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The impact of regulation on pension governance

This report is produced for TPR.
This report is not necessarily reflective of TPR's thinking.



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This literature review was undertaken to identify and collate evidence on approaches to assessing governance effectiveness and regulatory impact in trust-based pension schemes. The findings informed the development of a trustee survey designed to establish a baseline measure of scheme governance, against which The Pensions Regulator (TPR) can monitor changes over time and assess the impact of its interventions. The review was commissioned as a non-exhaustive, rapid exploration of publicly available literature from the UK and selected international sources relating to governance quality and its measurement. Given the timeframe, the work prioritised understanding the evolution of pension scheme governance, identifying existing governance frameworks, indicators and measures, considering how regulatory interventions can be linked to measurable change and extracting practical insights to support the design of the trustee survey. As a rapid, non-systematic review based on publicly available sources, it may not capture all relevant evidence and should be interpreted as indicative rather than comprehensive. The literature review was conducted between 8 October and 31 December 2025.

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Summary of conclusions

TPR is committed to ensuring that trustees are well-equipped, supported, and structured to deliver the best possible outcomes for members, particularly as the regulatory, demographic, and economic landscape continues to evolve. Its Corporate Plan (2024 to 2027) highlights a clear priority: raising trustee and governance standards across the industry. To achieve this, TPR is determined that its approach to assessing governance effectiveness, and regulator impact, is rooted in robust evidence and aligned with best practice.

This report aims to provide TPR with evidence to support their work in measuring the effectiveness of governance in trust-based pension schemes. As well as helping to provide a baseline measure of good governance in the UK, it is expected that, in time, this will feed into an evaluation of the extent to which TPR regulation and supervision supports and drives good pension scheme governance in the UK. The evidence in this report has been drawn from desk research with material available from both UK and selective international sources. The specific questions that the report seeks to address are:

- How has UK pension scheme governance evolved over time?
- How effectively do trustee boards deliver good governance across structure, processes, behaviour and relationships?
- What indicators best capture the difference between good and poor governance, and how can they be used for early warning and continuous improvement?
- What frameworks and methods can be used to evaluate whether pension regulation is improving governance quality and member outcomes?
- How can regulatory interventions be linked to measurable changes in trustee competence, decision-making and scheme performance?
- What lessons can be drawn from international approaches that explicitly connect governance behaviour to member outcomes?
- What questions should be included in TPR's 2026 trustee survey to act as a benchmark for future evaluation projects?

The governance model has shifted from focussing on rules to outcomes

- While trust law still forms the foundation of pension scheme governance, an increasing amount of statutory and regulatory duties are being overlaid on this.
- Guidance and regulation have moved towards principles-based oversight that links competence and behaviour to member outcomes.
- Three milestones mark this shift: (i) the Trustee Act 2000, (ii) the Pensions Act 2004 (TKU), and (iii) post-2012 DC reforms (including minimum governance standards and value-for-money expectations). TPR's 21st Century Trusteeship

and the General Code (maintaining an Effective System of Governance) consolidate this trajectory, emphasising saver-focus, data-driven decisions, constructive challenge and accountability.

Four dimensions define "what good looks like"

- **Structure**: government/regulator guidance and trustee opinion indicates that effective boards contain a balance of size, diversity of thought, background and experience and skills, with clear roles, sub-committees and documented policies. Professional trusteeship is associated with more formalised governance and stronger oversight, though it requires consideration of potential conflicts of interest arising from the trustee firm or risks associated with knowledge levels and behaviour.
- **Processes**: clear objectives and risk frameworks designed around strategic member-focused outcomes, and regular reviews of processes are important elements of process quality.
- **Behaviour**: well-performing boards are collaborative, independent and data-led. These traits are harder to observe through surveys alone and often require qualitative assessment.
- **Relationships**: trustee/adviser/provider/employer relationships work best when roles and responsibilities are explicit and understood by all parties, performance is reviewed routinely, and escalation routes are clear.

International and sectoral examples provide examples of good and poor governance designs in the four key areas

International lessons

- Clear allocation of personal responsibility (for example Australia's Financial Accountability Regime) strengthens accountability and clarifies oversight duties.
- Regulators in Australia, the Netherlands and Canada assess behavioural competence, not just technical skills, using observation, peer review and independent assessment.
- Governance processes are tied to measurable member outcomes, with boards required to publish metrics and demonstrate progress in Australia, Netherlands, and Canada.
- Structural expectations in Australia, Ireland and the Netherlands include documented board skills matrices, formal succession planning and regular mandatory trustee training to sustain capability and board renewal.

Inter-sectoral lessons (UK examples)

- Corporate governance standards (Financial Reporting Council, UK Corporate Governance Code) require boards, not advisers, to lead provider oversight, performance review and appointment decisions.
- Public-sector governance (for example NHS “Well-Led”) uses regular internal and external effectiveness reviews linked to evidence, action plans and transparent reporting.
- Governance failures in local government and large charities highlight the risks of unclear roles, weak scrutiny and paper-based processes, showing the importance of defined responsibilities, strong reporting lines and proper escalation routes.

The link between regulation, behavioural change and member outcomes

- Stronger governance is associated with better intermediate outcomes for savers, such as more reliable administration, fewer errors, clearer oversight of advisers and more consistent investment processes, but direct causal evidence remains limited.
- The evidence base is uneven. It is strongest for larger DB schemes and DC master trusts, where governance is more formalised and data richer, and weaker for smaller single-employer and legacy schemes, where structures are lighter and information less systematically recorded.
- Regulation appears to influence trustee behaviour by setting expectations for knowledge, risk management, documentation and oversight. However, the same rules can land differently: larger and multi-employer schemes are better placed to respond, while smaller schemes may focus on minimum compliance rather than wider behavioural change.
- Behavioural change is the main route through which regulation is expected to affect outcomes, but current evidence is largely indirect. Surveys and returns capture processes and policies more readily than challenge, culture or the quality of decision-making.
- Available indicators such as data quality, complaint levels, timeliness of contributions, VFM activity and cyber preparedness, provide signals of how governance affects member experience, but are not yet consistently linked to member-level outcomes (for example retirement adequacy) across all scheme types.
- Filling these gaps will require better disaggregated data (by scheme type and size), more focus on behavioural and relational evidence and, over time, tracking how changes in governance practice align with changes in member experience and protection.

While it would be more effective in the long run to require schemes to set out their activities and outputs, and explain how these contribute to relevant outcomes, rather than expecting the regulator to reconstruct the evidence retrospectively, this process may be too burdensome for schemes. Potentially in the long term, and after regulatory change, responsibility will rest more with schemes to design proportionate structures and systems that deliver the required outcomes.

Constructing a survey to help establish a baseline

- Establishing a governance baseline requires clarity on what is being measured, an evaluation framework linking inputs to outcomes, robust survey design, and a clearly defined scheme population and sample.
- The proposed trustee survey will provide an initial, indicative baseline, strongest on structure and processes, while recognising constraints such as self-assessment bias and the absence of a complete pre-intervention baseline.
- A full evaluation of governance effectiveness must combine multiple evidence sources including: survey data, scheme returns, General Code reporting, supervisory insights, documentary analysis, behavioural indicators, provider feedback and qualitative interviews.
- Sampling should be based on schemes rather than individuals, with trustees, ideally the chair, responding for a specific scheme; limitations in TPR's current trustee–scheme data mean sampling will initially be less precise.
- Future waves could form a programme of ongoing measurement, incorporating qualitative follow-up and, in time, potentially supporting a Pensions Governance Index linking governance indicators to outcomes.
- All measurement activity must remain proportionate to scheme size, regulatory risk and administrative burden, with the proposed survey representing the first step toward a multi-method governance evaluation framework.

