

The logo for Pensions UK, featuring a dark blue square with a white 'P' shape cutout on the right side, and the text 'Pensions UK' in white at the top left.

Pensions UK

Trust-based pension schemes: Trustees and governance, building a stronger future

Pensions UK Response

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About Pensions UK

The voice of pensions

Pensions UK is the voice of pensions in the UK, trusted and heard by the Government and the pensions industry. For more than 100 years we've delivered influential thought leadership, practical guidance and research for our members; pro-actively solving the sector's biggest issues and setting the future direction. As a not-for-profit organisation, we exist for the benefit of our members, and to deliver the best possible outcome for savers in the UK, so they can retire in confidence and with dignity.

Our membership and reach

We're the voice of pension schemes that together provide a retirement income to more than 30 million savers in the UK and invest £2 trillion in the UK and abroad. Our members also include asset managers, consultants, law firms, fintechs, and others who play an influential role in people's financial futures. Across our work in strategic and regulatory policy development, advocacy, membership engagement, events and communications, we engage with over 2,500 organisations, with nearly 16,000 contacts within our membership and a further 17,000 in the pensions and financial services industries.

Our objectives

Pensions UK has set five strategic objectives for 2025 to 2029. These are:

- Making pensions better
- Influencing pensions policy
- Giving outstanding value to our members
- Building a great place to work
- Securing our future as a purpose-led, forward-thinking organisation

Executive Summary

Pensions UK welcomes the opportunity to respond to the Department for Work and Pensions (DWP's) [consultation on trusteeship and governance](#). Trustees play a critical role in safeguarding savers' interests, particularly in the context of an increasingly complex and consolidating pensions landscape. We [previously responded](#) to the DWP's call for evidence on pension trustee skills, capability, and culture, and this response builds on that earlier work through continued engagement with our members across the industry.

The pensions landscape is evolving rapidly. Swift consolidation and significant growth of funds – coupled with an appropriate rise in the expectations of trustees – places new demands on trustee boards and administration providers – as well as new opportunities for strong boards to make a significant and positive impact at scale.

As it stands, the UK trust-based pensions system is underpinned by a strong governance framework. Recent regulatory developments, including The Pensions Regulator's (TPR's) General Code, have clarified expectations around trustee knowledge, oversight and accountability, and there is limited evidence of systemic governance failure. In this context, Pensions UK members feel the emphasis should be on strengthening the conditions that enable trustees to govern effectively and were cautious about reforms that focus primarily on introducing new structural or procedural requirements.

Several consistent principles emerged in discussion with members:

1. **Proportionate, outcomes-focused regulation.** Pensions UK members emphasised the importance of maintaining a principles-based framework that prioritises member outcomes and effective decision-making, rather than additional prescriptive requirements. There is a risk that the cumulative impact of regulatory obligations can absorb trustee capacity and encourage a compliance-driven culture. Effective governance depends on trustees having the time, support, and confidence to exercise judgement.
2. **Board-level capability.** Boards responsible for governing large-scale schemes will face greater expectations and pressures than ever before. Effective trusteeship depends on the collective capability of the board, supported by high-quality advisers, strong secretariat functions, and appropriate executive support within schemes to ensure that issues are identified and managed between formal trustee meetings. Skills frameworks and expectations should recognise the value of diverse experience and transferable skills, rather than narrowing participation through overly rigid individual requirements.
3. **Sustainable trustee pipeline.** Maintaining a sustainable and diverse pipeline of trustees will be critical as schemes consolidate and governance models evolve. Trustee training should evolve to reflect the level of judgement, leadership and strategic decision making required of trustees of large schemes, that goes well beyond technical

compliance. Continuous professional development should be prioritised to reflect the pace of change in the industry. Members also highlighted the role government and TPR could play in improving transparency and access to trusteeship opportunities, for example through tools such as a trustee register or vacancy board to support more open and diverse recruitment.

4. **Proportionate evolution of professional and sole trustee models.** The growing role of professional trustees and sole trustee arrangements warrants continued attention, particularly in relation to conflicts of interest, capacity, and oversight. However, there was limited support for blunt measures such as fixed numerical caps on trustee roles, blanket restrictions, or the introduction of a new public trustee role. Greater transparency, clearer expectations, and proportionate supervisory oversight were seen as more effective than structural reform.
5. **Member voice should inform trustee judgement.** Trustees must remain the decision-makers, acting in the best interests of savers. Member insight is an important input to decision-making, with the roles of lay and Member Nominated Trustees (MNTs) consistently highlighted as a key aspect of the trustee governance framework. However, mechanisms for gathering member perspectives should remain flexible and proportionate in the face of a consolidating industry. A portfolio of engagement approaches, supported by clear communication and governance accountability, is likely to be more effective than a single model. Schemes operating at significant scale should be encouraged to innovate and trial new approaches to bringing the member voice into decision making.
6. **Administration as a core driver of member outcomes and system resilience.** Administration quality is fundamental to member outcomes and confidence in the pensions system. There is support for raising standards and strengthening oversight as consolidation increases reliance on a smaller number of providers. However, reforms must be carefully calibrated to avoid unintended consequences, including reduced competition, market exit, or short-term cost pressures that undermine long-term investment in resilience.

Overall, Pensions UK members support a regulatory approach that is increasingly targeted and supervisory, recognising the diverse needs of trustees across different scheme types and sizes, with clearer prioritisation of risks and systemic impact. As the system moves toward larger and more complex schemes, expectations appropriately evolve. Reform should build on existing foundations, recognising the need for innovation and that schemes should be given the flexibility to trial new approaches. Now is not the time for additional layers of prescription.

A proportionate, outcomes-focused framework that strengthens trustee capability, supports diversity of thought, reinforces administration resilience, and maintains flexibility across different scheme models is most likely to deliver sustainable improvements and support good long-term outcomes for savers.

Chapter 1 – Good Governance

Question 1: What do you think works well in the current trusteeship and governance system?

In considering the overall efficacy of the system and what might need to change, members made a distinction between the formal regulatory framework – which was felt to have worked relatively well – and the need to strengthen the conditions that will enable trustees to perform their role effectively in the context of an increasingly consolidated and complex market.

There was caution around reforms that focus primarily on introducing additional structural or procedural requirements. For instance - regulatory developments in recent years – including The Pensions Regulator’s (TPR’s) General Code of Practice – have raised expectations around trustee knowledge, oversight, and accountability.

Good trustee governance should focus on delivering good outcomes for members, while remaining principles-based and proportionate. In practice, this requires placing appropriate emphasis on the inputs that underpin effective governance – trustees’ skills, time, support, and capacity – alongside formal governance structures and processes.

