



HERBERT
SMITH
FREEHILLS

PENSIONS PLANNER

YOUR GUIDE TO FUTURE DEVELOPMENTS

SPRING 2025



Contents

02 Contents

03 Introduction

04 Quarter in review

- 04 Phase 2 of pensions review postponed
- 04 Government to facilitate access to surpluses
- 04 Regulator publishes covenant guidance
- 05 Virgin Media: accounting considerations; industry working group
- 05 FCA consults on targeted support
- 05 Personal pensions: FCA discussion paper
- 06 Court approves scheme merger in winding-up, notwithstanding dilution of surplus
- 06 Ombudsman discusses dishonesty test in liberation ruling
- 08 Mirror-image promise: Ombudsman orders "specific performance"
- 08 Change to DC regulatory approach

10 Low-earners anomaly: HMRC update

10 Changes at the Ombudsman

10 Other news

12 Timeline

14 The next six months

Contacts



Samantha Brown
Managing Partner EPI (West)
T +44 20 7466 2249
samantha.brown@hsf.com



Rachel Pinto
Partner
Pensions
T +44 20 7466 2638
rachel.pinto@hsf.com



Michael Aherne
Partner
Pensions
T +44 20 7466 7527
michael.aherne@hsf.com



Richard Evans
Knowledge Lawyer
Pensions
T +44 20 7466 6320
richard.evans@hsf.com

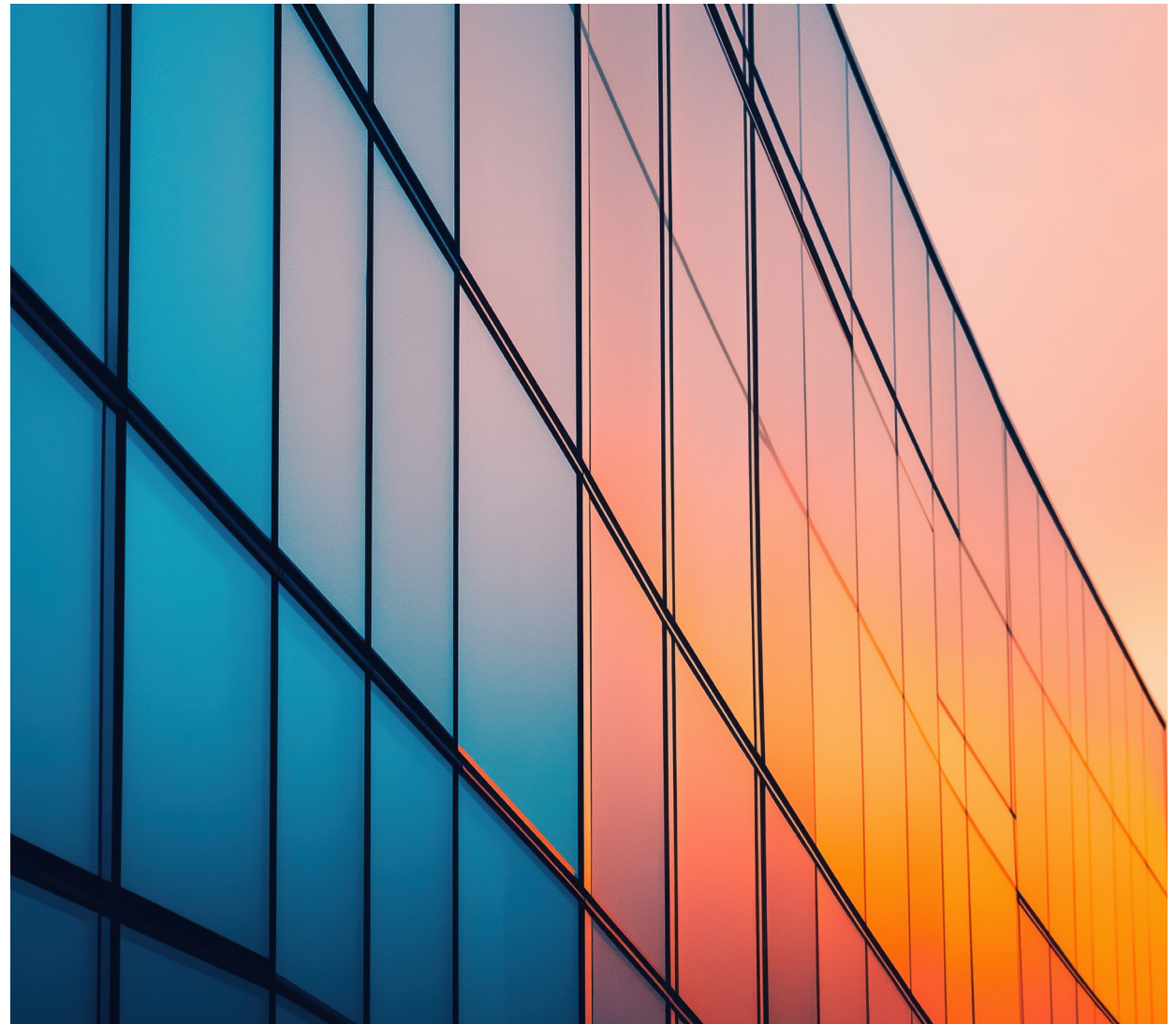
Introduction

As spring arrives, there's a sense of expectation. We await the Government's response to two major autumn consultations, covering DC consolidation and pooling and governance within the Local Government Pension Scheme. There's also the small matter of a Pension Schemes Bill.

Whilst phase 2 of the landmark pensions review has been postponed, the Government has pushed ahead with other initiatives. On the DB side, there are plans to facilitate access to surpluses, although no detail as yet; a consultation response on this issue will be published shortly. The Government also intends to legislate to enable the PPF to move to a nil levy.

Meanwhile the DC industry finds itself at a crossroads. The Government's "megafund" proposals could change the market dramatically, but have proved controversial. Much the same could be said of the proposed new value-for-money framework. Plans to review DC adequacy have been put on the back burner, but we can expect significant changes as to decumulation: new requirements for trust-based schemes will feature in the Pension Schemes Bill, and providers may in the future be permitted to offer "targeted support". On top of all that, The Pensions Regulator is rethinking its approach to DC regulation.

One thing's for sure: new Pensions Minister Torsten Bell will have plenty to keep him busy.



Quarter in review

Phase 2 of pensions review postponed

Press reports indicated that the Government was postponing phase 2 of its pensions review. Phase 2 is to focus on defined benefit issues and adequacy.

