



The
Pensions
Regulator

Stakeholder Perceptions Research 2023

Summary of findings for participants

Background and objectives

Savanta was commissioned by The Pensions Regulator (TPR) to conduct qualitative research among its external stakeholders across the pensions industry. The research aimed to understand the attitudes of key stakeholders towards TPR and its initiatives, and the present state of the pensions industry more widely.

Specifically, this year's research aimed to understand:

1. **Perceptions of TPR's recent performance**, including perceived strengths and areas for improvement.
2. Attitudes towards **TPR's current areas of focus**, views on what success looks like in these areas, and the extent to which TPR has driven progress.
3. Attitudes towards **recent industry developments**.

Where relevant, comparisons were drawn with the results of previous instalments, with similar qualitative research conducted by Savanta annually for the last two years, and twice in 2020.

Methodology

Between September and December 2023, Savanta conducted semi-structured interviews of c.45 minutes with 49 stakeholders. This included representatives from four 'groups' of stakeholders:



TPR is very grateful to everyone who took part in the research. The findings have helped inform TPR's ongoing planning and ways of working, and will continue to do so in the future.

Summary of key findings

Overall performance

- **Stakeholders regarded TPR more favourably than ever.** TPR has been regarded at least as favourable in all instalments of this research, but this most recent instalment of the research also saw **many stakeholders explicitly noting an improvement in TPR's performance from previous years.**
- **Favourability was particularly widespread amongst those from large pensions schemes,** with these stakeholders discussing increased alignment on TPR's focus areas (listed below), and the feeling that TPR understands them and is on their side.



They're doing a good job and I think that they've had quite a good year. I feel more positively than last year. So, yes, it's a positive year.

Large scheme stakeholder



Overall, I'd regard them favourably, in fact very favourably. They've improved, and have improved the pensions landscape a lot. They are a good organisation to work with.

Stakeholder from a professional firm

Perceived strengths

Stakeholders mentioned various strengths, and continued to praise the relationships they have with their main contacts. The three most widely mentioned strengths were:

1. Industry knowledge

TPR was praised both for its **deep knowledge** of the market and its **efforts to understand any new developments in the industry.** Stakeholders noted this expertise enables it to communicate clearly about strategic priorities and explain its thinking.

2. Transparency and clarity on focus areas

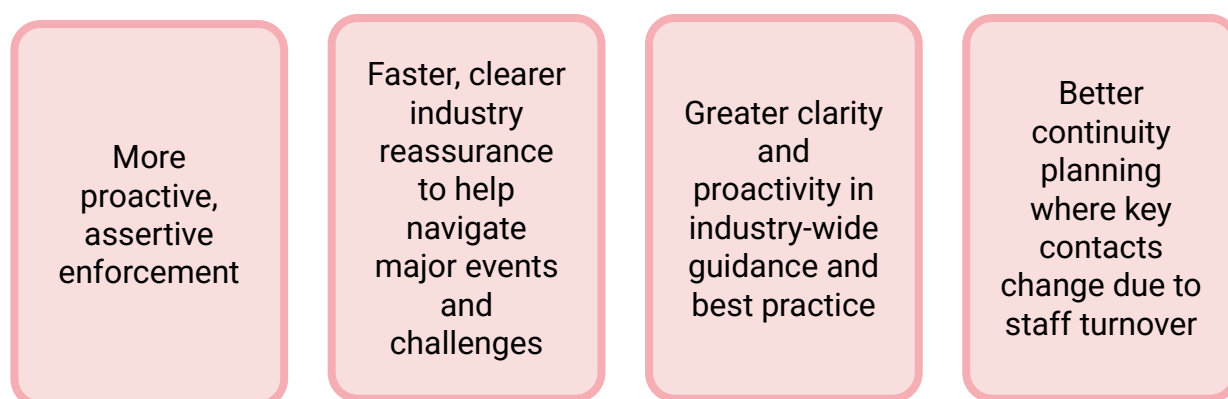
Stakeholders praised TPR for its openness and clear explanation of its thinking in areas such as consolidation and value for money. Stakeholders mentioned appreciating **both the transparency** and the fact that the **messaging aligns with their priorities.**

3. Consultative, receptive approach

TPR's interest in listening to and understanding stakeholders' circumstances and practices was regarded as sincere and as a strength. These qualities make **TPR more approachable than other regulators,** and it was felt that genuine, less guarded dialogue can be had to a greater extent than with other regulators.

