

PENSION PROFILE



New Pensions SORP

A new Pensions Statement of Recommended Practice (SORP) is being introduced primarily to align pension scheme financial reporting with the latest changes to the financial reporting standard FRS 102, but in addition to reflect recent industry and regulatory developments since the last edition.

The Pensions Research Accountants Group (PRAG), which develops the Pensions SORP last updated it in 2018. The 2025 version (expected to be finalised in early 2026) is effective for scheme years beginning on or after 1st January 2026.

Continued overleaf ➤

New Pensions SORP *continued*

Key Drivers for the New SORP

- The new SORP primarily aims to align with amendments to FRS 102 from the Financial Reporting Council's second periodic review.
- It mainly considers developments within the pensions industry, including changes in investment strategies, end game considerations and disclosures for schemes in surplus.
- The update seeks to improve the clarity and comparability of financial reports for members, and incorporates stakeholder feedback from the consultation period, which closed in September 2025.

The updated SORP includes several specific changes:

- The fair value methodology has been reworded. Schemes will continue to use bid pricing for investment valuation as the preferred basis.
- The option to use annuity provider valuations is being removed due to transparency concerns. It's a prospective change and will require schemes to have annuities valued by the Actuary.
- There is increased narrative relating to information included in the investment reconciliation table, such as defining income and capital elements of distributions, disclosing annuity income included, and providing values of movements that relate to switches between funds. Derivatives will now be shown on a net basis.
- There are new disclosures required on surpluses used to fund contributions or returned to the sponsoring employer.
- Risk disclosures are now enhanced to require trustees to include liquidity risk. The new SORP also requires the indirect risk disclosures for pooled investment vehicles, to be analysed by underlying asset class.
- Additional guidance is provided on going concern, particularly in situations of employer insolvency or PPF assessment periods.
- Outdated statutory disclosures regarding investment types have been removed to simplify reporting.

We will work with Trustees and Advisers to ensure that the new disclosure requirements are adhered to in the Pension Scheme Financial Statements.



Review of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) (Amendment) Regulations 2016

The Pensions Research Accountants Group (PRAG) believes that these regulations have not kept pace with the significant changes within the pension industry – Like the SORP, they need a refresh!

PRAG Have published a letter they have sent to the DWP, they state:

“Unless regulations are very broadly worded to allow the flexibility to develop specific requirements within the SORP as the industry changes, they can quickly become irrelevant.”

Pensions in the **Budget**

Predictions appeared to centre around changes to salary sacrifice in last year's budget for pensions. The announcement was a significant change, but the overall tax relief was preserved. What was announced was a £2,000 annual cap to the amount exempt from National Insurance for employee contributions. The change comes in from April 2029.



What does this mean?

No immediate change:

Employers and employees have ample time to plan for the 2029 changes, until then salary sacrifice operates as normal, offering significant tax and NI savings.

Higher earners:

The change will impact mostly higher earners contributing above £2,000 via salary sacrifice. NI costs will increase from 2029.

Areas that they focus on are:

CONCENTRATION RISK

Acknowledging that when the disclosure requirements were written, many schemes were invested directly in equity investments, whereas many now are invested in pooled funds (PIV). These are generally more diversified, therefore disclosure of concentration in a PIV does not identify a concentration risk.

PRAG has suggested an amended, broader regulation which is less likely to become outdated.

EMPLOYER RELATED INVESTMENTS

More than 5% of the current market value of pension scheme assets may not at any time be invested in employer related investments, (some exceptions apply).

The rule was derived from the Maxwell scandal, when most pension schemes were DB and most investments were equities. Nowadays it's extremely unlikely to identify employer related investments and if so, it's often trivial.

PRAG suggests that disclosure addressing how trustees manage limiting employer related investments, may be more meaningful than a statement that there were no employer related investments.

ANNUAL REPORT

PRAG acknowledges that this is getting longer and longer. Additional requirements over the years include the DC Chairs Statement, Implementation statements, and Climate reporting for larger schemes. Some include the SIP in the Annual Report. When all this information is available to members on a website, PRAG asks whether the Annual Report is the right place for this information?