Confirming the reports, a minister **stated** that the Government remained committed to phase 2, and would provide further details in due course.

Comment: Successive Governments have failed to grasp the adequacy nettle. The contributions currently prescribed under the auto-enrolment regime are not sufficient to deliver a comfortable retirement. But the Chancellor was reportedly unwilling to begin a review which might culminate in an increase, at a time when employers are facing other cost pressures.

Meanwhile steps proposed following a **2017 review** have yet to be taken. The steps, which include reducing the minimum age for auto-enrolment, were put on hold pending phase 2.

Government to facilitate access to surpluses

The Government **announced** that will ease restrictions around the use of surplus in defined benefit schemes, in a bid to drive UK growth.

The previous Government proposed changes to the surplus regime in a 2024 consultation, **Options for Defined Benefit schemes**. It appears that the

new Government is minded to proceed with two of the changes which were proposed:

- The repeal of legislation which, in some cases, means that surplus can be refunded only if trustees passed a suitable resolution before 6 April 2016.
- The introduction of a statutory override, such that the rules of DB schemes can be amended to allow surplus to be extracted where the trustees and the employer agree.

The Government has not said where it stands on other ideas which were floated in the 2024 consultation:

- A change to the funding test which must be met if a refund is to be paid from an ongoing scheme.
- Changes to tax rules, to facilitate one-off member payments.
- A new Code of Practice or guidance, so that trustees can be confident about sharing surpluses where it is safe to do so.
- Scope for schemes to opt for 100% PPF protection.

The direction of travel will become clearer when the Government publishes its response to the 2024 consultation, which it plans to do in spring 2025.

The two changes currently envisaged will require primary legislation. The Government has not said whether measures will be included in the forthcoming Pension Schemes Bill.

Comment: Much is uncertain at present, and any changes will have a long lead-in time. However, employers and trustees who are currently formulating plans to use surplus may wish to take stock.

Looking ahead, a new surplus regime could drive changes in endgames and investment strategies. Large, well-funded schemes might seek to deliver benefits via run-on rather than buy-out, with the trustees investing a proportion of assets productively with a view to sharing emerging surpluses.

