

The Pensions Brief

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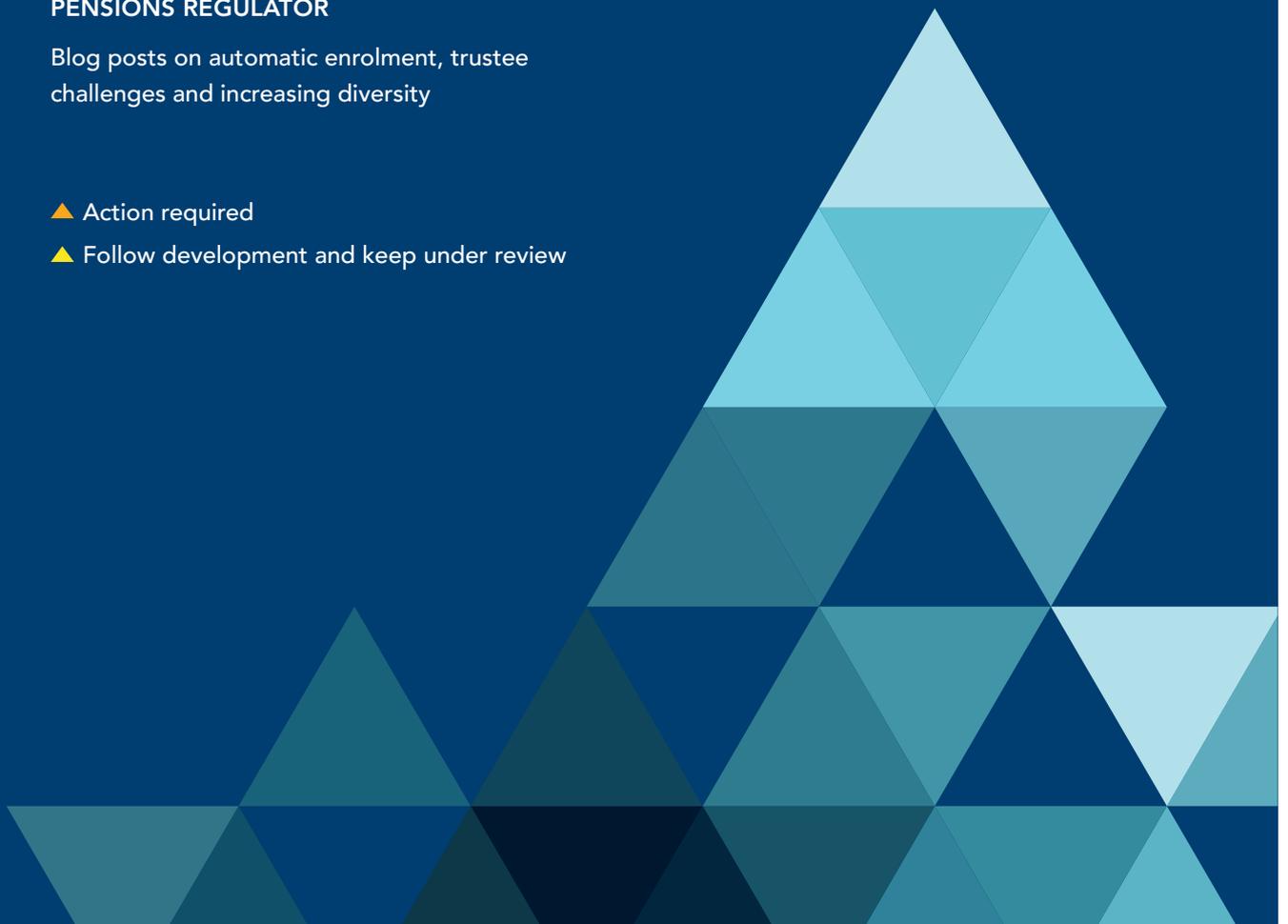
Finalised rules for the 2022/23 levy

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Issues affecting all schemes

Climate change – governance and reporting requirements

The Pensions Regulator has published finalised guidance for trustees on complying with the new climate change-related governance and reporting requirements. The guidance is designed to complement the government’s statutory guidance on the requirements. It covers:

- Governance.
- Strategy and scenario analysis.
- Risk management.
- Metrics.
- Targets.
- Publishing a climate change report.

In addition, the Regulator has published the finalised appendix to its monetary penalties policy setting out its approach to the penalties that it can impose for breach of the governance and reporting requirements. The Regulator has also responded to its consultation on the draft versions of the guidance and appendix.

The governance and reporting requirements came into force for schemes with £5 billion+ of assets on 1 October 2021 and will come into force for schemes with £1 billion+ of assets on 1 October 2022.

