

The following outlines key regulatory and legislative activity impacting on the UK personal finance, pensions and financial planning industry in the coming month. **AJ Bell head of policy development, Rachel Vahey, and AJ Bell head of retirement policy, Tom Selby,** are available to discuss any of these topics.

Key things to look out for in July

- 10 July – the chancellor is expected to set out how the government will encourage greater investment in the UK economy by pension schemes in his Mansion House speech
- July – closing date for the FCA's Retirement Income Advice Survey
- July – the DWP could publish its response to its call for evidence on how to solve the small pots challenge
- July – the DWP could publish more information on how it anticipates occupational schemes could offer decumulation solutions to their members

Pension investment in UK plc

- The chancellor is expected to use his Mansion House speech on 10 July to announce a new government intervention to boost the amount UK pension schemes invest in UK companies, with a further statement expected in the Autumn
- The government is understood to be considering how to amalgamate smaller pension schemes to create more 'super-sized' schemes
- It is also considering whether to relax the 0.75% automatic enrolment default fund charge cap for certain types of investment
- Labour backs giving The Pensions Regulator additional powers to bring about consolidation of pension schemes, with shadow chancellor Rachel Reeves supporting the creation of a £50 billion 'future growth fund' and refusing to rule out forcing DC schemes to invest at least 5% of their assets in it
- The Tony Blair Institute for Global Change has also added its support by recommending the merging of pension schemes to create multi-billion pound superfunds



Rachel Vahey, head of policy development at AJ Bell, comments:

A consensus is fast building amongst the political parties that one solution to the UK's growth woes is tapping into the wealth of UK pension schemes. However, there are differing opinions on how to do this, with the chancellor expected to announce his preference at his Mansion House speech on 10 July. This could include encouraging pension schemes to merge, to create super-sized funds.

Labour shadow chancellor Rachel Reeves is also keen to harness funds held by UK pension schemes to drive growth and has refused to rule out the possibility of forcing schemes to invest in a £50 billion 'future growth fund'.

Worryingly, all parties seem to be skipping ahead to the final chapter of how we can do this, rather than the important question of whether it is the right approach.

It's natural that pension wealth should catch the political eye, but the main objective for pension scheme trustees is to provide their members with an income for later life. They have a duty to do the best they can for their members, and that includes securing the best investment returns.

Politicians should not be dictating to pension scheme trustees where and how to invest. Instead, trustees and individuals should be making these important decisions on their own without interference. We would be deeply concerned if there was any attempt by government to force retail investors to hold illiquid assets.

Small pension pot consolidation – a shift in approach from DWP?

- A combination of automatic enrolment, an increasingly transient workforce and more people moving house has resulted in a surge in the number of 'lost' pensions to an estimated £26.6 billion*
- The Department for Work and Pensions (DWP) is expected to feedback this month on its previous call for evidence on two automatic consolidation solutions designed to tackle this mounting problem
- The government is understood to also be considering other options including potentially allowing workers to choose which scheme their auto-enrolment contributions are paid into
- The introduction of pensions dashboards, the flagship government policy designed to help people locate and engage with lost pensions, has been delayed to beyond the general election



Tom Selby, head of retirement policy at AJ Bell, comments:

Automatic enrolment has been hugely successful in boosting the number of people saving at least something for retirement, although there is consensus the reforms will need to be upgraded over time to increase the amount being contributed into pensions.

However, the success of auto-enrolment has also exacerbated the small pots problem, with the number of pensions becoming disconnected from their owners ballooning by over £7 billion between 2018 and 2022.

This surge in lost pots is piling on the pressure for the government to find a solution. Up until now the central policy response has been the introduction of pensions dashboards, reforms designed to allow savers to see all their retirement pots in one place, online.

*However, in its call for evidence earlier this year, the DWP said it was weighing up two automatic consolidation solutions – creating a default consolidator and adopting a 'pot follows member' model**. The government is also understood to be exploring the merits of allowing people to choose their own auto-enrolment pension scheme, rather than members having to accept the scheme chosen on their behalf by their employer.*

The delay to the implementation of pensions dashboards beyond the general election means the solution – or more likely solutions – to the challenge remains completely up in the air.

All of the available options come with costs and potential risks – but failing to do anything at all will mean the small pots problem simply gets bigger and bigger.

*PPI – [Lost Pensions 2022: What's the scale and impact?](#)

**[Addressing the challenge of deferred small pots: a call for evidence - GOV.UK \(www.gov.uk\)](#)



Regulatory Outlook diary:

This is a summary of key policy and regulatory developments expected this year and beyond. Dates are correct at the time of publishing but are subject to change according to updates issued by regulators, government departments and other relevant bodies.

What	When	Who	AJ Bell View
July			
Chancellor's Mansion House speech	10 July	Chancellor	
Closing date for FCA's consultation on expansion of Dormant Assets Scheme	10 July	FCA	
The government will publish draft clauses for the next Finance Bill, which will largely cover pre-announced policy changes	18 July	HMT	
DWP could publish feedback on call for evidence on decumulation and consultation paper on principles-based decumulation communication for OPS	Possibly July	DWP	
DWP could publish feedback to its Call for Evidence on how to solve the small pots challenge	Possibly July	DWP	
FCA Consumer Duty implementation date for new and existing products or services	31 July	FCA	
Possible HMRC consultation on the new April 2024 pensions tax framework following abolishment of lifetime allowance	Possibly late Summer	HMRC	Former Chancellor headlines major pensions policy review
PDP and DWP to informally collaborate with industry to set new guidelines for connection dates to the pensions dashboard	Summer	DWP/FCA	Pensions dashboards connection date delayed again until 2026
Government to consult on extending cold-calling ban to all financial products	Summer	Home Office	Government to ban cold calling on all financial products
Autumn 2023			
New SMPI requirements come into effect – AS TM1 version 5.0	1 October	FRC	
FCA publish Policy Statement on sustainability disclosure requirements (SDR) and investment product labels	Q3	FCA	
FCA consult on new disclosure framework	Possibly Autumn 2023	FCA	
FCA consult on proposed changes to compensation rules 2023/24	Probably Autumn 2023	FCA	
DWP consult on extension of automatic enrolment to younger ages and for all of salary	Autumn	DWP	
FCA publish Policy Statement on PDS regulatory framework	Possibly late 2023	FCA	
Implementation date for FCA new rules on default funds and cash warnings for non-workplace pensions	1 December	FCA	FCA confirms plans to introduce defaults and cash warnings for non-workplace pensions but backs away from mandatory 'lifestyling'
2024			
FCA's policy statement expected on changes to compensation rules	By April 2024	FCA	
Reduction in the dividend tax free allowance to £500	6 April 2024	HMRC	Tax bills set to spiral as Chancellor confirms deep freeze on personal taxation
Reduction in the capital gains allowance to £3,000	6 April 2024	HMRC	Tax bills set to spiral as Chancellor confirms deep freeze on personal taxation
Removal of lifetime allowance from pension tax rules	6 April 2024	HMRC	Former Chancellor headlines major pensions policy review
Later			
Stamp duty tax cut ends – doubles to £250,000	March 2025	HMRC	Six things Jeremy Hunt should address at this month's Budget
SPA to increase to 67	Between 6 April 2026 – 5 April 28	DWP	
Freezing of income tax thresholds set to end	5 April 2028	HMRC	
Freezing of IHT nil rate band set to end	5 April 2028	HMRC	Families face extra £170,000 inheritance tax bill because of tax threshold freeze
NMPA rises to 57 (unless protected)	6 April 2028	HMRC	

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