Regulator publishes covenant guidance

The Pensions Regulator published **detailed guidance** on the assessment of employer covenants. The guidance relates to valuations under the new defined benefit funding regime, and to DB risk management generally. It will be important not only for trustees, but also for employers and advisers.

The guidance covers the following:

1. Areas to consider when assessing covenant

A covenant assessment should cover two elements:

- **The financial ability of the employer to support the scheme.** The guidance explains how trustees should go about identifying the relevant employers; assessing cashflows; assessing employer prospects; and determining the "reliability period" and "covenant longevity period" for the purpose of the new funding regime.

- **The expected support from any contingent assets.** Trustees will need to determine the extent to which contingent assets are legally enforceable and financially sufficient. The appropriate approach as regards any parent company guarantee will depend on whether it meets specified "look-through" tests.

2. Recovery plans

Trustees will need to assess the employer's available cash, the reliability of the cashflow, and any reasonable alternative uses which the employer has for the cash.

3. Supportable risk

That is, the level of risk which can be supported for the purpose of the scheme's journey plan under the new funding regime. When determining supportable risk over the reliability period, trustees should consider the recourse which they would have in the wake of a stress event: the maximum affordable contributions, and any contingent asset support.

4. Covenant monitoring

Between full covenant assessments, there should be regular (at least annual) updates. Trustees should establish a covenant monitoring framework, and seek to agree a robust information-sharing protocol with the employer.

Comment: Many schemes will need to take a more granular approach to covenant assessment going forwards. Trustees and advisers will have to look carefully at employer cashflow forecasts; insolvency risks and outcomes; and the enforceability, terms and value of any contingent assets.

Further information about the guidance can be found in our [blog post](#).

Virgin Media: accounting considerations; industry working group

The Institute for Chartered Accountants in England and Wales published [guidance](#) for employers and auditors on accounting considerations relating to the Virgin Media case.

The case, reported in our [autumn Planner](#), concerns the validity of historic amendments to contracted-out schemes.

The guidance acknowledges that the appropriate approach as regards potential Virgin Media issues will depend on the facts, but suggests that, typically:

- The trustees will be information-gathering or may be taking a wait-and-see approach (based on legal advice). They will not necessarily have carried out detailed analysis.
- The employer will disclose the potential Virgin Media issue in the pensions note in its accounts. The alternatives of no recognition or disclosure, or recalculating the pension obligation, are unlikely to be appropriate unless it is clear either

that there is no material Virgin Media liability, or that a quantifiable liability exists.

- Provided that the employer makes an adequate disclosure, there is likely to be no impact on the auditors' report. In other words, the auditors will not need to specifically flag the Virgin Media issue, or to qualify the report.

Separately, an industry working group published an [update](#) on discussions with the Department for Work and Pensions about the Virgin Media case. The group is lobbying the DWP for Regulations to validate amendments which would otherwise be void on Virgin Media principles. It is not yet clear how the DWP will respond.

Comment: The ICAEW guidance is essential reading for employers affected by the Virgin Media case. Among other things, the guidance will help employers understand the line which their auditors are likely to take.

FCA consults on targeted support

As part of the ongoing Advice Guidance Boundary Review, the Financial Conduct Authority launched a [consultation](#) as to "targeted support". Targeted support will be a new form of regulated support for consumers on pension matters. It is intended to fill the gap between generic guidance and individual advice.

The FCA proposes that:

- Targeted support will be for groups of consumers who share common characteristics (consumer segments).

- When deciding whether and where targeted support may be provided, a firm will have to apply a "better outcomes" threshold: are there reasonable grounds to believe that targeted support will result in better outcomes for consumers?
- Where targeted support is provided, a consumer will receive suggestions, rather than recommendations, from the relevant firm. Firms will suggest ready-made solutions, which may include specific products.
- Firms providing targeted support will be subject to the FCA's Consumer Duty. The consultation paper outlines the proposed conduct standards.
- Firms will need to supply consumers with specified information, so that they understand the limitations of targeted support, and the availability of guidance and advice.

The consultation closed on 13 February 2025. The FCA plans to consult in summer 2025 on rules to create a framework for targeted support. The FCA will also consult about extending targeted support to other investments besides pensions.

Comment: Targeted support might cover issues as to both accumulation (eg low contribution rates or inappropriate investments) and decumulation (eg ways of taking retirement income or unsustainable rates of drawdown).

