



RESEARCH PAPER 08/27
14 MARCH 2008

Pensions Bill: Committee Stage Report

This is a report on the Committee Stage of the *Pensions Bill*, Bill 25 of 2007-08. As amended in Committee and published for the report stage, the Bill is Bill 75 of 2007-08.

The Bill is the second part of reforms to the UK pensions system, set out in the May 2006 Pensions White Paper, *Security in retirement: towards a new pension system*. Among other things, it would introduce: a duty on employers to automatically enrol jobholders into, and to contribute to, a qualifying workplace pension scheme; and a system of personal accounts - a "simple, low-cost pension saving scheme" aimed at moderate to low earners who currently do not have access to a workplace pension. Other measures relate to the revaluation of deferred pensions, pension sharing on divorce or dissolution of a civil partnership, the additional State Pension, Pension Credit, the Pension Protection Fund and the Pensions Regulator (tPR).

A number of Government amendments were made at Committee stage both in response to discussions and to clarify parts of the Bill. New clauses added by the Government included measures relating to the Financial Assistance Scheme and tPR.

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Summary

The *Pensions Bill 2007-08*, published on 5 December, represents the second part of a package of reforms to the UK pensions system initially set out in the May 2006 Pensions White Paper, *Security in retirement: towards a new pensions system*. Among other things, the Bill would place a duty on employers to automatically enrol jobholders into, and to contribute to, a qualifying workplace pension scheme, and introduce a new system of personal accounts, a “simple low-cost pension saving scheme”.

At Second Reading, Opposition members expressed support for key aspects of the Bill, such as the principle of automatic enrolment, the compulsory employer contributions and the proposed introduction of the personal accounts scheme. However, it was also argued that “serious and important problems” needed to be debated and resolved.

One of these related to the extent to which it “pays to save.” The concern was that some people who were automatically enrolled would not save enough to provide them with a pension income greater than they would have received from means-tested benefits. It was argued that the Government should carry out a proper public assessment of options to address the problem. At Committee stage, Minister for Pensions Reform, Mike O’Brien, announced that DWP would work with stakeholders to look at the issues over a period of some ten months. The group would publish a report to elucidate the issues.

A further concern was whether the reforms would result in a “levelling down” of existing provision. The Government argues it is introducing measures to reduce the risk of this, including: an annual cap on contributions to personal accounts, a general prohibition on transfers between personal accounts and most pension schemes; straightforward “exemption” tests for employers already providing high-quality schemes and phasing-in of the minimum employer contributions. In Committee, Opposition Members argued that more was needed, for example, that the cap on contributions should be on the face of the Bill.

The Government was “not currently satisfied” that European legislation allows automatic enrolment into personal pensions which are commercially based, such as workplace personal pensions. However, its recent discussions on the issue had been “a little more optimistic.” In the meantime it continued to explore the possibility of an exemption.

Government amendments were made in response to discussions, but also to clarify parts of the Bill. They included further measures to address the risk that some employers might try to avoid their duties under the Bill. In addition, the Government introduced new clauses, for example, to give effect to part of the package of extensions to the Financial Assistance Scheme announced on 17 December 2007 and to revise the Pensions Regulator’s powers to appoint independent trustees.

A number of Opposition amendments were negated on division. Members identified a number of issues they wished to come back to. The Government undertook to give further consideration to a number of issues raised.

