

24 June 2013

## At a glance

### DEPARTMENT FOR WORK & PENSIONS

- Call for evidence on the future structure of the Local Government Pension Scheme

### PENSION PROTECTION FUND

- PPF Reinforces Its Responsible Investment Framework

### THE PENSIONS REGULATOR

- Trustee toolkit: update to DB modules

S07

**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

**ECJ:** European Court of Justice

**GMP:** Guaranteed Minimum Pension

**HMRC:** HM Revenue & Customs

**NEST:** National Employment Savings Trust

**PPF:** Pension Protection Fund

**TPR:** The Pensions Regulator

---

## DEPARTMENT FOR WORK & PENSIONS

### Call for evidence on the future structure of the Local Government Pension Scheme

On 21 June 2013, the Government launched a [call for evidence](#) into ways of significantly reducing the costs of the Local Government Pension Scheme ("LGPS") by increasing fund co-operation, transparency and accountability to taxpayers.

The government has made it clear it is not wedded to the existing number (89) of pension fund schemes. Ministers want to see more co-operation and are open to the possibility of structural changes such as mergers.

The London Pension Fund Authority has estimated that pooling fund assets and resources could have benefits of as much as £750 million a year.

The government is also consulting on how the LGPS can achieve a higher level of accountability to local taxpayers including through an improvement in the availability of transparent and comparable data.

Local Government Minister Brandon Lewis said:

"This government is taking action to reduce the massive and unsustainable cost of state sector pensions with higher contributions from well-paid staff and, for the first time in recent memory, the cost of town hall pensions to taxpayers is now falling.

But there is more that can be done, which is why today I am launching a process to find ways to reduce the £471 million management and administration bill through greater joint working, fund mergers and increased data transparency that will make the pension scheme more accountable to its taxpayers."

The consultation closes on 27 September 2013.

[Press release](#)

## PENSION PROTECTION FUND

### PPF Reinforces Its Responsible Investment Framework

On 24 June 2013, the PPF unveiled an enhanced Responsible Investment (RI) framework which is intended to reinforce its commitment to responsible and sustainable investment.

Executive Director of Financial Risk, Martin Clarke said:

---

“Over the last three years we have seen a vast improvement in the way that our external managers are adopting RI. Thirty per cent of our managers are now rated higher on their commitment to RI than when we first hired them.

With our investment portfolio expected to rise to £22 billion in the next three years, our commitment to responsible and sustainable ownership becomes even more important. That is why we have reinforced our framework to better help us define our new voting policies, ensure great accountability and vastly improve the way in which we monitor our external managers.”

Along with its voting and engagement services supplier, Hermes EOS, the PPF intends to exercise closer scrutiny and oversight of the stewardship activities conducted on its behalf.

The PPF has published a new [Statement of Stewardship Principles](#) (which formally set out how the PPF acts as a responsible owner of the companies in which it owns listed shares).

The PPF's [website](#) also includes details of its new approach to rating its external managers for their commitment to responsible investment. The approach is based on five performance areas: alignment, ESG integration, stewardship, resources and reporting.

## THE PENSIONS REGULATOR

### Trustee toolkit: update to DB modules

As part of an ongoing review of its Trustee toolkit e-learning programme, on 21 June 2013, TPR updated the toolkit's DB modules.

The toolkit modules 'How a DB scheme works', 'Funding your DB scheme' and 'DB recovery plans, contributions and funding principles' have been updated with the aim of:

- making the content clearer;
- reflecting the development of TPR's approach to DB regulation; and
- better reflecting the issues trustees are currently facing, such as understanding the risks around employer covenant strength in times of often greater economic pressure for employers.

TPR plans to update the DC content later this year, in line with its new code of practice.

[Press release](#)