As the final stages of the BHS and Tata Steel sagas play out, the UK Pensions Regulator has said that it will transform the way it regulates defined benefit (DB) pension plans. Following a consultation in 2017, the Government is due to issue a White Paper in 2018 that could significantly increase the Regulator’s powers and restrict companies’ actions where DB plans are involved. The key issues and their potential implications are summarised here.

"With more than £1.5 trillion invested in them, people need to have confidence that [DB schemes] are resilient and robustly regulated."

SECRETARY OF STATE FOR WORK AND PENSIONS, DAVID GAUKIE

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MARCH
Sale of BHS to Dominic Chappell’s Retail Acquisitions Group for £1.

APRIL
BHS files for administration leaving pension schemes with a combined estimated funding deficit of £570 million (buy-out basis).

DECEMBER
The Work and Pensions Committee publishes a report looking at the DB sector. Recommendations include, major changes to the Regulator’s powers, including the power to impose punitive fines and pre-authorisation of deals, which together would act as a “nuclear deterrent” to scheme sponsors avoiding their pension obligations.

MAY
The Regulator publishes its 2017 Annual Funding Statement. Regulator confirms that it is likely to intervene where it believes schemes are not being treated fairly compared to shareholders, including, potentially, in the context of the payment of dividends.
The Government’s manifesto includes pledge to give the Regulator increased powers in relation to the pre-authorisation of deals, together with the power to issue punitive fines.

FEBRUARY
The Government publishes its Green Paper and consultation. Includes discussion of punitive fines, pre-authorisation of deals and the possibility that scheme sponsors should be required to consult with trustees before paying dividends in certain circumstances.
The Regulator reaches settlement with Sir Philip Green in relation to the BHS pension scheme for £363m.

JULY
Report published by the Work and Pensions Committee and the Business, Innovation and Skills Committee into the collapse of BHS.

JULY
The Regulator publishes initial report from its TPR Future work. Regulator sets out its new regulatory approach, including its intention to become quicker and tougher.

SPRING
White Paper due to be published.