

# Pension Schemes Bill

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## RUNNING LIST OF ALL AMENDMENTS IN GRAND COMMITTEE

*Tabled up to and including*

*6 January 2026*

*The amendments are listed in accordance with the following Instruction –*

Clauses 1 to 118	Clauses 119 to 123
Schedule	Title

*[Amendments marked ★ are new or have been altered]*

### **Before Clause 1**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Before Clause 1, insert the following new Clause –

#### **“Purpose of the Act**

- (1) The purpose of this Act is to –
  - (a) deliver higher and more sustainable returns for pension savers;
  - (b) address fragmentation across the pensions sector;
  - (c) improve transparency and comparability in value for money;
  - (d) enable clearer and fairer communication with members;
  - (e) support greater consistency across pension provision;
  - (f) support innovative and flexible approaches to saving;
  - (g) provide employers with greater clarity to support their employees' pension provision;
  - (h) enable responsible and innovative use of pension scheme surplus;
  - (i) improve understanding of pension liabilities and costs for local authorities;
  - (j) strengthen actuarial transparency and routes to challenge contribution rates in the LGPS.
- (2) The Secretary of State, and any other persons taking actions under the provisions of this Act, must have regard to the purpose specified in subsection (1).”

***Member's explanatory statement***

*This amendment sets out the overarching purposes of the Act, including improving returns for pension savers, addressing fragmentation, strengthening value for money and transparency, supporting innovation and flexibility in pension provision, and improving outcomes for members, employers, and local authorities.*

**Clause 1**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 1, page 1, line 10, leave out subsections (2) to (8)

***Member's explanatory statement***

*This amendment seeks to probe why the Secretary of State requires the power in subsection (2) to direct scheme managers to participate in, or withdraw from, particular asset pool companies, given the need to preserve their independence and fiduciary duty to act in members' best interests.*

LORD SHARKEY

★ Clause 1, page 3, line 7, at end insert—

“(7A) Scheme regulations made under this section are subject to the super-affirmative procedure, as defined by section (*Super-affirmative procedure*).”

***Member's explanatory statement***

*This probing amendment seeks to clarify the Government's willingness to subject regulations made under this section to the super-affirmative procedure, as defined in another amendment in the name of Lord Sharkey to after clause 120. It is connected to other amendments to clause 120 in Lord Sharkey's name.*

**Clause 2**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 2, page 4, line 1, leave out paragraph (b)

***Member's explanatory statement***

*This amendment seeks to probe why transitional arrangements are not set out on the face of the bill.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 2, page 4, line 12, leave out paragraph (c)

***Member's explanatory statement***

*This is a probing amendment to determine how, and through what process, strategic authorities and scheme managers can develop appropriate investment opportunities.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 2, page 4, line 16, leave out subsections (3) and (4)

***Member's explanatory statement***

*This is a probing amendment which seeks to challenge why regulations made under subsection (1) may include provision about where administering authorities must take advice from when developing their strategies.*

LORD DAVIES OF BRIXTON

Clause 2, page 4, line 23, after “investments” insert “including social housing”

***Member's explanatory statement***

*This is a probing amendment that seeks to explore how and to what extent LCPS assets might be used to provide social housing as an investment.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 2, page 4, line 24, at end insert –

- “(4A) Scheme managers must publish a report annually on the local investments within their asset pool company.
- “(4B) A report published under section (4A) must include the –
  - (a) extent, and
  - (b) financial performance,of these investments.”

***Member's explanatory statement***

*This amendment requires scheme managers to publish an annual report on local investments held within their asset pool company, including the extent and financial performance of those investments, in order to improve transparency and accountability.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 2, page 4, line 25, leave out subsection (5)

**Member's explanatory statement**

*This is a probing amendment to ensure that the term “strategic authorities”, as defined in subsection (5), is sufficiently agile to reflect changes introduced by the English Devolution Bill.*

BARONESS BOWLES OF BERKHAMSTED

Clause 2, page 4, line 33, at end insert –

“(c) the areas of other scheme managers;”

**After Clause 2**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 2, insert the following new Clause –

**“Interim reviews of employer contribution rates in the Local Government Pension Scheme**

- (1) The Secretary of State must by regulations made under section 3 of the Public Service Pensions Act 2013 (scheme regulations) amend the Local Government Pension Scheme Regulations 2013 (S.I. 2013/2356) as follows.
- (2) After regulation 58(4) insert –
 

“(5) The funding strategy statement must comply with regulation 64A(2) and be published in a form accessible to non-specialist readers.”
- (3) Regulation 64A (revision of rates and adjustments certificate: scheme employer contributions) is amended as set out in subsection (4).
- (4) For paragraphs (1) and (2), substitute –
 

“(1) The administering authority may obtain a revised rates and adjustments certificate where the funding strategy statement sets out the administering authority’s policy on revising contributions between valuations and one or more of the following conditions is met –

  - (a) there has been a significant change in the liabilities arising or likely to arise since the last valuation;
  - (b) there has been a significant change in the employer’s ability to meet its obligations to the Scheme, consistent with that employer’s obligations to deliver value for money and services for local taxpayers;
  - (c) the employer requests a review and agrees to meet the reasonable costs of that review.

(2) The funding strategy statement must include a clear and accessible policy on revising contributions between valuations, including –

  - (a) the process and evidential requirements for employers to request a review,

- (b) indicative timescales for the administering authority to determine such a request,
- (c) the criteria the administering authority and fund actuary will apply (including risk appetite and prudence levels), and
- (d) the approach to apportioning reasonable costs of any review.

(3) Where an employer makes a request under paragraph (1)(c), the administering authority must—

- (a) acknowledge the request within 10 working days,
- (b) determine the request within 12 weeks (or such longer period as is agreed with the employer), and
- (c) provide written reasons for its decision.

(4) For any review under this regulation, the fund actuary must prepare an Actuarial Methods Statement which—

- (a) explains, step by step, the models and methodologies used to project liabilities, assets and funding needs,
- (b) sets out all material assumptions, including discount rates, inflation, salary growth, mortality, longevity improvements and any smoothing or damping mechanisms,
- (c) specifies the level of prudence applied and how that prudence has been determined, and
- (d) provides sensitivity and scenario analysis showing potential outcomes under varying market conditions and employer covenant assessments.

(5) The administering authority must publish the Actuarial Methods Statement alongside the decision under paragraph (3)(c), subject only to the redaction of information which is commercially sensitive or relates to individuals.

(6) The Secretary of State must issue statutory guidance on—

- (a) how councils and other employers may make requests under paragraph (1)(c),
- (b) the matters administering authorities should take into account when considering such requests, including the balance between Scheme solvency and local taxpayers' interests in the continued delivery of core services, and
- (c) the minimum standards for actuarial transparency under paragraph (5).

(7) Administering authorities must have regard to guidance issued under paragraph (6)(a).

(8) The Secretary of State must publish the guidance within six months of the day on which this Act is passed and keep it under review.””

#### ***Member's explanatory statement***

*This new Clause aims to strengthens Regulation 64A of the Local Government Pension Scheme Regulations 2013 to make interim reviews of employer contribution rates more accessible and transparent.*

## Clause 6

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

*The above-named Lords give notice of their intention to oppose the Question that Clause 6 stand part of the Bill.*

**Member's explanatory statement**

*This amendment seeks to probe the process that the Secretary of State will be required to follow in order for a compulsory merger to take place, and the wider considerations that will be applied in deciding whether such a merger is appropriate.*

## After Clause 7

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 7, insert the following new Clause—

**“Review of the cost and sustainability of the Local Government Pension Scheme**

- (1) The Secretary of State must conduct a review of the long-term cost and sustainability of the Local Government Pension Scheme.
- (2) The review must give particular consideration to admitted bodies, including housing associations.
- (3) A report must be laid before Parliament within 12 months of the day on which this Act is passed.”

**Member's explanatory statement**

*This amendment requires the Government to review the long-term cost and sustainability of the Local Government Pension Scheme, with particular consideration given to admitted bodies such as housing associations, and to report its findings to Parliament.*

## Clause 8

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 8, page 9, line 30, at end insert—

“(h) ensuring activities follow the relevant laws and regulatory rules;”

**Member's explanatory statement**

*This is a probing amendment. It expands the definition of “management” of local government pension scheme funds and assets to test whether the Bill adequately reflects the full range of responsibilities involved in administering pension assets and seeks clarification from Ministers as to whether the Bill as drafted sufficiently captures these aspects.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 8, page 9, line 30, at end insert –

“(h) handling risks, including how they are identified, assessed, and kept under review;”

***Member's explanatory statement***

*This is a probing amendment. It expands the definition of “management” of local government pension scheme funds and assets to test whether the Bill adequately reflects the full range of responsibilities involved in administering pension assets and seeks clarification from Ministers as to whether the Bill as drafted sufficiently captures these aspects.*

**Clause 9**

LORD DAVIES OF BRIXTON

Clause 9, page 10, line 20, at end insert “, in order to allow any excess in the funds held for the purposes of the scheme to be shared between the members of the scheme and the employer.”

***Member's explanatory statement***

*This is a probing amendment that seeks to explore the way in which the new power might be exercised.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 9, page 10, leave out lines 37 to 39

***Member's explanatory statement***

*This is a probing amendment which seeks to determine what other situations – apart from the scheme entering into wind-up – would be considered unsuitable for surplus release.*

**Clause 10**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 10, page 11, leave out lines 11 to 38

***Member's explanatory statement***

*This is a probing amendment which seeks to determine why the Secretary of State is permitted to change the conditions for paying surplus using the negative procedure after the initial conditions are first set using the affirmative procedure and to question the extent and scope of the Secretary of State's regulatory power in setting the conditions for surplus release.*

LORD DAVIES OF BRIXTON

Clause 10, page 11, line 24, leave out “in relation to a payment before it is made” and insert “at least three months before any decision is made by the trustees to exercise the power referred to in subsection (1)(a)”

***Member's explanatory statement***

*This amendment requires members of the scheme to be given prior notice of a decision by the trustees to exercise their powers under this section.*

LORD DAVIES OF BRIXTON

Clause 10, page 11, line 24, at end insert—

- “(e) requiring any trade union representing members of the scheme to be notified at least three months before any decision is made by the trustees to exercise the power referred to in subsection (1)(a).”

***Member's explanatory statement***

*This amendment requires trade unions representing members of the scheme to be given prior notice of a decision by the trustees to exercise their powers under this section.*

LORD DAVIES OF BRIXTON

Clause 10, page 11, line 32, at end insert—

- “(ca) requiring a decision on consent by an employer under paragraph (c) to be regarded as a prescribed decision for the purposes of regulations made under Section 259 of the Pensions Act 2004;”

***Member's explanatory statement***

*This amendment provides that regulations may be made that would include the decision by an employer whether or not to give its consent to a payment to be treated a "prescribed decision" for the purposes of Section 259 of the Pensions Act 2004 (Consultation by employers: occupational pension schemes).*

BARONESS NOAKES

Clause 10, page 11, line 38, at end insert—

- “(2CA) Regulations made under subsection (2A) may not include any provision which places any restrictions on employers following the payment of surpluses to them.”

