



AUGUST 2020

# Pensions Round-Up

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# Introduction

Welcome to the latest edition of DLA Piper's Pensions Round-Up newsletter in which we provide an overview of developments in pensions legislation, case law and regulatory guidance.

In this edition we look at key developments from August 2020 including the following.

- **Information relating to pensions and COVID-19:** a blog post from the Pensions Regulator in relation to DB schemes; and guidance from the Pensions Administration Standards Association.
- **The Pensions Regulator:** a blog post about the Regulator's consultation on its DB funding code of practice; an update on pension scams; and the Regulator's latest compliance and enforcement bulletin.
- **Department for Work and Pensions:** a consultation on policy proposals concerning governance and reporting by occupational pension schemes in relation to climate risk.
- **HMRC:** the publication of HMRC's latest pension schemes newsletter.
- **Case law:** an update from the Pension Protection Fund about a recent High Court judgment concerning PPF compensation; and a Supreme Court judgment about inheritance tax.

- **Other news:** guidance on member communications published by the GMP Equalisation Working Group; and a response to consultation about amendments to the Local Government Pension Scheme.

- **On the horizon:** a timeline of some of the key future developments in pensions to help employers and trustees plan ahead.

If you would like further information about any of the issues raised in this edition of Pensions Round-Up, please get in touch with Cathryn Everest or your usual DLA Piper pensions contact. Contact details are at the end of this newsletter.



# Information relating to pensions and COVID-19

## The Pensions Regulator

### BLOG POST

On 5 August the Regulator published a blog post by its Chief Executive entitled *Trustees must remain ready for COVID-19 balancing act*, in which he explains “what defined benefit trustees can expect from the regulator and how to prepare as the economic impact of the coronavirus continues to hit schemes and sponsoring employers”.

The blog post reports that, since March, the Regulator has received 108 revised recovery plans. It states that: almost 86% of these have seen schemes agree to defer their employer’s deficit repair contributions; and the majority were from small schemes and relate to sectors under increased strain from the impact of COVID-19.

Looking ahead, the blog post states that the Regulator expects more COVID-linked insolvencies in the autumn and during 2021, and more companies to be looking at restructuring. The blog post notes that, with about 5,500 DB schemes, the Regulator cannot get involved in every situation and states that this is why it is so important that “trustees engage with employers early and engage well”. It states that, empowering trustees through its guidance to have the right conversations at the right time means that the Regulator “can concentrate on areas of greatest risk and reduce any potential extra burden on trustees from a regulatory intervention”.

A section of the blog post on fair treatment includes that, as DB schemes are often the largest

unsecured creditor of a business, trustees may be asked to support restructuring plans for businesses which are struggling. It states that: trustees “should be open to reasonable requests from an employer in distress but must make an informed decision if it’s in members’ best interests to agree”; and if it is judged necessary and appropriate to suspend or reduce contributions from an employer experiencing financial distress, trustees should seek appropriate mitigations. Other issues which the blog post considers include professional advice, conflicts of interest and trustee decision-making.

The Regulator will, in due course, be highlighting important messages for other scheme types including defined contribution, master trusts and automatic enrolment pension schemes.

### RESPONSE TO COMMITTEE

In the [June 2020 edition of Pensions Round-Up](#) (page 6), we reported on the Work and Pensions Committee’s report on the *DWP’s response to the coronavirus outbreak*. On 4 August, the Committee published a letter from the Regulator, dated 21 July, responding to the conclusions and recommendations in the report that are relevant to it. The response notes the guidance that the Regulator has issued about automatic enrolment and DB schemes, as well as its work in relation to pension scams. The Committee’s recommendations included that the Regulator considers whether employees who opt out during the pandemic should be helped to re-enrol earlier than would happen normally under

auto-enrolment. In its response, the Regulator notes that it does not have powers to bring the re-enrolment date forward or to require employers to encourage employees to opt back in early. The Regulator also states that it is not seeing widespread cessations or opt outs, but there are some, so it continues to monitor the situation and will continue to update its guidance when appropriate.

