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SO7

Abbreviations commonly used in 7 Days

ACA: Association of Consulting Actuaries	ECJ: European Court of Justice
Alert/News: Sackers Extra publications (available from the client area of our website or from your usual contact)	FAS: Financial Assistance Scheme
DB: Defined benefit	GMP: Guaranteed Minimum Pension
DC: Defined contribution	HMRC: HM Revenue & Customs
DWP: Department for Work and Pensions	NEST: National Employment Savings Trust
	PPF: Pension Protection Fund
	TPR: The Pensions Regulator

COUNCIL OF THE EUROPEAN UNION

Directive on improving the portability of supplementary pension rights

European Commissioner for Employment, Social Affairs and Inclusion László Andor has welcomed the recent agreement by the EU's Council of Employment, Social Policy, Health and Consumer Affairs on a general approach on the Commission's proposal for a Directive on improving the portability of supplementary pension rights.

The Directive requires Member States to implement minimum requirements for the acquisition and preservation of pension rights for people who go to work in another Member State.

While member states will remain responsible for the conditions under which people change jobs within the same country, the Commission expects them to apply the standards laid down by the portability directive to internal mobility as well.

The next step is for the directive to be adopted by the European Parliament.

DEPARTMENT FOR BUSINESS, INNOVATION & SKILLS

Director's Pay and Pensions

BIS published the final version of the Large and medium – sized Companies Groups (Accounts and Reports) Amendment) Regulations 2013 on 24 June 2013. Reforms to curb excessive executive pay were confirmed on 25 June 2013 after the new regulations were laid before Parliament.

From 1 October 2013 investors will be better informed about how much directors have been, and will be, paid along with how this relates to company performance. As a result, shareholders of around 900 main market companies will be better prepared to hold companies to account, using clearer information on pay to exercise their new legally binding vote on executive pay.

DEPARTMENT FOR WORK & PENSIONS

Government to increase pension compensation for long-servers

The PPF provides compensation to members of eligible DB pension schemes, when there is a qualifying insolvency event for the employer, and where there are insufficient assets in the pension scheme to cover the PPF level of compensation.

On 25 June 2013 the Minister for Pensions [announced](#) that the amount of money which long-serving staff can receive in retirement if their company folds is set to increase.

Long service is not currently taken into account when a person whose DB pension scheme collapses and is then taken over by the PPF. The government is to increase the maximum level for those receiving capped compensation by 3% for every year of service over 20 years.

The revised cap will not be backdated. Anyone in receipt of capped compensation who is affected by this change will receive an increase from the date the legislation is in place. Similarly, the revised cap will only affect schemes where they begin to wind-up or enter the PPF after it is introduced.

Legislation will be brought forward as soon as Parliamentary time allows.

Written Ministerial Statement

The single-tier pension: a simple foundation for saving

The DWP has [published](#) a set of policy papers on the single-tier pension.

Subject to Parliamentary approval of the Pensions Bill, the single-tier pension will be introduced in April 2016.

Triennial Review of Pensions Bodies: Call for Evidence

Following a review of all public bodies in 2010, the government's policy is to review the Non Departmental Public Bodies ("NDPBs") on a three yearly cycle.

This review covers TPR, the Pensions Ombudsman, the PPF Ombudsman and the Pensions Advisory Service. For each of the organisations, the review will consider whether there are better ways of delivering those functions, and as a result whether and in what form the organisation should continue.

As well as considering each organisation individually, the review will also look at the roles of these bodies in relation to each other, and in the wider context of regulation and advice.

As part of the information gathering for the review, on 27 June 2013 the DWP issued a [call for evidence](#). It invites those with an interest in the functions covered by the four bodies to contribute evidence to the review. The DWP are interested in:

- views about the organisations and their functions individually; and
- views about how their roles fit together and any gaps or overlaps that may result.

The consultation closes on 9 August 2013.

Supporting automatic enrolment: information on small and medium employers

The workplace pension reforms require employers to automatically enrol eligible workers into a qualifying workplace pension scheme. Workers will be eligible provided they are

aged at least 22 and under State Pension Age, and earn over £9,440 per year (in 2013/14 terms).

As part of the reforms, NEST, a trust-based occupational pension scheme, was set up with a public obligation to accept any employer (and eligible employee) that wishes to use the scheme.

In November 2012, the DWP launched a [call for evidence](#) on the impact that two of the constraints on NEST (the annual contribution limit and the restrictions on transfers of pension funds in to and out of NEST) are having on employer choice and whether they work as the policy intended. To support this call for evidence, the DWP commissioned research with small and medium employers. These papers contain the results:

- [Supporting automatic enrolment: information on small and medium employers;](#)
- [Supporting automatic enrolment: further analysis of earnings, participation and provision](#)

HOUSE OF COMMONS

Work and Pensions Committee – First Special Report published

The House of Commons Work and Pensions Committee published a Report on [Improving governance and best practice in workplace pensions](#) on 25 April 2013. The Report considered what more the Government could do to make saving in workplace pensions as straightforward as possible and how good governance can be used to protect and achieve the best pension outcomes for employees.

The [First Special Report](#) sets out Government response on certain key recommendations, including:

- The Committee recommended that the Government should reassess the case for establishing a single body with sole responsibility for regulating workplace pensions to ensure that there can be no gaps in regulation. At the moment responsibility for regulating workplace pensions is split between the Pensions Regulator (to regulate trust-based schemes) the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (with responsibility for contract-based schemes and providers). The Government has rejected this recommendation, commenting that "the overall regulatory architecture is sound".
- The Government has confirmed its commitment to good governance but has pulled short of endorsing the Committee's recommendation that the Government and the regulators investigate ways of assisting employers to set up governance committees, for contract based schemes.
- The Government shares the Committee's concerns on charges. The Government will review capping for auto-enrolment schemes in autumn 2013. The OFT is also conducting a market study into charges in DC workplace pensions schemes. Consultancy charges are to be abolished as announced on 10 May 2013.

NATIONAL ASSOCIATION OF PENSION FUNDS

The NAPF has published a [report](#) on the advice and brokerage market used by employers in the private sector whose staff have DC pensions.

The report spotlights a string of barriers that may prevent employers from appointing these services.

The NAPF wants to see more support for employers and trustees to help them put good services in place, so that they can help their staff with difficult, one-off decisions around annuities and income drawdown.

[Press release](#)

THE PENSIONS REGULATOR

TPR publishes scheme funding report

On 27 June 2013 TPR [published](#) its latest [scheme funding analysis](#) of valuations and recovery plans.

The analysis covers schemes with triennial valuation dates between 22 September 2010 and 21 September 2011, including those with deadlines to complete recovery plans during the period from 21 December 2011 and 20 December 2012 (known as "Tranche 6" schemes).

Statement on prohibition orders

TPR has power to prohibit a person from being a trustee if the Determinations Panel is satisfied that they are not a "fit and proper" person.

This [statement](#) explains:

- the policy TPR will adopt in exercising its powers;
- TPR's position on the charging of fees for trustee services; and
- the standards TPR expects from trustees in respect of "honesty and integrity", "competence and capability" and "financial soundness".

The statement came into effect on 25 June 2013.