Chapter One: What does good governance look like?

This chapter explores how pension scheme governance has evolved from a system based on trust law and individual judgement to one defined by statutory duties, regulatory codes and behavioural standards.

Key chapter one conclusions:

- The evolution of pension governance reflects a steady shift from compliance with rules to accountability for outcomes.
- What began as a framework grounded in trust law and technical skill has become a system that values structure, processes, behaviour and relationships in equal measure.
- Over time, these dimensions have converged into a coherent definition of good governance, underpinned by statutory duties and reinforced through TPR's codes, campaigns and supervision.
- The result is a more professional, data-driven and saver-focused model of trusteeship, in which governance is judged not only by adherence to regulation, but by the quality of decisions, collaboration and challenge that ultimately shape member outcomes.

Pension regulation has moved from reliance on trust law to a system of duties, codes and behavioural standards

In the 1980s and 1990s, trustee conduct was solely governed by trust law and common law principles, with limited oversight beyond scheme funding and disclosure rules. From 2000 onwards, legislation began to define what trustees must know and how they should act, introducing formal duties of care, knowledge and governance. Successive Acts, guidance and codes have since expanded these expectations, creating a more consistent and accountable system. Today, trustees operate within a principles-based regulatory environment that links competence and behaviour directly to the quality of scheme governance and member outcomes.

1980s to 1990s: Mainly single-employer DB schemes

During the 1980s and 1990s, most workplace pension schemes were single-employer DB schemes. Trustee boards were usually made up of lay members who relied on actuarial and legal advice. Regulation focused on compliance and scheme funding, and good member outcomes were mainly determined by adherence to scheme benefit rules and employer guarantees. Most trustee boards operated

without standing committees, and where committees existed, they were small and focused on administration or investment, reflecting the narrower scope of trustee decision-making at the time.

2000s to 2010s: Market diversification and use of professional trustees

From the early 2000s, the shift towards DC and multi-employer provision changed the structure of the market. Governance became more formalised, and professional trustees became more common, particularly in schemes with complex investment and funding arrangements and DB schemes looking to buy out or buy in. As schemes grew, they began introducing audit, investment and risk sub-committees to manage specialist areas.

2020s: Consolidation and accountability

In the 2020s, policy has shifted towards scale, efficiency and measurable outcomes. Smaller DC and DB schemes are consolidating into authorised master trusts and multi-employer schemes. DB superfunds have been established to help consolidate schemes moving towards buy out/buy in. Committee structures are now a standard feature of large schemes and master trusts, supporting delegated oversight of investment, audit, administration and member engagement. Some DB schemes are adopting a sole corporate trustee in order to manage complexity and streamline decision-making. Smaller single-employer schemes and legacy DC arrangements still manage most decisions through the main board, often with advisers and professional trustees providing subject expertise.

The definition of good governance has evolved over two decades

Early reforms and good governance definitions focused on funding and structural and technical competence. Later changes extended expectations to board processes, trustee behaviour and the quality of relationships between trustees, advisers, employers and members. Together these have shaped four dimensions of governance: structure, processes, behaviours and relationships.

The 2004 Pensions Act defined good governance as a combination of structure and skill

The Trustee Act 2000 introduced a statutory duty of care, establishing a baseline of diligence and judgement, the foundation of governance **structure**. It clarified how trustees were expected to act and set the standard of skill required. The Pensions Act 2004 then built on this foundation by creating TPR and introducing the statutory requirement for Trustee Knowledge and Understanding (TKU). This formalised the

expectation of technical competence, embedding a framework for trustee capability and oversight, the first stage in defining good governance as a combination of structure and skill.

Automatic enrolment introduced value for money expectations

As the market shifted towards DC provision, auto-enrolment in 2012 rapidly expanded membership and brought new expectations around value for money, transparency and member communication. These reforms extended governance from technical compliance to **processes***:* trustees were now responsible for demonstrating that systems, decision-making and member outcomes met minimum quality standards.

21st Century Trusteeship emphasised trustee behaviour

TPR's 21st Century Trusteeship programme, launched in 2016, marked a further step-change. It placed emphasis on **behaviour**: how trustees think, challenge and decide collectively. The programme defined effective boards as those that combine skill with curiosity, independence of thought, and collaborative decision-making, signalling that governance quality depends as much on the dynamics within the board as on formal structures.

In the early 2020s, attention turned to culture and capability

The DWP's Trustee Skills, Capability and Culture Consultation (2023) highlighted the growing need for digital, ESG and data competence, reflecting a more complex operating environment. It identified culture, communication and collaboration as integral to effective governance, reinforcing the importance of the **relationships** strand, how trustees interact with one another, with advisers and employers, and with members.

TPR's Code of Practice consolidated developments into a single framework

The General Code of Practice (2024) requires all schemes to maintain an Effective System of Governance with clear responsibilities, documented policies and defined lines of accountability, **structure and processes supported by behavioural and relational expectations.** In June 2025, TPR[1] set out how trusteeship must evolve alongside the forthcoming Pension Schemes Bill and Value for Money Framework. It said trusteeship should align with wider corporate governance standards, becoming more data-led and outcome-focused. It defined five traits of good trusteeship: saver-focused, constructively challenging, skilled, collaborative but accountable, and data-driven.

[1] www.thepensionsregulator.gov.uk/en/media-hub/speeches-and-speakers/2025/the-changing-nature-of-trusteeship-2025

Key legislative and regulatory milestones

Trust law:

- Trustees governed by trust law and common law duties.
- Focus on funding, disclosure and preservation.
- Regulation enforced through general law, not a dedicated regulator.

Trustee Act 2000:

- Clarified trustees' duty to act prudently and with reasonable care.
- Replaced variable common law standards with a consistent legal benchmark.

Pensions Act 2004:

- Introduced risk-based regulation and new scheme funding requirements.
- Set legal duties for trustees to understand trust law, funding, investment and scheme rules.
- Required ongoing learning and record-keeping, supported by TPR's Trustee Toolkit.

Automatic enrolment:

- Shifted regulatory attention toward administration, charges and member value.
- Introduced employer duties and strengthened scheme governance for DC provision.

21st century trusteeship 2016:

- Defined traits such as independence, challenge, collaboration and accountability.
- Promoted use of professional trustees and governance reviews.
- Marked a move from procedural compliance to behavioural oversight.

DWP trustee consultation 2023

- Identified gaps in data management, cyber security, climate risk and understanding of private markets.
- Reinforced the importance of diverse and balanced trustee boards.
- Informed forthcoming updates to TPR guidance and toolkit.

Code of practice 2024

- Required every scheme to maintain an effective system of governance (ESOG).
- Made documentation, risk management and internal controls mandatory.
- Linked trustee governance directly to operational and behavioural standards.

Pensions Bill VFM 2025

- Strengthen trustee duties on governance, reporting and oversight, and behavioural standards.
- Extends TPR's powers to support consolidation and improve scheme accountability.
- Introduces comparable reporting on investment performance, costs and service quality.

