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Abbreviations commonly used in 7 Days

BIS:	Department for Business Innovation and Skills	GMP:	Guaranteed Minimum Pension
DWP:	Department for Work and Pensions	HMRC:	HM Revenue & Customs
FAS:	Financial Assistance Scheme	NEST:	National Employment Savings Trust
FSA:	Financial Services Authority	PPF:	Pension Protection Fund

LEGISLATION**The Social Security Benefits Up-rating Order 2010**

This [draft Order](#) sets out the 2010/11 rates for all social security benefits and includes details of the Basic State Pension (BSP).

From April 2010, the BSP will be:

- £97.65 per week for a single person (up from £95.25); and
- £156.15 per week for the full couples' rate (for those whose entitlement is based on their spouse or civil partner's pension) (up from £152.30).

This represents a 2.5% increase, in line with the Government's commitment to up-rate the BSP by the higher of 2.5% of growth in the Retail Prices Index (as announced in the Pre-Budget Report).

Further information can be found in the [explanatory memorandum](#) which accompanies the draft Order.

The Financial Assistance Scheme (Miscellaneous Amendments) Regulations 2010

Following publication of the Government's recent response to consultation¹, the last batch of [FAS Regulations](#) have now been laid before Parliament.

These regulations complete the series of improvements to the FAS which were first announced by the Government in December 2007. In particular, they allow part of the funding of an enhanced level of FAS payments to be achieved through the transfer of pension scheme assets to government, and for the FAS to make payments to those pension scheme members whose assets are taken over by government and who would otherwise have been paid solely by their pension schemes.

Further information can be found in the [explanatory memorandum](#) which accompanies the draft regulations.

DEPARTMENT FOR WORK AND PENSIONS**Consultation on Financial Assistance Scheme guidance**

Following publication of the Financial Assistance Scheme (Miscellaneous Amendments) Regulations 2010 (see above), on 28 January 2010 the DWP published a [consultation on](#)

¹ For more information, please see [7 Days dated 25 January 2010](#)

[draft guidance](#) in relation to the valuations of assets and liabilities of relevant schemes and for individual asset shares to be calculated for scheme beneficiaries. The Government is also consulting on draft guidance on how transferring schemes might deal with the impact of GMPs on the equalisation (between men and women) of members' expected pensions, ahead of providing data to the FAS scheme manager.

On the same day, the Minister for Pensions and the Ageing Society, Angela Eagle, made a [statement](#) to the House of Commons in which she noted that:

"the Government have been preparing guidance for trustees who are preparing to transfer their scheme assets to Government. As part of that work, the Government have considered whether further practical guidance on equalisation for these transferring schemes is desirable, to ensure that payments of assistance do not discriminate between men and women."

Ms Eagle went on to note that the Government has concluded that *"where a scheme member has accrued entitlement to a guaranteed minimum pension after May 1990, European law requires that any inequality in scheme rules which results from the legislative provisions governing GMPs should be removed, whether or not a person can show that a comparator exists."* The Government therefore intends to bring forward amending legislation to deal with this *"when Parliamentary time allows"* and considers that *"in order to ensure full compliance with European law, trustees and others should act as if existing domestic legislation requires equalisation in respect of differences resulting from GMPs whether or not real comparators exist"*.

While the consultation focuses on the equalisation of FAS payments, it is unclear, for the time being at least, whether the Minister's statement is intended to be of wider application.

This consultation follows on the heels of the PPF's consultation on the equalisation of GMPs. In its November 2009 response to that consultation, the PPF outlined how it intends to equalise compensation between men and women, to address any inequalities arising from their entitlement to GMPs.²

Statistical information on older workers

The DWP has published a [report](#) which presents key data concerning the participation of older workers in the employment and labour market. The report is based on the Labour Force Survey data for Great Britain (for Quarter 2 of 2009).

Among the main findings in the report:

- there are 20.2 million people aged 50 and over in Great Britain. Of these, 9.0 million are aged between 50 and State Pension Age (SPA), accounting for 24.4% of people who are aged between 16 and SPA;
- 71.8% of those aged between 50 and SPA are in employment. This is lower than the employment rate for people aged from 25 to 49 (80.1%) but higher than for those age 16-24 (52.2%); and
- in the last year, workers aged between 50 and SPA have been adversely affected by the recession. There has been a 0.6% drop in the employment rate.

