



Consultation Response

**Trust-based Pension Schemes: Trustee and
Governance (DC & DB Futures)**

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Executive Summary

The trust-based pensions landscape is undergoing profound structural change. Defined Contribution schemes are consolidating at pace, taking on the characteristics — and risks — of major financial institutions, while Defined Benefit schemes are rapidly approaching their end-game. These shifts demand a governance and regulatory framework that is more forward-looking, more data-driven, and more resilient than the one that served earlier generations of schemes.

Trustees, regulators and service providers all face a step-change in expectations. The sector now needs clearer accountability, stronger professional standards, improved data integrity, and early-warning mechanisms that match the scale and concentration of today's pension arrangements.

Against this backdrop, our response highlights the key areas where governance must evolve if trust-based schemes are to continue delivering secure, high-quality outcomes for members. The points below and our deeper thoughts in answer to the questions summarise the central themes emerging from the detailed analysis in this response.

The trust-based pensions system is undergoing a structural shift. Defined Contribution (DC) schemes are consolidating into a small number of institution-scale megafunds, while Defined Benefit (DB) schemes move decisively towards end-game—either through risk transfer or long-term run-on. These two worlds now require different governance frameworks, regulatory expectations and operational controls.

In DC, consolidation requires us to operate to the standards of major financial institutions. An outcomes-based Value for Money regime depends on high-quality, machine-readable data, independent comparator challenge and transparent public ratings. To deliver consistently for members, trustee boards must adopt clearer risk appetite statements, FTSE-style committee structures, independent oversight of illiquids and decumulation pathways, and significantly enhanced operational-resilience and cyber-governance disciplines. The direction of travel is clear: Government policy now assumes a future DC landscape built around a small number of large-scale 'megafunds'. Governance needs to match this shift — moving towards institution-grade, long-horizon decision-making similar to Canadian, Dutch and Australian models.

We also recognise that structural conflicts of interest are becoming more significant as the sector consolidates. Traditional controls remain essential, but consolidation means some schemes may benefit from enhanced structural safeguards where decision-making concentration is higher. To manage structural conflicts in consolidated markets, we support proportionate safeguards such as independent procurement for material mandates, comply-or-explain rotation/retender cycles for key advisers, enhanced transparency of economic linkages, and documented multi-party review for material PCST decisions (for example, default investment or administrator selection). We recognise PCST models can deliver speed and accountability; these measures are intended to reinforce confidence rather than to constrain effective governance.

Administration has become a critical systemic function. With millions of savers concentrated on fewer platforms, failures in data, migration or cyber security can have market-wide consequences. We therefore support mandatory minimum standards for administrators and ISPs, registration with TPR, strengthened oversight powers, and orderly exit frameworks to ensure member protection.

For DB schemes, policy should support both dominant end-game paths. We highlight a specific regulatory gap in data assurance for buy-ins and buy-outs. Ambiguity over accountability for data quality leads to avoidable rectification and member detriment. Encourage pre-buyout data audits, clear responsibility allocation between trustees, administrators and insurers, and robust evidence packs are essential to ensure members receive the right benefits at the right time.

We support the continued professionalisation of trusteeship. Professional trustees should meet statutory accreditation, competence, CPD, capacity and independence standards. At the same time, lay trustees remain valuable contributors of member insight, and their participation should be enabled through modernised training, flexible CPD and structured mechanisms for embedding member perspectives into governance.

Finally, a consolidated sector requires regulators to act earlier and more decisively where governance weaknesses could affect large numbers of savers. Enhanced powers to direct professional trustee appointments, require independent audits and secure more timely reporting will support better, safer outcomes.

Overall, we advocate a regulatory and governance framework that reflects the scale, complexity and interconnectedness of the future pensions system: institution-grade governance for DC megafunds, stronger transaction readiness for DB, and system-wide improvements in conflict management, data assurance and administrator oversight.

Key points

1. The trust-based pensions system is changing fundamentally, with DC schemes consolidating into a small number of ‘megafunds’ and DB schemes moving towards buy-out or long-term run-on.

This shift requires governance, regulation and risk management to evolve to match the structures and scale now emerging.

2. DC megafunds will increasingly operate like major financial institutions, so trustees must adopt stronger, more corporate-style governance frameworks.

This includes clearer risk appetite statements, enhanced committees, better oversight of illiquids, and more sophisticated reporting and analytics capabilities.

3. A new Value for Money (VFM) regime makes high-quality data and transparent comparative analysis essential.

Trustees must be equipped to interpret and challenge complex data to evidence member outcomes and meet future regulatory expectations.

4. Consolidation raises systemic risks — especially around administration, data quality and cyber security — which now require sector-level safeguards.

Fewer administrators handling millions of members means that migration failures, data errors or cyber incidents could have market-wide consequences.

5. Conflicts of interest become more structural as trustee firms and service providers grow and integrate.

Traditional tools like conflict registers or recusal are no longer enough; independent procurement, transparent economic links and multi-person decision-making are needed to maintain confidence.

6. Professional trustees will play an increasingly central role and should meet statutory standards for accreditation, competence, CPD, independence and capacity.

This reflects the complexity and scale of modern DC and DB governance, especially in consolidated markets.

7. As lay trustees become less common, formal mechanisms must replace the member insight they traditionally provided.

Member panels, structured digital feedback loops and clear communication strategies are needed to ensure decisions reflect the needs and preferences of diverse member groups.

8. Trustees — especially in DC megafunds — need enhanced capabilities across investment governance, cyber resilience, operational oversight and outcomes-based decision-making.

The scale, complexity and pace of change require higher levels of expertise and more explicit expectations on skills.

9. Regulators must be empowered to intervene earlier and more decisively to prevent governance failures from becoming systemic issues.

Earlier reporting, oversight of vertically integrated models, administrator regulation and the ability to direct professional trustee appointments are key tools for protecting members in a consolidated future.

