

5th March 2026

The Honourable Minister for Pensions, Torsten Bell,
The DWP policy team,
Department for Work and Pensions.

Submitted by e-mail to: privatepensions.trusteeshipgovernanceconsult@dwp.gov.uk

Dear Minister and DWP team,

**CFA UK letter in response to DWP’s consultation - Trust-based pension schemes:
Trustees and governance, building a stronger future**

We welcome DWP’s focus on the area of trustee skills and good governance as consolidation progresses and more rigorous oversight (for example Value for Money) is required in the sector.

CFA UK has consistently advocated for raising the bar on trustee competency, in the interests of scheme members and market integrity.

In our January 2025 comment letter on the Pensions Review Phase 1, we emphasised that:

- **“Consolidation presents an opportunity to raise the bar on competency and skills in the sector... given the much greater investor and market impact of investment processes and decisions post consolidation.”**
- [cfa-uk-and-cfais-letter-in-response-to-dwps-pensions-review-phase-1--january-2025.pdf](#)

For this consultation, we have focussed our comments to two key themes (matching two consultation chapters) – good governance and skills and knowledge - which also align with our previous advocacy on this topic.

GOOD GOVERNANCE – CHAPTER 1

Despite the need for improvement, the current trusteeship and governance system (including the rise of professional trustees) has been of value, for example:

- Catered to the demand for trustees given the vast number of schemes
- Embedded a culture of fiduciary duty
- Provided reasonable oversight of schemes

- Reinforced knowledge and understanding

However, with the changes now taking place in the sector that you have pointed out, **there are significant areas for improvement in delivering good trusteeship, as summarised below.**

Support in these areas will be required to enhance skills and governance in alignment with sector changes. These should apply not only to mega funds but to any fund of a material size (with less constraint on resources).

1. **Investment policy disclosures not of adequate quality**

The Mercer CFA Institute Global Pension Index 2025 includes robust governance as one its core principles and recommends:

- “Pension legislation should require all pension funds to develop a comprehensive investment policy”
- [Mercer CFA Institute Global Pension Index 2025 | RPC](#)

The **current Statements of Investment Principles issued by pension firms are generally inconsistent, often not including sufficient information on the scheme’s strategic asset allocation, or their investment process or risk and return expectations** by which this is set.

This will be of increasing importance as pension schemes diversify beyond traditional asset classes into areas such as private markets and less liquid investments.

2. **Inadequate independence and management of conflicts of interest**

Given the range of potential conflicts of interest that can exist for stakeholders under different arrangements, **we recommend a thematic review of conflicts management and true trustee board independence** to better inform areas for improvement.

For example, stakeholders with commercial targets such as consultants and advisers, may have their own demands to increase their activities and revenues. Asset managers can become more distanced from the trustees they are responsible to, given the layers of external experts in a typical setup – these certainly have value but also introduce conflicts of interest that need to be recognised and managed.

3. **Inadequate diversity on trustee boards**

Our emphasis in making this point is on **diversity of thought, experience and skills**, rather than traditional forms of diversity which are a separate consideration.

We support the value added perspective of Member-Nominated trustees (MNTs) who are often from the sponsor’s industry, but **encourage robust trustee boards to include trustees with a wider range of back grounds and skills.**

Trustees with diverse skills and experience can also help drive engagement and communication with a diverse demographic of members and specialist skills can support technology solutions and innovative approaches.

In this context we also support the addition of a professional trustee to complement the makeup of a board. Professional trustees, particularly with an investment background, can enhance a board’s level of skill and competence.

4. Shortage of specialist skills

Our focus here is on specialist areas, not just broad stewardship skills – which are covered in the subsequent section.

When combined with the previous point on diversity of skills and experience, when trustees with different areas of experience are included, there will be a **need to ensure adequate training and knowledge building on other aspects of trusteeship** such as governance, responsibilities, fiduciary duty and pension operations. This is an area where the DWP can consider some form of support.

SKILLS AND KNOWLEDGE – CHAPTER 3

In addition to general leadership skills, **the following areas of proficiency should be prioritised on a trustee board**, as executive support can often suffice in other areas such as financials/accounting/actuarial, member communications, and administration of governance.

- Investment expertise & experience
- Member treatment and journey experience
- Technology / digital, data management, change delivery experience
- Risk management and outsourcing oversight experience

In particular **we emphasise the need for Investment Expertise in a consolidating sector aiming for more sophisticated investment strategies.**

We reiterate the recommendation in our September 2023 response to DWP and HMT’s consultation on Trustee skills, on the need for an investment qualification (or equivalent experience) as the proposed accreditation routes (PMI and APPT) may not suffice for the degree of investment expertise required going ahead:

- **“We believe that a board of trustees should have at least one board member with professional investment experience and an investment qualification...including to equip the board to challenge their advisers”**

- [response---september-2023---dwp-on-trustee-skills.pdf](#)

As an example of the importance of this expertise, the introduction of greater private asset allocations requires proportionately deeper oversight. In our December 2025 “Pensions into Private Assets” report, we emphasised that:

- **“Trustees have an obligation to understand the private sub-asset classes and their diverse characteristics, such as infrequent valuation, risk measurement, underlying illiquidity, total cost and the prevailing economic and valuation cycles, as not all sub-classes may be appropriate for their scheme.”**
- [pensions-into-private-assets-a-member-perspective--cfa-uk--dec-2025.pdf](#)

In this context we support TPR setting statutory standards for professional trustees that require evidence based assessment of skills and knowledge.

We would be happy to assist DWP with a deep dive into potential qualifications and skills evidence, as well as ongoing training design, for effective investment oversight.

We hope our comments are useful and would be grateful for the opportunity to meet and discuss our feedback.

Yours sincerely,

CFA Society of the United Kingdom

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With thanks for their contributions to our volunteers: Alistair Jones, and the oversight of CFA UK’s Ethics & Professionalism Steering Committee.

APPENDIX I

About CFA UK and CFA Institute



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Our role is to help investment professionals build and maintain their skills and competencies so that they are technically and ethically competent to meet their obligations to clients. We advocate for high standards of ethical and professional behaviour and our work with regulators, policymakers and standard setters is focused on skills, knowledge, and behaviour.

We are not a lobby group or a trade body. We are an independent, professional association whose mission is to ‘educate, connect and inspire the investment community to build a sustainable future.’

Founded in 1955, CFA UK is one of the largest member societies of CFA Institute. Most of our members have earned the Chartered Financial Analyst® (CFA®) designation. All our members are required to attest to adhere to CFA Institute’s Code of Ethics and Standards of Professional Conduct.

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