Key characteristics of effective trustee governance include:

- **Well-equipped trustee boards.** Effective governance depends on trustees having access to the right mix of skills, experience, and advice. Capability is most appropriately assessed at the level of the board as a whole, supported by diversity of thought and complementary expertise, rather than expecting every trustee to possess deep technical knowledge across all areas. High-quality advisers, strong secretariat functions, and appropriate executive support within the scheme also play an important role in enabling trustees to focus on oversight and strategic decision-making, while ensuring that issues are identified and managed between formal board meetings. Rather than increasing technical requirements, trustee training should evolve to reflect the level of judgement, leadership, and strategic decision-making required of trustees of large schemes, which goes well beyond technical compliance. Continuous professional development should be prioritised to reflect the pace of change in the industry.
- **Sufficient time and capacity.** Trustees must have the time and capacity to fulfil their responsibilities properly. Increasing regulatory complexity and detailed compliance requirements risk absorbing limited trustee capacity, potentially shifting focus towards operational process at the expense of strategic oversight and judgement.
- **Clear focus on member outcomes.** Good governance maintains a clear line of sight between trustee decision-making and the outcomes experienced by members, including benefit security, service quality, and value for money.

- **Effective management of conflicts of interest.** Governance frameworks should support the identification and transparent management of conflicts of interest, particularly as trustee models become more professionalised or commercial in nature. This is an increasingly important consideration as scheme structures and service models evolve.

Looking ahead, governance expectations should continue to evolve in line with scheme size, complexity, and systemic importance. Larger schemes should be well-placed to meet higher expectations, while smaller and less complex schemes should retain flexibility to adopt governance arrangements that are appropriate to their circumstances. A proportionate, principles-based approach helps avoid one-size-fits-all requirements that risk becoming a tick-box exercise, increasing burdens without improving outcomes.

Question 2: What are the barriers to good trusteeship?

Good trusteeship is essential to delivering positive outcomes for members. While expectations of trustees are increasingly well defined, several practical barriers can inhibit effective trusteeship in practice. These barriers are becoming more pronounced as schemes consolidate and governance demands increase.

Key barriers include:

- **Time and capacity constraints.** Trustees are working in an increasingly complex and demanding environment. As schemes grow larger and more complex, the time and effort required to govern them effectively increases. If trustees do not have sufficient time, resource, and support, compliance activity can crowd out the strategic oversight and judgement that effective trusteeship requires. This is particularly relevant for larger schemes, where scale and asset size naturally bring higher expectations.
- **Cumulative regulatory and compliance burden.** While recent regulatory developments have clarified governance expectations, the volume and detail of requirements can absorb trustee capacity and encourage a focus on process and documentation. Addressing cumulative regulatory and compliance burden does not require lowering standards; rather, it calls for a greater focus on outcomes, clearer prioritisation of risks, and supervisory approaches that support trustees to exercise judgement proportionately and effectively. Without this, compliance activity can displace the strategic thinking that supports strong member outcomes.
- **Narrow interpretations of competence.** Effective governance depends on trustee boards having a balanced mix of skills, experience, and perspectives, rather than every trustee meeting the same technical criteria. Overly narrow or individualised interpretations of competence risk undervaluing collective board capability, behavioural skills, and the contribution of different trustee roles, including chairs, lay trustees, and member-nominated trustees. Where competence is framed primarily in

technical terms, boards may become over-reliant on advisers for judgement and direction, reducing effective challenge, accountability, and ownership of decisions. Further, trustee training must evolve to recognise the level of strategic decision making required by the Boards of the largest schemes, as opposed to focusing on technical compliance.

- **Behavioural and cultural barriers.** Effective trusteeship relies on judgement, confidence, constructive challenge, and healthy board dynamics, in addition to technical knowledge. The role of the chair is especially important in setting expectations, facilitating balanced discussion, and maintaining focus on strategic priorities and member outcomes. Where leadership is weak or roles are unclear, board effectiveness can be undermined despite formal governance structures being in place.
- **Insufficient support for lay trustees and Member Nominated Trustees (MNTs).** Lay trustees and MNTs bring essential perspectives to trustee boards, providing practical insight, challenge, and “gut checks” to board decision-making. As the industry consolidates and trustee models evolve, deliberate steps may be needed to ensure the role of lay and MNT trustees remains an integral part of trustee governance. Without appropriate support, clarity of role, and confidence to contribute fully, their perspective may not be fully reflected in board discussions, weakening board effectiveness and diversity of thought.
- **Limitations in how governance quality is assessed.** Current approaches to assessing governance tend to focus more on whether requirements have been met, rather than on how well trustee boards are functioning in practice. This can mean less attention is paid to factors such as board leadership, collective effectiveness, and whether trustees have enough time to carry out their role. This creates a risk that compliance activity is prioritised over the quality of governance and decision-making in practice.

Addressing these barriers requires a proportionate and flexible approach that supports trustees in meeting rising expectations, without layering additional procedural obligations. Strengthening trusteeship is most effectively achieved by ensuring trustees have the time, skills, leadership, and support necessary to exercise judgement and deliver good outcomes for members.

Question 3: Looking ahead to 2030 and beyond, what further support will trustees need to ensure effective governance?

Looking ahead to 2030 and beyond, trustees will operate in a pensions system that is more consolidated, more complex, and subject to continued scrutiny. Ensuring effective governance in this environment will depend on support for trustees that enables them to exercise judgement effectively, rather than on additional prescriptive requirements. Key areas where further support will be needed include:

- **Support for board-level capability.** As schemes grow in scale and complexity, trustees will need support that recognises competence at the level of the board, including tools to assess collective capability and address gaps proportionately. Training must evolve to reflect the level of leadership and strategic decision making inherent in these roles. Stronger scheme executive and governance secretariat functions will also play an increasingly important role in enabling trustees to exercise effective oversight on a continuous basis, rather than solely through periodic board meetings.
- **Ongoing development.** Trustees will require access to ongoing continuing professional development (CPD) that keeps pace with regulatory and market change, without becoming a compliance-driven exercise.
- **Clearer regulatory prioritisation.** Clearer signals on regulatory priorities and supportive supervision will help trustees focus limited time and resource on the areas of governance most relevant to member outcomes.
- **Support for leadership and board effectiveness.** Strong board leadership will be increasingly important. Chairs, in particular, will benefit from support that strengthens board dynamics, effective challenge, and strategic focus.
- **Maintaining diverse perspectives through consolidation.** As trustee models evolve and schemes consolidate, maintaining diversity of thought will be important to avoid group-think, both within individual boardrooms and across the pensions system as a whole. Lay trustees and member-nominated trustees play a key role in this, alongside the ability to draw on expertise from other industries and disciplines to support effective governance in a more complex environment.

Overall, a proportionate, outcomes-focused approach that supports trustee capability, leadership, and judgement will be most effective in sustaining good governance and delivering positive member outcomes over the long term.

Governance of Megafunds

Question 4: Does effective scheme governance in a Megafund require additional support or any specific changes in regulatory approach?

As schemes consolidate and larger Megafunds emerge, governance arrangements will need to reflect the scale, complexity, and systemic importance of these schemes. Many of the core principles of good governance will continue to apply, but effective oversight at this scale will need clear regulatory priorities and proportionate supervision, rather than the introduction of additional detailed rules.

There is support for higher governance expectations for Megafunds, given the number of members and assets involved. However, these expectations should be expressed through outcomes-focused supervision and scrutiny, rather than uniform structural rules. A regulatory approach that prioritises areas of greatest risk to members, and avoids slowing decision-

making through excessive process, is likely to be most effective. Trustee training must evolve to recognise the level of strategic decision making required by the Boards of the largest schemes, as opposed to focusing on technical compliance.

