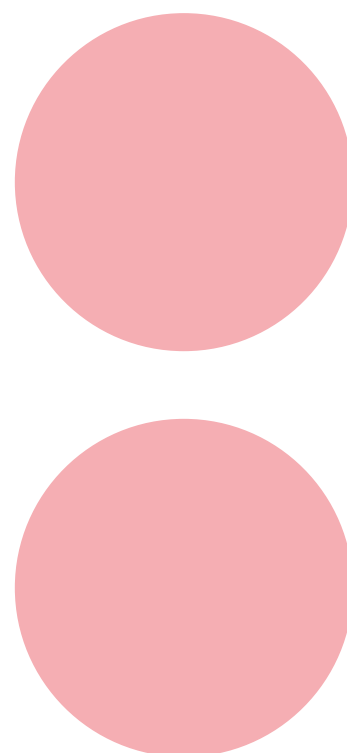


Spring 2023

Savanta ComRes



**The Pensions Regulator
Stakeholder research
Summer 2022:
Summary of findings**

Introduction and methodology

Savanta was commissioned by The Pensions Regulator (TPR) to conduct research among its external stakeholders across the pensions industry.

This research was preceded by one wave in 2021, and two in 2020 which took place either side of the emergence of COVID-19. Before this, TPR commissioned this research annually.

This latest piece of research aimed to explore stakeholders' perceptions of TPR's performance, challenges, and progress towards achieving its five strategic priorities that were launched in spring 2021.

TPR is very grateful to everyone who took part in the research. The findings have helped inform TPR's ongoing planning and ways of working.



Methodology

Semi-structured telephone / video interviews



Audience

50 interviewees including representatives from the pensions industry, industry bodies, parliament and government



Fieldwork dates

Fieldwork was conducted from May 2022 to July 2022

Summary of key findings

Overall perceptions

- The vast majority were favourable towards TPR. Stakeholders praised TPR for performing its role well and recognised that the job is often a difficult one given its challenging remit, its expanding powers and sheer volume of recent developments within the industry, the uncertain economic climate and general global instability.

[TPR does not have] an easy job, but I think they do it pretty competently, and on balance it seems to me that they deserve a good deal of credit for what they do and how they do it.

- Parliamentary stakeholder

- TPR was also praised for its **responsiveness and proactivity in the context of COVID-19** and, more recently, the war in Ukraine and rising inflation.
- Caveats to favourability included a **perceived lack of resourcing**, which is a long-standing concern raised through this research. Stakeholders felt that a lack of resource may have **inhibited TPR's agility in progressing various large policy areas** such as the single code of practice and defined benefit (DB) funding.
- Furthermore, there was concern that insufficient resource may also have limited TPR's ability to carry out enforcement activities.
- Saying this, stakeholders are aware of the breadth of areas TPR covers and how difficult it can be to find experienced talent to join the team.

TPR's approach and communications

- With regard to its aspiration to be a 'quick, clear and tough' regulator, TPR is **generally seen as 'clear'**, with stakeholders regarding its communications and engagement as markedly better than several years ago, and better than other, comparable regulators.
- TPR was praised for the **proactivity, relevance, and professionalism of its communications** and that it effectively uses different methods of online communication.
- **TPR staff were described as helpful, engaged, and hard working.** TPR was praised for building and sustaining good relationships with the industry generally.
- The logic behind TPR's enforcement decisions was also described as being clear.
- However, some stakeholders wanted **more consistent feedback from TPR about the extent to which the regulated community is meeting its expectations**, and how **consultation responses have been addressed**.
- They also asked for TPR to **share examples of industry best practice**, particularly about how schemes could handle new and evolving problems generated by the current economic and political climate.

TPR could share areas where they're spotting risks or issues, and best practice. I think they could [produce] case studies on meetings they had with [...] A or B and that they discussed this and were impressed by this. TPR need to share more of the good and bad.

- Industry body stakeholder

- Somewhat related to resourcing, stakeholders also mentioned that TPR should try to ensure **consistency of key contacts that schemes have** within TPR - frequent turnover was mentioned as a cause for concern.
- More minor improvements to communications included improving the usability of communications (making them shorter and using less technical language) and resuming face-to-face communications, which are valued for how closely connected these make TPR feel to the industry.
- As in previous years, there were **mixed opinions about how ‘quick’** TPR can be. While the constraints within which TPR operates were acknowledged – and its speed in responding to major events such as the pandemic was commended - it was still felt that it could operate more quickly with regard to its case-related decision-making and legislative work.

I don't think [TPR are] quick. It takes way too long to come to a conclusion. If I look at master trust authorisation and superfund authorisation, I don't think I've ever experienced anything that's quite as slow and over-engineered, and probably leading to detriment.

- Industry body stakeholder

- Positively, **TPR was regarded as being tougher** than in previous iterations of this research. More visible enforcement activity and greater legislative powers have contributed to this perception.

Their level of [enforcement] activity has increased. I'd say you are seeing more cases now where they're successfully prosecuting rogue trustees and getting more out of the employers and schemes... than perhaps they would have done when I first started doing this job. [...] I think they strike the right balance between being tough and trying to help people just do the right thing.

