

Pension Schemes Bill

FOURTH MARSHALLED LIST OF AMENDMENTS TO BE MOVED IN GRAND COMMITTEE

The amendments have been marshalled in accordance with the Instruction of 18th December 2025, as follows –

Clauses 1 to 118
Schedule

Clauses 119 to 123
Title

[Amendments marked ★ are new or have been altered]

**Amendment
No.**

Clause 11

BARONESS BENNETT OF MANOR CASTLE

45B Clause 11, page 13, line 12, at end insert –

“(d) publish or share with prescribed persons, for the purpose of enabling VFM assessments to be made, prescribed categories of information (“climate alignment metric data”) regarding the scheme’s exposure to climate-related financial risks and the alignment of its investments with the goals of the Paris Agreement on climate change and clean energy.”

Member’s explanatory statement

This amendment would require pension funds and managers to show whether their portfolio investments are consistent with the Paris Agreement.

BARONESS BOWLES OF BERKHAMSTED

46 *[Withdrawn]*

BARONESS BOWLES OF BERKHAMSTED

BARONESS ALTMANN

This amendment replaces Amendment 46

46A Clause 11, page 13, line 20, at end insert –

“(4A) 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;
- (e) fee structuring, including performance fee management and inter-cohort fairness, including managing how the J-curve effect and consolidation can shift costs or benefits between different cohorts of pensioners.”

BARONESS ALTMANN
BARONESS BOWLES OF BERKHAMSTED

47 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

48 [Withdrawn]

LORD PALMER OF CHILDS HILL

49 Clause 11, page 14, line 2, leave out “that provides money purchase benefits”

Member's explanatory statement

This amendment, together with another in Lord Palmer's name, would ensure that the value for money provisions introduced by this Bill apply to all occupational pension schemes.

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT

50 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

51 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

52 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
BARONESS BOWLES OF BERKHAMSTED

53 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.

LORD PALMER OF CHILDS HILL

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

“(14) Value for money regulations may make different provision for different descriptions of relevant pension schemes and must make provision for the application of the value for money assessment with a VFM rating to defined benefit occupational pension schemes.”

Member's explanatory statement

This amendment, together with another in Lord Palmer's name, would ensure that the value for money provisions introduced by this Bill apply to all occupational pension schemes.

Clause 12

BARONESS BOWLES OF BERKHAMSTED

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

BARONESS BOWLES OF BERKHAMSTED

56 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

57 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

BARONESS ALTMANN

- 58 Clause 15, page 16, line 29, leave out “fully delivering” and insert “good value”

Member's explanatory statement

This amendment seeks to simplify the language in Value for Money assessments, to make them more intuitively understood by members, especially as 'fully delivering' may give an expectation that all required metrics are being fully met.

BARONESS ALTMANN

- 59 Clause 15, page 16, line 32, leave out “not delivering” and insert “poor value”

Member's explanatory statement

This amendment seeks to simplify the language in Value for Money assessments, to make them more intuitively understood by members.

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT

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

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT

- 61 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.

BARONESS ALTMANN

62 Clause 15, page 17, line 17, leave out “not delivering” and insert “poor value”

BARONESS ALTMANN

63 Clause 15, page 17, line 21, leave out “not delivering” and insert “poor value”

Clause 16

BARONESS ALTMANN

64 Clause 16, page 18, line 4, at end insert —

- “(1A) Where a scheme or arrangement is assigned any grade of intermediate rating for up to four consecutive calendar years, the value for money regulations may require responsible trustees or managers to —
- (a) notify employers of the intermediate rating, and
 - (b) set out an explanation for the rating and how or why the trustees expect it to improve.”

Member's explanatory statement

This amendment, and another amendment to Clause 16 in the name of Baroness Altmann, seeks to ensure pension schemes are not penalised with costly and extensive reporting requirements due solely to poor short-term investment performance.

BARONESS ALTMANN

65 Clause 16, page 18, line 5, leave out “Without prejudice to the breadth of subsection (1)” and insert “Where a scheme or arrangement is assigned any grade of intermediate rating for five consecutive years or more,”

Member's explanatory statement

This amendment, and another amendment to Clause 16 in the name of Baroness Altmann, seeks to ensure that pension schemes only have to meet reporting requirements for poor investment performance over a period of five years or more.

Clause 17

BARONESS ALTMANN

66 Clause 17, page 19, line 2, leave out “not delivering” and insert “poor value”

BARONESS ALTMANN

67 Clause 17, page 19, line 12, leave out “not delivering” and insert “poor value”

BARONESS ALTMANN

- 68 Clause 17, page 19, line 40, leave out “fully delivering” and insert “good value”

Clause 18

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT

- 69 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

BARONESS ALTMANN

- 70 Clause 18, page 21, line 36, leave out “not delivering” and insert “poor value”

BARONESS ALTMANN

- 71 Clause 18, page 22, line 3, leave out “not delivering” and insert “poor value”

BARONESS ALTMANN

- 72 Clause 18, page 22, line 14, leave out “not delivering” and insert “poor value”

BARONESS ALTMANN

- 73 Clause 18, page 22, line 21, leave out “not delivering” and insert “poor value”

After Clause 19

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT
BARONESS BOWLES OF BERKHAMSTED

- 74 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 formalise the Value for Money framework within 12 months of the day on which this Act is passed.

