

## **PPF Restructuring and Insolvency Team**

### **Guidance Note 7**

#### **The pre-appointment panel and the appointment of independent trustees**

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## **1. Background**

- 1.1 One of our key objectives is to take a scheme through the assessment period as quickly as possible and control the costs associated with this process. At the same time, we want to improve quality standards following insolvency, so the pension scheme member can be certain about their future income as quickly as practically possible.
- 1.2 This is partly achieved by appointing appropriately qualified trustees and advisors to the scheme who are experienced in the Board of the Pension Protection Fund's (PPF's) processes and requirements.

## **2. PPF approach**

- 2.1 Our preferred approach when a PPF assessment looks likely is to appoint a panel trustee who can act robustly and knowledgeably when it comes to developing outcomes.
- 2.2 The pension scheme trustee is a critical partner and experience has shown that if trustees are in place who are not completely up to date with our processes and ethos, we encounter difficulties during the assessment process.
- 2.3 Ultimately, these difficulties result in a negative experience for members and impact on our ability to deliver value for money for PPF levy payers.

## **3. Existing trustee skillset**

- 3.1 The following questions and their subsequent answers often highlight the knowledge and expertise gaps a PPF specialist can fill on a Trustee Board:
  - What level of PPF entry expertise can the trustee board demonstrate?
  - What level of contingency planning is being done by the trustee board to minimise any impact to members?

- Are operating costs being effectively managed and controlled to protect the scheme's assets?
  - What controls are in place to make sure the quality of the advisors' work is to an agreed standard?
  - Can the trustee board demonstrate expertise in PPF assessment work?
- 3.2 With a suite of PPF specialist firms, we can offer a wide range of trustee expertise to support a trustee board, both before employer insolvency and throughout the assessment period.
- 3.3 Details of the panel are available from our Trustee Panel Manager (see the contact details below) or on our website at [www.ppf.co.uk/trustees-advisers/meet-our-specialist-advisory-panels](http://www.ppf.co.uk/trustees-advisers/meet-our-specialist-advisory-panels).

## 4. Pre-insolvency involvement

- 4.1 It is common for a panellist to be appointed to the trustee board to assist pre-insolvency. Once the insolvency event occurs, it is then usual that the original trustee board falls away, leaving the specialist trustee as sole trustee.
- 4.2 We also have a panel of firms offering support services to trustees, such as:
- Assessing the impact of reorganisations and restructurings on a pension scheme and its employer covenant, including any mitigation that may be required to repair any detriment.
  - "Moral hazard" risk review, to consider likelihood of intervention by The Pensions Regulator (TPR).
  - Supporting trustees in assessing proposals to compromise scheme benefits and separate the pension scheme from its sponsor(s).
  - Providing expert advice and assistance in restructuring negotiations.
  - Undertaking or reviewing insolvency contingency planning.
- 4.3 If required, the firm appointed in the pre-insolvency period can continue to advise trustees after an insolvency event or a restructuring plan implementation.
- 4.4 Details of the firms offering support services to trustees are also available from the Trustee Panel Manager or at [www.ppf.co.uk/trustees-advisers/meet-our-specialist-advisory-panels](http://www.ppf.co.uk/trustees-advisers/meet-our-specialist-advisory-panels).

## 5. Post-insolvency appointment

- 5.1 An alternative way to put a trustee in place early is for the appointed insolvency office holders (IPs) to use the employer's power of appointment and removal, where it is available to them. Rather than waiting for TPR to appoint, which can be lengthy because of the statutory notice periods required, IPs can help both the members and the PPF by making an appointment from our trustee panel and removing the incumbent trustee at the same time.
- 5.2 The trustee would be chosen on the basis of capacity and experience of the circumstances surrounding the scheme. TPR is happy with this approach.

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Please note this leaflet seeks to assist stakeholders and insolvency professionals on our approach to restructuring and insolvency cases. It is an accompaniment to existing publications from the PPF published on our website, not a substitute. We encourage restructuring & insolvency practitioners and trustees to seek appropriate, specific case guidance.

See **[www.ppf.co.uk](http://www.ppf.co.uk)** for further information.