

15 April 2013

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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

DCLG: Department for Communities and Local Government

DWP: Department for Work and Pensions

EIOPA: The European Insurance & Occupational Pensions Authority

GAD: Government's Actuary Department

GMP: Guaranteed Minimum Pension

HMRC: HM Revenue & Customs

LGPS: Local Government Pension Scheme

PPF: Pension Protection Fund

TPR: The Pensions Regulator

DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT

Consultation: Taxpayer-funded pensions for councillors and other elected local office holders

On 19 December 2012, the Local Government Minister, Brandon Lewis, made a [Written Ministerial Statement](#) to Parliament, setting out government proposals to limit access by councillors to the taxpayer-funded Local Government Pension Scheme ("LGPS") in England from 2014.

Ministers stated that councillors are not full-time politicians or salaried town hall staff. Since that announcement, Ministers believe there has been broad-based public backing for the government's original proposal.

This [consultation](#) seeks views on access by councillors and other elected local office holders in England to the LGPS which will come into effect from 1 April 2014. It also covers the contribution rates that should apply to any such persons that remain active members of the LGPS.

The position in Wales is subject to separate arrangements. Therefore Wales is not covered by this consultation.

The consultation runs until 5 July 2013.

DEPARTMENT FOR WORK AND PENSIONS

EU figures show high cost of its plans for new rules on DB pensions

On 9 April 2013, the Government issued a [statement](#) urging the EU to drop its plans to impose Solvency II style rules on DB pension schemes. This follows initial findings in the EU's own assessment of the impact the changes would have on the UK.

Steve Webb, Minister for Pensions said:

"The EU's latest figures show the extremely high cost its plans would place on UK [DB] pension schemes. In fact, its estimate of a baseline £450 billion cost is in line with the worst case scenario contained in figures [TPR] produced for the UK Government last year.

This confirms that any such new rules would harm businesses' ability to invest, grow and create jobs, and many more schemes could be forced to close. I continue to urge the Commission to abandon these reckless plans."

GOVERNMENT'S ACTUARY DEPARTMENT

Employee contribution changes 2013 - update

On 14 February 2013, GAD published a [note](#) for contractors explaining the effect of the intended changes in contribution rates (from April 2013) for various public service pension schemes.¹

On 9 April 2013 it published an [update](#) to this note, explaining that contractors may apply for an addendum to an existing GAD broad comparability passport certificate to incorporate these revised rates, or make allowance for these revised rates in their proposals for providing a broadly comparable pension scheme under the Fair Deal policy.

HM REVENUE & CUSTOMS

Pensions Industry Business Update

The National Insurance Services to Pensions Industry ("NISPI") has published the March 2013 issue of its [Pensions Industry Business Update](#). It includes information on:

- NISPI's website;
- current issues in relation to scheme cessation;
- change of contracting-out status;
- shared workspace membership; and
- single-tier pensions.

THE PENSIONS REGULATOR

Response to EIOPA preliminary quantitative impact assessment

On 9 April 2013, the European Insurance and Occupational Pensions Authority ("EIOPA"), the EU technical level body for pensions and insurance supervisors, published its [preliminary assessment](#) of the quantitative impact upon the funding of DB schemes of applying its advice on the 'holistic balance sheet' approach.

The UK results in the preliminary report show that, for the benchmark scenario, there would be a shortfall of £450 billion, broadly in line with a separate assessment that TPR carried out for the DWP last year.

TPR's chair Michael O'Higgins commented:

"The European Commission has stated that it plans to propose a new pensions directive, IORP2, later this year. The analysis published by EIOPA will assist the Commission in considering whether to make a proposal and what provisions to include. Any such

¹ See [7days](#) dated 18 February 2013

proposals will not come into force for some years, as they will be subject to negotiation between the Member States in the Council of Ministers and the European Parliament.

Whatever the outcome, we will continue to work with EIOPA, the UK Government and stakeholder groups to ensure that the challenges facing defined benefit pension schemes and sponsors in the UK are understood and recognised by the EU."