

The Society of Pension Professionals (SPP) response to the DWP Guaranteed Minimum Pensions Fixed Rate Revaluation consultation

1. Executive summary

- 1.1. **The SPP supports the proposed 3.25% fixed revaluation rate.**
We agree that the Government Actuary's Department (GAD) analysis provides a sound, realistic basis aligned with medium-term inflation and earnings projections.
- 1.2. **The DWP should consider eliminating future public consultations on this routine exercise.**
Such a decision would align with the principles outlined in the Chancellor's recent *Simplification and Agency of Government* letter¹ to streamline performative regulatory processes.
- 1.3. **A statutory mechanism for automatic GAD determination should be introduced.**
This would replace formal review cycles with a direct publication via Statutory Instrument to eliminate unnecessary administrative friction for both DWP and the industry.

2. Consultation response

- 2.1. **Question 1: Do you agree with the proposal to continue to apply a rate of 3.25% pa as the fixed rate of revaluation for GMPs for early leavers from 6 April 2027?**
- 2.2. Yes, the SPP agrees with the proposed continuation of the rate of 3.25% per annum. The GAD analysis provides a sound basis for this figure, reflecting medium-term expectations for inflation and earnings growth.
- 2.3. Whilst the rate is important, industry efforts are best spent ensuring operational readiness. What schemes and administration software providers require most is early confirmation. Publishing the final order well in advance of April 2027 is essential to prevent costly manual workarounds and emergency IT adjustments.
- 2.4. **Question 2: Do you agree that DWP should continue to adopt a short to medium term view on inflation and real earnings growth?**
- 2.5. Yes. The SPP agrees that DWP should continue to adopt a short to medium term view of inflation and real earnings growth when determining the appropriate fixed rate of GMP revaluation.
- 2.6. Relying predominantly on long-term assumptions would introduce additional and unnecessary uncertainty.

¹ The Simplification and Agency of Government , 7 September 2026:

<https://www.gov.uk/government/publications/the-simplification-and-agency-of-government-letter-to-all-ministers>
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Questioning the need for future consultations on this issue

- 2.7. The SPP responds to over 20 consultations annually and believes that these serve a vital bridge between public policy design and real-world execution.
- 2.8. Consultations are often useful in highlighting unintended consequences, utilising specialist industry knowledge that the government does not have and ultimately improving implementation, compliance and effectiveness.
- 2.9. However, consultations can lose their value when they are applied mechanically to formulaic, routine, or purely mathematical updates (like applying a standard GAD indexation formula to GMP revaluation).
- 2.10. In light of the Chancellor's recent correspondence to all Ministers about *The Simplification and Agency of Government*², which included much on the need to reduce consultations, as a point of policy efficiency, we question the necessity of continuing to consult on this routine, formulaic recalculation in the future.
- 2.11. As you know, setting the fixed revaluation rate relies strictly on technical calculations and economic projections provided by the Government Actuary's Department (GAD) and stakeholders such as the SPP are unlikely to ever challenge the underlying GAD methodology or arithmetic. Public consultations on this topic have therefore become a formality with predictable outcomes.
- 2.12. As a result, the SPP recommends that the DWP amend the relevant legislation so that future fixed rates are simply calculated by GAD and published via Statutory Instrument or DWP determination, without requiring a formal public consultation exercise each review cycle.
- 2.13. We also believe that the reduced (and reducing) population likely to be affected by future revaluation orders, and the increasingly limited durations that revaluation will apply in practice, further reinforce the case for simplification here.
- 2.14. Finally, another benefit of not having a public consultation is that the fixed revaluation rate could be confirmed in September, subject to legislation, rather than after an 8 week consultation period and further weeks to consider consultation responses.

3. About The Society of Pension Professionals

- 3.1. The SPP is the representative body for a wide range of providers of advice and services to pension schemes, trustees and employers. Our work harnesses the expertise of our membership, striving for a positive impact on pension scheme members, the pensions industry and its stakeholders.
- 3.2. The breadth of our members is a unique strength for the SPP. Our membership of 90 corporate organisations employs over 20,000 pension professionals including actuaries, lawyers, professional trustees, DC consultants, investment managers, providers, administrators, covenant assessors, and other pension specialists.

² **The Simplification and Agency of Government , 7 September 2026:**

<https://www.gov.uk/government/publications/the-simplification-and-agency-of-government-letter-to-all-ministers>

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4. Further information

- 4.1. For more information about this consultation response please contact SPP Director of Policy & PR at: phil.hall@the-spp.co.uk or telephone the SPP on 0207 353 1688.
- 4.2. To find out more about the SPP please visit the SPP web site: <https://the-spp.co.uk/>
- 4.3. Connect with us on LinkedIn at: <https://www.linkedin.com/company/the-society-of-pension-professionals/>
- 4.4. Follow us on X (Twitter) at: <https://twitter.com/thespp1>

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