

Trustee agenda update: current legal issues

For November 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.

Simpler annual benefit statements **NEW**

New requirements for simpler annual statements will be implemented from 1 October 2022. The requirements will apply to statements provided to members by DC automatic enrolment schemes (where the member is not in receipt of benefits).

Read the regulations and statutory guidance.

ACTION: Discuss with administrators.

Climate change-related duties **UPDATED**

New climate change-related duties came into force from 1 October 2021 – read more at our information hub: **Sustainability and UK pension schemes: Preparing for the new TCFD requirements.**

The duties are being rolled out in phases, starting with the largest pension schemes (with £5bn+ in assets) and master trusts. Schemes with £1bn+ in assets will follow a year later. Read the regulations (**here** and **here**) and **statutory guidance**. The government is currently consulting on expanding the requirements from 1 October 2022 to include a portfolio alignment metric (see Have your say). The Pensions Regulator (TPR) is due to confirm its regulatory approach: **read more**.

ACTION: Ensure trustees receive training on the new duties and that appropriate measures are in place before the applicable date for your scheme.

Reminder: changes to TPR powers **UPDATED**

New TPR regulatory powers and sanctions came into force on 1 October 2021, including the new ‘headline’ criminal offences. TPR has published guidance on its new powers and updated its clearance guidance. It is also consulting on new enforcement policies (see Have your say).

ACTION: Review the guidance and schedule training. Seek legal advice as appropriate.

Pension scams

TPR has urged schemes to be alert and to report suspected scams. Related changes to statutory transfer rights are expected shortly (the industry code of practice on scams will also be updated).

ACTION: Maintain a watching brief on scam risks and upcoming changes. Ensure processes are in place to review the changes and update practices promptly, as required.

PPF levy: Covid-19 extension

The Pension Protection Fund may waive interest on late payment of levy invoices, where there are difficulties due to Covid-19, subject to a successful application and confirmation post-payment.

ACTION: If appropriate, consider with the scheme sponsor whether to make an application.

Changes to asset class information **NEW**

TPR has announced changes to the asset class information provided annually by DB schemes; the new requirements are expected to be introduced in scheme returns from 2023.

ACTION: Discuss with investment consultants, so that appropriate information-gathering processes are in place ahead of the first reporting deadline.

Changes to DC reporting **UPDATED**

New requirements are being introduced for the DC chair's statement to include reporting on net

investment returns on DC default and self-select funds. A new value for members assessment (and reporting requirements) are also being introduced for smaller schemes. **Read the regulations.**

Statutory guidance has been published on the new requirements: **read the guidance.** Existing statutory guidance on reporting costs and charges has been updated: **read the guidance.**

ACTION: Review the changes and implement appropriate changes to processes and information flows to meet the new requirements.

Have your say

- The government is consulting on proposals to reduce the rate of fixed rate revaluation of guaranteed minimum pensions. The consultation closes on 18 November 2021. **Read more.**
- TPR and the Financial Conduct Authority have published a discussion paper on value for money in DC pensions, which proposes a common framework for disclosing information on investment performance, scheme oversight and costs and charges. The deadline for comments is 10 December 2021. **Read more.**
- TPR is consulting on new enforcement policies on: overlapping powers; monetary penalties; and information-gathering powers. The consultation closes on 22 December 2021. **Read more.**
- The government is consulting on introducing Paris alignment reporting for trustees in scope for the new climate change-related duties, plus proposed new guidance on statements of investment principles and the implementation statement. The consultation closes on 6 January 2022. **Read more.**

Watch this space

- Further information on the dashboards rollout is expected in winter: **visit the information hub.** A summary of key themes in response to the call for input on the rollout has been published: **read more.** PASA has published **guidance** on preparation. Onboarding is expected from 2022 (voluntary) and 2023 (mandatory).
- The PPF expects to publish its policy statement and final levy rules for 2022/23 in December. **Read more.**
- The government is planning to implement its 'stronger nudge' to pensions guidance; draft regulations indicate this may be introduced from April 2022: **read more.**
- The government has consulted on changes to the notifiable events regime: **read more.**
- The government has consulted on changes to permitted charges in default arrangements in DC schemes used for auto-enrolment: **read more.**
- **Watch our webinar on TPR's proposed single code of practice. Read TPR's interim response.**
- Consultations on new DB funding regulations and TPR's draft code are expected this year: **read more.**
- The government has consulted on the case for greater consolidation in the DC market: **read more.**
- 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 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.
- The government has consulted on proposed regulations for collective DC schemes: **read more.**

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).

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