

Mansion House challenges

What challenges, both practical and legal, will arise from the PPF's potential role as a consolidator and the heightened focus on Trustees' skills?

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Setting the scene

Mansion House Reforms

Setting the scene

Part of the Government's drive to promote economic growth

- c.£1.5 trillion of assets held by closed schemes
- Targeted for “productive finance”



Mansion House Reforms

Future policy development

Three golden rules:

01

Ensure better outcomes for savers

02

Prioritise a strong and well diversified gilt market

03

Strengthen the UK's competitive position as a leading financial centre

PPF as a consolidator

Mansion House challenges

Options for Defined Benefit schemes: a call for evidence

Departmental review of the PPF recommended:

*"That the DWP and the PPF work together to explore whether it is feasible for the PPF's **skills and capabilities** to be used in other ways for public benefit; for example, in managing investments for Government or acting as a consolidator or provider of aggregated services for schemes which would benefit from this, but which are not attractive to commercial consolidators."*

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PPF as a consolidator

Fund managed by the Board of the PPF:

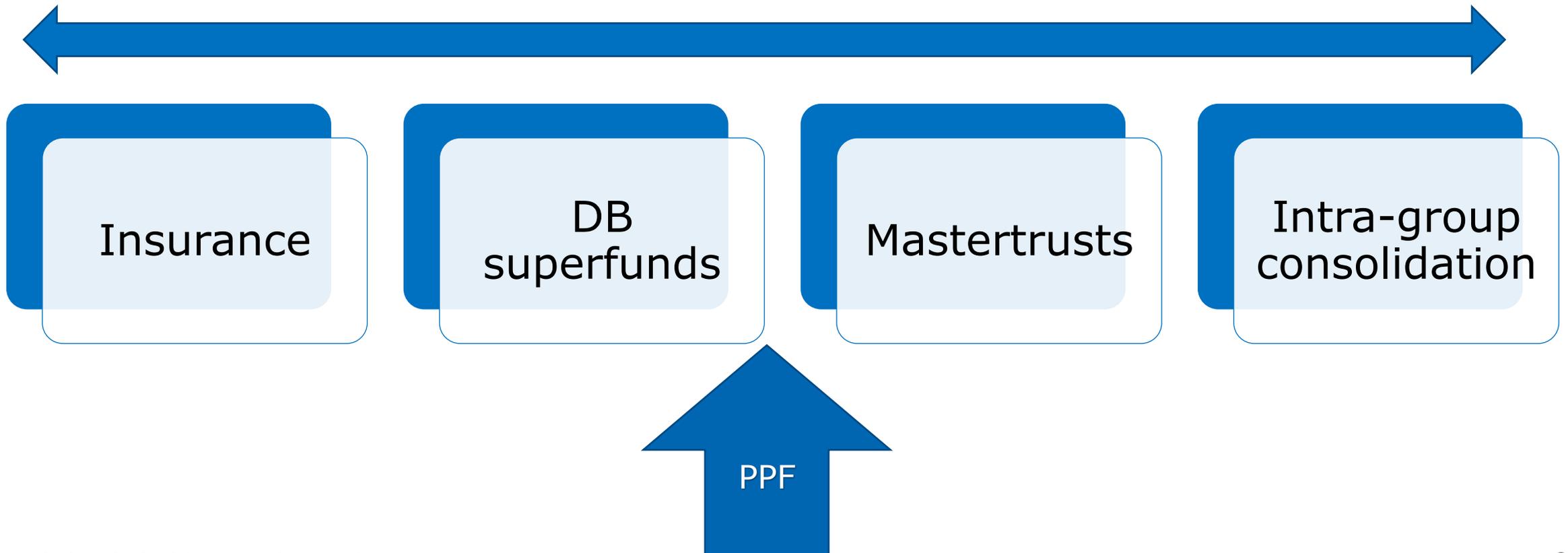
- Breaking the employer link
- Driving scale to enable a more sophisticated and long-term investment approach
- Autumn statement: opening the PPF as an investment vehicle for smaller DB pension schemes