The FCA envisages that support may be provided by life insurers, asset managers and platform providers, typically without charge.

Personal pensions: FCA discussion paper

The Financial Conduct Authority published a [discussion paper](#) which seeks views on questions relating to personal pension schemes, as outlined below.

1. Tools and modellers. Whether the FCA's current rules:

- limit the development of effective tools and modellers, and/or
- might be changed to help consumers engage via tools and modellers.

1. DC transfers and consolidation. What steps might be taken with a view to ensuring that:

- consumers consolidate different arrangements only on an informed basis and where consolidation is in their interests; and
- transfers are dealt with diligently and efficiently.

1. Self-invested personal pensions. How the FCA can best ensure that:

- consumers are offered the right type of SIPP for them;
- adequate due diligence is conducted as to SIPP assets; and
- controls as to SIPP moneys and assets are suitably robust.

The closing date for feedback was 27 February 2025.

Comment: The discussion paper does not set out concrete proposals. But it does signal the direction of travel as regards SIPP assets: the FCA is likely to move to a more prescriptive regime, with specific rules about due diligence, bank accounts, and books and records.

Court approves scheme merger in winding-up, notwithstanding dilution of surplus

The High Court **approved** a proposal to merge pension schemes of failed retailer Arcadia.

Arcadia sponsored two defined benefit schemes: a Staff Scheme and an Executive Scheme. The two had always been run as "sister" schemes, with a view to achieving parity of funding.

Arcadia got into financial difficulties. The company was restructured in 2019, and a package of funding and support was put in place for the schemes. In 2020 the company failed, entering administration and ultimately liquidation. The two schemes came to be wound up.

Until 2022, the Staff Scheme was thought to be less well-funded than the Executive Scheme. As a result, the Staff Scheme had received the bulk of funding and recoveries under the 2019 package. The position changed unexpectedly following the 2022 mini-Budget. The Staff Scheme proved to be better-funded than its sister. When buy-ins were completed for both schemes in 2023, the Staff Scheme trustee was able to secure 100% of

liabilities. The Executive Scheme trustee was able to secure only 87%.

Whilst the Executive Scheme was underfunded, the Staff Scheme had a significant surplus, which the trustee could at its discretion use to augment members' benefits. If the schemes were merged, some surplus would remain, even with the underfunding on the Executive side.

The trustees decided in principle to proceed with a merger, by means of a bulk transfer from the Executive Scheme to the Staff Scheme. As regards the Staff Scheme, two issues arose:

- The Scheme's rules did not permit transfers-in. However, the amendment power said that (where Arcadia was in liquidation) the trustees could amend the rules unilaterally, including during winding-up.
- A merger would reduce the surplus available for distribution to the Scheme's existing members.

With these issues in mind, the Staff Scheme trustee sought the Court's approval. The questions which the Court considered, and the answers which it gave, are outlined below.

1. Was an amendment to enable the merger within the scope of the amendment power?

Yes. On the face of it the amendment power was wide enough, and there was no basis on which a fetter should be implied.

2. Would the proposed amendment be a proper exercise of the trustee's powers?

Yes. The amendment did not undermine the main purpose of the Staff Scheme, and there was no overriding principle that all powers must be exercised in members' interests.

The Court's conclusions as to purpose were informed by the close relationship between the two schemes; the longstanding "parity of funding" objective; and an objects clause in the Staff Scheme. The clause indicated that the main purpose of the Scheme was to provide the benefits specified in the rules, but not additional benefits by way of augmentation.

3. Had the trustee's in-principle decision as to the merger been properly reached?

Yes. The trustee had managed conflicts of interest appropriately, and had considered relevant factors while ignoring the irrelevant.

Relevant factors included the "parity of funding" objective. In the circumstances, there was a strong moral obligation to effect a merger. The trustee could properly take that into account.

- The Court confirmed that the proposed amendment was within the scope and purpose of the amendment power. The Court also approved the trustee's proposed decisions as to amendment and merger.

Comment: The case demonstrates that the role of trustees is not simply to act in the best interests of members. Purpose is key. Trustees must understand why their powers have been conferred, and must use those powers to further the objects of the scheme.

Ombudsman discusses dishonesty test in liberation ruling

The Pensions Ombudsman made substantial awards against individuals and companies involved in scams and pension liberation. The **determination** discusses at length the basis for determining whether behaviour is dishonest.

