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Current issues

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Articles this month:

DB annual funding statement 2019

The Pensions Regulator has published the 2019 edition of its annual funding statement for defined benefit (DB) schemes.[1] It provides guidance on the Regulator's expectations of trustees and sponsoring employers who are conducting valuation exercises at dates in the year to 21 September 2019, and what responses they might anticipate from it in return.

Revised Code of Practice

As the Department for Work and Pensions (DWP) announced, in March 2018, in its White Paper on *Protecting Defined Benefit Pension Schemes*, the Regulator is to revise its DB funding Code of Practice to clarify its assessments of issues such as the prudence of technical provisions and the appropriateness of recovery plans. The Regulator says that it will put forward options for a revised funding framework in the summer of 2019, and follow that up with a draft of the reworked Code. The existing Code and guidance should be followed until the revised version comes into effect.

Long-term funding targets

The White Paper also announced the DWP's plan to require trustees to declare their long-term funding objectives (probably in a new DB 'Chair's Statement'). The Regulator anticipates such a legislative development by expecting trustees and sponsors to agree on a suitable long-term funding target for their scheme, and to be able to demonstrate that their investment and funding strategies are consistent with it.

Balancing risks

In this annual funding statement the Regulator re-emphasizes the importance of integrated risk-management, but highlights scheme maturity in addition to the usual triumvirate of covenant, investment and funding risks. It is a theme that the Regulator returns to throughout this year's statement, saying that maturity issues will become increasingly significant, and that it expects trustees to take advice from their actuaries about the maturity of their schemes, and how it might develop.

[1] *TPR is clear about its expectations for DB schemes planning their long term strategy* (PN19-13, 5 March 2019) <www.thepensionsregulator.gov.uk/en/media-hub/press-releases/tpr-is-clear-about-its-expectations-for-db-schemes-planning-their-long-term-strategy>; *Annual defined benefit funding statement 2019* <www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/db-annual-funding-statement-2019.ashx>.

The Regulator assures readers that it does not pass judgement on a scheme's technical provisions or discount rate mechanistically, based on any gilt-yield-based benchmark. Rather, it looks at their suitability in light of the various risks borne by the trustees, and how they are managed. It highlights several factors that are taken into account, most notably warning that, in its opinion, schemes with strong employers ought to have recovery plans '*significantly shorter*' than the seven-year average for all schemes: this is consistent with a recent Compliance and Enforcement Bulletin in which the Regulator indicated that the 5.9-year average recovery plan length for strong employers would be used as a yardstick.[2]

Segmentation

The Regulator has further developed its system of categorization of schemes by risk profile, setting out the actions that it expects from trustees and sponsors in each class. This year, as well as covenant and funding considerations, there is much greater emphasis on investment risk, and scheme maturity is used to create sub-categories (with the bar set higher for more mature schemes).

Treating schemes & shareholders even-handedly

The Regulator again voices concern about an imbalance between employers' dividend payments—as well as other forms of '*covenant leakage*'—and the deficit-reduction contributions (DRCs) made to DB pension schemes. During 2018, it pre-emptively contacted trustees of schemes that had valuations imminent to make those concerns clear, and says that in 2019 it intends to '*broaden* [its] *grip… to cover a larger number and greater range of schemes (regardless of covenant).*' It expects that—

- if distributions to shareholders are disproportionate to DRCs, the scheme should have a strong funding target and relatively short recovery plan;
- for weaker employers, DRCs should be larger than shareholder distributions, unless the funding target is strong and recovery plan short; and that
- shareholder distributions will have ceased if the employer is unable to support the scheme.

Recovery plan length

Where schemes put in place '*significantly long*' recovery plans as part of their last valuation exercise, they can expect to be contacted by the Regulator prior to their 2019 valuations. It will take account of scheme maturity and employer covenant when reaching a conclusion about a recovery plan is unacceptably long: it indicates, by way of example, that a recovery plan in excess of the seven-year average length will be taken to be overlong if the employer is strong and the scheme relatively mature.