***Member's explanatory statement***

*This amendment ensures that employers do not face restrictions when they receive surpluses.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 10, page 12, line 11, leave out subsection (7)

***Member's explanatory statement***

*This is a probing amendment to test why defined benefit surplus extraction are not subject to the affirmative procedure all times they were made rather than just after first use.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

*The above-named Lords give notice of their intention to oppose the Question that Clause 10 stand part of the Bill.*

***Member's explanatory statement***

*This is a probing amendment which seeks to determine why the power to release surplus, the scope of these powers, and the conditions attached to them are all left to regulations rather than set out on the face of the Bill.*

**Clause 11**

BARONESS BOWLES OF BERKHAMSTED

Clause 11, page 13, line 12, at end insert –

“(2A) Value for money regulations must take account of –

- (a) a VFM assessment over 3, 5 and 10 years;
- (b) the nature and spread of assets and their purpose in the portfolio including diversity, stability and risk management;
- (c) the characteristics of the members of the scheme;
- (d) whether comparisons, benchmarking, scaling and advisory consensus risk herding, market movements, lack of diversity or systemic risk.”

BARONESS ALTMANN

Clause 11, page 13, line 20, at end insert –

“(4A) Value for money regulations must include criteria relating to member service quality, including accuracy of recorded contributions, reliability of valuation data, efficiency of administration, the use of jargon-light communications, availability of education or guidance and support for vulnerable members.”

***Member's explanatory statement***

*This probing amendment seeks to ensure that value for money assessments consider the quality of member services and communications, as well as data and administrative accuracy.*

LORD SHARKEY

★ Clause 11, page 13, line 39, leave out “affirmative” and insert “super-affirmative”

***Member's explanatory statement***

*This probing amendment seeks to clarify the Government's willingness to subject regulations made under this section to the super-affirmative procedure, as defined in another amendment in the name of Lord Sharkey to after clause 120.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 11, page 14, line 7, at end insert—

“(14) VFM regulations must also require the publication of the fees-to-returns ratio of each private pension provider of relevant pension schemes (“regulated VFM schemes”).”

***Member's explanatory statement***

*This probing amendment seeks to require VFM regulations to include the fees-to-returns ratio for each private pension provider operating relevant pension schemes, ensuring greater transparency for members.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 11, page 14, line 7, at end insert—

“(14) VFM regulations must include criteria relating to service quality, including administration accuracy, timeliness, member communication and support for vulnerable members.”

***Member's explanatory statement***

*This probing amendment seeks to ensure that value for money assessments consider service quality as well as financial performance, with the intention of recognising that scheme administration and member engagement are important components of member outcomes.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 11, page 14, line 7, at end insert—

“(14) VFM regulations must include requirements for a consistent benchmarking framework to compare scheme performance against appropriate reference portfolios.”

***Member's explanatory statement***

*This probing amendment seeks to require that VFM regulations establish a standard benchmarking approach, ensuring that performance comparisons are meaningful and reducing the risk of schemes selecting benchmarks that present an unrepresentative picture of value.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 11, page 14, line 7, at end insert –

“(14) VFM regulations must include requirements for full transparency of all fees and transaction costs, including performance fees, administration fees, and all underlying investment charges.”

***Member's explanatory statement***

*This probing amendment seeks to require VFM regulations to mandate full disclosure of all layers of fees, helping members understand the true cost of their scheme and addressing concerns about hidden or opaque charging structures.*

**Clause 12**

BARONESS BOWLES OF BERKHAMSTED

Clause 12, page 14, line 13, at end insert “and their purpose”

BARONESS BOWLES OF BERKHAMSTED

Clause 12, page 14, line 14, at end insert “compared to their purpose”

**Clause 13**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

*The above-named Lords give notice of their intention to oppose the Question that Clause 13 stand part of the Bill.*

***Member's explanatory statement***

*This is a probing amendment, tabled to better understand how Parliament will be able to scrutinise the way in which the Pensions Regulator and the Secretary of State exercise their powers to make regulations concerning the detailed processes that trustees or managers must follow when undertaking value-for-money (VFM) assessments.*

### Clause 14

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 14, page 16, line 9, at end insert –

- “(e) require responsible trustees or managers to take reasonable steps to reach disengaged, digitally-excluded, or vulnerable members when issuing forms under paragraph (a);
- (f) require responsible trustees or managers to annually publish an aggregated analysis of survey data across all relevant schemes and report on emerging trends in member satisfaction.”

*Member's explanatory statement*

*This amendment would ensure that member satisfaction surveys reach a representative cross-section of scheme members, including those who are disengaged, digitally-excluded or vulnerable. It would also require the relevant authority to publish an annual aggregated analysis of survey findings across schemes, identifying emerging trends in member satisfaction. The purpose is to strengthen the value of survey data, improve transparency, and support better outcomes for members.*

### Clause 15

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 15, page 16, line 35, leave out sub-paragraph (ii)

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 15, page 16, line 37, leave out subsection (2)

*Member's explanatory statement*

*This probing amendment would leave out subsection (2) in order to challenge and clarify the key definitions used in this section, including the terms “reasonable period” and “relevant period”. The intention is to understand how these definitions will operate in practice and how they may affect the implementation of value-for-money requirements.*

### Clause 18

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 18, page 20, line 38, leave out subsection (5)

***Member's explanatory statement***

*This probing amendment would leave out subsection (5) in order to understand the rationale for the penalty levels set out in that subsection. The intention is to explore how these figures have been determined and whether they are appropriate and proportionate within the wider enforcement regime*

**After Clause 19**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 19, insert the following new Clause—

**“Duty to formalise the Value for Money framework**

- (1) The Secretary of State must, within 12 months of the day on which this Act is passed, lay before Parliament regulations establishing the Value for Money (“VFM”) framework for relevant pension schemes.
- (2) The regulations laid under subsection (1) must set out—
  - (a) how relevant pension schemes will be assessed under the VFM framework;
  - (b) the standards and requirements that relevant pension schemes must comply with, including but not limited to—
    - (i) performance reporting,
    - (ii) disclosure of fees and costs,
    - (iii) risk management and service quality metrics, and
    - (iv) governance and stewardship expectations;
  - (c) the processes by which schemes will be held to account, including circumstances in which the regulator may intervene where schemes fail to demonstrate value for money;
  - (d) the consequences for relevant pension schemes that fail to meet the standards set by the VFM framework.
- (3) Before making regulations under this section, the Secretary of State must consult such persons they consider appropriate and lay a statement before Parliament on the outcome of such consultation.
- (4) Regulations under this section are subject to the affirmative procedure.
- (5) For the purposes of this section, “relevant pension schemes” has the meaning given in section 10.”

***Member's explanatory statement***

*This amendment seeks to strengthen Regulation 64A of the LGPS Regulations 2013 by making interim employer contribution reviews clearer, more accessible and transparent. It clarifies review triggers, requires published fund policies and deadline and mandates greater actuarial transparency.*

**Clause 22**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 22, page 24, line 19, leave out “12” and insert “18”

***Member's explanatory statement***

*This probing amendment would replace the 12-month dormancy period with an 18-month period in order to test the rationale for the Government's chosen timeframe.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 22, page 24, line 20, leave out paragraph (b)

***Member's explanatory statement***

*This probing amendment would leave out subsection (b) in order to examine more closely what is meant by “prescribed exceptions” in relation to member actions and expectations. The intention is to test how the Government envisage defining circumstances in which a pot should not be treated as dormant, how such exceptions will operate in practice, and whether they adequately reflect real-world member behaviour.*

BARONESS BOWLES OF BERKHAMSTED

Clause 22, page 24, line 21, at end insert—

- “(c) the individual has not given notice of an intention to take a break from their employment with intention to return.”

VISCOUNT YOUNGER OF LECKIE

Clause 22, page 24, line 26, leave out from “procedure” to end of line 33

***Member's explanatory statement***

*This amendment would make all regulations on consolidation of small dormant pots in DC schemes to the affirmative procedure all times they were made rather than just after first use.*

**Clause 24**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 24, page 26, line 27, at end insert—

- “(6) Transfer notices must be clear, concise, and accessible to all members, including those with low financial literacy or limited digital access.

(7) Transfer notices must also be provided in prescribed alternative formats for digitally-excluded, visually-impaired, or otherwise vulnerable members.”

***Member's explanatory statement***

*This amendment ensures transfer notices are easy to understand and available in alternative formats so that all members, including vulnerable or digitally-excluded individuals, can engage meaningfully with transfer decisions.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 24, page 26, line 27, at end insert –

“(6) Small pots regulations must require the Secretary of State to record and report annually on the number of transfer notices issued, and the outcomes arising from those notices.”

***Member's explanatory statement***

*This amendment places a duty on the Secretary of State to monitor and report annually on the volume and outcomes of transfer notices. Its purpose is to ensure ministerial oversight and allow Parliament to assess progress and effectiveness under this clause.*

**Clause 31**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

*The above-named Lords give notice of their intention to oppose the Question that Clause 31 stand part of the Bill.*

***Member's explanatory statement***

*This probing amendment seeks to examine the extent, scope and competence of the small pots regulations enabled by this clause, with particular focus on the powers conferred on the Pensions Regulator to levy fees. The intention is to understand how these powers will operate in practice and the safeguards governing their use.*

**Clause 32**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 32, page 32, line 10, leave out subsection (2)

***Member's explanatory statement***

*This probing amendment seeks to examine the proposed expansion of regulatory powers conferred on the Pensions Regulator by this subsection. In particular, it aims to explore why the Regulator requires further powers in this area, how those powers will be used, and what safeguards will apply.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 32, page 32, line 27, leave out subsection (4)

***Member's explanatory statement***

*This probing amendment seeks to examine the rationale behind the penalty limits set out in this subsection. Its purpose is to explore how these figures have been determined, whether they are appropriate and proportionate, and what considerations informed the Government's decision.*

**Clause 34**

BARONESS NOAKES

Clause 34, page 33, line 22, at end insert “, except that the amount may not exceed £10,000”

***Member's explanatory statement***

*This amendment would ensure that the power to alter the definition of “small” could not be used to include larger pension pots.*

**Clause 40**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 38, line 9, leave out subsection (4)

***Member's explanatory statement***

*This amendment seeks to scrutinise the scale of the Secretary of State's powers to exempt schemes from Conditions 1 and 2 set out in subsection (4), and to probe whether these exemption powers are intended to apply to Collective Defined Contribution (CDC) schemes.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 38, leave out lines 26 and 27

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from Clause 40. That amendment removes the Government's broad mandation power.*

BARONESS NOAKES

Clause 40, page 38, line 34, at end insert –

- “(c) able to demonstrate that they deliver investment performance which exceeds that achieved by the average of all Master Trusts which hold

an approval under section 28A in respect of a main scale default arrangement.”

