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Guidance

# Terms of Reference

Published 16 August 2024

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# 1. Background

The Chancellor has launched a landmark pensions review to boost investment, increase saver returns and tackle waste in the pensions system. The Chancellor has appointed the Minister for Pensions to lead the review. The review will focus on defined contribution workplace schemes and the Local Government Pension Scheme.

The review will also work closely with the Minister of State at MHCLG Jim McMahon to look at how tackling fragmentation and inefficiency can unlock the investment potential of the £360 billion Local Government Pension Scheme in England and Wales, which manages the savings of those working to deliver our vital local services, including through further consolidation.

## 2. Policy Remit

The first phase of the review will focus on developing policy in four areas:

1. Driving scale and consolidation of defined contribution workplace schemes;
2. Tackling fragmentation and inefficiency in the Local Government Pension Scheme through consolidation and improved governance;
3. The structure of the pensions ecosystem and achieving a greater focus on value to deliver better outcomes for future pensioners, rather than cost; and
4. Encouraging further pension investment into UK assets to boost growth across the country.

## 3. Further guidance

In developing its recommendations, the review will have regard to:

- Boosting the returns for pension savers.
- Improving the affordability and sustainability of the Local Government Pension Scheme in the interest of members, employers and local taxpayers.
- The role of pension funds in capital and financial markets to boost returns and UK growth.
- Any implications for wider Government financial stability policy objectives such as with respect to the gilt market.
- Fiscal impacts, which will need to be considered in the context of the public finances.

- The progress already made on in-train policy initiatives such as the Value for Money Framework and other live reform programmes.
- A wide range of external viewpoints, including employers, trade unions, the pensions industry, financial services, local government and consumer voices.

## 4. Governance

The joint HM Treasury-Department for Work and Pensions Minister Emma Reynolds MP is leading the review.

## 5. External engagement with the review

The review secretariat will consult widely as it develops its analysis and policy options. Co-creation with industry and the Local Government Pension Scheme will be an essential part of the review process, as will expertise from leading voices and think-tanks.

## 6. Outputs and Reporting

The first phase of the review will focus on investment and report initial findings later this year and ahead of the introduction of the Pension Schemes Bill. The second phase will start later this year and alongside investment will consider further steps to improve pension outcomes, including assessing retirement adequacy. Ongoing policy development with respect to defined benefit workplace pensions schemes will remain separate from the review.

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