Good governance can be considered in relation to board performance in four key areas

These reforms set out a series of skills, capabilities and behaviours that can be examined by assessing how boards perform in four key areas:

- **Structure:** diversity of thought and experience, good mix of trustees, appropriate use of committees.
- **Processes:** documented decisions, risk management, accountability, oversight systems;
- **Behaviours:** member focused, collaborative, data-led, challenging and independent;
- **Relationships:** collaboration, communication, review and responsibility across all parties.

In TPR's framework, these dimensions form the evidence base for judging whether governance is effective. "What good looks like" is therefore defined less by formal compliance and more by how consistently trustees demonstrate skill, integrity and sound judgement within a structured and accountable system.

Chapter Two: How well do UK trustees deliver good governance?

This chapter examines the structural foundations of trustee governance through the four areas of structure, processes, behaviour and relationships.

Key chapter two conclusions:

- Effective trustee governance rests on four foundations: structure (the right mix, numbers and independence to enable challenge), processes (clear objectives, risk management and regular review), behaviour (data-led, collaborative and constructively challenging), and relationships (defined roles, active oversight and assessed performance of advisers and providers).
- Scale and use of professional trustees can strengthen these foundations, though they introduce their own risks and must be managed transparently.
- Larger and better-resourced schemes are further along this path; smaller schemes can still demonstrate good governance where boards invest in capability, document controls, use data well and scrutinise third parties.
- Ultimately, governance quality is judged less by formal compliance than by consistent, well-evidenced and outcomes-focused decision-making that protects members and delivers reliable service, and by boards' willingness to review themselves and improve.

Structure: diversity, roles, oversight, accountability and review

Larger DB and DC schemes tend to have more trustees and are more likely to use professional trustees

A well-functioning board needs enough trustees to provide a good mix of skills and perspectives but not so many that decision-making becomes unwieldy. Nor should it be so small that it becomes difficult to maintain effective challenge and diversity of thought and experience.

DC boards average 2.7 trustees overall, falling to 2.3 in micro and small schemes but rising to 6.6 in master trusts. 7% of micro and small schemes are run by a single trustee, and 56% have two or fewer. DB boards tend to have more trustees, averaging around 4.5 trustees (3.2 in smaller schemes and 7.1 in large).[2]

[2] TPR (2025a); TPR (2025b)

The use of professional trustees is linked to more formal governance and clearer accountability. They bring technical expertise, continuity and structured processes that can strengthen oversight, improve risk management and support schemes in navigating regulatory and funding complexity. Their involvement can also reduce conflicts of interest by introducing an independent voice and improving the transparency of decision-making.

However, the use of professional trustees introduces its own risks. Standards vary, and strong technical expertise can sometimes be accompanied by narrower skills in areas such as leadership, communication or board dynamics. Knowledge may also become overly concentrated in a single individual, creating dependence and weakening overall board resilience. Where a professional trustee is employed by a firm that also provides advisory or product services, conflicts of interest may arise and need to be actively managed. These factors mean the use of professional trustees requires proportionate checks, clear accountability and balanced expectations.

18% of DC schemes use at least one professional trustee, rising from 13% of micro and small schemes to 93% of master trusts. Half (49%) of DB schemes have a professional trustee, increasing to 60% among the largest.[3]

DB schemes, in particular, are increasingly appointing a sole corporate trustee to streamline governance, reduce administrative burden and ensure continuity as schemes mature or approach endgame. In 2023, around 14% of DB schemes used a sole corporate trustee according to a Hymans Robertson survey of 11 professional trustee firms.[4] This model can deliver faster decision-making and clearer accountability but may also limit diversity of perspective and reduce opportunities for internal challenge, though some corporate trustees are backed by representative boards, e.g., USS which uses employer, union and independent trustees.

Technical knowledge differs by scheme size and type but is improving overall

In 2025, 94% of large DB schemes reported that trustees had good knowledge of climate-related risks and opportunities, compared with 67% of medium and 53% of micro/small schemes. Similar differences appeared in investment capability: 98% of large DB schemes were confident in trustees' ability to assess a diversified investment range (the quality of different assets), falling to 79% among the smallest.

[3] TPR (2025a); TPR (2025b)
[4] Hymans Robertson (2023)

Schemes with a professional trustee were more likely to have a scheme-specific cyber-incident response plan (39% compared to 17%). Among those who relied on someone else's plan, 90% with a professional trustee had verified that third party plans adequately covered their scheme (compared to 76% of those with no professional trustees). Environmental, Social and Governance was also a higher priority in schemes with a professional trustee.[5]

Across both DB and DC, 86% of schemes believe they will meet TPR's expectations around cyber-risk and data breaches, and 74% of DB boards receive general, not scheme specific, cyber-risk training annually.[6] As awareness of cyber risk is growing, the proportion of boards expected to undergo training is increasing.[7]

The use of technical committees is also increasing, in 2025, 52% of scheme representatives (including trustees and pension managers) responding to a Barnett Waddingham survey used sub-committees, with the most common type being investment committees, followed by governance, projects, risk transfer, funding and administration.[8] Where committees are not feasible, allocating leads for key areas such as investment or governance can provide structure and continuity, though this can raise questions about how accountability, oversight and constructive challenge are maintained.

Trustee boards are generally less diverse than the general population

A mix of backgrounds, experiences and skills on trustee boards supports broader thinking, better challenge and more balanced decision-making. When trustees approach issues from different perspectives, they are more likely to identify risks, question assumptions and find solutions that work for a wider range of members. While demographic diversity matters, diversity of thought and experience is equally important.

Pension schemes rely on a wide range of external providers for administration, investment management, communications and other services. Trustees are responsible for appointing or overseeing these providers, setting expectations and monitoring performance. This means boards increasingly need skills in areas such as communications with members, audit and scrutiny of scheme operations, contract negotiation, and third-party relationship management. While some expertise can be bought in, boards still need sufficient knowledge to oversee work and challenge the advice they receive. Broadening the expected skills profile to cover these areas would widen the pool of suitable candidates and support greater diversity overall.

[5] TPR (2025a)
[6] TPR (2025a); WTW (2023)
[7] WTW (2023)
[8] BW (2025b)

In 2022, boards were on average less diverse than the general population across most protected characteristics,[9] and only 10% of DB and 14% of DC schemes collected trustee diversity information.[10] Among those that did, the most common data recorded were gender and age, usually used for monitoring (36% of DB and 32% of DC schemes) followed by trustee recruitment (20% of DB and 29% of DC schemes) or training purposes (16% of DB and 24% of DC schemes).[11] Larger schemes, those with professional or corporate trustees, and those with more diverse boards already, were more likely to collect and use diversity information in order to take action on D&I policies.[12]

However, the 2023 WTW governance survey suggests that schemes are becoming more aware of the need for a diverse board[13] and 45% of trustees feel their boards have become more diverse over the past five years.[14]

Alongside having a sufficiently sized and diverse board with adequate technical competence, schemes also benefit from term-limit policies, which help maintain diversity of thought, refresh capability and strengthen accountability and decision quality. Data on the proportion of schemes with these policies in place is not widely available, though all trust-based schemes are encouraged by TPR to produce and follow them.[15]