***Member's explanatory statement***

*This amendment allows Master Trusts which deliver good investment performance to be excluded from the scale requirements.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 39, line 12, leave out “or the conditions for approval under section 28C”

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from Clause 40. That amendment removes the Government's broad mandation power.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 39, leave out lines 31 to 33

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from Clause 40. That amendment removes the Government's broad mandation power.*

BARONESS NOAKES

Clause 40, page 40, line 2, at end insert “or are able to demonstrate that they deliver investment performance which exceeds that achieved by the average of all group personal pension schemes which hold an approval under section 28B in respect of a main scale default arrangement”

***Member's explanatory statement***

*This amendment allows group personal pension plans which deliver good investment performance to be excluded from the scale requirements.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 40, line 19, leave out “or the conditions for approval under section 28C”

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from clause 40. That amendment removes the Government's broad mandation power.*

BARONESS ALTMANN

Clause 40, page 40, line 37, after “arrangement” insert “or the total asset value of all member-specific classes of default arrangements offered to members by the Master Trust”

***Member's explanatory statement***

*This probing amendment seeks to ensure that this legislation does not exclude Master Trusts or other pension funds from offering members the chance to invest in default pension arrangements which are more suited to their own circumstances, including age, retirement intentions, health conditions, plans for future retirement income options etc.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 40, line 40, at end insert –

“(aa) the RMT meets the innovation exemption requirement.”

***Member's explanatory statement***

*This amendment provides that a Master Trust is not required to meet the scale requirement under section 28B where it meets an innovation exemption, recognising that some smaller schemes deliver specialist or innovative pension services that may not depend on scale.*

BARONESS ALTMANN

Clause 40, page 41, line 5, leave out “£25 billion” and insert “an amount to be specified in regulations made by the Secretary of State following consultation”

***Member's explanatory statement***

*This probing amendment seeks to remove the monetary value from the face of the Bill, to allow for flexibility in future, subject to consultation as the pension market develops in the next years. There has been little consideration of whether this sum is an appropriate amount.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 41, line 5, at end insert –

- “(3A) The RMT meets the innovation exemption requirement if the Trust can demonstrate that it provides specialist or innovative services.
- “(3B) The Secretary of State may by regulations provide for a definition of “specialist or innovative services” for the purposes of this section.”

***Member's explanatory statement***

*This amendment defines the innovation exemption for Master Trusts by allowing schemes to demonstrate that they provide specialist or innovative services, and enables the Secretary of State to set out a formal definition of such services in regulations.*

BARONESS ALTMANN

Clause 40, page 41, leave out line 11

***Member's explanatory statement***

*This probing amendment is designed to ensure that pension scheme Master Trusts are able to manage assets without being mandated to follow a common investment strategy, both within and across membership groups.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 41, leave out lines 37 to 39

***Member's explanatory statement***

*This probing amendment seeks to understand how the Secretary of State intends to determine the method for calculating total assets under this clause, and what criteria or methodology will underpin that determination.*

BARONESS SHERLOCK

Clause 40, page 41, line 38, leave out second “or” and insert “to”

***Member's explanatory statement***

*This amendment corrects an error.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 41, line 40, leave out from beginning to end of line 5 on page 42

***Member's explanatory statement***

*This probing amendment aims to clarify how the Government intend to define a “common investment strategy” for the purposes of this clause, and invites that definition to be set out prior to Royal Assent.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 43, line 19, at end of line insert—

“(aa) the relevant GPP meets the innovation exemption requirement.”

***Member's explanatory statement***

*This amendment applies the innovation exemption to relevant Group Personal Pension (GPP) schemes, so that schemes offering specialist or innovative services are not automatically required to meet the scale requirement.*

BARONESS ALTMANN

Clause 40, page 43, line 25, leave out “£25 billion” and insert “an amount to be specified in regulations made by the Secretary of State following consultation”

***Member's explanatory statement***

*This probing amendment seeks to remove the monetary value from the face of the Bill, to allow for flexibility in future, subject to consultation as the pension market develops in the next years. There has been little consideration of whether this sum is an appropriate amount.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 43, line 25, at end insert—

- “(3A) A relevant GPP meets the innovation exemption requirement if the Trust can demonstrate that it provides specialist or innovative services.
- (3B) The Secretary of State may by regulations provide for a definition of “specialist or innovative services” for the purposes of this section.”

***Member's explanatory statement***

*This amendment allows for the innovation exemption for Group Personal Pension schemes and allows the Secretary of State to specify, through regulations, what constitutes specialist or innovative services for the purposes of the scale requirement.*

BARONESS ALTMANN

Clause 40, page 43, leave out line 31

***Member's explanatory statement***

*This probing amendment is designed to ensure that pension scheme Master Trusts are able to manage assets without being mandated to follow a common investment strategy, both within and across membership groups.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 45, line 32, leave out from beginning to end of line 19 on page 48

***Member's explanatory statement***

*This amendment removes the Government's broad mandation power.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 45, line 32, leave out from beginning to end of line 29 on page 48

LORD SHARKEY

Clause 40, page 45, line 32, leave out from beginning to end of line 36 on page 53

***Member's explanatory statement***

*This amendment, and other amendments in the name of Lord Sharkey, seek to remove mandatory asset allocation from the Bill.*

BARONESS ALTMANN

Clause 40, page 45, line 43, at end insert—

“(c) each new contribution to the fund, including taxpayer reliefs.”

***Member's explanatory statement***

*This probing amendment would allow the Government to require a particular percentage of new contributions, which include added taxpayer reliefs, to be invested in, say, UK assets.*

BARONESS MCINTOSH OF PICKERING

Clause 40, page 45, line 43, at end insert—

“(2A) The percentages prescribed under subsection (2) may not—

- (a) exceed a total of 10% of the assets by reference to which the percentage is prescribed, and
- (b) for a geographical location, exceed a total of 5% of the assets by reference to which the percentage is prescribed.”

***Member's explanatory statement***

*This amendment seeks introduce a cap to the mandatory asset allocation at (1) 10% of the assets, and (2) 5% of the assets in a geographical location (such as the UK).*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 46, leave out lines 1 and 2

***Member's explanatory statement***

*This amendment probes the reasons behind the provision allowing the Secretary of State until 2035 to exercise the mandation power.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 46, leave out lines 5 to 16

***Member's explanatory statement***

*This amendment probes the power that allows regulations made under subsection 28C(4) to include assets of various classes falling under the broad heading of “private assets”, and to provide for the potential inclusion of other asset classes.*

BARONESS ALTMANN

Clause 40, page 46, line 10, at end insert—

- “(e) United Kingdom infrastructure,
- (f) United Kingdom scale-up capital,
- (g) United Kingdom quoted and unlisted companies,”

***Member's explanatory statement***

*This probing amendment seeks to ensure any mandation of investments is focussed on UK growth assets rather than wider overseas assets.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 46, leave out lines 11 to 16

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 46, line 16, at end insert “and excluding closed-ended investment companies (including funds and trusts) listed under UK Listing Rules or the Specialist Fund Segment providing exposure to the qualifying assets”

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 46, line 16, at end insert “or those whose business model is to invest in qualifying assets”

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 46, leave out lines 17 to 22

***Member's explanatory statement***

*This amendment removes the provision allowing assets to be defined as qualifying assets on the basis of their presence in the UK, or other factors linking the asset to economic activity within the UK.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 46, line 19, after “asset” insert “or underlying assets in a collective vehicle”

## BARONESS MCINTOSH OF PICKERING

Clause 40, page 48, line 7, at end insert –

- “(ba) the functioning of the market for Master Trusts and group personal pension schemes, and what effects the proposed measures could be expected to have on that market;
- (bb) what effects the proposed measures could be expected to have on the market for qualifying assets;
- (bc) how the effects under paragraphs (a) to (bb) would differ as a result of alternative measures to the proposed measures;
- (bd) the effects to date, and expected future effects, of collective agreements by pension providers and schemes;
- (be) the availability of qualifying assets in the preceding 5 years, and the expected availability of qualifying assets in the subsequent 5 years;
- (bf) whether all reasonable policy and regulatory measures to enable investment in qualifying assets have been delivered;”

***Member's explanatory statement***

*The Bill requires that the Secretary of State publishes a report before asset allocation regulations are made. This amendment seeks to specify further items to be included in that report.*

## BARONESS NOAKES

Clause 40, page 48, leave out lines 14 to 19

***Member's explanatory statement***

*This amendment probes the extent to which it is appropriate for the trust deed or rules of the pension scheme to be overridden.*

## BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 48, line 19, at end insert –

**“28CA Prior steps**

Before exercising any powers under section 28C, the Secretary of State must –

- (a) review the effect of any voluntary agreements or coordinated commitments relating to asset allocation;
- (b) assess the impact of any such agreements on asset allocation, pricing and valuations;
- (c) review the likely effect on returns to pensions savers;
- (d) obtain clearance from the Competition and Markets Authority that the exercise of the power would not have the effect of formalising a coordinated practice;
- (e) be satisfied that the exercise of the power will not undermine the fiduciary duties owed by trustees and providers to scheme members;

(f) ensure that no scheme is required, whether directly or indirectly, to disinvest from listed investment companies or other listed structures in order to meet any asset-allocation requirement, and that approval under section 28C may not be withdrawn solely on the basis that a scheme obtains exposure to qualifying assets through a listed vehicle.”

BARONESS MCINTOSH OF PICKERING

Clause 40, page 48, leave out line 35

***Member's explanatory statement***

*This amendment, connected with another in the name of Baroness McIntosh of Pickering, seeks to narrow the conditions which must be satisfied to qualify for transition pathway relief.*

BARONESS MCINTOSH OF PICKERING

Clause 40, page 49, leave out line 7

***Member's explanatory statement***

*This amendment, connected with another in the name of Baroness McIntosh of Pickering, seeks to narrow the conditions which must be satisfied to qualify for transition pathway relief.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 50, leave out lines 6 to 9 and insert—

“(a) The scheme in question demonstrates strong potential for growth and an ability to innovate, and”

***Member's explanatory statement***

*This amendment would revert the text of section 28F(2) on the eligibility conditions for new entrant pathway relief to its form in the Bill as introduced.*

BARONESS ALTMANN

Clause 40, page 50, line 6, at end insert—

“(aa) the scheme in question has been established for less than 10 years,”

***Member's explanatory statement***

*This probing amendment seeks to ensure there is provision for new entrants, who come into the market before the measures of this Act begin, to be allowed proper time to grow their assets, to avoid the risk of existing new schemes, or any starting up in the next few years, being penalised by exclusion from this new entrant pathway.*

## BARONESS NOAKES

Clause 40, page 50, line 8, at end insert “or to deliver investment performance which exceeds that achieved by the average of schemes which meet those scale requirements”

***Member's explanatory statement***

*This amendment allows pension schemes which could deliver good investment performance to be included within the new entrant pathway relief.*

## BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 50, line 28, leave out from beginning to end of line 16 on page 51

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from Clause 40. That amendment removes the Government's broad mandation power.*

## BARONESS MCINTOSH OF PICKERING

Clause 40, page 50, line 32, leave out “, for a period specified by the Authority,”

***Member's explanatory statement***

*This amendment seeks to remove the time limit for savers' interest exemptions to the asset allocation requirements that would be set by the Authority.*

## BARONESS MCINTOSH OF PICKERING

Clause 40, page 51, line 13, at end insert—

- “(e) must not require the provider to change its asset allocation until the Authority has made its determination or they have received the outcome of the referral to the Upper Tribunal;
- “(f) must provide for the Authority's determination to include reasons for reaching that decision;
- “(g) must allow for relevant schemes to apply for the savers' interest test for up to three consecutive years, while demonstrating a credible pathway to meeting the prescribed asset allocation under section 28C at each application.”