Perceived areas for improvement

- As in previous years, stakeholders were understanding of TPR's limited resource and powers, and praised it for doing a good job in the complex context in which it operates.
- While stakeholders acknowledged that TPR only has a finite amount of resource, **stakeholders nonetheless identified a few areas where they expected more resource to be dedicated in spite of these constraints**, including the following:



- Stakeholders emphasised the need for TPR to **strike the right balance between pursuing focus areas and the day-to-day operational essentials** which enable the success of these areas.
- Most stakeholders felt that TPR's enforcement powers were strong enough for it to regulate the industry effectively, **but did not regard TPR as using them particularly often**. Some criticise TPR for this, regarding it as not tough enough. For others, this was not regarded as a bad thing – for these stakeholders, **TPR not being feared is merely a byproduct of it being fair and proportionate**.
- Stakeholders therefore called for **more information and clarity on how TPR is applying guidance and how TPR is proactively checking compliance**. However, many worried that **TPR lacks the resource to follow through on its recent, tougher messaging**. This in part informs the calls for focus areas to be carefully balanced with these 'operational essentials'.

TPR's focus areas

- Stakeholders largely supported all seven focus areas asked about (encouraging consolidation, trustee capability, decumulation, value for money, combatting cyber threats, promoting ESG activities and improving engagement with and education of savers), and thought that **the most pressing amongst these were encouraging consolidation, ensuring trustee capability and improving decumulation**.

- While stakeholders supported most of the focus areas, that is not to say that they endorsed TPR steadfastly pursuing all of these at once. **On the contrary, many stakeholders warned against TPR spreading itself too thin – as in previous years – and stress the need to balance these areas with day-to-day operational essentials set out above.**

The rest of this section discusses each of the three focus areas seen as most widely pressing in turn.

Encouraging consolidation

Most stakeholders supported the broad goal of consolidation, and thought that there were two main roles that TPR should look to play:

1. Ensuring that consolidation *actually* leads to improve saver outcomes

Many stakeholders stressed that consolidation does not, by itself, *guarantee* better material outcomes for members. Having fewer, better-run schemes avoids poorly-run schemes, but this does not ensure that the *benefits* brought by a more efficient industry are actually passed onto consumers. They therefore thought that TPR has a role to play in holding remaining schemes in the industry to account as consolidation progresses.

2. Increasing the ease and speed of consolidation

Most stakeholders regarded it as part of TPR's role to 'push along' consolidation, though acknowledged that this is inevitably going to be a slow process given its complexity. Achieving this involves taking a less tolerant approach towards poorly run schemes, and lessening some of the administrative burden on schemes looking to merge.

When it comes to perceived progress in this area in the last year, **stakeholders involved in pensions provision were much more likely to think TPR has effectively progressed consolidation.** Industry-body and public-sector stakeholders regarded TPR as engaged but perceived a gap between intentions and action.

Ensuring trustee capability

- **There was strong consensus that ensuring trustee capability in the industry should be a key area of focus.**



You need a combination of expertise and knowledge bases, and challenge... If you go for a professional elite, either through education or experience, then what you'll get is group think. What I think you need is to encourage boards to be far more diversified in terms of their intellectual or experiential knowledge and hold them to a high standard of professional conduct.