Enforcement

The Regulator urges trustees not to allow themselves to be pressured into accepting unsuitable funding plans because of an impending statutory deadline, and to report any attempts to compel them to do so. Whilst noting that penalties can be imposed (and have been) for failure to finalize valuations within the fifteen-month limit, it says that it can exercise its discretion to waive any fines if trustees have taken all reasonable steps to comply and there it a genuine reason for the delay.

It also reminds readers of its powers to impose technical provisions and recovery plans upon schemes, and mentions the case of Southern Water, in which it threatened but did not ultimately have to do so. It says, ominously, that it has '*several investigations currently underway where* [it] *might decide to use this power.*'

The statement is in keeping with the Regulator's 'clearer, quicker, tougher' makeover, and an indication of the direction of travel for the revamped DB funding regime that is expected in 2020. It is unlikely to cause a major stir for those trustees who are already at the leading edge of best practice. They will already have a long-term plan for their scheme and be shifting into investments that match pension payments more closely. However, lots will need to 'up their game' to draw level, shifting their focus to how the scheme will be settled or run-off; and all trustees are

[2] See *Current Issues* March 2019 <www.hymans.co.uk/media/uploads/Current_Issues_-_March_2019.pdf>.

to some extent going to have to work harder to demonstrate that the risks they are running can be supported by the sponsoring business.

Businesses with pension scheme valuations this year will be under considerable pressure to pay higher contributions if they have a long recovery plan or are paying high levels of dividends relative to deficit contributions. This will be unwelcome for those who are wrestling with tough trading conditions and Brexit-related uncertainty. If businesses are struggling, the Regulator will be highly likely to intervene to put the interests of pensioners ahead of investors'. According to our analysis one in five FTSE 350 companies with a final salary pension scheme is at risk of such intervention.

Government confirms CDC plans

The Department for Work and Pensions (DWP) has reaffirmed its commitment to making the legislative changes necessary for the establishment of collective defined contribution (CDC) pension schemes.[3] Its initial focus is to permit Royal Mail PLC and the Communication Workers Union to proceed with a new scheme for postal workers '*as soon as Parliamentary time allows*'; work could then begin on extending the provisions to encompass variants such as master-trust and decumulation-only schemes.

CDC: a brief summary

In a CDC scheme employer contributions are essentially fixed, with no additional liability or balance-sheet risk, and the assets are pooled and invested collectively. The scheme targets a level of income for each member, and pays it out of the collective assets, so that benefits are not solely related to an individual member's contributions and investment performance. However, the actual benefit paid—especially any element arising from indexation—is conditional upon the state of the scheme's funding.

The increased fund size achieved by pooling can help the trustees negotiate lower charges, and together with the reduced need for liquidity can widen the range of long-term investment opportunities. With no annuitization at retirement (cutting out insurers' profit margins), there is less need for 'lifestyling' investment changes during the approach to retirement, so that schemes can remain invested in return-seeking assets.

Proposals

Making it money purchase

The Government published a consultation paper on *Delivering collective defined contributions schemes* in November 2018.[4] It concluded that new primary and secondary legislation is required to achieve its intended goal of making CDC a form of money purchase benefit, and construct a suitable supervisory framework around CDC schemes.

The import of ensuring that CDC is seen as a species of money purchase benefit is that it will limit sponsors' liability to the payment of their defined contributions. The DWP does not completely dismiss the possibility of '*judicial reclassification*', as occurred in the case of *Aon Trust Corporation Ltd v KPMG* (in which a rather convoluted scheme that was operated as if it were a money purchase arrangement was found to be of a defined benefit nature), but will seek to legislate so that the definition is tightly drawn.

There are areas in which the existing rules for money purchase schemes will have to be adapted. Member communications will have to be tailored to the complexities of CDC, and Her Majesty's Revenue and Customs must find a way of making the annual and lifetime allowance rules work with the new type of benefit (it will bring forward consultation proposals in due course). The Government plans to introduce a cost-of-accruals test for employers

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[3] Press release: *New pension scheme "could deliver improved returns for millions"* <www.gov.uk/government/news/new-pension-scheme-could-deliver-improved-returns-for-millions>; *Government response: delivering collective defined contribution pension schemes* <assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786395/response-delivering-collective-defined-contribution-pension-schemes.pdf>.