***Member's explanatory statement***

*This amendment seeks to (1) provide more certainty in relation to the savers' interest test for exemptions to the asset allocation requirements, and (2) ensure that providers are not required to alter their asset allocation until the Authority has made its determination or they have received outcome of the referral to the Upper Tribunal.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 51, line 24, leave out “or 28C”

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from Clause 40. That amendment removes the Government's broad mandation power.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 52, line 29, leave out “or 28C”

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from Clause 40. That amendment removes the Government's broad mandation power.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 52, line 40, leave out from beginning to end of line 5 on page 53

***Member's explanatory statement***

*This is a probing amendment intended to test whether a maximum penalty of £100,000, subject to regulations, for failure to meet mandation requirements is proportionate.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 53, line 18, at end insert—

**“28K Fiduciary duty reinforcement**

Nothing in this chapter overrides or diminishes the fiduciary duty of trustees to act in the best financial interests of scheme members.”

***Member's explanatory statement***

*This amendment seeks to ensure that fiduciary duty remains the overriding principle of pension governance.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 53, line 18, at end insert—

**“28K Safe harbour regime: trustees**

Trustees who act—

- (a) in good faith,
- (b) on the basis of professional advice, and

(c) in accordance with their fiduciary duty, must not be subject to penalties or adverse consequences under this chapter for failing to meet mandated or promoted investment quotas, provided they can demonstrate reasonable consideration of scheme members' best interests."

***Member's explanatory statement***

*This amendment seeks to create a safe harbour regime for trustees, protecting them from adverse consequences under the Bill if they are discharging their fiduciary duties.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 53, line 18, at end insert –

**“28K Systemic risk integration: trustee duty**

- (1) Trustees must, in the exercise of their fiduciary duties under this chapter, have regard to systemic risks including economic resilience and climate change, and other factors materially affecting long-term pension outcomes.
- (2) This duty does not mandate investment in any specific vehicle.”

***Member's explanatory statement***

*This amendment seeks to confer a duty on trustees to consider systemic risks when discharging their fiduciary duties.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 53, line 18, at end insert –

**“28K Structural discrimination**

- (1) This chapter does not exclude listed investment funds (including investment companies and trusts) from eligibility as qualifying assets for pension scheme investment.
- (2) The funds in subsection (1) must be treated under this Act on an equivalent basis to other collective investment structures where they support economically useful assets.”

***Member's explanatory statement***

*This amendment seeks to ensure that listed investment funds are treated by this Act on equal basis to other collective investment structures.*

## BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 53, line 18, at end insert –

**“28K Herding risk**

- (1) When exercising their powers under this chapter, the Secretary of State must avoid mandating or promoting investment in specific vehicles or categories in a manner that risks regulatory herding.
- (2) In this section “regulatory heading” means inducing overly similar investment behaviour due to impact of regulation
- (3) Any guidance issued under or in connection with this chapter must –
  - (a) emphasise the importance of diversification and risk management;
  - (b) take account of past problems for the pensions sector caused by herding risk.”

***Member's explanatory statement***

*This amendment seeks to ensure that the Secretary of State acts in a manner that reduces the risk of 'herding behaviour' created by a regulatory or statutory regime.*

## BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 53, line 19, leave out subsection (13)

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from Clause 40. That amendment removes the Government's broad mandation power.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 53, leave out lines 26 to 28

***Member's explanatory statement***

*This is a probing amendment intended to test why the Government considers a five-year period to be an appropriate timeline for regulations to come into force, and why an earlier commencement has not been proposed.*

## BARONESS MCINTOSH OF PICKERING

Clause 40, page 53, line 27, leave out “the period of” and insert “both the periods of 2 and”

***Member's explanatory statement***

*This amendment seeks ensure that a review of the asset allocation mandation powers must take place within at least two years, in addition to within at least five years.*

## BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 53, line 27, leave out “5” and insert “3”

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 40, page 53, line 35, at end insert –

- “(ba) the extent to which mandated investment requirements risk becoming misaligned with prevailing economic conditions or market realities;
- (bb) whether the timing and rigidity of any mandated investment allocations may reduce their effectiveness in supporting economic or fiscal objectives;
- (bc) the risk of asset price inflation, market distortion, or crowding effects arising from multiple schemes being required to invest in the same asset classes;
- (bd) whether mandated investment signals could lead to speculative behaviour or unintended amplification of asset price movements; and”

***Member's explanatory statement***

*This amendment ensures the review considers whether mandated investment requirements risk becoming misaligned with economic conditions and whether directing multiple schemes into the same assets could cause market distortion or asset price inflation.*

## BARONESS MCINTOSH OF PICKERING

Clause 40, page 53, line 35, at end insert –

- “(ba) the functioning of the market for Master Trusts and group personal pension schemes, and what effects the measures have had on that market;
- (bb) what effects the measures have had on the markets for qualifying assets;
- (bc) the availability of qualifying assets in the preceding 5 years, and the expected availability of qualifying assets in the subsequent 5 years;
- (bd) whether all reasonable policy and regulatory measures to enable investment in qualifying assets have been delivered;
- (be) whether the regulations are still needed or should be repealed;”

***Member's explanatory statement***

*The Bill requires that the Secretary of State review the effect of asset allocation regulations. This amendment seeks to specify further things which they must take into account when carrying out the review.*

BARONESS BOWLES OF BERKHAMSTED

★ Clause 40, page 53, line 35, at end insert –

“(ba) the overall amounts invested in qualifying assets and the impact on other asset classes;”

BARONESS BOWLES OF BERKHAMSTED

★ Clause 40, page 53, line 35, at end insert –

“(ba) whether and how trustees have changed their asset allocation;”

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 53, line 36, at end insert –

“(4) A review under subsection (1) must include –

- (a) publication of evidence considered,
- (b) disclosure of lobbying activity relevant to the investment categories, and
- (c) an assessment of whether the mandation or promotion continue to serve the best interests of scheme members.”

***Member's explanatory statement***

*This amendment seeks to increase transparency for the Secretary of State's mandatory review into asset allocation.*

BARONESS BOWLES OF BERKHAMSTED

Clause 40, page 54, line 18, leave out “28C (other than subsection (10)(f)),”

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from Clause 40. That amendment removes the Government's broad mandation power.*

LORD SHARKEY

Clause 40, page 54, line 18, leave out “28E, 28F, 28G, 28I, 28J”

***Member's explanatory statement***

*This amendment, and other amendments in the name of Lord Sharkey, seek to remove mandatory asset allocation from the Bill.*

LORD SHARKEY

Clause 40, page 54, line 26, leave out paragraphs (c) and (d)

***Member's explanatory statement***

*This amendment, and other amendments in the name of Lord Sharkey, seek to remove mandatory asset allocation from the Bill.*

**Clause 41**

BARONESS BOWLES OF BERKHAMSTED

Clause 41, page 55, line 3, leave out “or the asset allocation requirement in section 28C”

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from Clause 40. That amendment removes the Government's broad mandation power.*

BARONESS BOWLES OF BERKHAMSTED

Clause 41, page 55, line 7, leave out “or the asset allocation requirement in section 28C”

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from Clause 40. That amendment removes the Government's broad mandation power.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 41, page 56, line 16, leave out “first”

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

Clause 41, page 56, leave out lines 18 and 19

***Member's explanatory statement***

*This amendment probes why subsequent regulations determining how the Pensions Regulator assesses the scale requirement should be subject to the negative rather than the affirmative resolution procedure, given their potential impact on scheme structure and market outcomes.*

LORD SHARKEY

*Lord Sharkey gives notice of his intention to oppose the Question that Clause 41 stand part of the Bill.*

### After Clause 41

BARONESS KRAMER

After Clause 41, insert the following new Clause—

**“Pension value protection for default arrangements investing in qualifying assets**

- (1) This section applies to a Master Trust scheme or a group personal pension scheme where—
  - (a) an individual’s rights have been accrued wholly or partly through automatic enrolment, and
  - (b) all or part of those rights have been invested in a default arrangement which includes qualifying assets in accordance with any agreement or policy statement made by the Government concerning minimum or expected allocations to such assets.
- (2) Upon the individual becoming entitled to receive retirement benefits under the scheme, the trustees or managers must obtain an actuarial assessment of—
  - (a) the net investment return attributable to the qualifying assets held within the default arrangement over the period during which the individual’s rights were so invested, and
  - (b) the net investment return that would have been achieved over the same period had those assets instead been invested in a prescribed benchmark fund.
- (3) For the purposes of subsection (2)(b), “prescribed benchmark fund” means a diversified, low-cost equity index fund of a description specified in regulations.
- (4) Where the actuarial assessment shows that the return attributable to the qualifying assets is lower than the return of the prescribed benchmark fund, the Secretary of State must, in accordance with regulations, secure that a payment is made by the Department for Work and Pensions to the individual equal to the difference, within a timeframe determined by regulations.
- (5) Regulations under this section may make provision about—
  - (a) the form and content of actuarial assessments,
  - (b) the appointment and qualifications of actuaries,
  - (c) the methodology for attributing returns to qualifying assets,
  - (d) the manner and timing of any payment under subsection (4),
  - (e) cases in which no payment is required, including where differences are de minimis, and
  - (f) the recovery of costs from prescribed pension schemes or prescribed persons.
- (6) The Secretary of State must publish guidance about the operation of this section, including guidance on the protection of members who remain invested in default arrangements throughout their working lives.
- (7) Regulations under this section are subject to the affirmative procedure.”

***Member's explanatory statement***

*This new Clause would require the Secretary of State to make provision for paying the difference (if any) between returns on investments into qualifying assets held within default arrangements and returns on the same investment, had they been invested in a “prescribed benchmark fund”, meaning a diversified, low-cost equity index fund.*

**Clause 42**

BARONESS NOAKES

Clause 42, page 56 line 23, leave out “for the purposes of restricting” and insert “in connection with”

***Member's explanatory statement***

*This amendment would allow regulations to encourage new entrants to enter the pension scheme market.*

BARONESS NOAKES

Clause 42, page 57, line 5, at end insert “or in order to encourage competition”

***Member's explanatory statement***

*This amendment would enable the regulator to act in a pro-competition way.*

BARONESS NOAKES

Clause 42, page 57, line 9, at end insert –

“(2A) In making regulations under this section the appropriate authority must have regard to the desirability of encouraging innovation in the provision of pension schemes.”

