

DWP consults on standards of pension scheme trusteeship and governance



What you need to know

- On 15 December 2025, the Department for Work and Pensions (DWP) launched a consultation that aims to identify measures for improving the standards of trusteeship, governance and administration of trust-based workplace pension schemes. The consultation closes on 6 March 2026.
- The DWP has emphasised the vital role of good trustee decision-making in delivering retirement outcomes, particularly given the significant changes to the pensions landscape being introduced in the Pension Schemes Bill.
- The consultation focuses on the regulation of professional trustees, with particular consideration given to sole trustees. It also raises questions about the diversity of trustee boards and how best to support lay trustees in their roles.
- It also considers whether there should be greater regulation and oversight of pension scheme administrators.



Actions you can take

- Feed your comments into the consultation, either directly via the form on the DWP's website, or by passing feedback to your usual XPS contact.
- Ensure your scheme governance meets the regulatory standards and make sure your scheme is ready for its first Own Risk Assessment, which for most schemes is due in 2026.
- Carry out a trustee effectiveness review to assess whether there are any areas for improvement in the operation of your trustee board and scheme's governance.

What are the key themes of the consultation?

Driver for change	Area explored in the consultation
Pension Schemes Bill	Provisions in the Bill around use of surplus and enhanced requirements for DC schemes lead to complex strategic decisions for trustees. The DWP wants to ensure that trustee boards have the right make-up and decision-making framework to tackle these key decisions.
Increase in use of professional trustees	There has been a steep rise in the number of trustee boards with professional trustees, as well as the number of schemes that have a sole trustee model. The consultation seeks to explore whether potential conflicts for professional trustees are being managed appropriately and whether they should face a statutory higher standard.
Difficulty in finding lay trustees and succession as existing trustees retire	The consultation asks what role the Government/The Pensions Regulator (TPR) could play in helping attract a diverse and talented pool of individuals to trusteeship, and ensuring that lay trustees receive the support needed to carry out the role effectively.
Increase in consolidation and demands on administrators	The consultation asks whether scheme administrators should have regulatory oversight from TPR and whether there should be any mandatory minimum standards.

The finer detail: Trustees and Governance

Good Governance

Importance of good governance

The increasing importance of good scheme governance (in the form of knowledgeable and engaged trustee boards) is stressed in the consultation, particularly as a consequence of the changes being introduced in the Pension Schemes Bill (for example around use of surplus or the DC Value for Member requirements) and the important strategic decisions trustees need to make.

Raising the bar

The DWP has outlined its view that trustees should be held to a higher standard, not only in terms of technical knowledge and understanding, but also in essential soft skills such as effective leadership. The consultation aims to explore ways to raise these standards.

The role of professional trustees

As schemes grow in complexity and maturity, professional trustees are playing an increasingly central role. The consultation highlights the many benefits they bring, while emphasising the need for appropriate safeguards to manage potential conflicts of interest - particularly in cases where a sole trustee is appointed.

It also examines governance and the trustee model within master trusts, where employer involvement in the appointment of trustees is typically limited or absent.

Trustees and their appointment

Appointment and replacement

The DWP has emphasised the importance of trustee bodies having a wide range of skills and understanding, and hence the appointment process is key. The consultation seeks to explore how to bring appropriate diversity, skills and talent to trustee boards.

Role for a Public (independent) Trustee

The DWP wishes to investigate any alternatives to the process of removing trustees that aren't seen as "fit and proper" and considers the use of a Public Trustee to provide a secure independent alternative.

Skills and Knowledge

Accreditation for professional trustees

The DWP has proposed increasing the requirements that professional trustees need to meet and wishes to explore whether the Government should set out a statutory basis for standards, rather than allowing the industry to self-regulate.

Support for lay trustees

Lay trustees currently receive support from TPR (plus organisations such as the PMI and AMNT). The consultation asks whether a "one-stop" website providing resources would be useful, or a more formal continuing professional development requirement.

Member Voice

Capturing views of the membership

As larger multi-employer schemes become more commonplace, there is a concern that members' voices won't be heard. DWP welcomes suggestions on how to mitigate this.

Administration

Regulation of administrators

The administrator plays a key role in the running of a scheme. The consultation explores whether they should be regulated by TPR and further if there should be mandatory minimum standards that schemes would need to ensure were met. The consultation also seeks views on how TPR could mitigate and manage the risk of a disorderly exit from the market of one of the large third-party administrators.

Find out more

For further information, please get in touch with **Ethan Taylor**, **Robert Wallace** or speak to your usual XPS Group contact.



Ethan Taylor
Associate

 ethan.taylor@xpsgroup.com



Robert Wallace
Partner

 robert.wallace@xpsgroup.com



© XPS Group. XPS Pensions Consulting Limited, Registered No. 2459442. XPS Investment Limited, Registered No. 6242672. XPS Pensions Limited, Registered No. 3842603. XPS Administration Limited, Registered No. 9428346. XPS Pensions (RL) Limited, Registered No. 5817049. XPS Pensions (Trigon) Limited, Registered No. 12085392. Penfida Limited, Registered No. 8020393. Polaris Actuaries and Consultants Ltd, Registered No. 9640309. All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).

This communication is based on our understanding of the position as at the date shown. It should not be relied upon for detailed advice or taken as an authoritative statement of the law.