



**I**ntroduced in June, the Pension Schemes Bill represents the most significant reform of UK workplace pensions since automatic enrolment. It charts a path toward a more consolidated, transparent, and outcome-driven system – where scale and performance based on value are no longer optional but essential.

At People's Pension, we see much to welcome in the bill's direction. It aligns with principles we've built our business on, driving scale through our profit-to-member model to deliver long-term value and better outcomes for savers. However, real progress depends on the industry's ability to navigate the changes, and on government and regulators focusing on ensuring meaningful change is delivered in line with the policy intent.

Across global pension systems, larger schemes – typically with over £25 billion under management – are better positioned to deliver value. Scale enables more efficient administration, economies of scale, and greater ability to invest in private markets.

While the Mansion House Accord aims to boost returns for savers and support UK economic growth through private market investment, success depends on effective implementation. We support the ambition – but the bill's reserve powers are stronger than expected and will drive swift action. It's

# Pension reform with long-term ambitions

➤ **The Pension Schemes Bill proposes a bold shift in UK pensions; delivering real value requires industry-wide effort**

vital we keep savers interests in focus.

Without a clear pipeline of investable assets, there's a risk of too much capital chasing too few opportunities. The government's infrastructure strategy is a good start, but it must deliver. We also need the right structures in place to enable schemes to invest in the most efficient manner. Much progress has been made over the past few years through the British Growth Partnership and others, but the sector should expect to be held to account on the productive assets issue and there is still more to do.

The bill's value for money framework is also a chance to shift the industry conversation beyond charges to a more balanced view that includes performance, service, and governance. But is the industry thinking clearly enough about what value really means – and who needs to understand it?

Delivering meaningful change will take more than a long list of metrics. The conversation must engage both members – to help them navigate the system – and advisers, whose role in scheme selection is critical. Shifting focus from cost to long-term value is challenging given entrenched mindsets. Transparency and comparability of key measures, centring on the fundamentals of performance – and confidence in how they're constructed – must be at the heart of any definition of value. As this information enters the open market, it must offer a clear, reliable picture for consumers and improve trust in the pension system.

This need for clarity and trust becomes even more pressing with

commercial dashboards coming online. These platforms need to present comparable value for money information, to help savers understand retirement outcomes.

Small, dormant pension pot growth has long been recognised as an issue needing a system-wide solution. The proposed default consolidator model could offer a practical, scalable way to address it – reducing inefficiency and helping savers build more meaningful balances.

There's a significant technical challenge here, building on pensions dashboards, and it will take time to get right. But, like dashboards, it could transform how people engage with workplace pensions. I hope we don't miss the chance to create long-term infrastructure that lets savers take their providers with them when changing jobs. There's much to learn from markets like Australia, and we should lay the groundwork now to build a system that works better for savers in the long term.

Delivering these reforms is a major task for our industry, and close collaboration with government and regulators is essential to ensure a smooth transition. At People's Pension, we're committed to making it work and collaborating across our industry to deliver better outcomes for savers.

➤ **Written by Patrick Heath-Lay, CEO of People's Partnership, provider of People's Pension**

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