EARMARKED SCHEMES

Although no audit is required for these, an auditor's statement about contributions is required – even if no contributions are being paid!

AUDIT REPORT ON CONTRIBUTIONS

The auditors' report on contributions, confirms that contributions reported in the 'summary of contributions' and payable under the [schedule of contributions]/[payment schedule] have, in all material respects, been paid at least in accordance with the [schedule of contributions certified by the scheme actuary on []/ payment schedule.

PRAG considers that this statement about contributions, which is retrospective, adds little value, given there is already a requirement for trustees and their advisers to report unpaid contributions to the Pensions Regulator.

PRAG concludes its letter with an offer to review these in more detail with the DWP and to assist them in updating the regulations to keep them relevant, and to reflect the current risks to pension schemes.

We will watch to see how this unfolds...



The Pension Protection Fund (PPF) Zero levy

The Pension Protection Fund exists as an insurance scheme to protect members' pensions if their employer fails. The levy charge is risk-based. The PPF now has powers since the Pension Schemes Bill was introduced, to move to zero levy, with the ability to reinstate the it in future years if needed.

The news was welcomed by stakeholders. It signalled another sign of the transformation of the pension landscape, with many schemes now in surplus and claims on the PPF being historically low.

A consultation has been launched on next year's levy with an intention to maintain this at Zero for 2026/27.

Maintaining a zero levy is dependent on the passage and timing of the Pension Schemes Bill.

The PPF hope to build financial strength through its investment returns.

We are now part of Azets

The Ensors Pension team are now part of Azets. We became part of the Azets group in September 2025.

Azets is a strong cultural and strategic fit for Ensors, with shared values, a focus on people, and a commitment to helping businesses grow. As part of Azets, we will be able to offer a broader range of services and specialist expertise, backed by the scale and resources of an international group.

Azets' focus is on the SME market, the same as Ensors, which means no changes to the regulatory framework in which we operate and the way we conduct our pension scheme audits.

We have shared values, a focus on people, and a commitment to growing our pension scheme offering, together with a broader range of services and expertise backed by the scale of an international group.

Meet the team

Pension specialists

Our pensions team have considerable experience in providing a wide range of services to pension schemes, including audit, preparation of statutory financial statements, pensioner payroll services and employer covenant reviews. Unlike many other companies which provide accounting services to pension schemes, we are also registered auditors.



Zoe Plowman
PARTNER

01473 220079
zoe.plowman@ensors.co.uk



Barry Gostling
PARTNER

01473 220080
barry.gostling@ensors.co.uk



Malcolm McGready
PARTNER

01473 220072
malcolm.mcgreedy@ensors.co.uk



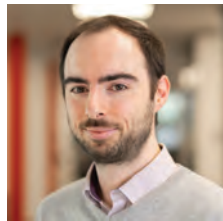
Mark Upton
PARTNER

01223 428328
mark.upton@ensors.co.uk



Dominick Knight
ASSOCIATE PARTNER

01473 220004
dominick.knight@ensors.co.uk



Jack Anders
SENIOR MANAGER

01473 220027
jack.anders@ensors.co.uk



Lee Jennings
SENIOR MANAGER

01473 220052
lee.jennings@ensors.co.uk



Linda Ranson
MANAGER

01473 220071
linda.ranson@ensors.co.uk

“ I have worked with Ensors for over thirty years as an Independent Trustee and a Benefits Consultant and have enjoyed a consistently solid no nonsense service at very competitive fees. Ensors, focus on the key audits issues offering practical solutions via a relatively stable team with significant pension scheme experience.”

Geoff Ashton – Capital Cranfield Pension Trustees

@EnsorsPensions @EnsorsAccounts

The information contained herein is given by way of general guidance only, is correct and applicable only at the time of delivery and no action should be taken solely on the basis of the information contained herein. Ensors Accountants LLP will be pleased to provide further guidance on the issues, and how they might affect you. No liability is accepted by the firm for any actions taken without seeking appropriate professional advice. If you do not wish to receive this newsletter in the future, please contact Kristie Holiday on 01473 220090 or kristie.holiday@ensors.co.uk