10. High-quality administration is critical for DB schemes, particularly as they approach buy-in or buy-out, where even small data errors can lead to pricing inaccuracies, rectification exercises and direct member detriment. DB end-game transactions depend on precise benefit data, clean records and strong operational controls.

11. DB schemes face their own governance challenges, particularly around end-game execution and data assurance.

Poor data governance creates rectification risk and member detriment at buy-in/buy-out; encourage pre-transaction audits and clear responsibility lines are essential.

12. Registration and standard-setting for administrators would improve consistency and reliability in DB service quality, allowing TPR to identify weaknesses earlier, intervene where standards are not met, and ensure any transition of administration is orderly and protects members' benefits. This reflects the DB-specific need for better oversight of data governance, operational controls and pre-transaction readiness.

13. DB schemes face growing risks around end-game execution, making clear, robust data governance essential for accurate pricing and smooth transactions. Poor data quality creates avoidable rectification, delay and potential member detriment.

14. Encourage pre-buy-in/buy-out data audits and clearer allocation of responsibility between trustees, administrators and insurers are required to protect members. Ambiguity over who "owns" data integrity is now a systemic weakness.

15. Trustees need enhanced capabilities in risk-transfer literacy, benefit-specification accuracy, liability management and long-term administration resilience to navigate DB end-games effectively. This includes data lineage, GMP, actuarial negotiation and long-term service oversight.

16. For schemes running on, governance must evolve to support decades-long operations, with a strong focus on operational resilience, cashflow management, investment oversight and enduring member service models. Long-term run-on brings different risks from buy-out and requires actively maintained governance maturity.



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Responses

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

The UK's trust-based framework, grounded in fiduciary duty, has delivered strong governance for decades and especially since the advent of the strengthening of regulations in the early and mid-90s and early 00s following the Maxwell affair.

Evidence of good practice includes rigorous compliance with statutory advice requirements, robust actuarial and legal input, and collaborative relationships between trustees and advisers.

Professional bodies such as actuarial and consultant groups have supported well-ordered governance, ensuring DB schemes—especially those we work with—are well served and deliver good value to their sponsors and good services to their members.

2- What are the barriers to good trusteeship?

Barriers include complexity of regulation and the need for trustees to maintain deep technical knowledge across investment, funding, and administration.

We have seen a pattern where the experience of former actuaries and lawyers can add value. However, trusteeship must be professionalised as a distinct discipline to avoid unconscious bias and lifestyle appointments.

Boards should prioritise governance and data quality over areas of personal comfort, supported by structured CPD and evaluation frameworks.

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

By the early–mid 2030s the UK DC market will be dominated by a smaller number of large master trusts and contract-based providers. This consolidation is being actively driven by the policy intention is explicit: raise standards and accelerate consolidation so members end up in larger, better-run schemes.

The Mansion House agenda reinforces this trajectory. Government sees scale as essential for accessing private markets and increasing investment in “productive finance,” with proposals for minimum scheme sizes and limits on proliferating default funds from no earlier than 2030. These measures further push the market towards a handful of “megafund-scale” DC platforms.

As DC schemes look increasingly like complex financial institutions, their governance needs to mirror the discipline of large corporates.

Clear risk appetite and structured oversight. Corporate boards set explicit risk appetite statements and use structured risk dashboards to ensure decisions align with strategy. Trustee boards can adopt the same approach, drawing on FRC guidance that emphasises clarity of responsibilities, quality of explanations, and strong board reporting.

Three Lines model. Large companies use the IIA's Three Lines Model to separate operational risk ownership, independent risk/challenge, and internal audit assurance. The model translates cleanly into DC governance as schemes scale.

Enterprise-wide risk frameworks ISO 31000 provides a widely recognised template for integrating strategy, governance and risk management — especially relevant as DC defaults incorporate illiquid assets and complex supply chains.

Committee structures and board effectiveness. FTSE-style committees (Investment, Risk & Audit, Operations/Service, Technology & Cyber) provide depth and allow the main board to focus on member outcomes. Regular external board evaluations, routine for large companies, are increasingly necessary for DC too.

What trustees will need by 2030 and beyond

- Data & analytical capability to meet VFM requirements: comparator benchmarking, and transparent explanation of RAG/RAGG ratings.
- Investment governance at scale, including oversight of private-market allocations, liquidity management and fee/valuation transparency.
- Decumulation solutions, whether in-house or through partnership, reflecting upcoming duties to provide guided retirement pathways.
- Stronger operational resilience and cyber controls, including annual incident simulations, supplier oversight and alignment with NCSC guidance.
- Higher trustee capability, with greater use of professional and independent trustees to meet the complexity of megafund-scale governance.

For DB schemes, continuity of strong governance remains key, with additional emphasis on cyber resilience and ESG integration. In addition the management of surpluses from ongoing schemes and then running on represents risks that Trustees will need to manager.

Practical resources, CPD frameworks, and benchmarking data will help trustees maintain high standards.

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

Megafunds introduce complexity and concentration risk. These will become significant entities in our economy and represent potential for systemic risk. Governance must embed Value for Money (VFM) assessments, transparent procurement, and independent oversight of vertically integrated providers. Regulatory frameworks should prioritise outcome reporting and member experience, ensuring boards remain independent and conflicts are actively managed. Enhanced MI and stress-testing of governance processes will be essential.

The emerging policy direction already hints at this: regulators expect larger schemes to take on more complex investment strategies, run more sophisticated operations, and demonstrate clearer accountability than today's average trust-based DC arrangement.

- Greater regulatory emphasis on outcomes, data quality and transparency

The forthcoming Value for Money (VFM) framework, public ratings, and enforced action plans or transfers for poor value. As schemes scale into megafunds with more diverse member cohorts and asset mixes, this creates far bigger data-management demands. Regulators will likely need to provide additional guidance on comparator groups, cohort analytics, and the governance expectations for multi-default, multi-employer structures.

