

Chief Executive candidate brief

2023



The PPF - Who we are

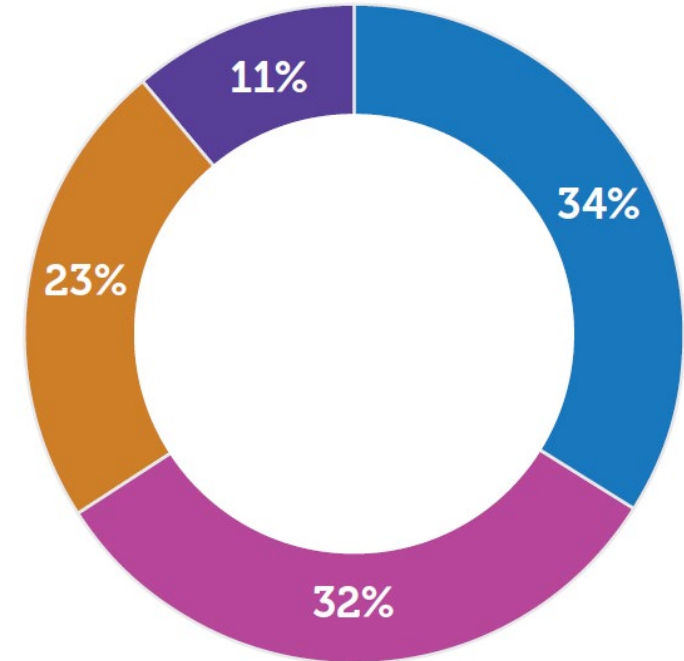
Pension Protection Fund

We are a public corporation, set up by the Pensions Act 2004 and run by an independent Board. We report to Parliament through the Secretary of State for Work and Pensions.

Our purpose is to protect the future of millions of people throughout the UK who belong to defined benefit (DB) pension schemes – 9.6 million as at 31 March 2022.

When these schemes fail, we're ready to help. We do this by paying our members, charging a levy and investing for the long term.

How we're funded



Split of funding sources

- Assets from pension schemes transferred to us
- The return we make on our investments
- The levy we charge on eligible pension schemes
- Recovered assets we secure from insolvent employers

The PPF - Who we are

Financial Assistance Scheme

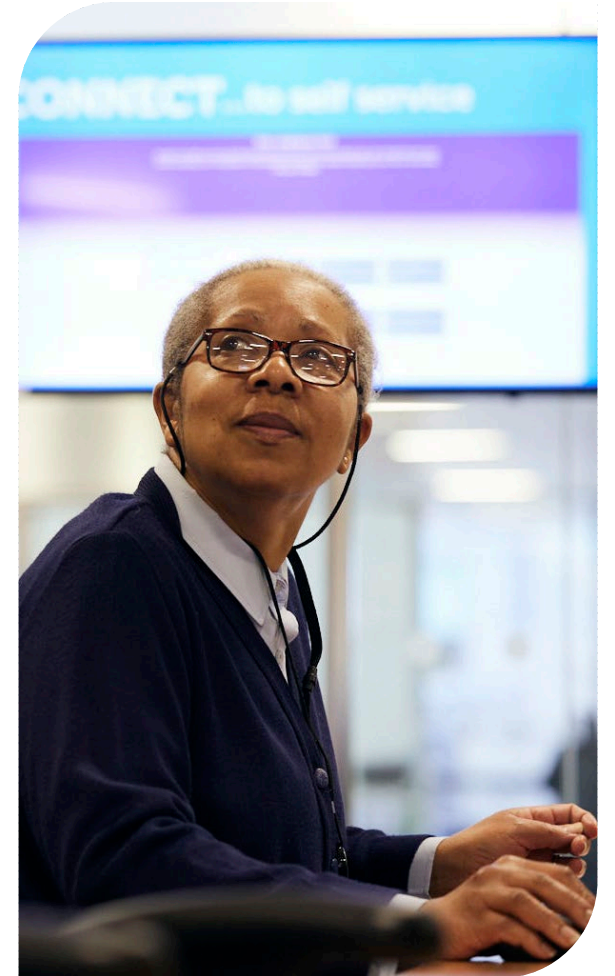
We also run the Financial Assistance Scheme (FAS) on behalf of the government.