## Pensions Administration Standards Association

Following the publication of *COVID-19 Guidance for Administrators* in March, on 3 August the Pensions Administration Standards Association (PASA) published *COVID-19 Guidance: The Road Ahead* which it states is “designed to highlight best practice for administrators as they navigate their way out of lockdown”. The accompanying press release sets out comments from PASA’s Chair including that: all administrators should have learned something new during the last few months, whether about their people, their technology or their members; and PASA has pulled together these learnings to shape its guidance, which it hopes organisations can use “to learn from each other’s experiences as they look to implement their plans for the future”. The guidance looks at issues including accessibility and visibility, digital workflow, Key Performance Indicators and projects, meetings, identity verification, investment managers and AVCs, and wellbeing and productivity, and includes key questions and considerations in respect of each issue.



# The Pensions Regulator

## DB funding code consultation

### BLOG POST

In the [March/April 2020 edition of Pensions Round-Up](#) (page 10), we reported on the Regulator's consultation on its revised code of practice for DB funding. The consultation (which closed on 2 September) focuses on the Regulator's proposed approach, its principles and how these could be applied in practice. The consultation proposes a twin-track compliance route to carrying out valuations ('Fast Track' and 'Bespoke') and also sets out a number of overarching principles which the Regulator believes should stand behind all scheme valuations. These principles cover subjects including compliance and evidence, the long-term objective (LTO), journey plans and technical provisions, reliance on the employer covenant, appropriate recovery plans and open schemes.

On 25 August the Regulator published a blog post in which its Executive Director of Regulatory Policy, Analysis and Advice looks at some of the key proposals in the consultation and "how they should provide both open and closed schemes with the clarity and flexibility needed to protect member benefits".

In relation to the Bespoke route, the blog post includes that trustees using this approach will need to explain how or why their Bespoke arrangement deviates from Fast Track and how any additional risk has been managed. However, it states that this "does not mean that Bespoke is just Fast Track in a different guise" and goes on to state that the Regulator is "simply trying to ensure that trustees understand

the risks in their approach, they have measured them and if appropriate put in mitigation". It is also noted that trustees using the Bespoke route may have a closer relationship with the Regulator if it wants to ensure that their valuation meets its compliance expectations. However, the blog post also states that it is envisaged "that many Bespoke arrangements will be relatively straightforward and may not require further engagement" from the Regulator.

The blog post also looks at what the consultation means for open schemes. This section includes that, for funding purposes, it is important to distinguish between past (accrued) and future benefits. The Executive Director states that he "firmly believe[s] that members' accrued benefits should be protected to the same level in both open and closed schemes", and to do this, the Regulator proposes that the funding strategy for accrued benefits for an open scheme should be set consistently with that of a closed scheme. In relation to the LTO, the blog post notes that it is proposed that the LTO for an open scheme should be the same as for a closed scheme, that is, low dependency funding by the time the scheme has become significantly mature. However, it goes on to state that: (1) open schemes tend to be less mature than closed schemes, so it will take them longer to become significantly mature and reach their LTO; and (2) truly open schemes with a strong flow of new entrants might never mature, which "means more flexibility over their funding and investment strategies in the meantime". The blog post includes an example in relation to the LTO and open schemes.

The blog post also notes that the recording of a webinar about the DB funding code consultation is available on the Regulator's website. In this webinar, the Executive Director and the Regulator's DB funding code team look at the main aspects of the consultation and answer questions.

### MODELLING THE LTO

When the Regulator published the DB funding code consultation in March, it also published a report from the Government Actuary's Department (GAD) on modelling the LTO. Following requests for further details, the Regulator published a document in August which contains further details of GAD's modelling of a scheme once it has reached its LTO. The Regulator also reports that it has commissioned further modelling work to cover the period prior to reaching the LTO which will be published with its second consultation on the DB funding code.

### DB funding analysis

On 11 August the Regulator published the 2020 update to its annual funding statistics for UK DB and hybrid schemes. The *Scheme funding analysis 2020* update is based on Tranche 13 schemes, which have effective valuation dates falling from 22 September 2017 to 21 September 2018 inclusive. The report: shows funding trends in the context of market conditions, assumptions and scheme characteristics that impact on valuations; and describes reported arrangements for recovery plans, employer contributions and contingent security.

