



Pension Schemes Bill published

The [Pension Schemes Bill 2024/25](#) was published on 5 June. This includes the following provisions which may have relevance to the administration of occupational pension schemes, subject to the Bill's passage through Parliament:

Defined benefit schemes – employer surplus payments

Part One of the Bill includes an overriding statutory power allowing trustees to make surplus payments to the sponsoring employer, subject to restrictions. These restrictions include a requirement for an actuary to certify that certain conditions are met in relation to the scheme's assets and liabilities before such a payment can be made.

Defined contribution schemes

Part Two of the Bill is intended to:

- Set up the framework for occupational DC schemes to assess the value for money they offer to their members and publish those assessments. The Pensions Regulator (TPR) may be given enforcement powers in respect of these assessments, which may ultimately include requiring trustees to transfer members to a different pension arrangement if this will result in those members experiencing better value for money.
- Allow the Secretary of State to make regulations requiring most dormant pots of £1,000 or less in DC schemes used for auto enrolment to be moved to a consolidator scheme. Consolidator schemes will either be Master Trusts or certain FCA (Financial Conduct Authority) regulated schemes from a list which will be published by the FCA. Dormant pots will be those which have not received a contribution for at least twelve months. Members will be given at least 30 days to opt out of the transfer or choose an alternative consolidator scheme.
- Require multi-employer DC schemes (with some exemptions) to have at least one arrangement with at least £25 billion in assets by 2030, to facilitate economies of scale and increased investment diversity for these schemes.
- Require occupational DC schemes to have at least one 'default pension benefit solution' in place. These would be arrangements for making payments designed to provide the member with a regular income in retirement, without the member having to make a choice.

Defined benefit schemes – superfunds

Part Three of the Bill would set up a legislative framework for the regulation of DB superfunds. Broadly speaking, these are trust-based DB consolidation schemes authorised by TPR. Superfunds are designed to receive transfers of liability from closed DB schemes, for example, where the transferring scheme's financial position is not strong enough to arrange an insurer buyout. These superfunds are intended to offer economies of scale and a higher standard of governance than the transferring schemes.

Pension Ombudsman – payment disputes

Part Four of the Bill would provide that Ombudsman determinations can be enforced to resolve a dispute over money owed from the payment of an occupational pension without the need for the trustees to obtain a court order.

DWP updates

Virgin Media v NTL Pension Trustees – retrospective actuarial confirmation

The Court of Appeal handed down a judgment on 25 July 2024 in the case of [Virgin Media Ltd v NTL Pension Trustees Ltd](#) which had potentially far-reaching implications for DB schemes which were formerly contracted-out. The judgment upheld a High Court ruling that because a scheme had amended its benefits in 1999 without evidence of obtaining actuarial confirmation that it still met the 'reference scheme test' for post-1997 contracted-out benefits, those amendments were void. It also held that the requirement for this actuarial confirmation applied to both past and future service rights.

The Department for Work and Pensions (DWP) [has announced](#) that the Government will introduce legislation which will allow schemes which would be affected by this issue to obtain retrospective written actuarial confirmation that their past scheme rule changes met the necessary standard which applied at the time. This will resolve the uncertainty for these schemes as to whether those rule changes were validly made.

Workplace pensions roadmap

The DWP has published [a policy paper](#) which accompanies the Pension Schemes Bill and sets out the Government's intended reforms and the proposed timing of their implementation. This is intended to help pension scheme providers understand the changes which will happen in the following five years.

TPR announces new trusteeship strategy

TPR's Chief Executive has given [a speech](#) to the Pensions Management Institute in which she signalled that TPR would be seeking to bring trusteeship into line with other professions and their corporate governance standards. This is intended to align with the new requirements in the Pension Schemes Bill. The speech set out 'five key traits [which] are central to good trusteeship':

- Focus on saver outcomes – including defining objectives for savers.
- Constructive challenge – such as dealing with potential conflicts of interest.
- Highly skilled and diligent trustee boards – accreditation standards for trustees will be developed.
- Collaborative but accountable trustees – including having the ability to challenge advisers to the scheme.
- Data-led trustees – developing open data standards and industry working groups for data quality.

TPR has also published [guidance for trustees](#) considering the long-term objectives of their DB scheme, covering continuing to run on the scheme, insurance buy-in and buy-outs, and the alternatives to these arrangements.

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