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I Introduction

The *Pensions Bill 2007-08*, published on 5 December, represents the second part of a package of reforms to the UK pensions system. The package was initially set out in the May 2006 White Paper, *Security in retirement: towards a new pensions system*. It takes forward many of the recommendations of the Pensions Commission. The Bill, as amended in Committee, would:

- place a duty on employers to automatically enrol jobholders into a qualifying workplace pension scheme and to offer a minimum pension contribution equal to 3 per cent of earnings between £5,035 and £33,540 (2006/07 earnings terms);
- introduce a minimum total overall level of contribution of 8 per cent on the same band of earnings;
- introduce a compliance regime for the new employer duties introduced by the Bill;
- introduce “personal accounts” - a “simple, low-cost pension saving scheme” aimed at moderate to low earners who currently do not have access to a workplace pension scheme. The policy intention is to do this in 2012;
- broaden the remit and powers of the Personal Accounts Delivery Authority established by the *Pensions Act 2007* to enable it to oversee the establishment of the personal accounts scheme;
- introduce reforms arising from the deregulatory review of private pensions including: a reduction in the cap applying to the revaluation of deferred pension rights from 5% to 2.5% (intended to apply to future rights, accrued from January 2009); and repealing the rules on “safeguarded rights” which can currently apply when a pension is shared on divorce or dissolution of a civil partnership;
- remove the stakeholder pension scheme “designation requirement” on employers, from 2012, when automatic enrolment and personal accounts are introduced;
- enable the consolidation of the additional State Pension rights currently being built up by people of working age;
- remove the need for most Pension Credit recipients aged 75 and over to report changes in retirement income;
- enable Pension Protection Fund (PPF) compensation to be shared on divorce;
- allow interest to be charged on late payment of levies on occupational and personal pension schemes (such as the pension protection levy) and make changes to improve the operation of the PPF;
- give the Pensions Regulator (tPR) the power to direct the actuarial assumptions used in the calculation of a pension scheme’s liabilities;
- revise tPR’s powers to appoint independent trustees; and
- amend the definition of “qualifying member” in the Financial Assistance Scheme.

More detail of the background of the Bill can be found in Library Research Paper 07/94, *Pensions Bill* [Bill 25 of 2007-08]. Information on progress of the Bill and links to relevant material can be found on the Parliament website.¹ There is also a lot of relevant material on the Department for Work and Pensions website.²

¹ <http://services.parliament.uk/bills/2007-08/pensions.html>

² [DWP website – Pensions reform](#)

This report does not cover all issues debated but concentrates on: the main Government amendments made; the main issues the Government undertook to consider further; Opposition amendments negated on division; and the main issues to which Opposition members said they wished to return. References are to the Bill as published on 5 December, Bill 25 of 2007-08.

II Second Reading

Opening the Second Reading debate on 7 January 2008, the then Secretary of State for Work and Pensions, Peter Hain, explained that the Bill would enact the remainder of the landmark pensions reform package set out in May 2006 in the White Paper, “*Security in retirement: towards a new pension system*”, the first part of which became legislation in the *Pensions Act 2007*.³

One of the first issues raised in interventions related to measures in *Pensions Act 2007* which make it easier for people reaching State Pension age (SPA) on or after 6 April 2010 to qualify for a full basic State Pension (BSP). There is concern that people reaching SPA before that date do not benefit. To address this, a successful backbench amendment to the *Pensions Bill 2006-07* in the House of Lords would have allowed more flexibility about when to pay class 3 voluntary National Insurance Contributions (NICs) to protect State Pension entitlement.⁴ The amendment was overturned when the Bill returned to the Commons in July 2007, with the Government undertaking to give the matter further consideration.⁵ However, in December 2007, the Government announced that it “had decided to make no changes to the current rules to allow individuals to buy additional national insurance contributions.”⁶ Asked about this issue in the Second Reading debate, the Secretary of State said the Government had looked “sympathetically” at the proposal but found it proved “costly and poorly targeted.”⁷

The Secretary of State addressed some of the key issues raised in discussions on measures in the current Bill. He explained that proposals to protect existing pension provision would include: “a ban on transfers between existing pension schemes and personal accounts”; an annual contribution limit for personal accounts; a “simple and straightforward qualification test” for good existing schemes; and help for employers “to adjust to the new minimum employer contribution requirement by phasing that requirement in over three years.”⁸

Although the intention had been for automatic enrolment to apply to all employees not covered by other adequate pension arrangements, the Secretary of State explained that the Government is “not satisfied that the European consumer protection legislation permits automatic enrolment into workplace personal pensions.” It was “seeking

