

Appendix 4: Draft TfL Pension Fund policy on Notifiable Events

The Pension Schemes Act 2021 (PSA 21) introduces new Pensions Regulator (Regulator) powers and civil and criminal offences regarding the operation of defined benefit occupational pension schemes, such as the TfL Pension Fund (the Scheme).

Pursuant to the PSA 21, the Scheme employers and Scheme trustees must notify the Regulator of certain events happening as soon as reasonably practicable and, for certain Scheme employer-related events, after 6 April 2022, this notice will need to be provided in advance.

The managing Chief Finance Officer, Director of Corporate Finance and Group Treasurer will oversee the arrangements for the implementation, execution, operation and administration of measures to ensure that TfL as a Scheme employer complies with its obligations in relation to notifiable events listed below, [for itself and all other Scheme employers].

While notifiable events will be reported in relation to the Scheme as and when required, a report will be produced bi-annually to the Finance Committee on the reporting of any notifiable events to the Regulator. The Finance Committee will be notified as soon as reasonably practicable in respect of any actual or likely difficulty in respect of compliance with TfL's obligations in relation to notifiable events.

Notifiable events

A Scheme employer must notify the Regulator as soon as reasonably practicable if:

- they decide to take action which will, or is intended to, result in a debt due to the pension scheme not being repaid in full;
- they cease, or decide to cease, business in the United Kingdom;
- [they trade wrongfully, or a director (or former director) knows that insolvent liquidation is likely;] – *due to be removed from 6 April 2022*
- they breach a banking covenant, except where the bank agrees not to enforce the covenant;
- a director is convicted for an offence involving dishonesty;
- a decision in principle is made, or an offer is received, which may result in a change to who controls them*;
- a decision in principle is made, which may result in the sale of a material proportion (25+%) of their business or assets*; or
- a decision in principle is made, which may result in them granting security over a debt which gives the debt priority over the pension scheme*.

(*) = A separate "accompanying statement" must also be provided to the Regulator and the Scheme trustees as soon as reasonably practicable after the "main terms" of the relevant event "have been proposed".

Note: Some of these events may not need to be notified to the Regulator if the Scheme's funding position is above a specified level. Advice will be sought as appropriate whenever any of these events are anticipated to occur.