

Update

June 2025

Pension Schemes Bill

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Following the wave of consultation responses from the Government last month, the Pension Schemes Bill received its 1st reading in the House of Commons on 5 June.

According to the Government's press release, the Bill will transform the £2 trillion pensions landscape to ensure savers get good returns, and drive investment into the economy, through a suite of measures, including:

- Requiring DC schemes to prove they are value for money, to protect savers from getting stuck in underperforming schemes.
- Simplifying retirement choices, with all pension schemes offering default routes to an income in retirement.
- Bringing together small pension pots worth £1,000 or less into one pension scheme that is certified as delivering good value to savers, making pension saving less hassle and more rewarding.
- New rules creating multi-employer DC scheme "megafunds" of at least £25 billion, so that bigger and better pension schemes can drive down costs and invest in a wider range of assets.
- Consolidating and professionalising the Local Government Pension Scheme (LGPS), with assets held in six pools that can invest in local areas infrastructure, housing and clean energy.
- Increasing flexibility for Defined Benefit (DB) pension schemes to safely release surplus worth collectively £160 billion, to support employers' investment plans and to benefit scheme members.

The Bill's 2nd reading is scheduled for 7 July.



Kirstin Baker

TPR Interim Chair

The Department for Work and Pensions (DWP) has announced the appointment of Kirstin Baker as the new Interim Chair of the Pensions Regulator (TPR), effective from 1 August. Ms Baker is currently the Senior Independent member of the TPR Board. She is a Panel Inquiry Chair of the Competition and Markets Authority (CMA) and was a Panel Member Non-Executive Director of the CMA Board until March 2024. She succeeds Sarah Smart who steps down as TPR Chair in July.

Virgin Media update

On the same day as the Pension Schemes Bill, the Government announced that it would introduce legislation to give pension schemes affected by the Court of Appeal judgment in the Virgin Media v NTL Pension Trustees case the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. The Government recognises that schemes and sponsoring employers need clarity around scheme liabilities and member benefit levels in order to plan for the future.

TPR guidance

TPR has published new guidance for trustees and employers of DB and hybrid schemes on the models and options that could be considered when planning how to reach the long-term objective of their schemes.

Traditionally, trustees have considered insuring benefits as the end goal of their scheme. However, recent improvements in schemes' funding levels and support from regulatory developments mean more options are now available. The guidance looks at alternative financial arrangements such as capital-backed arrangements and superfunds, and also governance options including fiduciary management and the use of accredited professional trustees.

Company news

Clara Pensions, the DB superfund, has announced its fourth transaction, this time with the 730 member Church Mission Society (CMS) Pension Scheme. The transaction is the first to make use of Clara's 'connected covenant' structure and the first involving a not-for-profit employer.

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"The Bill is a game changer, delivering bigger pension pots for savers and driving £50 billion of investment directly into the UK economy"

*Chancellor of the Exchequer,
Rachel Reeves*