***Member's explanatory statement***

*This amendment requires the appropriate authority to consider the impact of proposed regulations about sub-scale pension schemes on innovation in the sector.*

**Clause 43**

BARONESS NOAKES

Clause 43, page 57, line 18, at end insert –

“(aa) the extent to which non-scale default arrangements contribute to competition;”

***Member's explanatory statement***

*This amendment would ensure that the review required by clause 43 considered the competitive landscape for pension scheme provision.*

## Clause 45

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

*The above-named Lords give notice of their intention to oppose the Question that Clause 45 stand part of the Bill.*

***Member's explanatory statement***

*This is a probing amendment which seeks to understand the effect of the changes made by Clause 45 to the Financial Services and Markets Act 2000, particularly in light of wider and ongoing amendments to that Act arising from the consolidation and reform of assimilated EU law, and the implications for the FCA's role and supervisory remit.*

## After Clause 45

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 45, insert the following new Clause—

**“Member notification and fund comparison prior to mandation**

- (1) Before a pension scheme's automatic enrolment default fund is subject to mandation under this Act, the scheme must—
  - (a) notify affected members in writing;
  - (b) clearly explain the nature and effect of the mandation;
  - (c) present all alternative funds available within the scheme.
- (2) All funds presented under subsection (1)(c) must be accompanied by comparable Value for Money metrics, including but not limited to net returns, charges, risk profile, and long-term performance.”

***Member's explanatory statement***

*This amendment requires pension scheme members to be informed before their automatic enrolment default fund is subject to mandation, and to be presented with alternative funds alongside comparable Value for Money information, in order to support transparency and informed member choice.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 45, insert the following new Clause—

**“Condition precedent: Value for Money framework**

- (1) No mandation power under this Act may be exercised until a Value for Money framework has—
  - (a) been formally published, and

- (b) been approved by resolution of each House of Parliament under the affirmative procedure.
- (2) The framework must provide clear, standardised and transparent metrics capable of comparison across pension schemes.”

***Member's explanatory statement***

*This amendment provides that mandation powers may not be exercised until a Value for Money framework has been published and approved by Parliament, ensuring that any intervention is based on clear, standardised and transparent metrics.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 45, insert the following new Clause—

**“Review of scope of mandation powers**

- (1) The Secretary of State must publish an explanation within six months of Royal Assent as to why mandation powers under this Act apply only to automatic enrolment default funds.
- (2) The explanation must consider whether selecting solely automatic enrolment funds risks unintended market distortion or reduced member choice.”

***Member's explanatory statement***

*This amendment requires the Government to explain why mandation powers apply only to automatic enrolment default funds, and to consider whether this approach risks unintended market distortion or a reduction in member choice.*

**Clause 48**

BARONESS NOAKES

Clause 48, page 62, line 29, leave out from beginning to end of line 22 on page 63

***Member's explanatory statement***

*This amendment probes whether the “best interests” test is the correct test to use.*

**Clause 49**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

- ★ Clause 49, page 68, line 4, leave out subsection (3)

***Member's explanatory statement***

*This is a probing amendment which seeks to test the definition of “default pension benefit solution”.*

BARONESS NOAKES

Clause 49, page 68, line 10, leave out paragraph (b)

***Member's explanatory statement***

*This amendment probes whether all default solutions have to provide a regular income and whether that income has to be for life.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

★ Clause 49, page 68, line 37, leave out subsection (6)

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

★ *The above-named Lords give notice of their intention to oppose the Question that Clause 49 stand part of the Bill.*

***Member's explanatory statement***

*This seeks to probe the capacity, workability, and market readiness of the guided retirement structure set out in the bill.*

**Clause 50**

BARONESS NOAKES

Clause 50, page 71, line 4, leave out subsections (14) and (15)

***Member's explanatory statement***

*This amendment probes the need for a regulation making power.*

BARONESS NOAKES

Clause 50, page 71, line 17, leave out subsection (16)

***Member's explanatory statement***

*This amendment probes in what circumstances the Government could require transfers to be made free of charge.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

★ *The above-named Lords give notice of their intention to oppose the Question that Clause 50 stand part of the Bill.*

**Clause 51**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

★ *The above-named Lords give notice of their intention to oppose the Question that Clause 51 stand part of the Bill.*

***Member's explanatory statement***

*This probes whether clause 51 will effectively ensure a structured pensions benefits strategy that provides members with clear, consistent information on default benefit solutions and payment arrangements, supporting informed and confident decision-making at retirement.*

**Clause 57**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

★ *The above-named Lords give notice of their intention to oppose the Question that Clause 57 stand part of the Bill.*

***Member's explanatory statement***

*This seeks to probe how alignment between the Department for Work and Pensions, The Pensions Regulator and the Financial Conduct Authority will be ensured, to avoid inconsistent standards, regulatory distortions and unequal outcomes for pension savers across trust- and contract-based schemes.*

**Clause 65**

BARONESS NOAKES

Clause 65, page 82, line 4, leave out “does not have any active members” and insert “will not have any active members immediately after the transfer has taken effect”

***Member's explanatory statement***

*This amendment probes the timing of ceasing to have active members.*

**Clause 108**

BARONESS SHERLOCK

Clause 108, page 116, line 20, at end insert “, or

(iii) included such a requirement but that requirement did not apply in relation to pre-1997 service in respect of which the compensation is payable.”

**Member's explanatory statement**

*This amendment makes clear that sub-paragraph (2B) of paragraph 28 of Schedule 7 to the Pensions Act 2004 (inserted by this clause) applies also to a case where a pension scheme required pre-1997 indexation but that requirement did not apply in relation to pre-1997 service in respect of which the pension compensation is payable.*

BARONESS SHERLOCK

Clause 108, page 121, line 10, at end insert “, or

- (iii) included such a requirement but that requirement did not apply in relation to pre-1997 service in respect of which the transferor's PPF compensation is payable.”

**Member's explanatory statement**

*This amendment makes clear that sub-paragraph (2B) of paragraph 17 of Schedule 5 to the Pensions Act 2008 (inserted by this clause) applies also to a case where a pension scheme required pre-1997 indexation but that requirement did not apply in relation to pre-1997 service in respect of which the pension compensation is payable.*

**Clause 109**

BARONESS SHERLOCK

Clause 109, page 125, line 37, at end insert “, or

- (iii) included such a requirement but that requirement did not apply in relation to pre-1997 service in respect of which the compensation is payable.”

**Member's explanatory statement**

*This amendment makes clear that sub-paragraph (2B) of paragraph 28 of Schedule 6 to the Pensions (Northern Ireland) Order 2005 (inserted by this clause) applies also to a case where a pension scheme required pre-1997 indexation but that requirement did not apply in relation to pre-1997 service in respect of which the pension compensation is payable.*

BARONESS SHERLOCK

Clause 109, page 130, line 30, at end insert “, or

- (iii) included such a requirement but that requirement did not apply in relation to pre-1997 service in respect of which the transferor's PPF compensation is payable.”

**Member's explanatory statement**

*This amendment makes clear that sub-paragraph (2B) of paragraph 17 of Schedule 4 to the Pensions (No.2) Act (Northern Ireland) 2008 (inserted by this clause) applies also to a case where a pension scheme required pre-1997 indexation but that requirement did not apply in relation to pre-1997 service in respect of which the pension compensation is payable.*

**Clause 110**

BARONESS SHERLOCK

Clause 110, page 135, line 31, at end insert “, or

- (iii) included such a requirement but that requirement did not apply in relation to pre-1997 service in respect of which the annual payment is payable.”

***Member's explanatory statement***

*This amendment makes clear that sub-paragraph (2B) of paragraph 9 of Schedule 2 to the Financial Assistance Scheme Regulations 2005 (inserted by this clause) applies also to a case where a pension scheme required pre-1997 indexation but that requirement did not apply in relation to pre-1997 service in respect of which the financial assistance is payable.*

BARONESS SHERLOCK

Clause 110, page 138, line 3, at end insert “, or

- (iii) included such a requirement but that requirement did not apply in relation to pre-1997 service in respect of which the ill health payment is payable.”

***Member's explanatory statement***

*This amendment makes clear that sub-paragraph (2B) of paragraph 9 of Schedule 2A to the Financial Assistance Scheme Regulations 2005 (inserted by this clause) applies also to a case where a pension scheme required pre-1997 indexation but that requirement did not apply in relation to pre-1997 service in respect of which the financial assistance is payable.*

BARONESS SHERLOCK

Clause 110, page 141, line 3, at end insert “, or

- (iii) included such a requirement but that requirement did not apply in relation to pre-1997 service in respect of which the annual payment is payable.”

***Member's explanatory statement***

*This amendment makes clear that sub-paragraph (2B) of paragraph 6 of Schedule 3 to the Financial Assistance Scheme Regulations 2005 (inserted by this clause) applies also to a case where a pension scheme required pre-1997 indexation but that requirement did not apply in relation to pre-1997 service in respect of which the financial assistance is payable.*

BARONESS SHERLOCK

Clause 110, page 144, line 3, at end insert “, or

- (iii) included such a requirement but that requirement did not apply in relation to pre-1997 service in respect of which the ill health payment is payable.”

*Member's explanatory statement*

*This amendment makes clear that sub-paragraph (2B) of paragraph 6 of Schedule 5 to the Financial Assistance Scheme Regulations 2005 (inserted by this clause) applies also to a case where a pension scheme required pre-1997 indexation but that requirement did not apply in relation to pre-1997 service in respect of which the financial assistance is payable.*

**After Clause 110**

BARONESS SHERLOCK

After Clause 110, insert the following new Clause –

**“CHAPTER 2A**

**AWE PENSION SCHEME**

*New public pension schemes*

**Establishment of new public schemes and transfer of rights**

- (1) The Secretary of State may by regulations establish one or more schemes (“new public schemes”) which provide for pensions or other benefits to be payable to or in respect of persons who are or have been members of the AWE Pension Scheme (“qualifying persons”).
- (2) The Secretary of State may by regulations make provision for the transfer of qualifying accrued rights to a new public scheme (without the need for any approval or consent of the trustee company or AWE PLC, or any other person, to the transfer).
- (3) Regulations under subsection (2) may include provision for the discharge of liabilities in respect of qualifying accrued rights that are transferred.
- (4) In this Chapter –
  - “qualifying accrued rights” means –
    - (a) any right to future benefits under the AWE Pension Scheme which, at the qualifying time, has accrued to or in respect of a qualifying person,
    - (b) any entitlement under the AWE Pension Scheme to the present payment of a pension or other benefit which a qualifying person has at the qualifying time, or

- (c) any entitlement to benefits, or right to future benefits, under the AWE Pension Scheme which a survivor of a qualifying person has at the qualifying time in respect of the qualifying person;  
“the qualifying time” means the time immediately before the date specified or described in regulations.
- (5) For the purposes of the definition of “qualifying accrued rights” –
  - (a) references to pensions or other benefits (including future benefits) includes money purchase benefits, and
  - (b) references to a right include a pension credit right.
- (6) Regulations under subsection (4) specifying or describing a date for the purposes of the definition of “the qualifying time” may make provision for the purposes of transfers of qualifying accrued rights generally, transfers of a particular description or a particular transfer.”