- Enhanced investment governance expectations

Megafunds will be expected to allocate more to private and illiquid assets under the Mansion House direction of travel. This raises the bar for valuation oversight, liquidity management, performance-fee transparency, and scenario testing. Regulators are already shifting supervision towards investment governance quality for large schemes, with TPR signalling increased scrutiny of master trust investment decisions. Further regulatory guidance or “specialist modules” for illiquid asset oversight may be necessary as megafund defaults become more complex.

- Strengthened operational resilience and cyber supervision

With megafunds serving millions of savers and holding highly valuable personal data, the revised cyber principles and the General Code place explicit obligations on trustees: annual ORAs, regular cyber reviews, supply-chain oversight, and alignment with NCSC standards. As megafunds depend on large administrator and platform ecosystems, regulators will likely require enhanced independent testing, stricter reporting expectations, and potentially sector-wide stress-testing frameworks — similar to those applied in financial services.

- Governance capability and professionalisation

Government has already signalled that a world of “fewer, bigger, better” DC schemes requires high-skill, independent trustees. As structures grow in size and complexity, trustees will need support across analytics, cyber, private-markets governance, and outcomes modelling. The DWP’s consultation on trusteeship explicitly anticipates that a smaller number of larger schemes must be overseen by highly skilled, independent boards — implying a future regulatory push toward mandatory skills standards or stronger oversight of trustee competence. Megafunds will need to consider governance budgets to ensure the investment is able to be made in the right people and infrastructure.

- Regulatory coordination across FCA, TPR and DWP

Megafunds will increasingly straddle boundaries between trust-based and contract-based regimes, operate multiple defaults, and partner with a wider array of service providers. Cross-regulator alignment will become essential for consistency in VFM, investment governance and member-outcomes reporting. This is already visible in the joint development of the VFM framework.

While these expectations are appropriate for emerging Megafund-scale schemes, we emphasise that such requirements should be proportionate to scheme size, complexity and member profile. Smaller DC schemes should retain flexibility to meet governance outcomes without being required to replicate institution-grade structures unnecessarily. The regulatory

framework should therefore distinguish clearly between Megafund-level expectations and the more streamlined governance suitable for medium-sized schemes.

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?

1) Where conflicts come from when trustee firms and providers offer “further services”
In a consolidated DC market, professional trustee firms and large third-party providers often deliver multiple services around a scheme — e.g., sole-trustee appointments (PCST), secretariat/governance support, adviser selection and oversight, project management for transitions, data/VFM reporting, and sometimes influence over administrator/platform choices. Each additional service creates touchpoints where commercial incentives can collide with a trustee’s duty to act solely in members’ best interests. Where trustee firms also provide related services, it increases the need for transparent governance to demonstrate independence — something many firms already accommodate through ring-fenced teams and independent sign-off. TPR is explicit that conflicts can arise across trustees, employers, service providers and advisers; it treats conflicts as an expected feature of governance, not an exception.

The APPT’s PCST Code acknowledges this structurally: sole-trustee models centralise decision authority, so the Code imposes stricter controls to manage independence from the sponsor and ensure multiple accredited trustees participate in decisions. The 2026 update (developed with TPR) tightens due diligence and documentation of how advisers are appointed fairly, precisely because concentrated decision-making heightens conflict potential.

Finally, under the FCA’s VFM framework, trustees/IGCs must compare arrangements and challenge providers objectively; any commercial dependency or cross-selling relationship that influences the assessment or the choice of comparators can undermine the integrity of VFM disclosures and ratings.

2) How conflicts are managed today (and where that’s falling short)

Baseline controls now common in policies and codes include: conflicts registers and declarations; recusal and minute-keeping; independent legal/advice; structured tendering and adviser rotation; and explicit “no-influence” clauses in service contracts. TPR’s module requires identification, recording and active management within the ESOG, and many trustee boards adopt formal conflicts policies that track declarations and actions taken.

PCST-specific safeguards (per APPT) include two accredited professionals involved in decisions, independence tests from sponsors, and enhanced reporting protocols where removal/resignation could indicate pressure — all designed to counter concentrated authority.

Large schemes publish conflicts policies that also require adviser conflicts to be managed (e.g., ring-fencing, disclosure, alternative advice, or replacement), recognising that the same advisory firms may act for employers, other master trusts, or counterparties.

As the market consolidates, some existing controls may need supplementing where schemes grow in size or complexity. In a world of fewer, larger schemes and expanding

sole-trustee mandates, the density and concentration of relationships (trustee → adviser → administrator → platform) increase. Traditional tools (registers/recusal) manage incidents, but they don't fully mitigate structural incentives (cross-selling, pipeline preservation, reputational bundling) across a consolidated ecosystem. The Government's trusteeship consultation makes clear the future vision is "bigger and better" schemes overseen by highly skilled, independent trustees without conflicts — but that aspiration implicitly recognises that conflicts risk scales with size and requires stronger structural solutions.

3) What is the scale of residual risk in the market?

Residual risk **can increase** in a consolidated market for three reasons, which reinforces the value of proportionate and well-evidenced governance controls:

- Consolidation and concentration. Fewer providers and larger trustee platforms mean more overlapping mandates and cross-appointments; the probability that a trustee/adviser/provider has commercial ties elsewhere in the value chain increases, even when disclosed. TPR's framing of conflicts as multi-party and inherent supports the view that residual risk persists even with compliance.
- PCST growth and megafunds. Sole-trustee models concentrate decision rights; megafund governance magnifies the consequences of a conflicted judgment (e.g., selection of an affiliated adviser or preferred administrator). The APPT's choice to harden its Code (with TPR input) is itself evidence that residual risk exists and needs stronger mitigation.
- Data-driven VFM regime. The FCA's VFM approach relies on objective challenge and comparable data. If governance independence is compromised, ratings and "fix or transfer" decisions can be delayed, softened or steered — dulling the market discipline the framework intends to create. That's a systemic risk to outcomes, not just a local compliance issue.