Clause 21

BARONESS ALTMANN

75 Clause 21, page 23, line 15, leave out first “fully delivering” and insert “good value”

BARONESS ALTMANN

76 Clause 21, page 23, line 15, leave out second “fully delivering” and insert “good value”

BARONESS ALTMANN

77 Clause 21, page 23, line 22, leave out first “not delivering” and insert “poor value”

BARONESS ALTMANN

78 Clause 21, page 23, line 22, leave out second “not delivering” and insert “poor value”

Clause 22

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT

- 79 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

- 80 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

- 81 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

- 82 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.

LORD VAUX OF HARROWDEN
LORD PALMER OF CHILDS HILL

- 83 Clause 22, page 24, line 33, at end insert —

“(6) Small pots regulations may only be made after a qualifying pensions dashboard service as defined in the Pensions Schemes Act 2021 has been available for use by individuals for at least three months.”

Member's explanatory statement

This amendment would ensure that owners of small pots would be able to trace the small pot on a dashboard before the small pot could be transferred to a consolidator.

Clause 24

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT

84 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

85 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

86 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

87 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

88 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

89 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

90 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
BARONESS NEVILLE-ROLFE

91 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
VISCOUNT YOUNGER OF LECKIE

92 Clause 40, page 38, line 34, at end insert —

- “(c) considered by the Regulator, under the VFM framework, to provide exceptional value for members.”

BARONESS BOWLES OF BERKHAMSTED

93 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

94 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
BARONESS NEVILLE-ROLFE

- 95 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

- 96 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

- 97 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.

BARONESS ALTMANN

- 97A Clause 40, page 40, line 37, after “arrangement” insert “or the total assets of several non-scale default arrangements offered by the RMT provider”

Member's explanatory statement

This amendment, and others in the name of Baroness Altmann, seeks to ensure that the combined value of assets held under several non-scale default arrangements is taken into consideration when the Authority decides whether to approve a Master Trust under section 28A in the Pensions Act 2008 (inserted by clause 40).

BARONESS ALTMANN

- 97B Clause 40, page 40, line 40, after “arrangement” insert “or the total assets of several non-scale default arrangements offered by the RMT provider”

Member's explanatory statement

This amendment, and others in the name of Baroness Altmann, seeks to ensure that the combined value of assets held under several non-scale default arrangements is taken into consideration when the Authority decides whether to approve a Master Trust under section 28A in the Pensions Act 2008 (inserted by clause 40).

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT
BARONESS ALTMANN

98 Clause 40, page 40, line 40, at end insert —

“(aa) the RMT meets the innovation exemption requirement, and”

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

98A Clause 40, page 41, line 2, after “arrangement” insert “or the total assets of several non-scale default arrangements offered by the RMT provider”

Member's explanatory statement

This amendment, and others in the name of Baroness Altmann, seeks to ensure that the combined value of assets held under several non-scale default arrangements is taken into consideration when the Authority decides whether to approve a Master Trust under section 28A in the Pensions Act 2008 (inserted by clause 40).

BARONESS ALTMANN

99 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
BARONESS ALTMANN

100 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

- 100A** Clause 40, page 41, line 9, at end insert “or the total assets of several non-scale default arrangements offered by the RMT provider”

Member's explanatory statement

This amendment, and others in the name of Baroness Altmann, seeks to ensure that the combined value of assets held under several non-scale default arrangements is taken into consideration when the Authority decides whether to approve a Master Trust under section 28A in the Pensions Act 2008 (inserted by clause 40).

BARONESS ALTMANN

- 101** 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.

BARONESS ALTMANN

- 101A** Clause 40, page 41, line 15, at end insert “or the total assets of several non-scale default arrangements offered by the RMT provider”

Member's explanatory statement

This amendment, and others in the name of Baroness Altmann, seeks to ensure that the combined value of assets held under several non-scale default arrangements is taken into consideration when the Authority decides whether to approve a Master Trust under section 28A in the Pensions Act 2008 (inserted by clause 40).

BARONESS ALTMANN

- 101B** Clause 40, page 41, line 22, at end insert “or the total assets of several non-scale default arrangements offered by the RMT provider”

Member's explanatory statement

This amendment, and others in the name of Baroness Altmann, seeks to ensure that the combined value of assets held under several non-scale default arrangements is taken into consideration when

the Authority decides whether to approve a Master Trust under section 28A in the Pensions Act 2008 (inserted by clause 40).

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT

102 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

103 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

104 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
BARONESS ALTMANN

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

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

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

106 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

107 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

108 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

109 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

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

LORD SHARKEY
LORD VAUX OF HARROWDEN
LORD SIKKA

111 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 BOWLES OF BERKHAMSTED
BARONESS ALTMANN

- 111A** Clause 40, page 45, line 37, at end insert “as determined by the underlying assets in any structure or fund.”

Member's explanatory statement

This amendment seeks to align provisions in the Bill with the Mansion House Accord definition used for UK private markets to mean the underlying assets.

BARONESS COFFEY

- 112** Clause 40, page 45, line 38, after “percentage” insert “to a maximum of 10%”

Member's explanatory statement

This amendment and others to Clause 40 in the name of Baroness Coffey seek to cap the prescribed/mandated asset allocation to 10% and limits the time for this power till the end of 2032.

