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Department of Work and Pensions
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Dear all

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

I am writing on behalf of the **Association of Professional Pension Trustees (APPT)** in response to the above consultation.

The Association of Professional Pension Trustees acts as the representative body for trustees of occupational pension schemes who fall within the Pension Regulator's description of professional trustee as set out in its August 2017 policy document.

The APPT acts as the collective voice of the profession. Our 450 accredited members sit on many trustee boards for defined benefit (DB) and defined contribution (DC) schemes including DC master trusts. Our members each typically work on multiple appointments and, across DB and DC are in total responsible for managing schemes with assets of over £1,200bn.

Our response to the consultation highlights strengths such as flexible governance structures, strong trustee accountability, proportional regulation, and the positive impact of professional trustees. The document also discusses barriers to effective trusteeship, including challenges faced by traditional boards and smaller schemes in meeting increasing regulatory demands and maintaining strategic focus.

Our responses to specific questions are set out in the **appendix** to this letter.

We hope that you find the contents of this letter of assistance. We would be happy to discuss them further if that is helpful. In that event, please contact Vassos Vassou, APPT Deputy Chair at Vassos_vassou@dalriadatrustees.co.uk

Yours sincerely

Rachel Croft

Chair

On behalf of the
Association of Professional Pension Trustees
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Response to questions from the Association of Professional Pension Trustees (APPT) to DWP consultation: Trust-based pension schemes: Trustees and governance, building a stronger future

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

The current UK pension trusteeship system has several features that work well and continue to support strong member outcomes. A key strength is the flexibility it offers in governance structures. Schemes can choose arrangements that best fit their size, complexity, and membership profile, whether that is a traditional trustee board or a professional corporate sole trustee (PCST) model. This adaptability allows governance to evolve as schemes mature or face new strategic challenges.

Trustee commitment and accountability also remain central to the system's success. Fiduciary duties provide a clear framework that ensures decisions are made in members' best interests, which acts as a strong anchor for governance across investment, funding, administration, and risk management activities. The mix of lay and professional trustees brings valuable diversity of experience and perspective.

Proportionality within the regulatory framework is another area where the system generally performs well. Although there are some exceptions where requirements feel burdensome, especially for some smaller schemes, in general the approach allows schemes of different sizes and levels of complexity to concentrate on what is genuinely material for members rather than being overwhelmed by procedural tasks.

The market for professional trustees is also buoyant, with strong demand for both individual professionals and PCST models. These arrangements bring clear benefits, including deep technical expertise, agile and consistent decision-making, and continuity of knowledge - particularly helpful for complex funding discussions, endgame planning, and transactional activity such as buy-ins and buyouts. By streamlining governance and reducing conflicts of interest, professional trustee-led models can enhance overall board effectiveness while operating within the same fiduciary framework as traditional boards.

Importantly, the system continues to deliver on its fundamental purpose: ensuring that members receive the benefits they are entitled to or delivery of good outcomes from DC or CDC schemes. This track record of reliability demonstrates that, despite some areas where improvement is possible, the trusteeship model functions well overall.

Question 2: What are the barriers to good trusteeship?

There are barriers within the current system that can limit effectiveness and put pressure on scheme governance. Traditional trustee boards, particularly those that rely heavily on part-time lay trustees balancing multiple professional and personal commitments, can struggle with the pace and intensity of modern decision-making.

This can lead to slow or delayed responses at moments when agility is essential, such as volatile market conditions, complex funding discussions, or transactional activity where timing and certainty are critical.

Smaller schemes face distinct challenges arising from limited scale and constrained resources. Rising regulatory expectations - across funding, ESG, data quality and increasingly detailed reporting - can shift trustee focus away from strategic oversight and towards meeting a continual stream of compliance requirements. As workload intensifies and advisory dependence increases, there is a risk that forward-looking planning and long-term decision-making become crowded out by operational pressures.

At the same time, the system is finding it harder to attract and retain lay trustees. Increasing expectations, the technical nature of pension scheme governance, and a growing disconnect between individuals and defined benefit schemes make the role more demanding and less accessible. This has led, in some cases, to lay trustee boards stepping down because the expectations became “too hard” to manage alongside other responsibilities. Professional trustees, including PCSTs, can address many of these issues by providing dedicated time, technical expertise, regulatory experience, and continuity of knowledge. However, these benefits highlight a widening gap between what is expected of trusteeship and what many lay boards can realistically deliver.

There are additional market-level pressures that risk reducing diversity of provision. High professional indemnity insurance costs and mandated increases in governance standards place particular strain on smaller independent trustee firms or individual professional trustees. Some may ultimately be priced out of the market, creating the possibility of consolidation among a small number of larger providers and reducing choice for schemes.

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

The single employer trust market is expected to decline, particularly for DC schemes, with a regulatory emphasis on consolidation and with the development of Megafunds. However, there will remain significant volumes in other areas of the market which will continue to operate for the foreseeable future (single employer trusts, smaller DB schemes etc) and this need to be recognised and continue to be catered for in the long term. On this basis, it is clear that ‘one size does not fit all’ and this will need to be acknowledged and accommodated within the regulatory environment.