Summary: despite improved policies, accreditation and codes, residual conflicts risk is systemic — embedded in how services are bundled and how influence flows through a more concentrated supply chain. It is not fully neutralised by disclosure/recusal. The public signals from TPR (treating conflicts as integral to ESOG) and APPT (strengthening PCST standards) should be read as a warning: governance needs to move from "incident-level" conflict management to "structure-level" conflict prevention.

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

Short answer: Yes. In a consolidated DC market with megafund-scale schemes and concentrated trustee/provider ecosystems, additional safeguards are needed to manage conflicts and protect members' interests without paralysing effective scheme operations. Existing controls (registers, recusal, disclosures, APPT codes, ESOG requirements) are necessary but insufficient for structural, system-wide conflicts that arise when trustee firms and third-party providers deliver multiple services around the same schemes.

What extra safeguards make sense (and why).

- Independent "choice architecture" for key appointments. Create a formal, independent process (with external assurance) for selecting/renewing administrators, platforms, asset managers and advisers. This reduces the influence of commercial cross-selling and preserves objectivity required by the VFM framework's market-wide comparison and challenge model.

- Economic-linkage transparency to employers and members. Require plain-English disclosure of ownership ties, fee-sharing/referral arrangements and parallel mandates across the trustee/adviser/provider value chain.
- Rotation/retender clocks and parallel options on conflicted decisions. Hard-code rotation periods for key advisory/provider roles; when conflicts are declared, trustees should consider at least one parallel (independent) alternative.
- For larger or more complex schemes, a designated conflicts lead or sub-committee could provide an additional layer of review and escalation for higher-risk decisions.
- Conflict stress-testing inside the ORA. Move from incident-level registers to scenario analysis.
- Data and audit standards for VFM “flat files” and comparators. Add independent audit of the flat file and comparator selection.
- Enhanced incident and thematic reporting to regulators. Adopt voluntary early notification to TPR/FCA when conflicts materially affect key choices.
- PCST-specific ring-fencing and multi-person. Where sole-trustee models are used, require ring-fencing of commercial teams and at least two accredited professionals on decisions.

Residual risk assessment

Even with these safeguards, residual conflicts risk remains material because consolidation increases relationship density and influence pathways. The risk is system-level — not fully neutralised by disclosure/recusal alone — and merits continuous regulatory attention. Key takeaway: add structural-level protections to meet modern scale and complexity, while keeping schemes agile enough to manage effectively.

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?

Yes — some form of restriction or capacity-based safeguard is warranted, and the case for this becomes stronger as the market consolidates into fewer, larger schemes.

TPR already frames conflicts and capacity issues as integral governance risks, not anomalies. In that context, individual trustees holding very high numbers of appointments is itself a structural risk, particularly where firms provide multiple services to schemes. The issue isn't only bandwidth; it is also conflict density — the more mandates an individual or firm holds, the greater the overlap across employers, advisers, administrators, and providers.

Therefore:

- Restrictions should be proportionate, but not dismissed. Any restrictions should therefore be applied proportionately, with risk-based thresholds rather than universal limits.

- For megafunds and schemes with complex service ecosystems, capacity should be assessed using evidence-based criteria (resource model, deputy structure, QA processes), rather than fixed numeric limits.
- For other schemes, a capacity-and-independence threshold may be more effective than a simple numeric limit — e.g., requiring trustees to evidence support structures, escalation protocols, and demonstrable independence from commercial ties.
- Regulators may also need to monitor appointment concentration across the market, because capacity problems and conflicts do not arise at an individual scheme level alone; they become systemic when trustee firms dominate multiple large schemes.

Overall, the scale of consolidation and the PCST trend suggests that capacity and concentration safeguards should evolve alongside the growth of megafunds, rather than relying solely on existing firm-level policies or disclosures.

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?

PCST models can work well for time-critical projects or schemes facing recruitment challenges, provided robust controls exist. PCST appointments should demonstrate clear team cover and documented succession, which in practice means avoiding true single-point-dependency. Professionalisation, dual-signature decisioning, and clear member engagement plans are essential to maintain confidence. Where there is evidence of concentration or lack of competitive tender process these appointments should be scrutinised for their appropriateness.

9- If Government introduced an enhanced code of practice for sole trustees, what should it include? Do existing codes already cover this?

DC perspective (future megafunds and consolidation):

An enhanced sole-trustee (PCST) code should hard-wire independence, outcomes and data integrity into practice. First, require multi-person decision gates (at least two accredited professionals) for all material decisions such as default investment changes, administrator/platform selections and bulk transfers. This reflects the APPT PCST Code's direction of travel and recognises that concentrated authority elevates systemic conflict risk in a consolidated market.

Second, embed an independent 'choice architecture' for tenders and renewals: external assurance over procurement criteria; documentation of shortlists and rejections; and an enhanced transparency and ring-fencing where trustee firms also provide related services, rather than a blanket prohibition.

. This is consistent with the VFM regime's emphasis on objective challenge and comparable market data.

Third, Introduce scheduled market-testing, with flexibility to defer where continuity is important (e.g., major transactions), combined with parallel options when conflicts are declared, so boards always consider at least one independent alternative. This addresses structural incentives in vertically-integrated ecosystems.

Fourth, introduce data and audit standards specific to VFM: cohort-level net-return forecasts and comparator selection; plus a central repository to facilitate cross-market benchmarking. Joint FCA/TPR updates already point to an expanded, more granular VFM data regime; the code should ensure trustee accountability for data quality and transparent narrative on ratings and action plans.

Finally, require conflict stress-testing inside the ORA (General Code): scenario analyses of how conflicted incentives could shape provider selection, investment pacing into illiquids, or transfer decisions — with boards documenting mitigations. This operationalises TPR's expectations that conflicts are inherent and must be actively managed.

