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SO7

### 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

**FAS:** Financial Assistance Scheme

**HMRC:** HM Revenue & Customs

**NAPF:** National Association of Pension Funds

**NEST:** National Employment Savings Trust

**PPF:** Pension Protection Fund

**TPR:** The Pensions Regulator

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## LEGISLATION

### The Firefighters' Pension Scheme (England) (Amendment) Order 2013

This [Order \(No. 703\)](#) amends the Firefighters' Pension Scheme 1992 to:

- provide for new employee pension contributions rates to apply to members of the Firefighters' Pension Scheme 1992; and
- introduce a new band of pensionable pay, so that any firefighter who earns more than £15,000 and up to and including £21,000 will pay a lower rate than those earning more than £21,000 and up to and including £30,000.

A further [Order \(No. 704\)](#) amends the New Firefighters' Pension Scheme (England) (set out in Schedule 1 to the Firefighters' Pension Scheme (England) Order 2006 (No.3432)) to:

- provide for new employee pension contributions rates to apply to members of the New Firefighters' Pension Scheme 2006; and
- introduce a new band of pensionable pay, so that any firefighter who earns more than £15,000 and up to and including £21,000 will pay a lower rate than those earning more than £21,000 and up to and including £30,000.

Further information is contained in the [explanatory memorandum](#) to these Orders.

### Response to consultation on the Firefighters' Pension Schemes

The Department for Communities and Local Government has published a [document](#) with a summary of responses, and the government's response to the November 2012 [consultation](#), on proposed increases to employee contribution rates which took effect on 1 April 2013 in connection with the Firefighters' pension schemes in England.

## DEPARTMENT FOR WORK & PENSIONS

### Consultation on technical changes to auto-enrolment

Responding to concerns raised by the pensions industry about aspects of auto-enrolment, the DWP is [consulting](#) on proposals which aim to improve the auto-enrolment process and on [draft regulations](#) to implement those proposals.

Published on 25 March 2013, the consultation outlines changes that it intends to make to auto-enrolment, including:

- more flexibility on pay reference periods – introducing an option for employers to align pay reference periods with tax reference periods;
- extension of the deadline for passing contributions deducted from a jobholder's pay to contributions deducted during the first two months of membership;
- clarification that opt-out notices need only be in substantially the same form as set out in the auto-enrolment regulations, they do not have to look exactly like the legislation;
- measures to simplify (or even remove) the DB quality requirements, ahead of the abolition of DB contracting-out.

The consultation, to which Sackers will be responding, closes on 7 May 2013.

For more information, please see our Alert: "[Technical changes to automatic enrolment](#)" (28 March 2013).

### Pension payments to members in Cyprus

#### *State pensions*

The UK Government has suspended state pension payments for expats living in Cyprus until the crisis surrounding its banking bailout is resolved. This is to protect state pensions for UK pensioners from the proposed bank levy. Cyprus has since agreed a deal with the European Union and the International Monetary Fund to secure a €10bn bailout. As a result, the DWP [announced](#) on 28 March 2013, that it is "continuing to monitor the situation closely in order to make a decision on when to resume payments".

#### *Workplace pensions*

Many trustees will want to know whether they should follow the UK Government's lead and suspend payment of pensions to bank accounts in Cyprus. In general, trustees will not have power to unilaterally suspend payment of pensions. However, trustees should expect that members may request that their pensions are paid instead to a UK bank account.

It may help pensioners living in Cyprus if the trustees and administrators are ready to react quickly if any such requests are received.

Trustees therefore may wish to:

- alert the administration team for calls requesting payment to an alternative bank account;

- ensure that any requests to change payment details are amended as a priority by the administration team; and
- if trustees wish to act proactively, alerting affected members and asking whether they wish to change their payment details.

Trustees may also wish to consider alerting members in countries similarly at risk of a bailout to the issue in their next appropriate communications, such as a newsletter. Trustees may wish to suggest all members have an alternative bank account they can use at short notice, if necessary.

For more information, please see [Sackers' press release](#).

#### **Later Life Newsletter: Edition No.43**

The DWP has published the latest [edition](#) of its Later Life newsletter. This includes:

- details of the report by the House of Lords Committee on Public Service and Demographic Change, which notes a need for all political parties to address the impact of our rapidly ageing population; and
- the latest estimates of the "very old" (those aged over 90), noting a 26% increase in the number of individuals over 90 since 2002 (up to over 440,000) and the number of male centenarians doubling over the same period.

## **DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT (DCLG)**

### **Government launches next round of consultations on the Local Government Pension Scheme (LGPS)**

On 28 March 2013 the DCLG launched its second round consultation on the new LGPS. This [consultation](#) covers draft regulations on membership, contributions and benefits, as well as certain transitional and miscellaneous provisions.

