

Update

November 2024

In this issue:

- Pensions investment review
- Shadow cabinet appointments
- LDI resilience report
- MaPS report and accounts
- Company news

Pensions investment review

The government has published an interim report on phase one of the pensions review launched by the Chancellor, Rachel Reeves, in July 2024.

The report puts forward proposals to deliver a major consolidation of the UK pension system and seeks to unlock billions of pounds of new investment for the UK economy and boost returns for savers. Alongside the report, the government has published two consultations:

- Proposals to legislate for a minimum size and maximum number of defined contribution (DC) pension scheme default funds. The consultation suggests that a number of scale benefits can arise at a fund size of £25 billion - £50 billion (or greater).
- Proposals to overhaul the way the Local Government Pension Scheme in England and Wales (LGPS) invests, in particular mandating certain minimum standards for LGPS asset pools, boosting LGPS investment in localities and regions, and strengthening the governance of both administering authorities and LGPS pools.

The government has also published research providing analysis of the trends in UK pension fund asset allocations over time, evidence on the benefits of scale, and comparisons to selected countries.

Shadow cabinet appointments



Helen Whately MP

The Conservative leader, Kemi Badenoch, has announced details of her shadow cabinet. Notable inclusions are former Secretary of State for Work and Pensions, Mel Stride, as Shadow Chancellor of the Exchequer and former Minister for Pensions (later Chief Secretary to the Treasury), Laura Trott, as Shadow Secretary of State for Education.

The new Shadow Secretary of State for Work and Pensions is Helen Whately, MP for Faversham and Mid Kent. There is currently no Shadow Minister for Pensions.

LDI resilience report

The Bank of England has published a report on its System-Wide Exploratory Scenario (SWES) exercise which demonstrates that pension funds have significantly improved their resilience with respect to Liability Driven Investment (LDI) over the past two years.

In April 2023, The Pensions Regulator (TPR) issued guidance setting out practical steps trustees should take to manage risks when using leveraged LDI. TPR welcomed the conclusions of the report.

MaPS report and accounts

The Money and Pensions Service (MaPS) has published its annual report and accounts for the year ended 31 March 2024 which reveals a substantial increase in the cost of delivering pensions dashboards, from £8.1m in 2022/23 to £14.1m in 2023/24. Nearly all of the increase relates to “contracted services”.

Company news

Aegon has announced its intention to launch a commercial pensions dashboard, following the Financial Conduct Authority’s (FCA) publication of a regulatory framework for pensions dashboard service firms. However, Aegon said it supported plans to prioritise the availability of the MaPS dashboard to consumers ahead of making its own service available.



This Update should not be relied upon or taken as an authoritative statement of the law. For more information, please contact us using the details shown. If you do not wish to receive future copies of Update, please go to www.novusactuarial.com/news to unsubscribe.

“We recognise the important role pensions play in the wider financial eco-system and continue to guard against systemic risks by understanding how schemes act during stressed market conditions”

Nausicaa Delfas, Chief Executive of TPR