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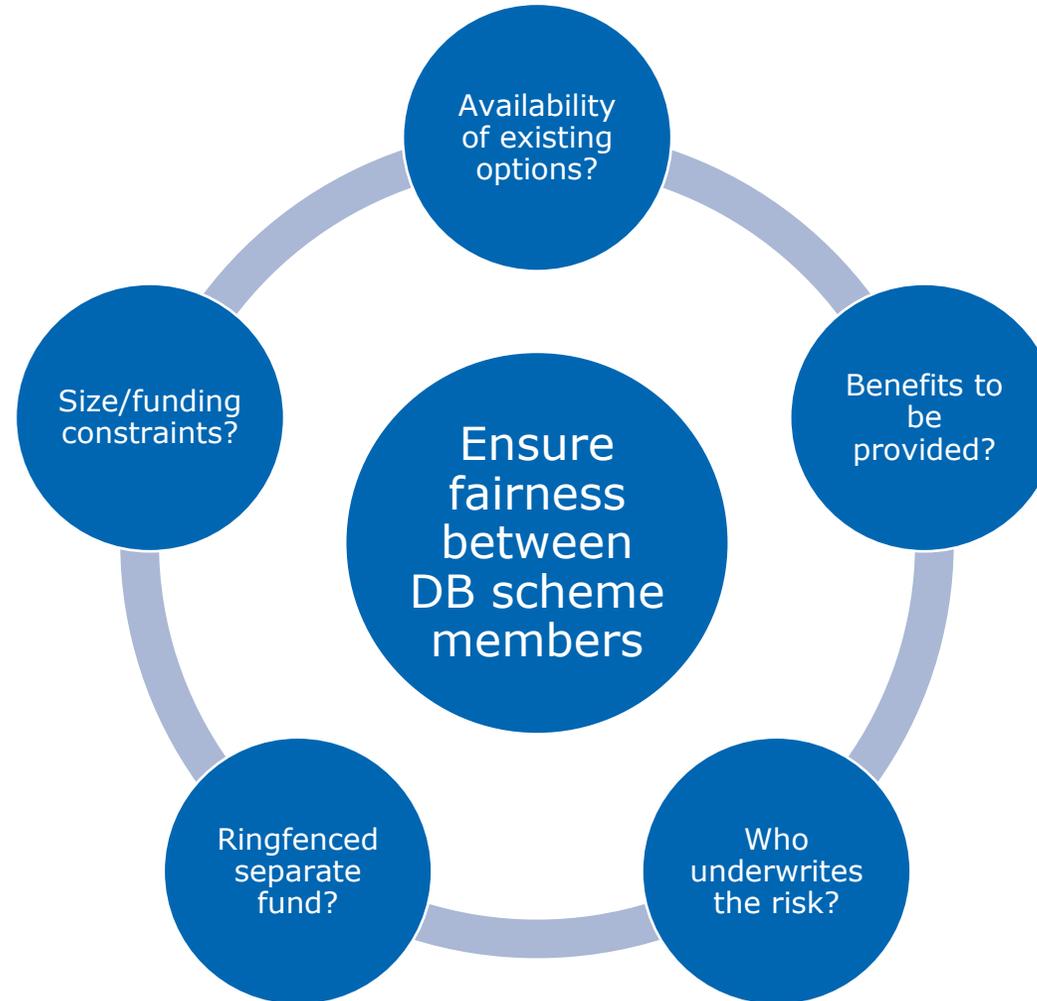
Challenge 1: Is a public consolidator needed?

There are a range of existing options for consolidation



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Challenge 2: Breaking the employer link



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Challenge 3: Is the Board of the PPF a credible option?

Proven track record?

Investments	Administration
c.£12 billion surplus	c.10 million members
Current investment strategy	Standardised simplified benefit structure
Regulatory regime	Transitioning experience

Does experience equate to “skills and capabilities”?