Points of note in the update include that: (1) by the end of January 2020, the Regulator had received over 1,730 valuations with an effective date for Tranche 13; (2) 37% of schemes reported a surplus on the technical provisions funding basis; (3) the average ratio of assets to technical provisions for schemes in deficit was 84.1%; (4) the average recovery plan length for schemes in deficit was 6.1 years; (5) 8.8% of schemes have contingent assets that are formally recognised by the PPF in the calculation of its risk-based levy; and (6) 9.4% have contingent assets that are not recognised by the PPF but are reported as additional security in support of funding.

### Pension scams

On 25 August the Regulator and the Financial Conduct Authority (FCA) each published a press release providing an update in relation to pension scams, including about their latest ScamSmart pension scams advertising campaign. The press releases include that: (1) according to complaints filed with Action Fraud, a total of £30,857,329 has been reportedly lost to pension scammers since 2017; (2) reported losses range from under £1,000 to as much as £500,000; and (3) the true number of victims is likely to be higher as scams often go unreported and those affected may not realise they have been scammed for several years.

The four steps that the regulators recommend for pension savers to protect themselves from pension scams are also noted. These steps relate to: not being rushed or

pressured into making any decision about their pension; rejecting unexpected pension offers whether made online, on social media or over the phone; checking who they are dealing with before changing their pension arrangements; and considering getting impartial information and advice.

### Compliance and enforcement bulletin

On 27 August the Regulator published its latest quarterly compliance and enforcement bulletin which covers the period from April to June 2020. The Regulator's accompanying press release states that this data highlights how it has supported employers through the upheaval caused by the COVID-19 pandemic. It notes that the bulletin shows how temporary flexibilities led to a 55% fall in the use of powers between April and June 2020, compared to the previous quarter. In relation to the fall in the use of the Regulator's powers, the press release includes that: (1) the number of mandatory penalties for missing or incomplete chair's statements fell from 52 between January and March to three between April and June; and (2) the number of times that the Regulator used its powers for automatic enrolment breaches was 35,174 between January and March and 15,733 between April and June.

The press release also reports that, despite the challenges of the pandemic, the Regulator "has not seen a significant or unusual spike in missed pension contributions to date and the vast majority of employers are

meeting their automatic enrolment duties, including completing their declaration of compliance and re-enrolment responsibilities".

It notes the flexibilities that the Regulator introduced to help employers navigate the challenges of the pandemic, including giving employers who may be struggling more time to work with their provider to bring missing pension contributions up to date, before taking enforcement action. However, it also states that the Regulator has remained clear that employers continue to have pension duties, and has continued to target employers who have committed serious breaches, and where staff contributions have been at immediate risk. The press release also reports that the Regulator has launched "a new advertising campaign reminding employers that while their workplace has changed due to COVID-19, their pensions duties towards their staff remain the same".

A blog post by the Regulator's Director of Automatic Enrolment, which was published on 27 August, also notes the new advertising campaign and reports on the Regulator's enforcement approach and activity in relation to automatic enrolment. Points in the blog post include that the Regulator's focus remains firmly on protecting savers, it will continue to monitor employer compliance closely, it is keeping its approach and guidance under review, and it "will take the right action at the right time to support employers and ensure savers are protected".

# DWP and HMRC

## DWP consultation on climate risk

### BACKGROUND

The Pension Schemes Bill includes powers to make regulations imposing requirements on trustees of occupational pension schemes of a prescribed description:

(1) with a view to securing that there is effective governance of the scheme with respect to the effects of climate change; and (2) to publish information relating to the effects of climate change on the scheme. On 26 August the DWP published *Taking action on climate risk: improving governance and reporting by occupational pension schemes*, which is a consultation on the policy proposals in relation to these provisions.

The consultation states that Ministers have made clear that the climate risk provisions in the Pension Schemes Bill are intended to allow governance processes and disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to be mandated. The consultation is stated to be about “when and how schemes should be required to adopt these enhanced governance requirements and report in line with the TCFD recommendations”. It is also worth noting that the consultation states that it was made clear, during debates on the Pension Schemes Bill in the House of Lords, that the measures will not, and cannot, be used to direct pension scheme investment.