As consolidation increases the risk of group-think across the system, Megafund governance will also need to continue to support diversity of thought and access to a broad range of expertise. This includes, but is not limited to, the continued role of lay and member-nominated trustees, alongside the ability to draw on wider skills and experience as governance challenges evolve. Some members noted that traditional MNT models can be impractical in large consolidated schemes, and that more support for representative approaches including structured research and engagement programmes would be welcomed.

Overall, effective Megafund governance calls for a regulatory approach that is more targeted, proportionate, and supervisory in nature, with clearer prioritisation and scrutiny that reflects the scale and systemic importance of these schemes.

The role of Professional Trustees and Sole Trustees in governance

Question 5: Can you describe any potential or actual conflicts of interest that stem from the provision of further services within professional trustee firms and other third-party providers? How are these conflicts managed now? What is the scale of the residual risk in the market?

Greater clarity around terminology would be helpful, particularly in distinguishing between individual professional trustees, professional trustee firms, and corporate sole trustee models. These arrangements can raise different governance considerations, and clearer definitions would help ensure that regulatory expectations and safeguards are appropriately targeted.

Conflicts of interest can arise where professional trustee firms, or associated entities, provide additional services to schemes alongside trusteeship. These risks are most acute where there are commercial incentives to cross-sell affiliated services, or where trustees are involved in appointing or overseeing providers with whom they have existing commercial relationships. Similar risks can also arise within the wider adviser and appointment ecosystem, including recurring relationships and informal networks that influence trustee or provider selection.

In practice, such conflicts are typically managed through conflicts of interest policies, declarations, recusal arrangements, and governance controls around procurement and appointment decisions. These mechanisms are widely used and can be effective in managing identifiable, case-by-case conflicts. However, members noted that they may be less well suited to addressing more structural or systemic conflicts, particularly where commercial incentives are embedded within trustee firm operating models.

Views on the scale of residual risk in the market were mixed. Some members considered that, in many cases, existing controls are functioning adequately and that it is difficult to evidence widespread or consistent harm. Others highlighted that residual risks may be more significant where conflicts affect procurement decisions, oversight of service quality, or value for money, particularly as schemes consolidate and governance models become more professionalised. Overall, members saw this as an area that warrants continued attention, transparency and proportionate scrutiny.

Members also noted the importance of remaining alert to the potential for systemic risks to emerge if trusteeship becomes concentrated within a relatively small number of professional trustee firms. As consolidation continues, a small number of firms may come to hold a large share of trustee appointments across the market. While professionalisation can bring benefits in terms of expertise and governance capacity, it also raises questions around concentration risk, diversity of thought, and operational resilience in the event of disruption affecting a major provider. Ongoing transparency and regulatory awareness of market structure will therefore be important as trustee models evolve.

Question 6: Are additional safeguards needed to effectively manage these risks, given the need to balance members' interests with effective scheme management?

There is support among Pensions UK members for strengthening safeguards and transparency where conflicts of interest are structural in nature or involve affiliated services, particularly as schemes consolidate and governance models become more commercialised. However, members emphasised that any additional safeguards should be proportionate, targeted, and focused on outcomes, rather than adding process-heavy requirements that could impede effective scheme management.

Rather than introducing blanket restrictions, members saw greater value in measures that improve visibility and accountability. This includes clearer expectations around disclosure of affiliated services and recurring adviser relationships, and stronger governance around procurement and appointment decisions, particularly in larger or more complex schemes where the potential impact on members is greater.

Members also highlighted the importance of framing safeguards around the potential effect of conflicts on decision-making and outcomes for members, rather than treating all conflicts as equally material. Approaches that enable scrutiny where risks are highest, while allowing flexibility where conflicts are well understood and effectively managed, were seen as more likely to strike the right balance between protecting members' interests and supporting effective governance.

Overall, additional safeguards may be appropriate in specific circumstances, but these should complement existing governance arrangements and support trustee judgement, rather than replacing it with prescriptive rules.

Question 7: Should there be restrictions on individuals acting as professional trustees, such as the number of trustee appointments they can hold, to ensure individuals have the appropriate capacity to manage schemes?

Professional trustees must have sufficient time and capacity to discharge their duties effectively, particularly as scheme complexity and scale increase. This is especially important in the event of market stress or scheme-specific issues, where trustees with multiple appointments must be able to respond quickly and devote sufficient attention to each scheme they oversee. However, there was limited support for imposing a fixed numerical cap on the number of trustee appointments an individual may hold.

A hard cap risks being both over- and under-inclusive, given the wide variation in scheme size, complexity, trustee roles and levels of support. An individual holding multiple appointments across smaller or less complex schemes may have sufficient capacity, while fewer appointments in large or complex schemes could still present capacity challenges.

Pensions UK members therefore favoured a proportionate, principles-based approach focused on actual time commitment and capacity in practice, rather than a prescriptive numerical limit. This could be supported through clearer expectations for larger or more complex schemes, and an approach that allows trustees and schemes to demonstrate, when required, how capacity is managed in practice. A central register of trustees, including visibility of appointments held and relevant experience, could support this by improving transparency and enabling proportionate scrutiny of capacity, without imposing hard numerical limits.

Members also observed that market dynamics already provide some constraint, with very high numbers of appointments often viewed as unacceptable in practice. Any regulatory approach should build on this, supporting trustee judgement and accountability without unnecessarily narrowing the pool of capable professional trustees.

Question 8: Are there situations where a Professional Corporate Sole Trustee (PCST) model is more or less appropriate and why? Should there be any restrictions or suitability guidelines on PCST appointments?

The use of Professional Corporate Sole Trustee (PCST) models can be appropriate in limited and specific circumstances. This may include smaller or less complex schemes where trustee capacity is difficult to sustain, or situations where UK operations have wound down and maintaining a full trustee board is no longer practical. In such cases, a PCST model may provide

continuity and administrative efficiency, provided there is a high level of competence and robust governance in place.

However, the suitability of PCST models becomes more challenging as scheme size, complexity, or sensitivity increases. In larger or more complex schemes, the absence of a broader trustee board can reduce diversity of thought and internal challenge, and may heighten the significance of conflicts of interest, particularly where corporate sole trustees are connected to the provision or appointment of affiliated services. These risks place greater weight on the need for transparency, oversight, and clear accountability.

Rather than blanket restrictions, a principles-based approach to suitability would be more effective. Any suitability guidelines should reflect scheme size, complexity, and risk profile, and set clear expectations around capability, independence, conflict management and oversight. Stronger safeguards are likely to be more appropriate as schemes grow in scale and systemic importance.

Overall, PCST models are not inherently unsuitable, but their use should be clearly justified by scheme circumstances and supported by governance arrangements that maintain effective challenge and protect member outcomes.

Question 9: If the Government introduced an enhanced code of practice for sole trustees what specifically would you like to see included? Do you think the existing codes of practice ([Code of practice](#)) already cover some or all of this?

There is no strong case for a wholly new framework for sole trustees, given that existing codes of practice already set out core expectations around governance, trustee knowledge, conflicts of interest, and decision-making. However, the increasing use of sole trustee and corporate sole trustee models suggests that clearer, more explicit expectations in certain areas could be helpful.

