Title: Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) (Amendment) Regulations 2016 (SI2016/229)	Post Implementation Review
PIR No: DWP 002_2021	**Date:** 25/03/2021
Original IA/RPC No: DWP2016_01	**Type of regulation:** Domestic
Lead department or agency: Department for Work and Pensions	**Type of review: Statutory**
Other departments or agencies: Click here to enter text.	**Date measure came into force:** 01/04/2016
	Recommendation: Keep
Contact for enquiries: gavin.forsdyke@dwp.gov.uk	**RPC Opinion:** Choose an item.

1. What were the policy objectives of the measure?

These Regulations amended the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 (SI 1996 No.1975) to:-

- modernise accounting practices and investment disclosure requirements so that they better aligned with Financial Reporting Standard 102 (FRS 102) introduced in 2014, in order to. improve financial reporting and reduce the burden on pension schemes by removing out of date investment analysis;
- remove the requirement for trustees obtain an audited statement on contributions for multi-employer schemes with more than 20 participating employers.

2. What evidence has informed the PIR?

- Review of the 2016 Regulations and previous related requirements in the 1996 Regulations;
- Review of the Impact Assessment;
- Review of the public consultation, summary of responses and Government response;
- Informal consultation with representative groups in the financial reporting and pensions industry, including a sample group of those who responded to the 2016 consultation.

3. To what extent have the policy objectives been achieved? (Maximum 5 lines)

The review indicates that the policy objectives have been met in full.

1) The out of date requirements in the Schedule to the 1996 Regulations have been removed.
2) The new requirements will respond more flexibly to future changes in financial reporting standards and the guidance provided by the pensions Statement of Recommended Practice (SORP), which is regularly reviewed.
3) Exempting multi-employer schemes with at least 20 participating employers, from the requirement to obtain an auditor statement regarding payment of contributions, removed this burden from large multi-employer schemes, whilst maintaining a helpful level of assurance for smaller schemes.

Sign-off for Post Implementation Review: Chief economist/Head of Analysis and Minister

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: Andrew Ward, DWP Deputy Chief Economist Date: 25/03/2021

Signed: Guy Opperman, Minister for Pensions and Financial Inclusion
Date: 12/04/2021

Further information sheet

4. What were the original assumptions?

Impact Assessment:

- Investment disclosure savings: The Impact Assessment estimated: 7,894 pension schemes would be affected – 5,994 defined benefit schemes and 1,900 defined contribution schemes; time required to prepare accounts, disclose information and then audit the accounts (between 0.25 and 7 hours per scheme); and labour costs of £100 per hour. On that basis removing the investment disclosure requirement was estimated to save around £4.3m a year (midpoint between the high and low estimates).
- Multi-Employer Schemes savings: The Pension Regulator estimated 2,568 multi-employer schemes and 38 master trusts would be affected by this policy. DWP estimated savings in administrative staff time of 2 hours for multi-employer schemes and 10 hours for master trusts, resulting in a total annual saving of around £100k.
- Familiarisation costs: The Impact Assessment assumed a one-off familiarisation cost estimated of £40k based on approximately 7,900 businesses for the removal of investment disclosures and £12k for the changes to multi-employer schemes.

Review of impacts:

- Since 2016 the number of pension schemes impacted by the investment disclosure provisions has declined to 6,377 – 5,327 defined benefit schemes[1] (at 31/03/20) and 1,050 defined contribution schemes[2] (at 31/12/19). It is reasonable to expected that annual savings will reduce proportionally in line with the number of schemes in scope.
- It would be disproportionate to gather information about the actual cost savings. Informal feedback from pension schemes suggests that there has been an administrative cost saving as a result of the investment disclosure provisions but it is not possible to quantify.

5. Were there any unintended consequences?

Neither the Department for Work and Pensions nor the Pensions Regulator are aware of any negative unintended consequences and none has been reported by external organisations. The informal consultation of external industry organisations undertaken to inform this review specifically asked if there were any unintended consequences. None were identified.

6. Has the evidence identified any opportunities for reducing the burden on business?

- The amendments provided for by these Regulations were deregulatory with reduced administration in preparations of disclosure, and audit.
- Our informal consultation with external organisations confirmed that these measures as sensible and beneficial. Several organisations suggested further changes or a review of the wider reporting requirements but the measures in these Regulations were supported.
- The evidence reviewed did not identify any further opportunities for reducing the burden on business.

[1] PPF *The Purple Book 2020*. Figure 2.3.
[2] TPR *DC trust: scheme return data 2019-2020.* Table 1.19, Defined Contribution schemes with 12+ members.

7. How does the UK approach compare with the implementation of similar measures internationally, including how EU member states implemented EU requirements that are comparable or now form part of retained EU law, or how other countries have implemented international agreements? (Maximum 5 lines)

The Department is not aware of any comparative international or EU requirements.