



Delivering security, supporting growth

Three-year strategy 2025–28



Protecting people's futures

Our purpose is to protect people's futures, providing security in retirement for our members and millions of people throughout the UK who belong to defined benefit (DB) pension schemes

What we do

Through the Pension Protection Fund (PPF) and Financial Assistance Scheme (FAS), **we compensate members for their pensions** after the employer funding their pension becomes insolvent.

We're also responsible for the Fraud Compensation Fund (FCF), which compensates members of pension schemes where the employer is insolvent and the scheme has lost funds due to dishonesty.

We work with pensions industry stakeholders and government to make a **positive contribution** to the UK pensions system.

How we work

Our **commitment to public service** drives us and our values underpin this. We seek **to learn** from the best in the world, **provide excellent service** and operate with **efficiency and professionalism**.



Our achievements

For 20 years we've successfully protected millions of people's hard-earned pensions. We provide peace of mind and financial stability for our members. Since we began our journey in 2005, we've developed specialist capabilities to transfer and consolidate pension schemes efficiently, manage financial risk and set a risk-reflective levy. We've safely navigated through economic downturns and a global pandemic, and transferred over 2,000 pension schemes to the PPF and FAS. Today the PPF stands alongside some of the largest pension funds in the UK, with £32bn assets under management and over 400,000 members.



A message from our Chief Executive

As we build on the strength of our first two decades, we look to the future with confidence, determined to play a leading role in creating a more secure pensions landscape for everyone in the UK. Our commitment to our members and the schemes we protect is unwavering. We make a material difference in the lives of hundreds of thousands of pensioners who depend on us and we are driven by the great social value we provide.

I had long admired the PPF before I joined as CEO a year ago. As one of only a handful of similar organisations worldwide, we play a vital role in the UK pensions sector – not only drawing on best practice but actively contributing to it. However, we have the potential to give so much more. The expertise, operational excellence, and reputation we have built up over the last 20 years put us in a remarkable position to step up and help create a better UK pensions system. This strategy will move us closer towards that ambition.

We currently manage around £32bn on behalf of our members, around half of which is invested in the UK. Our investments make a significant contribution to the UK's economic output, employment and taxes. Our financial footprint extends across every nation and region in the UK helping to deliver long-term economic growth. Pension funds are not just about returns – they are an engine for social good – funding everything from affordable housing to critical infrastructure.

By making smart, long-term investments, we strengthen not just our members' security, but also the UK's economic future – the management of social capital.

The UK defined benefit pension system, with around £1tr in assets, has a crucial role to play supporting the wider economy in a similar way. Pension consolidation, and a fresh approach, could unlock billions of pounds to drive UK growth, strengthen the gilt market, while securing the retirement incomes of many more pension members.

Our strong investment performance allows us to pass on benefits to the schemes we protect. We recently announced a further reduction in the PPF levy – a clear demonstration of our commitment to only charging what is necessary. We remain focused on delivering value through our sophisticated investment capabilities, which ensures our continued strong track record.

Equally, our commitment to excellent customer service for members and levy payers remains firm.

We are proud to have received the ServiceMark accreditation with Distinction from the Institute of Customer Service – making us one of only 25 companies to do so.

We are acutely aware of the financial pressures many of our members and levy payers may face, and we hear their calls for changes to the compensation we pay and the levy we charge. These matters require legislative action and we will continue to work closely with government, ensuring that decisions reflect the best interests of members and levy payers. We are ready to act swiftly to implement any resulting changes from this engagement with our government partners.

There are big challenges ahead for all of us, to continue to build and evolve a pensions system that works for all. I am confident that by working together – within the PPF, across the pensions industry, and with government – we can drive meaningful change that delivers security, growth and opportunity for generations to come.

Michelle Ostermann
Chief Executive



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Our strategic priorities

Over the course of this three-year strategy, our primary purpose will be to focus on the following key outcomes.

Outcomes

- Deliver **strong investment performance** to ensure financial security for those we protect.
- Maintain **excellent service**, securing high member and levy payer satisfaction levels.
- **Partner with government and the pensions industry** to help give people greater financial security in retirement, both for the members of the schemes we protect and more widely.
- **Inspire our people** to achieve these ambitions so that they are engaged and proud of the role we play, and able to contribute to their full potential.

To achieve our desired outcomes, we will work towards a number of goals, grouped under four strategic priorities.



Our strategic priorities continued

We act in the interests of those we protect

The legislation governing the PPF is now 20 years old. It was established amid significant concern that the PPF could be overwhelmed by claims and potentially fail to meet its mandate. However, the environment is now fundamentally different, and we believe the time is right to review key areas of legislation to ensure we continue to deliver the best possible outcomes to our members and other stakeholders.

In particular, we recognise that many stakeholders want to see progress on the legislation governing the levy we charge and the levels of indexation we pay. These areas require legislative change, but are fundamental to the future success of the PPF and so over the next three years we will seek to proactively inform and contribute to discussion, helping to identify the right approach in the best interests of our members and levy payers. If legislation is changed we will seek to implement those changes as quickly and effectively as possible.