[4] For more details of the consultation proposals see our Sixty Second Summary, *Stage set for collective defined contribution schemes* (November 2018) <www.hymans.co.uk/media/uploads/1811_cdc_consultation_60SNS.pdf>.

that wish to use CDC schemes for automatic enrolment, but the legislation will be drafted so that alternative tests of quality can be added later, if desired.

Scope and scale

Although the immediate goal is to enable the creation of CDC schemes for single employers and corporate groups, the legislation will be designed so that other sorts of scheme, such as decumulation-only arrangements and master trusts, can be accommodated. The work required to expand the scope of the reforms will begin '*promptly*' after the Royal Mail scheme's establishment.

The Government acknowledges that CDC schemes will have to achieve a certain scale in order to be sustainable, but has decided not to try to specify a minimum scheme size in legislation. It thinks that a minimum scale will arise naturally from the need for the scheme design and actuarial assumptions to pass regulatory muster. The decision to restrict CDC, initially, to single- or associated-employer schemes will limit their size somewhat, but the DWP does not think that small employers will be interested.

Governance

It will not be mandatory for CDC schemes to have professional trustees. The Government has rejected trade union calls for fifty per cent of the trustee board to be member-nominated.

Authorization & supervision

The details of the authorization and supervision regime are still being developed, but it will share many features of the rules for DC master trusts. It will emphasize the need for effective management of risk (including intergenerational risk), and contingency planning will be required. There will also be minimum transparency obligations.

Sustainability

There will be no requirement for scheme designs to incorporate capital buffers, whereby some part of the contributions made by and on behalf of members is put aside to smooth potential future volatility. The Government feels that they could be a source of intergenerational unfairness, for example where the buffer is used in part to stabilize pensions in payment but the burden of replenishing the buffer falls upon younger, active members. It notes that Royal Mail's proposed design assumes above-inflation (CPI + one per cent) annual increases to benefits pre- and post-retirement, and that the trustees' ability to adjust such awards will allow the scheme to absorb all but the most extreme volatility without the need for a specific buffer. It will also have a mechanism allowing severe benefit reductions to be phased in over a number of years. However, the Government does not intend to prohibit schemes that feature a capital buffer.

Details of the actuarial calculations and assumptions (including the investment strategy) that underlie a scheme's design will have to be submitted to the Regulator as part of the authorization process. Annual actuarial valuations, on a 'best estimate' approach, will be required for the purposes of assessing the need for benefit adjustments—and may have to be made publicly available online. It is expected that trustees will have to present proof to the Regulator, from modelling and appropriate actuarial certifications, that their assumptions are neither too optimistic nor too prudent. They will have to show that their scheme would remain sustainable in the absence of future contributions.

The Government has decided not to subject the underlying actuarial assumptions to mandatory independent peer review. It thinks that such a requirement would be excessive, but notes that actuaries are already obliged by their professional standards to consider whether their actuarial work ought to be considered by another individual for quality assurance purposes, and whether that review should be carried out by someone not otherwise involved in the work.[5]

[5] *APS X2: Review of Actuarial Work*.

Other issues

Members of CDC schemes will have a statutory right to transfer. Transfer values are likely to be calculated on a 'share of fund' approach.

The details of the charge cap that will apply to CDC schemes has not been settled, but for now the proposal is that it will mirror the restrictions in place for money purchase schemes more generally.

Explaining all of this to members

The Government agrees that effective communication is '*critical*' if members are to understand and trust CDC schemes. The details of the regulatory requirements are still being considered, as are the implications of CDC for the development of the forthcoming 'pensions dashboards'. It is expected that members will have to be given information about the specific scheme design, with CDC-specific annual benefit statements, and made aware in advance of any changes to pensions in payment; and that such communications must be accompanied relevant risk warnings. The mechanism for benefit adjustments in particular will have to be set out unambiguously in scheme rules (not left to trustee discretion), clearly communicated, and applied consistently across the entire membership.

By pooling risk, CDC could deliver better outcomes to members, particularly in the later stages of retirement. The advantages over current DC schemes in the pre-retirement, 'saving' phase remain less clear.