We provide financial assistance to people who were members of certain DB pension schemes which are ineligible for compensation from the PPF - in particular, those schemes that began winding up between January 1997 and April 2005. FAS is funded by HM Treasury rather than a levy.

Fraud Compensation Fund

This funds compensation for members of eligible work-based pension schemes where the employer is insolvent and whose schemes have lost out financially as a result of dishonesty.

It is funded through a separate levy on all occupational defined benefit and defined contribution pension schemes.



2022/23 in numbers

PPF reserves
£12.1bn



Funding ratio
156%



Assets under management
£32.5bn



Return of growth assets
1.9%



PPF levy collected
£386m



142,127 FAS members
In payment: 84,176
Deferred: 57,951



PPF benefits paid
£1.2bn



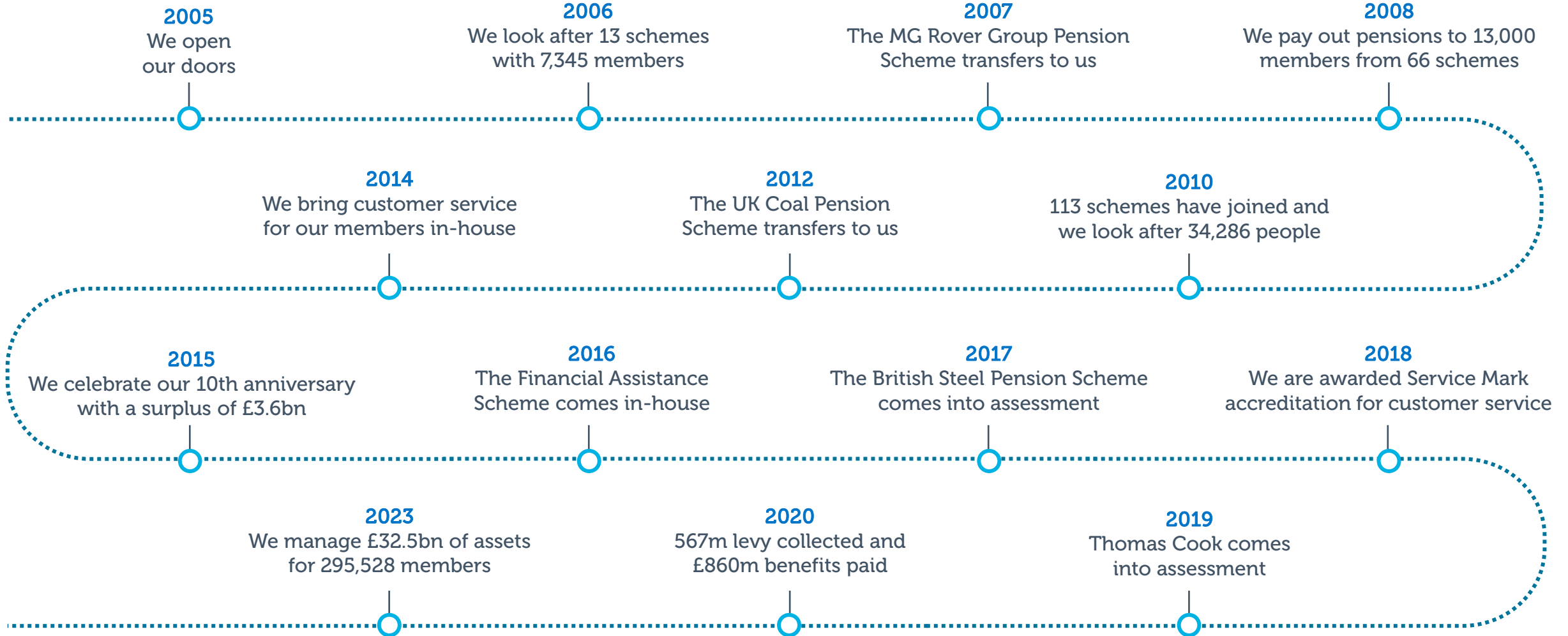
Actuarial liabilities
£20.3bn



295,528 PPF members
In payment: 193,218
Deferred: 102,310



Our history



Awards and recognition



**We're proud
to have been
honoured with
multiple awards
over the years.**

Some of our recent awards include:

Pensions Age Awards 2023

Winner of the Pensions
Administration Team of the
Year Award

CIO Asset Owner Industry Innovation Awards 2022

CIO Barry Kenneth Winner
for Efforts in ESG

Women in Pensions Awards 2023

Winner of the
Organisational Award
for Supporting Diversity

IPE Awards 2022

Best UK Pension Fund

Our ICARE values

Integrity

Doing the right thing

Collaboration

Working as one

Accountability

Owning our actions and their outcomes

Respect

Valuing every voice

Excellence

Being our best

Our ICARE values set out the behaviour that we expect from all PPF employees. They are a key part of our commitment to our members and our stakeholders, and to each other.