The use of self-assessments is not regular among schemes

According to the Willis Towers Watson 2023 governance survey, two thirds of trustee boards run self-assessments for governance effectiveness as and when needed, and 30% undergo external assessments at least every three years.[16] Schemes may be more likely to self-assess as part of preparation for regulatory change for example in 2022 47% of DC trust-based schemes had carried out a self-assessment of scheme governance and administration in preparation for new VFM requirements.[17]

[9] TPR (2023a)
[10] TPR (2022)
[11] TPR (2022)
[12] TPR (2023a)
[13] WTW (2023)
[14] TPR (2023a)
[15] TPR (2024b)
[16] WTW (2023)
[17] TPR (2023b)

International examples of good structural governance

Many jurisdictions formalise trustee capability through published skills and experience matrices, documenting how boards cover key areas such as finance, risk, investment, communications, cyber and retirement income. Australian Prudential Regulation Authority (APRA) reforms in Australia require documented board skills matrices and trustee succession plans,[18] recognising that long tenure and homogeneity can weaken decision-making. In the Netherlands, balancing professional competence with social partner representation helps sustain renewal and a diversity of perspectives.[19] Ireland's Pensions Act 1990 mandates trustee training within six months of appointment and at least every two years thereafter.[20]

Sectoral example of poor structural governance

The Charity Commission's 2020 alert[21] highlighted that many large, complex charities suffered from unclear lines of accountability between trustees, executives and committees, resulting in weak oversight, safeguarding failures and blurred responsibility. These structural weaknesses were often rooted in poor definition of matters reserved to the board, inadequate terms of reference and weak reporting lines across sub-committees. Large charities, in particular, demonstrated how complexity without clarity can undermine effective challenge and decision-making. These failures arose under earlier frameworks, before the 2025 Charity Governance Code, which now sets a higher bar for clarity, accountability and regular board review.

[18] In response to Australian superannuation reviews which identified persistent weaknesses in board oversight, valuation governance, expenditure accountability and liquidity management alongside inadequate business planning and member-outcomes assessment, poor justification of marketing expenditure, and excessive reliance on external parties for unlisted asset valuations. Many boards did not explain how strategic objectives such as fund growth or product expansion would lead to measurable benefits for members. APRA (2025b); APRA (2021); APRA (2024a)

[19] APG (2025)

[20] TPA (2022); https://service.betterregulation.com/document/33966; www.williamfry.com/knowledge/training-requirements-for-pension-trustees

[21] www.gov.uk/government/publications/alert-for-charities-the-importance-of-transparent-and-accountable-governance

Knowledge and accountability

Average number of trustees in each scheme type:

- Small DC scheme – 2.3
- Small DB scheme – 3.2
- Master trust – 6.6
- Large DB scheme – 7.1

Accountability and review:

- 30% of all schemes have assessments every three years
- 47% completed self-assessments pre – VFM reforms
- Two thirds run ad-hoc assessments

Proportion of schemes with professional trustees:

-
- Micro/small DC –13%
- Small DB schemes – 38%
- Large DB schemes – 60%
- Master trusts – 93%

Percentage of schemes with good knowledge of climate – related risks and opportunities:

- Micro – 53%
- Medium – 67%
- Large – 94%

Processes: objectives, risk management, efficiency and review

Governance processes differ by both scheme type and scale. Larger and multi-employer schemes have more formal objectives, structured risk frameworks and regular review cycles, while smaller single-employer schemes rely more on advisers and procedural compliance. DB schemes tend to focus on long-term investment and funding objectives linked to liabilities, whereas DC schemes generally apply broader trustee goals covering governance, risk and member outcomes.

It is important to recognise that effective governance measurement goes beyond confirming that objectives are completed or documents submitted. The accuracy, completeness and timeliness of these activities also provide valuable insight into

how well governance processes are functioning. Trustee objectives are also expected to have a clear rationale and to extend beyond investment matters, reflecting the scheme's overall approach to governance and decision-making.

DB investment objectives are liability focussed while DC's are growth focussed

DB scheme investment objectives tend to mainly focus on meeting long-term liabilities and preparing for scheme closure, while DC schemes have longer time horizons and focus on long-term growth. This difference reflects the underlying purpose of each model: DB trustees are usually managing towards a defined end point, while DC trustees manage for long-term accumulation and member outcomes.

In DB schemes, objectives are typically liability-driven. 93% of DB schemes have a long-term objective (LTO), broadly consistent across sizes, and 91% have a long-term investment strategy targeted to support the actuarial assumptions underpinning the LTO, up from 59% in 2021. The focus of these objectives is generally clear, with 58% aiming to buy out with an insurer and 31% to run on with low employer dependency, and very few (1%) targeting consolidators.[22]

DC schemes tend to set objectives with longer horizons and broader focus. Nest's long-term investment objective is to deliver the best possible retirement income for members, targeting investment returns at least three percentage points above inflation.[23] The People's Pension sets specific long-term objectives for each of its funds,[24] while the DC section of Dun & Bradstreet's plan aims to "offer members a range of investment options that accommodate different investment objectives and attitudes to investment risk."[25]

The People's Pension commits "to maintain a standard of governance that befits a scheme of this scale," aligning its operations with The Pensions Regulator's General Code and the ICAEW assurance framework for master trusts.[26] Nest's trustee board defines the scheme's strategic direction and regularly reviews evidence from member and employer panels to assess performance against its goals.[27]

[22] TPR (2025a)
[23] Nest Corporation (2025)
[24] TPP (2025b)
[25] Dun & Bradstreet (2023)
[26] TPP (2025a)
[27] Nest Corporation (2025)

DB risk management is primarily focused on funding, investment and covenant strength

64% of DB schemes take covenant risk into account to a great extent when setting their recovery plan, 59% when setting their long-term objective, 58% for the investment strategy, and 57% for the technical provisions. This marks an increase since 2023 for the long-term objective, investment strategy and technical provisions. [28]

Scheme maturity is also a key risk input. 49% of DB schemes report that maturity influences the investment strategy to a great extent, and 43% say the same for technical provisions, with most others reporting influence "to some extent." [29]

Operational risk management is also active. 68% of DB schemes reviewed their cyber risk and 67% reviewed their controls within the previous 12 months. 57% reviewed their cyber security incident response plan (CSIRP) in the last year, though only 31% tested it within that period. [30]

Cyber risk management capability varies by size. According to the 2024 TPR DC survey, 35% of DC schemes have accessed specialist skills or expertise to help manage cyber risk, rising to 100% of master trusts and 85% of large DC schemes, compared with 54% of medium, 32% of small and 28% of micro schemes. Of the remaining schemes, 54% believe they could access specialist support if required, but around one in seven smaller schemes are more likely to lack access or not know if they would be able to do so (13% of micro and 14% of small schemes). [31]

DC schemes review processes more often than DB schemes

The use of measurable targets within long-term objectives provides DB schemes with clear milestones for performance review. 51% of DB schemes now target a specific discount rate, and the proportion with a long-term investment strategy has increased from 59% in 2021 to 91% in 2024. Around 68% of DB schemes reviewed their cyber risk and 67% reviewed their data controls within the previous year, demonstrating regular review cycles, although only 31% tested their cyber security incident response plan.[32]

[28] TPR (2025a)
[29] TPR (2025a)
[30] TPR (2025a)
[31] TPR (2025c)
[32] TPR (2025a)