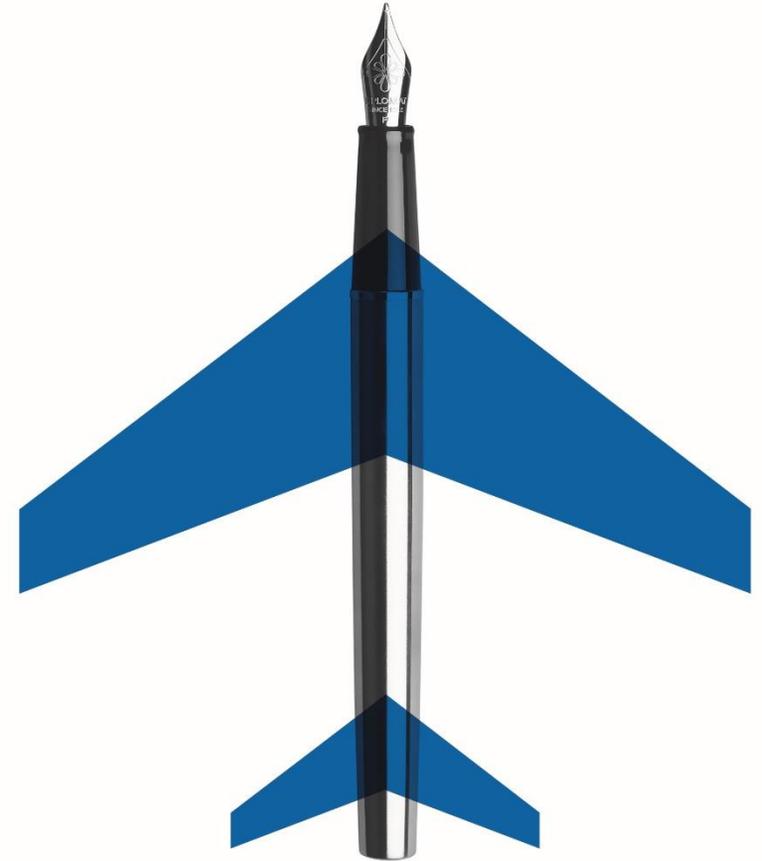
Heightened focus on Trustees' skills

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Pension trustee skills, capability, and culture: a call for evidence

Three areas covered:

- Trustee skills and capability
- The role of advice
- Barriers to trustee effectiveness, including duties