Action

No action required, but trustees of schemes that are subject to the governance and reporting requirements may find the guidance helpful.

Collective money purchase schemes – authorisation and supervision

The government has responded to its consultation on draft regulations setting out the detail of the authorisation and supervision framework for collective money purchase schemes. The framework is similar to the regime that applies to DC master trusts. Schemes will need to satisfy prescribed criteria for authorisation and comply with a range of ongoing obligations once authorised, including submitting annual supervisory returns and notifying the Pensions Regulator of prescribed “triggering” events.

The finalised regulations will come into force on 1 August 2022. To begin with, only single and connected employers will be able to establish collective money purchase schemes. The government will consider how the regime could be extended to include unconnected multi-employer schemes.

The government expects the Regulator to consult on a draft code of practice for collective money purchase schemes in January 2022.

Action

No action required.



Pensions dashboards – data matching conventions

The Pensions Administration Standards Association has published [guidance](#) on the choice of data matching convention that schemes will need to make as part of their compliance with the pensions dashboards legislation. Schemes will need to choose how they wish to compare “find requests” from dashboard users against the member records they hold – their choice will depend on the accuracy of their scheme records.

Action

No action required, but trustees and administrators may find the guidance helpful when planning for the introduction of pensions dashboards.

Pensions Regulator – blog posts

The Pensions Regulator has published blog posts on:

- The success of [automatic enrolment](#) and the importance of re-enrolment.
- The [challenges](#) currently facing trustees and the role they have to play in protecting members.
- The importance of improving [diversity](#) on trustee boards.

Action

No action required.

Issues affecting DB schemes

Pension Protection Fund – 2022/23 levy

The Pension Protection Fund has published the finalised rules for the 2022/23 levy. The rules remain in broadly the same form as those consulted on in September which the PPF expects to result in a levy reduction for more than 80% of schemes. However, to help those schemes that will not see a levy reduction, the finalised rules introduce a 25% cap (for the 2022/23 levy year only) on individual risk-based levy increases. The PPF has reserved the right to disapply this cap where there has been a material change in the scheme's circumstances. The PPF has also updated its levy estimate for the 2022/23 levy year to £390m – a reduction of £130m on the levy estimate announced in its September consultation.

The key dates for the 2022/23 levy year are as follows:

- 31 March 2022 (midnight) – submission of scheme returns, contingent asset certificates, asset-backed contribution certificates and special category employer applications.
- 1 April 2022 (5pm) – submission of supporting contingent asset documents.
- 29 April 2022 (5pm) – submission of deficit reduction contribution certificates and exempt transfer applications.
- 30 June 2022 (5pm) – submission of full block transfer certificates.

Action

Trustees and employers should ensure that any required information and documentation is submitted by the relevant deadline.

DB funding – revised code of practice

The Pensions Regulator has announced that its consultation on the draft revised DB funding code of practice will now not be published until late summer 2022. According to the Regulator, a government consultation on draft regulations setting out the detail around the new funding and investment strategy requirement that will be introduced by the Pension Schemes Act 2021 will take place in spring 2022. The Regulator wants to take account of that consultation before publishing the draft code for consultation. The Regulator's announcement also confirms that, as expected, the new code will only apply to valuations with an effective date falling on or after the date on which the code comes into effect.

Action

Trustees and employers should keep the progress of the expected Regulator and government consultations under review.



Contribution notices – two new notices issued

The Pensions Regulator has published a determination notice relating to the issuing of contribution notices for £3.69 million to two individuals. The contribution notices were issued in connection with a 2012 agreement between a parent company and its subsidiary, under which the companies agreed that the parent would have no further entitlement to any proceeds from the sale of the subsidiary's interest in a joint venture (JV) and any such proceeds would be paid to one of the individuals' nominee company. In January 2014, the subsidiary received £3.69 million from the sale of its shares in the JV. In accordance with the 2012 agreement, this amount was paid directly to the nominee company. Previously, proceeds from the JV had been paid by the subsidiary to the parent which had then paid them out as dividends. The parent was the sole sponsoring employer of a DB pension scheme and in October 2014 it entered a creditor's voluntary liquidation. The scheme entered Pension Protection Fund assessment with an estimated employer debt of £5.85 million. The two individuals were a director of the parent and a director of the subsidiary.

The Regulator's Determinations Panel concluded (by majority) that the 2012 agreement had the effect of depriving the parent of an entitlement to the proceeds of the sale of the subsidiary's interest in the JV and of putting those proceeds out of the reach of the scheme. It was therefore materially detrimental to the likelihood of benefits being received from the scheme and contribution notices should be issued on a joint and several basis to the two individuals in the amount of the 2014 payment.