For smaller schemes particularly, pragmatism and proportionality are encouraged, with an emphasis on learning from the past and from the real-world experiences of schemes as they have navigated new regulatory initiatives. Taking one example, enabling the Pensions Regulator to have the flexibility to take account of the

expected lifespan of a scheme, or adapt to a significant change in member numbers, in relation to the requirement to connect to the Pensions Dashboard, would be of huge benefit.

By way of illustration, whilst the benefits of the Pensions Dashboard are acknowledged, we are currently seeing schemes and employers paying significant sums of money to connect to the Dashboard when those schemes may be wound up, or very close to wind up, before member access is available. A balance of value versus cost, particularly for smaller schemes where costs can be disproportionate, would be extremely beneficial.

Importantly, clarity and clear expectations should be provided around the new regulations coming through the Pension Schemes Bill – this is vital given the sheer volume of regulations being introduced, particularly when this is considered in addition to very significant existing governance and compliance requirements.

Trustees should now be allowed the time and opportunity to work with the existing framework as well as the additions from the Pension Schemes Bill, to consolidate and develop scheme operations and governance processes and to give this time to work in practice, before any additional requirements and expectations are introduced.

Whilst the market may see a greater move towards professional trustees and/ or PCST in part because of regulatory drive for consolidation, other trustee models involving trustee boards, MNTs etc will remain. It is crucial that this group of trustees should not be overlooked. There should be clear signposting to, and highlighting of, available training and resources for MNT and non-professional trustees, particularly given increased regulatory and governance requirements, to ensure this group is not 'left behind'.

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

Yes. There will need to be appropriate additional safeguards considered along the lines of those already in place for authorised master trusts and superfunds given the impact of any concerning issues both on the number of members affected and overall confidence in financial markets.

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

It may be helpful here to outline key points in the [APPT's PCST code](#) – which all APPT members must observe - that focus on how any conflicts of interest are to be addressed by APPT members and the firms where they are engaged.

- PCST firms must have procedures in place to ensure that they are able to evidence that appointments of advisers and service providers have been

based on the needs of the scheme and the merits of the adviser / provider. They must be able to demonstrate that decisions have not been unduly influenced by any business or personal relationships between the firms involved, or within the PCST and any related firm.

- If the PCST or an affiliate firm is providing additional services (e.g. secretarial services), then the PCST must consider and document how the quality and value of the additional services is assured always having regard to the best interests of the scheme members.
- Where legislation requires that trustees obtain professional advice, a PCST must make appropriate arrangements to obtain such advice from the appointed advisers to the scheme. For the avoidance of doubt, PCST firms must not rely on their own (or their affiliate firm's) professional advice.
- PCST firms should have procedures in place to ensure that performance reviews of advisers and service providers are undertaken regularly with the process, outcome and actions documented. This could include a lighter touch review annually and a more formal review at least once every three years.

PCST other services - Conflicts of interest

Some PCST firms choose to provide services to clients that extend beyond trusteeship. The scope, basis and fees for provision of such services should be clearly set out in the appointment or other documentation agreed by the PCST with the independent party that is responsible for the PCST's appointment.

The Scheme must include in its conflicts of interest policy how it would manage conflicts where the PCST's associated firm / service is used.

Disclosure of material relationships

Some PCST firms operate on the basis of using preferred external service providers (whom they are accustomed to working with and who may have agreed particular fee arrangements with the relevant PCST firm, whether in respect of certain services or schemes).

Additionally, where a third-party is responsible for identifying a PCST provider, and that same third-party is a preferred external service provider of the PCST firm being introduced, the PCST must disclose this relationship as part of the appointment process too.

Where there are material relationships, the PCST must provide to the entity responsible for their appointment (usually the sponsoring employer, but on occasion this may be the Pensions Regulator, the Board of the Pension Protection Fund, or other) in writing detail of any such arrangements with those providers, including disclosure of the relevant fee arrangements, and any introduction fees / reciprocal arrangements between the relevant firms.

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

See 5 above.

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

No, there should not be restrictions based on arbitrary measures. Capacity based restrictions should be based on professional judgement.

Professional trustees benefit from operating across multiple schemes. This enables an individual to have a wide view of the market, garner significant experience and see a range of approaches to a particular issue. It also enhances knowledge sharing which supports effective governance and the delivery of good outcomes to members. These are some of the benefits which come from appointing a professional trustee and restrictions could be detrimental.

As an example, in the event of a market wide event, such as with Liability Driven Investment in 2022, a professional trustee working with multiple schemes was able to use the understanding of the situation to inform co-trustees more efficiently and deliver actions on sole trusteeships without having to start considering each scheme from a "nil position".

There must also be a comparison to lay trustees. For a professional trustee, this is the "day job" without conflicting employment related commitments. So, a professional trustee's capacity is usually significant compared to a lay trustee who carries out the role in addition to their main employment and/or other commitments.

A professional trustee will, therefore, use their own professional judgement on their ability to deliver services at a high standard to their clients. This assessment must, however, involve due consideration to projects related to scheme objectives as well as business as usual (BAU).

A more defined restriction based on a simple arbitrary number of appointments would not recognise the nature of trustee appointments where the time required is driven by complexity, specific issues, the meeting cycle and the flow of projects. It is perfectly possible that, for example, a number of appointments to well-funded, de-risked mature schemes with good data and administration require less time than one or two complex schemes with very different profiles.

