

The Pensions Minister switch

☑ **Sophie Smith reflects on Guy Opperman's time as Pensions Minister, and the key priorities that industry experts want to see the incoming Minister, Laura Trott, focus on**



☑ Picking up the baton

Former Pensions Minister Guy Opperman's impressive legacy has meant that there is much for the new Pensions Minister to get to grips with, and Aegon head of pensions, Kate Smith, points out that "as a newcomer to the world of pensions, Trott will need to get up to speed quickly, with many issues vying for her attention".

"Pension policy has been a hive of activity in recent years, and there's still much unfinished business," she continues. "The new Pensions Minister will bring fresh thinking and new ideas to an already busy 'to do' list."

In particular, Smith suggests that the top priorities for the new Minister include getting pensions dashboards over the line, implementing the 2017 auto-enrolment (AE) reforms, and progressing with the proposed value of money framework.

PMI director of policy and external affairs, Tim Middleton, suggests that Trott should focus on completing the key projects overseen by Opperman at the point of his promotion: The pensions dashboard, DB funding and reforms to AE.

"She should also address the issues that have arisen from the cost-of-living crisis," he says, stating that a rise in pension scams is a significant worry, while persuading the public to continue to save in a registered pension scheme will also be a challenge.

Adding to this, LCP partner, Bob Scott, points out that the industry has been waiting for several years for the promised revision of the scheme funding legislation and The Pensions Regulator's code of practice on funding.

"It is slowly coming together, having been (understandably) derailed, first by the Covid lockdowns and, more recently, by the September 'mini-budget' and changes of personnel," he continues, suggesting that this, alongside collective defined contribution (CDC) and DB consolidators, should be a priority for Trott.

People's Partnership director of policy, Phil Brown, agrees that there are "many important issues" Trott will need to tackle, suggesting that, alongside dashboards, small pots, and adequacy concerns, the government should look to set broader objectives for the pension system.

"There is a need for a new consensus around AE and the role of the different components of the pensions system in getting people to an adequate retirement income," he explains. "Work cannot start in earnest until the current crisis is over, but government and stakeholders should take the time now to think about the future."

Much of the government has seemed like a revolving door in recent months, with both Rishi Sunak and Liz Truss having made changes as part of their respective cabinet reshuffles, including within the Department for Work and Pensions (DWP).

Most recently, the DWP named MP for Sevenoaks, Laura Trott, as the new Minister for Pensions. This is Trott's first government post, although she is also a member of the Health and Social Care Committee, the Neonatal Care (Leave and Pay) Bill Committee, and the Taxi and Private Hire Vehicles (Safeguarding and Road Safety) Bill Committee.

Her appointment followed the departure of MP for Brentwood and Ongar, Alex Burghart, who has since moved to the Cabinet Office.

Although only spending a short time in the role, Burghart was involved in some key initiatives, including overseeing the laying of dashboards regulations in parliament and appearing in the DWP's campaign marking the 10-year anniversary of auto-enrolment (AE).

However, LCP partner, Bob Scott, suggests Burghart may have "happened to be in office when these things happened, rather than causing any of them!"

Rising to the challenge

Putting Burghart's short time in the role aside, Trott will have much to get to grips with, and big shoes to fill following the departure of the UK's longest-serving Pensions Minister, Guy Opperman.

Although Opperman has since been confirmed as the new Minister of State for Employment, his departure was seen by many in the industry as the end of a period of stability, with experts praising

his time in the role.

A spokesperson for the Association of British Insurers, for instance, says the group enjoyed a “productive relationship with DWP and government ministers on key priorities in the long-term savings space”, including work around pensions dashboards, savings adequacy, advice and guidance and #PensionAttention.

“We look forward to building on this relationship and working with the new Minister for Pensions in these important areas,” they comment.

However, Aegon head of pensions, Kate Smith, points out that it is difficult to avoid delays when there’s a change in ministers, particularly given such big changes in the top roles.

Indeed, Dalriada head of technical, research and policy, John Wilson, says that the industry is already experiencing delays, pointing out that the regulator’s single code of practice is ready to be laid, “we just need the Pensions Minister to do it”.

Working for the long game

The recent governmental game of musical chairs has also prompted concerns

“Political instability will inevitably influence Laura Trott’s period in office, and it seems likely that there will be few (if any) significant policy initiatives before the next general election”

over the future of the Pension Minister role, as Wilson says for many, the position was seen as a stepping stone, even before Theresa May downgraded the role to Under-Secretary of State in 2016.

Agreeing, Quilter head of retirement policy, Jon Greer, explains that the role requires long tenure. “Any change, when

it comes to retirement policy and the state pension system, demands enormous time to implement and any Minister needs to be at the helm for a material amount of time to ensure there are no unintended consequences,” he says. “The constant merry-go-round of Ministers over the past few months certainly cannot improve output.”

Pensions Management Institute (PMI) director of policy and external affairs, Tim Middleton, also suggests that the political fortunes of the government as a whole look volatile, arguing that “political instability will inevitably influence Laura Trott’s period in office, and it seems likely that there will be few (if any) significant policy initiatives before the next general election”.

However, Trott seems ready to rise to the challenge. Speaking to *Pensions Age*, Trott said that she is “delighted to be Minister for Pensions,” highlighting the role as “one of the most important jobs in government; working to support our current pensioners and delivering for the record number of people across the country now saving for retirement”.

Reflecting on the work ahead, Trott says: “AE has completely transformed how people save – with staggering results. Alongside continuing to build on this success, I’m committed to ensuring people have access to the support and information they need to make informed choices about their savings – including with the introduction of pension dashboards and through our ongoing work on value for money with TPR and the FCA.

“As well as committing to the biggest state pension increase in history from next April, the government is also boosting pension credit by 10.1 per cent to support the poorest pensioners. Building on the excellent efforts of my predecessor, I want to increase uptake of this vital support to make sure pension credit is reaching everyone who needs it.”

Written by Sophie Smith

Creating a legacy

The passing of the Pensions Schemes Act will surely be remembered as perhaps the biggest achievement of Opperman’s time in the role of Pensions Minister, with Opperman himself highlighting the “ground breaking” act as a key achievement in his initial resignation letter in September.

Indeed, Aegon head of pensions, Kate Smith, says that the introduction and passage of the act was “undoubtedly” Opperman’s biggest achievement, highlighting it as “a piece of landmark legislation which will influence pensions for years to come”.

The act legislated for a range of new policy initiatives, including the framework for pension dashboards and collective defined contribution (CDC) schemes, giving The Pensions Regulator greater powers, and introducing new climate-related reporting requirements.

In particular, PMI director of policy and external affairs, Tim Middleton, highlights the roll-out of the Pensions Dashboards Programme (PDP) as, without doubt, Opperman’s flagship project.

“The dashboard has the potential to be a real ‘game changer’ for private pension provision, and its longer-term role within society will ensure that Guy Opperman’s period in office will be remembered by all of us within the industry,” he says.

In contrast, LCP partner, Bob Scott, suggests that Opperman’s single biggest achievement was to raise the profile of climate issues, “which are now viewed as mainstream issues rather than a ‘nice to have’ by an increasing number of trustee boards”.

With a number of landmark achievements to choose from, it is clear that Opperman will have a lasting impact on the pensions industry, but efforts to maintain this momentum will be crucial.