DB perspective (legacy, risk transfer and run-on):

For DB end-game, an enhanced code should add pre-buyout data governance standards: independent audits, lineage logs, exception registers and sign-off gates linked to transaction milestones; plus independent actuarial/legal opinions on key insurer terms. This clarifies accountability during buy-in (trustees accountable; administrators responsible; insurers assurance partners) and reduces post-buyout rectification risk. Roles in data quality should be clearly documented for each transaction — with accountability, responsibilities and assurance tailored to the scheme's history and risk profile.

10- Given the future landscape, are any further controls or safeguards needed on the appointment of trustees to ensure decisions are made in members' interests?

DC perspective (future megafunds and consolidation):

Further controls should anchor trusteeship to measurable member outcomes, transparent decision rights, and professional discipline. Boards should adopt an explicit risk appetite statement (RAS) covering investment return targets vs. volatility/balance, liquidity thresholds (especially with private markets exposure), service quality KPIs, and cyber/operational resilience metrics. This mirrors FTSE-style governance and ties decisions to member value under VFM.

Committee architecture is critical at megafund scale: Investment; Risk & Audit; Operations/Service; Technology & Cyber; Member Outcomes/VFM. Each should have defined remits, escalation maps and reporting cadences. The Outcomes/VFM committee should own ratings narratives, action plans, employer/member communications, and comparator rationale.

Independent advice should be mandatory for redesign of defaults, inclusion of illiquids, or decumulation pathways; trustees must evidence rationale using cohort analyses (net returns/dispersion), liquidity runway tests, and service metrics — then disclose how these shaped decisions. This operationalises the 'outcomes-based' intent of the VFM framework.

Finally, institute public-facing economic-link transparency: plain-English disclosures of ownership ties, referral/fee-sharing and parallel mandates across trustees, advisers and providers. TPR's conflicts module emphasises multi-party conflicts; the safeguard is to match that reality with meaningful transparency, not just internal registers.

DB perspective (legacy, risk transfer and run-on):

DB boards should centre controls on end-game readiness: signed benefit specifications; data KPI dashboards; transaction decision criteria balancing affordability, timing and security; and independent second opinions on pricing/terms. These measures improve auditability and member confidence at buy-in/out.

11- What role can government and regulators play in helping schemes attract a diverse and talented pool of individuals to trusteeship?**DC perspective (future megafunds and consolidation):**

Government and TPR can strengthen the trustee talent pipeline by opening up trusteeship as a high-status governance career, particularly to senior risk professionals and business leaders from outside the pensions industry. As DC schemes consolidate into large, complex “megafunds”, trusteeship increasingly requires skills comparable to those expected of CEOs, CFOs, CROs and non-executive directors — particularly in investment governance, cyber resilience and organisational risk management.

To support this shift, government could empower TPR to develop a national trusteeship entry programme promoting the role to experienced professionals in fields such as risk, audit, corporate finance, technology, and regulated-sector governance. This programme would offer accredited foundation learning across key governance domains — including Value for Money (VFM) assessment, private-markets oversight, and cyber/NCSC controls — and clearly articulate the profession’s competency framework and career pathways.

In parallel, TPR could operate a national trustee talent portal, matching high-calibre candidates with master trusts and GPP governance committees, and helping employers understand the value of trusteeship as a recognised leadership and risk-governance credential. Industry bodies could partner with government to subsidise accessible training places and remove practical barriers to participation for under-represented groups.

Finally, TPR could publish a suite of practical “what good looks like” resources for the megafund era — including exemplar Risk, Audit and Skills (RAS) frameworks, conflicts-management blueprints, and high-quality VFM narrative structures — giving new boards a shorter learning curve and supporting consistent professional standards across the sector.

DB perspective (legacy, risk transfer and run-on):

For DB schemes approaching the end-game, government and TPR should support the development of specialist buy-out and risk-transfer capabilities — including insurer-readiness, data cleansing, transaction governance and covenant run-off assessment. Targeted training and mentoring can help trustees navigate the technical intensity of these one-off transactions while maintaining robust independent judgement.

At the same time, policymakers must recognise that a significant cohort of schemes will continue to run on, either by design or because full buy-out is not economically viable. For these schemes, the focus should be on building and sustaining a long-term trusteeship cadre with deep skills in operational governance, data stewardship, funding resilience, cashflow management and ongoing oversight of complex investment portfolios. Structured

mentoring and capability programmes can ensure that member-nominated trustees continue to bring diverse and independent perspectives, while being fully equipped for the evolving governance and regulatory demands of running on.

12- Should there be limits on length of trustee appointment or repeat appointments to the same trust? Is there a role for a Public (independent) Trustee?

DC perspective (future megafunds and consolidation):

In the context of DC consolidation and the emergence of institution-scale megafunds, it is appropriate for government and TPR to set out principles-based expectations on tenure rather than rigid statutory limits. Period board-effectiveness reviews every 3–5 years, would promote renewal while preserving institutional knowledge. Repeat appointments can continue to be workable where schemes undertake periodic market testing and structured conflict-of-interest assessments.

Regarding a Public (Independent) Trustee, any such role should be strictly last-resort and tightly circumscribed, and only considered if ministers believe that the existing professional trustee market lacks sufficient depth or capability to address acute governance failures. Current evidence suggests the professional trustee network is well-developed; therefore, use of a public mechanism would require clear justification.

If used at all, it should operate as a time-limited, regulator-directed independent appointment—not a government-appointed trustee—triggered only where unresolved conflicts or persistent governance failure threaten scheme stability. Its mandate should focus solely on restoring normal governance and return control to a new competent board as soon as practicable. This preserves proportionality and avoids crowding out professional trustee expertise.

DB perspective (legacy, risk transfer and run-on):

In DB schemes, tenure policy should reflect the sector's split into risk-transfer and long-term run-on pathways. As schemes approach buy-in, buy-out or other end-game transactions, continuity of trustee oversight is essential due to the technical, covenant and data-governance demands of these processes. In these situations, fixed tenure limits risk destabilising execution. A more appropriate model is managed succession planning, structured handovers and strong documentation, ensuring continuity without entrenchment.