Consideration must also be given to unintended consequences. A restriction based on an arbitrary number could be a disincentive to professional trustees when the desire is to incentivise high quality professional trustees. Such an approach may also be seen as being a restriction on trade and result in higher costs which is a further barrier to smaller schemes getting the support they need.

The capacity of professional trustees could, however, be monitored by:

- individual schemes as a part of the risk management processes and board effectiveness reviews. The risk management process should, of course, also consider any capacity restrictions of non-professional trustees or advisers
- professional trustee firms as a part of their quality control measures
- the Pensions Regulator by having a comprehensive directory of trustees (see Question 15) and their knowledge of schemes with a profile suggesting the need for greater trustee activity.

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

Size has been a material driver of PCST adoption. Smaller schemes tend to have a more limited “governance budget” and so the streamlined approach that comes from the PCST model is more attractive. Equally, smaller employers have less ability to source ENTs and MNTs. This also fits with the suitability of PCST. Whilst PCST can be operated successfully on relatively large schemes, increasing complexity gives advantages to larger, more diverse boards. Mega funds and Master Trusts for example would not be appropriate for PCST. Also, newer scheme types such as CDC / Superfunds are less appropriate because the approach is a less well-worn path, with more new decisions to be made. Commercially operated schemes such as DC or DB Master Trusts, Multi-employer CDC and Superfunds are unlikely to be suitable for PCST.

Other than these outliers, the question is more how the PCST operates than the type of scheme, with the need for strong principles set along the lines of the APPT code with clear expectation set that this should be the modus operandi for all PCSTs. As detailed elsewhere in this response, increasing the role and standing of accreditation through having approved industry-body schemes with oversight from TPR would strengthen the role of industry-wide standards.

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

The existing codes of practice, including the [TPR code of practice](#) and revised [APPT PCST Code](#) effective from 1 January 2026 already cover the necessary areas and provide clear guidance.

We do not, therefore, currently see any need for significant enhancements as the existing codes should be given time to enable an assessment of whether they address any concerns, whether real or perceived.

The APPT PCST Code would, however, benefit from a more formal status which could be achieved by APPT being a recognised body with accreditation for professional trustees being a requirement for anyone providing trustee services in a professional capacity (as defined in the Pensions Regulator’s “Professional Trustee Description Policy”). We acknowledge that accreditation may be by organisations other than APPT, but it is noteworthy that professional trustees accredited by PMI also now observe the APPT PCST code.

One aspect of the effectiveness of the APPT PCST code that we will be giving early consideration to is the effectiveness of the provisions around conflicts of interest. We recognise the sensitivity of this area and the need for an appropriate level of transparency. This is considered further in our response to Question 5.

Consideration must again be given to any unintended consequences as codes develop. Different trusteeship models (primarily sole and co-trustee) should be subject to broadly the same standards to prevent one being seen to be more favourable than another purely for regulatory reasons. As set out in Question 8, there are reasons other than regulation which should be considered for a PCST appointment.

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

Setting a baseline of competence through accreditation is important and consideration should be given to making accreditation mandatory for professional trustees. Accreditation should be encouraged for lay trustees, but this should not be made mandatory, since doing so would be likely to accelerate the decline in lay trustee numbers. Setting a size cutoff (say £500m AUM), above which all schemes should have an accredited trustee (lay or professional) would bring resilience and greater breadth of experience to large, complex schemes. For all schemes, mandating a base level of CPD and completion of TPR’s toolkit would help drive up standards. Compliance could be made visible through returns for the trustee register.

Increasing the standing of accreditation through TPR oversight of accreditation bodies would help drive up standards whilst maintaining an industry-led process with proximity to the market. This should be supported through close feedback loops between TPR and the accreditation bodies.

Fit and Proper checks would be appropriate for all scheme trustees. We understand this would not be practical for TPR to undertake immediately but it would be possible to set expectations of what should be included in a Fit and Proper assessment for appointment of all trustees, with this to be undertaken by the party responsible for the appointment. Including an attestation that the F&P process has been followed in the annual scheme return and ESOG would give TPR appropriate oversight.

The role of employers is also important, with adverse behaviour by a small number of some employers resulting in a risk that trustees feel pressurised to carry out the wishes of the employer, potentially at the expense of member interests. TPR could help to counter this by providing guidance for employers. Additionally, the introduction of a system where outgoing trustees must write to incoming trustees to set out any issues they should be aware of (as is the practice for auditors and actuaries) would be beneficial, with the ability of outgoing trustees to ask that issues are raised with TPR. We note at present the existing requirements under the Standards only apply to incoming professional trustees to make enquiries of outgoing professional trustees

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

Bringing in a more diverse and younger pool of future trustees would strengthen this industry and give a broader understanding of member needs through having more representative trustee boards.

The key area of focus should be on encouraging entry to the profession from a wide range of backgrounds and younger talent. Investing in education and skills pipelines, including supported training, accreditation pathways, and awareness campaigns can widen the pool. This could include outreach to universities and Colleges, which government and regulators could lead or support and should encourage industry bodies to undertake. This could include supporting specific modules within relevant degrees.

It is noteworthy that there has been a change in recent years in both the average age and gender make up of professional trustees. An analysis of the APPT's 450 accredited members reveals that 70% are aged 60 or under of whom 46% are women.