We are glad that the Government has accepted that, as we argued in our consultation response, the original proposal to limit CDC to schemes for single employers and corporate groups was unduly restrictive.[6] Allowing master trusts and other multi-employer schemes to consider offering CDC benefits could be an attractive proposition for all concerned.

New standards for professional trustees

Professional occupational pension scheme trustees will soon be expected to apply for accreditation in order to demonstrate that they meet standards established by the Professional Trustee Standards Working Group (PTSWG).[7] Whilst the standards will have no legal status, they do have the support of the Pensions Regulator, which is represented on the PTSWG.

In summary, the Regulator considers '*any person… who acts as a trustee of the scheme in the course of the business of being a trustee*' to be a professional trustee.[8] The standards and accreditation framework will apply to individual professional trustees and directors of corporate professional trustees (but not to those whose only appointments are for small self-administered schemes).

Standards

The standards are divided into

- *general standards* (covering fitness and propriety, expertise and care, professional development, the role of the professional trustee on a trustee board, behaviours and skills, conflicts of interest, duties delegated to a professional trustee, and practices relating to the professional trustee's appointment);
- additional standards for *professional trustees who chair or assist the chair of a trustee board* (outlining the roles and qualities expected when dealing with the trustee board, the sponsoring employer, advisers and suppliers, the Pensions Regulator and governance matters); and

[6] You can read our consultation response at <www.hymans.co.uk/news-and-insights/news-and-blogs/news/hymans-robertson-respond-to-the-governments-commitment-to-cdc/>.

[7] The standards can be downloaded from <appt.co.uk/wp-content/uploads/2019/03/20190306-FINAL-STANDARDS.pdf>, and the accreditation framework can be found at <appt.co.uk/wp-content/uploads/2019/02/20190225-PTSWG-Accreditation-FINAL.pdf>.

[8] *Professional Trustee Description Policy* (August 2017) <www.tpr.gov.uk/-/media/thepensionsregulator/files/import/pdf/professional-trustee-description-policy>. Even more succinctly, the description captures those who—as the title suggests—are trustees *professionally*, and not just because, for example, they happen to be paid for acting as trustees of the schemes of their current or former employers. Promoting one's services for roles in multiple, unrelated schemes would tend to suggest that one is doing so '*in the course of the business of being a trustee*'.

- additional standards for those acting as *sole trustee*, where a single professional trustee takes the place of a traditional trustee board (this section deals with matters such as which professional trustees should not accept such appointments[9], governance arrangements, and the required processes for fraud prevention, business continuity, peer review of important decisions, and ensuring that there are always at least two accredited trustees in the firm with responsibility for each appointment).

Accreditation

The accreditation process is expected to have commenced by mid-2019. It is proposed that it will be managed by the Pensions Management Institute, with the Association of Professional Pension Trustees in the role of overseer.

To gain accreditation, applicants will have to

- meet a 'fit and proper' test modelled on the standards for master trusts;
- provide references from two reputable figures within the industry;
- have completed the Regulator's 'Trustee Toolkit';
- have obtained the Pensions Management Institute's Level 3 Award in Pension Trusteeship; and
- complete an online 'soft skills' test (assessing '*the "other … skills and behaviours" associated with professional trusteeship*').

The accreditation will have to be renewed annually. In order to maintain it, trustees will need to

- attest that they continue to be 'fit and proper' and adhere to the PTSWG's standards, and have completed any new or revised modules in the 'Trustee Toolkit'; and
- accumulate at least 25 hours of relevant continuing professional development (CPD), of which at least 15 hours must relate to structured events such as conferences, seminars or formal training sessions.

The costs of achieving and maintaining accreditation are currently unknown, pending development of the 'soft skills' test, but are expected to be confirmed by mid-2019.

Although the standards do not have legal status, they are likely to become the benchmark by which a quality professional trustee is recognized, and will effectively thereby become mandatory for any professional trustee keen to build a portfolio. The requirement to take an examination (the PMI Award in Pension Trusteeship) may also be off-putting for those who have not undertaken examinations for many years, yet consider themselves to be experienced and competent professional trustees. This might lead some existing professional trustees to leave the industry sooner than they had planned.