Mr Kaigh and Mr McNally had set up three money purchase schemes (the **Schemes**). The trustees were, at different times, either Mr Kaigh or Mr McNally, or companies of which they were sole directors (the **Trustee Companies**). The trustees appointed another company (**Brambles**) to administer the Schemes.

More than 100 people took transfers from their existing pension arrangements into the Schemes. In many cases, people were promised that they would receive an initial payment on completion of their transfer, even if they were below minimum pension age.

The trustees used a small proportion of the Schemes' assets to make initial payments to members. They used the remaining assets to make payments to Brambles of £3,000 per member, supposedly to cover administration, and to invest

in unlisted and unproven companies. There were close links between the trustees, Brambles, and many of the investments.

The investments failed. Members seeking to take benefits or transfers from the Schemes found Brambles to be unresponsive. Several members complained to the Ombudsman.

The Ombudsman ruled as follows:

- There had been multiple instances of maladministration, breach of legislation and breach of trust by the trustees.
- Mr Kaigh and Brambles were liable in respect of breaches of trust by the Trustee Companies, because they had dishonestly assisted in the breaches. The Ombudsman's jurisdiction extended to them, on the basis that Mr Kaigh was a constructive (de facto) trustee, and Brambles was an administrator.
- The trustees could not rely on a defence of member consent or contributory negligence. Nor, as regards the investment breaches, could they rely on exoneration clauses or indemnities. (Under the Pensions Act 1995, trustees cannot be exonerated for breach of their investment duties.)
- The payments which the trustees had made to Brambles were grossly excessive. The trustees had breached the Trustee Act 2000, which says that trustees should not pay agents more than is reasonable.
- Brambles had not run the Schemes to the standard which would be expected of a competent administrator. That amounted to maladministration.

The Schemes' exoneration clauses were expressed to protect trustees from liability except in cases of (variously) "wilful default" or "personal conscious bad faith". Whilst the exoneration clauses could not apply to investment breaches, they could in principle apply to other breaches. As to this, the Ombudsman said:

- There was no practical difference between "wilful default" and "personal conscious bad faith".



- In either case, as a matter of general law, a trustee could not be exonerated for dishonesty.
- Case-law suggested that honesty/dishonesty should be determined via two stages, one subjective and the other objective: (1) what was the individual's actual knowledge or belief; and (2) based on that knowledge or belief, was the individual's conduct honest or dishonest when judged by the standards of ordinary decent people.
- Assessed on that basis, various breaches committed by Mr Kaigh and Mr McNally were dishonest, meaning that they could not rely on the exoneration clauses.

The Ombudsman ordered the former trustees to make payments to the Schemes totalling £5.2m. Mr Kaigh and Brambles were jointly and severally liable for part of the Trustee Companies' liability, on the basis of their dishonest assistance. The Ombudsman also awarded compensation of £4,000-6,000 to each complainant for non-financial loss.

Mirror-image promise: Ombudsman orders "specific performance"

The Pensions Ombudsman **found** in favour of a member, in a case relating to a historic transfer between DB schemes.

The member's employer had persuaded him to transfer from one scheme to another in 1998.

Under rule 8.2 of the old scheme, pensions in payment were to increase at such rate as the employer from time to time determined. The applicable rate in 1998 was RPI capped at 5% (**RPI 5**).

The employer told the member that the new scheme would provide mirror-image benefits, and that his pre-1998 pension would be increased in the same way as under the old scheme. However, the rules of the new scheme did not provide for pension increases. The employer had unilateral power to amend the rules by resolution, but an amendment as to pension increases was never made.

The member left service shortly after the transfer, and retired in 2014. He was quoted, and initially received, a pension with increases of RPI 5.

In 2017 the trustees, noting that there was no pension increase provision in the rules and after obtaining counsel's opinion, told the member that he was not entitled to RPI 5, and embarked upon "correction". The member complained to the Ombudsman.

The Ombudsman ruled as follows:

- A contract had been formed between the member and the employer in relation to the transfer. Under the contract, the employer was obliged to procure mirror-image benefits, and to amend the rules of the new scheme accordingly. This was a continuing obligation.
- Although the transfer had taken place more than 25 years previously, the employer did not have a limitation defence. Time for these purposes did not start to run until 2017, when (via "correction") the employer had breached its continuing obligation. In any case, the appropriate remedy was specific performance (ie an order that the employer perform its contractual obligations), to which the Limitation Act does not apply.

