improving how these issues are managed in future, including trustee behavior and board dynamics. 6 marks.

Syllabus Section - 3, 5, 6
Gov/Prof Manuals Section 1, Chapter 3, p. 33–38, Section 2, Chapter 1, p. 47–52, Section 2, Chapter 2, p. 55–61, Prof : Section 2, Chapter 3, p. 39–41

This question required learners to draft a governance options paper addressing a funding conflict between employer and member-nominated trustees.

The question tested the learner's ability to: assess governance duties and conflict management tools (Governance Manual Part 1 and 2); evaluate communication expectations (Communications Manual Chapter 1); and structure a briefing document with professional tone and clarity.

a) Trustee duties and role in scheme funding (14 marks)
Expected references included fiduciary duty, equal treatment, scheme-specific funding approaches, and engagement with advisers. Strong answers balanced both legal and strategic elements. For example, this includes considering whether there legal restrictions or deed clauses which influence the treatment of surplus refunds and whether the surplus was realisable or simply notional. The question assumes there is a solvency surplus, but few learners explained this. TPR's stance on surplus management also needed to be taken into account, as well as how the sponsoring employer's covenant strength could impact its ability to pay future contributions

b) Managing potential conflicts (14 marks)
Clearly trustees must act in the best financial interests of all scheme beneficiaries, as well as in accordance with both the scheme rules and purpose of the trust. Learners were expected to reference the role of the chair in facilitating fair and balanced discussion, the requirement for trustees impartiality and not their own personal views. Similarly the need for trustees to adhere strictly to the scheme code of conduct and conflicts policies. Clearly there are practical options such as mediation when conflicts are identified or additional training when needed. Marks were awarded for practical application of the various responsibilities and requirements on trustees.

c) The role of governance and covenant monitoring (14 marks)
Answers needed to assess internal and external stakeholders, key messages, tone, communication channels and effectiveness. While member expectations and communication needed to be considered, some learners misread the question and gave generic comms answers. For example, learners should have identified trustees must obtain legal advice on

surplus ownership and distribution rights, as well as obtaining independent covenant and actuarial advice. How scenario planning/stress testing could have been used to address disagreements before the event.

d) Recommendations and approach (6 marks)
Few learners talked about what could be done in future, but high-scoring learners offered objective, options-based analysis and balanced tone. Suggestions were aligned with scheme rules, funding strategy and relationship management. Weaker scripts simply repeated earlier content. This is where board effectiveness reviews which assesses group dynamic and decision making, as well as establishing shared board values or a behavioural charter can support collaborative and effective decision making. Learners could have referenced how many boards are seeking training and facilitation in this area.

3.2 Question 2 – Cyber Risk Preparedness (13 marks)

A pension scheme has experienced a near-miss involving a phishing email targeted at the scheme administrator. As a result, the trustees want to assess whether cyber risk is sufficiently understood and controlled.

As Governance Adviser to the Board, explain what actions the Trustees should take this should include:

Syllabus Section

Governance manual CH3 pp 40-42, 43-45, 46-48 CH2 PP33-34, Comms CH3 PP57-58, 61-63 app further reading TPR Cyber guidance, NCSC material, ICO breach protocols

Marks were also awarded for noting board training, regulator expectations and key controls. Weaker answers offered vague statements such as 'cyber is a risk', rather than the specific risks cyber poses e.g. operational, reputational and financial. Learners should have picked up trustees should ask for cyber policies for their service providers, as well as any related control documentation. They need to understand incident testing and cyber insurance and have cyber as a standing item at meetings. Industry and regulatory guidance will be helpful to trustees in this quickly evolving area.

3.3 Question 3 – Administration Fees and Trustee Decision-Making (13 marks)

Your scheme's administrator has proposed increasing their fees to fund service improvement initiatives including new technology and increased staffing. The Trustees are unsure whether the proposal is justified

As a governance specialist, what would you be advising the Trustees to consider in evaluating this request?

a) Outline why administrators may seek fee increases and how this links to value for members (3 marks)

b) Identify how trustees can assess whether the proposal represents value for money and

what information trustees should request from the administrator to assess the investment case (5 marks)

d) Explain how performance monitoring and service levels should factor into the decision and

highlight any risk or contractual considerations in agreeing to revised fees (5 marks)

Gov: CH1 PP13-17, CH2 28, 29-33, CH3 41-43, 50-52 PASA VFM/SLA guidance WG TPR VFM guidance

Stronger answers drew from budget scrutiny, performance trends, member outcomes and potential contractual negotiations. Lower scoring responses failed to take a structured approach or evaluate options. For example, learners could have noted administrators have been under inflationary pressure, and a capacity crunch as well as investing to improve members' experience and upgrade technology. Trustees can understand whether the fee increases by requesting a cost benefit analysis. They should also be looking at key service indicators to understand if their members are gaining real improvements. Potentially they can seek an independent view. Trustees can look to what has previously been agreed and paid for within their contracts or change controls to understand what new initiatives will be costing. There may also be contractual protections within contracts which can help trustees in understanding fee increase impacts.

3.4 Question 4 – Covenant Risk (14 marks)

The scheme's employer covenant has historically been classed as strong, but profits have recently declined. The covenant is currently listed as a low risk on the risk register.

a) explain why employer covenant monitoring is essential in risk-based governance and ID the financial indicators that may signal deterioration in covenant (5 marks)

b) list the sources of information the trustees can use to assess covenant strength (2 marks)

c) Describe the steps the trustees should take to reassess the covenant position and the potential outcomes on funding and investment decisions (7 marks)

Gov: CH2 PP 45-4661-62, CH3 PP63-67 TPR Annual Funding statement. PASA Guidance, TPR Guidance

This question was very straightforward, with better answers referencing covenant monitoring frameworks, triggers for reassessment, and triangulation of financial data with adviser input. There are a number of sources externally and internally where trustees can obtain information to support their understanding of the sponsoring employer's financial strength. However, many learners missed trustees need to engage with and seek up to date financials from the sponsor and how these feed into their oversight, e.g. risk register scoring. As well as scenario testing how changes in covenant could impact on their funding plans and investment strategies.