

Atkin call for changes to the Code of Practice

to reduce the burden on small schemes

The new Code introduces a number of new governance requirements including the requirement for schemes to undertake an Own Risk Assessment ("ORA"). There will be a twelve month window from when the new Code comes into effect to complete this process with a review completed at least annually thereafter.

The Pensions Regulator has opened a consultation for trustees on a new combined Code of Practice. The new Code is combining 10 of the current Codes of Practice into a single governance handbook with 51 topic-based modules.

The Code also includes:

- Distinguishing between what "must" be done to comply with laws and what "needs" to be done as part of expected practice
- The skills, knowledge and diversity of the trustee body
- Increased focus on Environmental, Social & Governance (ESG) factors
- The need to conduct internal audits and prepare a remuneration policy.

The new requirements will apply to small schemes as well as large schemes (with some exemptions for schemes with less than 100 members). This still leaves many small schemes with more than 100 members (when you include insured members) having to comply with all of the new proposals.

For more information and to join the campaign for small schemes contact Rob Dales:

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How are Atkin & Co helping small schemes?

As the Voice of Small Schemes the Directors at Atkin & Co have already held a meeting with the Pensions Regulator to express concerns about the additional cost burden these proposals have for small schemes. Trustees of small schemes use their limited budget to concentrate on funding, investment and covenant to maximise the chance of members receiving their benefits. Increased burdens of compliance do very little to help members of small schemes.

The new Code builds on the current requirement to have in place a set of internal controls, to having "an effective system of governance". It introduces new requirements and costs for schemes to monitor, manage and report on governance aspects that may not be relevant to a small scheme.

The Pensions Regulator has stated it doesn't want a "tick-box" approach to compliance but one that is reasonable and proportionate to the size of the scheme. Unfortunately, reasonable and proportionate are not defined.

We have asked the Pensions Regulator to consider:

- Redefine the exemptions to be a better measure that truly excludes small schemes
- Provide guidance on what proportionate means
- Provide template policies that meet the new requirements
- Consider phasing in of requirements to allow time for small schemes to learn from larger schemes and develop a proportionate approach for smaller schemes
- Recognise that it is possible to apply a different approach to managing smaller schemes which places more reliance on advisers.

We are always interested to hear your views and communicate them to the Pensions Regulator. The more opinions and voices we can put in front of the Pensions Regulator the more effective we can be in bringing about change.