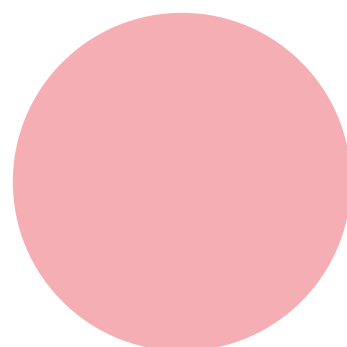
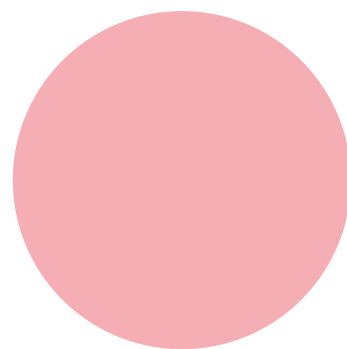


Winter 2021/22

Savanta: ComRes



**The Pensions Regulator
Stakeholder research,
Autumn 2021:
Summary of findings**

Introduction and methodology

Savanta ComRes was commissioned by The Pensions Regulator (TPR) to conduct research among its stakeholders. This research followed two surveys in 2020 (in January to March and in September to October). The second survey was conducted following the introduction of TPR's COVID-19 guidance and easements.

The research aimed to understand stakeholders' perceptions of TPR and its performance, to explore their perceptions of TPR's recent Corporate Strategy and to understand what stakeholders perceive TPR's challenges to be at the current time.

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

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



Fieldwork dates

Fieldwork was
conducted in July
and September
2021

Summary of key findings

Overall perceptions

- The vast majority were favourable towards TPR, many of whom positioned themselves as 'fairly' or 'relatively' favourable, with some improvement points highlighted. As in previous surveys, TPR was thought to be performing well in the context of what is seen as a challenging remit.
- TPR's communication was cited as a key strength, especially during the pandemic. The capabilities of senior leadership were also repeatedly mentioned as a factor contributing to favourability.

“Favourably overall. Because I think they are motivated to do the right thing and employ smart people. So, the ones I interact with, they seem to care about what they do.”

- However, caveats to favourability were expressed by stakeholders. A few pointed to a recent drop-off in engagement post-COVID-19, potentially affecting their relationship with TPR if continued. Inconsistency in the treatment of cases, both recent and historic, was also mentioned.
- Some also felt that TPR lacked sufficient resources. Linked to this, stakeholders emphasised that TPR needs the right expertise and resources to manage the changing pensions landscape, particularly with regards to managing the ongoing needs of DB schemes against the growth of the DC market.

“Clear, quick, tough”

- Stakeholders felt that TPR had made important strides towards becoming a ‘clear’ regulator in recent years. Common reasons for this are positive reception of its communications and guidance, alongside the perception of increased openness and transparency. Stakeholders also praised TPR for its clarity in difficult times during the pandemic, alongside the complex nature of the pensions industry in general.
- On ‘quick’, stakeholders had mixed views. Some felt that TPR was generally quick to respond or used TPR's response to the beginning of the pandemic as a case study to show how the organisation can respond in a timely fashion. However, others acknowledged that the complexity of processes in the pensions industry means certain aspects move slowly. Several described long waiting times for feedback or information, particularly during busy times of the year when TPR is stretched.
- Similarly, stakeholders held mixed views on whether TPR was ‘tough’. Whilst some cited a lack of reported cases in the press or a lack of consistency around toughness towards cases, others felt TPR had at times been too hard on some schemes – particularly smaller ones.

“Obviously there are a lot of smaller organisations that have really struggled, and I thought they were quite good in getting out early and being clear on that they were going to be accommodating for the circumstances of COVID.”

“I think, are they tough? Well, they are tough, but I think they can apply the toughness in the wrong place. So, I don't think they're tough enough.”

TPR's Corporate Strategy

- Awareness of TPR having produced a corporate strategy¹ was high among stakeholders, although recall of specifics, including activities in the later Corporate Plan, was low.
- The strategy was generally well received and considered balanced; it was felt to be both forward-facing and anchored in the issues currently facing the industry.
- The five strategic priorities set out were thought to be sensible and the right ones for TPR to be focusing on.
- However, TPR's current capacity to deal with the breadth of its strategy was questioned by some, in the context of perceived limited resource.