Also, TPR, DWP and industry body support with de-mystifying the Trustee role and building confidence, especially for people from under-represented groups could increase interest from such groups. Graduate training programmes are a good initiative as is the PMI's mentoring programme.

Tiered accreditation would be a possible route to broaden entry to the industry, with less experienced new entrants able to get a level of accreditation which enabled them to undertake appropriate roles. As the market consolidates there will be fewer small schemes to give opportunities to new members, though this may be counterbalanced by the high number of current trustees who are close to retirement.

Whilst, as above, we support mandating accreditation, CPD and Toolkit completion, we believe Government and regulators should be wary of setting excessive expectations of trustees and "over-regulating" as this can be a disincentive to entry to the market.

As well as encouraging a broadening of entry to the professional trustee market, TPR / DWP should encourage a broader pool of lay trustees. Tone of voice in communications is important here so, whilst it is important to encourage / mandate standards, it is also important to make resources easily available and to reassure potential lay trustees that help and support is available and that they will not be expected to be experts across the wide range of areas of trustee knowledge and understanding.

Encouragement by TPR of a focus on inclusivity as well as diversity is important since they are interlinked. Diversity should be positioned as additive, to avoid turning off more traditional sources of trustees. Stressing the importance of soft skills, particularly the role of the chair in encouraging broad discussion with divergent viewpoints will help ensure that diversity of boards is encouraged, and its potential benefits are realised. Good governance is central to encouraging real diversity of thought.

Since what gets measured gets done, data collection on diversity of trustees through the Trustee register and linked to the scheme return would give the potential for TPR to measure success in increasing diversity of Trustee firms and boards. Collecting and publishing anonymised data on trustee composition would help the sector understand where gaps exist and what progress looks like. Evidence makes it easier to move the conversation from intentions to outcomes.

Also, TPR could provide guidance on how to assess gaps in diversity and to understand the reasons for them and how to close those gaps and be explicit that diversity of background, skills, and experience is part of good governance, not a “nice to have.” Guidance, codes of practice, and reporting expectations can nudge schemes to look beyond the traditional trustee profile without mandating quotas. What gets measured and discussed tends to get taken seriously.

Question 12: Should there be limits on trustee length of appointment or limits on repeat appointments?

We do not believe that rigid, prescriptive limits on trustee tenure would improve governance outcomes. Instead, good practice is already achieved through regular review, succession planning, and board effectiveness assessments, which ensure that trustees continue to provide value while avoiding change merely for its own sake.

A structured approach to periodic review, for example as part of trustee effectiveness evaluations, provides visibility over the board’s overall composition, skills mix and future needs. This allows schemes to consider whether a trustee’s continued appointment remains appropriate in the context of the scheme’s development, upcoming strategic milestones, and the need for fresh perspectives.

For professional trustee firms, rotation of Trustee Directors is already common practice and offers a well-balanced mechanism for maintaining continuity while

introducing new challenge. This approach preserves institutional knowledge and stakeholder relationships, while ensuring that boards benefit from renewed scrutiny and diverse thinking. In practice, this method achieves the objectives that tenure limits seek to address, but with greater flexibility and fewer unintended consequences.

Hard limits or inflexible rules risk creating disruption at precisely the wrong moment, for example during endgame preparation, a corporate transaction, or other significant projects where continuity of governance is essential. A trustee forced to step down due to a strict time limit may create operational risk rather than mitigate it.

For these reasons, we favour a **principles-based approach**, supported by guidance rather than mandatory rules. This could be aligned with expectations set in other governance and directorship frameworks, encouraging schemes to keep tenure under review, support periodic rotation where appropriate, and ensure that board composition continues to evolve in line with the scheme's needs.

Question 13: Should a new public trustee be introduced, appointed by the regulator?

We are not convinced that there is a clear problem statement or evidence base to justify the creation of a new public trustee role. It is unclear what specific issue this proposal is intended to address.

A public trustee would, in practice, need to meet all the same knowledge, skills, independence and professional standards required of existing professional trustees. If the individual were not operating within a wider independent professional trustee firm, they could lack access to the breadth of perspectives, peer challenge, technical support, and cross-scheme insights that underpin strong decision-making. There is a real risk of such a role becoming siloed.

The functioning of the current independent trustee register does not suggest any systemic failures or unmet needs that a public trustee would solve. We are not aware of cases where the existing system has been unable to provide appropriate trusteeship or where regulatory objectives have been compromised due to gaps in market provision.

The creation of a public trustee could duplicate existing capability without delivering additional benefit to members.

However, we are open to exploring targeted, creative solutions for very specific circumstances, for example where a trustee is required urgently but affordability constraints prevent a scheme from accessing the professional trustee market. In such cases, a time-limited, clearly defined intervention may be more proportionate than creating an entirely new and permanent public trustee framework.

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

There may be areas where the regulatory approach and powers could evolve, although the case for change is not clear-cut. Some trustees feel that TPR could provide stronger support when concerns arise around governance dynamics - for example, where it appears that an employer is aiming to appoint trustees who are perceived as overly compliant with the sponsor's wishes rather than appropriately challenging. In these situations, more visible backing from the regulator might help reinforce expectations around independence, though it is equally important to avoid regulatory overreach or any perception that TPR is influencing board composition too directly.