Among DC schemes, regular review is led by TPR guidance and regulation. 73% reported having effective policies for reviewing their policies and procedures to ensure they remain effective, while 71% have processes for ensuring compliance with statutory requirements. 78% of DC schemes report having effective policies and procedures for ensuring the accuracy of scheme and member data, 68% for maintaining trustee knowledge and skills, and 67% for resolving contribution and payment issues.[33]

Effectiveness and documentation of policies increase with scheme size. 43% of large DC schemes and 44% of master trusts report effective and documented policies across all areas, compared with 24% of small schemes and 15% of micro schemes. Schemes with professional trustees are more likely to have effective arrangements relating to trustee knowledge and skills (85% vs 66%), the monitoring of advisers and service providers (76% vs 52%), assessing/managing investment risks (77% vs 49%) and assessing/managing operational risks (70% vs 49%).[34]

[33] TPR (2025c)
[34] TPR (2025c)

International examples of good process governance

International practice shows how governance processes could be measured and evidenced more consistently. In Australia, trustee boards must publish an annual member-outcomes assessment linking objectives, metrics and remedial actions, [35] while in the Netherlands and Canada, boards are expected to embed measurable member outcomes into their governance processes and report on progress.[36] Canada's updated CAPSA guideline requires boards to review how governance influences savings adequacy, participation and decision-making, using indicators such as member engagement with investment tools and projected retirement income outcomes.[37]

Sectoral examples of good/poor process governance

In local government, 2020, several English councils experienced governance failures that led to central government intervention. Reviews found that councils often lacked coherent strategic plans and stable leadership, relying heavily on interim post-holders and failing to translate objectives into ongoing governance cycles. Risk processes existed largely on paper, with poor scrutiny, weak escalation and opaque decisions undermining accountability. Learning from incidents rarely fed back into process improvement, forcing commissioners to impose new protocols and retrain staff.[38] In contrast, the NHS provider sector offers a model of structured process governance. Under the "Well-Led" framework, boards undertake annual internal and periodic external governance reviews, supported by clear lines of enquiry, documented evidence and action tracking. These reviews explicitly test whether strategic, financial and workforce objectives are embedded and regularly reviewed, ensuring governance remains both forward-looking and measurable.[39]

[35] APRA (2025c); APRA (2018)
[36] APG (2025); Monitoring Commissie Corporate Governance Code (2025); CAPSA (2024): Dentons (2024b)
[37] CAPSA (2024): Dentons (2024b)
[38] MCHLG (2020)
[39] www.england.nhs.uk/well-led-framework

Governance process - objectives, risk and review focus for DB and DC schemes

DB schemes

Objectives:

- Long term funding and investment to meet liabilities

Risk:

- Covenant, maturity, cyber, investment

Review:

- Regular – milestone based

DC schemes

Objectives:

- Long term savings growth and member outcomes

Risk:

- Investment, operational, cyber

Review:

- Governance and compliance reviews

Behaviour: member focused, collaborative, data-led, challenging and independent

The Pensions Regulator identifies effective trustee behaviour as member-focused, collaborative, data-led, constructively challenging and independent. These behaviours underpin the quality of decision-making and are central to the General Code.

Member focus can be reflected through both member representation and engagement with members

TPR's General Code and 21st Century Trusteeship guidance position "acting in members' best interests" as a behavioural standard. Trustees are expected to evidence this through understanding member needs, tailoring communications, and integrating member feedback into scheme decisions. If schemes frame their strategic objectives around clearly defined member outcomes and the specific activities intended to deliver them, this provides a stronger basis for setting KPIs, tracking milestones and evaluating whether trustee decisions are achieving the intended impact.

As schemes consolidate, there are fewer member-nominated trustees

The statutory requirement for one-third of trustees to be member-nominated provides a baseline level of member consideration for most single-employer schemes, but multi-employer DC master trusts and DB consolidators and sole trustee appointments are exempt, meaning direct representation is no longer universal. Some schemes have introduced alternative engagement routes: Nest and Invensys operate member panels, the BBC Pension Scheme holds liaison meetings, The People's Pension runs research programmes with members and employers, and IBM hosts Q&A sessions between members and trustees.[40]

Less than half of schemes conduct member research

Across DC schemes, 32% report using member research to inform their value-for-money (VFM) assessments, rising sharply among larger schemes (71%) and master trusts (100%). Boards with member nominated trustees (MNTs) are more likely to gather member insight to inform their decumulation and retirement offerings (79% with MNTs vs 35% without). The same was true of schemes with professional trustees (71% with professional trustees vs 47% without). Broader methods for

[40] Wolf, S (2023); www.nestpensions.org.uk/schemeweb/nest/nestcorporation/who-runs-nest/employers-and-members-panel/members-panel.html; https://peoplespartnership.co.uk/media-centre/press-releases/one-in-five-savers-have-never-checked-their-pensions-research-by-the-peoples-pension-reveals

gathering member insight include open consultations (34%), member data analysis (21%), surveys (11%) and panels or focus groups (7%), though nearly half (49%) of schemes do not collect member feedback at all. Micro and small schemes are least likely to do so, reflecting limited capacity rather than lack of interest.[41] However, it is likely to be the case that smaller schemes are single-employer and therefore will generally have at least one MNT influencing board decision-making.

More schemes are investing in improving member services

In DB schemes, member focus is most evident in service delivery and benefit protection. Among those DB schemes who had increased investment in admin, technology or automation, the reasons most often cited were preparing for pensions dashboards (73%), improving services to members (72%), and reducing errors or complaints (64%). 79% include member communications in their cyber response plans, and 97% report effective controls against detecting and preventing transfer scams. Among those with a funding surplus, only 8% released surplus funds in the previous year, and none of these had released funds to employers; most used them to increase member benefits. Over half (53%) expressed concern about government proposals easing surplus-extraction rules, citing the risk to the scheme's longer-term financial security, followed by concerns about what the surplus would be used for and ensuring member benefits are protected.[42]

Among DC schemes, member support at retirement is increasingly built into governance. Aside from statutory communications, most provide access to guidance services (55%), partnerships with financial advisers (32%), personalised communications on decumulation options (31%) or digital tools (21%), though one-third offer none. Awareness of the government's proposed default decumulation duty also reflects attention to outcomes: around one quarter (26%) of schemes were aware. Among those reviewing their decumulation options as a result of the proposed duty, 69% planned changes. 89% were aimed at improving member engagement and support. 26% of DC schemes communicate regularly with members about options to consolidate their pots, though 32% never do.[43]

[41] TPR (2025b)
[42] TPR (2025a)
[43] TPR (2025b)

Pension schemes are spending more on improving and managing scheme data

The use of data helps trustees plan and deliver projects, manage risk, improve member services and engage with areas such as dashboards, cyber security and ESG. Pension schemes appear to be spending more on managing and improving data, suggesting that the trustees are valuing the use of data in decision-making more than they used to as a result of growing complexity in the pensions landscape.