BARONESS ALTMANN

- 113** 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

- 114** 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

115 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.

BARONESS COFFEY

116 Clause 40, page 46, line 1, leave out “made after 31 December 2025” and insert “can only be made before 31 December 2032, and”

Member's explanatory statement

This amendment and others to Clause 40 in the name of Baroness Coffey seek to cap the prescribed/mandated asset allocation to 10% and limits the time for this power till the end of 2032.

BARONESS PENN

116A Clause 40, page 46, line 1, leave out “2035” and insert “2030”

Member's explanatory statement

This amendment brings forward by five years the date after which regulations may not increase the prescribed percentage of assets required to be held in qualifying assets for default funds.

BARONESS COFFEY

117 Clause 40, page 46, line 2, at end insert “beyond 10%”

Member's explanatory statement

This amendment and others to Clause 40 in the name of Baroness Coffey seek to cap the prescribed/mandated asset allocation to 10% and limits the time for this power till the end of 2032.

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT

118 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.

LORD VAUX OF HARROWDEN
LORD PALMER OF CHILDS HILL
BARONESS ALTMANN

119 Clause 40, page 46, leave out line 7

Member's explanatory statement

This amendment probes why the Secretary of State considers that private equity is an asset class that may be mandated.

LORD SIKKA
BARONESS ALTMANN

120 Clause 40, page 46, leave out lines 7 and 8

Member's explanatory statement

This amendment seeks to ascertain the Government's rationale for pushing pension fund investment into private equity and private debt vehicles.

BARONESS ALTMANN

121 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 ALTMANN
BARONESS BOWLES OF BERKHAMSTED

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

- “(e) securities listed under Chapter 11 of the UK Listing Rules or the Specialist Fund Segment that provide exposure to the qualifying assets.”

Member's explanatory statement

This amendment is designed to ensure that pension funds investing in UK listed closed-ended investment companies, which own relevant assets for the purpose of Mansion House Accord, are not excluded.

BARONESS ALTMANN
BARONESS BOWLES OF BERKHAMSTED

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

- “(e) UK listed closed-ended investment companies which invest in real assets, private equity, infrastructure or other investments that benefit UK economic growth.”

Member's explanatory statement

This amendment ensures that pension funds will consider UK listed closed-ended investment companies, such as investment trusts and REITs, when selecting investments that can help boost UK growth.

BARONESS BOWLES OF BERKHAMSTED

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

BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN

125 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

126 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

127 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
BARONESS ALTMANN

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

BARONESS MCINTOSH OF PICKERING
BARONESS ALTMANN

129 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

130 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 PENN

130A Clause 40, page 48, line 19, at end insert —

“(16) This section is repealed on 31 December 2035.”

Member's explanatory statement

This amendment provides that the statutory power to impose asset allocation requirements on default pension funds under section 28C of the Pensions Act 2008 expires on 31 December 2035, so that the power, and any targets or requirements made under it, no longer have effect unless renewed by further primary legislation.

BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN

131 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

132 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

133 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.

BARONESS NOAKES

134 Clause 40, page 50, leave out line 6

Member's explanatory statement

This amendment probes why new entrant pathway relief is restricted to schemes with no members.

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT
BARONESS ALTMANN

135 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

136 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
BARONESS NEVILLE-ROLFE

137 Clause 40, page 50, line 8, at end insert “or to deliver investment performance which exceeds that achieved 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 NOAKES

138 Clause 40, page 50, leave out lines 21 to 24

Member's explanatory statement

This amendment probes the need for regulations to define growth potential and innovation.

BARONESS BOWLES OF BERKHAMSTED

139 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
BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN

140 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
BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN

141 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.

LORD VAUX OF HARROWDEN
LORD PALMER OF CHILDS HILL

142 Clause 40, page 51, line 16, at end insert —

“28GA Protection of trustees or managers for default arrangements investing in qualifying assets

The Regulatory Authority must indemnify the trustees or managers of a relevant Master Trust or group personal pension fund for any costs or liabilities arising from any claims made by any individual against them for

any losses that the individual may have incurred as a result of the investment return attributable to the qualifying assets held within the default arrangement being less than the return that might have been made if the investment had not been made in qualifying assets.”

Member's explanatory statement

This amendment probes how trustees or managers will be protected from liability should qualifying assets mandated by the Authority prove to be poor investments.

BARONESS BOWLES OF BERKHAMSTED

143 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

144 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

145 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

146 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

147 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

148 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
BARONESS ALTMANN

149 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
BARONESS ALTMANN

150 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 herding” 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 hearing 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

151 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

152 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
BARONESS ALTMANN

- 153 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

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

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT
BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN

- 155 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
BARONESS ALTMANN

- 156 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

157 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

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

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

BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN

159 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

160 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
LORD VAUX OF HARROWDEN

161 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
LORD VAUX OF HARROWDEN

162 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

163 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

164 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

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

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT

166 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

[Withdrawn]

After Clause 41

BARONESS KRAMER
LORD VAUX OF HARROWDEN

167 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
BARONESS NEVILLE-ROLFE

- 168 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 ALTMANN

- 168A Clause 42, page 56, line 24, leave out “a non-scale default arrangement” and insert “several non-scale regular arrangements”

Member's explanatory statement

This amendment, and another in the name of Baroness Altmann, seeks to ensure pension schemes are not excluded from the market for going beyond ‘one-size-fits-all’ approaches and can design arrangements for different cohorts of membership. It also seeks to clarify the language used in relation to these arrangements.