Any enhanced code should recognise that different considerations apply to individual sole trustees and corporate sole trustee models. While both involve the absence of a trustee board, corporate sole trustees typically operate within a firm structure, with different implications for capability, continuity, conflicts of interest, and oversight. A single, undifferentiated approach risks overlooking these distinctions.

If further guidance were introduced, it should focus on a small number of areas where clarity would add value, including expectations around demonstrating capability and capacity, managing and evidencing conflicts of interest, particularly where affiliated services are involved, and transparency and oversight, given the reduced internal challenge inherent in sole trustee arrangements.

Any enhanced expectations for sole trustee models would also need to be matched by appropriate regulatory capability and resourcing, to ensure that oversight is effective in practice and does not rely solely on additional reporting or documentation.

Overall, existing codes provide a strong foundation. Any enhancement should build on them by clarifying expectations specific to sole trustee models, in a way that is proportionate, workable, and focused on governance outcomes, rather than adding new procedural requirements.

Chapter 2 – Trustees and their Appointment

Question 10. Given the future landscape for pensions, are any further controls or safeguards needed on the appointment of trustees to ensure that decisions are made in members’ interests?

As the pensions landscape becomes more consolidated and complex, it is important that trustee appointment processes continue to support effective decision-making in the interests of savers. There is a strong sense that the existing framework provides a solid foundation, and little appetite for introducing additional, centralised controls over trustee appointments.

Rather than new or more restrictive appointment rules, greater emphasis is placed on clear expectations, transparency, and proportionate safeguards, particularly for larger and more complex schemes. Appointment processes should be robust, skills-aware, and capable of evolving with scheme scale and governance risk, without constraining trustee judgement or narrowing the pool of capable candidates. In particular, effective appointment frameworks tend to include:

- **Structured and credible appointment processes**, especially for chairs and sole trustees of larger schemes, where decisions carry greater systemic and saver impact. Existing models, such as those used for authorised master trusts, provide a useful reference point.
- **Board-level consideration of skills, experience, and independence**, rather than reliance on narrow or prescriptive criteria applied to individuals in isolation.
- **Transparency around appointments**, including visibility of roles held and relevant experience, to support scrutiny and confidence without imposing blanket restrictions.
- **Clear management of conflicts of interest** within appointment processes, particularly where professional trustee firms or affiliated services are involved.

Overall, there is no strong case for new controls on trustee appointments. A proportionate approach that strengthens existing safeguards, improves transparency, and reflects scheme size and complexity is more likely to support good outcomes for savers than additional layers of regulation.

Question 11. What role can government and regulators play in helping schemes to attract a diverse and talented pool of individuals to trusteeship?

Attracting a diverse and talented pool of individuals to trusteeship will be increasingly important as schemes consolidate, governance demands grow, and the skills required of trustee boards broaden. While recruitment ultimately sits with schemes, government and regulators can play a supportive role by shaping conditions that widen the pipeline and remove unnecessary barriers to entry.

In particular, government and regulators can help by:

- **Setting clear and proportionate expectations** for trustee capability that focus on board-level effectiveness, rather than narrow individual credentials. Overly prescriptive or technical requirements risk discouraging capable candidates and narrowing diversity, particularly among lay trustees and those bringing experience from outside the pensions industry.
- **Improving transparency and visibility in trustee recruitment**, for example through a central trustee register or vacancies board. This could help schemes identify potential candidates, improve understanding of the trustee labour market, and support more open and diverse appointment processes, without mandating outcomes.
- **Supporting industry-led pipeline initiatives**, such as trustee accelerators or development programmes, which help broaden access to trusteeship and build skills over time. These approaches were seen as more effective than regulatory intervention in addressing long-term supply and diversity challenges.
- **Encouraging practical inclusion**, including flexibility around meeting structures, hybrid participation, and time commitments. These practical measures can make trusteeship more accessible to a wider range of individuals, including those with caring responsibilities or working full time. Members also emphasised that the longstanding model of unpaid trusteeship continues to play an important role in the UK pensions system and can continue to thrive. While remuneration can be appropriate in certain contexts, payment should not be equated with expertise or commitment. Many lay trustees bring significant professional skills and experience while serving on a voluntary basis, and this model continues to support diversity of perspective and member representation across trustee boards.

Overall, government and regulators are best placed to act as enablers, supporting transparency, proportionate expectations, and industry-led solutions that widen participation, while allowing schemes the flexibility to build trustee boards suited to their specific circumstances.

Question 12. Should there be any limits on length of trustee appointment, or should they be limited in number of repeat appointments to the same trust?

There was broad recognition among Pensions UK members that term limits can represent good governance practice for trustee boards. Term limits can help ensure regular board refreshment, maintain independence, and support the introduction of new skills and perspectives over time. Similar approaches are widely used in other governance contexts, including charity and education sector boards.

In practice, many schemes already operate tenure expectations broadly in the region of nine to ten years, often aligned with two or three formal appointment terms. Members noted that this timeframe can strike a reasonable balance between allowing trustees to build sufficient expertise and ensuring periodic board renewal.

However, there was little support for a rigid statutory cap on trustee tenure. Governance arrangements must operate in the context of scheme-specific circumstances, and hard limits could create unintended challenges. For example, trustees may reach the end of a term during significant projects such as buy-out transactions, GMP equalisation, or scheme wind-up, where continuity of knowledge may be important.

A principles-based approach was therefore generally preferred. Best practice would be for trustee boards to establish clear tenure expectations that are appropriate to their circumstances, supported by robust succession planning and staggered appointments to ensure board continuity. A “comply or explain” framework could allow schemes to depart from typical tenure norms where justified by scheme needs.

Members also emphasised the practical importance of staggered trustee appointments to avoid multiple experienced trustees stepping down simultaneously, which could weaken board effectiveness. Effective succession planning, supported by strong trustee secretariat functions and active recruitment pipelines, is essential to maintaining governance continuity as boards refresh over time.

Overall, approaches that combine clear tenure expectations, board evaluation, and structured succession planning are likely to support effective governance while maintaining flexibility for scheme-specific circumstances.

Question 13. Would it be appropriate to introduce a new public trustee who could be appointed by the Pensions Regulator? If so, in what circumstances would a public trustee appointment be preferable to a professional trustee from TPR's independent trustee register? And why?

There was little support for the introduction of a new public trustee role. Overall, the view was that the existing framework already provides mechanisms for regulatory intervention and oversight in cases of concern, and that the case for creating an additional central appointment function has not been clearly established.

While TPR does not have a general statutory power to appoint trustees simply on the basis of governance failure, it does have a range of existing tools, including powers to prohibit individuals who are not fit and proper, and established arrangements involving independent trustee registers and panels in specific contexts. Against this backdrop, many questioned what specific problem a new public trustee would be designed to address, and how it would improve outcomes compared with current arrangements. In particular, concerns were raised that introducing a public trustee role could duplicate or cut across existing processes, create uncertainty, or imply a lack of confidence in frameworks that are generally seen as functioning effectively.

There were also questions around practical delivery and oversight. A public trustee model would raise issues around independence, accountability, and regulatory capacity, particularly given existing pressures on regulatory resources. Without clarity on how such a role would be staffed, governed, and supervised, there is a risk that it would add complexity without materially strengthening governance.