60% of DB schemes increased their budget for managing or improving data over the previous two years and 46% expect this to increase in the next two years. The main reasons for higher data spend were delivering special projects (87%), identifying and addressing scheme issues (74%), and de-risking (56%). Comparatively fewer schemes reported additional investment in administration technology and automation; 36% saying this had increased in the previous two years and 33% expecting an increase in the next two years. Key reasons were preparing for pensions dashboards (73%), improving member services (72%), and reducing errors or complaints (64%).[44]

In DC schemes, most reported stable budgets for data and administration technology, but increases were more common than decreases. One quarter had increased budgets for managing/improving data in the previous two years, and 20% expected to do so in the next two years. For administration technology, 18% had increased spending and 15% expected to do so in the next two years. Overall, large and medium DC schemes and master trusts were more likely to report increases compared to micro and small schemes. The main reasons for higher data spend in the previous two years were special projects (68%) and identifying and addressing scheme issues (60%). For increasing investment in administration technology, key drivers were improving member services (63%), preparing for dashboards (57%) and reducing errors or complaints (47%).[45]

Across both DB and DC schemes, larger schemes and those using professional trustees were more likely to invest in data and technology, have cyber security plans, and show stronger knowledge of ESG and diversified investments.

[44] TPR (2025a)
[45] TPR (2025b)

Understanding whether trustees are independent, collaborative and challenging requires qualitative research

Independence, collaboration and constructive challenge are core features of effective trustee behaviour but are difficult to assess through annual surveys alone. Some aspects can be evidenced through structural features, for example, maintaining an appropriate mix of independent and member-nominated trustees, using sub-committees with cross-membership, holding regular meetings and joint training sessions, and adopting self-assessment and rotation policies. A range of objective indicators can also provide useful signals: evidence of independence from providers and advisers through documented contract oversight and periodic review; the presence of regular performance reviews and development plans for trustees; and external board-effectiveness reviews that assess challenge, independence and the extent of adviser influence. These measures help build a picture of how well a board is operating, even if they cannot capture every behavioural nuance.

Understanding how trustees actually behave, whether they engage openly, avoid adviser-led decision-making, challenge constructively and work collectively towards good outcomes, can be more holistically understood through the additional use of qualitative assessment, including interviews, observation and independent board or third-party relationship reviews. While self-reported confidence can be unreliable and external reviews may be shaped by existing relationships, combining qualitative insights with structured, objective indicators offers a more rounded and proportionate view of behavioural effectiveness.

International examples of good behaviour governance

In Australia, behavioural competence is embedded in regulation: APRA's *Fit and Proper* standard requires boards to test both individual and collective behaviour through observation, peer and chair assessments, and periodic independent reviews. This ensures trustees can demonstrate challenge, independence and collaboration rather than relying solely on self-assessment.[46] In the Netherlands, behavioural competence is treated as a key determinant of governance quality, with regulators expecting trustees to evidence leadership, group dynamics and communication alongside technical skill.[47] Canadian boards, eg., Ontario Teachers' Pension Plan, conduct periodic behavioural reviews focused on decision-making dynamics and the clarity of collective purpose.[48]

Sectoral example of good behaviour governance

The UK Government's *12 Principles of Governance for Public Body Non-Executive Directors* require board members to act in the public interest, maintain independence from executives, and provide constructive challenge supported by evidence and data. Non-executives are expected to monitor performance, ensure financial and risk systems are robust, and participate in regular self- and board-effectiveness reviews. This framework demonstrates how behavioural expectations—independence, collaboration, accountability and data-led decision-making—can be formalised and assessed through structured appraisal and transparency processes, strengthening both governance quality and stakeholder trust.[49]

Member focused trustee behaviour

According to TPR's March 2025 survey of DB and DC schemes, around three quarters of DB schemes include member communications in their cyber response plans (79%) and/or invest in administration services to improve member outcomes (72%), while a third of DB schemes use member research in their value for money assessments (32%)

[46] APRA (2025a)
[47] De Nederlandsche Bank (2015)
[48] OTTP (2024)
[49] www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds

Relationships: collaboration, communication and responsibility

Strong relationships between trustees, advisers, employers and service providers are essential to effective scheme governance. They underpin accountability, open communication and consistent delivery against trustee objectives. Like trustee behaviours, these relationships are difficult to assess through annual surveys, but they can be evidenced through structural practices such as regular third-party reviews, board assessments and clearly defined roles and responsibilities. All trustees share responsibility for governance and oversight, and it is important that each understands the remit of others, including service providers, so that key tasks are not overlooked or assumed to be covered elsewhere.

Scheme assessments of third-parties is growing

Trustee relationships with advisers are formalised through regulatory expectations. The Pensions Regulator requires trustees to set and review objectives for their investment consultants. Most trustee boards use review and assurance processes to manage adviser and provider relationships,[50] though in some cases providers set their own SLAs and KPIs in order to achieve scalable processes and avoid bespoke operations and reporting. In the 2025 Barnett Waddingham survey, 88% of schemes said they conducted ad hoc reviews of independent trustees on their boards.[51]

Oversight arrangements are particularly visible in how trustees monitor investment managers and service providers. NEST, for example, assesses investment managers against the trustee board's objectives,[52] while other schemes commit to reviewing their platform providers' and managers' ESG and stewardship policies to ensure delegated responsibilities are being met. TPR's 2020 DB Governance Survey shows that schemes typically use a range of measures to assess administrator performance, most commonly project delivery against agreed time and cost (81%) and compliance with service level agreements (80%). Most respondents said their administrator complied with the PSIG (76%) and PASA (56%) standards, but few knew whether their provider held any other accreditations. This lack of awareness was consistent across schemes of all sizes. Over two-thirds of schemes monitored complaints and error rates, audited administration systems, conducted analysis of errors, and tested calculation accuracy. However, most trustees had limited knowledge of their administrators' professional accreditations or compliance with external standards, suggesting that some aspects of relationship assurance remain underdeveloped.[53]

[50] APPT (2022)
[51] BW (2025b)
[52] Nest Corporation (2025)
[53] TPR (2020)

International examples of good relationship governance

Some international governance frameworks place emphasis on clarity of roles, accountability, and assurance within trustee relationships. In Australia, the Financial Accountability Regime (FAR), applies personal responsibility to directors and senior executives from 2025. This is intended to ensure that oversight responsibilities are clearly defined and documented. [54] In the Netherlands, trustees must justify key investment and communication decisions, demonstrating transparent accountability between boards, advisers and administrators.[55]

Sectoral examples of good relationship governance

In the UK corporate sector, the Financial Reporting Council (FRC) emphasises the importance of robust relationships between boards and their advisers via the UK Corporate Governance Code and the "Audit Committees and the External Audit: Minimum Standard". These require audit committees (and by extension boards) to lead key engagements with external providers, such as appointing and overseeing auditors, reviewing their effectiveness, and disclosing this oversight in annual reports.[56] This model mirrors the trustee–adviser relationship expectations in pension scheme governance: defined roles, regular review of adviser performance, transparent communication and structured challenge.

[54] In response to Australian superannuation reviews which identified persistent weaknesses in board oversight, valuation governance, expenditure accountability and liquidity management alongside inadequate business planning and member-outcomes assessment, poor justification of marketing expenditure, and excessive reliance on external parties for unlisted asset valuations. Many boards did not explain how strategic objectives such as fund growth or product expansion would lead to measurable benefits for members. APRA (2025b); APRA (2021); APRA (2024a)

[55] APG (2025)

[56] FRC (2024); FRC (2023)

Figure 2.4: relationships, collaboration and communication responsibilities between trustees, employers and advisers



Chapter 3: Evaluating the impact of regulation on governance outcomes

This chapter outlines how a proportionate, evidence-based evaluation approach can be built over time, drawing on multiple data sources and applying a Theory of Change to test how regulatory expectations shape trustee practice and member experience.