³ HC Deb, 7 January 2008, c54

⁴ HL Deb, 4 July 2007, c1029-1048

⁵ HC Deb, 17 July 2007, c239

⁶ HL Deb, 17 December 2006, c467

⁷ HC Deb, 7 January 2008, c55

⁸ Ibid, c57

clarification on that or, if need be, amendment of the directives to permit such enrolment". In the meantime, it was "exploring a practical solution with the industry."⁹

On the issue of means-testing and whether it pays to save, the Secretary of State said:

I ask the House to keep in mind three points. First, our pension reforms lead to less means-testing rather than more. Secondly, those who receive means-tested benefits should still be better off in retirement if they save. The Government's creation of the savings credit, together with the right for all to take a pension lump sum, ensures that. Thirdly, nobody can be sure which individuals will end up needing means-tested support. What we can say is that few aspire to that, so we must say with a united voice that the downside of people not saving outweighs the small risk of their saving and later regretting that in 30 or 40 years' time, when individuals might be in who knows what predicaments.¹⁰

Shadow Secretary of State for Work and Pensions, Chris Grayling, said the principle underlying the reforms in the Bill "should and does command support throughout the House."¹¹ However, he was concerned that if the issue of means-testing and automatic enrolment was not addressed, the reforms would be "launched with a huge hole below the waterline." The problem was, he said, that some people who would be automatically enrolled would derive no benefit from pension saving because they would "not be able to save enough money to provide them with a pension income that is greater than they would have received anyway from means-tested benefits."¹² He asked the Secretary of State to "carry out a proper public assessment of the available options" for addressing the problem.¹³ Shadow Work and Pensions Minister Nigel Waterson explained that the main reason the Conservatives "would not support the Bill in the Lobby tonight is that Ministers are still clearly in total denial about the potentially damaging effects of means-testing."¹⁴

Chris Grayling raised a number of other issues as needing to be addressed: the problem of automatic enrolment into workplace personal pensions (apparently prohibited under European law);¹⁵ the issue of "levelling down";¹⁶ whether people would be able to make lump sum contributions to personal accounts;¹⁷ the "the role and remit" of the Personal Accounts Delivery Authority and the successor body responsible for running the scheme;¹⁸ further deregulatory measures to "help pension provision evolve and improve";¹⁹ clarification on the timing of the introduction of reforms (particularly whether the new system of personal accounts, and the restoration of the link between increases in the basic State Pension (BSP) and average earnings, would happen in 2012).²⁰

⁹ Ibid, c58

¹⁰ Ibid, c66

¹¹ Ibid, c71

¹² Ibid, c74

¹³ Ibid, c76

¹⁴ Ibid, c119

¹⁵ Ibid, c78

¹⁶ Ibid, c78

¹⁷ Ibid, c79

¹⁸ Ibid, c79

¹⁹ Ibid, c80

²⁰ Ibid, c80

Liberal Democrat Shadow Secretary of State for Work and Pensions Danny Alexander joined other members in welcoming the announcement on 17 December of a further extension of the Financial Assistance Scheme.²¹ He went on to welcome some aspects of the Bill (automatic enrolment, compulsory employer contributions and low charges for personal accounts). He said:

We want the Bill to work, but for that to happen some serious and important problems need to be debated and resolved. We believe that the important two related issues are the interaction of means-testing and how advice will be dispensed and dispersed.²²

He also raised:

- the question of people with multiple jobs all of which were below the level of earnings at which they would be automatically enrolled into personal accounts;²³
- the need for clarification of the timing of the restoration of the link between increases in the BSP and average earnings;²⁴
- the Government's announcement that it intended to make no change in the current rules to allow individuals to buy additional national insurance contributions;²⁵ and
- the issue of workplace personal pensions, into which automatic enrolment may be prohibited by European law.²⁶

