Sackers extra

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At a glance

LEGISLATION
- The Equality Act 2010

BRITISH CHAMBERS OF COMMERCE
- Report on Pensions Reform

EUROPEAN UNION (EU)
- New EU Pensions supervisory body
- 2012 to be “European year for active ageing”

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Abbreviations commonly used in 7 Days

Alert/News: Sackers Extra publications (available from the client area of our website or from your usual contact)
DB: Defined benefit
DC: Defined contribution
DWP: Department for Work and Pensions
HMRC: HM Revenue & Customs
PPF: Pension Protection Fund
TPR: The Pensions Regulator

LEGISLATION

The Equality Act 2010

Further Orders have been published under the Equality Act 2010 (the Act), which is due to come into force on 1 October 2010:

- The Equality Act 2010 (Qualifying Compromise Contract Specified Person) Order 2010

  This Order extends the category of person capable of acting as an independent adviser, where advice is necessary to establish a "qualifying compromise contract", to a Fellow of the Institute of Legal Executives who is practising in a solicitor's practice.

  A qualifying compromise contract is a contract settling a claim in an employment tribunal (including an agreement settling a claim for a breach of an equality clause) that has been negotiated with the help of a conciliation officer or which meets the standards set out in section 147 of the Act.

  The Order will come into force on 1 October 2010. Further information can be found in the Explanatory Memorandum which accompanies the Order.

- The Equality Act 2010 (Obtaining Information) Order 2010

  This Order prescribes the forms which can be used by a person who thinks that he or she may have been the subject of a contravention of the Act, including the breach of an equality clause or rule, for the purpose of asking questions of a person whom he or she thinks was responsible for that contravention or breach. It also prescribes the forms which may be used to respond to such questions.

  In line with the Act's aims to simplify existing equality legislation, the Order will replace the current 20 different forms for helping people obtain information in disputes about prohibited conduct and equality of terms, with just four forms under the Act.

  The Order will come into force on 1 October 2010. Further information can be found in the Explanatory Memorandum which accompanies the Order.

BRITISH CHAMBERS OF COMMERCE

Report on Pensions Reform

The British Chambers of Commerce (BCC) has published a report on pensions reform in the UK, "Pension Reform: Limiting the squeeze on business".

The report focuses on research undertaken by the BCC on the potential impact of the Pensions Act 2008 (including the introduction of the new employer duty of automatic enrolment) on business and the UK economy when the reforms start to be implemented from 2012 (subject to the current Government review which is due to report on its conclusions and recommendations at the end of this month). The report looks at the background to the reforms and analyses how the labour market, the economy and the employment framework have changed since the reforms were first conceived.

Key issues emerging from the report include:

- *Competition:* firms to which the automatic enrolment obligations apply first will face earlier compliance costs. The BCC found that businesses, "regardless of size or sector see this competition impact as an issue for them, whether or not they plan to increase their prices or fund the resultant increase in labour costs by other means";

- *Pension Scheme administration:* the reforms will lead to both one-off set-up processes and recurring paperwork. The report notes that set-up costs are likely to be high, particularly for businesses with no in-house experience or expertise in this area. Once a scheme is set up, the BCC notes that "the biggest administrative burden for many firms with high staff turnover will be processing new starter enrolments, opt outs and refunds";

- *The Employment Relationship:* the BCC also found that a common concern was how the reforms would affect the relationship between an employer and their employee. Its experience suggests that for many workers, their payslip would be the first they learn of their new pension scheme or mandatory contribution; and

- *Risks to the employer:* The BCC notes that "new employment obligations will always create a new route for vexatious employees to make claims against business, new areas for well meaning business to get it wrong; and opportunities for unscrupulous business to gain a competitive advantage."

EUROPEAN UNION (EU)

New EU Pensions supervisory body

EU finance ministers meeting at the Ecofin Council on 7 September 2010 backed the establishment of four European financial supervisory bodies, with the aim of averting a recurrence of the global financial crisis. A provisional deal had been reached with the European Parliament on 2 September.

A draft regulation establishing the overall framework has been agreed. It includes the establishment of a European Systemic Risk Board (ESRB), to be located in Frankfurt, with responsibility for the oversight of the financial system within the EU. In the event of a high-level or systemic risk - one which could jeopardise the entire market - the ESRB will issue warnings and recommendations for action and monitor their follow-up. For the first five years, the ESRB will be chaired by the President of the European Central Bank, but this will be reviewed after three years.

Three supervisory authorities will also be created: a European Banking Authority, a European Securities and Markets Authority and a European Insurance and Occupational Pensions Authority, with their seats in London, Paris and Frankfurt, respectively. They will replace the existing supervisory committees, which have had only an advisory role. Working in tandem with a network of national supervisors, the new authorities will be responsible for, among other things, setting common standards and contributing to a common supervisory culture. However, the responsibility for day-to-day supervision of individual institutions will remain with national authorities.

The reform, which is one of the priorities of the Belgian presidency of the Council of the EU, is subject to approval by the EU Parliament at its forthcoming plenary session, followed by formal adoption by the Council. It is hoped that the new bodies will be operational from 1 January 2011.

EU Council Press Release

2012 to be "European year for active ageing"

The European Commission has proposed that 2012 be designated as the "European Year for Active Ageing".

As the Commission notes in its Press Release, the aims of the initiative are to help create better job opportunities and working conditions for the growing numbers of older people in Europe, and to help them take an active role in society and encourage healthy ageing. The EU Parliament and EU Council are expected to endorse the initiative next year.

The proposal is designed to be used as a framework for raising awareness, for identifying and disseminating good practice, and for encouraging policymakers and stakeholders at all levels to promote active ageing.