Key chapter three conclusions:

- Governance quality depends on structures, processes, behaviours and relationships, and evaluation must reflect how these operate in practice.
- Current evidence is strongest on formal structures and processes; behaviour and adviser relationships remain less visible and harder to assess.
- A Theory of Change helps map how regulatory levers drive trustee actions, outputs and improvements in governance and member protection.
- A multi-source evidence chain is needed to track trends and identify risks.
- Embedding evaluation in planning cycles will strengthen TPR's ability to link governance changes to outcomes.

Governance quality depends on structures, processes, behaviours and relationships, and trustee behaviour is the mechanism through which these elements operate. TPR regulation influences trustee capability and behaviour, but evidence on how these behaviours translate into outcomes is uneven and varies by scheme type and size.

Key implications for evaluation

Evidence across the four governance dimensions highlights several themes relevant to future evaluation:

- Governance is stronger and better evidenced in larger schemes and master trusts, where structures, documentation, risk management, and adviser oversight are more established.
- Smaller single-employer schemes face capacity constraints, rely more on advisers, and have weaker documentation and data practices, making behavioural assessment more challenging.
- Trustee behaviour, challenge, judgement, data use and member focus is the least consistently measured area, with limited observable indicators across the system.
- The link between governance improvements and member outcomes is clearest for intermediate indicators such as data quality, cyber preparedness, complaints, service levels, and investment process discipline.
- Direct evidence of how trustee actions influence member outcomes is still limited.

These themes shape what TPR can realistically measure now, what will require additional evidence sources, and where gaps remain.

A Theory of Change can be used to guide evaluation

TPR influences governance through education, guidance, and regulation. A Theory of Change provides a way of mapping how these levers are expected to drive behavioural change and, over time, contribute to better outcomes.

A Theory of Change defines the connections between inputs, activities, outputs, and outcomes, and identifies behaviours, incentives, and external conditions that are required for success. The below is an example of what a theory of change for evaluating the effect of regulation on pension scheme governance might look like, but is not a reflection of TPR's actual plans:

- **Inputs:** At the input stage, TPR could deploy regulatory levers, such as the General Code, guidance, training and knowledge frameworks in order to improve behaviour, competence, and accountability.
- **Activities:** These could occur when trustees engage, for example, by completing the Trustee Toolkit, participating in supervision, or submitting reporting data.
- **Outputs:** This engagement generates tangible outputs such as new policies, procedures, or evidence gathering mechanisms.
- **Outcomes:** These activities are expected to result in outcomes, for example improved investment decisions, fewer errors and better risk management, stronger value for money (VFM) delivery and enhanced member protection.

A Theory of Change does not assume a simple or direct causal line. Instead, it clarifies what can be measured and allows TPR to test which regulatory levers appear most influential.

What TPR already influences and measures

Structure

What it covers:

Board size, composition and diversity of thought and experience; presence of professional trustees and sub-committees; existence of governance artefacts (risk registers, policies, terms of reference).

How TPR influences it:

Educational and capability -Trustee Toolkit, 21st Century Trusteeship campaign and self-assessment guidance. Professional trustee accreditation (currently voluntary via APPT).

How TPR assesses it:

Data collection via annual scheme returns, DB/DC/administrator surveys and General Code reporting. Future trustee directory data will provide additional insight into diversity and accreditation coverage.

Potential outcomes:

More complete and up-to-date governance records, stable board attendance and participation, increased use of professional trustees and committees, use of member feedback (e.g., surveys, panels, service data) to inform decisions.

Processes

What it covers:

Forward-looking objectives, regular review cycles, and documented controls, for example DB LTOs, DC VFM reviews, cyber and data testing, statutory reporting.

How TPR influences it:

Guidance and codes set expectations. The VFM framework extends these requirements to assessment of costs, performance and governance for DC schemes.

How TPR assess it:

Monitoring through scheme returns, survey data and thematic reviews (for example investment governance, cyber resilience).

Potential outcomes:

Better-documented policies and risk logs, regular and timely review cycles, improved data accuracy and cyber controls, and fewer calculation errors, delays or reportable governance issues.

Behaviour

What it covers:

Quality of judgement and challenge, consistency between policy and decisions, engagement with training, and use of data to drive decisions.

How TPR influences it:

TPR guidance and code encourages behaviour. Voluntary accreditation frameworks encourage ongoing development.

How TPR assesses it:

Supervisory and thematic engagement (for example case reviews, interviews, observations) provide qualitative evidence of board culture, decision-making and challenge.

Potential outcomes:

More evidence-based decisions, clearer reasoning in minutes, regular use of training and data in board discussions, and documented examples of constructive challenge.

Relationships

What it covers:

Clarity of roles and accountability with advisers and providers, performance review and assurance processes, escalation of service issues.

How TPR influences it:

TPR sets expectations that trustees establish and periodically review adviser objectives, ensuring clear accountability and effective oversight.

How TPR assesses it:

Enforcement and casework examine failures. Thematic reviews and improvement plans test whether trustees manage and document external relationships effectively.

Potential outcomes:

Documented objectives and regular third-party performance reviews, clearer escalation records, faster resolution of service issues, and documented follow-up on recurring problems.

Structure and process indicators can be used to assess strengths, gaps and risks

TPR's existing evidence provides good visibility over some aspects of governance, particularly structures and processes. These indicators show where regulation has strengthened formal governance through clearer objectives, better-documented controls and more established oversight arrangements. However, the evidence base is uneven. Some parts of the market provide less consistent data, making it harder to judge whether improvements reflect genuine behavioural change or minimum compliance. Current reporting also only partly captures trustee behaviour and relationships with advisers and administrators, limiting visibility over how far TPR's interventions are influencing challenge, culture or decision-making quality.

Even so, available indicators can highlight vulnerabilities and emerging risks. Repeated late returns, incomplete records, high trustee turnover, weak data, untested reliance on advisers or minutes showing limited challenge can signal where oversight gaps may lead to administrative failures or member detriment. Tracking these patterns over time helps TPR understand where governance is shifting, where support or intervention may be needed, and the extent to which strengthened policies and controls are translating into day-to-day trustee practice and member experience.

It requires several different data sources to generate a complete picture of governance quality

No single data source can capture governance quality. A more complete picture requires drawing on:

- Survey data to track changes in trustee competence, confidence and activity.
- Scheme returns and General Code reporting to monitor controls, structures and compliance.
- VFM data to link governance processes to member experience.
- Thematic reviews and casework to reveal behavioural dynamics, challenge, culture and decision quality.
- Adviser and administrator feedback to understand operational performance and relationships.
- Future data sources, including the trustee directory.

Together, these sources form an evidence chain, showing how regulatory expectations translate into trustee behaviour and how this appears in observable outcomes.

Change can be measured over time using a multiple source approach to compare before and after interventions

Because most UK regulatory changes apply across the whole market, traditional evaluation techniques that rely on unaffected comparison groups are not feasible. Instead, progress can be assessed by tracking trends, observing how indicators evolve after regulatory changes, and comparing patterns across different scheme types and sizes.