Other issues raised by Members during the debate included: the importance of ensuring low charges in the new system of personal accounts;²⁷ the position of the self-employed, who will not be automatically enrolled into a pension;²⁸ the provision of annual pension forecasts and whether the example of the Swedish "orange envelope" should be adopted;²⁹ the affordability of pension contributions for those on low incomes;³⁰ and uncertainty in the financial markets.³¹ The Bill was given a Second Reading without division.³²

III Committee stage

It was intended that proceedings of the Public Bill Committee should finish not later than 26 February 2008.³³ In the event, the Committee finished earlier than this, holding a total

²¹ Ibid, c82; HC Deb, 17 December 2007, c100WS

²² HC Deb, 7 January 2008, c83

²³ Ibid, c84

²⁴ Ibid, c86

²⁵ Ibid, c88

²⁶ Ibid, c89

²⁷ Ibid, c96

²⁸ Ibid, c107

²⁹ Ibid, c69; c107

³⁰ Ibid, c90

³¹ Ibid, c91

³² Ibid, c126

³³ PBC Deb, 15 January 2008, c2

of 20 sittings between 15 January and 21 February 2008, including four sessions of oral evidence on 15 and 17 January 2008.

Members of the Committee are listed at the end of this Paper. There were five Conservative members and two Liberal Democrats. Apart from the Minister for Pensions Reform Mike O'Brien and the Parliamentary Under Secretary of State for Work and Pensions James Plaskitt there were eight Labour Members. Nigel Waterson and Andrew Selous, Shadow Ministers for Work and Pensions, were spokespersons for the Conservatives. Spokespersons for the Liberal Democrats were Danny Alexander (Shadow Work and Pensions Secretary) and Paul Rowen (Shadow Minister for Work and Pensions).

Factsheets provided to Committee members in the course of the proceedings covered:

- the roles of the Personal Accounts Delivery Authority (PADA) and the trustee corporation;³⁴
- the new employer duties, and how they would apply to employers, jobholders and schemes;³⁵
- the introduction of employers' duties: "staging and phasing."³⁶

A framework document for PADA was placed in the Libraries of both Houses of Parliament on 27 February 2008.³⁷ DWP factsheets on issues such as the likely response of individuals and employers to the personal account reforms can be found on its website at: <http://www.dwp.gov.uk/pensionsreform/factsheets.asp>³⁸

A. Overview of Committee Stage debates

A summary of amendments made and the main issues raised is set out below, with a more detailed account in sections C to L.

Chapter 1 of Part 1 of the Bill would introduce new **employers' duties**: to automatically enrol jobholders into, and to contribute to, a qualifying workplace pension scheme. Government amendments were made to:

- make explicit that if someone is no longer employed, the obligation to continue to have them automatically enrolled in the pension scheme ceases;³⁹
- clarify the arrangements which would apply where an employer operates a "deferral period";⁴⁰
- ensure that an employer would not be obliged to act on a request from a jobholder to "opt in" more than once every twelve months;⁴¹

³⁴ [Dep 2008-0265](#)

³⁵ [Dep 2008-0167](#)

³⁶ [Dep 2008-0167](#)

³⁷ [Dep 2008-0572](#)

³⁸ Retrieved 10 March 2008

³⁹ PBC Deb, 22 January 2008, c137

⁴⁰ Ibid, c176

⁴¹ Ibid, c184

- facilitate voluntary pension saving for “workers without qualifying earnings” (i.e. earning below £5,035, 2006-07 earnings terms);⁴²
- give employers a greater degree of certainty about the “phasing” arrangements for “qualifying schemes”;⁴³
- enable schemes to refuse to collect contributions below a minimum amount.⁴⁴

The Government undertook to consider some issues further. In particular, it is to work with a group of stakeholders looking at issues of automatic enrolment and means-testing over a period of some ten months. The group is to produce a report to elucidate the issues.⁴⁵ Two Opposition amendments were negated on division: one relating to “levelling down” and another to members of the reserve forces.⁴⁶