The individuals have appealed the Panel's decision to the Upper Tribunal.

Action

No action required.

Mayer Brown news

Upcoming events

All events will take place as online webinars. For more information or to book a place, please contact [Katherine Carter](#).

- **Trustee Foundation Course**
 - 9 March 2022
 - 8 June 2022
 - 7 September 2022
 - 7 December 2022
- **Trustee Building Blocks Classes**
 - 11 May 2022 – member communications
 - 9 November 2022 – trustee discretions and decision-making

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Please speak to your usual contact in the Pensions Group if you have any questions on any of the issues in this Brief.

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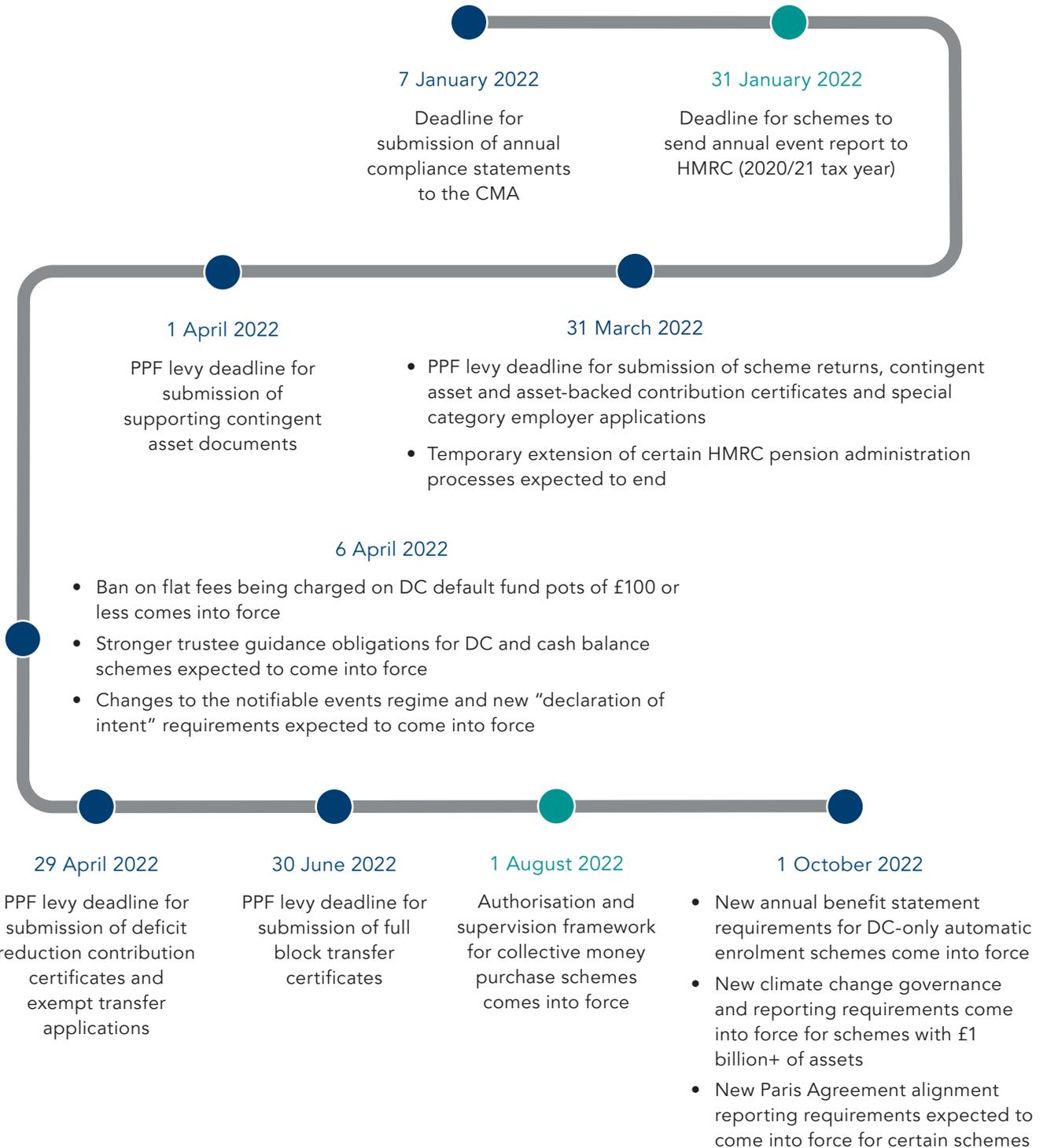
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Dates to note over the next 12 months



Key:

- Important dates to note
- For information

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