"It's very good actually, I think it's well written, well thought through. And when you look at it, it covers virtually everything that one can think about. They've broken it down into quite broad areas, and then they've again broken that down into much more detail, and I'm sure behind that will be even more detail."

"It makes a lot of sense and [it] is clear that a lot of thought has gone into making the strategic priorities make sense for the evolving pensions landscape. So, I think it's pretty helpful that it starts with security because that is fairly fundamental, and I think including innovation in it is not unhelpful. ... I always see it [that] having a regulator actually caring about how innovation is sparked and propagated across the market is pretty valuable to outcomes. So, there aren't any areas of it where I think there is something really obvious missing."

- Stakeholders were broadly favourable towards the wide-ranging contents of TPR's strategy, urging them not to deprioritise any one area. In an ideal world, stakeholders wanted TPR to dedicate significant time to each of the five priorities and the activities comprising them.
- When prompted on which should be of the highest priority for TPR, security was indicated as the most important. Value for money was often thought to follow, in the context of protecting the pension saver and ensuring the best member outcomes.

"All five of these are very important [for] their own reasons and they touch different groups of members, right? So, some of this is very DB focussed, some of this is very DC focussed and some of this is, frankly, is very forward looking, and it might be CDC or superfunds or master trust. All of that is really important. It all needs focus and attention."

"Security should be their primary goal, to protect money and savers invested in pensions. That makes sense and, in particular, scams should be a really big focus and probably really good they're focusing on cyber security and resilience."

- Scams were widely seen to be one of the most significant challenges for the industry. TPR's scams campaign and pledge is seen as a positive step in engaging the industry on the issue, although not sufficient to tackle the challenge on its own.
- Cyber security was also seen as an area of increasing risk and stakeholders encouraged TPR to continue engaging with experts in this area.

¹ <https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/corporate-plans#22512af743bd475699a0859ab2e9dc5b>

- There was eagerness to understand how TPR intends to utilise its enhanced powers around civil and criminal sanctions under the Pensions Schemes Act 2021. While appreciating this legislative change is in its infancy, stakeholders, particularly those most affected by the new powers, were keen to see how this will translate in practice.
- Regulating value for money was seen as a critical but particularly challenging aim for TPR, as fees and competition practices are viewed as being quite entrenched.
- Stakeholders were pleased to see equality, diversity and inclusion and climate change addressed under scrutiny of decision-making, but suggested there would be challenges for TPR in these spaces. For example, some queried the influence TPR will have in addressing a lack of diversity within existing trustee boards.
- The strategic priority ‘Embracing Innovation’ was viewed as a relatively contemporary approach for a regulatory body to take, but one that was generally welcomed by stakeholders. Some expected TPR to face difficulties when it comes to delivering on this, including the pensions dashboard. They emphasised that the dashboard is a very important initiative that will benefit pensions savers, but one that will be difficult to facilitate given the number of players and amount of data involved. Stakeholders were keen to see TPR keep pace with evolving technologies and contribute to the delivery of this project.
- Meanwhile, bold and effective regulation tended to be thought of as an inward-facing objective, rather than directly strategic.

TPR’s Communication and Engagement

- Satisfaction with TPR’s communications products tended to be high. Outputs, including TPR’s email newsletters, were generally felt to be clear, useful and interesting, and the regularity of these meant that some viewed TPR as a transparent organisation.
- The move to increased virtual interaction post-COVID-19 was seen as benefitting those who may have had challenges visiting Brighton more regularly to attend in-person TPR events. However, a minority had seen a reduction in engagement during this the pandemic.
- Going forward, stakeholders said that they would like to see the return of some face-to-face interaction – combined with virtual activities including webinars – as soon as it’s practical, feeling this would contribute to positive working relationships with TPR.

“An awful lot of stuff comes in my inbox and the amount of attention I pay to everything that comes in does vary, but on the whole I would say what I get from TPR is good and useful and interesting.”