### SCOPE AND TIMING

The first set of schemes to which the new requirements will apply are: (1) authorised master trusts and authorised collective money

purchase schemes, irrespective of size; and (2) schemes which, on the first scheme year end date on or after 1 June 2020, have net assets (that is, assets attributed to the scheme in the annual report and accounts, less external liabilities) of £5 billion or more. Trustees of these schemes will have to meet the climate governance requirements from 1 October 2021, with their first annual TCFD report being published within seven months of the end of the scheme year then underway or, if earlier, by 31 December 2022.

The second set of schemes will be those which, on the first scheme year end date on or after 1 June 2021, have net assets of £1 billion or more. The requirements will apply one year later for these schemes, so the governance requirements will apply from 1 October 2022 and the first TCFD report will have to be published within seven months of the end of the scheme year or, if earlier, by 31 December 2023. Where schemes reach the £1 billion threshold at a later point, it is proposed that the governance requirements would apply one year after the scheme year end date when the threshold was reached, with the TCFD report being published within seven months of the end of the scheme year. Once the requirements apply to a scheme on the basis of the value of assets, it will remain in scope unless its net assets fall below £500 million at the end of any subsequent scheme year.

It is proposed that a review of the effectiveness of the measures will take place in 2024. One of the issues that this review will consider is whether to extend the requirements to smaller schemes and, if so, how and on what timescale.

## CLIMATE GOVERNANCE AND TCFD

In summary, it is proposed that: (1) the TCFD recommendations will be implemented in regulations, with some adjustments to the wording as necessary; and (2) in order that the regulations are not unduly lengthy and prescriptive, “a great deal of the guidance which underpins the TCFD recommendations” will be put into statutory guidance. The consultation states that the guidance would set out a number of options or examples for trustees on how to meet the requirements of the regulations, although because it will be statutory guidance, trustees would be expected to explain any material deviations from it. The consultation does not include draft versions of the regulations or the statutory guidance. Instead, it sets out proposals on the activities and disclosures that will be required by the regulations, and matters that the statutory guidance will cover. This information is provided in relation to governance, strategy, scenario analysis, risk management, metrics and targets. Some examples of these proposals are set out below.

- In relation to governance, the regulations will require trustees to establish and maintain, on an ongoing basis, oversight of climate-related risks and opportunities.
- In relation to strategy, the regulations will require trustees to identify, on an ongoing basis, climate-related risks and opportunities that will have an effect on the investment and, in the case of DB, the funding strategy of the scheme over the short, medium and long-term.

- The regulations will require that, at least annually, as far as they are able, trustees must assess the resilience of the scheme's assets, liabilities and investment strategy and, in the case of DB, the funding strategy to climate-related risks in at least two climate-related scenarios.
- The requirements on risk management will mean that, on an ongoing basis, trustees will need to adopt and maintain processes for identifying, assessing and managing climate-related risks. They will also need to ensure integration of these risks into their overall risk management.
- Trustees will be required to select at least one appropriate greenhouse gas emissions-based metric and at least one other non-emissions-based metric to assess scheme assets against climate-related risks and opportunities, and review the selection on an ongoing basis. At least quarterly, they will have to obtain information, as far as they are able, and calculate the metrics. The trustees will also be required: at least annually, to set at least one target to manage climate-related risks for one of the metrics; and, at least quarterly, to measure, as far as they are able, performance against it.

## REPORTING

The proposals on reporting include that trustees will be required to: (1) publish their TCFD report on a publicly available website, on which it is accessible, free of charge; (2) provide a website link for the most recent TCFD report in the annual report and accounts; (3) inform members, via the annual benefit statement, of the website

address where the TCFD report can be located; and (4) provide the Pensions Regulator with the website address for the latest TCFD report in the annual scheme return.

This section also contains a proposal that relates to previous changes made to the legislation on investment and disclosure. It is proposed that trustees will have to provide relevant website addresses in the annual scheme return in relation to the publication of the Statement of Investment Principles, implementation statement and relevant excerpts of the chair's annual statement.

