Dear Frank,

Thank you for your letter of 14th October regarding the Pension Schemes Bill and the regulation of superfunds. I am happy to answer your questions one by one.

1. You will be aware that the Bill was introduced in the House of Lords on Tuesday 15th October 2019, and has since been published at https://services.parliament.uk/Bills/2019-20/pensionschemes.html.

The Second Reading of the Pension Schemes Bill, was scheduled for 30 October, this was cancelled following the announcement of the upcoming general election.

2. When parliament is dissolved all outstanding Parliamentary business, including Bills, are lost. If the new government decides to bring this legislation back in a new Parliament, it will need to start the Parliamentary process again. The new government will also have to decide how it wishes to engage with the Committee on this and other matters moving forward.

3. As you have seen, the Bill did not refer to defined benefit consolidators. The government continues to support the superfund model and we are working to develop a framework which is accessible for schemes and employers who are unable to secure an insurance buyout. We want to make sure superfunds are commercially viable, secure for members, and protect the Pension Protection Fund.

My officials continue to work with regulators, other parts of Government and other stakeholders across government to finalise our position. As you can appreciate this is a complex task and the issues around the capital requirement remain contentious. This is critical and will dictate the legislative framework we take forward. I have also had discussion of this issue with TPR, ABI and MPs in the commons and Peers in the Lords such as Baroness Drake and Lord McKenzie. Although arriving at an appropriate position is taking longer than anticipated, I am confident that we will soon be in a position to
publish a response to the recent consultation. After this is done, we intend to legislate as soon as we can, but this will not be soon.

The Pensions Regulator (TPR) has oversight of superfunds. Under current legislation they have funding, governance and enforcement powers to act to protect savers both against an employer or scheme wishing to transact, or against a superfund. The Regulator is working closely with the two emerging superfunds and has set out its expectations in published guidance, pending legislation.

I hope this is helpful; please don’t hesitate to contact my office if you require more information. I am very happy to discuss in person or before your committee at any time.

Guy Opperman MP
Minister for Pensions and Financial Inclusion