For schemes expected to run on for many years, a more conventional tenure framework can apply, supported by periodic skills reviews and ongoing training.

If a Public (Independent) Trustee mechanism is contemplated, it should again be a narrow, last-resort tool, triggered only where governance failures materially threaten a transaction or the reliability of member payments. Any role must be temporary, objectively triggered and explicitly focused on restoring orderly governance. As above, the professional trustee market is ordinarily well-placed to provide this function, and a public intervention would be difficult to justify unless ministers consider that market capacity is insufficient.

13- Would it be appropriate to introduce a new public trustee who could be appointed by TPR, and when would this be preferable to a professional trustee from the register?

DC perspective (future megafunds and consolidation):

A public trustee should only be considered in exceptional circumstances where the Minister concludes that the professional trustee market lacks the depth or independence to manage a specific systemic or acute governance issue. Such conditions are rare and not currently evidenced. In almost all cases, issues should be addressed through TPR's directed appointment of an accredited professional trustee from the register, supported by enhanced independence checks.

If a public mechanism exists at all, its remit should be confined to a time-bounded stabilisation role, triggered by transparent criteria such as structural governance failure or market-wide risk (e.g., a major administrator collapse). It should not become a routine alternative to the professional trustee market.

DB perspective (legacy, risk transfer and run-on):

In DB schemes, use of a public trustee should similarly be reserved for very narrow circumstances where professional trustee capacity is demonstrably insufficient and where governance failure threatens end-game execution or continuity of member payments. A directed professional trustee appointment should remain the default intervention tool. A public mechanism, if retained, should be an emergency measure with clearly defined triggers and a mandate solely to restore effective governance before stepping aside.

We've seen use of professional trustees to resolve cases where scam activity or employer failure have occurred and generally these have been demonstrated to work well.

14- Are there reasons why TPR's powers of intervention should be modified, and how?

DC perspective (future megafunds and consolidation):

As DC schemes consolidate into larger, more complex structures, the potential consequences of governance failures grow substantially. In this environment, there is a strong case for broadening TPR's intervention powers so the regulator can act earlier and more decisively where poor outcomes are likely.

This could include:

- Earlier and more detailed reporting requirements, enabling TPR to identify emerging conflicts or governance weaknesses before they affect savers.
- A clearer power to direct the temporary appointment of an accredited professional trustee in cases of serious or persistent governance failure, ensuring boards can be stabilised quickly. Any extended TPR powers should be trigger-based and proportionate, focused on early correction of material governance risks.
- Stronger oversight of vertically-integrated providers, allowing TPR to intervene where bundled services or commercial structures may compromise independence or value for money.

These changes would help TPR prevent harm in a system where failures could affect millions of members.

DB perspective (legacy, risk transfer and run-on):

For DB schemes, the key risks relate to end-game preparation, data quality and the execution of transactions that directly affect member outcomes. Here too, there is a case for expanding TPR's powers to allow earlier, more targeted intervention.

This could include:

- **The ability to require independent data and administration audits**, and to mandate remedial action where deficiencies could jeopardise pricing or onboarding in a buy-in or buy-out.
- **A power to direct the appointment of a professional trustee** in situations of severe governance weakness, sponsor conflict or distress, where members' benefits could be at risk.
- **Clearer authority to require contingency plans** from schemes preparing for transactions, ensuring risks are identified and managed before they affect members.

These measures would give TPR the tools to intervene upstream of problems, reducing the chance of poor outcomes during critical end-game activity or long-term run-on.

15- How can TPR ensure it has information for the directory without creating greater administrative requirements?

DC perspective (future megafunds and consolidation):

TPR could get the information it needs by creating a statutory, trustee-centred register that trustees maintain themselves. Professional trustees would register core details—identity, accreditation number/status, firm affiliation, and appointments with start/end dates—and update these within a short window when things change. Lay trustees would complete a light-touch registration when appointed. TPR would receive accreditation and renewal data directly from recognised bodies so trustees don't have to re-enter information.

Schemes would have only a minimal role: they would confirm who their trustees are through the existing scheme return process and report joiners and leavers as they do now. No new narrative returns or duplication with valuations or supervisory interactions would be required.

A phased introduction could start with professional trustees, linking accreditation feeds and piloting with large schemes, before making registration mandatory at the next scheme return cycle. Proportionate civil penalties would ensure data is kept accurate without creating undue burden. Once the system is established, the light-touch registration for lay trustees could be added and data standards refined.

Where differences are needed between DC and DB, they should be limited and practical. For DC master trusts and other large DC schemes, more frequent board changes may justify shorter update windows. DB schemes, especially those in end-game, should not need to provide any additional funding or transaction information; the directory should remain focused purely on who the trustees are and their accreditation.

This approach gives TPR a complete and up-to-date picture of “who is governing what” while keeping new administrative requirements to an absolute minimum.

16- What skills will trustees of trust-based pension schemes need to be effective?

The skills trustees need will continue to evolve as DC schemes consolidate into large “megafunds” and DB schemes move into risk-transfer and run-on. Both environments require greater technical competence and stronger oversight of complex delivery chains.

DC perspective (megafunds and consolidation)

Trustees of large DC schemes will need the capacity to oversee investment, risk and operations at scale. Key skills include:

Understanding outcomes analytics – assessing cohort-level net returns, dispersion and volatility to judge whether members are achieving value for money.

Private-markets governance – challenging valuation practices, pacing, fees and conflicts as allocations to illiquid assets grow.

Liquidity and cashflow management – especially important as integrated decumulation pathways develop.

Operational and cyber resilience – scrutinising suppliers, data protection and incident-response arrangements.

Retirement pathway oversight – evaluating sustainable withdrawal approaches and ensuring members are guided into appropriate options.

These competencies directly support the ability to deliver good member outcomes in a consolidated DC market.

DB perspective (risk transfer and run-on)

Trustees of DB schemes increasingly need skills aligned to end-game execution and long-term administration. This includes:

Risk-transfer literacy – comparing buy-ins, buyouts, capital-backed solutions and alternative structures, and navigating negotiations.