## PENALTIES

It is proposed that: the existing penalty regime in the disclosure legislation will apply in relation to failures to provide the relevant information in the annual report and annual benefit statements; and the existing penalties in relation to scheme returns will apply to failure to provide the required information in the return. It is also proposed that there will be a separate penalty regime in relation to the climate governance and TCFD reporting requirements. Proposals for this new penalty regime include that: (1) a mandatory penalty of at least £2,500 will apply where the trustees have failed to publish a TCFD report; and (2) discretionary penalties will apply in relation to other breaches, with maximum penalties of £5,000 for an individual trustee and £50,000 for a corporate trustee.

## NEXT STEPS

The consultation closes on 7 October and a further consultation on the regulations is expected in late 2020 or early 2021. It is also proposed that a consultation will be published in "the near

future" on alignment with the Paris Agreement and reporting the implied temperature rise of portfolios. The DWP also notes the draft non-statutory guidance on assessing, managing and reporting climate-related risks in line with the TCFD recommendations, published for consultation in March by the Pensions Climate Risk Industry Group (reported in the [March/April 2020 edition of Pensions Round-Up](#)), and states that it is anticipated that the final version of that guidance will be published at the end of 2020.

## HMRC newsletter

On 28 August HMRC published pension schemes newsletter 123 which includes a further reminder (following the reminder in its previous newsletter) about the deadline for issuing annual allowance pension savings statements. HMRC states that, by 6 October 2020, scheme administrators must issue statements for the 2019/20 tax year: (1) to scheme members who made pension savings of more than the annual allowance to the scheme; and (2) where they have reason to believe that a member has flexibly accessed their pension rights and their pension savings under money purchase arrangements (and, where appropriate, hybrid arrangements) in the scheme are more than £4,000.

The newsletter also reports that, in readiness to migrate schemes to the Managing Pension Schemes service, HMRC is looking at pension scheme accounting and is starting to write to scheme administrators with details of payments and charges that are unallocated, asking for more information.



# Case law

## PPF compensation

In 2018 the CJEU concluded that the relevant EU Directive in relation to PPF compensation must be interpreted as meaning that every individual employee must receive old-age benefits corresponding to at least 50% of the value of their accrued entitlement under an occupational pension scheme in the event of their employer's insolvency. In the [June 2020 edition of Pensions Round-Up](#) (page 11) we reported on the High Court's judgment in the case of *Hughes* which relates to a challenge to the PPF's method of implementing the CJEU's 2018 judgment. In the *Hughes* case, the High Court concluded that it is permissible for the PPF to use a method to implement the CJEU's judgment which involves a one-off calculation. However, it also stated that the PPF needs to make sure that members and survivors each receive at least 50% on a cumulative basis of the actual value of the benefits that their scheme would have provided.

On 19 August the PPF published an update stating that these additional requirements mean that it would need to amend its methodology, and that they differ from its view of what the EU Directive requires. The PPF is therefore seeking permission to appeal to the Court of Appeal in relation to the approach it may adopt to meet the requirement for members to receive 50% of the value of their entitlement, and how survivors' benefits should be dealt with. The PPF reports that it is continuing to work on its plans for how it could implement the *Hughes* judgment, but has asked the Court of Appeal if it can wait until the appeal process is completed before it starts

making any changes to payments. The PPF also reports that the DWP has lodged an appeal against the High Court's finding that the PPF compensation cap constitutes unlawful age discrimination.

## Inheritance Tax

On 19 August the Supreme Court issued a judgment (in the case of *HMRC v Parry and Others*) concerning inheritance tax and a death benefit paid by a personal pension plan. In summary, the relevant legislation includes that: (1) inheritance tax is payable on a "transfer of value", which means a disposition that reduces the value of the transferor's estate; (2) in certain circumstances, an omission to exercise a right can be treated as a disposition; and (3) exceptions apply in certain circumstances, including where a disposition was not intended to confer a gratuitous benefit. In this case, the late scheme member had accrued benefits in an occupational pension scheme of a company she had set up with her ex-husband during their marriage. They divorced in 2000 and the member's pension was put into a section 32 buyout policy, the terms of which included that, if she did not take any lifetime benefits, a lump sum death benefit would be payable to her estate. The beneficiaries under the member's will made in 2005 were her two sons. Shortly before her death in 2006, the member transferred her benefits to a personal pension plan. She did not draw any benefits from the pension. Under the personal pension plan, a death benefit was payable to beneficiaries selected, at the discretion of the scheme administrator, from a number of specific categories. The member had nominated her sons in an

expression of wish form and the death benefits were paid to them in mid-2007. HMRC determined that inheritance tax was due, on the basis that both the transfer to the personal pension plan and the omission to draw any lifetime benefits were "transfers of value".