“It’s great in terms of getting to them – you don’t have to get a train all the way to Brighton, but virtual meetings, they’re only half a meeting. So, I would encourage [TPR] to find a way that, going forwards, they can blend the best of real meetings and virtual meetings and have the right mix of both.”

- Stakeholders mentioned an over-abundance of consultations from TPR and other regulatory/public bodies. Many would like to see a more joined up approach between

TPR and other relevant bodies and some thought similar topics could be covered in the same consultation – reducing stakeholders’ workload.

- It was also suggested that parts of the consultation process could be more informal, such as the listening process or when TPR feeds back. For example, TPR could reflect themes/key issues coming out of consultations before releasing a formal response.

“There needs to be more joined-up thinking between the regulators and a more overarching view taken of what they're looking to achieve. At the moment, the level of change that's coming through, from TPR, DWP and the FCA, is immense. And with the consultations overlapping, it means you're not going to get the best responses.”

Looking ahead

- Scams, high-profile security issues and large scheme failures were identified as key potential future risks for TPR.
- In the long-term, with the increasing prevalence of DC schemes, concern was also expressed that future pensioners would be left with inadequate retirement income. While not an imminent risk, stakeholders felt TPR had a role to play in ensuring pensions savers had enough to retire on.
- Overall, stakeholders were keen to see TPR maintain its focus on the areas outlined in its strategy and ensure that it has the resources at its disposal to give each its due attention.

TPR's response to key conclusions from this research

In this section, TPR responds to key conclusions to be drawn from the research and addresses stakeholder concerns. These conclusions relate to TPR's Corporate Strategy, external communications, key areas for TPR to focus on and the importance of collaboration and partnership working.

Stakeholders support the priorities set out in TPR's Corporate Strategy and are keen that TPR dedicates time to each priority, but some expressed concerns that TPR may lack the resources to deliver the breadth of the strategy.

- We welcome stakeholders' support for our Corporate Strategy and ambition to put the saver at the heart of what we do. We are determined to protect and enhance pensions and deliver good outcomes for savers across all our strategic priorities.
- Our strategy sets out our roadmap for the next 15 years. Providing security for pension saving, including a focus on DB regulation, is a key priority for TPR, but, over time, we will seek to deliver in a balanced way across our strategic priorities reflecting changes in the pensions landscape. We will set this out in more detail through a series of three-year Corporate Plans.
- To support this transition, we are creating a new Digital, Data and Technology Directorate to help us deliver better services, regulate more effectively and have the scope to innovate to meet the challenges that will emerge in the future. We recognise the importance of being a data-led and digitally-enabled organisation in support of our regulatory activity.
- We will publish our new People and Culture Strategy to make sure we have the people and skills necessary to turn our strategy into action. Our budgets and spending plans are agreed with the DWP, our sponsor department, and published annually in our Corporate Plan. We will continue to liaise closely with the DWP to ensure we have the resources we need to protect people's pensions.

TPR's communications were viewed as a key strength, particularly during the pandemic. Stakeholders felt that TPR has made strides towards becoming 'clear' in recent years, but views on whether TPR is 'quick' and 'tough' were more mixed. There was eagerness to understand how TPR will use its enhanced powers under the Pension Schemes Act 2021.

- As we did in response to COVID-19, we will rapidly inform the regulated community of our expectations where events dictate, as evidenced by our recent response to the Ukraine conflict.
- In the coming months, we will publish our finalised new code of practice, demonstrating our commitment to consolidating and streamlining content to become more user-friendly. In addition to our guidance, we actively promote our campaigns and key messages via events, direct engagement, social media, blogs, newsletters, articles, podcasts and digital advertising.
- We are ramping up our compliance and enforcement work and other regulatory interventions following a period of disruption caused by COVID-19. We will undertake new regulatory initiatives (RIs), which involve proactive contact and intervention with a selection of schemes to tackle risks and protect savers. We have also restarted inspections

around the country of employers at risk of automatic enrolment non-compliance. We will continue to prioritise compliance with basic requirements as a cornerstone of good governance. We will also continue to take a proportionate, risk-based approach, using our discretion where legislation allows. We strive to be consistent but situations that may look similar from the outside have their own features and we must consider and respond accordingly.