We lead by example and demonstrate our values from the top down.



Non-executive members of the Board



Kate Jones

Kate is Chair of the Board and is also Chair of the Non-Executive Committee, Nomination Committee and Decision Committee.



Emmy Labovitch

Emmy is Chair of the Remuneration Committee and a member of the Investment Committee.



Chris Cheetham

Chris is our Senior Independent Director, Chair of the Investment Committee and a member of the Risk and Audit Committee and Nomination Committee.



Nailesh Rambhai

Nailesh is Chair of the Reconsideration Committee and a member of the Risk and Audit Committee.



David Atkinson

David is Chair of the Risk and Audit Committee and a member of the Investment Committee and Reconsideration Committee.



Liz Woolman

Liz is a member of the Risk and Audit Committee, Reconsideration Committee and Remuneration Committee.

Executive members of the Board



Chief Executive Officer

The CEO oversees the development, direction and management of the organisation.



Sara Protheroe OBE

Chief Customer Officer

Sara oversees our award-winning customer service, including paying members' PPF benefits.



David Taylor

General Counsel

David looks after strategy and policy, oversees the levy and has ultimate responsibility for our legal affairs.

To help with its work, the Board has set up a number of committees, including:

Investment committee

Non-executive committee

Nomination committee

Decision committee

Reconsideration committee

Remuneration committee

Risk and Audit committee

The Executive Committee

As well as having specific senior management roles and duties, members of the committee work together to review key areas:

- Developing and implementing strategy, operational plans, policies and budgets
- Recommending financial plans and budgets to the Board and setting out how they can be achieved
- Assessing and controlling risk
- Making sure we're complying with relevant legislation and regulations
- Setting out how we prioritise and allocate resources



Chief Executive Officer
The CEO oversees the development, direction and management of the organisation.



Barry Kenneth
Chief Investment Officer
Barry is responsible for our investment strategy and leads our Restructuring and Insolvency team.



Sara Protheroe OBE
Chief Customer Officer
Sara oversees our award-winning customer service, including paying members' PPF benefits.



Katherine Easter
Chief People Officer
Katherine leads the HR, Organisational Development and Communications directorate.

The Executive Committee



Dana Grey

Chief Risk Officer

Dana is responsible for all of our risk functions and overseeing compliance, ethics and data protection.



Simon Liste

Chief Technology Officer

Simon is accountable for the technology, change and information security services at our organisation.



David Taylor

General Counsel

David looks after strategy and policy, oversees the levy and has ultimate responsibility for all legal affairs.



Shalin Bhagwan

Chief Actuary

Shalin is responsible for the PPF's actuarial financial management.



Our approach to governance

We've chosen to create our own version of the Senior Managers and Certification Regime (SMCR) introduced by the FCA and the PRA in 2016.

The regime is designed to make sure there's clear accountability at the senior levels of an organisation.

We've chosen to implement all aspects of the accountability regime that are relevant to us rather than directly replicate the FCA or PRA rules. Our SMCR outlines the responsibilities of our senior people and how our organisation is arranged and governed.

This includes producing a map of responsibilities to show where responsibilities lie at a senior level. Alongside this are statements of responsibilities that set out each senior manager's individual responsibilities and our processes for certifying key people.



Our Strategic Priorities

We published our Strategic Plan 2022-2025 in April 2022.

Over this period, we expect to face significant challenges.

Business continuity and security risks, especially cyber, continue to grow.

Innovations in technology and the growing centrality of ESG issues means expectations on us are changing.

Our Strategic Priorities are designed to ensure we meet these challenges and achieve our ambitions:

**Excellence in
asset and liability
management**

**Making a
difference**

**Meeting new
challenges with
brilliant service**

**Transforming
how we work**

Our Strategic Priorities

Excellence in asset and liability management

- Complete our review of our funding strategy and begin implementation.
- Demonstrate best practice in asset management.
- Review levy methodology.