In situations where intervention is required, the prevailing view was that existing independent trustee arrangements remain appropriate. These allow for targeted, proportionate intervention tailored to scheme circumstances, without the need for a standing public trustee function.

Overall, there was no strong case for introducing a public trustee. Strengthening understanding and effective use of existing powers and arrangements was seen as a more proportionate and effective approach than creating a new appointment model.

Question 14. Are there any reasons why TPR's powers of intervention regarding trustees should be modified and if so in what way should they be modified?

There was no strong call for a significant expansion of TPR's statutory intervention powers in relation to trustees. Instead, members emphasised the importance of effective use of existing powers, clearer supervisory expectations, and ensuring TPR has the capability and resources to oversee an evolving trustee landscape, particularly as sole trustee and corporate sole trustee

models become more prevalent. Where potential improvements were identified, these focused on how intervention operates in practice:

- **Clearer supervisory triggers and escalation pathways.** Greater clarity on when concerns should be escalated to TPR, and how intervention may be applied, could support consistency and confidence across the market.
- **Stronger oversight of sole trustee models.** As sole trusteeship is now used at meaningful scale, members noted the importance of ensuring robust supervision of arrangements where internal challenge is reduced.
- **Independent assurance in higher-risk scenarios.** Rather than introducing a new public trustee function, members suggested that enhanced independent assurance (for example, external governance or process reviews in certain circumstances) could support oversight where governance risks are heightened.
- **Regulatory capability and resourcing.** Any expectation of more active supervision would need to be matched by appropriate regulatory expertise and capacity.

Overall, members favoured strengthening supervisory clarity, oversight, and assurance mechanisms, rather than introducing materially new intervention powers.

Question 15. How can TPR ensure it has the information it needs for the directory without creating greater administrative requirements for schemes?

Pensions UK supports the direction of travel toward greater transparency about who trustees are and how trustee capability is distributed across the market. Understanding the composition of trustee boards, the skills and experience they bring, and how these align with scheme needs is important for both effective supervision and for improving supply and diversity in the trustee pipeline.

Ensuring TPR has access to high-quality information for the directory should be achieved in a way that minimises additional administrative burden on schemes. The focus should be on making better use of existing data, rather than creating new, standalone reporting requirements. In particular:

- **Use existing data sources wherever possible.** Much of the information required for the directory is already collected through existing processes, including scheme returns, master trust authorisation and supervision, and other regulatory filings. Aligning the directory with these established data flows would reduce duplication and minimise additional reporting.
- **Apply proportionate, risk-based expectations.** Information requirements should reflect scheme size, complexity, and governance risk. It is reasonable for larger or more complex schemes to provide more detailed information, while smaller schemes should not face disproportionate administrative burden.

- **Prioritise standardisation and simplicity.** Any new data fields should be clearly defined, consistent, and limited to what is necessary to support transparency and effective oversight. Clear guidance on scope, format, and update frequency will help ensure information can be provided efficiently and accurately.
- **Enable shared responsibility for information provision and verification.** Where appropriate, information could be submitted or validated by trustees, professional trustee firms, or advisers, rather than relying solely on scheme-level reporting. This would support accuracy while avoiding unnecessary burden on individual schemes.

Overall, a pragmatic approach that prioritises reuse of existing information, proportionate expectations, and clear guidance will help ensure TPR has the data it needs, support transparency around trustee capability, and avoid unnecessary administrative burden for schemes.

Chapter 3 – Skills and Knowledge

Question 16. What skills will trustees of trust-based pension schemes need in order to be an effective and efficient trustee board? For example, areas such as leadership experience, negotiation skills, investment management, (including sustainability-related investment management), communications, financial planning? What other areas should trustees have proficiency in?

As schemes grow in scale and complexity, the range of skills required to govern them effectively continues to broaden. Trustees are responsible for making significant and complex decisions, exercising judgement and leadership in ways that would not have previously been required. It is essential that both trustee training and recruitment processes take this shift into account.

Effective governance depends not only on trustees' own knowledge and experience, but also on access to high-quality advice and strong governance support structures. A well-resourced secretariat and scheme executive function play a critical role in helping trustees prioritise, manage regulatory requirements, monitor emerging issues, and focus their time on strategic oversight and long-term decision-making.

Effective governance also depends on trustees having access to appropriate legal advice. Maintaining sufficient focus on the liability side of scheme management is particularly important in DB arrangements, where funding, covenant, and benefit security remain central to member outcomes.

Pensions UK members emphasised that skills should be considered primarily at the level of the board as a whole. Expecting every trustee to possess deep expertise across all areas would risk narrowing the pool of candidates and reducing diversity of thought. Instead, trustee boards

should collectively bring a balanced mix of technical knowledge, behavioural skills, and wider experience.

Key areas of board-level capability include:

- **Pensions and regulatory knowledge.** Trustees need a solid understanding of the legal and regulatory framework, scheme funding and benefits, and their fiduciary duties. Existing Trustee Knowledge and Understanding (TKU) requirements provide a baseline, but are no longer sufficient on their own given the increasing scale and complexity of schemes. Training that recognises the strategic complexity of trustee roles should be developed, and ongoing CPD is essential as the landscape evolves.
- **Investment and risk oversight.** Trustee boards must be able to oversee investment strategy, risk management, and sustainability-related investment considerations. This includes understanding the wider economic environment, both in the UK and internationally, and how factors such as inflation, housing costs, and member behaviour can affect saver outcomes.
- **Governance, leadership, and decision-making.** Strong leadership, particularly from the chair, is essential for effective board dynamics, constructive challenge, and clear decision-making. Behavioural skills such as communication, negotiation, and judgement are critical to board effectiveness.
- **Financial and operational oversight.** Trustees need the ability to oversee service providers, administration, data quality, cyber security, and value for money, ensuring schemes are run efficiently and in members' interests.
- **Understanding saver needs and experiences.** Effective governance requires an appreciation of the lived experience of savers, including engagement, behavioural decision-making, and retirement outcomes, so that decisions are grounded in real member needs.

In addition to pensions expertise, skills from outside the pensions sector, such as business leadership, finance, technology, risk management, and communications, can strengthen trustee boards and help avoid group-think.

It is important that individuals with relevant subject-matter expertise can contribute to trustee boards without needing to become professional trustees. Governance models should continue to allow specialist expertise to be brought onto boards in a proportionate and flexible way.

Overall, the most effective trustee boards combine pensions expertise with wider professional skills, supported by advisers and secretariat functions that enable trustees to focus on strategic oversight and good outcomes for savers.

Question 17. Would it be appropriate for TPR to set statutory higher standards for professional trustees? What should these standards look like?

To start, greater clarity around the definition of a “professional trustee” would be helpful. The term is often used to cover individual professional trustees, professional trustee firms, and corporate trustee models, each of which raises different considerations around capability, supervision, and accountability. Clear distinctions would help ensure that any enhanced expectations are appropriately targeted.

