

Quarterly Pensions Watch: New Prime Minister turns his attention to pensions



What you need to know

- The UK Parliament spent much of the summer in recess, returning at the start of September for new Prime Minister Andy Burnham's first session as leader of the Cabinet. In his first pensions-related move during the Labour Conference in September, he vowed to sever the link to average earnings in the State Pension triple lock from 2030, with the savings used primarily to fund a new social care service.
- John Healey, the new Chancellor of the Exchequer, will deliver his Autumn Budget on 28 October 2026. As in previous years there is speculation as to whether he will look to pension schemes as a source of additional tax revenue.
- Progress continues on The Pensions Regulator's (TPR's) roadmap. In particular, TPR is expected to consult on detailed guidance for ongoing surplus release by the end of 2026.
- A final response on the 2025 consultation on TPR's enforcement strategy has been published. TPR outlined its next steps for implementation and provided further detail on how it aims to support its objectives.

Latest news

Development	Comment
Guided Retirement guiding principles	The Department for Work and Pensions (DWP) released its guiding principles for Guided Retirement in July. The framework will require defined contribution (DC) schemes to provide a default retirement pathway that provides members with a sustainable income for life. The guiding principles are set around removing complex decision-making for members, reducing the risk of savers running out of money in retirement, while retaining freedom of choice for members who wish to make their own decisions.
Normal Minimum Pension Age Transitional Provisions Regulations	The Government consulted over the summer on transitional rules for the increase in normal minimum pension age from 55 to 57 in April 2028. The proposals aim to ensure that individuals aged 55 or 56 who are already entitled to benefits can continue receiving specified pension payments without adverse tax consequences.
Pension Protection Fund consultation on valuation assumptions	The Pension Protection Fund (PPF) has consulted on changes to the assumptions schemes must use when providing valuation information to the PPF (section 179 and section 143 valuations). Following discussions with six bulk annuity providers, the PPF concluded that insurer pricing has become more competitive since its last major review in 2023 and that existing assumptions may therefore overstate liabilities when compared with current buyout costs. The consultation focuses on aligning these assumptions, with final decisions expected in October.
TPR's five-year strategy and corporate plan	TPR's new five-year strategy focuses on helping savers achieve a sustainable income in retirement, with an emphasis on stronger governance, better value for money and improved retirement outcomes. The strategy includes continued consolidation into larger, better-run schemes and a more active, outcomes-focused role in shaping the pensions system and improving member experiences.
Small Pots: a pathway for consolidation	The DWP launched a consultation in September building on plans in the Pension Schemes Act 2026 to automatically combine small dormant pension pots into a small number of authorised consolidator schemes. The DWP estimates that there are over 13 million deferred pots worth less than £1,000. The consultation focuses on moving pots in auto-enrolment schemes established since 2012, where the pot is less than £1,000 and has received no contributions for 12 months. The aim is for this to become operational from 2030.

Spotlight on TPR's enforcement strategy

Published in September, TPR's new enforcement approach marks a shift towards a more proactive, risk-based and outcomes-focused model of regulation. TPR says enforcement is intended not only to address wrongdoing, but to prevent harm, secure remediation where needed, hold those responsible to account and maintain member confidence in the pensions system.

Enforcement tools will continue to range from guidance and supervisory engagement through to fines, trustee prohibitions, appointments of independent trustees and criminal prosecutions where appropriate. Cases will be prioritised based on impact, scale and complexity, focusing particularly on situations involving significant member detriment. The strategy is built around five main objectives:

Objective	What it means in practice
Targeted enforcement of key risks and harms	Focusing its enforcement resources on the issues that pose the greatest risk to members and where intervention can have the biggest effect.
Enforcement through assertiveness, agility and collaboration	Identifying and responding to risks earlier by working closely with supervisory and market oversight teams, other regulators and industry bodies.
Decisive action against non-compliance, regulatory breaches and economic crime	Using its regulatory, civil and criminal powers, escalating urgent cases where members or scheme assets are at immediate risk, and working alongside law enforcement agencies on matters such as fraud and money laundering.
Enhanced transparency	Making its expectations and enforcement decisions more visible to the industry by publishing enforcement outcomes and explaining its actions.
Data-driven enforcement	Making greater use of data, analytics and technology to identify emerging risks, prioritise cases and target resources where they can have the greatest effect.

Other measures on the horizon

Item on the horizon	Brief explanation	DB	DC
Value for money (VFM) framework	The Financial Conduct Authority, TPR and DWP are consulting on a consistent approach to assessing DC arrangements across investment performance, costs and service quality, with a focus on member outcomes rather than low costs. The first assessments are expected from 2028.		✓
Response to DWP consultation on trusteeship and governance	This consultation from earlier in 2026 focused on raising standards of trusteeship, governance and administration. Core proposals considered mandatory accreditation for professional trustees and improving board diversity. A consultation response is expected shortly.	✓	✓
Surplus release	TPR is expected to publish guidance later in 2026 on ongoing surplus release from DB schemes.	✓	
Climate Change Governance and Reporting	DWP is expected to undertake a post-implementation review of the 2021 Climate Change Governance & Reporting Regulations in September 2026.	✓	✓
DB transfer advice threshold	The government is expected to review whether the £30k threshold for mandatory independent financial advice on DB transfers remains appropriate.	✓	
Pension triple lock reform	The Prime Minister has announced that the existing state pension triple lock will no longer link to national average earnings from 2030, in order to fund a new national care service.	✓	✓
Finance Bill and Autumn Budget	The Autumn Budget will be delivered on 28 October. A draft version of the 2026-27 Finance Bill has already been published, with finalised legislation expected to follow the Autumn Budget.	✓	✓

Find out more

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