There is also a view that more timely regulatory intervention could strengthen accountability, particularly when trustee capability appears insufficient. At present, the threshold for intervention, especially for smaller schemes, is high, meaning issues sometimes persist. Earlier engagement could help address capability concerns before they affect member outcomes, though care would be needed to ensure this does not create unnecessary intrusion for schemes that are already functioning effectively.

Another area where change should be considered is the framework for professional trustees. A closer alignment between APPT standards, the accreditation regime, and TPR's own expectations could provide greater consistency across the market. Mandatory accreditation would help ensure a baseline standard of competence and behaviour across all professional trustees. If accreditation requirements were strengthened, and assuming APPT remained the lead accrediting body, it would need clearer authority to act where standards fall short. Proposals such as a trustee oversight board have been floated, though views are divided on whether this would add value or simply create another layer of governance.

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

Gathering information via the Scheme Return would potentially allow for provision of data without placing an additional undue governance or administrative burden on schemes. However, care would need to be taken over the scope of information required/ collected to ensure protection of personal data in compliance with GDPR.

Assigning an individual identifier for trustees may enable ease of sharing, collating and analysing trustee information (for example as per the Companies House personal code for Directors). This could then be utilised across a number of metrics and agencies. This could be relatively straightforward to implement for the

professional trustee community (potentially via the accrediting bodies) although may prove more challenging to implement amongst non-professional trustees.

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

Trustees require a blend of technical knowledge, governance understanding, commercial acumen and interpersonal skills. These skills are well established through Trust law, and for professional Trustees are set out in the Professional Pension Trustee Standards. The requirements are most recently summarised in the authorisation criteria for Master Trusts.

The existing Professional Pension Trustee Standards group these attributes into four key areas which in our view remain robust. These areas are:

- fitness and propriety,
- technical pension knowledge,
- behavioural attributes, and
- soft skills.

Fitness and propriety are well known assessments.

For **technical knowledge**, note that Trustees are decision makers, they need to understand enough about the core areas on which they take advice to understand and challenge advice, but do not need to be subject experts. Key technical areas for DB schemes include topics such as completing triennial valuations and meeting funding requirements, assessing and monitoring employer covenant, setting investment strategy, good governance and compliance with the law.

Behavioural attributes include acting in the best interests of members, assimilating complex information to make effective decisions, exercising judgement, effectively challenging advisers, negotiations with sponsors, but also relationship management, managing conflicts, honesty and integrity. Generally trying to do the right thing. Trustees make decisions in line with their fiduciary duties. Chairs require additional procedural and leadership skills. Advisers supplement trustee expertise.

Softer skills will include working as a team, client relationship and fee management, potentially team management and leadership as well as skills relating to communication.

Boards should collectively meet these requirements.

TPR toolkit

In our view, a regularly updated TPR toolkit would be sufficient for providing lay trustees with a base level of technical knowledge, particularly where it is supported by professional trustees and/or good advisers. Lay trustees mainly need to be interested, willing to challenge, able to be heard and able to listen and learn. The technical knowledge and time requirements for lay trustees will vary by scheme but generally will be less if there are professional trustees and/or good advisers.

The TPR toolkit could be expanded to include modules explaining the expectations for roles such as Chair of Trustees or Trustee of a Master Trust. We note that it is difficult to assess many of the softer skills and behaviours associated with good trusteeship and so such assessments would be beyond the scope of TPR's toolkit.

APPT Accreditation

In our view, all Professional Pension Trustees should be required to evidence their skills by becoming Accredited, which is what our 450 members do. [The Professional Trustee Standards](#) put in place in 2019 remain robust and Accreditation is how trustees demonstrate that they are meeting the Professional Trustee Standards.

The APPT reviewed the Accreditation process in 2023, and improvements have been made to make Accreditation more rigorous and to enhance the Continuous Professional Development (CPD) requirements of members to ensure knowledge and skills are maintained. All APPT members must report and provide a record annually that they have completed 25-hours CPD – many complete substantially more. From 2025, APPT members must also complete an annual Reflective Discussion with another accredited trustee to discuss learnings and new challenges.

The APPT commenced a further review of accreditation in 2025 particularly looking at how the behavioural and soft skills might be assessed, as these do not lend themselves to traditional examination techniques. The APPT is also reviewing the level of technical knowledge which should be required by Accreditation and how this is assessed. The APPT is working with several interested stakeholders on this review.

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

There are already higher standards expected of professional trustees. The current framework includes a definition of Professional Pension Trustees, Standards for professional trustees overseen by the Association of Professional Pension Trustees (APPT) and accreditation schemes run by the APPT and PMI.

[Professional pension trustee standards](#)

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We do not believe that changes to the legal or regulatory environment are required for TPR to apply a “comply or explain” requirement for professional trustees to become accredited. Each APPT accredited member is given a membership number and this could be requested on the TPR Scheme Return relatively easily to help evidence to TPR a trustee’s status.

This approach would reduce the legislative time needed to implement such a change and require little additional resource at TPR to manage on an ongoing basis.

There may be some limited circumstances where it would remain appropriate for a non-accredited professional trustee to continue as a trustee, for example where a scheme is working towards buy-out within say 12-18 months and that trustee then intends to retire from trustee appointments. Such instances could be “explained” to TPR.

