XPS Group

April 2025

XPS Insights

Quarterly Pensions Watch
Spring is in bloom – but pensions industry waits

What you need to know

- A relatively quiet quarter for pensions news (putting aside the tariff turmoil for a moment) means that lots of activity is now expected before summer. A number of regulatory developments were flagged as due in the spring, including the Pension Schemes Bill, the report on phase 1 of the Pensions Review and the response to the consultation on use of surplus for defined benefit (DB) schemes. The Spring weather has firmly arrived but there was no mention of these developments in the Chancellor's Spring statement.
- Over the quarter The Pensions Regulator (TPR) set out its vision for 2025, amidst HM Treasury calling for an overhaul of the UK regulatory system. There has also been progress in the Pensions Dashboards programme and developments in the bulk annuity market.
- This quarterly update outlines what has happened recently and what to look out for in the coming months.

Latest news

Development	Comment
Market turmoil	The start of April has witnessed considerable global upheaval in relation to the imposition of tariffs by the US on all trading partners. Our investment team have produced a special report summarising the market response and actions pension schemes should take.
Overhaul of UK regulatory system	HM Treasury has published a policy paper on the UK regulatory system. It places a spotlight on ensuring regulation encourages new investment, innovation and growth whilst still protecting consumers and supporting competition. TPR has pledged to encourage consolidation and investment in productive assets as well as reviewing the regulatory burden on schemes.
TPR's vision for 2025	TPR has set out its priorities for the next 12 months, with an overarching focus on long term outcomes for savers: • Improve data quality • Closer regulation of the most strategically significant schemes • Value for money rather than overall costs • Raise standards of trusteeship further • Protect savers' outcomes from climate-related risks • Help DB schemes consider different future paths
Pensions Dashboards	Testing of connections for pensions dashboards was successfully completed for three participant organisations, proving the architecture works in a real-world setting. The initial tranche of the largest Master Trust schemes are due to connect by the end of April 2025, and then the largest DB schemes by the end of May. Smaller schemes then follow, with completion by October 2026 for all schemes with more than 100 active and deferred members being connected.
PPF levies	The Pension Protection Fund (PPF) has confirmed a halving of the levy estimate to £45m for 2025/26. This is the lowest ever levy and almost all schemes will see a reduction. The PPF may charge a zero levy if they are given appropriate reassurance from government about introducing more flexibility into the levy operating rules.
Bulk annuity market	Following the recent entrances of Royal London and Utmost into the market, a further entrant (Blumont) is expected shortly which will take the total providers to 11, increasing the capacity in the market and giving more options for schemes. Further developments are expected at the smaller end to streamline processes and reduce true up periods.
Professional trustee oversight	TPR have announced that a framework for oversight of professional trustee firms will be introduced. There are a relatively small number of such firms with influence on over £1 trillion of assets, so the intention is to enable easier identification and mitigation of risk for pension savers.

Other measures on the horizon, at a glance

Overdue Awaited On track

Area	Anticipated development	Status
Options for DB schemes / surplus run-on	The government confirmed their intentions to update legislation to allow DB schemes to use their surplus to support economic growth and improve member outcomes. This follows the February 2024 consultation 'Options for DB schemes' and the response to this consultation is still expected this spring.	
Own risk assessment (ORA)	The requirement for schemes with more than 100 members to carry out an ORA came into force with the publication of the general code of practice in 2024. The ORA is the trustees review of how well the effective system of governance (ESOG) is working and how potential risks are managed. It is important to be proportionate to the size, nature, scale and complexity of the scheme. Some of the work may already be done and documented elsewhere for well run schemes. The first wave of ORA deadlines is expected to be 31 March 2026 so this is likely to be on agendas for 2025.	
Auto-enrolment (AE)	Primary legislation is already in place to allow the qualifying minimum age for AE to be reduced from 22 to 18 and the removal of qualifying earnings band. News on this was expected to be included in the now delayed pensions review.	
Virgin Media Case	The industry is waiting to see whether the DWP will introduce regulations to allow retrospective validation of amendments affected by the judgment in the Virgin Media case. The Pensions Minister acknowledged in February that the DWP were actively considering next steps. The Verity case, heard by the High Court in February and March may also clarify some of the issues arising from the Virgin Media case.	
Pensions Dashboards	With larger schemes starting to hit connection deadlines as we move through 2025, information continues to be published in relation to the Pensions Dashboards Programme (PDP).	
Financial Services Growth and Competitiveness Strategy	Following a series of Industry Forums hosted by the Chancellor throughout January and February, the government is expected to publish the Financial Services Growth and Competitiveness Strategy this spring. The strategy aims to foster growth in the financial services sector.	
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.	
Pensions Review	As set out in the Interim Phase 1 report, published in November 2024, the final report on Phase 1 of the Pensions Review is due to be published in spring 2025 with Phase 2 now expected to be delayed. While Phase 1 was focussed on Investment, Phase 2 will broaden out the review and consider further steps to improve pensions outcomes.	
Pensions Scheme Bill	The Pensions Scheme Bill, which is largely focussed on consolidation and outcomes for defined contribution savers, is due to be introduced to Parliament in spring 2025.	

Find out more

For further information, please get in touch with Graeme Foster, Graeme Stephens or speak to your usual XPS Group contact.



Graeme Foster
Senior Consultant
e graeme.foster@xpsgroup.com



Graeme Stephens
Associate
e graeme.stephens@xpsgroup.com

xpsgroup

©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.