

# The Pensions Brief

## At a glance...

### Issues affecting all schemes

▲ EQUALITY, DIVERSITY AND INCLUSION

Pensions Regulator action plan

CLIMATE CHANGE

Updated Pensions Regulator guidance

ADMINISTRATION TRANSFERS

Industry guidance on exit agreements

### Issues affecting DB schemes

▲ PENSION PROTECTION FUND

Consultation on 2023/24 levy rules

### Issues affecting DC schemes

DEFAULT FUND CHARGE CAP

Announcement on exclusion of performance fees from the cap

▲ Action required

▲ Follow development and keep under review



## Issues affecting all schemes

### Equality, diversity and inclusion – action plan

The Pensions Regulator has published an [action plan](#) to improve diversity and inclusion across trustee boards. The plan follows research which shows that few trustee boards are prioritising diversity. Among other things, the Regulator will produce a package of good practice guides, case studies and tools for employers, trustees and advisers. This guidance will be designed to support those parties to understand and meet the Regulator’s expectations, and will focus on:

- What diversity and inclusion means for governing bodies.
- Attracting diverse candidates to the trustee role.
- Engaging with the employer.
- Creating and maintaining an inclusive culture.
- Ensuring member communications are inclusive.

Once the Regulator has published this guidance, it will review its existing guidance and templates to identify where further changes may be needed.

#### **Action**

Trustees and employers should keep the progress of the Regulator’s guidance under review. They should also consider whether they should be giving the issue of trustee board diversity greater priority and, if so, what steps they could take to improve diversity.

### Climate change – Pensions Regulator guidance

The Pensions Regulator has updated its [guidance](#) on the climate change governance and reporting requirements to reflect the new requirement to calculate and disclose a portfolio alignment metric setting out the extent to which scheme investments are aligned with the Paris Agreement goal of limiting the increase in the global average temperature to 1.5 degrees Celsius above pre-industrial levels. The new requirement came into force on 1 October 2022.

#### **Action**

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

### Administration transfers – exit agreements

The Pensions Administration Standards Association has published [guidance](#) on administration transfer exit agreements. The guidance is designed to support trustees and administrators in planning and managing a transition of administrators. It includes a template exit agreement which can be used as a schedule to an existing administration contract, a schedule within a new administration contract, or as a checklist for trustees and administrators to check that their own exit agreement includes all recommended aspects.

#### **Action**

No action required, but trustees and administrators may find the guidance helpful when planning an administration transfer or when entering into or renewing an administration contract.

## Issues affecting DB schemes

### Pension Protection Fund – 2023/24 levy

The Pension Protection Fund (PPF) is consulting on the draft rules for the 2023/24 levy. The PPF intends to set a levy estimate of £200 million, down from £390 million in 2022/23, with almost all schemes expected to see a levy reduction. The 25% cap on individual risk-based levy increases that was introduced for the 2022/23 levy year will not be continued. No major changes are proposed to the levy rules for 2023/24.

The consultation also notes that the PPF's financial position has significantly strengthened in recent years and it is now entering a new phase where its focus will shift from building to maintaining its financial resilience. The PPF believes that this presents an opportunity to move over time to a levy methodology which is simpler and:

- Places more weight on underfunding and less on insolvency risk.
- Makes greater use of a scheme-based levy.
- Differentiates between schemes of very different sizes.

The consultation closes on 10 November 2022.

#### Action

Trustees and employers of schemes providing defined benefits should keep the progress of the consultation under review.

## Issues affecting DC schemes

### Default fund charge cap – performance fees

The government announced in the Growth Plan 2022 that it will bring forward draft regulations to remove well-designed performance fees from the scope of the DC default fund charge cap. Previously, in its response to its consultation on the exclusion of performance fees from the cap, the government said that in light of the concerns expressed by respondents, it would continue to consult and engage with stakeholders and any reforms would be carefully designed.

#### 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**  
7 December 2022
- **Trustee Building Blocks Classes**  
9 November 2022 – trustee discretions and decision-making
- **Quarterly webinars**  
13 December 2022 – TBC

### Mayer Brown media comment

On 9 September, [Beverly Cox](#) took part in a Women in Pensions panel discussion, along with an actuary and a professional trustee, to discuss the impact on pension schemes of the current macroeconomic conditions, including the emergence of surplus, discretionary benefits, and the effect on end-game journeys.

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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## Dates to note over the next 12 months



31 January 2023

Deadline for schemes to send annual event report to HMRC (2021/22 tax year)

31 August 2023

Proposed start of the pensions dashboards staging timetable

**Key:**



Important dates to note



For information

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