

2016 No. 229

PENSIONS

**The Occupational Pension Schemes (Requirement to obtain
Audited Accounts and a Statement from the Auditor)
(Amendment) Regulations 2016**

<i>Made</i>	- - - -	<i>24th February 2016</i>
<i>Laid before Parliament</i>		<i>1st March 2016</i>
<i>Coming into force</i>	- -	<i>1st April 2016</i>

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by sections 41(1), 124(1) and 174(2) and (3) of the Pensions Act 1995^(a).

In accordance with section 120(1) of the Pensions Act 1995, the Secretary of State has consulted such persons as the Secretary of State considers appropriate.

Citation and commencement

1. These Regulations may be cited as the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) (Amendment) Regulations 2016 and come into force on 1st April 2016.

Amendment of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996

2.—(1) The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996^(b) are amended as follows.

(2) In regulation 2 (requirement of trustees or managers to obtain documents)—

- (a) in paragraph (1) for “(2A) and (2B)” substitute “(2B) and (2C)”;
- (b) in paragraph (2B)(b) omit “(j),”; and
- (c) after paragraph (2B) insert—

“(2C) The requirement to obtain an auditor’s statement in accordance with paragraph (1)(b) does not apply in relation to a scheme for a scheme year in which, on the first day of that scheme year, the scheme has at least 20 participating employers.”.

(3) In regulation 3(a) (form and content of the accounts audited by the auditor) for “the Schedule to these Regulations” substitute “regulation 3A”.

(4) After regulation 3 insert—

(a) 1995 c. 26. Section 124(1) is cited for the meaning it gives to “prescribed” and “regulations”.

(b) S.I. 1996/1975. Relevant amending instruments are S.I. 1997/3038, 2005/2426, 2006/778 and 2013/2743.

“Information to be included in the accounts audited by the auditor

3A.—(1) The information specified for the purposes of regulation 3(a) is as follows.

(2) Particulars of any investment (other than in UK Government securities) in which more than 5 per cent. of the total value of the net assets of the scheme is invested and, if any such investment is an insurance policy, a statement of its main characteristics.

(3) Except in relation to a trust scheme that applies to earners in employments under different employers, where the scheme has employer-related investments within the meaning of section 40(2)(a) of the Pensions Act 1995 (restriction on employer-related investments), a statement—

- (a) as to the percentage of the scheme’s resources invested in such investments at the end of the scheme year; and
- (b) if that percentage exceeds 5 per cent., as to the percentage of the scheme’s resources which are investments to which regulation 13 of the Occupational Pension Schemes (Investment) Regulations 2005(b) (investments to which restrictions do not apply) applies.

(4) Where the scheme is a trust scheme that applies to earners in employments under different employers, a statement in accordance with paragraph (3) or a statement—

- (a) listing the 100 largest investments by value held by the scheme at the end of the scheme year and stating what percentage of the resources of the scheme each such investment represents;
- (b) identifying which of the investments mentioned in sub-paragraph (a) are employer-related investments;
- (c) if, as at the end of the scheme year, more than 5 per cent. of the resources of the scheme are invested in employer-related investments in contravention of section 40(1) of the Pensions Act 1995, listing the employer-related investments and the employer concerned.

(5) The total amount of the purchases and the total amount of the sales of investments during the scheme year to which the accounts relate.

(6) A statement whether the accounts have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes current at the end of the scheme year to which the accounts relate and, if not, an indication of where there are any material departures from this framework.

(7) In paragraph (4), “employer-related investments” has the same meaning as in section 40(2) of the Pensions Act 1995 but as if the following words were omitted from subsection (2)—

- (a) in paragraph (a) “or by any person who is connected with, or an associate of, the employer”; and
- (b) “or any such person” in each place where they occur.”.

(5) The Schedule is revoked.

Review of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996

3.—(1) The Secretary of State must from time to time—

- (a) carry out a review of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996;
- (b) set out the conclusions of the review in a report; and

(a) Section 40 was amended by section 319(1) of, and paragraph 51 of Schedule 12 to, the Pensions Act 2004 (c. 35) and by S.I. 2001/3649 and 2004/355.

(b) S.I. 2005/3378. Regulation 13 was amended by S.I. 2006/778, 2009/615 and 2010/2161.

- (c) publish the report.
- (2) The report must in particular—
 - (a) set out the objectives intended to be achieved by the regulatory system established by the regulations referred to in paragraph (1)(a);
 - (b) assess the extent to which those objectives are achieved; and
 - (c) assess whether those objectives remain appropriate and, if so, the extent to which they could be achieved with a system that imposes less regulation.
- (3) The first report under this regulation must be published before 1st April 2021.
- (4) Reports under this regulation are afterwards to be published at intervals not exceeding five years.

Signed by authority of the Secretary of State for Work and Pensions.

24th February 2016

Altmann
Minister of State,
Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 (S.I. 1996/1975) (“the 1996 Regulations”).

Regulation 2(2) removes the requirement for trustees or managers of occupational pension schemes to obtain an auditor’s statement about contributions under the scheme for any scheme year in which the scheme has more than 20 participating employers.

Paragraphs (3) to (5) of regulation 2 revoke the Schedule to the 1996 Regulations, but retain some requirements from the Schedule in the new regulation 3A.

Regulation 3 requires the Secretary of State to carry out a review of the 1996 Regulations and publish a report setting out the conclusions of the review. The first report must be published before 1st April 2021. Further reports are to be published at intervals of not more than 5 years.

An Impact Assessment on the effect that this instrument will have on the costs of business and the voluntary sector is published with the Explanatory Memorandum alongside this instrument at <http://www/legislation.gov.uk>.

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