

17 September 2012

## At a glance

### LEGISLATION

- Public service pensions Bill

### DEPARTMENT FOR BUSINESS INNOVATION AND SKILLS

- Employment Law Review

### DEPARTMENT FOR WORK AND PENSIONS

- Research Report 804: Pension landscape and charging: Quantitative and qualitative research with employers and pension providers published
- I'm in; Celebrity bosses raise awareness of biggest pensions change in over a century

### HOUSE OF COMMONS – WORK AND PENSIONS COMMITTEE

- Inquiry into EU pensions policy – oral and written evidence published

### NATIONAL ASSOCIATION OF PENSION FUNDS

- NAPF/Wheels: VAT case before the ECJ

### THE PENSIONS REGULATOR

- First issue of quarterly stakeholder newsletter

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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

**ECJ:** European Court of Justice

**FAS:** Financial Assistance Scheme

**GMP:** Guaranteed Minimum Pension

**HMRC:** HM Revenue & Customs

**NEST:** National Employment Savings Trust

**PPF:** Pension Protection Fund

**TPR:** The Pensions Regulator

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## LEGISLATION

### Public service pensions Bill

The [Public Service Pensions Bill](#) was published on 13 September 2012.

The Independent Public Service Pensions Commission published its final report in March 2011.<sup>1</sup> The Government accepted its recommendations as the basis for consultation with public servants, trades unions and other member representatives and this Bill implements the agreements reached:

- moving to career average pension schemes, instead of final salary schemes;
- asking public servants to work longer to receive a full pension, linking their Normal Pension Age to their State Pension Age, except for the Armed Forces, Police Officers and Firefighters;
- protecting those closest to retirement: those ten years from their Normal Pension Age on 1 April 2012 will not see any change in when they can retire, nor any decrease in the amount of pension they receive on retirement;
- setting an employer cost cap to ensure that public service pensions remain affordable and sustainable;
- creating a high barrier to changes to specific elements of these pension designs for 25 years; and
- setting a common legislative framework and improving governance arrangements of public service pension schemes.

Chief Secretary to the Treasury, Danny Alexander, said:

"This Bill is the final stage in delivering sustainable public service pensions. It will cut the cost to taxpayers by nearly half, while ensuring that public sector workers, rightly, continue to receive pensions amongst the very best available.

This is a good deal for taxpayers and a good deal for public service workers: a settlement for a generation."

### [Press release](#)

<sup>1</sup> Please see [7days](#) dated 14 March 2011

## DEPARTMENT FOR BUSINESS INNOVATION AND SKILLS

### Employment Law Review

New steps to give firms more flexibility and confidence in managing their workforce and to reduce employment law red tape, were [announced](#) on 14 September 2012 by Business Secretary Vince Cable. The Government has given details of a number of changes including:

- its support for settlement agreements to help end employment relationships in a fair and consensual way. There will be a full consultation on these "no fault" dismissals;
- how it might reduce the cap on compensation for unfair dismissal claims
- proposals to streamline employment tribunals by making it easier for judges to dismiss weak cases
- responses to its call for evidence on the TUPE rules, when staff transfer to a new employer. Government has heard that businesses want this to be more efficient and that pensions remain a concern, and will consult on specific proposals before the end of the year.

## DEPARTMENT FOR WORK AND PENSIONS

### I'm in: Celebrity bosses raise awareness of biggest pensions change in over a century

Well-known bosses - including stars of BBC's Dragons' Den and The Apprentice, Theo Paphitis and Karren Brady - feature in a new advertising campaign starting today (17 September 2012) to raise awareness of the biggest change in pensions for over 100 years. These latest advertisements are part of the Government's awareness campaign for automatic enrolment, which encourages people being auto-enrolled by their employers into a pension to respond positively and remain in a scheme. The new advertisements will run until mid-October across TV, radio, print and online media, and feature employers - like Theo and Karren - backing automatic enrolment and saying "I'm in".

Steve Webb, Pensions Minister, said:

"I'm delighted that well-known bosses have taken part in our latest awareness campaign, and back the biggest change in pensions for over a century - automatic enrolment. People should know that all they need to do is look out for a letter from their employer, and if they do nothing and stay "in" they are effectively getting a pay rise."

### Research Report 804: Pension landscape and charging: Quantitative and qualitative research with employers and pension providers published

The DWP has published [Research Report 804](#), which is the latest in a programme of research and analysis to evaluate the effect of workplace pension reforms due to be introduced from October 2012. The report examines the charging levels and structures present in trust and contract-based pension schemes as well as exploring the costs associated with setting up and running a pension scheme for pension providers.

## HOUSE OF COMMONS – WORK AND PENSIONS COMMITTEE

### Inquiry into EU pensions policy – oral and written evidence published

Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision (known as the "IORP Directive") was implemented in the UK in 2006. It provides a framework for the operation and supervision of occupational schemes, including how they should be administered, and their funding and investment rules.

The European Commission is currently reviewing the IORP Directive. On 16 February 2012, it published a White Paper, "Adequate, Safe and Sustainable Pensions" which put forward policy initiatives designed to support EU Member States in the reform of their pension systems.<sup>2</sup> These included the possible application of a similar approach to "Solvency II" to pensions.

Solvency II is a fundamental review of the capital adequacy regime for the European insurance industry. It aims to establish a revised set of EU-wide capital requirements and risk management standards that will replace the current solvency requirements.

The Work and Pensions Committee opened an inquiry into EU Pensions Policy and took oral evidence from the European Commission, having first heard from representatives of the UK pension industry, business and employees. This [evidence](#) has now been published.

## NATIONAL ASSOCIATION OF PENSION FUNDS

### NAPF/Wheels: VAT case before the ECJ

On 28 June 2007, the ECJ [ruled](#) on the VAT treatment of management services to UK investment trusts. In brief, the ECJ concluded that investment trusts were special investment funds and should be exempt from paying VAT on investment management services.

In May 2008, Wheels Common Investment Fund (WCIF) and the NAPF agreed that they would jointly bring a legal challenge against HMRC on the application of VAT on the investment management services supplied to occupational pension funds. WCIF is an £8 billion multi-employer scheme covering Ford Motor Company Limited, Jaguar Cars Limited and Land Rover.

A Tribunal hearing in February 2011 referred the "Wheels" case to the ECJ for an interpretation of the scope and meaning of the VAT exemption. The case finally reached court on 12 September 2012. The NAPF estimates that pension schemes could save about £100m a year in VAT if the ECJ agrees that the fees should be exempt.

[Press release](#)

## THE PENSIONS REGULATOR

### First issue of quarterly stakeholder newsletter

TPR has published the first of a new series of quarterly newsletters which aim to provide stakeholders with a regular written update on its work. This [issue](#) covers:

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<sup>2</sup> See [7days](#) dated 20 February 2012

- DB funding;
- DC updates;
- employer compliance;
- record-keeping; and
- key dates.