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

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

Member's explanatory statement

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

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

170 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.

BARONESS ALTMANN

170A Clause 42, page 57, line 9, at end insert —

“(2A) The Secretary of State has a duty to ensure that pension schemes offering several regular arrangements to their membership are not inadvertently penalised by regulations made under this section.”

Member's explanatory statement

This amendment, and another in the name of Baroness Altmann, seeks to ensure pension schemes are not excluded from the market for going beyond ‘one-size-fits-all’ approaches and can design arrangements for different cohorts of membership. It also seeks to clarify the language used in relation to these arrangements.

Clause 43

BARONESS NOAKES

171 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
BARONESS NEVILLE-ROLFE

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

172 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

173 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

174 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

175 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

176 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

177 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

178 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

179 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

180 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.

After Clause 57

BARONESS COFFEY
BARONESS ALTMANN

180A After Clause 57, insert the following new Clause—

“Review: transfer of the Financial Conduct Authority’s pension regulation functions to the Pensions Regulator

- (1) Within six months of the day on which this Act is passed, the Secretary of State must publish a review to assess the viability of transferring the Financial Conduct Authority’s pension regulation functions to the Pensions Regulator.
- (2) The review under subsection (1) must include an assessment of whether the Pensions Regulator should take on responsibility for the regulation of defined contribution pensions, except for self-invested personal pensions, in place of the Financial Conduct Authority.
- (3) The Secretary of State must lay the report under subsection (1) before Parliament.”

Member's explanatory statement

This probing amendment explores moving to one regulator, the Pension Regulator, for all pensions (both defined contribution and defined benefit) that are not self-invested private pensions (which would stay with the Financial Conduct Authority).

Clause 65

BARONESS NOAKES

- 181 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.

BARONESS BOWLES OF BERKHAMSTED

- 182 Clause 65, page 82, line 11, leave out paragraph (a)

Clause 71

BARONESS BOWLES OF BERKHAMSTED

- 183 Clause 71, page 86, leave out lines 25 and 26 and insert “lower of
- (a) the scheme’s liabilities calculated on a low dependency funding basis specified in regulations made by the Secretary of State, or
 - (b) the amount of the scheme’s protected liabilities by a percentage specified in regulations made by the Secretary of State.”

After Clause 96

LORD PALMER OF CHILDS HILL

- 184 After Clause 96, insert the following new Clause —
- “Report on the impact of pension market consolidation**
- (1) The Secretary of State must, within 12 months of the day on which this Act is passed, publish a report on the impact of consolidation in the occupational pensions market.
 - (2) The report must include an assessment of —
 - (a) the level of market concentration among pension scheme providers, including trends in the number and size of schemes;
 - (b) the effects of consolidation on competition, innovation, and consumer choice in the pensions market;

- (c) the potential barriers to entry and growth for small and medium-sized pension providers;
 - (d) the adequacy of existing regulatory and competition safeguards in preventing anti-competitive behaviour regarding—
 - (i) exclusivity arrangements,
 - (ii) exit charges, and
 - (iii) pricing structures;
 - (e) the role of The Pensions Regulator and the Competition and Markets Authority in monitoring and responding to market concentration;
 - (f) the merits of policy or regulatory measures to support new market entrants.
- (3) The Secretary of State must lay a copy of the report before both Houses of Parliament.”

Member's explanatory statement

This new clause would require the Government to report on the impact of market consolidation on competition and new market entrants.

Clause 100

BARONESS BOWLES OF BERKHAMSTED

185 Clause 100, page 107, line 37, leave out subsections (9) and (10)

Clause 108

BARONESS SHERLOCK

186 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 ALTMANN

186A★ Clause 108, page 119, line 38, at end insert –

“(2A) After paragraph 28, insert –

“Lump sum compensation

28A(1) In all cases which qualify for an increase in periodic compensation under paragraph 28(2A) to (2I), the person may also qualify for a lump sum payment or payments, the amount of which must be –

(a) related to the loss of inflation protection on pre-1997 pension benefits, and

(b) paid by the Pension Protection Fund out of excess reserves, in recognition of the years of pension increases that were unpaid since the failure of the pension scheme.

(2) The Secretary of State may issue guidance about lump sum payments under this paragraph.””

Member's explanatory statement

This amendment seeks to make provision for lump sum payments from the Pension Protection Fund to persons who qualify for an increase in periodic compensation for pre-1997 service to compensate for unpaid increases in the years since the failure of the pension scheme.

BARONESS SHERLOCK

187 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.

BARONESS ALTMANN

187A★ Clause 108, page 124, line 25, at end insert –

“(5A) After paragraph 17, insert –

“Lump sum compensation

17A(1) In all cases which qualify for an increase in periodic compensation under paragraph 17(2A) to (2H), the person may also qualify for a lump sum payment or payments, the amount of which must be –

- (a) related to the loss of inflation protection on pre-1997 pension benefits, and
 - (b) paid by the Pension Protection Fund out of excess reserves, in recognition of the years of pension increases that were unpaid since the failure of the pension scheme.
- (2) The Secretary of State may issue guidance about lump sum payments under this paragraph.””

Member's explanatory statement

This amendment seeks to make provision for lump sum payments from the Pension Protection Fund to persons who qualify for an increase in periodic compensation for pre-1997 service to compensate for unpaid increases in the years since the failure of the pension scheme.

Clause 109

BARONESS SHERLOCK

188 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 ALTMANN

188A★ Clause 109, page 129, line 13, at end insert –

“(2A) After paragraph 28, insert –

“Lump sum compensation

- 28A(1) In all cases which qualify for an increase in periodic compensation under paragraph 28(2A) to (2I), the person may also qualify for a lump sum payment or payments, the amount of which must be –
- (a) related to the loss of inflation protection on pre-1997 pension benefits, and
 - (b) paid by the Pension Protection Fund out of excess reserves, in recognition of the years of pension increases that were unpaid since the failure of the pension scheme.
- (2) The Secretary of State may issue guidance about lump sum payments under this paragraph.””

Member's explanatory statement

This amendment seeks to make provision for lump sum payments from the Pension Protection Fund to persons who qualify for an increase in periodic compensation for pre-1997 service in Northern Ireland to compensate for unpaid increases in the years since the failure of the pension scheme.

BARONESS SHERLOCK

189 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.

BARONESS ALTMANN

189A★ Clause 109, page 133, line 45, at end insert —

“(5A) After paragraph 17, insert —

“*Lump sum compensation*

17A(1) In all cases which qualify for an increase in periodic compensation under paragraph 17(2A) to (2H), the person may also qualify for a lump sum payment or payments, the amount of which must be —

- (a) related to the loss of inflation protection on pre-1997 pension benefits, and
- (b) paid by the Pension Protection Fund out of excess reserves, in recognition of the years of pension increases that were unpaid since the failure of the pension scheme.

(2) The Secretary of State may issue guidance about lump sum payments under this paragraph.””

Member's explanatory statement

This amendment seeks to make provision for lump sum payments from the Pension Protection Fund to persons who qualify for an increase in periodic compensation for pre-1997 service in Northern Ireland to compensate for unpaid increases in the years since the failure of the pension scheme.

Clause 110

BARONESS SHERLOCK

190 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

191 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

192 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

193 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

194 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

195

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

196

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

197

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

198

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

199 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

200

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

201

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

202 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.

LORD DAVIES OF BRIXTON
BARONESS BENNETT OF MANOR CASTLE

203 After Clause 110, insert the following new Clause —

"Indexation of pre-1997 pensions

- (1) The Pensions Act 1995 is amended as follows.
- (2) In Section 51 (annual increase in rate of pension) —
 - (a) omit subsections (1)(b) and (1)(c)(ii);
 - (b) in subsection (2) —
 - (i) omit "on or after April 1997";
 - (ii) omit "to payments in respect of employment carried on or after April 1997";
 - (iii) omit "or, as the case may be, to payments in respect of employment carried on or after April 1997";
 - (c) in subsection (4ZE), omit "or, as the case may be, to payments in respect of employment carried on or after April 1997";
 - (d) in subsection (5)(a), omit "6 April 1997 or";
 - (e) in subsection (8)(a) and (b), omit "at any time on or after 6 April 1997".

Member's explanatory statement

This new clause would remove references to 6 April 1997 from section 51 of the Pensions Act 1995 in order to require that annual increases to pension payments in line with CPI and RPI apply to pensionable service both before and after 6 April 1997.

BARONESS ALTMANN

203ZA★ After Clause 110, insert the following new Clause —

"Lump sum payments for members of the Financial Assistance Scheme

- (1) Any member of the Financial Assistance Scheme, or their survivor or surviving dependent if the member is deceased, who would qualify for an increased Financial Assistance Payment after 2027 as a result of changes made to the Financial Assistance Scheme Regulations 2005 (S.I. 2005/1986) by section 110 of this Act, may also receive a lump sum payment or payments in recognition of the years of pension increases that were unpaid since the failure of the pension scheme.
- (2) The Secretary of State must, by regulations, determine the amount of the lump sum payments to be made under subsection (1) within one year of the day on which this Act is passed.

- (3) Regulations under subsection (2) must—
 - (a) specify, in consultation with the Pension Protection Fund, the calculation methodology for the lump sum payments to be made in connection with the loss of inflation protection on pre-1997 pension benefits, and
 - (b) require Ministers, in consultation with the Pension Protection Fund, to lay appropriate regulations to identify the resources to be used for the lump sum payments.
- (4) Regulations under this section are subject to the affirmative procedure.”

Member's explanatory statement

This amendment seeks to make provision for lump sum payments to members of the Financial Assistance Scheme who qualify for an increase in periodic compensation for pre-1997 service to compensate for unpaid increases in the years since the failure of the pension scheme.

Clause 113

BARONESS BOWLES OF BERKHAMSTED

203A Clause 113, page 147, line 25, leave out lines 25 to 28 and insert—

- “(b) may impose a scheme-based pension protection levy in respect of a description of eligible scheme (or in respect of all eligible schemes) or may impose both a risk-based pension protection levy and a scheme-based pension protection levy in respect of a description of eligible scheme (or in respect of all eligible schemes).”

Member's explanatory statement

If the Pension Protection Fund (PPF) needs to raise a pension protection levy in future, this amendment would give the PPF more flexibility as to how to raise a levy and to decide at the relevant time whether to raise a risk-based levy, a scheme-based levy, or both (as well as the appropriate proportions between them).

BARONESS BOWLES OF BERKHAMSTED

203B Clause 113, page 148, line 37, leave out “, (2) and (3)” and insert “and (2)”

Member's explanatory statement

This is an amendment that follows on from an associated proposed amendment to remove subsection (3) in section 177 of the Pensions Act 2004.

BARONESS BOWLES OF BERKHAMSTED

203C Clause 113, page 148, line 38, at end insert—

- “(ba) omit subsection (3);”

Member's explanatory statement

This amendment removes the requirement that at least 80% of the pension protection levies imposed for a financial year must come from the risk-based pension protection levy.

After Clause 117

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT

204

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

205

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
BARONESS ALTMANN

206 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

207 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

208 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

209 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.

BARONESS ALTMANN

As an amendment to Amendment 209

209A In subsection (3), after paragraph (d) insert –

“(da) pension scheme members;”

VISCOUNT YOUNGER OF LECKIE
BARONESS STEDMAN-SCOTT

210 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

211

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
BARONESS GRIFFIN OF PRINCETHORPE
BARONESS BENNETT OF MANOR CASTLE

212 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 2026 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 2026 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

- 213** 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.”

LORD PALMER OF CHILDS HILL

- 214** After Clause 117, insert the following new Clause –

“Universal Pension Advice Entitlement

- (1) The Secretary of State must by regulations establish a system to ensure that every individual has a right to receive free, impartial pension advice at prescribed times.

- (2) Regulations under subsection (1) must provide for individuals to be offered advice –
 - (a) at or around the age of 40, and
 - (b) at a prescribed age, not more than six years before the individual's expected retirement age.
- (3) The regulations must make provision about –
 - (a) the content and scope of the free, impartial pension advice, which may include, but is not limited to, guidance on –
 - (i) pension types (including both defined contribution and defined benefit schemes),
 - (ii) investment strategies,
 - (iii) charges,
 - (iv) consolidation of pension pots, and
 - (v) retirement income options;
 - (b) the qualifications, independence, and impartiality requirements for any person or body providing advice;
 - (c) the means by which individuals are notified of their entitlement to receive the advice and how they may access it;
 - (d) the roles and responsibilities of pension scheme trustees, managers, and providers in facilitating access to advice;
 - (e) the sharing of member information with prescribed persons or bodies subject to appropriate data protection safeguards.
- (4) Regulations under this section may –
 - (a) make different provision for different descriptions of pension schemes or different descriptions of individuals;
 - (b) confer functions in connection with the provision or oversight of the advice on –
 - (i) the Pensions Regulator,
 - (ii) the Financial Conduct Authority,
 - (iii) the Money and Pensions Service, or
 - (iv) other prescribed bodies;
 - (c) require the provision of funding for the advice service from prescribed sources.
- (5) Regulations under this section are subject to the affirmative procedure.”

Member's explanatory statement

This new clause makes provision by regulations for everyone to receive free, impartial pension advice at age 40 and again around five years before their expected retirement.

LORD PALMER OF CHILDS HILL

215 After Clause 117, insert the following new Clause –

“Independent review of forfeiture of survivor pensions in police pension schemes

- (1) The Secretary of State must commission an independent review into the impact and fairness of provisions within police pension schemes that result in the forfeiture, reduction, or suspension of survivor pensions on the grounds of –
 - (a) remarriage or entry into a civil partnership by the surviving partner of a deceased scheme member, or
 - (b) cohabitation with another person as if married or in a civil partnership.
- (2) The review must examine –
 - (a) the legal and policy basis for such provisions;
 - (b) the financial, social, and emotional impact on affected individuals and families;
 - (c) consistency with other public sector pension schemes, including schemes for –
 - (i) the Armed Forces,
 - (ii) the NHS, and
 - (iii) the civil service;
 - (d) potential options for reform, including retrospective reinstatement of pensions;
 - (e) any other matters the Secretary of State considers relevant.
- (3) The Secretary of State must –
 - (a) appoint an independent person or panel with relevant legal, pensions, and public policy expertise to conduct the review, and
 - (b) publish the terms of reference no later than three months after this Act is passed.
- (4) The person or panel appointed under subsection (3) must –
 - (a) consult with relevant stakeholders, including –
 - (i) the National Association of Retired Police Officers (NARPO),
 - (ii) survivor pension recipients,
 - (iii) police staff associations, and
 - (iv) pensions experts,
 - (b) consider written and oral evidence submitted by affected individuals, and
 - (c) publish a report of its findings and recommendations within 12 months of appointment.
- (5) The Secretary of State must lay the report under subsection (4)(c) before both Houses of Parliament as soon as practicable after receiving it.”

Member's explanatory statement

This new clause would require the Secretary of State to commission an independent review into the impact and fairness of provisions within police pension schemes that result in the forfeiture, reduction, or suspension of survivor pensions.