- The trustees were themselves obliged to provide mirror-image increases on the transferred pension, by virtue of the transfer-in rule. The rule said that a transferee would be entitled to "such further benefits as the trustees considered justified" on the basis of the transfer payment. There was extrinsic evidence that the trustees had exercised this power, with mirror-image increases forming part of the package.
- In practice "mirror-image increases" would be RPI 5, unless and until the employer amended the rules to include a counterpart to old scheme rule 8.2, and used that provision to determine an alternative basis for subsequent increases.
- The employer should amend the scheme's rules and/or augment the member's benefits, so as to give effect to its obligations.

Comment: This appears to be the first case in which the Ombudsman has expressly ordered specific performance. We are unlikely to see many more. Specific performance is a remedy for breach of contract, and contract-based claims to pension benefits are relatively unusual. Members' rights generally lie under trust law, and the fact that a member has chosen or consented to a particular arrangement does not, in itself, mean that a contract has been formed. This was a key issue in the high-profile **Gleeds** case, which was discussed in the Ombudsman's determination.

Change to DC regulatory approach

The Pensions Regulator **announced** that it is moving towards a "more prudential" regulation model, and later provided **details**.

The change affects defined contribution schemes, in particular major master trusts. Going forward, the Regulator will place greater emphasis on managing regulatory risk, anticipating threats to members, and addressing risks to the UK economy.

DC schemes will be grouped into four segments.

- monoline master trusts (larger schemes which carry a higher risk to the market);
- commercial master trusts;
- non-commercial master trusts and collective DC schemes; and
- single and connected employer DC schemes.

The extent to which the Regulator engages with a scheme will depend on the relevant segment. All schemes will be expected to engage more transparently and more flexibly. Specific expectations for master trusts will be communicated more clearly.

Dedicated teams of experts will be allocated to schemes in the monoline and commercial segments. Similar expertise will be available for schemes in the other two segments.

Comment: The announcement follows a pilot study, in which the Regulator worked closely with three major master trusts.

Encouragingly, the Regulator says that, although it will continue to focus on compliance, it will also seek to foster competition and innovation, in a bid to improve retirement outcomes.

PPF levy finalised – provisionally ...

The Government **announced** plans to legislate to provide greater flexibility as to PPF levies.

Legislation currently includes a cap, such that the Pension Protection Fund cannot increase its overall levy target by more than 25% from one year to the next. The PPF has a substantial surplus, but has been unwilling to adopt a nil or minimal levy, because the cap would prevent it from reimposing material levies should the need arise.

The Government presumably intends to abolish the cap by making provision in the forthcoming Pension Schemes Bill.

Following the Government's announcement, the PPF **finalised** its levy rules for 2025/26. Under the rules:

- The overall target is £45m (rather than £100m as originally proposed).
- There is an adjustment facility, such that the PPF can switch to a nil levy if the proposed legislation is brought forward and is expected to come into force during 2025/26.



Comment: The PPF normally issues levy invoices in October, but says that it is prepared to be flexible about timing this year, with a view to using the adjustment facility. A further announcement will be made by the end of September 2025.

Low-earners anomaly: HMRC update

HM Revenue & Customs **reported** on progress to address the "low-earners" anomaly.

Tax relief for pension savers is delivered either by a "net pay" arrangement or by "relief at source". In tax terms, low-earners fare less well under "net pay" schemes than they do under "relief at source" schemes.

Legislation to address the anomaly came into force in 2023. The legislation provides for HMRC to make cash payments to affected low-earners, following the end of each tax year.

The system applies for tax years from 2024/25 onwards. It had been expected that HMRC would start making payments in 2025. However, HMRC has now said that payments are unlikely to start until 2026. In the meantime, the Government will legislate to ensure that payments do not affect entitlements to State benefits.

Comment: HMRC estimates that a million low-earners in net pay schemes stand to receive payments of about £70 per year.

The impact on schemes will be minimal, because HMRC will contact and pay low-earners directly..

Changes at the Ombudsman

The Pensions Ombudsman published an **update** on the new operating model outlined in previous Pensions Planners.

