

**STEPHENSON
HARWOOD**
pensions law group

CLEAR VIEWS

Quarter two 2022 update

OVERVIEW

Priorities for trustees this quarter are to:

- understand the impact of the war in Ukraine on their pension scheme investments and their sponsor covenant. The Pensions Regulator (**TPR**) has provided a list of considerations for trustees to take into account;
- understand their proposed onboarding date to the pensions dashboard service and consider the steps that will need to be taken to ensure their scheme is 'dashboard ready'. This may require some substantial data cleansing work to ensure that scheme data is accurate, up to date and meets the expected standards of the draft dashboard regime.

In addition, trustees should be aware of:

- the prohibition on the imposition of flat fees by trustees and managers of occupational pension schemes used for automatic enrolment, where the value of a member's rights under a default arrangement is below £100;
- the delay of the extension of the notifiable events regime, which was expected to come into force on 6 April 2022; and
- potential future amendments to the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 to ensure that low-risk overseas investments are not caught by the new advice requirements.

Further information on all of these topics can be found in our additional materials, referenced in the table below.

KEY DEVELOPMENTS

Development	Date of change	Links to further information
Steps to be taken in light of Ukraine Against the backdrop of financial uncertainty caused by the situation in Ukraine, TPR has issued guidance. This sets out steps that Trustees should be taking in order to understand the impact of the war on their scheme and employer covenant. It also highlights that trustees should be reviewing their procedures in order to protect their	Now	TPRs guidance can be found here . Further information on this topic can be found in our March

<p>members from increased risks of cyber-attacks and financial crime.</p> <p>In particular, TPR expects trustees to consider:</p> <ul style="list-style-type: none"> • Short-term liquidity needs for defined benefit schemes. • Whether the sponsor's business has been affected and, for defined benefit schemes, the impact this has had on employer covenant. • The impact of the events on the scheme's investments, including short-/medium-term risks. • Whether cyber security policies are adequate. • Whether scheme processes to prevent financial crime, such as scams, need to be reviewed. • Whether investments remain aligned with policies and principles in the statement of investment principles, particularly concerning economic, social and governance considerations. • Whether and how to communicate with members regarding the steps taken by the trustees to manage risks to the scheme. 		<p>2022 snapshot here.</p>
<p>Pensions dashboards are coming</p> <p>The government is currently consulting on draft regulations which set out the detailed framework for the provision and operation of the pensions dashboard service.</p> <p>The requirement for an occupational pension scheme to onboard to a pensions dashboard will apply to registrable UK based occupational pension schemes with active and/or deferred members (including public service schemes).</p> <p>Onboarding to dashboards will be staged with the largest schemes (of 1000 (non-pensioner) members or more) staging between April 2023-September 2024. Those with 100-999 (non-pensioner) members have a proposed staging date of October 2024-October 2025.</p> <p>Although the regulations are currently in draft form, trustees (especially of larger schemes) should be working on ensuring that their scheme data is complete and accurate and that the data meets the expected standards required under the new dashboard regime.</p>	<p>Expected onboarding for larger schemes from April 2023</p>	<p>The government's consultation documentation can be found here.</p> <p>Further information on this topic can be found in our February 2022 snapshot here.</p>
<p>Prohibition on flat fees for certain members</p> <p>The Occupational Pension Schemes (Charges and Governance) (Amendment) Regulations 2022 came into force on 6 April 2022. The Regulations prohibit the imposition of flat fees by trustees and managers of</p>	<p>6 April 2022</p>	<p>Further information on this topic can be found in our February</p>

<p>occupational pension schemes used for automatic enrolment, where the value of a member's rights under a default arrangement is below £100.</p>		<p>2022 snapshot here.</p>
<p>Extension of notifiable events framework delayed?</p> <p>In our last quarterly update, we discussed the proposals to extend the notifiable events framework in terms of:</p> <ul style="list-style-type: none"> • The corporate events that will need to be notified to TPR; • The timing in which notification needs to be made; and • The amount of information that will need to be provided. This will include an explanation of any communication with the trustees about the proposals and steps taken to mitigate any adverse effects the proposals will have on the pension scheme. <p>It was expected that these changes would come into force on 6 April 2022. However, we have not received the consultation response or the final regulations. It therefore seems that this proposal has been delayed. We will keep you updated with developments in this area.</p>	<p>Seemingly delayed from expected date of 6 April 2022</p>	<p>For more information, please see our briefing here.</p>
<p>Potential changes to the recent Conditions for Transfers Regulations</p> <p>We have previously discussed the recent Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 which put restrictions on the ability of trustees to make a statutory transfer when either an 'amber' or 'red' flag is present. One of the 'amber flags' is if the receiving scheme has any overseas investments. This is very wide and is causing transfers that have a low scam risk from being caught, given the prevalence of overseas investments within pension schemes.</p> <p>There is therefore talk of the DWP amending the regulations to ensure that low-risk overseas investments are not caught by the new advice requirements.</p>	<p>Unknown, although general review of the regulations is expected no later than May 2023</p>	<p>For more information on the new Conditions for Transfers Regulations generally, please see our briefing here.</p> <p>For more detail on the background to potential changes to the regulations, please see our March snapshot here.</p>



The Stephenson Harwood pensions law group has been promoted to tier 1 and tier 2 by the Legal 500 for pensions disputes and pensions advisory work. Please see the Legal 500 website [here](#) for more information.

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