A Government amendment was made to streamline legislation on the **exchange of data** between the Pensions Regulator (tPR) and HMRC and place tighter safeguards on data transferred.⁴⁷

Chapter 3 of the Bill proposes various forms of **employment protection** to underpin the statutory rights set out in Chapter 1. Government amendments were made to: ensure that an employer who offered an inducement to an employee (to “opt out”, for example) would not be able to claw back any inducements they had given;⁴⁸ and introduce a pre-employment prohibition, addressing the risk that some employers might try to avoid their duties up front by not recruiting anyone who wishes to remain opted into a pension scheme.⁴⁹ The Government is to look further at the risk of post-employment inducements, particularly where short-term contracts are involved.⁵⁰

Chapter 4 of the Bill would provide for the new system of **personal accounts** to be established. Two Opposition amendments were negated on division, one regarding the implementation date for personal accounts⁵¹ and the other regarding the extent and terms of any public subsidy for the personal accounts scheme.⁵² The Government has asked the Personal Accounts Delivery Authority (PADA) to provide a view on responsible investment principles in time for the Commons Report stage.⁵³ Areas Opposition members indicated that they might wish to return to included: the objectives of the PADA;⁵⁴ and whether measures intended to protect existing pension provision (such as the proposed cap on annual contributions to personal accounts) should be included on the face of the Bill.⁵⁵

⁴² PBC Deb, 24 January 2008, c191-194

⁴³ Ibid, c211-3

⁴⁴ PBC Deb, 29 January 2008, c252-4

⁴⁵ PBC Deb, 22 January 2008, c163-4

⁴⁶ PBC Deb, 29 January 2008, c252; PBC Deb, 7 February 2008, c447

⁴⁷ PBC Deb, 31 January 2008, c267

⁴⁸ Ibid, c289

⁴⁹ PBC Deb, 19 February 2008, c545

⁵⁰ Ibid, c548; Dep 2008-0504

⁵¹ PBC Deb, 31 January 2008, c307

⁵² PBC Deb, 5 February 2008, c360

⁵³ Ibid, c412; Dep 2008-0503

⁵⁴ PBC Deb, 5 February 2008, c395

⁵⁵ PBC Deb, 19 February 2008, c336

Part 2 of the Bill includes provision to enable the consolidation of **additional State Pension** rights. The Government said it intended to table further amendments to the Bill to enable the simplification of “contracted-out deductions” as part of this.⁵⁶

Government amendments were made to part 3 of the Bill to extend provisions relating to **pension compensation sharing on divorce**, or dissolution of a civil partnership, for couples in Scotland.⁵⁷ The Government said amendments to enable Financial Assistance Scheme (FAS) compensation to be shared on divorce or dissolution of a civil partnership, may be introduced by means of a future Bill.⁵⁸

The Government introduced new clauses to the Bill to amend the definition of “qualifying member” for the **FAS**, as part of a package of extensions announced on 17 December 2007;⁵⁹ and to revise the powers of the **Pensions Regulator** to appoint independent trustees.⁶⁰ The Government is to look further at: whether PPF compensation payments should be payable to people under 50 who are terminally ill;⁶¹ and whether assistance could be provided to members of schemes that currently fall between the PPF and the FAS.⁶²

Issues opposition members indicated they might wish to return to included: the date at which the link between increases in the basic State Pension and earnings is to be restored;⁶³ a proposal to introduce “retirement income funds”;⁶⁴ and “conditional indexation.”⁶⁵ Relevant to this last point, the Government intends to issue a consultation paper on the approaches to risk sharing for Defined Benefit pension schemes in June.⁶⁶

B. Evidence Sessions

On Tuesday 15 January the Committee took evidence from:

- The Personal Accounts Delivery Authority (PADA);
- Association of British Insurers (ABI); National Association of Pension Funds (NAPF); Investment Management Association (IMA);
- Trades Union Congress (TUC); