
STATUTORY INSTRUMENTS

1996 No. 1715

**The Occupational Pension Schemes
(Scheme Administration) Regulations 1996**

[^{F1} PART V

GOVERNANCE OF RELEVANT SCHEMES

CHAPTER 1

GENERAL]

[^{F1} **Annual statement regarding governance**

23.—(1) Subject to paragraph (3), the trustees or managers of a relevant scheme must prepare a statement within seven months of the end of each scheme year, and that statement must—

(a) in relation to the default arrangement [^{F2}(if any)]—

(i) include the latest statement prepared in accordance with regulation 2A (default investment strategy) of the Occupational Pension Schemes (Investment) Regulations 2005 (“the Investment Regulations”);

(ii) describe any review undertaken during the scheme year in accordance with paragraph (2) of that regulation;

(iii) explain any changes resulting from such a review; and

(iv) where no review was undertaken during the scheme year, give the date of the last review;

[state the amount of any specified performance-based fees incurred in relation to each default arrangement (if any) during the scheme year, calculated in accordance with regulation 25(1)(a), as a percentage of the average value of the assets held for the purposes of that default arrangement during the scheme year;]

[state the return on investments, after deduction of any charges or transaction costs relating to those investments (calculated in accordance with regulation 25(1)(a)), relating to—

(i) each default arrangement [^{F5}(if any)], and

(ii) each fund [^{F6}(if any)]—

(aa) which members are now able to select or were in the past able to select, and

(bb) in which assets relating to members are invested during the scheme year,

having regard to guidance issued by the Secretary of State under section 113(2A) of the Pension Schemes Act 1993;]

(b) describe how the requirements of regulation 24 of these Regulations (requirements for processing financial transactions) have been met during the scheme year;

- (c) in relation to the charges and transaction costs which the trustees or managers are required to calculate in accordance with regulation 25(1)(a) of these Regulations—
- [^{F7}(i) state the level of charges and transaction costs applicable to each default arrangement [^{F8}(if any)] during the scheme year;]
- [^{F9}(ii) state the levels of charges and transaction costs applicable to each fund [^{F10}(if any)]—
- (aa) which members are now able to select or were in the past able to select, and
- (bb) in which assets relating to members are invested during the scheme year;]
- (iii) indicate any information about transaction costs which the trustees or managers have been unable to obtain and explain what steps are being taken to obtain that information in the future; and
- [^{F11}(iv) where the trustees or managers are required to assess the extent to which the charges and transaction costs borne by members represent good value for members, explain that assessment and its results;]
- [for a collective money purchase scheme, state—
- ^{F12}(cza) (i) the charges and transaction costs applicable to the scheme; ^{F13}...
- (ii) the return on investments, after deduction of any charges or transaction costs relating to those investments, relating to the fund, having regard to guidance issued by the Secretary of State under section 113(2A) of the Pension Schemes Act 1993; [^{F14} and
- (iii) where the scheme is a qualifying collective money purchase scheme for the purposes of regulation 3A of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (qualifying collective money purchase schemes), the amount of any specified performance-based fees incurred in relation to the scheme during the scheme year, calculated in accordance with regulation 25(1)(a), as a percentage of the average value of the assets held for the purposes of the scheme during the scheme year;]]
- [include, in relation to the charges and transaction costs which trustees or managers are
- ^{F15}(ca) required to calculate in accordance with regulation 25(1)(a) of these Regulations, an illustrative example of the cumulative effect over time of the application of those charges and costs on the value of a member's accrued rights to money purchase benefits;]
- [explain the results of any assessment required by virtue of regulation 25(1A);]
- ^{F16}(cb)
- [state the results of any calculations required by virtue of regulation 25A (assessment of
- ^{F17}(cc) asset allocation);]
- (d) describe how the requirements of sections 247 and 248 of the 2004 Act (requirements for knowledge and understanding) have been met during the scheme year and explain how the combined knowledge and understanding of the trustees or managers, together with the advice which is available to them, enables them properly to exercise their functions as trustees or managers of the scheme; and
- [^{F18}(e) be signed on behalf of the trustees or managers by—
- (i) the chair; or
- (ii) where the chair has ceased to hold office as chair for any reason and a replacement has not yet been appointed, a person appointed by the trustees or managers to act as the chair in the interim period.]
- [
- ^{F19}(1A) In complying with the requirements imposed by paragraph (1)(c)(i), (ii) and (ca), the trustees or managers must have regard to guidance prepared from time to time by the Secretary of State.]

[
F20(1B) Paragraph (1)(cb) does not apply if—

- (a) the Regulator has been notified under section 62(4) or (5) of the Pensions Act 2004 that the winding up of the scheme in question has commenced, and
- (b) the trustees or managers of the scheme explain why they are not complying with paragraph (1)(cb) in the statement required under paragraph (1)(c)(iv).]

(2) Where the first statement required to be prepared by the trustees or managers of a relevant scheme in accordance with this regulation relates to a scheme year which ends before 5th April 2016, this regulation applies to that statement as if references to “the scheme year” in sub-paragraphs (a) to (d) of paragraph (1) were to the part of the scheme year starting on 6th April 2015.

(3) Where the circumstances in paragraph (2) apply and the period to be covered by the first statement is three months or less, paragraph (1) does not apply to that scheme year, but the statement required to be prepared in relation to the following scheme year must include information relating to the period of three months or less of the previous scheme year.

