

21st Century Trusteeship and Governance Response to Discussion Paper

The Association of Professional Pension Trustees is an organisation of over 160 individuals who act as professional independent trustees to UK occupational schemes, some as sole practitioners and some working in firms of such practitioners. Our members represent a large number of mainly larger pension funds with combined assets of several hundred billion pounds.

Our aims are to:

- encourage and promote the highest professional standards in those who practise as professional pension trustees
- promote the role of professional trustees

In response to your discussion paper the Association held an extraordinary meeting of its members to debate these issues on 11th August 2016. The debate focused on the first three questions in your paper and the comments below represent a distillation of the discussion.

Question 1: Should there be barriers to entry? Should all professional trustees be qualified/registered?

Given the aims of the Association we support the introduction of some barrier to entry/form of qualification for those who hold themselves out as professional trustees. Members of our organisation are required to have relevant trusteeship experience and complete appropriate Continuing Professional Development (“CPD”) on an annual basis, as well as comply with our Code of Conduct. As you are aware, the Association is currently in consultation with its members on the introduction of a new qualification aimed at professional trustees (the Diploma in Pension Trusteeship “DPT”).

When discussing the question of whether ALL those who hold themselves out as professional trustees should be required to meet our qualification standard or something similar, there was a divergence of opinion as follows:

- Some members advocated a staged approach, such as introducing a requirement for professional trustees to obtain the existing PMI APT qualification and strengthening accreditation of firms of professional trustees (e.g. AAF control standard), and to build on this over time.
- Others advocated a more fundamental approach, by introducing a qualification such as the proposed APPT DPT which would test the softer skills of pension trusteeship rather than the purely technical knowledge of the PMI APT and would also require an ongoing commitment to CPD.

Question 2: Should chairs have a minimum qualification or experience or belong to a professional body?

There was agreement amongst our members that the role of the Chair is pivotal. However, it does not necessarily follow that the Chair needs to be a professional trustee and for this reason there was quite broad resistance to introducing new barriers to entry for chairs. There are a number of strong chairs that bring valuable experience from previous careers and a qualification requirement could risk excluding them. It was acknowledged that a different set of skills was required to be a successful chair, although in many cases a professional trustee will be well positioned to assume the chair role.

Question 3: Should the requirement to appoint a chair and report on compliance be introduced for DB schemes?

There was strong support for introducing these requirements.

Other issues raised

In response to some of the other questions raised in the discussion paper, and with particular relevance to Question 11, the group considered whether it would be appropriate to require schemes above a certain size or where there was evidence of poor governance to appoint a professional trustee. No conclusion was reached on these points.



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