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APPT Response – Corporate Strategy 2026-2031

I am writing on behalf of the **Association of Professional Pension Trustees (APPT)** in response to The Pensions Regulator's ("TPR") consultation on its Corporate Strategy 2026-2031, *"A sustainable retirement income for all"*.

The APPT acts as the representative body for professional trustees of occupational pension schemes. Our 450 accredited members sit on a wide range of defined benefit (DB), defined contribution (DC) and master trust arrangements, supporting schemes with assets in excess of £1 trillion.

Headlines

- We are supportive of the general strategic direction TPR proposes.
- We concur with the description of the market and the trends shaping it.
- We believe the TPR should focus a larger proportion of its time on the biggest risks and knottiest problems, in particular DC value, outcomes at retirement, and decumulation.
- We are sceptical that more and more consolidation necessarily leads to better outcomes and we would ask TPR to use evidence to shape its thinking.
- We want to work collaboratively with TPR and think that the recent round of engagement with professional trustee firms has built further trust and granular understanding which we are keen to continue. We want to partner TPR in making sure trusteeship remains highly skilled.

The big picture

We welcome TPR's continued emphasis on:

- A risk-based, proportionate, and outcome-focused approach to regulation.
- Taking a system-wide view of pensions, including decumulation and retirement outcomes.
- Raising governance standards and recognising the role of professional trustees, administrators and other key actors.

We agree that the pensions landscape is becoming more complex, with increasing scale, consolidation, and reliance on third parties. As set out in our response to the DWP consultation[1], these developments present both opportunities and risks, and it is important that regulatory intervention remains targeted and proportionate to avoid unintended consequences.

In particular, we would emphasise that flexibility within governance models is a key strength of the UK system and should be preserved. Schemes should continue to be able to adopt structures, including trustee boards and professional corporate sole trustee (PCST) models, that best suit their size, complexity, profile, sponsor resources, and stage of development.

Priorities

As the market continues shifting from defined benefit to defined contribution provision, we are heartened to hear that TPR's key focus will be on outcomes too rather than over focus on inputs. We look forward to engaging with TPR on the "outcomes-focussed framework".

William Sharpe famously called decumulation the "nastiest, hardest problem in finance". With defined contribution making up a growing proportion of retirees' savings, this should be TPR's key focus and we are pleased to see this reflected in the Corporate Strategy title.

The market consolidation may assist in solving some of these issues enabling resources at scale to tackle them but we should not just assume that. Other jurisdictions have gone down this road and we would expect TPR to take international lessons of some of the negative externalities they have encountered. In particular, one size does not fit all and smaller or legacy arrangements will remain relevant for some time and must continue to be supported. The governance models of very large market participants must be reviewed as they will change as they grow and must remain fit for purpose.

We would also support stronger ambitions with regards to digitisation and data quality. In particular we would welcome your collaboration with the FCA to support the standards of legacy arrangements including older policies, AVCS, and with-profit arrangements. Members and occupational schemes which participate in these are being underserved; Dashboard preparations have further underlined this.

On a similar theme, cyber controls (and administration standards, see below). Hundreds of schemes performing large parts of the same cyber assessment in isolation is a market inefficiency. More coordinated oversight by TPR would be welcomed by schemes.

Oversight of professional trustees and trustee firms

We welcome TPR's intention to increase oversight of professional trustees and trustee firms as key contributors to the system.

Our position remains that the focus should be on strengthening and leveraging existing industry standards, rather than introducing wholly new regulatory structures.

Accreditation and standards – There is already a well-established framework for professional trustees, including the APPT Professional Trustee Standards and accreditation regime. We continue to support mandatory accreditation for professional trustees, applied on a comply or

[1] https://appt.org.uk/appt-responds-to-dwp-trusteeship-and-governance-consultation/

explain basis. TPR's role should be to provide oversight and recognition of accreditation bodies, and work closely with those bodies to raise standards over time.

Avoiding unnecessary prescription – As noted in our DWP response, capacity, capability and conflicts are best addressed through professional judgement, firm-level controls, and scheme governance processes, not arbitrary limits. A highly prescriptive regulatory approach could reduce flexibility, increase costs, and create barriers to entry to the profession. It is important additional requirements do not crowd out strategic decision-making with excessive process; they should test as to whether they impact outcomes.

Role of TPR supervision – We support TPR taking a more risk-based supervisory approach to professional trustees, particularly where, schemes are complex, risks are elevated, or there are concerns regarding governance quality. However, oversight should be targeted and evidence-based, rather than applied uniformly across the market.

Administration

We strongly support TPR's recognition of administration as a strategic function.

Our members continue to report inconsistent administration standards, and poor performance in this area can have a direct impact on member outcomes.

We therefore agree that this should be a core priority for TPR, including, service quality, operational resilience, and cyber security and fraud prevention.

Consistent with our DWP response, mandatory minimum administration standards would improve member outcomes, particularly for key lifecycle events such as retirement and bereavement. We suggest building on existing PASA standards and focusing on outcome-based measures rather than process metrics. However, care is needed to avoid excessive costs being passed to schemes, smaller providers exiting the market and/or reduced competition and choice. As such, implementation should be phased and proportionate.

Conclusion

The APPT is supportive of the strategic direction set out by TPR and agrees with the focus on delivering improved outcomes for members.

Our key message is that delivery should be grounded in proportionality, flexibility of governance models, recognition of and building on existing industry standards, and careful management of unintended consequences.

We would welcome the opportunity to continue engaging with TPR as the Strategy is developed and implemented.

If you have any points you wish to follow up. Please respond to APPT Vice Chair, Vassos Vassou at Vassos_vassou@dalriadatrustees.co.uk

Kind regards

David

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