

On 10 February 2020, The Pensions Regulator (TPR) published the eagerly awaited response to its consultation on the “[Future of Trusteeship and Governance](#)”. It is clear that TPR does not intend to rush into action – this is a slow and steady pace of change.

We summarise the key outcomes and the next steps below.

Trustee Knowledge and Understanding (TKU)

What	When
TPR will overhaul the TKU code of practice and scoping guidance using the expectations set out in its 21st century trusteeship campaign as a start point. It will differentiate TKU expectations by scheme type and role type (e.g. professional trustees, chair of trustees and board members of public service schemes).	Consultation on the TKU revisions is planned in the early part of 2021. It will include new topic areas such as ESG. Note that TPR is expected to issue a consultation in the first half of 2020 around the consolidation of the 15 codes of practice into a single code. The consultation on TKU will follow the work on consolidation.
TPR will monitor ongoing compliance with TKU requirements by running a “regulatory initiative.” This involves TPR contacting a large number of pension schemes to make enquiries about compliance and engaging with schemes where there are concerns.	TPR will first allow “a reasonable period” for schemes to adjust to the new TKU requirements.
The trustee toolkit will be reviewed to assess whether and where improvements can be made. TPR will collaborate with the pensions industry.	Work is scheduled over the course of 2020-2021 (but subject to resource and budget constraints).
TPR will run a targeted campaign to remind employers of their legal duties to provide employees who are trustees of their occupational pension scheme with paid time off to carry out trustee duties. The campaign will also address other issues where employers can have a positive impact on pension scheme performance (e.g. trustee recruitment).	The campaign will start in 2020.

A Note About Qualifications and CPD Requirements

Lay trustees will not be required to have a qualification (but qualifications are one of many ways for trustees to demonstrate compliance with TKU standards).

There will not be a formal Continuing Professional Development requirement (but TPR will consider setting out its expectations on indicative hours of learning – likely to be set at 15 hours per year – and the type of activity that counts as learning).

Professional trustees are expected to follow the standards issued by the Association of Professional Pension Trustees (APPT), including a minimum of 25 hours’ learning and development annually. They will also need to comply with an accreditation process.

Scheme Governance Structures

What	When
TPR does not currently plan to introduce requirements for trustee boards to report on steps to increase their diversity. Instead, TPR will take a lead in forming an industry working group to improve diversity on trustee boards. The group will define “diversity and inclusion,” will provide guidance, tools and case studies, and will engage with employers.	Soon! Applications of interest to join the working group are invited by 29 February 2020.
TPR confirms its previously expressed opinion that it is not currently feasible to require a professional trustee to be appointed to every trustee board. It hopes that the APPT standards and accompanying accreditation process will be successful in bringing greater consistency in the quality of professional trustees.	This may be revisited in the future.
TPR has concerns about aspects of sole trusteeship and will commission research to gain a better understanding of the landscape.	No timescale is specified.

Driving Defined Contribution (DC) Consolidation

What	When
TPR will work with the Department for Work and Pensions (DWP) to explore solutions for winding up DC schemes with guarantees. It is also working with the FCA on material to help trustees and Independent Governance Committees with value for member assessments. TPR will not push well-run schemes who offer value for members towards wind-up.	The outcome of TPR’s work with the FCA is expected to be published by the end of March 2020. No timescale is specified on the outcome of work with the DWP. In the meantime, the DWP’s statutory guidance on value for member assessments is expected to refer to DC schemes with guarantees.

What Is Next?

Trustees do not need to take any immediate action as a result of this consultation response but, as a matter of good practice, should monitor developments that affect their scheme.

Please contact your usual member of our Pensions team if you have any questions.

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