Sackers

DWP responds to consultation on trustees and governance

Alert | 11 November 2026

Introduction

On 10 November 2026, the DWP responded to its 2025 consultation, announcing a package of "proportionate" measures to strengthen governance in trust-based pension schemes.

Key points

- Taking into account feedback received, the DWP is not pursuing mandatory accreditation requirements for trustees as it does not want to "create unnecessary barriers" or inhibit the progress already being made in voluntary accreditation.
- The master trust authorisation and supervision framework will be extended to include governance and conflict management arrangements across the wider commercial model, with requirements for TPR to approve key function holders within providers.
- To ensure that professional corporate sole trustees ("PCSTs") "can continue to be used where they are most useful", the DWP will work with TPR and the industry to set clearer criteria around where it is appropriate to appoint them.
- Recognising the growing importance of administration, there will be new minimum standards for, and TPR will be given regulatory oversight of, pensions administration providers for trust-based schemes. This will include new TPR supervision and enforcement powers.
- In response to feedback that trustee capability should be looked at across the board as a whole, a new "principle-based" requirement will be introduced for trustee chairs to assess and monitor their board's collective skills.
- Further work will be needed, including engagement with TPR and the wider industry, and no timing is given for implementation of the new measures.

Sackers

Background

This set of proposals follows several years of work looking at trustee standards in the context of the "evolving and more complex regulatory environment", including a 2023 call for evidence and a WPC inquiry into DB pension schemes in 2024.

The feedback to the 2025 consultation showed a "shared vision for strong governance", and recognition of the "strong foundations" of the existing system. Respondents also provided a "clear call to action" to build on this for the future market of fewer, larger schemes where a smaller number of decision-makers will affect the outcomes of millions of members.

The DWP's response comes at a "pivotal moment", as the PSA26 reshapes the workplace pensions market and schemes become larger, more complex and increasingly concentrated. It aims to step back to address the fundamental governance protections that underpin the pensions system and outlines a range of new policies. Key measures are set out below.

Trustees

Knowledge and understanding

Recognising the "good practice already emerging in voluntary accreditation" and "work to strengthen professionalism more broadly" among the existing landscape of "generally skilled and committed trustees", the DWP has stepped away from pursuing mandatory accreditation requirements for lay trustees, or any other group, at this time. Instead, it plans to work with TPR and industry "to strengthen and broaden the trustee knowledge and understanding training offer with a set of proportionate and targeted competence frameworks". These will include board-level skills and expertise in areas beyond purely technical pensions knowledge.

Effective governance depends on the collective capability of the board, as well as that of its individual members. The DWP therefore considers chairs should play a clearer role in assessing whether their boards have and exercise the right balance of skills, experience and perspectives. With TPR, the DWP will develop a competency framework to support these assessments and introduce a new requirement for chairs to assess the level and effectiveness of the skills mix on their board. The DWP will also consider how TPR can make proportionate use of existing reporting and enforcement arrangements to gain greater visibility of board capability, helping to identify gaps and target regulatory support where it is most needed and take action where appropriate.

Professional trustees

The Government recognises the value that professional trustees can bring to a trustee board in terms of expertise and experience and the importance of existing business models (which can include the provision of bundled services) in providing value for money for schemes. As a result, currently it does not intend to introduce restrictions on the number of appointments held by any one professional trustee, or on the provision of advisory services to schemes where there is a commercial relationship between the advisory firm and the firm of the scheme's professional trustee. However, where there is such a commercial link, the scheme should be able to explain:

- why the arrangement is appropriate
- how any conflicts will be managed, and

- how the trustee board has satisfied themselves that the service provides value for members.

PCSTs

The PCST model has become an increasingly prominent feature of the pensions landscape. Again, the Government recognises the benefits of PCSTs, but notes respondents' concerns about the concentration of decision-making within a single trustee entity. To address potential risks, the DWP will:

- work with TPR and the industry to set clearer criteria on the appropriateness of PCST appointments with the aim of ensuring they can "continue to be used where they are most useful in smaller schemes and schemes approaching buyout but not where they could weaken challenge in schemes running on", and
- introduce a new requirement for existing trustee boards to approve any transition to a PCST model proposed by the sponsoring employer, in line with the above criteria, and for a resolution process if the proposal is rejected.

Future-proofing the master trust regime

Looking to the future governance of master trusts as the market evolves, respondents supported building on the existing regime with a more proactive, supervisory approach to oversight. The DWP therefore plans to update the master trust regime, in readiness for the future landscape, by:

- bringing it more closely into line with the regimes for superfunds and collective pensions by extending the authorisation and supervision framework to include governance and conflict management arrangements across the provider entity and introducing requirements for TPR to approve "key function holders" (whose roles influence the operation of scheme outcomes for savers) within master trust providers
- strengthening significant event notification requirements so that TPR receives timely information about developments that could materially affect a master trust's governance, financial sustainability or continued ability to meet the authorisation criteria
- working with consumer groups and industry to look at options to structure governance so that actual or perceived conflicts of interest do not risk undermining "long-term confidence" in pensions, and
- considering trustee appointment and removal arrangements, with the aim of strengthening trustee independence and accountability. This will include whether the current model should be supplemented by appropriate independent oversight and a greater role for members.

Pensions administration

Consultation feedback highlighted that the existing regulatory framework does not adequately reflect the growing importance of administration providers to scheme operations and member outcomes. The Government, therefore, intends to work with industry to introduce mandatory minimum standards for administration providers of trust-based pension schemes, focused on accurate records, operational resilience and the ability to transfer administration services effectively.

Alongside these standards, it will introduce a registration framework and provide TPR with appropriate supervisory and enforcement powers. Trustees will continue to retain overall responsibility for scheme administration and member outcomes.

Next steps

No timing is given for the implementation of these reforms. In areas that need legislation, changes will be taken forward “at the next opportunity”.

The DWP will also consider whether changes need to be made in relation to contract-based pension arrangements to achieve equivalent outcomes in terms of strong governance and protections.

Sacker & Partners LLP
20 Gresham Street
London EC2V 7JE
T +44 (0)20 7329 6699
E enquiries@sackers.com
www.sackers.com

Nothing stated in this document should be treated as an authoritative statement of the law on any particular aspect or in any specific case. Action should not be taken on the basis of this document alone. For specific advice on any particular aspect you should speak to your usual Sackers contact. © Sacker & Partners LLP November 2026