

PENSIONS & PRIVATE CAPITAL EXPERT PANEL

MEETING MINUTES

Date	15 July 2024	
Time	14:00-15:30	
Location	Microsoft Teams	
Attendees	Kerry Baldwin, Chair (IQ Capital) Rob Barr (Pantheon) Hannah Gurga (ABI) Tegs Harding (IGG) Virginia Holmes (Unilever UKPF) Neville Howe (NEST) Allan Marchington (ICG) Matthew McNally (M&G)	Dan Mikulskis (People's Partnership) James Mitchell (Phoenix Group) Michael Moore (BVCA) Julian Mund (PLSA) Camilla Richards (Atomico) Ruston Smith (Smart Pension) Ben Wilkinson (Molten) Tom Wrenn (ECI)
Apologies	John Chilman (Railpen) Andy Gregory (BGF)	Tom Wrenn (ECI) Hannah Cooke (HMT)
In attendance	Sarah Adams (BVCA) Jonathon Land (PwC)	Minesh Rana (PwC) Chris Venables (PwC)
Observers	Vicky Bird (DWP) James Usmar (HMT) Emma Kavanagh (HMT) Sam Haylen (DWP)	Adam Summerfield (CoLC) Helen White (TheCityUK)

1. Welcome and aim of meeting from the Chair

Reminder of competition law considerations

The Chair reminded the Expert Panel members of their legal obligations under competition law. Expert Panel members were reminded that it was their responsibility to meet those legal obligations and to take their own legal advice in relation to competition law.

The Chair outlined that the Expert Panel would review and provide steers on the proposed content and recommendations for the September Expert Panel Report.

Context for this work: new Government

It was noted that the new Government's pensions agenda had a particular focus on facilitating economic growth and delivering greater returns for UK pension savers by increasing investment into UK businesses. The Government had already signalled its intention to initiate a pensions review, develop a UK version of the French Tibi scheme, and promote DC fund consolidation, including through the Value for Money framework.

2. September's Expert Panel Report: overview of progression of work since 7 May

The Expert Panel heard how the Technical Expert Group (TEG), supported by the BVCA and PwC, had continued to progress content and recommendations for the September Expert Panel Report (the September Report) since the previous Expert Panel on 7 May.

Further feedback was now sought from the Expert Panel on the September Report, in particular on: a draft executive summary; a draft overview of content; and specific areas where the BVCA and PwC project teams would welcome Expert Panel members' feedback.

Executive summary

Expert Panel members broadly agreed that the executive summary provided a good outline and reflection of the key areas of focus for the September Report. The Expert Panel gave feedback aimed at ensuring an appropriate balance between the perspectives of different stakeholders.

Expert Panel members generally welcomed the tone and content of the executive summary and also suggested it focus on framing the wider context of the Expert Panel's work before summarising the dual challenge of improving returns for pension savers and increasing investment into UK businesses. Some noted that language about 'unlocking' investment into UK businesses was not always welcome.

A question was raised as to whether the executive summary should make a stronger link to the Mansion House Reforms and the Mansion House Compact. Expert Panel members noted the importance of highlighting how far the Expert Panel's work complemented the Government's agenda on pensions.

Expert Panel members suggested the September Report might recognise the returns potential of private capital fund investment, and that a focus on appropriate metrics was important. Some Expert Panel members also highlighted the importance of considering risk alongside returns and that private capital investment may not be deemed appropriate for all DC investors. It was also noted that diversification was equally important and should be covered by the Report.

Some Expert Panel members also felt that the executive summary should reflect the importance of fiduciary duty for pension schemes during the investment decision process. It was noted that any references to incorporating learnings from overseas pension systems should be framed with some caution, given that international features may not be easily replicated in the UK.

BVCA committed to update the Report executive summary to reflect feedback.

Overview of content for the September Report

The Expert Panel's attention was drawn to the overview of content for the September Report included in the papers for discussion and feedback. This built on previous Expert Panel and TEG discussions around market infrastructure; the investment case & transparency; liquidity; and reform and evolution of UK pensions.

