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**The Pensions Regulator (TPR)**

**Statement of strategy consultation**

Response from ICAS

# The Pensions Regulator (TPR)

## Statement of strategy consultation

### About ICAS

The Institute of Chartered Accountants of Scotland (ICAS) is a global, professional membership organisation and business network for Chartered Accountants. It's also an educator, regulator, examiner, and a professional awarding body.

ICAS' diverse membership is made up of over 23,000 world class business professionals who work in the UK and in more than 80 countries around the globe. Members of ICAS are also known by the letters CA, an exclusive professional designation in the UK.

ICAS members operate at the forefront of ethical and sustainable business. Educated, regulated, and led by the highest standards of ethical leadership since 1854, they are at the top of their game. They are trusted professionals, who transform business and support one another for the greater good.

Acting in the public interest is the guiding principle of all that ICAS does and we continually work to maintain trust in the finance profession. That ethos is enshrined in the ICAS Code of Ethics – which applies to all members, students, and member firms, and is underpinned by our Royal Charter commitment.

ICAS is a member of the Chartered Accountants Worldwide Network, a global family that brings together the members of 15 leading institutes to create a community of over 1.8 million Chartered Accountants and students in more than 190 countries.

Any enquiries should be addressed to Christine Scott, ICAS Head of Charities and Reporting via [connect@icas.com](mailto:connect@icas.com).

### General comments

We realise that we are submitting comments on the [Statement of strategy consultation](#), published on 5 March, after the 16 April deadline. However, if possible, we would be grateful if TPR would consider our comments on question 4 of the consultation, which are set out below.

#### Question 4

To what extent do you agree that the covenant information we propose to request for Bespoke and Fast Track valuation submissions is reasonable and proportionate?

Please detail any different approach you think we should consider to any of the covenant areas discussed.

#### Response

We have significant concerns, we would like to highlight, about the provision to TPR of commercially sensitive employer information in support of the statement of strategy.

The consultation does not address any confidentially provisions that will be necessary to give employers comfort as to how and for how long this information may be stored, and the internal controls TPR intends to establish to keep this information secure.

The proposed statement of strategy is a trustee report. In contrast to the proposed information about the scheme and its investments, the information about the sponsoring employer is not the trustees information to share.

In many circumstances, in line with current regulatory guidance, the trustees may have signed confidentiality agreements to obtain information about the sponsoring employer. We recognise that TPR has statutory powers to require information to be provided, but we are unclear on the basis for requesting the employer information proposed in the consultation, and how confidentiality will be ensured. This is relevant for information prepared directly by the employer and for any subjective assessment performed on employer prepared information by the trustees and their advisers.

We recommend that TPR considers this point and explains the practicalities and protections it intends to introduce to protect commercial confidentiality. For example, by establishing confidentiality agreements with sponsoring employers, and possibly trustees.

The consultation question also asks about whether the information is proportionate. The issue of proportionality will be heavily influenced by how TPR intends to use this information. Cash flow information, in particular, often has variances from that forecast based on the timing of capital expenditure, working capital cycles etc. Judgement is often used by trustees in considering the materiality of such variances and challenging the employer about these beyond high level financial updates from the employer's management.

If the trustees believe that TPR is likely to challenge the information provided they are likely to commission an increase in the scope of any advice. This means that there is the potential for the level of scrutiny trustees and scheme advisers give to the requested information, prior to its submission to TPR, to become disproportionate relative to the needs of the scheme. This would clearly have cost implications for all schemes.



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