APPT Accreditation

APPT Accreditation aims to ensure that trustees possess the necessary knowledge, skills, and integrity to fulfil their fiduciary duties effectively, and demonstrate compliance with the Professional Trustee Standards. Trustees are assessed as fit and proper, tested on their technical knowledge and asked to demonstrate good trustee behaviours along with appropriate soft skills to ensure they can carry out the roles to which they are appointed.

To achieve accreditation, trustees must complete the TPR toolkit, PMI’s Level 3 Certificates in Professional Trusteeship exams (Unit 1 and 2 – soft skills) and demonstrate a minimum level of professional experience, typically verified through references and a record of trustee or pension industry roles. They must also commit to ongoing Continuing Professional Development (CPD) to maintain their accredited status, ensuring they remain up to date with evolving legislation and best practice, by undertaking a minimum of 25-hours evidenced CPD each year.

APPT accredited trustees are then listed on a public register available on the [APPT website](#), giving pension scheme sponsors and members greater transparency and confidence in their governance arrangements.

When applying for APPT accreditation all professional trustees must provide a satisfactory Disclosure and Barring Service check regarding criminal convictions and cautions and must annually update APPT if this changes, including any regulatory action pending or taken against them.

Additionally, each year accredited professional trustees go through a renewal process to check they have fulfilled their CPD requirements with a duty also to declare any legal or regulatory action that might impact on their ability to meet the required Professional Standards and their accreditation.

This entire process is designed to raise professional standards across the pensions industry while promoting consistency, accountability, and trust.

Accreditation limitations

Currently APPT Accreditation (and that by PMI) is voluntary, and this limits its effectiveness. Someone calling themselves a 'professional or independent trustee' is not required to be accredited and whilst APPT can remove an accredited member and their accreditation, this does not currently prevent that individual from acting as a Trustee without Accreditation. Ideally Accreditation would be mandatory and checked by TPR (through the Scheme Return), and then if trustees lost their Accredited status this would have an impact on their positions. Such a change would seem likely to require legislation and take some time to implement.

Given the resource constraints on the TPR and Government requirements to reduce the level of regulation to support the growth agenda, it seems appropriate that beyond mandation, the accreditation process should continue to be run on a cost-effective basis by the current accreditation bodies.

However, one matter to address here would be the complaints process and flow of information from TPR to APPT. At present, APPT relies on members and advisers' whistleblowing directly to the APPT. If TPR is informed of a (potential) issue, it does not follow that APPT has knowledge of the issues and so is unable to act.

- TPR can, within its current powers, inform APPT of issues (themes and trends) it is seeing in relation to trusteeship so that APPT can make suitable alterations to the Accreditation process and annual renewal to address these issues.
- TPR needs to be permitted to share pertinent details with APPT in complaint and investigation cases or at least inform APPT (or PMI) where a member has been deemed unfit to act as a trustee and therefore where accreditation needs to be investigated under APPT's (or PMI's) disciplinary process and potentially be removed.

TPR role

TPR should retain overall responsibility for trusteeship with the existing powers for removing and appointing trustees. However, as outlined above, to help maintain and improve standards, there is a need for the APPT to be officially appointed by TPR not only as the Professional Trustee Standards setting body (working closely with TPR to upkeep and advance those Standards) but officially to be appointed as an accreditation body (with PMI or others) strengthening thereby the endorsement that Professional Trustees should be accredited ahead of any legislative action on mandation.

TPR should exercise its current powers to remove trustees who are not acting 'properly' and as noted above (by dint of the official appointment as an accreditation body) it should be prepared to share information (and if necessary be given powers

to so do) in cases of APPT Professional Trustees not practising (in TPR's view) to Professional Trustee Standards, allowing disciplinary action to be considered under the APPT (or PMI) procedure (maybe with TPR having also a 'public interest' disciplinary role similar to the FRC's in very serious impactful actuarial cases).

Some other considerations when considering "increasing" standards

Other key points we wish to note in response to this question are:

- Placing higher standards on trustees could reasonably lead to a higher level of remuneration. DWP and TPR may wish to consider whether increased cost for professional trustees could lead to cost becoming a barrier to appointment, particularly for smaller schemes with smaller budgets.
- Trustee behaviours and soft skills are hard to assess and are not well suited to examination formats. Indeed, many of these skills are learned through years of experience. Other formats and methods of verification will need to be accepted by DWP, TPR and the industry.
- A near comparator role to that of a trustee is that of a non-executive director at a company (large or small). These roles are not regulated nor have strict training requirements, with the main qualifier being experience. Whilst we accept that trustees are managing large sums of money for more members, their role is in fact strategic supported by qualified and regulated advisers. Whilst trustees have many powers, those powers must be exercised within the confines of the Scheme Rules, Pensions Legislation and guidance and Trust Law, always acting for the benefit of members.
- Enforcing expensive examinations for Accreditation could lead to a shortage of accredited trustees. Any developments in accreditation need to be proportionate and progressive, whilst ensuring trustees who are falling short drop out or are removed efficiently.

Overall, too much external regulation could have unintended consequences so careful thought will be needed if DWP or TPR are to go any further than mandating Accreditation and working with APPT and others to shape that Accreditation.

