XPS Group

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XPS Insights

Quarterly Pensions Watch: Pension Schemes Bill 'ping-pong'

What you need to know

- The Pension Schemes Bill (PSB) was hotly anticipated to be in force by the end of March but has been subject to challenge in the House of Lords. The Lords voted to remove the 'mandation' reserve power which would allow Government to compel investment in specific asset classes for certain defined contribution (DC) pension schemes. On 10 April 2026, the Government put forward a watered down version of this power. The Commons will consider the amendments on 15 April 2026, with the potential for the 'ping-pong' process between the Houses to continue.
- In anticipation of greater flexibility provided for in the PSB, trustees and sponsors of defined benefit (DB) schemes will be pleased that the Pension Protection Fund (PPF) has announced no levies for a second year running.
- The first quarter of the year also saw the publishing of regulatory guidance for trustees on the Virgin Media case, as well as the Finance Act 2026 enacting the measures to bring certain pension benefits into the inheritance tax regime (from 6 April 2027).
- A busy Spring is expected, with the PSB expected to receive Royal Assent, as well as the interim report of the Pensions Commission.

Latest news

Development	Comment
Pension Schemes Bill	The PSB has been progressing through the various parliamentary stages and is set to return to the House of Commons for consideration of amendments on 15 April. The Lords proposed a number of amendments to the PSB, in particular removing the Government's mandation clause, which contains a reserve power to require trustees of some DC schemes to invest a proportion of their assets in particular asset classes. This was originally designed as a measure to help boost the UK economy, but the Lords argued it undermined the fiduciary duty of trustees. On 10 April, the Government proposed an amended form of the mandation clause, with a cap imposed on the assets it applies to (of 10% of default funds). Time is limited to get the PSB agreed ahead of the closing of this parliamentary session, with the King's speech then scheduled for 13 May 2026.
PPF Levy	The PPF has again confirmed that most DB schemes will not be charged a PPF levy in the Autumn. Schemes must still submit a Section 179 valuation and complete annual scheme returns via The Pensions Regulator's (TPR's) Exchange platform. Schemes already in the PPF should also expect changes to pre-1997 pension increases from January 2027, subject to the PSB being passed.
Virgin Media	TPR released guidance in March to help trustees consider their roles and responsibilities in relation to the Virgin Media remedy included in the PSB. (As a reminder, this enables affected schemes to retrospectively obtain written confirmation from the scheme actuary that historic benefit changes met the relevant test standards). The Financial Reporting Council (FRC) also provided guidance in January to support scheme actuaries certifying such amendments.
Finance Act 2026	On 18 March 2026, the Finance Act 2026 achieved Royal Assent, which included the Government's announcement in the 2024 Budget to bring unused pension funds and certain pension death benefits within scope of a person's estate for Inheritance Tax. This will come into effect from 6 April 2027.
CMI 2025	The Continuous Mortality Investigation (CMI) released its latest annual update to the CMI Mortality Projections Model, CMI 2025. Reflecting record low mortality rates in 2025, the latest CMI model projects slightly higher life expectancies at age 65 compared to the previous model, CMI 2024.

Spring 2026: A significant season for the pensions industry

Area	Anticipated development
Pensions Scheme Bill	Despite the challenges faced by the Government to seek agreement with the House of Lords, Royal Assent is still expected in the next month. This will bring about key measures including increased flexibility for DB schemes to release surplus and a statutory framework for superfunds. For DC schemes the Bill includes an enhanced Value for Money (VFM) framework and guided retirement duties as well as small pot consolidation. Further regulation and guidance will be issued over the coming years to bring these provisions into force.
Pensions Commission	The Interim Report on long-term retirement adequacy and the future of UK retirement saving is expected this Spring, with final recommendations due in 2027. Focus areas include adequacy for low earners, the self-employed and the retirement savings gap. It is expected to continue the shift in Government focus from 'investment growth' to saver outcomes.
Annual Funding Statement 2026	TPR's Annual Funding Statement 2026, relevant to DB schemes with valuations between 22 September 2025 and 21 September 2026, is expected to be published in April / May. Last year, the focus was on the importance of assessing the covenant despite vast improvements in schemes funding levels. This will be the second statement following the new DB funding code.
Salary sacrifice	Following the Government's 2025 Budget, where it was announced that salary sacrifice contributions by savers and employers above £2,000 would be liable for National Insurance contributions from 6 April 2029, the House of Lords proposed increasing this buffer to £5,000 for larger employers. This was subsequently rejected by the House of Commons and the National Insurance Contributions Bill for employers is expected to receive Royal Assent in the coming month.
Final VFM consultation	The PSB lays the framework for much wider requirements around VFM assessment for DC schemes. To ensure schemes interact with the proposed framework, the Financial Conduct Authority (FCA) has announced a final consultation over this quarter which may include feedback from the first consultation which closed in March. Legislation is not expected to be implemented until 2028.

Other measures on the horizon, at a glance

Overdue Awaited On track

Area	Anticipated development	Status
Surplus release	There will be greater flexibility to release DB scheme surplus back to employers and members once the PSB has passed. A consultation on more detailed regulations is expected in due course, as well as regulatory guidance later in the year.	
Multi-employer CDC schemes	TPR's consultation on extending the Collective Defined Contribution (CDC) code of practice to cover unconnected multiple-employer schemes closed in February 2026. The final code is expected during 2026. A response to the Government's consultation on retirement-only CDC is also expected. A response from the DWP following its latest consultation to raise trusteeship, governance and administration standards is expected in the coming months.	
Pensions Dashboards	Schemes continue to connect to the dashboard infrastructure ahead of the compulsory deadline of 31 October 2026. The timing of the public launch remains dependent on testing, but MoneyHelper is expected to be the first dashboard to go live by early 2027. DWP will provide six months' notice before the launch.	
Normal Minimum Pension Age (NMPA)	HMRC is expected to lay regulations to address minor transitional inconsistencies created by the increase in the minimum age at which most people can access their pensions from 55 to 57 from April 2028.	

Find out more

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