

## DC briefing

March 2024

Highlighting the latest developments in DC for trustees, employers and providers



### Introduction

It's time to spring into action, as the coming year is guaranteed to be another busy one for DC schemes. Our "on the horizon" section looks at the policy changes about to bloom, with the removal of the LTA, the introduction of TPR's new general code of practice and the continued work on pensions dashboards. On pages 2 and 3, we reflect on the budding Mansion House reforms, taking stock of progress so far and what is still to come.

### On the horizon



#### Tax changes

Following the removal of the LTA charge from 6 April 2023, the new Finance Act 2024 will abolish the LTA altogether from 6 April 2024 ("LTA-Day"). Two new allowances, the "lump sum allowance" and the "lump sum and death benefit allowance", are therefore set to make their debut.

Regulations are expected to address some wrinkles in the new legislation, and more guidance from HMRC (including an updated Pensions Tax Manual) is on its way. See our [Hot Topic](#) for the key issues for trustees, administrators and managers to get to grips with.



#### General code

TPR published its long-awaited new [general code of practice](#) in January 2024, bringing together 10 of the 16 current codes of practice. While most of the standards it sets out are not new, it includes TPR's expectations of how trustees should operate an "effective system of governance" and carry out an "own risk assessment". The code is expected to come into force on 27 March 2024. The action to be taken will depend on where your scheme is on its governance journey – see our [Alert](#) for further information.



#### Pensions dashboards

Work continues on the framework for pensions dashboards. The staging timeline guidance, which will set out when schemes are expected to connect to the dashboard architecture, is due this year. In the meantime, we recommend schemes continue their preparatory work and keep a close eye on developments.



#### Climate and ESG Compliance

The DWP was expected to review the [Climate Change Governance Regulations](#) in 2023 to assess whether the regulations and [statutory guidance](#) need to be updated. Timing appears to have been delayed, but we may see more on this in 2024.

# The Mansion House reforms: taking stock

2023 was a bumper year for DC pensions reform. Following the Chancellor's Mansion House speech in July, which we covered in our [October 2023 DC Briefing](#), the Autumn Statement marked the next steps in the "comprehensive package" of reforms. Here, we take stock of where we are now and look ahead at what is still to come.

## The journey so far



### 30 January 2023

The year started with a "DC deluge":

- changes to the charge cap and asset allocation reporting intended to [broaden DC investment opportunities](#)
- a consultation on [extending opportunities for CDC](#)
- a call for evidence on [addressing deferred small DC pots](#)
- a joint TPR and FCA consultation on a [new value for money \("VFM"\) framework](#)

### 6 April 2023

[Changes](#) to the charge cap to remove certain performance-based fees took effect

### 1 November 2023

TPR published a [speech](#) on its expectations for supporting members in decumulation

### 1 October 2023

New asset allocation and illiquid investment policy [disclosure requirements](#) began to apply

### 11 July 2023

The [Mansion House reforms](#) included:

- a [response](#) to the VFM consultation
- a [roadmap](#) to expand the use of CDC
- new consultations on [addressing deferred small DC pots](#) and [supporting DC savers in decumulation](#)
- a call for evidence on [trustees' skills, capability and culture](#)

### 22 November 2023

At the [Autumn Statement](#), the Chancellor announced:

- responses to the consultation on [deferred small DC pots](#) and [supporting DC savers in decumulation](#)
- a [response](#) to the call for evidence on trustees' skills, capability and culture
- a new call for evidence on a [lifetime provider model](#)
- the Government's [vision](#) for the pensions market in 2030
- the outcome of the Government's [master trusts review](#)

### 8 December 2023

Related to the proposed new decumulation duty, the FCA and HMT opened a consultation on [proposals to address the advice / guidance boundary](#) for FCA-  
authorised persons

### 6 March 2024

At the [Spring Budget 2024](#), pension schemes remained a key focus for the Government's plans to bolster investment in UK businesses. In future, certain DC schemes are expected to be required to disclose their asset allocation to UK equities, although the scope of this is not yet clear. The Chancellor also announced that, as part of the VFM framework, the FCA and TPR will be given powers to prevent poorly performing schemes from taking on new business from employers

### 24 January 2024

TPR published [guidance](#) for trustees considering investing in private markets

## Looking ahead

### Spring 2024

- The FCA is scheduled to consult on draft rules for the VFM framework for contract-based schemes
- The FCA is also expected to consult on a requirement for contract-based schemes to disclose their asset allocation to UK equities, as announced at the Spring Budget 2024
- A consultation on regulations to enable unconnected multi-employer CDC schemes was expected in autumn 2023, but timing appears to be delayed

### Late 2024

- A delivery group to help implement automated small pots consolidators is due to make proposals on the detail of this policy
- The DWP may consult on draft legislation for the VFM framework

### Before 2030

- The new VFM framework may be in force for trust-based and contract-based DC schemes
- Eligible deferred small DC pots may be automatically consolidated
- CDC schemes may be part of the pensions landscape, including multi-employer and decumulation-only CDC schemes

### In the longer term

- We may see the introduction of a lifetime provider model for workplace pension saving

### Summer 2024

- A further consultation on DC decumulation, focusing on member communications, may be published
- TPR may publish interim guidance on decumulation, which is expected to encourage schemes to “develop their offer early” and encourage innovation ahead of the introduction of the new decumulation duty (see below)

### Before 2026

- A duty for DC occupational pension scheme trustees to offer decumulation services and products to members is expected to be introduced “at the earliest opportunity” – we could see developments on this in the coming months and years

### By 2030



The Government’s vision for the pensions market involves:

- the vast majority of DC members in schemes of £30 billion or larger
- expanding the range of investment vehicles to ensure opportunities to invest in UK companies
- prioritising the long-term value of pension schemes over short-term cost



### What does this mean for DC scheme trustees and providers?

Alongside other pensions developments such as dashboards, these reforms could transform the pensions landscape in the UK. Although the impending general election adds some uncertainty to the future direction of travel, 2024 looks set to be another busy year. For now, we suggest liaising with your usual Sackers contact to consider the impact on your scheme and the implications for any future projects as the reforms develop.

## Contact

Sackers is the leading specialist law firm for pension scheme trustees, employers and providers. Over 60 lawyers focus on pensions and retirement savings, including our DC experts who provide practical and specialist help on all aspects of DC arrangements. For more information on any of the articles in this briefing, please get in touch with Helen Ball, Jacqui Reid or your usual Sackers contact.



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## Upcoming events



 We offer an extensive programme of workshops, seminars and trustee training. If you would like to attend any of our events, please contact [events@sackers.com](mailto:events@sackers.com) or visit [www.sackers.com/events](http://www.sackers.com/events).

Quarterly legal update – Spring	02/05/2024	<b>Online webinar</b> Our next Quarterly Legal Update for trustees and employers will be delivered as a webinar and chaired by Fuat Sami. Claire Carey will provide an essential overview of significant developments affecting occupational pension provision in the UK.
Trustee training: pensions for new trustees	09/05/2024	<b>In-person training</b> Our free and interactive seminar is a full day session aimed at new trustees, where we focus on the key legal issues for new trustees of DB, DC and hybrid schemes, as well as those who would like to refresh their knowledge.