LORD PALMER OF CHILDS HILL

216 After Clause 117, insert the following new Clause –

“Independent review into injustices in occupational pension schemes

- (1) The Secretary of State must, within three months of the day on which this Act is passed, commission an independent review into injustices experienced by members of occupational pension schemes as a result of the actions or omissions of employers, scheme sponsors, or scheme administrators.
- (2) The review must examine, in particular –
 - (a) cases where employers or scheme sponsors failed to adequately support, inform, or protect members in relation to their pension rights or entitlements;
 - (b) the adequacy, accuracy, and timeliness of information provided to scheme members, including information relating to –
 - (i) scheme changes,
 - (ii) benefit reductions or losses,
 - (iii) transfers, mergers, or scheme restructurings, and
 - (iv) risks to accrued pension benefits;
 - (c) the extent to which regulatory oversight, governance arrangements, or fiduciary duties failed to prevent detriment to members;
 - (d) the impact of such failures on affected members, including financial loss, inequality, and hardship in retirement;
 - (e) whether particular groups of members were disproportionately affected, including –
 - (i) lower-paid workers,
 - (ii) women,
 - (iii) disabled people, and
 - (iv) those with non-standard or interrupted working patterns;
 - (f) the effectiveness of existing routes to redress, including complaints procedures, the Pensions Ombudsman, and the courts;
 - (g) potential options for remedy or redress, including –
 - (i) changes to legislation or regulation,
 - (ii) improvements to governance or communication standards, and
 - (iii) mechanisms for compensation or restoration of benefits, together with an assessment of the likely financial implications.
- (3) The review must be conducted by an independent person or panel appointed by the Secretary of State with relevant expertise in –
 - (a) pensions law and administration,
 - (b) public policy and regulation, and
 - (c) administrative justice and consumer protection.
- (4) In conducting the review, the person or panel must –
 - (a) consult with affected scheme members and pensioner groups;

- (b) invite and consider written and oral evidence from stakeholders, including –
 - (i) trade unions,
 - (ii) employer and industry bodies,
 - (iii) pensions experts, and
 - (iv) relevant regulatory and advisory bodies;
 - (c) have regard to relevant findings of Parliamentary committees and public bodies.
- (5) The person or panel appointed under subsection (3) must submit a report of its findings and recommendations to the Secretary of State within 12 months of the date on which the review is commissioned.
- (6) The Secretary of State must –
- (a) lay the report before both Houses of Parliament as soon as reasonably practicable after receiving it;
 - (b) within six months of laying the report, publish a statement setting out the Government’s response to the review and any actions it proposes to take.”

Member's explanatory statement

This new clause would require the Secretary of State to commission an independent review into injustices experienced by members of occupational pension schemes where employers or scheme sponsors have failed to properly support, inform, or protect members, and to consider options for reform or redress.

BARONESS NEVILLE-ROLFE
BARONESS NOAKES

217 After Clause 117, insert the following new Clause –

“Review of public service pension schemes

- (1) The Secretary of State must, within 12 months of the day on which this Act is passed, conduct and publish a review of the long-term affordability, intergenerational fairness, fiscal sustainability, and accounting treatment of public service pension schemes.
- (2) In conducting the review under subsection (1), the Secretary of State must have regard to –
 - (a) the current and projected cost to the Exchequer of such schemes,
 - (b) their affordability in the context of long-term public finances,
 - (c) the impact of such schemes on different generations of taxpayers and scheme members,
 - (d) the implications of demographic change, including longevity and workforce participation, for the sustainability of such schemes, and
 - (e) the manner in which the liabilities associated with such schemes are recorded, disclosed, and accounted for within the public sector balance sheet and related fiscal reporting frameworks.

- (3) In preparing the review, the Secretary of State must consult –
 - (a) the Office for Budget Responsibility,
 - (b) the National Audit Office,
 - (c) His Majesty’s Treasury, and
 - (d) such other persons or bodies as the Secretary of State considers appropriate.
- (4) The Secretary of State must by regulations set out the schemes to which subsection (1) applies.
- (5) Regulations under subsection (4) are subject to the negative procedure.
- (6) The review must be laid before both Houses of Parliament.
- (7) Nothing in this section affects any pension entitlement accrued in respect of service.”

Member's explanatory statement

This new clause would require the Secretary of State to conduct and publish a review of the long-term affordability, intergenerational fairness, fiscal sustainability, and accounting treatment of public service pension schemes. These could include the NHS Pension Scheme, the Teachers’ Pension Scheme, the Civil Service Pension Scheme, the Armed Forces Pension Scheme, the Police Pension Scheme, and the Firefighters’ Pension Scheme.

LORD PALMER OF CHILDS HILL
BARONESS ALTMANN
VISCOUNT THURSO

218 After Clause 117, insert the following new Clause –

“Independent review into pension losses incurred by former employees of AEA Technology

- (1) The Secretary of State must, within three months of the day on which this Act is passed, commission an independent review into the pension losses incurred by former employees of AEA Technology who –
 - (a) transferred their accrued pension benefits out of the UK Atomic Energy Authority (UKAEA) public service scheme to AEA Technology (AEAT) on privatisation in 1996, and
 - (b) suffered financial losses when AEA Technology went into administration in 2012 and the pension scheme entered the Pension Protection Fund (PPF).
- (2) The review must examine –
 - (a) the extent and causes of pension losses incurred by affected individuals,
 - (b) the role of Government policy and representations in the transfer of pensions during the privatisation of AEA Technology,
 - (c) the findings of the Public Accounts Committee and the Work and Pensions Select Committee,
 - (d) the adequacy of safeguards provided at the time of privatisation,
 - (e) potential mechanisms for redress or compensation, and
 - (f) the estimated financial cost of any such mechanisms.