Some Expert Panel members expressed caution about making any detailed recommendations in relation to the lifetime provider model, saver engagement and choice, or Collective Defined Contribution (CDC) schemes, and instead felt content and recommendations in those areas should remain high-level and principles-based.

Expert Panel members generally suggested the September Report should include an articulation the investment case for private capital funds, as a part of a balanced, diversified portfolio. It was noted that tailored training for pensions professionals on the characteristics of private capital funds could also be a valuable part of explaining the potential investment case.

Key discussion points for consideration

Liquidity: key considerations

Expert Panel members discussed whether the September Report should conclude that managing day-to-day liquidity is not a key issue. The Expert Panel agreed with this overall but noted the importance of reflecting the different considerations faced across the pensions industry and recognising that some, such as large Master Trusts, may have more flexibility in this area than other schemes. It was noted that any recommendations should avoid burdensome additional reporting requirements.

The Expert Panel felt, without favouring any particular approach, that further consideration should be given to a range of policy options to address concerns about one-off liquidity events. This might include for example: a regulatory 'right to gate'; in specie or unit transfers; liquidity strategies; and statements from regulators (although various views were expressed on the different options).

Transparency: template or guide to RFPs/DDQs

The Expert Panel heard how work had been done to consider key features, guide or templates for information that private capital firms could provide trustees and other DC decision-makers to aid them in analysing fund investment opportunities. PwC outlined a possible template or guide to Request For Proposals (RFPs) or Due Diligence Questionnaires (DDQs) to increase consistency in information flow for pension schemes considering private capital investments. The Expert Panel was asked to consider the potential role of a bespoke UK DC template in developing trust and consistency and whether this might be further enhanced by some kind of third party accreditation.

Some Expert Panel members expressed concerns that a third-party accreditation process could add further costs. Reporting requirements around climate and nature would also need to be considered.

Investment case: design features of a Government-backed scheme

Expert Panel members discussed possible key features of a Government-backed scheme and how that might operate alongside the British Business Bank (BBB) Growth Fund and the newly-announced National Wealth Fund.

Some Expert Panel members felt that a new scheme could be designed to complement existing initiatives. It was noted that the convening power of a senior Government figure would be an important feature of any scheme. It was noted that tax incentives to encourage investment could be considered as part of the features of a Government-supported scheme or vehicle, or separately.

Expert Panel members agreed that further detail on the structure and focus of the BBB's Growth Fund and the National Wealth Fund would be beneficial to discussions in this area, as it emerged.

Market Infrastructure: Permitted Links/LTAFs

The Expert Panel agreed that the September Report should make the proposed recommendations relating to the LTAF and amending the Permitted Links rules to increase choice of vehicles for DC

to invest in private capital. It was noted that the evolution of the LTAF to align with customer need may be an important area of further consideration.

3. Reporting and key milestones

Process for finalising September Report

BVCA and PwC agreed to progress the September Report on the basis of Expert Panel feedback. It was noted that the TEG would convene on 23 July to review draft sections, and that a preliminary draft of the September Report would be shared with the Expert Panel in early August ahead of the next Expert Panel meeting on 5 September.

Mansion House Forum – 11 July

The Expert Panel heard how a number of signatories of the Mansion House Compact and the Investment Compact convened for the inaugural Mansion House Forum on 11 July. Chaired by Sir Nicholas Lyons, this was an informal discussion on progress made under both Compact initiatives, ahead of a larger event planned for Autumn with all Compact signatories invited to discuss progress and next steps.

The Forum was convened by the City of London Corporation, ABI and BVCA, with support from the PLSA. Members of the Expert Panel who attended the discussion were thanked for their participation.

BVCA Pensions & Private Capital Summit – 11 September

It was noted that the BVCA UK Pensions Summit would take place at Landing 42, Leadenhall Building from 9:00-14:00 on 11 September. Expert Panel members were invited to attend the Summit which would focus on the recommendations set out in the September Report.

4. AOB

The Chair thanked Expert Panel members for their contributions.