

Quarterly Pensions Watch: Government continues to push pensions reform



What you need to know

- Following an initial flurry of developments in June, the Government has continued to set out plans for reforming and improving the pensions system. In July, the Chancellor announced the return of the Pensions Commission, re-established to tackle growing concerns around inadequate retirement savings among working age adults.
- The Pension Schemes Bill (the Bill) is progressing through Parliament, having passed the Committee Stage in mid-September. The third reading is expected after the Autumn recess, followed by progress in the House of Lords.
- Ahead of the Chancellor's Autumn Budget announcement there has been significant speculation around the potential impact on pension schemes, although there are no confirmed changes at the current time. We wait to see what the Chancellor will announce on 26 November.

Latest news

Development	Comment
Virgin Media	Trustees will be breathing a sigh of relief as the Government continues to progress legislation to enable affected pension schemes to retrospectively obtain actuarial confirmation that historic benefit changes met the necessary standards. The proposed legislation has been added to the Pension Schemes Bill, allowing a rule change to be deemed valid <i>"...if the actuary confirms that it is reasonable to conclude that at that time the alteration would not have prevented the scheme from continuing to meet the statutory standard for contracted-out schemes"</i> .
Pension Schemes Bill	The Committee Stage introduced a number of minor technical amendments, as well as the required legislation to resolve the issues raised by the Virgin Media case. We expect that the Bill will have its third reading following the Autumn recess, before continuing on to the House of Lords, ahead of receiving Royal Assent in mid-2026 in line with the Government's roadmap.
SPA consultation	In July, the Government launched the third State Pension Age review, which will consider whether the current rules around pensionable age are appropriate based on the latest life expectancy data and other factors. The review will consider an independent report which will set out the key factors the Government should use to determine future changes to State Pension Age. This independent report is currently seeking responses to an open consultation.
PPF Levy	The Pension Protection Fund (PPF) has announced that it will not charge a levy for the year 2025/26, after deciding the Pension Schemes Bill had made sufficient progress through Parliament. This is estimated to save UK defined benefit pension schemes approximately £45 million.
Pensions Commission	Following the publication of phase 1 of the pensions review, the Government has reinstated the Pensions Commission to tackle growing concerns of inadequacy in retirement. The Commission will set out to explore the barriers which prevent people from saving for retirement, after analysis identified significant areas of risk, including the self-employed and low earners. Evidence will be gathered over the coming years with publication of the Commission's findings expected in 2027.
Trusteeship	The Pensions Regulator (TPR) has announced that it is seeking to raise the bar for trusteeship given the complex strategic decisions that trustees face. TPR is engaging with professional firms and in particular examining the sole trustee market. They are also working with government on an upcoming consultation on trusteeship and governance as well as soon launching a strategy for raising trusteeship standards.

The revived Pensions Commission

What did the original Pensions Commission do?	The Pensions Commission originally ran from 2002 to 2006 and led to the introduction of auto-enrolment and the current form of the State Pension.
Why has the Pensions Commission been revived?	Whilst auto-enrolment has meant that many more people are now saving for a pension, there is concern about falling retirement income levels. The government has reported that 15 million people are undersaving for retirement with retirees in 2050 on course for an average 8% less private pension income than retirees today. Following the Pension investment review the government has turned its attention to tackling retirement adequacy.
What issues are due to be considered?	The remit of the Commission includes consideration of • Outcomes and risk for future cohorts of pensioners through to 2050 and beyond • How to improve retirement outcomes, especially for those on the lowest incomes • The role of private pension provision and wider savings in delivering financial security in retirement • The long term challenges of supporting an ageing population • The Commission is due to publish an interim report in the Spring.
Who is leading the Commission?	The government has approved Baroness Jeannie Drake (who was part of the original Commission) to lead the revived commission together with former Kingfisher Executive Sir Ian Cheshire and professor of public policy Nick Pearce.

Other measures on the horizon, at a glance ● Overdue ● Awaited ● On track

Area	Anticipated development	Status
Own risk assessments (ORA)	The ORA is the trustees' review of how well the effective system of governance (ESOG) is working and how potential risks are managed. With the first wave of ORA deadlines on 31 March 2026, trustees will need to be prepared in order to demonstrate compliance with the general code.	●
Pensions Dashboards	With more schemes starting to hit connection deadlines, information continues to be published in relation to the Pensions Dashboards Programme. The Dashboard Working Group is due to publish a test case matrix to help schemes prepare for dashboard connections.	●
Multi-employer CDC schemes	DWP is expected to lay new regulations in Autumn 2025 allowing for multiple employer CDC schemes to be established.	●
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.	●
2021 Climate Change Regulations	DWP is due to undertake post-implementation review of the 2021 Climate Change Governance & Reporting Regulations in the second half of the year.	●

Find out more

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