The update discusses the "lead case" approach. Where an issue affects multiple members, the Ombudsman may select a single case for investigation and determination. The determination can then support rapid resolution of the other cases.

The update also provides an example of a short-form expedited determination. Separately the Ombudsman **announced** the appointment of Camilla Barry, a leading pensions lawyer, as Deputy Pensions Ombudsman. Camilla replaces the retiring Deputy, Antony Arter.

Comment: The Ombudsman proposes to adopt the lead case approach in relation to the Boots Pension Scheme dispute. The dispute concerns early retirement terms and the basis on which benefits were secured under a 2023 buy-in..

Other news

Other developments over the quarter included the following.

- **New Pensions Minister.** Torsten Bell was **appointed** as Pensions Minister. He replaced Emma Reynolds, who left office after just six months to become economic secretary to the Treasury. Before his election to Parliament, Mr Bell was chief executive of the **Resolution Foundation**.
- **Auto-enrolment thresholds.** The Government **confirmed** that auto-enrolment thresholds will be frozen for 2025/26. Accordingly (as at present) the earnings trigger for auto-enrolment will be £10,000, and the lower and upper limits of the qualifying earnings band will be £6,240 and £50,270.
- **WASPI.** The Government **apologised** for failures in communicating the change in State pension age for women born in the 1950s, but declined to pay compensation. The WASPI campaign group announced that it would seek judicial review of the Government's decision, and sent a letter before action to the Department for Work and Pensions.
- **Dashboards.** The Pensions Regulator updated its **guidance** to reflect recent developments. The Pensions Dashboards Programme **amended** its draft standards and code of connection, and published a **progress report**. Issues as to connection were discussed at a **dashboards town hall**.
- **BPAs and "funded re".** The Prudential Regulation Authority sent a **letter** to insurers outlining its priorities for 2025. The letter discusses developments in the bulk purchase annuity market, including funded reinsurance.
- **Clara transacts again.** Superfund Clara-Pensions **announced** a deal with the Wates Pension Fund. This was Clara's third transaction, but the first with a scheme with an ongoing sponsor. The Wates Fund will transfer 1,500 members and £210m of assets to a dedicated section within the Clara scheme. Wates will make a one-off contribution of £19m, and Clara will put up capital to provide additional security.
- **Scams.** The Pensions Regulator issued a new version of the **leaflet** which schemes are expected to send to transferring members. The Regulator also published a **blog post**.
- **Member communications.** The Financial Conduct Authority, the Information Commissioner's Office and The Pensions Regulator issued a **joint statement** about communications with pension scheme members. The statement seeks to clarify the circumstances in which communications can or should be sent.
- **DB landscape.** Annual reports on the defined benefit landscape were published by **The Pensions Regulator** and the **Pension Protection Fund**. Both reports indicated that schemes were typically well-funded.



Timeline

April 2025 to September 2026 "Connect by" dates for dashboards

These are the expected connection dates specified in the DWP's staged timetable. The applicable date depends on a scheme's size and type

2026-2028 State Pension Age

Increases to 67

31 October 2026 Longstop date for dashboards

This is the mandatory deadline for connection



2025



2026



April 2027
Death benefits and inheritance tax

Proposed date for changes to the IHT regime



2027

6 April 2028
Increase in normal minimum pension age

NMPA increases to 57. The change affects people born after 6 April 1971



2028

2030
Indexation

RPI to be aligned with CPIH



2030

In the pipeline

The next six months

Pensions review

The Government will publish a final report on phase 1 of the pensions review in spring 2025.

Pension Schemes Bill

We expect the Pension Schemes Bill to be published in the wake of the phase 1 report.

The King's Speech indicated that the Bill would cover commercial superfunds, small pot consolidation, DC decumulation, and the extension of any new value-for-money framework to trust-based schemes.

From the Mansion House speech, it seems that the Bill will go further, covering changes to the Local Government Pension Scheme, and perhaps measures to drive DC consolidation.

The Bill is likely to provide also for removal of the cap on PPF levy increases.

Surpluses and public sector consolidator

The Government plans to publish a response to the 2024 "Options for DB schemes" consultation in spring 2025.

