



Northern Ireland  
Assembly

Committee for Communities

# OFFICIAL REPORT (Hansard)

Pension Schemes Bill: Briefing by the  
Workers Pension Trust

30 September 2020

# NORTHERN IRELAND ASSEMBLY

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### Pension Schemes Bill: Briefing by the Workers Pension Trust

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**Members present for all or part of the proceedings:**

Ms Paula Bradley (Chairperson)  
Ms Kellie Armstrong (Deputy Chairperson)  
Mr Andy Allen  
Mr Mark Durkan  
Ms Sinéad Ennis  
Mr Fra McCann  
Mr Robin Newton

**Witnesses:**

Mr Declan McErlean	Workers Pension Trust
Ms Hannah Sankannawar	Workers Pension Trust

**The Chairperson (Ms P Bradley):** I welcome Declan McErlean and Hannah — I am not even going to try to pronounce your name, Hannah. You can say it for us because I think I might get that one wrong. I am sorry for keeping you waiting; we have had a long meeting today.

**Mr Declan McErlean (Workers Pension Trust):** Good afternoon. I could not help overhearing you in the break. You will be glad to know that our session is relatively brief, so we will not keep you too long.

Thank you for the opportunity to talk to you today about the Pension Schemes Bill. I represent the Workers Pension Trust, which, as you are probably aware, is the only master trust pension scheme that has been set up and operated from a base in Northern Ireland. Whilst the scheme is based in Belfast, it is open to businesses across the UK. We have been operating since 2012 and we do so on a not-for-profit basis. Since 2012, we have enrolled over 100,000 members into the scheme across 5,000 employers. Our employers span all sectors of industry and commerce.

Although the majority of employers are Northern Ireland firms, a reasonable number are from elsewhere in the United Kingdom. Given the geographical spread of the members and the employers in the scheme across the United Kingdom, and following guidance from the Pensions Regulator that a master trust scheme cannot operate in England, Wales or Scotland unless it is authorised under the Pension Schemes Act 2017, even if the scheme is based in Northern Ireland, we took the decision to voluntarily apply for master trust authorisation under the 2017 Act. So, we submitted our authorisation application in March 2019, and, following a rigorous evaluation process, including a lot of in-depth conversations with the regulator, we received master trust authorisation in August 2019.

In our view, a master trust authorisation regime is key to ensuring the high standards of governance and controls across master trusts. Since the introduction of the authorisation in GB, the market, as you know, has shrunk from 90 master trusts to just 38. That, I think, highlights the rigour of the regime.

We found the authorisation process under the GB legislation to be comprehensive and beneficial for us. It has meant that our existing members, as well those who are considering using our service, can be confident that we comply with the highest standards of governance and administration. The process has enabled us to demonstrate that we have sufficient safeguards in place and that our master trust is run by fit and proper people, with the right systems, processes, plans and finances in place.

In our view, it is vital that the Pension Schemes Bill is aligned to the Pension Schemes Act 2017 in order to allow for consistency across the UK master trust industry. We believe that the current wording of the Bill is appropriately aligned to the 2017 Act and, therefore, we will not be suggesting any alternative wording of the clauses of the Bill. We note that the Bill gives the Department the powers to make regulations relating to additional information or application fees, but we would request that any additional requirements made by the Department reflect those in the Occupational Pension Schemes (Master Trusts) Regulations 2018 to allow for consistency across the UK master trust industry.

In conclusion, we believe that the Pension Schemes Bill, as it stands, is appropriate and we would not suggest any changes to it. We believe that authorisation of master trusts has been successful in GB and that the Pension Schemes Bill should allow for similar success in Northern Ireland by ensuring that members can benefit from the highest quality protection that schemes can offer.

Thank you for your time. We will do our best to answer any questions that you may have.

**The Chairperson (Ms P Bradley):** Thank you for your briefing, Declan. Up until a number of weeks ago, I had not even heard of a master trust and we have become quite au fait with them now. I just wanted to get you in to hear your opinions of the Bill and to see how content you were. From what you have said, you appear to be content with it. I am happy to hear that. I get your point entirely that any changes would need to meet certain requirements, so thank you for that. I do not have too much to say because you have covered everything and you have answered any questions that I had for you, so I am not going to repeat myself.

**Ms Armstrong:** I am turning into the pensions woman. Thank you very much, Declan. I just wanted to check something with you. The papers that we have received mention additional requirements such as, for instance, the climate-related financial disclosures — those additional types of reports that are coming through. Does that cause a lot of difficulties or cost for you?

**Mr McErlean:** There are general industry initiatives, and we are working with our investment consultants to see how we can put in place appropriate governance and take account of the legislation that you are talking about. At this point, it has not caused significant additional cost but it is more about the investment of time — making sure that the investment managers are acting appropriately. I am not sure whether Hannah wants to add anything to that.

**The Chairperson (Ms P Bradley):** We cannot hear you, Hannah. Are you muted on your side? I can see your lips move, but I cannot hear what you are saying. I think that the problem is with our comms. Can our comms bring Hannah into the spotlight, please? We will see whether that works. No, we still cannot hear Hannah. That is not good.

**Mr McErlean:** Apologies for that. I will liaise with Hannah after the meeting to see whether she has anything to add. It is not a point that is specifically addressed in the current Bill that is going through, but it is appropriate going forward.

**Ms Armstrong:** When the investment managers are making investments, obviously they will be trying their best to ensure that any of the investments will be made in organisations that are not doing anything that does not meet our climate responsibilities, but I am somewhat concerned because I can imagine that it is quite complicated. When you get into the minutiae of where all the investments go to, at some point there may well be a firm or a company somewhere that is not complying. It is not in the Bill, but have there been any discussions about penalties or sanctions raised against master trusts where there is a tiny element? A maximum 100% of your investment is going to adhere to the climate-related financial disclosures, but there may be small pieces that do not. I know that the potential sanctions are not yet defined in the Bill, but has there been any talk about that?

**Mr McErlean:** I believe that there has been and it is coming further down the line, but not at this point. I will talk about investment managers a little bit. We use Legal and General investment management as the main manager for the scheme. From discussions with our consultants, Legal and General is

probably furthest along in its environmental, social and governance credentials and in the work that it does in investigating how the companies that it and we invest in operate. So, from that point of view, we can take some comfort, but there are further initiatives coming down the line that will make it a bit more rigorous.

**Ms Armstrong:** Those are all my questions for you. Thank you very much, Declan

**The Chairperson (Ms P Bradley):** Does anyone have any further questions for Declan or Hannah, if we can get Hannah to speak? There seems to be a problem.

There are no more questions from members. Thank you both for coming today and for waiting around on us. I apologise for making you wait so long. I appreciate you coming and briefing the Committee today.