Meeting new challenges with brilliant service

- Provide high standards of service to our members and maintain current levels of efficiency as member numbers increase.
- Continue to achieve high levels of levy payer satisfaction.
- Successfully amend our compensation regime to meet the requirements of recent court rulings and subsequent legislation.
- Progress claim applications to the FCF, providing certainty to victims of scam pension schemes.
- Progress schemes through assessment, getting clarity of outcomes for members in a timely fashion.

Making a difference

- Develop a holistic sustainability strategy.
- Aim to set the standard in our approach to responsible investment.
- Drive forward our diversity and inclusion strategy.
- Reduce our own environmental footprint as an organisation.
- Influencing others to do the right thing.
- Corporate social responsibility.

Transforming how we work

- Completing our move to cloud-based services.
- Develop and implement a data strategy.
- Best practice data exchanges with our stakeholders.
- Making the best use of digital technology to transform and evolve business processes.
- Developing our approach to hybrid working.
- Continued focus on information, data and cyber security.

Responsible Investment

We pride ourselves on being a stable organisation with strong principles and values, and we strive to act responsibly in our day-to-day activities. By encouraging responsible practices, we aim to better serve our members and levy payers by protecting our investments.

Our Responsible Investment (RI) strategy is designed to enhance the long-term value of our investments by managing ESG risks and exploiting opportunities.

It has three key priorities:

01

Climate change

We're committed to assessing and managing climate-related risks and opportunities across our investment portfolio, in alignment with leading disclosure frameworks.

02

Stewardship

As an active owner, we believe in strong and transparent corporate governance practices. We use share voting and engage with our investments, to make sure boards and companies are accountable.

03

Reporting

We're a strong supporter of clear and relevant reporting across the investment chain. Read our [RI reports](#), our latest [climate change report](#) and [engagement and voting report](#) to see our RI in action.

Community impact

We aim to make a difference through volunteering in our community and fundraising for our local charity partner, Lives Not Knives.

Lives Not Knives works in Croydon and London to educate, empower and engage young people affected by youth crime and violence. We use our professional skills, fundraising activities and volunteering days to support their mission of preventing youth violence in our local community.



All PPF colleagues have five days of volunteering leave every year that they can use to support charities and local organisations of their choice. This financial year, we have a goal of reaching 500 volunteering days across our organisation.



Diversity and inclusion



41%
of senior roles at the PPF are held by women*.

25%
of senior roles are held by people from an ethnic minority background*

45%
of Board roles are held by women**

22%
of Board roles are held by people from an ethnic minority background**

* Data taken at 31 March 2022

** Board composition at Sept 2023

Diversity and inclusion



Our aim is to foster a culture where everyone can be themselves and feel valued for their differences.

Our goals for 2020-2025

- Year-on-year, we'll see an increase in our representation across all areas of diversity.
- 85% of our staff will report a strong belief that we are a diverse employer that supports inclusion.
- We'll be recognised externally as innovating in this by doing more than just support established initiatives.
- We'll look for ways to increase participation from underrepresented groups at all points in their journey with us.
- Our strength in this area will become a 'unique selling point' that supports our ability to both attract and retain people to continue to deliver excellent customer service to our members.
- As our membership grows and diversifies, we'll continue to review our processes and services to make sure we're meeting our member's needs.

Diversity and inclusion

Gender

Gender representation by level

Data was taken at 31 March 2022.

● Male ● Female

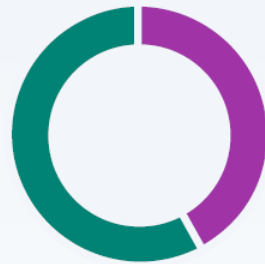
2022

Lower pay quartile



Male
43.5%
Female
56.5%

Lower middle pay quartile



Male
42%
Female
58%

Upper middle pay quartile



Male
52%
Female
48%

Upper pay quartile



Male
59%
Female
41%

Ethnicity

Ethnic groups: Mean, median and bonus pay

Calculation	Asian/Asian British	Black/Black British	Other mixed background	Other ethnic group	2022	2021
Difference in median hourly rate of pay	7.34%	32.08%	11.79%	4.73%	14.26%	15.60%
Difference in mean hourly rate of pay	4.37%	30.63%	16.45%	6.25%	14.43%	18.82%
Difference in median bonus pay	33.42%	39.52%	26.93%	26.74%	30.99%	36.92%
Difference in mean bonus pay	17.90%	65.73%	53.36%	48.49%	40.99%	48.84%