Scheme funding regime

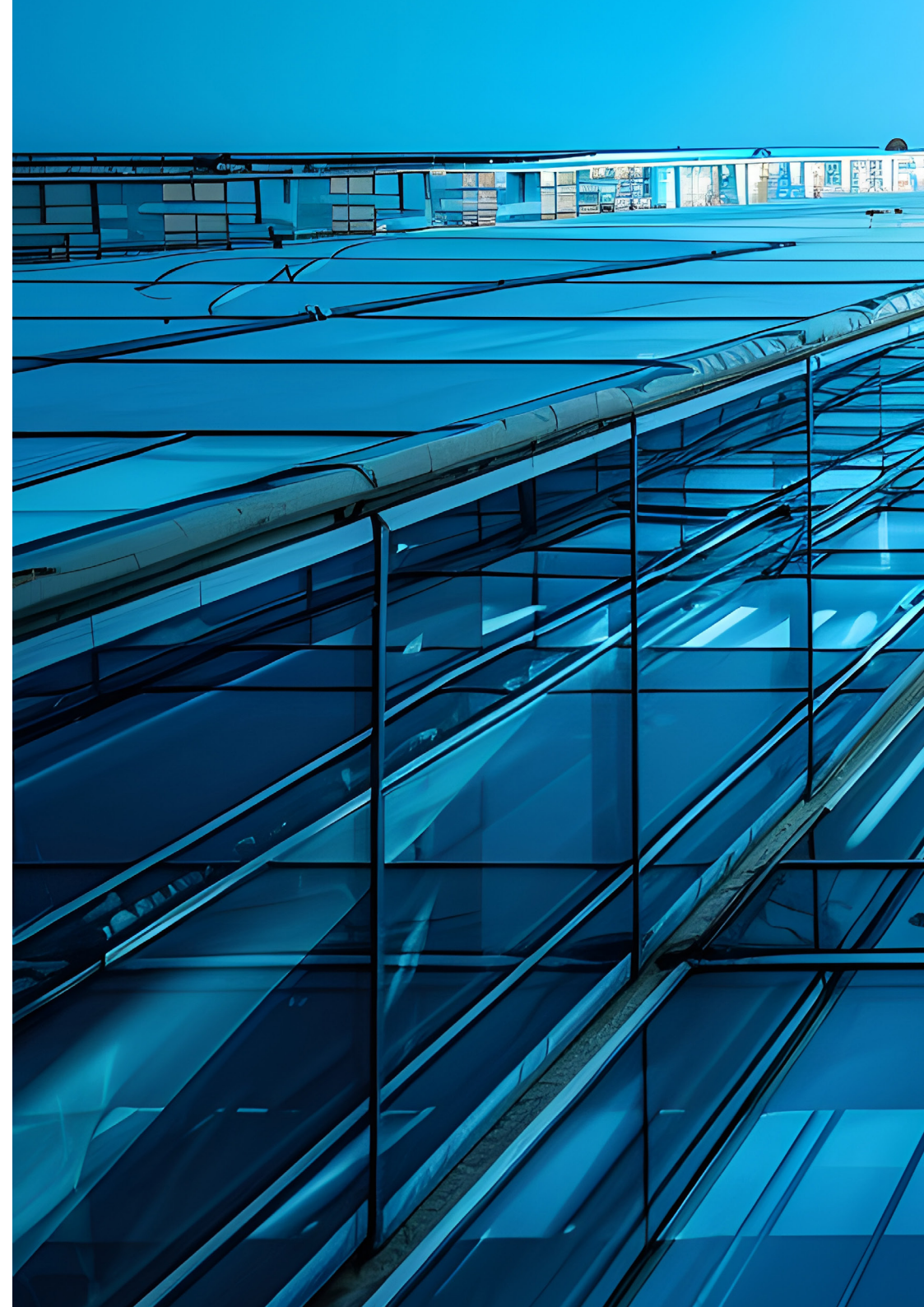
We expect The Pensions Regulator to launch its online system for submissions under the new funding regime.

High Court hearing on validity of amendments

A case on the validity of past amendments to TPT, an industry-wide pension scheme, is listed for February and March 2025. Among other things, the Court will consider questions arising from the Virgin Media case.

VFM framework

The industry awaits the outcome of the FCA's consultation on its proposed new value-for-money framework, which closed in October 2024. The proposals (including a "traffic lights" rating system) met with significant pushback. It may be some time before a consultation response emerges.





For a full list of our global offices visit [HERBERTSMITHFREEHILLS.COM](https://www.herbertsmithfreehills.com)
