Summary
• Consolidation is concentrating power, with a small number of individuals now controlling a large share of UK pensions assets.
• Governance is becoming more professional as schemes need to comply with an ever-more complex regulatory environment.
• Scale brings both opportunity and risk, improving capability but raising concerns about accountability, diversity of thought and 'groupthink'.
• As the industry evolves, it must find a way to balance efficiency and performance with preserving member and employer voices, independence and a pipeline of future talent.

Fewer hands, greater power

Consolidation is reshaping UK pensions, concentrating power among fewer trustees and driving a shift towards a more professional, large-scale governance culture. But alongside the benefits, it also raises important questions around accountability, diversity, and whether member voices risk getting lost

Consolidation has become a watchword in UK pensions, with the government's drive for "fewer, bigger, better pension schemes" underway, and set to accelerate following the creation of multi-employer DC 'megafunds'. And in DB, many schemes are moving towards endgame, further reducing numbers.

As consolidation gathers pace, the industry is shifting from traditional trustee oversight toward professional governance, with large master trusts and consolidators bringing full-time investment teams and institutional governance structures, in line with regulatory expectations for stronger governance and deeper expertise at scale.

An LCP report from 2025 found that fewer than 500 trustees controlled more than half of DB assets, while a DC-focused report this year revealed that more than £160 billion is managed by fewer than 50 trustees.

Furthermore, a recent Isio survey reported that the 10 largest professional trustee firms in the UK oversaw 45 per cent of the DB pension scheme market in 2025; a share projected to rise to two-thirds within the next five years.

Rising professionalism

However, it's not just consolidation driving these changes. "It's also about complexity – we can't separate the two," says People's Partnership head of pensions policy, Tim Gosling.

Trustees face new requirements, including demonstrating value for money (VFM), meeting scale rules and supporting the government's productive finance agenda.

"Running a master trust is fundamentally different to running a small pension scheme a decade ago, requiring a different level of support," Gosling adds.

Gosling says he expects the trustees governing the largest schemes to move in a direction more akin to the board of a financial services firm, albeit with a more direct focus on pensions.

"We will need a particular calibre of individual to govern the systemically important entities being developed, and I would expect the trustee market to begin globalising at some point."

The most striking aspect in pensions is the pace of change, according to Zedra head of proposition development, Mark Stopard. "We have seen a shift in the trustee role from delivering good governance in a relatively stable environment, to being a strategic decision-maker steering schemes towards their end goal.

There is also a growing professionalism driven by the need for schemes to remain complaint with an ever more complex regulatory environment, he adds.

Power in fewer hands

The increasing concentration of power in the hands of a small number of trustees is "extraordinary," says LCP partner, Steve Webb.

> **"The increasing concentration of power in the hands of a small number of trustees is extraordinary"**

"While these individuals will be carefully chosen and typically highly expert, the model of having a handful of people overseeing huge 'megafunds' raises serious questions that the government has not so far addressed."

LCP warns this concentration risks weakening accountability and 'muffling' employer and member voices, while reducing challenge and diversity of thought.

The industry also needs structures in place to ensure there is independent challenge and advice for 'megafund' trustees, and that providers remain key players in the running of pensions.

Lost voices

The Association of Member Nominated Trustees (AMNT) co-chair, Maggie Rodger, warns the concentration of power within a small number of people – many with similar training and backgrounds – "brings a serious risk of groupthink because of lack of external challenge".

The AMNT's recent manifesto argues that member trustees are the only group with 'skin in the game' in the decision-making of the pension scheme, and with no business interests in the process.

"The loss of the member voice in governance increases the risk that the sponsor or provider's views will become predominant," Rodger explains.

These challenges are particularly likely under VFM proposals, she says, where schemes may prioritise keeping pace with peers over innovation. "Some have predicted this 'herd instinct' will lead to complacency and mediocrity."

Rodger would like to see "greater member trustee representation in all types of schemes, and also greater training and support for member trustees so they can be at the top of their game and not hindered by employer time and cost issues".

Scale brings responsibility

Some master trusts are exploring ways to ensure the connection between members and employers is not lost.

"As decision-making sits with fewer, larger schemes, ensuring decisions are taken in the best interest of all members becomes increasingly important," comments Nest chief customer officer, Gavin Perera-Betts.