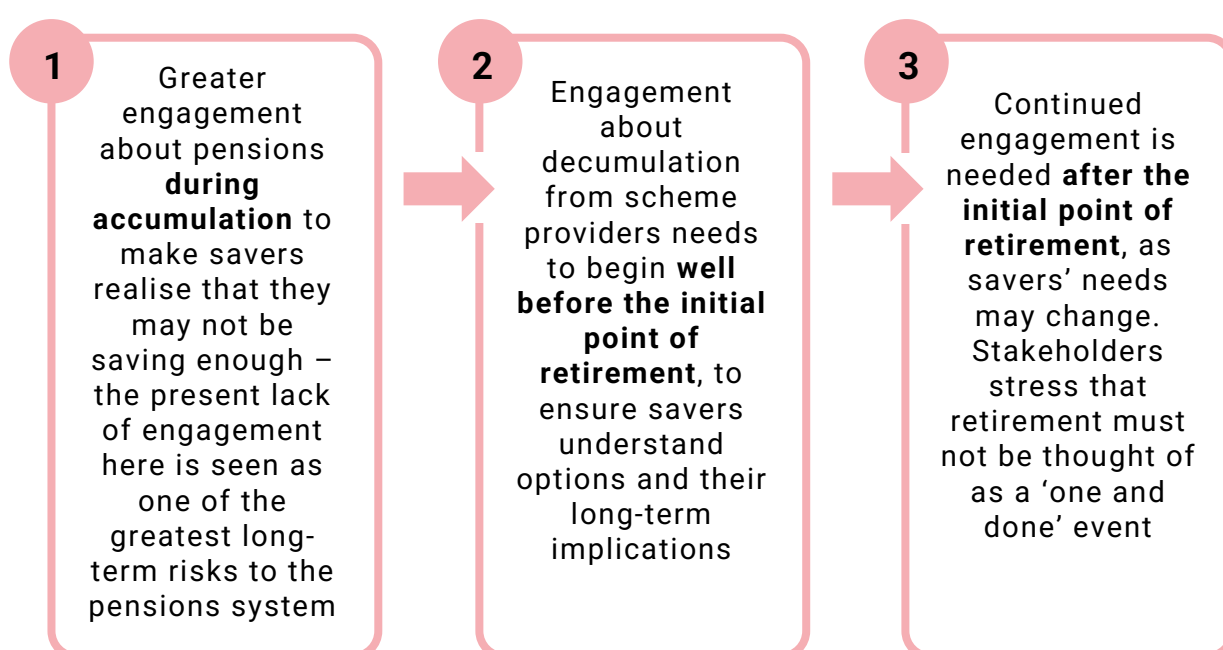


Large scheme stakeholder

- However, stakeholders had differing views on *how* to raise trustee standards, with support for professionalisation far from universal. **Larger schemes in particular stressed the importance of diversity in trustee boards for member outcomes.**
- Whatever stakeholders' views on the level of standards, there was consensus that they should be **stringently enforced** and that **trustees should be empowered to meet them through training.**

Decumulation

- Many stakeholders were keen to emphasise that **successful decumulation should not be seen as a single event.** Instead, success looks like greater engagement over the course of a saver's lifetime:



- Stakeholders suggested several ways in which TPR can successfully progress decumulation, which can be grouped into **facilitating innovation** through digital tools and **supporting consumer-facing engagement** – including giving clear guidance about what communications can be given that do not constitute financial advice and supporting public education of decumulation options.

Supporting the industry and recent developments

- **Stakeholders noticed several recent developments in the industry, but the LDI situation in October 2022 was by far the most discussed.** Inflation and the cost-of-living crisis were also widely mentioned.
- Stakeholders did not criticise TPR for not anticipating the LDI situation of October 2022, and **did not regard it as any more responsible than any of the other bodies involved.** TPR engaged with stakeholders privately at the time, but it was felt that

public-facing announcements should have been faster, given the need to maintain confidence and ensure the stability of the system.

- As a result of the LDI crisis, some stakeholders perceived a **shift in discourse** around pension schemes, with **more focus on diversified investments** and a **greater awareness of investment risk** across the industry. **There was some hope that a long-term impact of the crisis will be a greater focus on resilience.**
- **The main perceived future risks facing the industry are DC schemes' viability due to lack of saving, and TPR lacking the capacity to respond to developments.**

TPR's response to the findings

We value the feedback and insights we receive from our stakeholders on our performance enormously and thank everyone who participated in the research.

Our approach to regulation is informed by the insights we receive in response to this survey, as well as the wealth of conversations and feedback we receive through other forms of engagement. We will continue to listen and act upon stakeholder feedback as we develop our plans to protect savers, enhance the pension system and support innovation in savers' interests.

The emphasis we place upon industry feedback to inform our regulatory approach is only going to increase. Our recently published [Corporate Plan 2024-27](#) sets out our vision and how we're addressing themes explored in this research. It highlights that the industry should expect us to engage differently with them in the future. We will be increasingly focused on market engagement and working collaboratively with the industry to drive good outcomes for savers as we move to a landscape of fewer, larger, well-run schemes.