Accreditation and qualifications developed by professional bodies within the pensions industry already play an important role in supporting trustee capability. As schemes consolidate and governance models evolve, it is reasonable to expect clear and credible standards of competence for those holding themselves out as professional trustees. However, there was limited support for highly prescriptive statutory standards, given concerns about maintaining proportionality and avoiding changes that could unintentionally narrow the pipeline of capable trustees at a time when skills are already in short supply.

Expectations should emphasise real fiduciary capability, including judgement, governance, leadership, risk oversight and strategic decision-making, rather than focusing narrowly on technical compliance.

The preferred approach is to build on and strengthen existing industry-led accreditation and professional standards. Industry bodies such as the PMI and the Association of Professional Pension Trustees (APPT) are well placed to develop and maintain frameworks that can evolve alongside the market. This was viewed as a more flexible and responsive approach than detailed statutory requirements.

If standards are strengthened, they should focus on:

- **Ongoing competence and development.** Professional trustees should undertake continuing professional development (CPD) on an ongoing basis, reflecting the pace of regulatory, investment, and market change.
- **Demonstrable knowledge and experience.** Expectations should ensure professional trustees have a credible level of pensions knowledge and practical experience, without relying on a single exam or qualification as a one-off measure of competence.
- **Supervision and accountability within firms.** Where professional trustees operate within firms, there should be clear expectations around internal oversight, supervision, and sign-off arrangements, particularly for less experienced trustees.
- **Proportionality and flexibility.** Any enhanced standards should recognise the wide variety of trustee models and avoid requirements that unintentionally exclude capable individuals or reduce diversity.

Overall, strengthening expectations for professional trustees may be appropriate, but this is best achieved through a proportionate, industry-led approach that supports ongoing development and accountability, rather than prescriptive statutory standards.

Question 18. We are moving towards models of trusteeship that do not include as many lay trustees as now, what important benefits or skills of lay trustees should we try to replicate in consolidated structures? And how should it be achieved?

As trustee models evolve and schemes consolidate, there was strong agreement that the contribution of lay trustees should not be lost. Lay trustees bring distinctive perspectives and behaviours that are central to effective governance and should be preserved, even where traditional board structures change. In particular, lay trustees provide:

- **Practical, real-world perspective.** Lay trustees often bring an understanding of workplace realities and the lived experience of savers, helping ensure decisions remain grounded in member outcomes.
- **Constructive challenge and “sense-checking.”** Lay trustees play an important role in asking clarifying questions, challenging assumptions, and ensuring that complex issues are explained clearly. This helps improve decision-making and avoid over-reliance on advisers.
- **Diversity of thought.** Lay trustees broaden the range of perspectives around the board table, helping to reduce the risk of groupthink, particularly as governance becomes more professionalised.
- **Clear communication and accessibility.** Lay trustees often help ensure that complex pensions issues are discussed in a way that is understandable and relevant to members.

As consolidation continues, the challenge is to ensure these benefits are retained within evolving governance models. This could be supported through:

- Ensuring governance structures continue to incorporate member perspectives, whether through lay trustees, member-nominated trustees, panels, or other engagement mechanisms appropriate to scheme structure.
- Embedding expectations around diversity of thought and effective challenge within governance and oversight frameworks.
- Encouraging governance arrangements that value a mix of pensions expertise and wider professional and lived experience.

Overall, while governance models may change, the perspectives and behaviours associated with lay trustees remain essential to effective trusteeship and should continue to be reflected in future governance arrangements.

Question 19. What support/continuing professional development (CPD) would you like to see put in place for lay trustees? Should all trustees be accredited? Would it lead to a trustee shortage? Who would pay for it including time as well as any L&D costs?

Ongoing support and CPD for lay trustees will become increasingly important as schemes consolidate and governance expectations grow. Lay trustees play a vital role in bringing member perspective, challenge, and diversity of thought to trustee boards, and it is important that the support available to them evolves in line with the increasing complexity of the pensions environment.

Existing resources such as TPR's Trustee Toolkit continue to provide an important foundation for trustee learning and should be maintained and updated to reflect the evolving complexity of trustee roles.

Support and CPD for lay trustees

There was strong support for strengthening expectations around ongoing learning and development for lay trustees, while maintaining proportionality and accessibility. In practice, this could include:

- Structured induction and onboarding to help new lay trustees build confidence and understand their role quickly.
- Access to ongoing CPD that reflects regulatory, investment, and market developments.
- Training that balances technical pensions knowledge with practical and behavioural skills, such as decision-making, governance, and effective challenge.
- Support that is proportionate to scheme size, complexity, and trustee role.

Importantly, CPD should be viewed as an ongoing expectation rather than a one-off exercise, helping lay trustees remain effective as governance demands evolve.

Accreditation and the risk of a trustee shortage

There was limited support for mandatory accreditation for all trustees. While raising capability is widely supported, requiring formal accreditation for all trustees could create unintended barriers to participation and risk narrowing the pipeline of future lay trustees.

A more proportionate approach would focus on ensuring trustees have access to appropriate learning and development, supported by existing industry-led accreditation frameworks where relevant, rather than introducing universal mandatory accreditation.

This reflects the importance of maintaining diversity of thought and encouraging participation from individuals with a wide range of professional and life experience.

Funding, time commitment, and employer support

Trusteeship requires time and resources, and schemes should expect to fund appropriate training and development, including both direct learning costs and the time required to undertake them. This reflects the importance of trusteeship in delivering good member outcomes and aligns with existing practice in many schemes.

Employer support is also an important enabler of lay trusteeship. Many lay trustees balance the role alongside full-time employment, and practical support from employers – including time to attend meetings, undertake training, and prepare for trustee duties – plays a key role in maintaining participation. Encouraging and normalising this support will help sustain the pipeline of lay trustees and avoid unintentionally narrowing participation.

Overall, strengthening CPD expectations, while maintaining proportionality and avoiding unnecessary barriers to entry, is likely to be the most effective way to support capable and diverse lay trustees now and in the future.

Chapter 4 – Member Voice

Question 20. How can we ensure trustee boards take into account the perspectives of members in their decision making?

There was strong agreement that trustees must remain the decision-makers, acting in the best interests of savers. Member input is an important factor in decision-making, but it should inform and support trustee judgement rather than replace it. The key challenge is ensuring that member insight is proportionate, representative, and practical across schemes of very different sizes and structures.

A flexible, principles-based approach was strongly favoured. Rather than mandating a single mechanism for gathering member views, schemes should be able to choose the approaches that best suit their membership, resources, and governance model.

In practice, effective approaches are likely to include:

- **A portfolio of engagement tools.** Member voice can be gathered through a mix of mechanisms, including member-nominated trustees where appropriate, panels, surveys, focus groups, or other engagement methods. A blended approach can help improve representativeness and avoid over-reliance on a single source of feedback.
- **Proportionate and representative engagement.** Engagement should be designed to reflect the diversity of the membership and avoid over-weighting the views of highly engaged individuals. Expectations should remain proportionate to scheme size and resources.

- **Use of data and emerging tools.** Trustees may increasingly draw on data analysis and new technologies to better understand member behaviour and needs, alongside traditional engagement methods. This can help provide insight into the broader membership, not only those who actively respond to surveys or consultations.
- **Clear governance responsibility for member interests.** Some schemes may find it helpful to designate a trustee or board role with an explicit focus on member perspective, helping ensure that member considerations remain a consistent part of board discussions.
- **Transparent communication.** Clear communication showing how member feedback has influenced decisions can help build trust and engagement, for example by explaining what has changed as a result of member input.