The Supreme Court concluded that the transfer to the personal pension plan, whether taken alone or in the context of the omission to draw benefits, was not a "transfer of value". The reasons for this conclusion included that the exception that the transfer was not intended to confer any gratuitous benefit applied, as it had been concluded that the member's intention in transferring the funds was to eliminate any risk that any part of the funds might be returned to her ex-husband. However, the Supreme Court also concluded that the omission to draw lifetime benefits under the personal pension plan should be treated as a disposition and therefore gave rise to a charge to inheritance tax. The Supreme Court stated that the omission to take lifetime benefits was the operative cause of the increase to the sons' estates and it did not think that the limited discretion of the scheme administrator broke the chain connecting the two events.

It is worth noting that a change was made to the legislation in 2011 (in relation to dispositions made, or treated as made, on or after 6 April 2011) stating that the section providing for omissions to be treated as dispositions, and therefore transfers of value, does not apply where a member of a registered pension scheme omits to exercise pension rights under the scheme.

## Other news

### GMP equalisation

On 4 August the Communications Sub-Group of the GMP Equalisation Working Group published *Guide to GMP Communications – Early Planning Stage*. It states that this guidance is “designed for schemes in the early planning stages of GMP Equalisation where they are considering how they will approach their communications, how they will work effectively with their administrators, and what they really need to say to their members”. The guidance includes: (1) broad principles that schemes can follow when planning their communications to members; (2) questions and answers that members might ask, which schemes can use as a starting point to respond to members; (3) a checklist of the communications to members that may need to be reviewed in light of GMP equalisation, which schemes can use as a starting point; and (4) a “jargon buster” for schemes to use as a guide to help avoid using words and phrases that members may find confusing.

A second guidance document will follow which will cover communicating GMP equalisation during the implementation stage.

### Local Government Pension Scheme

In the [May 2019 edition of Pensions Round-Up](#) (page 9), we reported on a consultation setting out policy proposals to amend the rules of the Local Government Pension Scheme (LGPS) in England and Wales. On 26 August, the Ministry of Housing, Communities and Local Government published a partial response to the consultation. The response reports that, since the consultation, administering

authorities and scheme employers have faced new potential risks as a result of the COVID-19 pandemic. It states that representations have been made, seeking early implementation of the proposals on review of employer contributions and flexibility on exit payments, in order to assist management and mitigation of these risks.

The response confirms that regulations will be made in relation to these proposals at the earliest opportunity. Issues that the response states that the regulations will cover include: (1) power for administering authorities to review the contributions of an employer where there has been a significant change to its liabilities or covenant; (2) providing that an employer may request a review of contributions from the administering authority; (3) power for administering authorities to spread exit payments from an exiting employer; and (4) the introduction of deferred debt agreements.

The regulations were laid before Parliament on 27 August and came into force on 23 September 2020. A partial response to the May 2019 consultation on the issue of exit credits was published in February (reported on page 13 of the [January/February 2020 edition of Pensions Round-Up](#)) and a further response will be issued on the remaining proposals in the consultation in due course.

### Financial Conduct Authority

On 24 June the Financial Conduct Authority (FCA) published a consultation (which closed on 24 September) about driving value for money for members

of workplace personal pension schemes. The FCA states that the proposals aim to make it easier for Independent Governance Committees (IGCs) to compare the value for money of pension products and services, enabling them to be more effective in assessing value for members. The consultation proposals include specifying a simple framework for the annual IGC value for money assessment process, including a definition of value for money and three key elements of value (charges and costs, investment performance and services provided).