Data and benefit-specification expertise – ensuring accurate benefits, data lineage, remediation and GMP-related issues are resolved before transition.

Counterparty and collateral oversight – particularly for LDI or hedging strategies in the lead-up to buyout or run-on.

Long-term administration resilience – understanding whether administration models, technology and continuity plans can support members for decades.

These skills ensure trustees can deliver a secure and orderly end-game that protects members’ benefits.

17- Would it be appropriate for TPR to set statutory higher standards for professional trustees, and what should these look like?

Yes. Professional trustees should meet statutory, fit-and-proper standards.

A statutory framework should include:

Mandatory accreditation for all professional trustees, replacing the current voluntary approach. This should also be standardised for all trustees.

Clear baseline competence requirements, covering pensions knowledge, investment governance, conflicts management and operational oversight.

Ongoing CPD, focused on key risk areas such as cyber, data governance and supplier oversight.

Stronger independence and conflict-mitigation rules, particularly for firms providing trustee and advisory services.

Reasonable limits on the number of board appointments, ensuring trustees have capacity to act effectively.

Demonstrable evidence of challenge, showing how professional trustees scrutinise advice and key decisions.

These measures create a simple, proportionate professional-standards regime without discouraging lay trustees, while giving schemes and savers confidence that accredited trustees meet robust and consistent expectations.

18- We are moving towards models that do not include as many lay trustees. What benefits or skills should be replicated and how?

As schemes move towards more professionalised governance models with fewer lay trustees, it is important to retain the qualities that lay trustees have traditionally contributed:

- a direct member perspective,
- constructive challenge, and
- a sense of how decisions and communications land with real people.

These should be replicated through structured mechanisms rather than relying on individual lay trustee appointments.

For DC schemes, particularly in larger consolidated structures, member insight and challenge can be embedded through member panels and employer forums that provide regular, structured input into decisions affecting service quality, communications and retirement pathways. However, this should not rely solely on periodic panel activity. More fundamental and continuous feedback can be gathered through digital channels — apps, portals and integrated member-journey surveys — allowing schemes to capture views at scale and in real time. This feedback should form part of a formal governance cycle, with outcomes considered by the committee responsible for member outcomes or value for money, and with schemes routinely publishing what they have heard and the actions they intend to take.

For DB schemes moving through risk-transfer or long-term run-on, the focus should be on replicating the reassurance and clarity that lay trustees often provide to members. This can be achieved through clear, proactive communications on benefit security, straightforward digital routes for member questions, and strengthened complaint and vulnerability processes. Testing communications with representative groups before major transitions can help ensure messages are understandable and sensitive to member concerns.

Across both DB and DC, the shift away from lay trustees should not reduce the prominence of the member voice. Instead, it should lead to more systematic, more accessible and more visible methods of gathering and responding to member feedback, ensuring that the perspectives lay trustees once provided remain firmly embedded in trustee decision-making.

19- What support/CPD should be in place for lay trustees? Should all trustees be accredited? Who pays?

Lay trustees remain an important part of good governance, so the focus should be on strengthening the support available to them rather than creating barriers that deter participation. The core tools for lay trustees need refreshing and modernising — the Trustee Toolkit, in particular, has become dated and needs investment so it is easier to use, more practical, and reflects the decisions trustees actually face. A modernised Toolkit, backed by short, focused CPD modules, would give lay trustees a clear baseline of capability without turning the role into a technical profession.

Support should be accessible and flexible: digital CPD, scenario-based exercises, on-demand learning, and scheme-funded training linked to major decisions such as buy-ins, operational changes or new VFM requirements. Mentoring and peer networks also matter, giving lay trustees a route to share experience and build confidence independent of advisers.

Accreditation should remain mandatory for professional trustees only. Making every trustee accredited would risk reducing diversity and discouraging the very people who bring a valuable member perspective. Lay trustees should follow a strengthened baseline — Toolkit completion, periodic refreshers and light CPD — with an optional accreditation pathway for those who want it.

Training for lay trustees should be funded as a governance cost borne by the scheme, not by individuals. For system-wide resources, such as maintaining the Toolkit and core CPD modules, a central funding model or small levy on larger schemes and trustee firms would ensure high-quality materials without creating financial barriers.

Overall, the aim should be practical, modern, accessible support that enables lay trustees to contribute effectively — not professionalisation by the back door.

20- How can trustee boards take account of members' perspectives in decision-making?

DC perspective (future megafunds and consolidation):

Ensure member perspectives are embedded by running annual sentiment and outcomes surveys, publishing member impact statements, and tracing how feedback influenced default design and decumulation pathways — all within fiduciary boundaries. Tie these disclosures to VFM ratings to demonstrate accountability.

DB perspective (legacy, risk transfer and run-on):

Engage DB members proactively on changes arising from rectification or buy-in pricing; provide accessible explanations and redress routes if benefits adjust post-transaction.

21- Examples of best practice demonstrating appropriate account of members' views?**22- What benefits and challenges arise if mandatory minimum standards are introduced for administrators and/or Integrated Service Providers?**

Trustee boards can take proper account of DC members' perspectives by making member insight a permanent part of governance rather than an occasional exercise. Annual sentiment and outcomes surveys should be combined with always-on digital feedback through apps, portals and member-journey prompts, making it easy for savers to share views on service, communications and retirement options. Trustees should then publish how this feedback has influenced decisions — for example, changes to default strategies, administration improvements or adjustments to decumulation pathways — so members can see a clear line from input to action.

Best practice already visible in large master trusts includes structured member panels, public value-for-money ratings, and transparent action plans responding directly to member insight. International systems, particularly Australian superannuation, show how large-scale schemes can embed continuous member reporting, service benchmarking and clear disclosure on how member experience shapes investment and product design. These lessons reinforce that strong member engagement doesn't require lay trustees: it requires structured feedback mechanisms, transparent reporting, and governance processes that treat member insight as a core input to decision-making.