- Pensions industry stakeholder

- It was noticed that TPR had already started to – and should continue to – **wield its new powers appropriately and proportionately**.
- **TPR is positively regarded as having an ‘approachable’ reputation**, which is preferred by stakeholders to the approach of other regulators.
- Positively, it was also described as **having an ‘education-first’ approach**, whereby TPR seeks to understand the reasons for non-compliance and provide corrective guidance rather than leaping immediately to enforcement. This was described as being ‘...tough, but only as tough as necessary’.
- This is encouraging feedback, given that a key finding in last year’s research was a concern about whether TPR would be even-handed and pragmatic in the face of its increasing powers under the Pensions Schemes Act 2021.

The mindset is more helping people understand their responsibilities and helping them meet them, rather than... hit[ting] people over the head and then ask[ing] them afterwards why they were breaking the rules. [...TPR’s] approach is better when you're dealing with small businesses that don't have HR departments.

- Industry body stakeholder

Strategic priorities

- **TPR has five strategic priorities:** security, value for money, scrutiny of decision making, embracing innovation and bold and effective regulation (each covered separately below). All of TPR's work is assigned to one of these five headings.
- The priorities were thought by stakeholders to **encompass well the key issues currently facing the pensions industry**, contributing to the level of esteem in which TPR was held.
- As well as aspiring to be a 'quick, clear and tough' regulator, TPR aims to put the 'saver at the heart of everything it does', and stakeholders thought that **its strategic objectives do centre around protecting member benefits**.
- As last year, **security is considered to be the most important priority** and TPR was thought by respondents to have made **significant progress on scams**. The scams pledge was praised for having stimulated industry discussion, but stakeholders also urged TPR to keep their webinar material 'fresh'.

Fraud was an area of progress...mainly due to the more recent court cases that have ensued, which demonstrate an exercising of power in this area.

- Pensions industry stakeholder

- Alongside TPR's work to combat scams, stakeholders cited and **welcomed recent high-profile enforcement activity** and thought that the **new powers conveyed by the Pensions Schemes Act 2021 will further act to enhance TPR's capabilities and authority**.
- Efforts by TPR to ensure master trusts are financially secure were positively received, as was TPR's **collaboration role with the FCA and DWP on a value for money framework**.

Yes, it's important that that the regulators join up as much as possible, it helps everyone, it helps the market, it helps consumers if we all know what we're doing. So, I think, yes, I definitely endorse all regulators working together where it's relevant.

- Pensions industry stakeholder

- **Views were more mixed regarding TPR's progress in the arena of cyber security** – which some thought was too slow – but others acknowledged that the complexity of the structures involved may be outside of TPR's ability to positively influence.
- On diversity and inclusion, TPR's **initial work was warmly welcomed but stakeholders described wanting more** from the regulator, particularly very practical examples about how to ensure diversity and inclusion that the industry could follow and implement.
- Stakeholders felt that **CDC schemes' creation and authorisation** as well as their guidance and supervision were **broadly on track**.
- Less or no progress was seen to have been made in other areas: particularly, frustration was expressed by stakeholders **concerned** about the **delay in the delivery of the DB funding code**.

Confident on DB funding code of practice and sure it will land at one point - but will take time.

- Pensions industry stakeholder

Not much progression on this. It has been 2.5 years since first consulting. People put lots of time and effort into responding to the first consultation but now it's just very horribly slow.

- Industry stakeholder

- **Pensions dashboards were seen as a crucial step for the industry, but ongoing delays were a cause for concern.** A clear view of what the 12–15-month engagement plan will look like was requested from TPR.
- **Clearer guidance was wanted from TPR relating to climate change and ESG** and it was thought that it would be beneficial for TPR to gain specialist expertise in this area.
- While the knowledge and personal skills of TPR's staff were praised, it was felt that there had been a **recent decline in the frequency of event and relationship scheme supervision contact.**
- Finally, although it was acknowledged to be outside of TPR's remit, concern was expressed again this year about the **adequacy of members' future retirement incomes.**

Supporting the industry

- When looking back on TPR's efforts to support the industry, especially during the pandemic, stakeholders noted their **appreciation for the time and space TPR had afforded them to find a way to navigate the difficult situation.**

I think it was quite pragmatic [during COVID]. It did actually reflect the fact that certain things were going to be very difficult for providers in the industry to cover off. It did, I think, apply some good judgement and good pragmatism.

- Pensions industry stakeholder

- Stakeholders also positively recollected TPR's more recent advice and guidance regarding both rising interest rates and the conflict in Ukraine.
- The **current economic climate was also mentioned as a key future challenge** to the industry, and for the supposed effect it may have on TPR's already extensive workload and its ability to meet its objectives and continued to support the industry.
- However, it was generally recognised that, unlike during the pandemic when certain easements were introduced, TPR **cannot regularly soften its regulation** - it was acknowledged that it is not TPR's role or responsibility to help the industry through times of economic uncertainty.

TPR's response to the findings

We thank everyone who participated in the research, and welcome stakeholders' feedback on our performance and the challenges we face as part of our wide-ranging remit, which has grown over time reflecting developments in the pensions landscape and legislative changes.

We are pleased to see from the research that stakeholders recognise the effort and progress in many of the workstreams we are undertaking to address these challenges and to improve outcomes for savers. We have taken on board the feedback which informs our thinking and planning.

Our annual Corporate Plan will be published in early April 2023, the content of which will provide an update in relation to many of the topics covered in this research.