

ILAG/DWP Relationship Management Meeting

18 February 2022, 09:30 – 10:30

Attendees: Des Healy (DWP) and Jenny Felton (ILAG)

Purpose of the meeting

JF met with Des Healy, ESG & DC Consolidation Policy Manager at DWP to discuss issues facing ILAG members, gain insight into the Government's current priorities and create a channel of regular and beneficial communication.

General comment

DH emphasised that DWP does understand the pressure that industry faces with the volume, and timing, of legislative and regulatory changes.

After discussing the challenge of providing comprehensive responses to consultations with short response timescales, such as the draft Pensions Dashboards Regulations 2022, DH made it clear that DWP does want to receive meaningful consultation responses.

Although not publicised, DWP can often accommodate response submissions made after the official consultation closure date, where this has been pre-agreed in the appropriate manner. A member of the ILAG Management Team would need to make an agreement with the relevant DWP official ahead of the consultation closure date. DWP has previously done this for other trade bodies and DH encouraged ILAG to seriously consider this option.

Guy Opperman was appointed as Parliamentary Under-Secretary of State (Minister for Pensions and Financial Inclusion) in June 2017. Cautioning that a change in minister can change priorities, DH summarised the current minister's immediate priorities for the industry.

Priorities

- Value for Money

The minister believes that a focus on value for money will drive consolidation. He is working with TPR and FCA and expects to issue a joint statement in the spring.

- Productive Finance

Commenting on removing barriers to DC schemes investing in illiquid assets, DH explained that industry responses to removing the charge cap were mixed.

- Consolidation

While this remains a key focus, government understands that consolidation across the industry will take time. The expectation is that the use of value for money metrics and a stable framework will increase the pace of consolidation. The consultation outcome for 'Future of the defined contribution pension market: the case for greater consolidation' is due to be published soon.

- ESG

DWP is working with HMT and BEIS to legislate for pension trustees to measure and report on their investment portfolio - Paris Alignment.

- Stewardship

The Minister is committed to ensuring that schemes are governed effectively and by trustees with appropriate skills and knowledge. He wants to see trustees using their powers to wind up schemes with inadequate governance. He is encouraged by the level of industry engagement he has seen.

- Automatic Enrolment

Implementing the recommendations, following the policy review in 2017, to lower the age for auto enrolment to 18 and remove the lower limit of the qualifying earnings band.

- Collective Defined Contributions Schemes

Removing barriers to future CDC schemes. Legislation in place to safeguard the Royal Mail Collective Pension Plan, the first CDC scheme, could prevent future CDC schemes from working effectively.

- Reducing the burden on trustees

The Secretary of State is mindful of the pressure trustees face and is keen to reduce the burden, within the boundaries of existing legislation. Current thoughts include a move to increase the use of professional trustees and encourage diversity of thought across trustee boards.

Future engagement

JF and DH will meet quarterly to discuss government priorities and industry issues. The next meeting will be in June 2022.

DH offered to arrange for a member of his team to talk at a future meeting or event about topics of particular interest to ILAG members.

Jenny Felton, February 2022