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

Lay trustees provide valuable insight into member perspectives and often scheme history. In consolidated structures or where a PCST is in place, this can be replicated through employer engagement, member forums, advisory committees, and structured feedback mechanisms. Company representation at trustee meetings is particularly important in PCST models.

In the increasingly consolidated pensions landscape, lay trustees are likely to become rarer but provided an effort is made to capture historic knowledge and to

engage with sponsors and their membership good governance is likely to be a more effective lever in providing good outcomes for members.

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

The only current requirement on trustees (lay or professional) is to fulfil the Trustee knowledge and understanding requirement within six months of a new appointment. Most Trustees do this by completing the TPR toolkit.

Accreditation should not be mandatory for lay trustees as this would lead to additional requirements which could be better met from other sources. Many lay-led boards operate effectively without formal accreditation provided they have sufficient time and resource (advisory budget) to dedicate to the role.

CPD for lay trustees should be accessible and proportionate but here we note that most of the advisors offer free training events to trustees, making these quite accessible. Where governance gaps exist, appointing a professional trustee can improve efficiency and reduce advisory costs so should not be considered a prohibitive cost as advisor efficiency and the savings of management time generally offset the professional trustees' fees. "Payment" to lay trustees generally comes from a recognition from their employer that this is a voluntary role, but time must be given from their normal working hours to enable them to fulfil their duties well. In this way the sponsor covers any direct costs and the lay trustee may add additional voluntary time.

As we have stated above, accreditation should be mandatory for professional trustees. In our view this would not lead to a shortage of trustees and there are sufficient accredited professional trustees available to maintain standards while new trustees are recruited to the profession.

Learning and development costs for professional trustees will ultimately be met by schemes and sponsors through the fees paid to those professional trustees, however, as noted earlier, there are many efficiencies for having a professional trustee on a board (or a PCST) For example, GMPE does not need a full training session for a trustee working through this on their 4th, 5th, or 8th scheme, similarly with triennial valuations or scheme factor reviews. By then they already know the methods and what other schemes are doing which makes the advisory report shorter (so cheaper) and enables advisers to focus on the value adding parts rather than training.

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

There are a significant number of ways for schemes to gather and understand the perspectives of their members. However, this is going to be led by the circumstances of each scheme, and it is important that there should be no prescription on how schemes address this issue.

Large schemes and / or schemes with significant resource and budget may operate any of a number of mechanisms for member engagement, for example member panels, representative committees, surveys, AGMs, online tools etc.

However, these initiatives will be less accessible and practical for smaller schemes or those with budget constraints. Larger schemes will also be able to utilise their data to analyse member choice and behaviour and can adapt accordingly, potentially without even having to actively engage with members.

Regular and clear communication is vital to keep members informed and engaged. This should include provision of appropriate contacts at a scheme level, as well as clear signposting towards sources of additional help and information and should be in place across all scheme sizes and models.

However, it is worth emphasising that whilst trustees may take into account the perspectives of members, this should in no way fetter or constrain trustees' ability to make decisions. Member voices are important, but it should be remembered that there is unlikely to be one single view amongst members; opinions may be diverse with a potential huge range of views and no consensus. In addition, different categories of member may have different (and conflicting) views and interests.

Question 21: Can you give any examples of the best practice in the UK or internationally that demonstrate schemes taking appropriate account of member views

The APPT is aware that many schemes, both DB and DC, actively take account of member views. Specific examples include:

- Large DB and DC schemes holding an annual general meeting inviting members to attend. At the meeting, the trustees will share information on the scheme and the work they have completed over the last year. Members have the opportunity to feed back their experiences of operational matters such as administration, communications received and tax issues as well as strategic matters such as investment decisions.
- Some schemes will regularly test their communications and member journeys. For this, they often use third-party specialist firms and target specific feedback from members. Such exercises tend to be undertaken by larger DB and DC schemes. APPT members that gain experience of these exercises can

sometimes take the lessons learned with them and apply them to other schemes that they support.

- The feedback received from members is considered carefully by the schemes undertaking these exercises. This leads to changes in processes and improvements in the way the schemes interact with their members. As part of such projects, the schemes will feed back to the members how their views are to be implemented going forwards.
- For Professional Corporate Sole Trustee (PCST) cases, APPT members often see pensions committees or consultation committees set up to sit alongside the PCST. These committees are often made up of the former member nominated trustees or other scheme members. The committee acts as a link between the membership and the PCST by providing direct feedback to the PCST regarding member views. There are many examples of these committees operating alongside the PCST across the APPT membership.
- For small schemes there are many examples where a single company employee acts as the point of contact for the members. This point of contact is usually a role that has historically held responsibility for company pensions matters and the membership are directly aware of that person's role. APPT members see this scenario in cases where there is a board of trustees or where there is a PCST appointed. Typically, that individual is a source of significant historical knowledge about the scheme and its membership. Any feedback from members will typically go through this employee.

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

Benefits of minimum standards

APPT members report inconsistent levels of service from pension scheme administrators. The APPT's consensus view is that mandatory minimum standards would improve member experiences. More specifically, key administration tasks such as retirement processes, managing death cases and payments of lump sums are important moments in the lives of our beneficiaries and too often the administration they receive is unacceptable. We believe mandated minimum standards would improve these experiences for our members.