***Member's explanatory statement***

*This new clause provides for the pension scheme of AWE PLC (a wholly owned government company) to be transferred to a new public sector pension scheme, while preserving existing rights of scheme members. It will be the first clause of a new Chapter in Part 4 of the Bill.*

BARONESS SHERLOCK

After Clause 110, insert the following new Clause –

**“New public schemes: further provision**

- (1) A new public scheme may include provision –
  - (a) for pensions or other benefits to be payable to or in respect of some or all persons described in section (*Establishment of new public schemes and transfer of rights*)(1);
  - (b) for the provision of money purchase benefits or benefits that are not money purchase benefits (or both);
  - (c) for increasing in particular circumstances the amounts payable in respect of qualifying accrued rights;
  - (d) for the payment or receipt of transfer values or other lump sum payments for the purpose of creating rights to benefits under a new public scheme or otherwise;
  - (e) in relation to any persons who are active members of the AWE Pension Scheme which differs from the provision made in relation to persons who are deferred members of the AWE Pension Scheme, other than provision in relation to qualifying accrued rights.
- (2) Regulations under section (*Establishment of new public schemes and transfer of rights*)(1) may –
  - (a) provide for a new public scheme to be treated as an occupational pension scheme, a previously contracted-out scheme or another type of occupational pension scheme for the purposes of an enactment specified or described in the regulations;

- (b) provide for the enactment to apply in relation to a new public scheme subject to modifications specified in the regulations.
- (3) Regulations under section (*Establishment of new public schemes and transfer of rights*)(1) amending a new public scheme may make retrospective provision.
- (4) Regulations under section (*Establishment of new public schemes and transfer of rights*)(1) may—
  - (a) confer functions on the Secretary of State or another person;
  - (b) provide for a person to exercise a discretion in dealing with a matter.
- (5) The Secretary of State may—
  - (a) make arrangements for a new public scheme to be administered by any person;
  - (b) delegate to any person a function exercisable by the Secretary of State under a new public scheme.
- (6) In this section, a “previously contracted-out scheme” means a scheme that before 6 April 2016 was a salary related contracted-out scheme within the meaning of Part 3 of the Pension Schemes Act 1993.”

***Member's explanatory statement***

*This new clause contains further provision about the transfer of the AWE Pension Scheme. It will be the second clause of the new Chapter referred to in the explanatory statement for the amendment in the name of Baroness Sherlock to insert the new clause “Establishment of new public schemes and transfer of rights”.*

BARONESS SHERLOCK

After Clause 110, insert the following new Clause—

**“Protection against adverse treatment: transfer of rights**

- (1) When making regulations under section (*Establishment of new public schemes and transfer of rights*) which transfer qualifying accrued rights to a new public scheme, the Secretary of State must ensure that the following requirements are met in respect of each person whose qualifying accrued rights are transferred—
  - (a) the general scheme requirement (see subsection (2)), and
  - (b) where the qualifying accrued rights transferred are a person’s rights or entitlements to money purchase benefits other than pensions in payment, the money purchase requirement (see subsection (3)).
- (2) The general scheme requirement is that, so far as relevant to the qualifying accrued rights transferred by the regulations, the provision in the new public scheme immediately after the regulations are made is in all material respects at least as good as the provision in the AWE Pension Scheme immediately before that time.
- (3) The money purchase requirement is that the value of the rights or entitlements to money purchase benefits, other than pensions in payment, that a person has under the new public scheme immediately after, and as a result of, the transfer is

at least equivalent to the value of the qualifying accrued rights of the person that are transferred.

- (4) The Secretary of State may by regulations make provision about the determination of the value of rights or entitlements for the purposes of subsection (3).
- (5) Regulations under subsection (4) may, among other things –
  - (a) make provision about the person by whom, and the manner in which, the value of rights or entitlements is to be determined,
  - (b) make provision about the date or period by reference to which the value of the qualifying accrued rights transferred is to be determined (subject to subsection (6)), and
  - (c) make provision that applies generally or only for a specific purpose (for example, in relation to a particular transfer).
- (6) Regulations under subsection (4) may not make provision for the value of the qualifying accrued rights transferred to be determined by reference to a date which falls, or a period which ends, more than three months before the transfer.
- (7) Subsection (1) does not require provision to be included in a new public scheme if the Secretary of State is of the opinion that the provision would be incompatible with an enactment (including an enactment applying as a result of any provision made by or under this Chapter).
- (8) Nothing in subsections (1) to (3) is to be read as –
  - (a) requiring particular provisions of a new public scheme to take a particular form,
  - (b) requiring a new public scheme to be established in a particular way,
  - (c) requiring any power or duty conferred or imposed by a new public scheme to be exercised or performed in a particular way, or
  - (d) affecting any power of any person to amend a new public scheme.”

***Member's explanatory statement***

*This new clause contains provision about the protection of existing rights of members of the AWE Pension Scheme. It will be the third clause of the new Chapter referred to in the explanatory statement for the amendment in the name of Baroness Sherlock to insert the new clause “Establishment of new public schemes and transfer of rights”.*

**BARONESS SHERLOCK**

After Clause 110, insert the following new Clause –

**“Protection against adverse treatment: amendment of new public schemes**

- (1) The Secretary of State may not make regulations under section (*Establishment of new public schemes and transfer of rights*) amending a new public scheme unless –
  - (a) in a case where the amendment, on coming into force, would or might adversely affect subsisting rights at that time, the consent requirements or the procedure requirements are satisfied in relation to the amendment, or

- (b) in any other case, the consultation requirements are satisfied in relation to the amendment.
- (2) The consent requirements are requirements specified or described in regulations made by the Secretary of State for the purpose of obtaining the consent of interested persons, or their representatives, to amendment of a new public scheme.
- (3) The consultation requirements are requirements specified or described in regulations made by the Secretary of State for the purpose of consulting interested persons, or their representatives, about amendment of a new public scheme.
- (4) The procedure requirements are requirements which—
  - (a) are specified or described in regulations made by the Secretary of State for steps to be taken before amending a new public scheme, and
  - (b) are not requirements for the purpose of obtaining the consent of, or consulting, interested persons or their representatives.
- (5) In this section, “subsisting rights”, in relation to any time, means—
  - (a) any right to future benefits under a new public scheme which, at that time, has accrued to or in respect of a member of the scheme,
  - (b) any entitlement under a new public scheme to the present payment of a pension or other benefit which a member of the scheme has at that time, or
  - (c) any entitlement to benefits, or rights to future benefits, under a new public scheme which a survivor of a member of the scheme has at that time in respect of the member.
- (6) For the purposes of the definition of “subsisting rights”—
  - (a) references to pensions or other benefits (including future benefits) include money purchase benefits, and
  - (b) references to a right include a pension credit right.
- (7) In this section, “interested persons”, in relation to an amendment of a scheme, means persons who appear to the Secretary of State to be likely to be affected by the amendment.”

***Member's explanatory statement***

*This new clause contains further provision about the protection of existing rights of members of the AWE Pension Scheme. It will be the fourth clause of the new Chapter referred to in the explanatory statement for the amendment in the name of Baroness Sherlock to insert the new clause “Establishment of new public schemes and transfer of rights”.*

**BARONESS SHERLOCK**

After Clause 110, insert the following new Clause—

**“Transfer of assets and liabilities**

- (1) The Secretary of State may by regulations provide for the transfer of assets or liabilities of the AWE Pension Scheme (without the need for any approval or

consent of the trustee company or AWE PLC, or any other person, to the transfer) to—

- (a) the Secretary of State,
- (b) a nominee of the Secretary of State or the Treasury, or
- (c) a company established by the Secretary of State or the Treasury for the purpose of holding the assets or the liabilities pending their disposal or discharge.

- (2) Where any assets of the AWE Pension Scheme are transferred before regulations under section (*Establishment of new public schemes and transfer of rights*)(2) are made, regulations under this section must make provision for the purposes of—
  - (a) securing the ability of the trustee company to meet any liability it has, or may have, or
  - (b) securing that any such liability is to be met by the Secretary of State or the Treasury.
- (3) The regulations may in connection with those purposes, or otherwise in connection with a transfer of assets or liabilities under the regulations—
  - (a) make provision for the Secretary of State or the Treasury to give directions to the trustee company or AWE PLC;
  - (b) exempt the trustee company, or AWE PLC, from liability in connection with acts or omissions pursuant to any such directions;
  - (c) disapply (to such extent as is specified) any specified statutory provision or rule of law;
  - (d) provide for any specified statutory provision to apply (whether or not it would otherwise apply) with specified modifications;
  - (e) impose a moratorium on the commencement or continuation of proceedings or other legal processes of any specified description.
- (4) “Specified” means specified in the regulations.
- (5) Regulations under this section may include provision for the making of payments into the Consolidated Fund.”

#### ***Member's explanatory statement***

*This new clause contains provision about transfer of assets and liabilities of the AWE Pension Scheme and provision securing scheme liabilities are met after assets are transferred. It will be the fifth clause of the new Chapter referred to in the explanatory statement for the amendment in the name of Baroness Sherlock to insert the new clause “Establishment of new public schemes and transfer of rights”.*

## BARONESS SHERLOCK

After Clause 110, insert the following new Clause –

*“Supplementary*

**Taxation**

- (1) The Treasury may by regulations make provision for varying the way in which any relevant tax would, apart from the regulations, have effect in relation to—
  - (a) a new public scheme;
  - (b) members of a new public scheme;
  - (c) persons who have survived a member of a new public scheme and who have an entitlement to benefits, or a right to future benefits, under the scheme in respect of the member;
  - (d) a person within section *(Transfer of assets and liabilities)*(1)(a) or (b).
- (2) Regulations under subsection (1) may include provision for treating a new public scheme as a registered pension scheme.
- (3) The Treasury may by regulations make provision for varying the way in which any relevant tax would, apart from the regulations, have effect in relation to, or in connection with, anything done by or under, or in consequence of, regulations made under this Chapter in relation to—
  - (a) the AWE Pension Scheme;
  - (b) the trustee company;
  - (c) AWE PLC;
  - (d) the Secretary of State;
  - (e) a qualifying person;
  - (f) a person who has survived a qualifying person and who has an entitlement to benefits, or a right to future benefits, under the scheme in respect of the qualifying person.
- (4) Regulations under subsection (1) or (3) may include provision for any of the following—
  - (a) a tax provision not to apply or to apply with modifications;
  - (b) anything done to have or not to have a specified consequence for the purposes of a tax provision;
  - (c) the withdrawal of relief and the charging of a relevant tax.
- (5) Provision made by regulations under subsection (1) or (3), other than provision withdrawing a relief or charging a relevant tax, may make retrospective provision.
- (6) In this section—

“relevant tax” means—

  - (a) income tax;
  - (b) capital gains tax;
  - (c) corporation tax;
  - (d) inheritance tax;

- (e) stamp duty and stamp duty reserve tax;
- (f) stamp duty land tax;

“registered pension scheme” has the meaning given in Part 4 of the Finance Act 2004;

“tax provision” means any provision made by or under an enactment relating to a relevant tax.”

