BARNETT WADDINGHAM
beyond the expected

# PATHways

Pension Administration Technical Help

Highlighting pensions news and legislation that has particular relevance to what we do in pension administration

## HMRC: Pension schemes newsletter 124

HM Revenue & Customs (HMRC) has published [Pension schemes newsletter 124](), which includes notice that a variety of temporary measures to help scheme administrators during the COVID-19 pandemic have been extended until 31 March 2021. These changes have all been outlined in previous Pension scheme newsletters and include easements for Accounting For Tax return submission and payment delays, reporting of overseas transfers via form APSS262, and pension scheme returns for 2019 to 2020.

There is also an update on the Managing Pension Schemes service, asking for scheme administrators of schemes which were registered before 6 April 2006 and who do not currently have access to the Pension Schemes Online service to contact HMRC for further information. Scheme administrators are also reminded to log into Pension Schemes Online if they have not done so in the previous three years, as HMRC will begin deleting credentials for these users in October 2020.

## Police Foundation publishes pension scams report

The Police Foundation has published a report on the nature and scale of pension scams in the UK, and the public policy response to them. The report finds a consistent pattern of unregulated introducers initiating transfers which may not be in the best interests of the members involved, aided by a lack of public understanding of the scam related risks involved in the 'Freedom and Choice' changes which have been available since 2015. The report points out that pension providers have both a lack of industry-wide shared data on scams, and difficulty in intervening effectively where members have a statutory right to transfer.

The report compares industry estimates of the scale of pension scams against the related recorded crime statistics, finding that these appear to be substantially under-reported. Whilst the financial impacts on members can be severe, they may not be realised until a number of years after the action which leads to the member's loss.

Recommendations in the report include giving better access to support for victims from the police and the Money and Pensions Service, the police setting up a central intelligence database, and giving regulators the ability to override a member's statutory right to transfer if a suspected scam is reported.

## TPR updates COVID-19 guidance

The Pensions Regulator (TPR) has updated its guidance on the reporting duties and enforcement activities which changed due to the COVID-19 pandemic. This sets out that defined contribution (DC) schemes and trustees will be expected to resume reporting late contribution payments no later than 90 days after the due date from 1 January 2021, down from the 150 days previously allowed for due to the pandemic. This will become mandatory by 1 April 2021.

The update also confirms that some types of enforcement will resume as normal from 1 October 2020, such as TPR reviewing Chair's Statements and schemes being expected to prepare audited accounts to the usual timescales.

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# Government declines to review pension tax relief

In a response to a report of the Public Accounts Committee, the Government has disagreed with the Committee's recommendation that HMRC should carry out an evaluation of the impact of pension tax relief within twelve months. The Government has pointed to a variety of consultations on similar subjects which it has carried out since 2015. Having gathered views and evidence from stakeholders in relation to specific pension tax changes, the Government does not believe that a clear consensus has emerged that merits a formal evaluation of the overall system at this stage.

The Government states that it has used the evidence from these previous consultations to inform policy development, and that it will continue to engage with stakeholders in this way.

# DWP announcements

## Consultation on improving outcomes for DC scheme members

The Department for Work and Pensions (DWP) has responded to its February 2019 consultation on 'Investment Innovation and Future Consolidation' and opened a further consultation on improving outcomes for members of DC pension schemes. The consultation includes draft regulations which would require occupational DC schemes with two or more members to report on the net returns on investments in their default and member-selected funds, the value for money they offer members when accounting for the various investment and administration costs, and their total assets.

The documents also set out the Government's expectation that where smaller schemes cannot demonstrate value for money to members, the trustees should consolidate into a larger scheme such as a master trust.

## Small pots working group launched

The DWP has launched a cross-sector working group to look into the issue of members with multiple small pots built throughout their career. Announced in a virtual event by the Minister for Pensions and Financial Inclusion, Guy Opperman, the group is expected to report later in the autumn with recommendations for the industry and Government. The group's work is intended to complement the ongoing development of pensions dashboards.

## Call for evidence on DB and hybrid quality requirements

The DWP has also published a call for evidence on whether the 'alternative quality requirements' for defined benefit (DB) and hybrid pension schemes being used for automatic enrolment are operating as intended, or are causing any unforeseen consequences. This consultation is the result of a statutory duty on the Secretary of State to review these arrangements at least once every three years.

# Job Support Scheme and employer contributions

HM Treasury has published details of its Job Support Scheme. This is a grant to employers which is designed to protect viable jobs in sectors which are affected by the pandemic for the six months from 1 November 2020. The Treasury has confirmed that the support from the Government will not extend to paying employer pension contributions, and that the obligation for employers to pay these contributions under their automatic enrolment duties remains.