Cyber security is an important area for the minimum standards to focus on. A minimum level of cyber security should be included as part of the standards so that trustees are confident that member data is secure. APPT members currently see variations in the level of cyber security, differences in the accreditations administrators hold and significantly different levels of resource (staff and money) applied to cyber security. Minimum standards will help to narrow the range of data security levels.

Minimum standards will directly help trustees to manage the performance of administrators. They will provide standardised metrics for performance making it easier for trustees to compare performance between administrators and identify the areas of improvement where needed. The minimum standards will provide welcome support for trustees.

Many administrators currently use Service Level Agreements (SLAs) as a measure of performance. APPT members find that there are inconsistencies in how SLAs are calculated by different administrators with the sense that then can be manipulated to give the impression of a high standards of service. Most APPT members would welcome a move away from SLAs as a measure of performance if possible. Minimum standards would help facilitate this move away from SLAs.

Many APPT members also report that administrators sometime provide “two-tier” service. For example, they may provide administration services for a buy-out insurer as well as for individual pension schemes. The insurer book of business is typically growing and therefore attracts the administrator’s best ideas and best people. The wider pensions scheme book of business is contracting and so gets less investment. This leads to a sense of higher standards for some administrator clients at the expense of others. Minimum standards will help narrow the gap in service received by different parties.

Small schemes typically receive the lowest level of administration service. This is because third party administrators tend to focus their resources on the larger schemes where they can achieve higher financial margins. Minimum standards would help improve the service small scheme receive proportionately more than for large schemes helping to protect those schemes and their members.

Challenges of minimum standards

APPT members consider that many third-party administrators will be required to invest relatively large amounts of time and money to improve their administration services. This is because many administrators use legacy systems and software and have not invested in their platforms for many years. The investment required will need to be funded and many administrators will pass on these costs to the pension schemes and their members. For many pension schemes, the budgets they currently run are already under severe pressure and so additional costs needed to support administrator improvements will add to the financial burden schemes and members already face.

Some administrators may choose to exit the market if they are required to meet minimum standards. The cost of compliance compared with the profits they currently achieve may mean they consider it unprofitable to continue providing pension scheme administration services. Administrators exiting the market will be difficult for trustees and pension schemes, particularly from an operational perspective. Moving administrator is one of the most difficult and cumbersome tasks that trustees have to

undertake often leading to significant disruption for members. Fewer administrators would lead to less competition in the market which would be unwelcome. Instead, trustees need a competitive market with high standards of service providing value for money for schemes and members. Mandatory standards should not be a barrier to the efficient operation of the administration market.

A key consideration would be who would be overseeing the administration market and responsible for the minimum standards. Enforcing the standards would also be an important aspect of this role including applying penalties where administrators fail to meet the minimum standards. If TPR are required to perform this role, then they would need to have the necessary resources for this important role, which may require further material investment at TPR.

Existing standards

The Pensions Administration Standards Association (PASA) currently publish standards for administrators. These are not mandated.

The APPT's view is that the PASA standards are well thought of by the wider pensions industry. Therefore, the APPT considers that the PASA standards can be used as a starting point for defining the minimum standards for administrators. We would recommend to whichever body becomes responsible for the administration standards to use the PASA guidance as an important building block and for them to develop their minimum standards based on the PASA standards.

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

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

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

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

Question 27: To help us better understand the trustee landscape and the potential impacts of any changes emerging from the consultation, we would

welcome some information regarding the scheme or provider you are answering on behalf of in the table below:

The **Association of Professional Pension Trustees' (APPT)** principal objective is to act as the representative body for trustees of UK occupational pension schemes who fall within The Pension Regulator's (TPR) description of a professional trustee.

In 2020, we launched our new **APPT Accreditation Scheme for professional trustees** following on from the publication of **Standards for Professional Trustees of occupational pension schemes** launched in 2019 – an initiative supported by TPR and several other stakeholders to reinforce high standards amongst professional trustees. The APPT is charged with maintaining and updating these Standards.

A list of our APPT 450 accredited members can be found on our '[Find our Members](#)' page of our website. PMI also runs an accreditation process with its accredited members also observing the Standards set by APPT.

Our code of practice for **Professional Corporate Sole Trustees (PCSTs)**, came into force on 1 January 2021, and sets out a range of governance and risk controls that sole trustee firms must adhere to, in order to ensure that scheme members' interests are properly protected.

These include a requirement for at least two accredited professional trustees to be involved in PCST decision-making processes, as well as new measures to ensure that PCSTs assess whether they should report to The Pensions Regulator if they are removed, or resign, from an appointment as a result of the sponsor company's actions. The Code was updated and strengthened in 2025.

We provide our members with the opportunity to meet and discuss topical issues in informal settings through mainly online webinars each month. We also arrange events where leading professionals from the world of pensions can update members on current developments and with whom trustees can share their experiences and concerns.

On behalf of members, our elected Council reviews consultation documents from bodies such as the Department for Work & Pensions and The Pensions Regulator and invites comments from members before responding on behalf of the APPT.

Our members are also actively working to help make sure schemes and their members avoid the pitfalls of pension scams and we fully support the PSIG code of practice.

Corporate entities and trustee boards increasingly turn to our members when considering the appointment of a professional trustee.