***Member's explanatory statement***

*This new clause contains provision to secure the right tax treatment in relation to the transfer of the scheme (for example, to avoid tax becoming due on any transfer). It will be the sixth clause of the new Chapter referred to in the explanatory statement for the amendment in the name of Baroness Sherlock to insert the new clause “Establishment of new public schemes and transfer of rights”.*

**BARONESS SHERLOCK**

After Clause 110, insert the following new Clause –

**“Information**

- (1) The Secretary of State may by regulations make provision requiring a person specified or described in the regulations to give the Secretary of State a document or other information specified or described in the regulations.
- (2) Regulations under subsection (1) may only make provision in respect of documents or other information which the Secretary of State reasonably requires for the purposes of –
  - (a) making regulations under this Chapter, or
  - (b) establishing or administering a new public scheme, including transferring qualifying accrued rights to such a scheme.
- (3) Regulations under subsection (1) may, among other things, include –
  - (a) provision about the time when the document or other information must be given;
  - (b) provision about the form and manner in which it must be given;
  - (c) provision for the imposition of a financial penalty on a person who, without reasonable excuse, fails to comply with a requirement imposed by the regulations (including provision for appeals to a court or tribunal).
- (4) For the purposes of facilitating the establishment or administration of a new public scheme, including the transfer of qualifying accrued rights to such a scheme, information described in subsection (5) may be shared among the following persons –
  - (a) the Secretary of State;
  - (b) the Treasury;
  - (c) a trustee company of the AWE Pension Scheme;
  - (d) a person who exercises functions under the AWE Pension Scheme;
  - (e) AWE PLC;
  - (f) a person who administers, or exercises functions under, a new public scheme.

- (5) The information is information relating to—
  - (a) rights or entitlements to pensions or other benefits under the AWE Pension Scheme;
  - (b) the administration of the AWE Pension Scheme;
  - (c) rights or entitlements to pensions or other benefits under a new public scheme, so far as they are rights or entitlements of, or in respect of, qualifying persons;
  - (d) the administration of a new public scheme.
- (6) The disclosure of information in accordance with this section, or regulations made under this section, does not breach—
  - (a) any obligation of confidence owed by a person in relation to that information, or
  - (b) any other restriction on the disclosure of information (however imposed)."

***Member's explanatory statement***

*This new clause contains provision about powers to require information or to share information in connection with the transfer of the AWE Pension Scheme. It will be the seventh clause of the new Chapter referred to in the explanatory statement for the amendment in the name of Baroness Sherlock to insert the new clause "Establishment of new public schemes and transfer of rights".*

**BARONESS SHERLOCK**

After Clause 110, insert the following new Clause—

**“Regulations**

- (1) The Secretary of State must consult the trustee company before making—
  - (a) regulations under section (*Establishment of new public schemes and transfer of rights*) which establish a new public scheme or transfer qualifying accrued rights to a new public scheme, or
  - (b) regulations under section (*Transfer of assets and liabilities*) which make provision for the transfer of assets or liabilities.
- (2) The Secretary of State may not make regulations under any provision of this Chapter, other than under section (*Information*)(1), unless the Treasury have consented to the making of the regulations.
- (3) Regulations under section (*Establishment of new public schemes and transfer of rights*) are subject to the affirmative procedure if—
  - (a) the making of the regulations is subject to the consent requirements (see section (*Protection against adverse treatment: amendment of new public schemes*)), or
  - (b) the regulations make provision which has retrospective effect.
- (4) Regulations under section (*Transfer of assets and liabilities*) are subject to the affirmative procedure if they make provision falling with subsection (3)(c), (d) or (e) of that section.

- (5) Regulations under section (*Information*)(1) are subject to the affirmative procedure if they make provision about the amount of a financial penalty.
- (6) A statutory instrument containing regulations under section (*Taxation*) is subject to annulment in pursuance of a resolution of the House of Commons.
- (7) Any other regulations under this Chapter are subject to the negative procedure.”

***Member's explanatory statement***

*This new clause contains provision about consultation and parliamentary scrutiny of regulations about the transfer of the AWE Pension Scheme. It will be the eighth clause of the new Chapter referred to in the explanatory statement for the amendment in the name of Baroness Sherlock to insert the new clause “Establishment of new public schemes and transfer of rights”.*

BARONESS SHERLOCK

After Clause 110, insert the following new Clause—

**“Interpretation**

In this Chapter—

“active member” has the meaning given by section 124(1) of the Pensions Act 1995;

“deferred member” has the meaning given by section 124(1) of the Pensions Act 1995;

“enactment” includes—

- (a) an enactment comprised in subordinate legislation (within the meaning given by section 21 of the Interpretation Act 1978),
- (b) an enactment comprised in, or in an instrument made under, a Measure or Act of Senedd Cymru,
- (c) an enactment comprised in, or in an instrument made under, an Act of the Scottish Parliament,
- (d) an enactment comprised in, or in an instrument made under, Northern Ireland legislation;

“member” has the meaning given by section 124(1) of the Pensions Act 1995;

“money purchase benefits” has the meaning given by section 181 of the Pension Schemes Act 1993;

“new public scheme” has the meaning given by section (*Establishment of new public schemes and transfer of rights*)(1);

“occupational pension scheme” has the meaning given by section 1 of the Pension Schemes Act 1993;

“pension credit right” has the meaning given by section 124(1) of the Pensions Act 1995;

“qualifying person” has the meaning given by section (*Establishment of new public schemes and transfer of rights*)(1);

“the trustee company” means AWE Pension Trustees Ltd.”

**Member's explanatory statement**

*This new clause contains definitions for the purposes of the new Chapter referred to in the explanatory statement for the amendment in the name of Baroness Sherlock to insert the new clause "Establishment of new public schemes and transfer of rights". It will be the ninth clause of that Chapter.*

**After Clause 117**

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 117, insert the following new Clause –

**“Pension investment in social bonds: framework, value for money and market enablement**

- (1) The Secretary of State must, within 12 months of the passing of this Act, prepare and publish an assessment of whether a pension-specific framework should be established to support trustees of occupational pension schemes who wish to invest, where they consider it appropriate, in social bonds and other forms of social infrastructure investment.
- (2) The assessment must consider the extent to which such a framework could –
  - (a) provide clarity on the application of trustees' fiduciary duties in relation to social bonds,
  - (b) set out principles for assessing risk, return, liquidity, duration and transparency of such investments, having regard to the long-term nature of pension liabilities,
  - (c) support consistency and comparability in the evaluation of social bonds across schemes, and
  - (d) facilitate trustee confidence and member understanding of such investments.
- (3) In particular, the Secretary of State must consider whether, and how, the social and economic outcomes associated with social bonds could be reflected within the value for money framework applicable to occupational pension schemes, including –
  - (a) the relevance of long-term economic impacts to member outcomes,
  - (b) the extent to which such investments may mitigate systemic or economy-wide risks material to pension savings, and
  - (c) the presentation of information to members in a clear and proportionate manner.
- (4) The assessment must also consider how a pension-specific framework could support the development of a credible and investable pipeline of social bond opportunities, including –
  - (a) how public bodies, local authorities, social enterprises or other issuers might bring forward proposals in a form suitable for consideration by pension schemes,

- (b) the role of standardisation, intermediaries or aggregation vehicles in reducing transaction costs and improving investability, and
- (c) how such proposals could be assessed on a consistent basis without imposing any obligation on pension schemes to invest.

(5) In developing the assessment, the Secretary of State must consider what metrics and evidential standards would be required to ensure that any framework for social bonds is pension-specific, including—

- (a) metrics relating to long-term risk-adjusted financial performance,
- (b) alignment with the duration and cash flow characteristics of pension liabilities,
- (c) the financial materiality of social and economic outcomes to pension savers over time, and
- (d) the avoidance of reliance on generic or non-financial impact measures not relevant to pension scheme decision-making.

(6) Following the assessment, the Secretary of State must—

- (a) publish the conclusions of the assessment, and
- (b) where the Secretary of State considers it appropriate, issue statutory guidance or make regulations establishing a pension-specific framework for the prudent assessment, reporting and communication of investments in social bonds.

(7) Nothing in this section—

- (a) requires trustees to invest in social bonds or any other asset class, or
- (b) alters the requirement that trustees act in the best financial interests of scheme members.”

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 117, insert the following new Clause—

**“Review of pension awareness and saving among young people**

- (1) The Secretary of State must, within 12 months of this Act being passed, carry out a review into—
  - (a) levels of pension awareness and understanding among young people, and
  - (b) the effectiveness of existing measures to support young people to begin saving into a pension.
- (2) The review must consider—
  - (a) barriers to pension saving faced by young people, including low earnings, insecure work, and gaps in financial education,
  - (b) the impact of the automatic enrolment age and earnings thresholds, and
  - (c) options to improve engagement, participation, and long-term retirement outcomes for younger savers.
- (3) The Secretary of State must lay a report of the review before Parliament.”

***Member's explanatory statement***

*This amendment requires the Government to review pension awareness among young people and to consider how existing policy could better support earlier engagement and saving into pensions.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 117, insert the following new Clause—

**“Guidance on the roles of the Financial Conduct Authority and the Pensions Regulator**

- (1) The Secretary of State must establish a joint protocol outlining the roles and responsibilities of the Financial Conduct Authority and the Pensions Regulator regarding their regulatory responsibility of the pension industry.
- (2) A protocol established under subsection (1) must include—
  - (a) an overview of the coordination mechanisms between the two bodies;
  - (b) a published framework for oversight of hybrid or work-based personal pension schemes;
  - (c) a requirement for regular joint communications from both bodies to clarify regulatory boundaries for industry stakeholders.”

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 117, insert the following new Clause—

**“Review of impact of this Act on retirement incomes**

- (1) The Secretary of State must, within five years of the passing of this Act, carry out a review of the impact of the provisions of this Act on actual and projected retirement incomes.
- (2) Further reviews must be carried out at intervals of not more than five years thereafter.
- (3) Each review must consider—
  - (a) the impact of the provisions of this Act on actual and projected retirement incomes, and
  - (b) whether additional measures are required to ensure that pension scheme members receive an adequate income in retirement.
- (4) The Secretary of State must prepare a report of each review and lay a copy of that report before Parliament.”

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 117, insert the following new Clause—

**“Review of pension communications and financial promotion rules**

- (1) The Secretary of State must, within 12 months of the day on which this Act is passed, conduct a review of all legislation and regulatory rules governing marketing, financial promotion and member communications in relation to occupational and personal pension schemes.
- (2) The review must consider whether existing rules unduly restrict pension providers from—
  - (a) communicating risks, warnings, and comparative information to scheme members;
  - (b) providing guidance on fund choice, consolidation, and value for money;
  - (c) supporting informed member decision-making without constituting regulated financial advice.
- (3) The Secretary of State must lay a report of the review before both Houses of Parliament.”

