XPS Group

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XPS Insights

Quarterly Pensions Watch: Wave of regulations driven by Government's Plan for Change

What you need to know

- In recent editions of our Quarterly Pensions Watch, we highlighted a long list of developments that the industry had been waiting for. This finally reached a head with a flurry of regulatory activity over just 10 days in late May and early June.
- The final statement of strategy for funding valuations and guidance on the options for DB schemes were published. The Government continued its focus on consolidation with significant legislative changes proposed in the Pension Schemes Bill (the Bill) for both DB and DC schemes over the next 5 years. In this Quarterly Pensions Watch, we look at the roadmap ahead for these changes.
- Many schemes will be breathing a sigh of relief with the Government's announcement that it will legislate to allow retrospective actuarial confirmation to be obtained, clarifying much of the uncertainty around the implications of the Virgin Media case.
- A raft of announcements were issued in the lead up to the Chancellor's Mansion House speech on 15 July 2025. Deregulation and pursuing growth to boost UK competitiveness were the main focus but despite the rumours there were no new pensions announcements.

Latest news

Development	Comment
DB scheme options	On 3 June 2025, guidance on options for DB pension schemes was published. The range of endgame strategies covered includes: running on at low dependency; running on to build and use surplus; transferring to a consolidator, such as a superfund; and insuring benefits with an insurance company.
Pension Schemes Bill	The Bill was laid in Parliament on 6 June 2025, with key proposals including: • More flexibility to allow trustees of well-funded DB schemes to release surplus money back to employers and members, when it is safe to do so; • Consolidation in the DC market to bring scale and cost savings; • A new Value for Money framework for DC arrangements to shift greater focus on value; • A statutory framework for DB superfunds and • Greater flexibility for the PPF in setting future levies on DB schemes.
Virgin Media	The Government will introduce legislation to enable affected pension schemes to retrospectively obtain actuarial confirmation that historic benefit changes met the necessary standards. Timing and the precise wording of the legislation are unclear and may wait until the judgement in a recent related case is handed down, which is due in Autumn 2025.
VAT changes	Following a decision from the Court of Justice of the EU, HMRC has announced a policy change to allow employers to fully recover VAT on investment costs related to pension fund management.
CMI 2024 released	The Continuous Mortality Investigation has published CMI_2024. Previously, the projections model allowed for the impact of the COVID-19 pandemic by introducing weighting parameters on data from 2020-2023. CMI 2024 will instead introduce an 'overlay' to model the impact of the pandemic.
Pensions review	The final report on phase 1 of the pensions review, published in May, set out major reforms to improve pension outcomes for savers and support the UK's economic growth. Many of these reforms were included in the Pension Schemes Bill outlined above. The Chancellor is expected to announce the scope of the next phase of the pensions review shortly, which is expected to focus on retirement adequacy. Reports suggest that this will include consideration of auto-enrolment rates.
Mansion House Accord	On 13 May 2025, major workplace pension providers came together with the Minister for Pensions and the Chancellor to sign the Mansion House Accord. Signatories have pledged to allocate at least 10% of their investments to private markets, with at least 5% going to UK private markets.

Expected timeline of reform following the Pension Schemes Bill

	Timing	Developments
	Late 2025	**Pension Schemes Bill receives Royal Assent**
DB	**2026**	Consultation on regulations for DB superfunds and surplus flexibilities
	Early 2027	Regulations laid for superfunds and surplus flexibilities
	Mid 2027	Surplus flexibilities regulations come in to force and further guidance issued PPF Levy measure comes in to force
	Early 2028	Superfunds regulations and accompanying TPR code come in to force
DC	**2026**	Guided retirement regulations for DC occupational pension schemes and Master Trusts to put in place one or more default options which provide a regular income for their members
	Early 2027	New Value for Money (VfM) regulations to be in place Master Trusts start complying with guided retirement
	2028	Contractual override introduced to allow small schemes to be moved or consolidated Other DC pension schemes start complying with guided retirement Regulations and application process for consolidators of small pots (up to £1,000) First publication of VfM data and first VfM assessment
	2029	Small pots consolidators selected and default consolidation review. Annual publication of VfM data and VfM assessment commences
	2030	Deadline to reach minimum fund size (or 2035 under certain criteria) and small pots transfer duties come into force

Other measures on the horizon, at a glance

Overdue Awaited On track

Area	Anticipated development	Status
Phase 2 of pensions review	Despite speculation, phase 2 of the pensions review did not feature in the Chancellor's Mansion House speech. This is expected to assess the adequacy of current minimum workplace contributions and explore reforms to improve long-term retirement outcomes.	
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. The first wave of ORA deadlines is expected to be 31 March 2026 so this is likely to be on agendas for 2025.	
Pensions Dashboards	With larger schemes starting to hit connection deadlines information continues to be published in relation to the Pensions Dashboards Programme.	
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.	
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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