(4) In this regulation “default arrangement” has the same meaning as in the Investment Regulations.]

- F1 Reg. 23 inserted (6.4.2015) by [The Occupational Pension Schemes \(Charges and Governance\) Regulations 2015 \(S.I. 2015/879\)](#), regs. 1(2), **17(1)**
- F2 Words in reg. 23(1)(a) inserted (1.8.2022) by [The Occupational Pension Schemes \(Collective Money Purchase Schemes\) Regulations 2022 \(S.I. 2022/255\)](#), reg. 1(3), **Sch. 7 para. 1(4)(a)**
- F3 Reg. 23(1)(aza) inserted (with application in accordance with reg. 1(6) of the amending S.I.) by [The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) and Pensions Dashboards \(Amendment\) Regulations 2023 \(S.I. 2023/399\)](#), regs. 1(3), **4(3)(a)**
- F4 Reg. 23(1)(aa) inserted (with application in accordance with reg. 1(3) of the amending S.I.) by [The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) \(Amendment\) Regulations 2021 \(S.I. 2021/1070\)](#), regs. 1(2), **2(2)(a)(i)**
- F5 Words in reg. 23(1)(aa)(i) inserted (1.8.2022) by [The Occupational Pension Schemes \(Collective Money Purchase Schemes\) Regulations 2022 \(S.I. 2022/255\)](#), reg. 1(3), **Sch. 7 para. 1(4)(b)**
- F6 Words in reg. 23(1)(aa)(ii) inserted (1.8.2022) by [The Occupational Pension Schemes \(Collective Money Purchase Schemes\) Regulations 2022 \(S.I. 2022/255\)](#), reg. 1(3), **Sch. 7 para. 1(4)(c)**
- F7 Reg. 23(1)(c)(i) substituted (coming into force in accordance with reg. 1(1)(3) of the amending S.I.) by [The Occupational Pension Schemes \(Administration and Disclosure\) \(Amendment\) Regulations 2018 \(S.I. 2018/233\)](#), **reg. 2(2)**
- F8 Words in reg. 23(1)(c)(i) inserted (1.8.2022) by [The Occupational Pension Schemes \(Collective Money Purchase Schemes\) Regulations 2022 \(S.I. 2022/255\)](#), reg. 1(3), **Sch. 7 para. 1(4)(d)**
- F9 Reg. 23(1)(c)(ii) substituted (with application in accordance with reg. 1(3) of the amending S.I.) by [The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) \(Amendment\) Regulations 2021 \(S.I. 2021/1070\)](#), regs. 1(2), **2(2)(a)(ii)(aa)**
- F10 Words in reg. 23(1)(c)(ii) inserted (1.8.2022) by [The Occupational Pension Schemes \(Collective Money Purchase Schemes\) Regulations 2022 \(S.I. 2022/255\)](#), reg. 1(3), **Sch. 7 para. 1(4)(e)**
- F11 Reg. 23(1)(c)(iv) substituted (with application in accordance with reg. 1(3) of the amending S.I.) by [The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) \(Amendment\) Regulations 2021 \(S.I. 2021/1070\)](#), regs. 1(2), **2(2)(a)(ii)(bb)**
- F12 Reg. 23(1)(cza) inserted (1.8.2022) by [The Occupational Pension Schemes \(Collective Money Purchase Schemes\) Regulations 2022 \(S.I. 2022/255\)](#), reg. 1(3), **Sch. 7 para. 1(4)(f)**
- F13 Word in reg. 23(1)(cza)(i) omitted (with application in accordance with reg. 1(6) of the amending S.I.) by virtue of [The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) and Pensions Dashboards \(Amendment\) Regulations 2023 \(S.I. 2023/399\)](#), regs. 1(3), **4(3)(b)(i)**

- F14** Reg. 23(1)(cza)(iii) and word inserted (with application in accordance with reg. 1(6) of the amending S.I.) by The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 (S.I. 2023/399), regs. 1(3), **4(3)(b)(ii)**
- F15** Reg. 23(1)(ca) inserted (coming into force in accordance with reg. 1(1)(3) of the amending S.I.) by The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 (S.I. 2018/233), **reg. 2(4)**
- F16** Reg. 23(1)(cb) inserted (with application in accordance with reg. 1(4) of the amending S.I.) by The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 (S.I. 2021/1070), regs. 1(2), **2(2)(a)(iii)**
- F17** Reg. 23(1)(cc) inserted (with application in accordance with reg. 1(7) of the amending S.I.) by The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 (S.I. 2023/399), regs. 1(3), **4(3)(c)**
- F18** Reg. 23(1)(e) substituted (6.4.2016) by The Occupational Pension Schemes (Scheme Administration) (Amendment) Regulations 2016 (S.I. 2016/427), regs. 1, **6**
- F19** Reg. 23(1A) inserted (coming into force in accordance with reg. 1(1)(3) of the amending S.I.) by The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 (S.I. 2018/233), **reg. 2(5)**
- F20** Reg. 23(1B) inserted (with application in accordance with reg. 1(3) of the amending S.I.) by The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 (S.I. 2021/1070), regs. 1(2), **2(2)(b)**

Changes to legislation:

There are currently no known outstanding effects for the The Occupational Pension Schemes (Scheme Administration) Regulations 1996, Section 23.