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 117, insert the following new Clause—

**“Review of barriers to UK investment by pension and investment funds**

- (1) Within three months of the day on which this Act is passed, the Secretary of State must launch a review into barriers preventing pension and investment funds from investing in the United Kingdom.
- (2) The review must consider—
  - (a) fixed and regulatory costs of investing in the UK;
  - (b) the UK tax regime;
  - (c) legal and fiduciary constraints.
- (3) The Secretary of State must consult—
  - (a) investment managers;
  - (b) pension providers;
  - (c) pension lawyers;
  - (d) insurers operating in the pensions market;
  - (e) such other persons as the Secretary of State considers appropriate.
- (4) A report must be laid before Parliament within nine months of the launch of the review.”

***Member's explanatory statement***

*This amendment requires the Government to review barriers that may prevent pension and investment funds from investing in the United Kingdom, including regulatory, tax, and fiduciary constraints, and to report its findings to Parliament.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 117, insert the following new Clause –

**“Ministerial support for employer pension decision-making**

- (1) The Secretary of State must take such steps as the Secretary of State considers appropriate to support employers in making informed decisions about the pension arrangements they offer to workers.
- (2) Support under subsection (1) may include –
  - (a) the publication of guidance on the comparative operation, costs and benefits of different workplace pension arrangements, including automatic enrolment schemes, salary sacrifice arrangements, and occupational pension schemes;
  - (b) the development and provision of publicly available tools to assist employers in assessing the financial, administrative, and regulatory implications of different pension arrangements;
  - (c) the facilitation of information for employers on how to implement changes to workplace pension arrangements in compliance with statutory requirements;
  - (d) the issuing of best-practice principles to assist small and medium-sized enterprises in understanding options available to them.
- (3) Guidance or tools published under this section –
  - (a) may be directed at employers generally or at particular descriptions of employers;
  - (b) may be revised from time to time.
- (4) In exercising functions under this section, the Secretary of State must consult such persons as the Secretary of State considers appropriate, which may include –
  - (a) the Pensions Regulator;
  - (b) the Financial Conduct Authority;
  - (c) the Pensions Advisory Service;
  - (d) representatives of employers and employees.
- (5) Nothing in this section requires an employer to adopt any particular form of pension arrangement.”

***Member's explanatory statement***

*This new clause creates a permissive power for Ministers to help employers understand and navigate the different pension options available to them, including the choice between salary sacrifice and ordinary contributions.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 117, insert the following new Clause –

**“Comprehensive review of the differential treatment of pension contributions**

- (1) The Secretary of State must conduct a comprehensive review of the legislative, fiscal and regulatory framework governing the treatment of employee pension contributions and employer pension contributions.
- (2) The review under subsection (1) must consider –
  - (a) the reasons for the current differential treatment of employee and employer pension contributions in relation to income tax and National Insurance contributions;
  - (b) the impact of this differential treatment on take-home pay, employer labour costs, pension participation, and long-term retirement outcomes;
  - (c) the interaction of employee contributions, employer contributions and salary sacrifice arrangements with the rules on automatic enrolment;
  - (d) whether the existing framework creates distortions, unintended incentives, or barriers for employees or employers;
  - (e) the implications of any changes to the treatment of contributions for the public finances, the pensions industry, and employers of different sizes.
- (3) In conducting the review, the Secretary of State must consult –
  - (a) HM Treasury;
  - (b) the Pensions Regulator;
  - (c) the Financial Conduct Authority;
  - (d) representatives of employers, employees, and pension providers;
  - (e) such other persons as the Secretary of State considers appropriate.
- (4) The Secretary of State must lay before Parliament a report setting out –
  - (a) the findings of the review, and
  - (b) any recommendations for legislative or regulatory change arising from the review.
- (5) The report under subsection (4) must be laid before Parliament within 12 months of the passing of this Act.”

***Member's explanatory statement***

*This new clause requires Ministers to undertake a full and transparent review of why employee and employer pension contributions are treated differently for income tax and National Insurance purposes.*

LORD SHARKEY  
BARONESS HAYMAN

After Clause 117 insert the following new Clause –

**“Fossil fuels and climate change risk**

- (1) The Pensions Act 1995 is amended as follows.
- (2) In section 41A (climate change risk), after subsection (6) insert –
  - “(6A) Regulations under subsection (1) must, within 1 year of the Pension Schemes Act 2025 receiving Royal Assent, prohibit the trustees or managers of schemes of a prescribed description from holding relevant assets.
  - “(6B) The relevant assets in subsection (6A) are issuance by issuers which, in relation to thermal coal –
    - (a) derive 10% or more of annual revenue from its production, transport or combustion,
    - (b) produce annually 10 million tonnes or more, or
    - (c) have 5GW or more of power generation capacity.
  - “(6C) Within 2 years of the Pensions Act 2025 receiving Royal Assent, and every 3 years thereafter, the Secretary of State must carry out and publish a review on whether the definition of relevant assets should be extended to include –
    - (a) issuance by issuers which, in relation to thermal coal, derive a smaller proportion of revenue, produce a smaller amount or have a smaller amount of power generation capacity than the proportion and amounts specified in (6B),
    - (b) some or all new issuance by issuers of a prescribed description deriving a prescribed proportion or amount of their revenue from the extraction, transport, trading or combustion of prescribed fossil fuels, or
    - (c) some or all new or existing issuance by issuers of a prescribed description investing a prescribed proportion or amount in exploring for, or expanding the extraction of, prescribed fossil fuels.
  - “(6D) Regulations under subsection (1) may implement the conclusions of the review referred to in (6C).”
- (3) In subsection (8), at end insert –
 

““thermal coal” means coal and lignite used in the generation of electricity and in providing heat for industrial or residential purposes;  
“issuance” means all investable assets, including equity and debt.”
- (4) The Financial Conduct Authority must make general rules with effects corresponding to the provisions of subsection (1) for providers of pension schemes to which Part 7A of the Financial Services and Markets Act 2000 (inserted by section 48 of this Act) applies.

- (5) The Secretary of State must make regulations with effects corresponding to the provisions of subsection (1) for scheme managers of the Local Government Pension Scheme.
- (6) The rules and regulations under subsections (4) and (5) must come into force no later than the date on which regulations pursuant to section 41A(6A) of the Pensions Act 1995 (as amended by this Act) come into force.”

***Member's explanatory statement***

*This new clause would require Government and the FCA to make regulations and rules on climate risk grounds restricting exposure of some occupational and workplace personal schemes to thermal coal investments and to regularly review whether the restrictions should be extended to other fossil fuel investments.*

VISCOUNT YOUNGER OF LECKIE  
BARONESS STEDMAN-SCOTT

After Clause 117, insert the following new Clause—

**“Review of employment rates and pension adequacy**

- (1) The Secretary of State must conduct a review into the relationship between employment rates, earnings patterns and pension adequacy.
- (2) The review must consider—
  - (a) the pension adequacy of workers who are
    - (i) in part-time or insecure work, and
    - (ii) on career breaks, and
  - (b) the impact of regional labour market disparities on pension adequacy.
- (3) The Secretary of State must lay a report before Parliament within 12 months of the passing of this Act.”

**The Schedule**

BARONESS BOWLES OF BERKHAMSTED

The Schedule, page 158, line 19, leave out “or the asset allocation requirement in section 28C”

***Member's explanatory statement***

*This amendment, linked to others in the name of Baroness Bowles of Berkhamsted, is consequential on an amendment leaving out the inserted section 28C from Clause 40. That amendment removes the Government's broad mandation power.*

**Clause 120**

LORD SHARKEY

★ Clause 120, page 153, line 6, at end insert—

“(1A) For each statutory instrument laid before Parliament in draft under this Act, if each House of Parliament passes a resolution that the regulations have effect with a specified amendment, the regulations have effect as amended.”

***Member's explanatory statement***

*This would allow affirmative statutory instruments generated by this Act to be amended by agreement of both Houses.*

LORD SHARKEY

Clause 120, page 153, line 12, at end insert—

“(4) Any provision that may be made by regulations under this Act subject to the affirmative procedure may by resolution of either House be made according to the “super affirmative” procedure.”

***Member's explanatory statement***

*This amendment would enable Parliament to insist on the use of the super-affirmative procedure to provide increased scrutiny of statutory instruments.*

**After Clause 120**

LORD SHARKEY

After Clause 120, insert the following new Clause—

**“Super-affirmative procedure**

- (1) For the purposes of this Act, the “super-affirmative procedure” is as follows.
- (2) The Secretary of State must lay before Parliament—
  - (a) a draft of the regulations, and
  - (b) a document which explains the draft regulations.
- (3) Where a draft of the regulations is laid before Parliament under subsection (2), no statutory instrument containing the regulations is to be laid before Parliament until after the expiry of a the 30-day period.
- (4) The Secretary of State must request a committee of either House whose remit includes pension matters or related issues to report on the draft regulations within the 30-day period.
- (5) In preparing a draft statutory instrument containing the regulations, the Secretary of State must take account of—
  - (a) any representations,

- (b) any resolution of either House of Parliament, and
- (c) any recommendations of a committee under subsection (4), made within the 30-day period with regard to the draft regulations.

(6) If, after the 30-day period, the Secretary of State wishes to make regulations in the terms of the draft or a revised draft, the Secretary of State must lay before Parliament a statement—

- (a) stating whether any representations, resolutions or recommendations were made under subsection (5),
- (b) giving details of any representations, resolutions or recommendations so made, and
- (c) explaining any changes made in any revised draft of the regulations.

(7) The Secretary of State may make a statutory instrument containing the regulations (whether or not revised) if, after the laying of the statement required under subsection (6), a draft of the instrument is laid before and approved by a resolution of each House of Parliament.

(8) In this section, references to “the 30-day period” in relation to any draft regulations is to the period of 30 days beginning with the day on which the original draft regulations were laid before Parliament.

(9) For the purposes of subsection (8) no account is to be taken of any time during which Parliament is dissolved or prorogued or during which either House is adjourned for more than four days.”

***Member's explanatory statement***

*This amendment would enable Parliament to insist on the use of the super-affirmative procedure to provide increased scrutiny of statutory instruments.*

**Clause 121**

BARONESS SHERLOCK

Clause 121, page 153, line 15, at end insert—

“(2A) Chapter 2A of Part 4 extends to England and Wales, Scotland and Northern Ireland.”

***Member's explanatory statement***

*This amendment provides for the new Chapter referred to in the explanatory statement for the amendment in the name of Baroness Sherlock to insert the new clause “Establishment of new public schemes and transfer of rights” to have UK extent (as the AWE Pension Scheme may have members living across the United Kingdom).*

**Clause 122**

BARONESS SHERLOCK

Clause 122, page 154, line 23, at end insert –

“(9A) Chapter 2A of Part 4 comes into force on the day on which this Act is passed (to the extent this is not already the case as a result of subsection (1)).”

***Member's explanatory statement***

*This amendment provides for commencement of the new Chapter referred to in the explanatory statement for the amendment in the name of Baroness Sherlock to insert the new clause “Establishment of new public schemes and transfer of rights”.*



# Pension Schemes Bill

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## RUNNING LIST OF ALL AMENDMENTS IN GRAND COMMITTEE

*Tabled up to and including*

*6 January 2026*

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*6 January 2026*

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