The addition of the 'soft-skills' test reflects increasing awareness in the industry that, whilst a certain degree of technical knowledge is desirable, the chief qualities for fulfilling what is often a non-executive-director role are more likely to revolve around good communication skills, ability to work as part of a collective whilst retaining individual views, confidence in leadership, and awareness of when and how to make appropriate challenges.

[9] Sole traders, and those with insufficient resources to cope with the demands of the role.

Introducing the Money & Pensions Service

The new '*single financial guidance body*' will be known as the Money and Pensions Service.[10] Scheme booklets and other member communications will need to be updated to reflect the change.

The *Financial Guidance and Claims Act 2018* brought together the Pensions Advisory Service, the Money Advice Service, and 'Pension Wise' to create a new single financial guidance body, with effect from 1 October 2018. The move came out of a review of government-sponsored guidance organizations, launched back in 2015. At one point the Treasury proposed to have two replacement bodies, but its policy was revised in the light of respondents' belief that a single entity could produce better results.

Regulations made under the Act, and coming into force on 6 April 2019, will name the body the Money and Pensions Service. The Regulations will also make several consequential amendments to existing legislation. Of most pertinence for pensions purposes are changes to disclosure obligations that currently require trustees and scheme managers to point members toward the Pensions Advisory Service (TPAS), in basic scheme information (usually provided via member booklets), transfer value statements, and internal dispute resolution procedure (IDRP) communications. Such statements will have to refer instead to the Money and Pensions Service.

The revised IDRP Regulations will require that members are directed to the Money and Pensions Service for help with any difficulty with the scheme. However, TPAS's dispute-resolution function was transferred to the Pensions Ombudsman, with effect from 1 April 2018, and so has not gone to the new Service, which will provide only general information and guidance. The Pensions Regulator magnanimously announced in September 2018 that it would not censure trustees who (we are paraphrasing here) prize common sense and a desire to be helpful to members over the strict letter of the (outdated) law.[11] Anyone who finds this state of affairs to be farcical may be interested to learn that the rules for making a formal complaint to the Ombudsman still (until 6 April 2019, anyway) make reference to the 'Occupational Pensions Advisory Service Limited', a name that has not been used since December 2004.

Trustees' regard for employer's interests not a fiduciary duty

A High Court judge has ruled that pension trustees have no fiduciary duties toward their scheme's sponsoring employer.[12] So far as we are aware, this is the first time that a court has expressly ruled out the existence of such a duty.

The case was about whether two former company directors who created and became the trustees of an executive pension scheme, of which they were the members, abused their position by conspiring to maximize their own benefits contrary to the company's interests. They departed from the organization '*in acrimonious and controversial circumstances*', involving whistleblowing and allegations of racial discrimination. The company's case was founded upon several decisions taken by the pair, including:

- the establishment of a separate executive scheme for themselves (and one other director);
- dis-application of a pre-6 April 2006 Inland Revenue limit on increases to their pensions in payment;
- removal of a provision that reduced the survivor's pension payable to a spouse who was more than ten years younger than the member, occasioned by the marriage of one of the directors to such a person;
- their excessively (said the company) conservative investment and funding strategies.

In the lengthy (221-page) judgment, paragraphs 117 to 120 deal with the question of whether the trustees owed fiduciary duties to the sponsoring employer. The judge concludes that they did not, observing that '*a fiduciary should serve only one master*', and that the trustees' primary duty was to promote the purpose for which the

[10] The *Financial Guidance and Claims Act 2018 (Naming and Consequential Amendments) Regulations 2019* (SI 2019 No. 383) <www.legislation.gov.uk/uksi/2019/383/schedule/made>.
[11] *Notice: Signposting to The Pensions Ombudsman (TPO) and to The Pensions Advisory Service (TPAS)* <www.pensions-ombudsman.org.uk/wp-content/uploads/Final-Signed-Letter-on-the-move-of-Dispute-Resolution-from-TPAS-to-TPO.pdf>.
[12] *Keymed (Medical & Industrial Equipment) Limited v Hillman and Woodford v Olympus Corporation* [2019] EWHC 485 (Ch).

scheme was created. They were entitled to take account of the employer's interests, in so far as they did not conflict with that primary duty; however, if the employer's interests conflicted with those of the scheme's beneficiaries (the members), the employer's interests were subordinated.