Overall, a flexible and proportionate approach that allows schemes to adopt methods suited to their membership is more likely to support meaningful member insight than prescriptive requirements. Engagement mechanisms should inform trustee judgement rather than create an expectation that decisions will directly reflect member preferences, particularly where feedback may be drawn from self-selecting or unrepresentative samples.

Question 21. Can you give any examples of best practice in the UK or internationally that demonstrate schemes taking appropriate account of their members' views?

Pensions UK members highlighted a range of practical approaches already being used across the market to ensure trustee decision-making is informed by member perspectives in a proportionate and effective way.

- **Member panels and community-style engagement in large schemes.** Some large UK schemes and master trusts have established standing member panels or community groups that provide regular feedback on communications, investment options, and retirement journeys. These models can be more proportionate than formal member-nominated trustee structures in very large schemes, while still providing an ongoing channel for member insight.
- **Use of surveys and behavioural research to inform decision-making.** Schemes increasingly use regular surveys and behavioural research to understand member needs, preferences, and engagement levels. This can be particularly valuable in large or diverse memberships where trustee boards cannot realistically rely on a small number of representatives to reflect the full range of member views.
- **Feedback loops and transparency in communications.** Some schemes have adopted “you said, we did” approaches, communicating back to members how feedback has influenced decisions, communications, or service improvements. This helps demonstrate that member input is taken seriously and strengthens trust and engagement.

- **Integration of member insight into specific decisions.** Examples were discussed where trustees draw on member feedback when considering changes to contributions, communications, or retirement pathways. In these cases, member insight informs decision-making without replacing trustees' responsibility to act in members' best interests.
- **Use of technology and data to broaden representation.** Emerging approaches include the use of digital engagement tools, data analytics, and behavioural insight to understand member needs at scale, helping trustees capture views beyond the most engaged or vocal members.

Overall, best practice reflects the use of multiple, proportionate mechanisms to understand member perspectives and demonstrate how those insights inform trustee decisions, while maintaining trustees' role as the ultimate decision-makers.

Chapter 5 – Administration

Question 22. What benefits and challenges do you foresee if mandatory minimum standards were introduced for scheme administrators and/or wider administration services such as Integrated Service Providers?

Administration is central to member outcomes and to confidence in the pensions system. When administration works well it is often invisible, but when it fails the consequences for savers can be significant. There was broad agreement that raising administration standards is an important objective, particularly as schemes consolidate and rely increasingly on outsourced and specialist providers. Introducing minimum standards could therefore deliver several benefits but also raises important challenges that would need to be carefully managed.

Potential Benefits

- **Improved consistency and quality of service.** Minimum standards could help establish a consistent baseline across the market, particularly in areas such as data quality, cyber resilience, member communications, and operational resilience. This could help address concerns about underinvestment in administration and the risk of a “race to the bottom” on fees.
- **Stronger focus on member outcomes.** Higher and clearer expectations could reinforce the importance of administration as a core driver of member outcomes, particularly in the DC market where accurate and timely administration is critical throughout the saving journey.
- **Greater confidence and transparency.** A recognised baseline could support trustee decision-making when selecting or reviewing providers and provide greater confidence across the market that key risks are being managed appropriately.

- **Support for consolidation and scale.** As schemes move toward larger and more consolidated structures, stronger and more consistent administration standards could support smoother transitions and reduce operational risk.

Potential Challenges

- **Cost and market capacity.** Higher standards are likely to increase costs. While greater investment in administration is often necessary, there is a risk that poorly calibrated requirements could reduce competition or accelerate market exit, particularly among smaller providers.
- **Upfront costs and intergenerational fairness.** Introducing higher minimum standards is likely to require significant upfront investment in systems, data quality, cyber resilience, and operational processes. In DC schemes in particular, these costs are ultimately borne by savers. Careful consideration will therefore be needed to manage the timing and phasing of any new requirements to avoid placing disproportionate costs on current members for improvements that primarily benefit future savers. A phased and proportionate implementation approach could help balance the need for higher standards with fairness across different generations of savers.
- **Complexity and risk of switching administrators.** Changing administrators is often complex, costly, and operationally risky, particularly where legacy data, bespoke benefit structures, or large member populations are involved. Trustees can therefore be reluctant to move providers, even where service quality may be sub-optimal, due to the risks associated with data migration, transition failures, and member disruption. Introducing minimum standards could help address this over time, but there is a risk that new requirements could initially increase transition costs or reduce provider choice if not carefully calibrated.
- **Risk of unintended consequences.** Experience in other markets shows that strong pressure on costs can lead to underinvestment in administration, particularly in areas such as data quality, cyber resilience, and service delivery. New standards should therefore be designed carefully to avoid creating incentives that prioritise cost reduction over service quality or discourage providers from investing in long-term capability.
- **Differences between DB and DC administration.** Administration challenges differ significantly between DB and DC schemes. A single approach may not reflect these differences adequately, and standards may need to be tailored to scheme type and risk profile.
- **Interaction with existing initiatives.** Existing industry initiatives, such as PASA accreditation and the emerging Value for Money (VFM) framework, already aim to improve administration quality and service standards. Any mandatory minimum standards should align with and build on these developments, ensuring consistent expectations and avoiding duplication or overlapping regulatory requirements.

Overall, there is support for raising administration standards, but this should be approached carefully, proportionately, and with further evidence and analysis. A phased and collaborative approach, building on existing industry frameworks, is likely to be more effective than introducing prescriptive requirements too quickly.

Question 23. Should TPR have the same levels of regulatory oversight as the FCA regarding administrators and/or wider administration services, and why?

Administration is a critical part of the pensions value chain, and there was broad agreement that stronger oversight of administration services is likely to become increasingly important as schemes consolidate and rely more heavily on outsourced providers.

There was general support for TPR having a clearer and more direct role in overseeing administrators. However, views emphasised that the form of oversight should reflect the structure and risks of the pensions market, rather than simply mirroring the FCA model.

Rationale for greater oversight

Pensions UK members consistently highlighted that administration failures can have significant consequences for savers, including delayed payments, poor data quality, weak cyber resilience, and disruption during provider transitions. Trustees ultimately remain responsible for administration, but their contractual and governance tools are not always sufficient to drive systemic improvement across the market. They do not have the same regulatory tools or enforcement powers as a regulator. This can make it difficult to drive improvements where service quality is weak or where systemic risks are emerging across the market. Greater regulatory oversight could therefore help to:

- Support consistent minimum standards across providers.
- Strengthen accountability and incentives for investment in data, systems, and resilience.
- Improve market confidence and transparency.
- Reduce the risk of underinvestment driven by fee pressure.

Need for a pensions-specific approach

While there is support for stronger oversight, there was caution about directly replicating the FCA model. Pension scheme administration operates within a different governance structure, where trustees retain fiduciary responsibility and contractual relationships with providers. Any expansion of TPR's role should therefore:

- Complement, rather than duplicate, trustee responsibilities.
- Avoid creating overlapping or conflicting regulatory requirements.