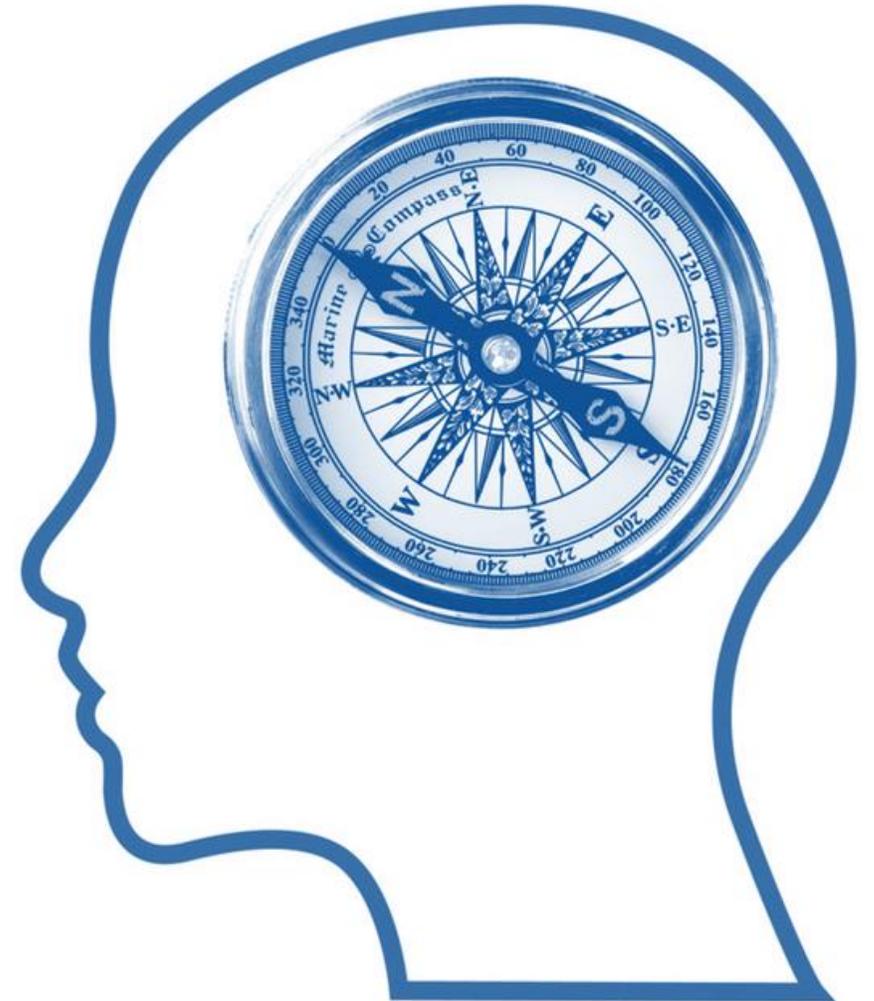


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Trustee skills and capability

Current TKU requirements

- Pensions Act 2004, sections 247-249
 - Law relating to pensions and trusts
 - Principles relating to funding and investments
 - Conversance with scheme documents
 - 1/3rd member-nominated
- Code of Practice
 - 6 months
- Scope guidance, syllabus for qualifications
- Trustee Toolkit



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Challenge 1: How do you increase trustee engagement?

Some statistics from TPR:

2021 DC
Survey

1 in 3 trustees not read or aware
of Codes of Practice

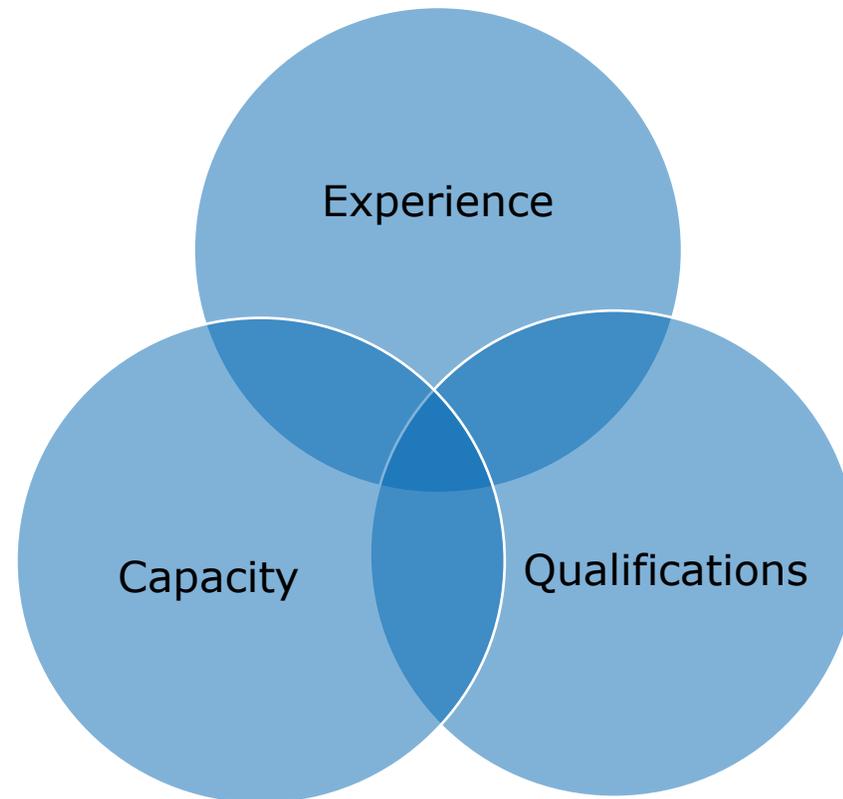
2022 DB
Survey

1 in 5 trustees never used or
aware of Codes of Practice

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Challenge 2: Should accreditation be mandatory?

How do you define a professional trustee?



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Challenge 3: Is there still a role for the lay trustee?

Increasing pressure towards professional trustees

- Are there enough professionals to go around?
- Diversity on trustee boards
- Member advisory panels?



Key takeaways

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Key takeaways

PPF as a consolidator

Consultation on design and eligibility

Rise of the superfund?

Trustees' skills

Trustee register

Accreditation of professional trustees



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