New pensions minister Emma Reynolds faces a tricky balancing act

The appointment of Emma Reynolds as pensions minister could lead to much-needed joined-up thinking – but questions remain about her role and priorities.

Reynolds was made a parliamentary secretary at the Department for Work and Pensions and the Treasury on Wednesday, and that evening she tweeted that she would be pensions minister at the DWP. The department has now confirmed her appointment.

We assume Reynolds's job will involve coordinating pensions policy between the two departments. This could be a good move, especially with the government preparing to review the UK pensions market.

There has been tension between the goals of the DWP and the Treasury in the past – for example, changes to pensions tax relief have sometimes been at odds with the goal of increasing saving for retirement. If Reynolds can get both departments working in sync, this should benefit pension schemes and their members.

Managing inherent tensions

It will depend on how Reynolds manages the inherent tensions between the departments. The pensions industry would like to see higher member contributions under auto-enrolment but the Treasury may want to reduce the cost of pensions tax reliefs.

Then there is the Treasury's push to get pension schemes investing more in UK assets to support the economy. In her first speech as Chancellor, Rachel Reeves appeared to suggest these goals go hand in hand:

"We will turn our attention to the pensions system, to drive investment in homegrown businesses and deliver greater returns to pension savers."

But there is no guarantee that stakes in illiquid assets and startups will produce the best outcomes for pension savers.

Pensions shouldn't be a soft target

We remain concerned that the Treasury will see pensions as a soft target as it seeks to shore up the public finances. Will Reynolds be able to fight the DWP's corner to support the 12.5 million people who the department says aren't saving enough for a comfortable standard of living in retirement?

We also hope that Reynolds will stay in her job long enough to carry out the market review and see its recommendations through to implementation. Ministerial turnover is a problem across government, but pensions have suffered particularly from being seen as a stepping-stone on a career path.

Pensions need a long-term perspective

Apart from Steve Webb and Guy Opperman, who each served about five years, most pension ministers have arrived with little knowledge and moved on after a year or so. This churn has contributed to disjointed policymaking when joined-up, long-term thinking is needed.

Keir Starmer has said he wants ministers to stay in post for longer to bring stability to his government. This is particularly important for pensions, which are a complex, long-term area of policy. Hopefully, Reynolds will benefit from the experience of her new colleague Stephen Timms, who served twice as pensions minister in previous Labour governments.

Reynolds has returned to Parliament after losing her seat in 2019 following nine years as a Labour MP. She hasn't got Timms's direct experience when it comes to pensions but her time as head of public affairs and policy at TheCityUK should give her a solid grounding – plus the diplomatic skills to manage her dual role.

The new government has high expectations of pension schemes on top of their vital task of providing enough money for people to retire – from combating climate change to supporting the UK economy.

Reynolds's appointment looks like the government is taking pensions seriously. She has a lot on her plate and a potentially difficult balancing act. We wish her luck and hope she stays in post to see the market review through to secure better outcomes for the UK's pension savers.

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John Wilson, Head of Pensions Technical, Aptia
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