- Be proportionate and carefully designed to avoid unintended cost increases or reduced market capacity.

Resourcing and implementation

Pensions UK members emphasised that any expansion of TPR's oversight role would need to be matched by appropriate capability and resourcing. Effective supervision requires specialist knowledge, consistent supervision, and clear accountability. Without this, there is a risk that new regulatory responsibilities could increase cost and complexity without delivering meaningful improvements.

Overall, there is support for TPR playing a stronger role in oversight of administration services, but this should be tailored to the pensions context and introduced carefully. A pensions-specific model of oversight, developed with industry input and supported by adequate regulatory capability, is likely to be more effective than directly replicating the FCA approach.

Question 24. Should administrators have to be registered with TPR to be involved in administering a scheme? If so should TPR be able to deregister an administrator? (A model similar to that in Ireland)

There was broad support for exploring a registration model for third-party pension scheme administrators, reflecting the increasingly central role outsourced administration plays in delivering good outcomes for savers. As schemes consolidate and rely more heavily on specialist providers, a clearer regulatory framework could help strengthen accountability, transparency, and confidence across the market. Such a model would be less relevant where administration is delivered in-house by schemes themselves, where trustees have more direct governance and oversight levers.

A registration approach could offer several potential benefits:

- **Improved transparency and market visibility.** A register would provide clearer oversight of who is active in the market, supporting both regulatory supervision and trustee decision-making when selecting providers.
- **Stronger incentives for investment and resilience.** Registration could help establish clear baseline expectations for areas such as operational resilience, cyber security, and data quality, reinforcing the importance of administration as a critical service.
- **Greater alignment with increasing systemic importance.** As consolidation increases the scale and concentration of administration providers, the resilience of this part of the market becomes more systemically important. A registration model could help ensure appropriate scrutiny as this trend continues.

However, there was also strong emphasis on the need for careful design and proportionality.

- **Avoiding barriers to entry and reduced competition.** Registration and potential deregistration powers must be calibrated carefully to avoid discouraging new entrants or accelerating market exit, particularly given existing concerns about market capacity.
- **Clarity on scope, responsibilities, and interaction with trustees.** Any registration regime should clearly define the respective responsibilities of trustees and administrators, ensuring that regulatory oversight complements trustee accountability rather than creating duplication or confusion.
- **Proportionate and evidence-based implementation.** Further evidence and analysis would be helpful to understand how a registration model would operate in practice, including how deregistration powers would be exercised and what safeguards would be required.

Overall, there is support for exploring a registration and potential deregistration framework for administrators, provided it is proportionate, carefully designed, and introduced in a way that strengthens resilience without undermining competition or market capacity.

Question 25. What risks if any, does increased levels of consolidation activity in the DC sector pose to administration service providers? How can these risks be mitigated to ensure an orderly transition to Megafunds?

Increased consolidation in the DC market is likely to have significant implications for administration providers. While consolidation offers opportunities to improve efficiency, scale, and consistency of service, it also introduces a range of operational, market, and transition risks that will need to be managed carefully to support an orderly move toward Megafunds. These include:

- **Market concentration and capacity pressure.** As schemes consolidate into fewer, larger arrangements, the number of administrators capable of servicing very large schemes may shrink. This could increase reliance on a small number of providers, creating concentration risk and reducing resilience if a provider experiences operational, financial, or cyber difficulties.
- **Transition and data risks.** Consolidation often requires large-scale data migration and changes in administration providers. These transitions are complex, costly, and operationally challenging, particularly where legacy data is incomplete or inconsistent. Poorly managed transitions could disrupt member services, increase error rates, and undermine confidence in the system.
- **Capacity and workforce challenges.** The administration sector has already experienced skills shortages and market exits in recent years. Rapid consolidation could intensify demand for specialist expertise, placing additional strain on provider capacity and potentially increasing the risk of service disruption.

- **Potential for underinvestment with fee pressure during consolidation.** Experience in other markets suggests that strong pressure on costs can reduce investment in systems, data quality, and cyber resilience. This could undermine the long-term sustainability and resilience of administration services at the same time as reliance on them is increasing.

To mitigate these risks and support an orderly transition, several areas were highlighted:

- **Phased and well-planned transitions.** Consolidation should be managed gradually, with sufficient time for data improvement, system upgrades, and workforce planning.
- **Stronger focus on data quality and digitisation.** Improving data readiness will be essential to support safe and efficient consolidation.
- **Clear expectations around operational resilience and continuity planning.** Administrators should be expected to plan for large-scale transitions and potential market exits.
- **Coordination between trustees, providers, and regulators.** Close engagement will be important to monitor market capacity and emerging risks during consolidation.

Overall, consolidation offers long-term benefits, but the transition must be carefully managed to ensure administration capacity, data quality, and service resilience keep pace with the scale and complexity of Megafunds.

Question 26. What role should TPR take in reducing the risk and impact of a disorderly market exit by an administration provider?

The risk of a disorderly exit by an administration provider was seen as a significant concern, particularly as consolidation increases reliance on a smaller number of large providers. Trustees have an important role in managing provider relationships, but they do not have the system-wide oversight or enforcement powers needed to manage market-wide risks. TPR therefore has an important role to play in strengthening resilience and coordination across the market.

- **Monitoring market resilience and emerging risks.** TPR is well placed to take a system-wide view of the administration market, including provider concentration, financial resilience, and operational capacity. This type of oversight can help identify risks early and support preventative action before problems crystallise.
- **Setting clear expectations for contingency planning.** Schemes are already expected to manage continuity risk, particularly in the master trust regime. A similar expectation for administrators and trustees to plan for potential provider failure or exit would be helpful. This could include expectations around continuity planning, data readiness, and transition planning.

- **Supporting industry preparedness and coordination.** In the event of provider distress or exit, coordinated action across schemes may be required. TPR is uniquely placed to help facilitate communication, guidance, and coordinated responses, reducing the risk of disruption to savers.
- **Clarifying accountability and escalation routes.** Trustees can challenge and, ultimately, replace administrators, but they cannot regulate providers or intervene across the market. TPR has broader regulatory tools – such as setting expectations, requiring information, investigating concerns, and taking enforcement action where necessary. Clear escalation pathways between trustees and the regulator would help ensure risks can be addressed promptly and proportionately.
- **Balancing oversight with proportionality.** While there was support for a stronger role for TPR in this area, it was emphasised that any new expectations should be proportionate and avoid creating unnecessary burden or discouraging market participation. Further evidence gathering and consultation will be important to ensure that any changes are carefully calibrated.

Overall, TPR has an important role in reducing the likelihood and impact of disorderly administrator exits by providing system-wide oversight, setting clear expectations for resilience and contingency planning, and supporting coordinated responses where risks materialise.

Question 27. To help us better understand the trustee landscape and the potential impacts of any changes emerging from the consultation, we would welcome some information regarding the scheme or provider you are answering on behalf of in the table below.

Pensions UK is an industry body representing pension schemes, providers, and the wider pensions and retirement savings sector and therefore does not have scheme-specific information to provide in the requested table. This response reflects the collective views and experience of Pensions UK members across a wide range of trust-based pension schemes, providers, and advisory organisations.