Ethnic minority representation by level

	Lower 2022	Lower 2021	Lower Middle 2022	Lower Middle 2021	Upper Middle 2022	Upper Middle 2021	Upper 2022	Upper 2021
White	60%	60%	70%	72%	79%	79%	75%	79%
Ethnic minorities	40%	40%	30%	28%	21%	21%	25%	21%

1. In the absence of specific guidelines, we've used the same methodology we use to calculate the gender pay gap.
2. Data was taken at 31 March 2022.

Our evolving investment strategy

Our Investment team manages our members' funding under the guidance and stewardship of the Board and our Investment Committee.

It's long been a feature of our investment strategy that we invest for growth over the long term, and our investment strategy evolves to suit the needs of the PPF and our members. In 2022 we reviewed our Strategic Asset Allocation and established a new investment framework of two portfolios:

Matching portfolio

This has been structured to maintain security of payments to our current members and match how those payments will change over time. It invests largely in gilts and other assets producing investment grade cashflows.

Growth portfolio

This has been structured to grow reserves conservatively over the long term, and that means we can use it to invest in assets that have a higher amount of risk, namely productive finance assets. Using our Growth portfolio, we've been able to allocate around 30 per cent of our total assets to productive finance assets. Of that 30 per cent, 52 per cent are in real assets, and 48 per cent in equity.

Considering the future of the PPF

In September 2023, we provided our response to the DWP's call for evidence on DB pension schemes. Our response highlights that the current framework doesn't support DB schemes to substantially increase their allocations to productive finance assets which better support British businesses and the wider UK economy.

We proposed that the government's ambitions can be achieved through consolidating schemes together in a Public Sector Consolidator. A consolidator, able to invest for growth over time with professional investment management, would lead to greater productive finance allocations while providing security for members.



Running a Public Sector Consolidator would be a natural evolution of the PPF's existing capabilities. Through our investment approach, the PPF already provides a blueprint for how the government's objectives can be delivered at scale.

We're a major buyer of UK gilts, invest heavily in productive assets and, by investing for growth over the long term, we've delivered greater security for our members.



PPF

About the role – main duties

Lead

Lead the organisation on the next phase of its journey and mentor leaders throughout the business to ensure it delivers on its current and future strategic goals.



Achieve

Achieve a high-performance culture in line with the values of the organisation



Deliver

Maintain the delivery of a high-quality operational service to all stakeholders with a focus on members and levy payers.



About the role – main duties

Lead the organisation on the next phase of its journey and mentor leaders throughout the business to ensure it delivers on its current and future strategic goals.

Achieve a high-performance culture within the PPF ensuring it remains an employer of choice attracting and retaining the very best talent, through inspirational leadership.

Promote a culture of inclusion, accountability and collaboration at all levels in line with the values.

Challenge the scope and structure of the organisation to ensure the efficient and effective deployment of the resources, engaging effectively with a complex range of stakeholders.

Ensure the organisation delivers on its Sustainability goals through a focus on investing responsibly, best in class operational commitment to net zero and a community outreach and volunteering program focused on giving back.

Work closely with the Chairman and the Board to ensure there is a strong understanding of the risks facing the organisation and that these risks are appropriately managed.

About the role



Experience

Proven track record of significant achievement as a CEO/Senior Leader preferably from a financial services environment.

Board level decision making.

Leadership experience that shows commitment to a diverse, collaborative and inclusive culture



Knowledge

Expert knowledge of the financial and risk characteristics of defined benefit schemes and their interrelations with the broader economy and the regulatory environment

Awareness of government policy and issues of public concern relating to state and non-state pensions



Skills

The ability to convey a vision with drive, commitment and integrity.

To develop and shape the strategic direction of the organisation, influencing at senior levels in Central Government and industry.

Excellent analytical skills and clarity of thinking with the ability to understand highly complex information

Pension
Protection
Fund

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For more information about the PPF visit
www.ppf.co.uk