The consultation notes that one aim of the FCA and the Pensions Regulator’s joint regulatory strategy for regulating pensions and the retirement income sector is to promote a consistent approach to assessing value for money across the pensions industry. On this point, the consultation includes that: (1) the proposal to introduce a definition of value for money and three elements that IGCs must take into account in their assessment, supplemented by further guidance about the FCA’s expectations, is designed to promote a consistent approach with the Regulator for assessing value for money; and (2) in developing a definition of value for money, the FCA’s aim is to make this specific to the role of the IGC and to align it with the Regulator’s DC code. The FCA also reports that it plans to publish a Discussion Paper, in partnership with the Regulator, which will review possible options for metrics to measure value for money and for benchmarking value for money in pensions.

# On the horizon

DATE	DEVELOPMENT
Unknown	In 2017 the Government published a response to its consultation on <b>equalisation for the effect of GMPs</b> . In April 2019 the DWP published guidance on how the GMP conversion legislation could be used to achieve equality going forwards, which notes that the Government is considering changes to this legislation to clarify certain issues. Further guidance is expected from the cross-industry GMP Equalisation Working Group.
	In February 2020 the Regulator published the response to its July 2019 consultation on the future of <b>trusteeship and governance</b> . Action points that the response identifies include that the Regulator will review and update its code of practice on Trustee Knowledge and Understanding (the planned single code of practice will form the foundation for this), review the Trustee Toolkit and establish and lead an industry working group to find ways of supporting schemes to take steps to improve trustee diversity.
	The Government response to its consultation on <b>pensions dashboards</b> was published in April 2019. Provisions in relation to dashboards are included in the Pension Schemes Bill.
	The Government response to its consultation on <b>Collective DC schemes</b> was published in March 2019. A framework for CDC schemes is included in the Pension Schemes Bill.
	In August 2017 the Government confirmed that it will proceed with proposals to <b>limit the statutory right to transfer in order to tackle pension scams</b> . Regulation-making powers are included in the Pension Schemes Bill.
	An Order made by the Competition and Markets Authority came into force in December 2019 which implements remedies set out in the final report of its <b>investment consultants market</b> investigation. In July 2019 the DWP published a consultation on draft regulations to integrate certain remedies into pensions legislation, including that compliance would be reported to the Pensions Regulator in the scheme return. The DWP proposed that the regulations would come into force on 6 April 2020 but they have not yet been made.
Autumn 2020	A 2019 DWP consultation on <b>DC investment and consolidation</b> looked at proposals to facilitate investment by DC schemes in less liquid assets. The DWP published the government response and further consultation on 11 September and we will provide further information on this in the September 2020 edition of Pensions Round-Up.
2020	The Pension Schemes Bill includes provisions on <b>climate change risk</b> which set out powers to make regulations imposing requirements on trustees in relation to governance and disclosure. A consultation on policy proposals was published in August 2020 and a further consultation on draft regulations is expected in late 2020 or early 2021. The final version of the Pensions Climate Risk Industry Group's non-statutory guidance on aligning pension schemes with TCFD recommendations is expected at the end of 2020.
2020/2021	Regulations to implement provisions of <b>IORP II</b> in relation to governance came into force in January 2019 with the detail of the new requirements to be set out in a code of practice. The Regulator will be reviewing its codes to reflect the regulations. It plans to combine the content of its 15 current codes to form a single, shorter code. The Regulator is planning to launch a formal consultation in late 2020 or early 2021.
2020/2021	Following the DWP's 2018 <b>DB White Paper</b> , a consultation on the Regulator's powers was published in 2018 and the response was published in February 2019. Provision on the Regulator's powers is included in the Pension Schemes Bill. The first of two consultations on revising the Regulator's <b>DB funding code</b> was published in March 2020 (and closed on 2 September) which looks at the Regulator's proposed approach, its principles and how these could be applied in practice. The second consultation, which will focus on the draft code itself, is expected to be published in 2021 along with a business impact assessment.
October 2020 – October 2021	Requirements for relevant schemes to produce and publish an implementation statement on certain issues relating to their <b>Statement of Investment Principles</b> (SIP) come into force on 1 October 2020. Further regulations made in June 2019: require further information to be included in the SIP by 1 October 2020; require DB schemes to publish their SIP by 1 October 2020; include provisions which come into force on 1 October 2020 requiring DB schemes to report on how they have addressed certain issues; and include disclosure obligations with a deadline of 1 October 2021.

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