23- Should TPR have the same levels of regulatory oversight as the FCA regarding administrators/ISPs, and why?

Yes. TPR needs powers much closer to the FCA's when it comes to administrators and ISPs, because member outcomes now depend on administration quality just as much as investment performance. In a consolidated DC world, a single administration failure can affect millions of savers at once — data errors, migration failures and cyber incidents instantly become systemic risks rather than scheme-level problems. Oversight needs to match that reality.

What matters is not duplicating the FCA rulebook, but giving TPR the tools that protect outcomes: enforceable data and migration standards, consistent cyber and operational-resilience reporting, proper incident-notification requirements, and the ability to supervise large administrators at a market level rather than relying on voluntary engagement. These are the levers that close today's gaps and ensure the parts of the system that actually deliver benefits — data, records, payments, retirement journeys — are regulated with the seriousness they now demand.

A proportionate approach would focus this enhanced oversight on the large administrators serving consolidated DC schemes, using existing reporting wherever possible. But the direction is clear: if administration is where member harm becomes systemic, then TPR needs the oversight tools to manage that systemic risk.

The above said, serious consideration should be given to giving TPR oversight of all workplace savings vehicles.

24- Should administrators have to be registered with TPR to administer a scheme, and should TPR be able to deregister an administrator?

Yes — if TPR is expected to manage systemic risks in the pensions system, then registration and deregistration powers are a natural extension of the oversight tools required. Administration quality now determines whether members actually receive the outcomes trustees aim for. In a world of megafunds, large master trusts and multi-scheme administrators, failures in data, cyber resilience or migration can cause harm at scale, and the industry increasingly accepts that the current voluntary model does not give TPR enough visibility or leverage to prevent that.

A registration regime would give TPR a clear line of sight over who is administering schemes, the standards they meet, and the risks emerging from administrator business models. It would also give trustees confidence that baseline requirements on data, service and resilience apply consistently across the market. Where firms fail persistently — and after proportionate engagement — deregistration should be possible, but only with an orderly transfer framework to protect members and avoid disruption.

This approach reflects the direction of travel across industry: stronger, more consistent oversight of administrators; clearer escalation routes for trustees; and proactive tools to manage systemic risks before they crystallise. Registration with TPR, paired with targeted standards and the ability to act where harm is likely, provides that framework without imposing unnecessary burden on well-run firms.

DB buy-ins – clarity of data responsibility (for completeness): During buy-ins, ambiguity over who owns data quality creates avoidable post-transaction rectifications and member detriment. We recommend that TPR’s administrator registration standards require a contracted RACI for data—accountability: trustees; responsibility: administrators; assurance: insurers—plus pre-transaction data audits, lineage evidence packs, and escrow, so data integrity is proven before pricing and onboarding, not repaired afterwards.

There could be wrinkles with a registration system where in-house teams would not have to register but these issues would not be insurmountable. Some consideration would also need to be paid if an overly officious regime pushed smaller providers out of the market.

We support a proportionate registration regime, where baseline standards apply to all administrators, but enhanced oversight and resilience requirements are targeted at those servicing large master trusts, Megafunds, or multiple complex DB schemes. Smaller administrators should meet core standards without facing the same level of regulatory overhead, ensuring the regime remains effective without unintentionally disrupting competition or diversity in the market.

25- What risks does increased DC consolidation pose to administration service providers, and how can these be mitigated?

DC consolidation increases the concentration of members sitting on a small number of administration platforms, which amplifies both operational risk and systemic risk. When millions of savers depend on fewer providers, the consequences of any data failure,

migration error or cyber incident become significantly more severe. Industry commentary has consistently warned that the pace and scale of consolidation — particularly with megafunds and large master trusts — heightens the vulnerability of administrators because they must run complex migrations, integrate legacy data, and scale services faster than before, often while operating ageing or heavily customised platforms.

The immediate risks include large-scale migration backlogs, mapping and cleansing errors, fragile legacy systems under strain, and member communication failures during transitions. At scale, poor capacity planning can cause bottlenecks across the entire market, and the failure of a major administrator becomes a systemic event rather than an isolated one.

These risks can be mitigated by a more disciplined and structured approach to transitions and ongoing oversight. Phased migrations, common data schemas, dual-run periods and formal capacity planning with administrators help reduce the operational pressure created by consolidation. Trustees should expect full dress rehearsals, rollback plans and stress-testing of service levels before any go-live. Clear requirements on operational resilience, cyber controls and incident management — consistent with the direction of regulatory travel — help ensure administrators can scale safely as the number of schemes declines but the number of members per platform rises.

As consolidation accelerates, the key is recognising that administration is no longer an operational afterthought: it is where member outcomes become real. Mitigating risk therefore requires stronger governance around migrations, clearer expectations on resilience and data quality, and oversight tools that allow issues in large administrators to be spotted and managed early, before they affect savers at scale.

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

As DC consolidation pushes more savers onto fewer administration platforms, a disorderly exit becomes a systemic risk. TPR should take a clear, preventative role: operate an early-warning system that monitors financial resilience, cyber vulnerabilities and service deterioration; require large administrators to maintain credible “living wills” setting out how data, payments and member services would be protected; and put in place standardised emergency transfer playbooks that schemes can activate immediately.

TPR should test these plans through periodic tabletop exercises with administrators and trustees, ensuring everyone understands escalation routes, fallback options and communication responsibilities. The goal isn't for TPR to run the rescue, but to ensure the market is prepared, transitions are orderly and no saver is left exposed if a major administrator fails.

In a megafund world, member outcomes depend on administrative continuity. TPR's role is to ensure the system is robust enough that even a large-scale provider exit doesn't become a large-scale member harm event. There needs to be greater reporting into TPR to give early indication of potential failure and then adherence to standards for the onward migration of data in an orderly manner.

27- Provide scheme/provider details to support the impact assessment.

N/a

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