² For more information, please see our Alert: "[PPF approves GMP equalisation solution](#)" dated 5 November 2009

FINANCIAL SERVICES AUTHORITY

Consultation on effective governance standards

The FSA has issued a [consultation paper](#) on effective governance standards within firms. The consultation covers a wide range of proposals, including:

- a new framework of classification for “significant influence controlled functions” (relating to those individuals who have significant influence over a regulated firm, for example in terms of responsibility for corporate governance, under the approved persons regime);
- other changes to the approved persons regime, including the scope and definition of some controlled functions;
- guidance on the FSA’s expectations in relation to non-executive directors; and
- risk governance guidance and the FSA’s plans for implementing measures in support of Sir David Walker’s recommendations following his review of corporate governance in the UK banking industry.

The consultation closes on 28 April 2010.

[FSA Press Release](#)

HM REVENUE & CUSTOMS

Notional Earnings Cap for 2010/11

The Registered Pension Schemes (Modification of the Rules of Existing Schemes) Regulations 2006 set out transitional provisions for schemes in place at A-Day (6 April 2006). Under one of the transitional provisions, HMRC agreed to publish details of a notional earning cap each year until 2011.

On 29 January 2010, [HMRC confirmed](#) that the notional earnings cap for 2010/11 will be £123,600 (the same as for 2009/10).

This is the last year for which HMRC will publish a notional earnings cap. As HMRC notes, if in future years any schemes still need to know what the earnings cap would have been for tax years after 2010/11, they may calculate this themselves using the method shown in section 590C of the Income and Corporation Taxes Act 1998 (as it was in force immediately before 6 April 2006 (A-Day) but now repealed).

PENSION PROTECTION FUND

PPF publishes 2011/12 Pension Protection Levy Consultation Policy Statement: Insolvency Risk

In November 2009, the PPF published proposals for the 2011/12 pension protection levy year which are designed to improve the way in which it assesses the insolvency risk for sponsoring employers of pension schemes that pay the levy.³

³ For more information, please see 7 Days dated 9 November 2009

The PPF has now published a [policy statement](#), in which it outlines the main points raised in the responses it received to the consultation and confirms the PPF Board's policy.

The PPF Board has confirmed that it will adopt the following proposals:

- a new UK probability of insolvency table;
- it will request that Dun & Bradstreet (D&B) proactively collect accounts from the Charity Commission and investigate a limited number of other sources that may be used in future years;
- restrict employers' ability to improve their Failure Scores inappropriately by manipulating elements of the scoring system; and
- cap the Failure Score of a subsidiary company at the lower of the level of its ultimate global or domestic parent, when one or both are at substantial risk of insolvency (D&B score 1-10).

A further consultation on the levy for 2011/12 will be carried out in the autumn of 2010, which will include the levy estimate, levy scaling factor and the draft determination for 2011/12.

[PPF Press Release](#)

PERSONAL ACCOUNTS DELIVERY AUTHORITY

Lawrence Churchill appointed Chair designate of the NEST Corporation

The DWP has announced the appointment of current PPF Chair, Lawrence Churchill, as Chair of the NEST Corporation.

The NEST Corporation will run the NEST (previously known as Personal Accounts), the national pension scheme which will be available to employers when they are required to automatically enrol their employees into a qualifying pension arrangement, starting in 2012.

Mr Churchill starts as Chair designate from today (1 February 2010) and will take on the full responsibilities as Chair on 5 July 2010 when the NEST Corporation is established. One of Mr Churchill's first tasks will be to participate in the recruitment of other trustee members of the NEST Corporation.

[DWP Press Release](#)

[PADA Press Release](#)

THE PENSIONS REGULATOR

Hampton review of TPR

The recommendations of the *Hampton Report* of March 2005 and the *Macrory Report* of 2006 together form the foundations of the Government's vision of a risk-based approach to regulatory inspection and enforcement, as part of its wider "Better Regulation" agenda.

Since 2007, the *Better Regulation Executive* and the *National Audit Office* have been engaged in a programme of independent reviews of all national regulators. The purpose of the *Hampton Implementation Review* (HIR) programme is to provide a structured check of regulators' performance against the Hampton and Macrory principles and characteristics, in order to highlight areas for development, identify and share good practice in the regulatory community and - where regulators are performing well - to help improve stakeholders' perception of regulation.

The [HIR Report](#) found that TPR had "thoroughly embedded better regulation principles in its work at both strategic and operational levels and had integrated a risk-based approach into the culture of the organisation". BIS notes that other areas of TPR's performance which were highlighted in the report include:

- TPR's positive response to the rapidly changing economic climate;
- excellent stakeholder feedback on TPR's consultation process; and
- the establishment of a "learning culture", with TPR actively seeking honest feedback.

[TPR Press Release](#)

[TPR's response](#)

[BIS Press Release](#)