ASSOCIATION OF CONSULTING ACTUARIES

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pensions.governance@dwp.gov.uk

Vicky Bird
Policy Group
Private Pensions Arm's Length Bodies Directorate
DWP

Dear Vicky

Trustee oversight of investment consultants and fiduciary managers

I am writing on behalf of the Association of Consulting Actuaries in response to the above-named consultation issued by the Department for Work and Pensions seeking views on the draft Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2019.

In relation to Q2 of the consultation, we do not agree with the proposed removal from the definition of 'Investment Consultancy Services" of the explicit exemption for high level commentary by the scheme actuary. We think the position would be clearer if the CMA's exemption wording in 2.1 of the Order was replicated in the regulations.

We note that your reasoning for removing this exemption is that "a service meeting the definition of one appears to have no practical possibility of meeting the definition of the other". However, our view is that this is not necessarily the case and it would be helpful for this to be stated explicitly in the regulations, rather than having to refer to a comment in a consultation document to support the exemption.

In this context, we note that the Pension Regulator's draft guidance on "Setting objectives for providers of investment consultancy services" states (on page 8) that trustees should be aware that the scheme actuary could be providing investment consultancy services. They suggest that advice from the scheme actuary on "whether the scheme's strategic asset allocation is appropriate for the scheme's liabilities" would fall under the definition.

The comments from the Pension Regulator do not appear to be consistent with the view that comments by the scheme actuary would have no practical possibility of meeting the investment consultancy definition. It would certainly be unhelpful if this became a grey area and we therefore suggest that the explicit exemption in the CMA order should be retained in the regulations.

We hope that you find the contents of this letter of assistance. We would be happy to discuss them further if that is helpful. In this event, please contact Peter Williams, Deputy Chair of our Pension Schemes Committee, at peter.williams@aon.com

Yours sincerely

David Robertson
Secretariat
On behalf of the Association of Consulting Actuaries Limited

About the Association of Consulting Actuaries (ACA)

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members of the Association are all qualified actuaries and all actuarial advice given is subject to the Actuaries' Code. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of private sector defined benefit pension schemes.

The ACA is the representative body for UK consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body.

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