Our goals

- **Work with government to reduce costs for schemes and employers by revising the legislation governing our external funding**, reflecting our financial strength, including by:
 - **creating a framework that allows for a zero levy** but also supports financial security by enabling the levy to be reintroduced in the unlikely event it becomes necessary.
 - **considering the necessary changes to the industry-funded PPF administration levy** in line with the recommendation that it be abolished, recognising that the PPF is now in a position to be self-funding.
- **Work with government to progress a review of indexation of compensation**, recognising in particular the need to consider changes to pre-97 indexation levels, as recommended by the Work and Pensions Select Committee in March 2024.
- **Finalise all known applications to the Fraud Compensation Fund (FCF)** and work with the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR) to review and establish whether any future claims on the FCF are likely.
- **Work with government to enable PPF and FAS compensation data to be available to our members on pensions dashboards** as soon as possible.



Our strategic priorities continued

We help shape change in the pensions industry

We sit in a unique place in the UK pension system – we are close to government, but are set up to operate independently. Over 400,000 members across PPF and FAS are financially better off because of our existence, and we protect a further 8.8 million members of DB pension schemes. Over time, we've built our expertise and capabilities, and established a professional network of partners, to help us operate effectively.

We believe it is important that we work with our partners across government and more widely, to help improve outcomes for the members of the schemes we protect, employers and the UK pension system. We are in a strong position to take on a wider role – the government has discussed and consulted on the prospect of us operating as a consolidator for schemes with solvent employers – and we can help to drive and shape positive change in the industry in which we work.



Our goals

- Work with government and other stakeholders to **consider how the skills, capabilities and resources of the PPF could be leveraged** to further support improved outcomes for our current members and levy payers, for the members of the schemes we protect and for the pensions sector.
- **Collaborate with industry partners to help improve the data we hold on UK DB schemes**, enabling a better understanding of the risks they face and the risk they pose to us.
- **Work with TPR and DWP to investigate the best way to “manage DB pension schemes unlikely to make it to buy-out, in a way that maximises the benefit to savers”**, as recommended in the Pensions Regulator 2023 review.
- **Improve the speed of the decision-making process for PPF+ cases** (schemes entering a PPF assessment period overfunded on an s143 basis), through collaboration with our partners, including our panel firms and insurers. We will strengthen our capabilities to support these schemes, leading to a faster, more efficient process for overfunded schemes to move through the assessment period and on to an insurer or consolidator.
- **Shape new conversations in external forums, learning from others and sharing our expertise**, such as our experience in pensions administration, investment management and the wider pensions framework.



Our strategic priorities continued

We adapt and evolve

We are proud of the success we have achieved over the past 20 years. However, we recognise that our operating environment is maturing and the expectations of our members and other stakeholders are changing. Over the next three years, we will, therefore, develop and evolve how we run the business.

We are now a mature organisation. We expect our membership numbers have passed their peak. Reflecting this, we will maintain our focus on delivering for our stakeholders and members, but we will be rigorous in ensuring we operate efficiently and effectively, examining how comparator organisations operate, making best use of technology, only investing in change where there is a clear business case to do so, and making sure we realise the benefits of change.



Our goals

- **Undertake a programme of work to benchmark our key functions to relevant peers** (in the UK and globally) in order to identify and implement beneficial changes that will ensure we operate both efficiently and effectively.



- **Continue to evolve our funding framework and the overall strategy.** To allow for developments in the pensions landscape over the last three years as well as the future evolution of the environment we operate in, we will continue to review and evolve our funding framework. While doing so, we will seek to identify and learn from relevant practices in comparable institutions (in the UK and globally).

- **Ensure our systems, processes, relationships and data are fit for a post-levy environment.** We will put in place systems and processes (including a new approach to gathering data on the risk of employer insolvency) that will ensure we continue to have the data we need, consider how best to maintain our relationship with levy payers; and gather and manage scheme data for the organisation in a modern and flexible way.

- **Leverage technology,** including (where appropriate) increasing use of AI and making sure we have the right structures in place to gather, manage and store our data. This will be critical in allowing us to meet our ambitions whilst maintaining efficiency.

- **Review our 'core' systems.** The systems supporting our member services, investment and shared services functions will be reviewed. We will seek to improve user satisfaction, efficiency and flexibility to support continued improvement and digitalisation. This will include our pensions administration system; our investment portfolio and risk management system; HR and finance and systems; and our websites.

Our strategic priorities continued

We build on our strong foundations

We take a long-term view in everything we do. We've built strong foundations that allow us to deliver on our strategy and engage in wider initiatives. These foundations are underpinned by our people, culture and values. As we look forward to the next three years and beyond, it's critical that we continue to nurture a culture where our people feel motivated and where everyone has the opportunity to thrive. We also remain committed to our sustainability strategy, which is key to our ability to achieve our long-term goals.



Our goals

- **Develop and implement a new people strategy** that supports the goals of this three-year plan and the culture we need to be successful.
- **Establish a view on climate change transition requirements, reflecting changing expectations and best practice.** We will undertake a gap analysis and have a clear view on our climate change transition pathway, underpinned by the best possible data on the impacts of the investments we hold.
- **Deliver on our 2025–28 Diversity, Equity and Inclusion strategy,** building on the achievements of our previous strategy. This will include a focus on social mobility for the first time, to ensure we have access to the widest pool of talent, so that our organisation reflects our community, and that all our people can contribute to their fullest extent.
- **Understand the carbon footprint of our operations and what we can do to reach our goal of Net Zero in our operations by 2035,** set meaningful targets and engage our people to ensure those targets are met.
- **Establish how aligned our material suppliers are with our own sustainability commitments and strategy.** This will further our knowledge of areas of strength and risks associated with our supply chain.





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