There are separate closing dates for the different elements of the consultation:

- 3 May 2013 - Local Government Pension Scheme Regulations 2013; and
- 24 May 2013 - transitional provisions and miscellaneous amendments.

Further consultation exercises covering the remainder of the new scheme are due to follow shortly.

## **FINANCIAL SERVICES**

### **New regulatory structure for UK financial services**

On 1 April 2013, the FSA was replaced by:

- the [Financial Policy Committee](#) (FPC). Set up within the Bank of England, the FPC is now responsible for protecting and enhancing financial stability, monitoring and

responding to systemic risks and for the macro-prudential oversight of the financial services system as a whole;

- the [Prudential Regulation Authority](#) (PRA). As a subsidiary of the Bank of England, the PRA is responsible for ensuring the safety and soundness of individual firms, promoting the stable and prudent operation of the financial system through regulation of all deposit taking institutions, insurers and investment banks; and
- the [Financial Conduct Authority](#) (FCA). The FCA is responsible for regulation of conduct in retail, as well as wholesale, financial markets and the infrastructure that supports those markets. It will also be responsible for the prudential regulation of firms that do not fall under the PRA's scope.

The PRA and the FCA will take charge of most of the functions currently performed by the FSA.

#### **Financial Conduct Authority Board members confirmed**

On 28 March 2013 the Government [announced](#) the members of the FCA Board who will be responsible for overseeing the work of the FCA.

The Board will consist of twelve members, including four executive members: Martin Wheatley, chief executive of the FCA; Tracey McDermott, FCA director of enforcement and financial crime; Clive Adamson, FCA director of supervision; and Lesley Titcomb, FCA chief operating officer.

Andrew Bailey, chief executive of the PRA, will be a non-executive director of the FCA. Mick McAteer, Amanda Davidson and Sir Brian Pomeroy, who were all Financial Services Authority Board members have joined the FCA Board as non-executive directors. Three non-executive directors are new appointments: Jane Platt, David Harker CBE and Amelia Fletcher.

## **HM REVENUE & CUSTOMS**

#### **Forthcoming enhancements to Pension Schemes Online**

On 26 March 2013, HMRC [announced](#) that it has made a number of enhancements to its Pension Schemes Online service that are set to be implemented from 6 April 2013.

HMRC is alerting customers that the online service will be unavailable for a few days around this date to allow these changes to be made. Details can be found on the [service availability](#) of the HMRC website.

## **HM TREASURY**

#### **Finance Bill 2013**

Following a consultation on draft provisions at the end of 2012,<sup>1</sup> the Government has formally published the Finance (No.2) Bill) (the "Bill") together with a set of Explanatory notes.

The Bill includes:

- measures to reduce the Annual Allowance to £40,000 and the Lifetime Allowance to £1.25 million with effect from 6 April 2014;
- a new transitional protection against the LTA charge from 6 April 2014, "fixed protection 2014";
- provisions to align the tax rules for bridging pensions with forthcoming changes in SPA; and
- a number of other measures originally announced in the 2012 Budget.

For more information, please see our Alerts: "[Finance \(No.2\) Bill is published](#)" (2 April 2013).

## PENSION PROTECTION FUND

### PPF Publishes Technical News Bulletin

The PPF has today (2 April 2013) published [Issue 3](#) of its "Technical News", a newsletter on topical issues which includes practical guidance for schemes in PPF assessment periods and FAS qualifying schemes.

This current issue includes information on:

- April 2013 changes to PPF regulations
- GMP reconciliation and equalisation;
- Pension funds and VAT.

## THE PENSIONS REGULATOR (TPR)

### TPR Chief Executive to stand down

TPR [announced](#) on 27 March 2013 that its Chief Executive, Bill Galvin, will leave his current position at the end of June to take up a new role as Group Chief Executive of the Universities Superannuation Scheme Ltd (USS).

TPR explains that it will shortly begin a recruitment process to find Mr Galvin's successor, with the aim of making an appointment as soon as practicable.

For his remaining time at TPR, to avoid any potential conflict of interest arising from his future role at USS, Mr Galvin will have no further involvement with any matters related to the regulation of DB schemes, including regulatory strategy and policy, and discussions with external stakeholders and European regulatory authorities. Until a new chief executive is appointed, TPR's work on DB schemes will be directly overseen by TPR Chairman, Michael O'Higgins, and managed by the TPR's executive director for DB regulation Stephen Soper. During his final three months at the regulator, Mr Galvin will continue to lead the areas of work not related to DB regulation.