- (3) The review must be –
 - (a) conducted by an independent panel appointed by the Secretary of State, with relevant expertise in pensions, public policy, and administrative justice, and
 - (b) transparent and consultative, including engagement with affected pensioners and their representatives.
- (4) The panel must report its findings and recommendations to the Secretary of State and lay a copy of its final report before Parliament within 12 months of its establishment.
- (5) The Secretary of State must, within six months of the publication of the report under subsection (4), lay before both Houses of Parliament a statement setting out the Secretary of State’s response to that outcome.”

Member’s explanatory statement

This new clause would require the Secretary of State to commission an independent review into the pension losses incurred by former employees of AEA Technology.

BARONESS HAYMAN
LORD SHARKEY
BARONESS PENN
BARONESS GRIFFIN OF PRINCETHORPE

218A After Clause 117, insert the following new Clause –

“Clarification of pension scheme investment duties

- (1) The Pensions Act 1995 is amended as follows.
- (2) In section 36 (choosing investments), after subsection (9), insert –
 - “(10) Regulations under subsection (1) must provide –
 - (a) that when interpreting the best interest or sole interests of members and beneficiaries for the purposes of this section and the regulations, the trustees of a trust scheme may (amongst other matters) take the following into account –
 - (i) system-level considerations,
 - (ii) the reasonably foreseeable impacts over the appropriate time horizon of the assets or organisations in which the trust scheme invests upon prescribed matters, including upon members’ and beneficiaries’ standards of living, and
 - (iii) the views of members and beneficiaries,
 - (b) that investment powers or discretions must be exercised in a manner that considers and manages the matters specified in subsection (10)(a)(i) and (ii) where they are financially material, and
 - (c) a prescribed definition of the term “appropriate time horizon” for these purposes.

- (11) For the purposes of this section, “system-level considerations” means, over the appropriate time horizon, risks and opportunities relevant to the scheme that –
 - (a) cannot be fully managed through diversification alone, and
 - (b) arise from circumstances at the level of one or more economic sectors, financial markets or economies, including but not limited to those relating to environmental or social matters.
- (12) Regulations under subsection (1) must come into force no more than one year after the day on which the Pension Schemes Act 2026 is passed.
- (13) In complying with requirements imposed by this section and regulations, a trustee or manager must have regard to guidance prepared from time to time by the Secretary of State.”
- (3) 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.
- (4) The Secretary of State must make regulations with effects corresponding to the provisions of subsection (1) for the Local Government Pension Scheme.
- (5) The rules and regulations under subsections (3) and (4) must come into force no later than the date on which regulations pursuant to section 36(10) of the Pensions Act 1995 (as amended by this Act) come into force.”

Member's explanatory statement

This new clause gives the Secretary of State a duty to make regulations clarifying investment duties of occupational pension schemes, including system-level considerations and other matters including impacts of investee firms, beneficiaries' standards of living and views. It also imposes duties on the FCA and the Secretary of State to make corresponding rules and regulations for workplace personal pension schemes and the Local Government Pension Scheme respectively.

BARONESS BENNETT OF MANOR CASTLE

218B After Clause 117, insert the following new Clause –

“Review pension schemes’ social impact

- (1) The Secretary of State must, within 12 months of the day on which this Act is passed, carry out a review of the social impact of all forms of pensions schemes.
- (2) The review must include an assessment of –
 - (a) the efficacy of investment strategies in delivering social good, and
 - (b) the potential impact of increasing investment in –
 - (i) social housing, and
 - (ii) green technology.

- (3) In this section, “social good” means something which benefits society as a whole, and “green technology” means the use of technology and science to create environmentally-friendly products and services.
- (4) The Secretary of State must prepare a report of the review and lay a copy of that report before Parliament.”

Member's explanatory statement

This new clause would require the Secretary of State to review the efficacy of investment in terms of delivering social good and the benefits of directing more investment towards social housing and green technology.

The Schedule

BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN

- 219** 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.

After Clause 119

BARONESS ALTMANN

- 219A** After Clause 119, insert the following new Clause –

“Alignment of regulations with Technical Actuarial Standards

The Secretary of State has a duty to ensure that regulations under this Act align with Technical Actuarial Standards issued by Financial Reporting Council, requiring trustees to compare bulk annuity, superfunds and run-on strategies for defined benefit pension schemes before making irreversible decisions about scheme assets.”

Member's explanatory statement

This amendment seeks to ensure a joint approach between Government departments and their related regulators including the PRA, FCA and TPR, to help align their respective responsibilities for solvency, consumer interest, member protection and promoting growth.

Clause 120

LORD SHARKEY

- 220** [Withdrawn]

LORD SHARKEY

221 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

222 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

223 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

224 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

FOURTH MARSHALLED
LIST OF AMENDMENTS
TO BE MOVED
IN GRAND COMMITTEE

20 January 2026

PUBLISHED BY AUTHORITY OF THE HOUSE OF LORDS