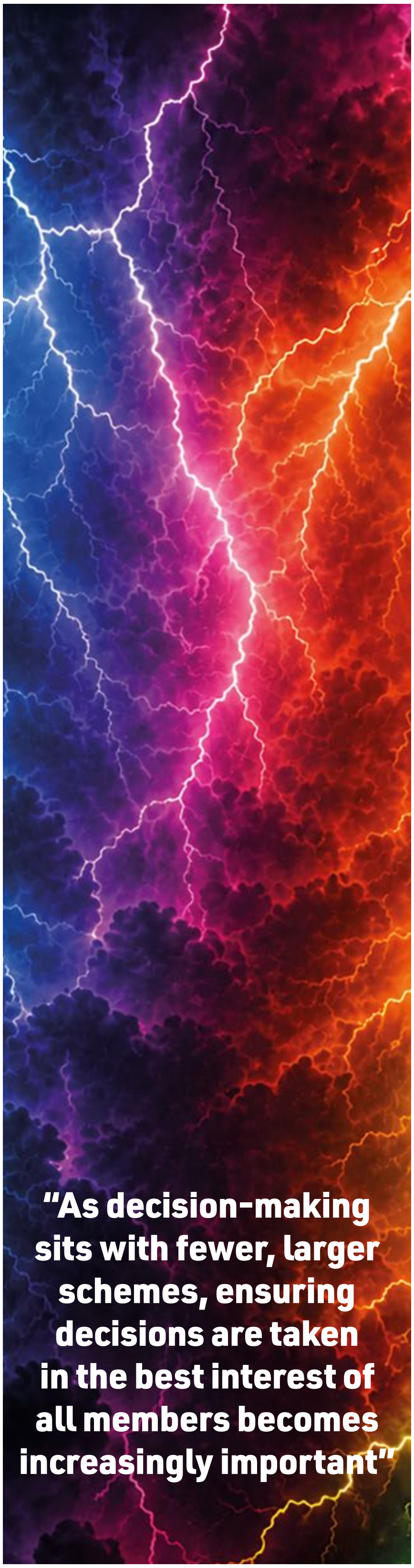
"We wanted to test our assumptions, explore trade-offs and ground decisions in members' lived experiences."

This is why Nest set up its Member Assembly – which brought together a diverse group of savers to explore how their money is invested – and ongoing employer and member panels. These initiatives ensure savers' perspectives inform investment decisions, helping the scheme remain accountable and connected.

Rise of professional corporate sole trustees (PCST)

Isio's survey also reveals that sole trusteeship now accounts for over 50 per cent of appointments, with projections suggesting sole trusteeship could reach around 65 per cent of appointments in five years.

The PCST model can work well



where a board is struggling to recruit trustees, or where trustees do not have the sufficient time to devote to the role.

However, Muse Advisory CEO, Ian McQuade, argues that the rise of PCST appointments can create conflicts of interest through 'cross-selling' and weaken trustee independence, given employers' ability to replace a sole trustee more easily. He also warns that increasingly close relationships between trustee and advisory firms could undermine competition, influence appointments, and create perceptions of preferential treatment.

"Consolidation is seen as a silver bullet, but the reality is that consolidation introduces significant concentration risk, and it is driving some poor behaviours as various firms try to position themselves to be successful in the short to medium term. Bigger is not necessarily better," McQuade says.

Ensuring diversity

Another question the LCP report raises is whether the industry can ensure diversity of thought and behaviour when the pool of people managing pensions is so small.

The industry group, Diversity in Pensions, believes that consolidation brings both opportunity and risk for diversity.

"On one hand, larger schemes, master trusts and professional trustee and adviser firms have the resources to invest in structured equality, diversity, and inclusion (EDI) programmes, diverse talent pipelines and inclusive governance frameworks that smaller funds and lay trustee boards simply couldn't sustain," according to a Diversity in Pensions spokesperson.

"On the other, consolidation concentrates decision-making power – and if the people in those seats remain largely homogenous, we risk embedding historic inequalities at greater scale and with great consequences.

The question is not whether this is good or bad for diversity – it is whether leaders in consolidated entities are being intentional about using their expanded influence to drive genuine inclusion, the group explains.

"Scale creates leverage; what matters is whether that leverage is used well. We would encourage this shift to be seen as a way to create truly inclusive workspaces and more opportunities, which will inevitably have a positive feedback loop for the economy."

Next generation

This concentration of power also presents the uncertainty of where the next generation of trustee talent will come from.

"The industry needs to think carefully about succession planning and how it brings through new people with fresh ideas and perspectives, while ensuring it does not lose the governance knowledge and experience embedded within the existing trustee community," says BESTrustees professional trustee, Roger Breeden.

The answer could be initiatives such as the Pensions Management Institute's (PMI) enhanced Trustee Accelerator Programme, which aims to expand the pipeline of skilled pension professionals. There are now also formal trustee qualifications, such as the PMI's Certificate/Award in Pension Trusteeship, and the Association of Professional Pension Trustees accreditation framework, allowing more routes for new talent to enter.

While the industry transforms, it remains to be seen what the eventual shape will look like. Ultimately, the sector's shift towards scale is not just structural but also cultural. While larger schemes and professional trusteeship offer clear benefits, they also concentrate power in ways the industry has yet to fully address. Ensuring this model preserves diversity, independence and the member voice will be an important next consideration for the industry and policymakers.

Written by Ellie Carric, a freelance journalist