The judge dismissed all of the allegations against the two former directors. The evidence indicated that the separate executive scheme was created because of concerns about the effect of the statutory wind-up priority order following the creation of the Pension Protection Fund (in summary, although funding levels were healthy enough to keep the scheme out of PPF, the directors' accrued pensions would have been severely curtailed in the event of employer insolvency). An initial decision to retain the pre-6 April 2006 pension increase limit (along with other Revenue limits) had been made without due attention or (it seemed) reference to the trustees, and their subsequent decision to remove it from the executive scheme had been honestly and properly made. Although the funding and investment strategies could be described as conservative, they were not unduly so; whilst the approach was in the interests of the members of both schemes, it was also in the interests of the company as it had reduced the risk that it would be called upon to make significant contributions in future; and, more importantly, the strategies were maintained by the trustees who replaced the directors after their departure. There was no evidence of dishonesty or improper conduct, and any failings identified (such as documentary inadequacies) were innocent instances of '*things that could have been done better*'.

Finance Act 2019

With effect from the 2019/20 tax year, legislation will widen the tax exemption for employer premiums to policies providing death benefits, outside of registered pension schemes, in respect of their employees.

The *Finance Act 2019* received Royal Assent on 12 February 2019, but the sole pensions-related provision comes into effect on 6 April 2019. As announced at the time of 2017's autumn Budget, it concerns the reform of tax rules about the consequences of employers paying premiums to life assurance products (or contributions to overseas schemes) for their employees. Such premiums are currently exempted from 'P11D' income tax provided the beneficiary is a member of the employee's '*family or household*'. The relevant definitions are somewhat restrictive, however, and exclude (for example) siblings and grandchildren, unless they happen to be financially dependent upon the employee (whilst domestic staff and house guests are acceptable beneficiaries).

The changes will allow the benefit to go to any individual or a charity, without the premiums being treated as a taxable benefit-in-kind for the employee.

Revision of the class of acceptable beneficiaries may make 'excepted group life policies' (EGLPs) more attractive as a means of providing death cover for those with lifetime allowance issues. In a registered pension scheme, lump sum death benefits are (in respect of members who die before reaching age 75, when paid within two years of death) tested against the member's available lifetime allowance. It may also be the case that a person entitled to enhanced or fixed protection would lose the benefit of that protection if made a member of a new registered arrangement for the purposes of death benefit cover.

New private-sector 'off-payroll working' rules could touch on pensions

Her Majesty's Revenue and Customs (HMRC) is seeking views on proposals for bringing private sector 'off-payroll working' rules into line with those of the public sector, with effect from 6 April 2020.[13] As part of the change, HMRC is considering ways to provide relief on pension contributions.

Off-payroll working occurs when an individual ('*the worker*') provides his or her services to a client organization via an intermediary. The intermediary can be another individual, a partnership, an unincorporated association or a company; often, it will be a personal service company set up by the worker.

There has since 2000 been legislation intended to ensure that such arrangements are not used to avoid income tax and National Insurance Contributions (NICs). However, the rules were more honored in the breach than the observance. The Government began to address such non-compliance in April 2017, with special rules for the public sector. These make the public-authority client that retains a worker's services responsible for determining whether he or she would have been regarded as an employee if engaged directly. It must communicate its conclusion to the '*fee-payer*', the organization (for example, an agency) that directly pays the intermediary. If the determination is that the worker ought to be treated as though employed, the fee-payer must deduct income tax and NICs from its payments.

The Government announced as part of the 2018 Budget that it would extend the public-sector off-payroll working rules to the private sector. The consultation document sets out HMRC's proposals for achieving that aim.

Although the original, 2000-vintage rules make allowance for pension contributions to be made on the worker's behalf, free of tax and NICs, the public-sector rules, for the sake of simplicity, do not. Her Majesty's Revenue and Customs is considering options that would allow the fee-payer under the new, extended rules to contribute free of tax and NICs to the worker's personal pension, thereby reducing its liability for Class 1 'employer' NICs.