Meaningful signals include shifts in data quality, review cycles, risk controls, adviser oversight, and the evidence of challenge in board discussions. Improvements following the introduction of major regulatory initiatives, such as the General Code or the VFM framework, can indicate whether expectations are influencing practice. Qualitative evidence from supervisory engagement also provides insight into how and why behaviours change.

Confidence in these trends increases when several evidence sources point in the same direction. Baselines collected before new requirements take effect, combined with comparable reporting during and after implementation, allow TPR to understand whether changes are sustained, cyclical or confined to particular parts of the market.

Over time, this approach supports a feedback loop into regulatory design. Findings from monitoring, supervision and casework can refine guidance, highlight where expectations need clarification, and help target supervisory resources. Sharing insights with industry promotes collective learning and reinforces better governance practice.

Evaluation is most effective when linked to planning and budget cycles

Evaluation is more effective when it is built into business and budget planning. Identifying evidence needs can help ensure that monitoring and data collection are properly resourced before implementation begins. For new regulatory initiatives, evaluation planning should sit alongside policy proposals so that timing, scope and data requirements are clear from the outset. Connecting monitoring and evaluation to annual spending reviews and forward business planning makes it easier for findings to inform key policy and funding decisions. This design requires all those involved in budget setting and business planning, including external advisers, to work together.

Taken together, these elements create a system that links design, evidence and feedback, helping TPR understand how regulation influences trustee behaviour and whether it leads to more reliable governance and better protection for members.

Other countries have already begun to link governance behaviour to measurable member outcomes, offering insight into how evaluation frameworks can mature over time.

Regulatory measurement of change in outcomes strengthens evaluation

International evidence shows that this link is easier to evaluate when regulators explicitly connect governance behaviour to member outcomes. In Australia, boards must maintain documented strategies, annual outcome assessments and measurable performance indicators covering fees, investments and governance. Canada's national guidance requires boards to test how governance processes influence savings adequacy and retirement readiness, including member engagement and decision quality. Similar approaches are visible elsewhere: Dutch boards must embed measurable member outcomes into governance plans and review them regularly; Ireland's Pensions Authority expects trustees to demonstrate commitment to members' best interests and is considering annual compliance returns; and EIOPA requires schemes under the IORP II Directive to evidence that governance systems directly protect members through effective oversight and transparent information.[57]

In the UK, forthcoming developments such as the Value for Money Framework and trustee directory offer new opportunities to observe and assess impact, testing whether improved governance processes translate into better member experience and protection.

[57] APRA (2025c); APRA (2018); APG (2025); Monitoring Commissie Corporate Governance Code (2025); CAPSA (2024): Dentons (2024b); TPA (2021)

Appendix 1: International case studies

Australia's governance findings and regulatory response

In March 2025 APRA proposed eight reforms[58] to its prudential governance framework, including mandatory board skills matrices, regular performance reviews, enhanced fitness and propriety standards and formal succession planning requirements.[59] Trustees are also subject to the *Financial Accountability Regime (FAR)*, which extends personal accountability to directors and senior executives from March 2025.[60] A 2020 prudential rule, effective from 2025, also requires boards to set measurable strategic objectives that support member outcomes, via:

1. Setting and approving strategic objectives
2. Building a rolling business plan
3. Defining metrics and monitoring
4. Conducting an annual outcomes assessment
5. Undertaking the business performance review
6. Performing cohort analysis and retirement focus
7. Assessing governing fees, reserves and expenditure
8. Implementing remedial action
9. Maintaining documentation and evidence

APRA expects that these measures will raise board competence, reduce variability, improve transparency and support stronger links between behaviour and member outcomes.

Industry broadly supports APRA's aim to improve governance capability and accountability, which is expected to lead to increased professionalism and alignment with international norms. Industry also endorses clearer role definitions between boards and management and the proposal to simplify committee structures for smaller entities. However, some stakeholders raised concerns that:

[58] In response to Australian superannuation reviews which identified persistent weaknesses in board oversight, valuation governance, expenditure accountability and liquidity management alongside inadequate business planning and member-outcomes assessment, poor justification of marketing expenditure, and excessive reliance on external parties for unlisted asset valuations. Many boards did not explain how strategic objectives such as fund growth or product expansion would lead to measurable benefits for members. APRA (2025b); APRA (2021); APRA (2024a)

[59] APRA (2025a)

[60] www.apra.gov.au/financial-accountability-regime

- New standards on director skills, tenure and independence could raise costs, reduce flexibility and complicate recruitment, particularly for smaller schemes.[61]
- Overlap between the proposals and existing prudential and corporate requirements could increase administrative effort without improving outcomes.[62]
- Limits on tenure and independence may erode institutional knowledge or discourage experienced directors from serving as chairs.[63]

Stakeholders suggest that consistency needs to be balanced with proportionality to prevent governance from becoming overly uniform or compliance-driven.[64]

While TPR relies on guidance, self-assessment and process-based evidence of good governance, Australia combines qualitative expectations with quantitative supervisory enforcement, creating a system that delivers accountability potentially at the cost of flexibility and innovation.

Canada focuses on measurable member outcomes

Canada's pension governance framework is built on guidance rather than regulation because pension oversight is shared across federal and provincial jurisdictions. Canadian Association of Pension Supervisory Authorities (CAPSA) non-binding guidelines provide a national benchmark for good practice, promoting consistency and proportionality without imposing uniform legal rules.

Canadian regulators have been keen to address:

- the increased the risks borne by members arising from the shift of DB provision to DC,[65]
- the potential for governance inconsistencies across provinces and scheme types,[66] and
- the need for fiduciary duties to keep pace with increasingly complex investment strategies and service-provider chains.[67]

[61] AICD (2025) CALI (2025)
[62] PFS Consulting (2025)
[63] Glass Lewis (2025)
[64] Norton Rose Fulbright (2025)
[65] CAPSA (2024)
[66] CAPSA (2016)
[67] Blakes (2025)

New CAPSA guidelines link trustee behaviour to member outcomes by requiring boards to measure how governance processes influence savings adequacy and retirement readiness.[68]

The guidance states:
"6.5 REVIEWING MEMBER EDUCATION AND DECISION-MAKING TOOLS
The CAP sponsor should periodically review the effectiveness and appropriateness of the CAP's education materials, education strategy, investment information and decision-making tools. In establishing criteria for the periodic review of the information and decision-making tools, CAP sponsors should include the:

i. types of decisions members must make;
ii. reasonability of underlying assumptions and/or modelled output within the current market environment;
iii. cost relative to the value and/or usage or effectiveness of the tool or service;
iv. observed patterns of investment behaviour of the members;
v. observed and projected outcomes the CAP is achieving for members;
vi. and members' satisfaction with the information and tools." [69]

Trustees must be able to show not only that governance policies exist, but that they are used to improve participation, investment quality and member understanding for example, by measuring take-up of default options, monitoring engagement with decision-making tools, and assessing member outcomes through surveys or projections of retirement income adequacy.[70]

Reactions to the new framework are mixed. Some stakeholders believe they improve clarity and modernise oversight, but stakeholders have criticised them as too prescriptive and moving toward regulation rather than guidance.[71] The extent of fiduciary duty remains uncertain, and smaller plans say the new documentation and review requirements may be burdensome.[72]

[68] CAPSA (2024)
[69] CAPSA (2024)
[70] CAPSA (2024)
[71] Osler (2025); Blakes (2025)
[72] Dentons (2024a); PIAC et al., (2023)

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