- We will streamline and clarify our approach to enforcement by updating and consolidating published policies relating to DB, DC and public service schemes and updating our prosecution policy. Alongside this, we have responded to our autumn 2021 consultation and published finalised policies relating to overlapping powers, information gathering and our new 'high fine' penalty powers under the Pension Schemes Act 2021. We will use our new criminal powers under the Act where necessary, but we hope their existence will be a deterrent in themselves. We have made clear that we would not use these powers in a way that targets ordinary commercial activity, but only for the most serious examples of intentional or reckless conduct.

Scams, climate change, value for money, and equality, diversity and inclusion were identified by stakeholders as crucial areas for TPR, which may also present challenges going forwards.

- We agree with stakeholders about the importance of these areas, which we identify as priorities in our three-year Corporate Plan. We will provide our year two Corporate Plan update in the coming weeks.
- We are working with our partners in the Project Bloom task-force to disrupt pension scams through education, prevention and enforcement. We are putting criminals behind bars for pension fraud, pursuing illegal gains and shutting down scams where we find them. We have worked with our partners to produce a new 'threat assessment' on the latest trends and risks and to refresh the work of Bloom. Through our industry-focused Pledge to Combat Pension Scams campaign, we will continue to underline the importance of trustees, providers and administrators doing more to combat scams, including reporting suspected scams to the authorities. We will continue to raise awareness of our transfer guidance, to help trustees understand the legal requirements, in order to protect savers.
- We are working closely with the FCA and DWP on our shared ambitions to ensure that savers receive value for money (VFM) from their DC pensions and that it is measured in a consistent way. We will issue a response to feedback received as part of our joint discussion paper with the FCA on developing a framework for assessing VFM. We will encourage further DC consolidation by focusing on small DC schemes' compliance with rules requiring them to either demonstrate value to savers or wind up.
- During 2021, we published a stretching climate change strategy and guidance to support schemes with their Taskforce on Climate-related Financial Disclosures (TCFD) reporting duties under the Pension Schemes Act 2021. We will continue to drive up awareness of the new climate duties and, where necessary, take action to ensure that trustees comply with both TCFD requirements and with earlier regulations relating to environmental, social and governance factors. We will continue to work closely with the DWP to inform emerging policy in this rapidly developing area.

- We published our Equality, Diversity and Inclusion Strategy in June 2021 setting out how we will work with the industry to create a more fair and inclusive culture across the pensions sector, as well challenging ourselves as an employer to do more to embed diversity and inclusion. We will take another important step in this journey with the publication of our new People and Culture Strategy, which underpins the development of a workplace culture that is more diverse and inclusive, true to its purpose and values, and demonstrates clear value in service of the saver. We are working with partners to achieve positive change among our regulated community: our Industry Working Group is readying an action plan for publication in coming months, while we will also be renewing our focus on the importance of trustee board diversity to achieve good outcomes for savers.

Collaboration between TPR and its key partners was seen as vital in the context of an expanded regulatory remit. Stakeholders would like to see a joined-up approach between TPR and its partners particularly given the number of consultations in a developing landscape.

- We are not alone in pursuing good pensions outcomes for savers. That’s why in recent years we have strengthened and deepened our working relationships with partners in regulation, government and industry to put the saver at the heart of what we do.
- We are working closer than ever with the Financial Conduct Authority (FCA) to deliver on our joint strategy and to take forwards work covering both trust-based and contract-based pensions, for example our joint work on the consumer journey and value for money in DC pensions.
- Building on this collaboration, we are part of the “Regulatory Family” of organisations involved in the regulation of pensions and financial services. We work in concert with these partners to tackle risks and issues that could have an impact across the financial services sector through the Wider Implications Framework.
- We are committed to working in a joined-up way with our partners and reducing the burden on industry where we can. Working in this way means that, although initiatives may vary due to the nature of the markets we regulate, the outcomes we seek to deliver will be increasingly aligned between trust-based and contract-based workplace pensions.