

# Trustee agenda update: current legal issues

For June 2021 meetings

DB and DC schemes

Welcome to our monthly update on current legal issues for trustees of DB and hybrid pension schemes, designed to help you stay up to date with key developments between trustee meetings, and to support the legal update item on your next trustee agenda. We also have a separate DC-only briefing.

## Latest scams code of practice **UPDATED**

The updated industry code of practice on combating pension scams includes an increased emphasis on telephoning members, documenting evidence, and wider reporting: **read the Code**.

The Pensions Regulator (TPR) has urged schemes to be on high alert and to report suspected scams; the government is consulting on related changes to statutory transfer rights (see Have your say). **Watch our recent webinar on scam developments**.

**ACTION:** Review scheme practices against the code and update promptly, as required.

## Providing support with financial matters **UPDATED**

TPR and the Financial Conduct Authority (FCA) have published updated guidance on providing members with support on financial matters without requiring authorisation: **read the guidance**. Issues covered include adviser arrangements and the provision of modellers and illustrative examples. **Watch our recent webinar on the new guidance**.

**ACTION:** Review current scheme practices and seek advice as appropriate.

## Draft single code of practice **UPDATED**

TPR has consulted on a draft single code of practice. This combines some existing material with new requirements, including expectations on how schemes should meet the new effective system of governance and own risk assessment requirements.

**Watch our recent webinar on the draft Code**.

**ACTION:** Read the draft Code; schedule a review to address changes in final version.

## Pension Schemes Act **UPDATED**

The **Pension Schemes Act** includes: new TPR powers and sanctions; changes to DB funding; new climate-related governance and risk management arrangements; provisions to limit statutory transfer rights via regulations (see Have your say); and frameworks for collective DC schemes and pensions dashboards.

Schemes should be getting dashboard-ready: see the latest **progress update** on the rollout. PASA has published **guidance on preparing for dashboards** (its recent **data management plan guidance** may also be of interest). Onboarding is expected from 2022 (voluntary) and 2023 (mandatory).

**ACTION:** Arrange training on upcoming changes and schedule relevant projects into your business plan.

## Upcoming climate change-related duties UPDATED

The government has consulted on regulations to implement new climate change-related duties from 1 October 2021, including: knowledge and understanding requirements in relation to climate-related risks and opportunities; governance, strategy and risk management activities; and monitoring and assessment duties. Once the new requirements are finalised, large pension schemes and master trusts will have only a limited time to ensure compliance. **Watch our recent webinar on the proposals.**

New guidance on assessing, managing and reporting climate-related risks in line with the Taskforce on Climate-Related Financial Disclosures (TCFD) is also available: **read the guidance.**

TPR has published a **climate change strategy** that sets out its future priorities and actions in this area.

**ACTION:** Schemes that are in scope for the first phase of the rollout of the new duties (schemes with £5 billion or more in assets, and master trusts) should be preparing now.

## Have your say

- The government is consulting on regulations to implement changes to statutory transfer rights. The deadline is 9 June 2021. **Read the consultation.**
- The government is seeking input on trustees' policies and practices in relation to the role of social factors, and how they integrate considerations of financially material social factors into investment and stewardship activities. The deadline is 16 June 2021. **Read the call for evidence.**
- The FCA is consulting on a new category of fund designed to invest efficiently in long-term, illiquid assets (the LTAF). It would also be aimed at DC schemes. The deadline is 25 June 2021. **Read the consultation.**
- The government is consulting on proposed regulations and statutory guidance for simpler annual statements – this is relevant where money purchase benefits are provided by a scheme that is a qualifying scheme for auto-enrolment. The deadline is 29 June 2021. **Read the consultation.**
- The government is consulting on changes to permitted charges in default arrangements in DC schemes used for auto-enrolment. The deadline is 16 July 2021. **Read the consultation.**

## Watch this space

- TPR now expects to consult on the draft new DB funding Code in the second half of 2021 – it has published an interim response to its first consultation: **read the response.**
- The remainder of the government response to a consultation on DC governance and reporting requirements is due in June, with changes expected from October: **read about the proposals.**
- Regulations to replace the current regime on strategic objectives for investment consultancy providers and competitive tenders for fiduciary management services are now expected in the first half of 2022.
- The government plans to introduce new advice and guidance requirements for members: **read more.**
- The government is considering solutions to the proliferation of small, deferred DC pension pots: **read more.**
- A new industry code of practice (from PASA) for transfers is expected this year.

Need help with a pensions dispute? Visit [allenoverly.com/pensionsindispute](https://www.allenoverly.com/pensionsindispute).

Need help managing DB pension risk? Visit [allenoverly.com/pensionrisk](https://www.allenoverly.com/pensionrisk).

Looking for resources on a range of DC-related issues? Visit [allenoverly.com/DCHQ](https://www.allenoverly.com/DCHQ).

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