The consultation period closes on 28 May 2019.

If you use the services of people who provide their professional expertise via personal service companies, it will be worthwhile studying the consultation proposals, and keeping track of the outcome, to determine what new responsibilities might arise.

[13] <assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/783409/Off-payroll_working_rules_from_April_2020.pdf>.

HMRC newsletters March 2019

During the month of March 2019, Her Majesty's Revenue and Customs (HMRC) published the 43rd and 44th editions of its *Countdown Bulletins* series, devoted to the abolition of salary related contracting out.[14] It also issued *Pension Schemes Newsletter 108*.

Countdown Bulletins 43 & 44

The contents of *Countdown Bulletin 43* gave an email address (CRM.schemereconciliationservice@hmrc.gsi.gov.uk) for pension scheme administrators to use to raise questions and issues about the Scheme Reconciliation Service (SRS). It also gave details of some improvements to the SRS processes. *Bulletin 44* followed hard on its heels, giving revised dates for steps in HMRC's 'Scheme Financial Reconciliation' exercise, whereby any contracting-out-related debts owed by schemes, or refunds owed by HMRC, will be calculated and notified.[15] The exercise was run on the 4 March 2019, and not 18 March as originally planned: as a consequence, the six-year look-back period that will determine how much HMRC is owed will begin on 4 March 2013. Letters will now be issued to schemes that are in debt to HMRC during the week beginning 1 April 2019; payments still have to be made by 21 May 2019.

Pension Schemes Newsletter 108

Amongst other things, *PSN 108* announces that HMRC is to chair a group of industry representatives tasked with considering the taxation issues raised by 'GMP equalization'. Its first meeting will take place in April 2019.

[14] *Countdown Bulletin 43* <www.gov.uk/government/publications/countdown-bulletin-43-march-2019/countdown-bulletin-43-march-2019>; *Countdown Bulletin 44* <www.gov.uk/government/publications/countdown-bulletin-44-march-2019/countdown-bulletin-44-march-2019>.
[15] See *Current Issues March 2019*.

And Finally…

AF has no desire to wade into the mire that is Brexit politics. Depending which camp one falls into, the sheer number of statutory instruments issuing from Parliament in preparation for the event—whenever it may be—is either an indication of the EU's importance, or evidence for its overreach. It was up to 494 last time we looked, and the range of subjects covered is astounding.

Apropos of very little, the thought struck us for the first time that the phrase '*mobile roaming*' (as in the *Mobile Roaming (EU Exit) Regulations 2019*) is, surely, tautological. Then we wilfully misread the title of the *Animals (Legislative Functions) (EU Exit) Regulations 2019*, and recalled the possibly (but we hope not) apocryphal tale about Emperor Caligula's plans to make his horse Incitatus a consul. Whereas the *Environmental Noise (Wales) (Amendment) (EU Exit) Regulations 2019* immediately brought to mind the *Blackadder* line about '*Huge gangs of tough, sinewy men roam*[ing] *the valleys, terrorizing people with their close-harmony singing*' (if you're offended by the stereotyping we can settle it in the old Highland way: bare-breasted and each carrying an eight-pound baby).

Regardless of one's politics, there are some things that few people would dispute ought to be carefully regulated. Perhaps the 'environmental noise' in the last example comes from the raised voices of people affected by the *Radioactive Contaminated Land (Modification of Enactments) (Wales) (Amendment) (EU Exit) Regulations 2019*. Or see the *Transmissible Spongiform Encephalopathies and Animal By-Products (Amendment etc.) (EU Exit) Regulations 2019*, the *Transfrontier Shipment of Radioactive Waste and Spent Fuel (EU Exit) Regulations 2019*, and the *Blood Safety and Quality (Amendment) (EU Exit) Regulations 2019*.

We must say, though, the *Control of Mercury (Amendment) (EU Exit) Regulations 2019*: that's a complete and utter waste of time and definitely an example of bureaucratic arrogance. It's just going to keep going round and round the sun, harum scarum, regardless of anything pen-pushers in Brussels (or Westminster) do…