



# A clear vision

✓ **Adam Cadle talks to Pensions Minister Richard Harrington about the current pensions landscape and his hopes for the industry**

➤ **You have been Pensions Minister for a number of months now. How are you finding your new role and what are your first impressions of the pensions landscape? What have you highlighted as the biggest challenges facing the industry?**

When I was first offered a ministerial post at the DWP, I asked to be the Pensions Minister. This is a department that deals with many issues of huge importance, from helping the long-term unemployed back into work to providing support to disabled people. But the need to plan for old age is something that affects everyone in our country and, for me, represents the most intriguing challenge.

I've enjoyed getting up to speed with the issues and opportunities over the past few months, and meeting with various parties to understand their concerns has certainly helped me to quickly get to grips with the current landscape.

There has been a lot of change in the industry in the past few years and now that the right infrastructure is in place, my focus is on evolution rather than revolution. First and foremost, I want to ensure that the initial success of automatic enrolment continues. Almost seven million people are either newly saving or saving more into a workplace pension, with more than 293,000 employers helping their staff save for a more financially secure future. But there

is still more work to do, which is why I will be announcing the scope of our 2017 review shortly, which will consider a range of issues, including how we expand auto-enrolment to a greater number of people, giving them the opportunity to save more for their retirement.

I am keen to work with the pensions industry to ensure we deliver a system in which people can trust that their hard-earned savings are protected in the emerging master trust pension sector, which millions of people now depend on through automatic enrolment.

I am also fully aware that people are concerned with the affordability of defined benefit schemes. I recognise the importance of retaining confidence in this sector, which is why I plan to explore the challenges facing DB schemes in more depth and will be publishing a Green Paper this winter, outlining our current thinking on this important issue.

Finally, I believe the industry can help us to overcome a number of challenges by continuing to make

pensions simpler and more accessible for people. The industry-led work on a pensions' dashboard is a great start. But I am also keen to work more closely with the industry to ensure we continue to deliver a system in which people can trust that their hard-earned savings are protected – for example through the changes to master trust regulations, which we are currently consulting on and that will give people even more protection.

## “My focus is on evolution rather than revolution”

### ➤ What aspects of your previous parliamentary career do you feel will aid you in your new role?

I have held a number of positions during my time in government, with ministerial roles in the Department for International Development, Communities and Local Government and the Home Office. Naturally I have taken something from each role, but I believe holding the office of Minister for Syrian Refugees and setting up a brand new scheme helping to resettle vulnerable Syrian people is one that may prove useful in my current role.

Like pensions, this was a challenging brief that attracted a lot of public interest and one that affected so many people's lives. Even though I was implementing such a large-scale programme it was important that I didn't lose sight of what was really important – those affected by the decisions. This is true in my current role – it's a big responsibility being entrusted with implementing policy that encourages people to save for their future and it's one that I take very seriously.

Finally, my previous business experience gives me a unique perspective. I understand firsthand the challenges that many business-owners face getting up to speed with new requirements and ensuring that



responsibilities to employees are met – for example, automatic enrolment.

### ➤ New master trust regulation was also passed recently in a Pension Schemes Bill. Why do you think it took so long for governance issues to be addressed regarding master trusts?

The master trust market is an innovative one, and it was important to see how it would develop before deciding what level of regulation was appropriate. The Master Trust Assurance Framework has helped to set expectations of good governance and the Pensions Bill will now ensure that schemes meet a number of standards before they can operate. The ultimate goal is to provide better protection for consumers.

The Pensions Regulator provides a list of schemes that have met the framework and this is available to all employers – a

vital tool in helping them to choose a suitable scheme for their employees. The proposals go a step further by giving new powers to The Pensions Regulator to intervene where schemes are at risk of failing.

### ➤ How concerned are you about the LISA and its impact on pension saving as a whole?

The savings market offers a diverse range of products to suit different needs and the Lifetime ISA is just one of these – a savings product, not a pension. Pensions should be the foundation of people's retirement savings. It's important to remember that when you're auto-enrolled into a workplace pension your employer contributes, as does the government.

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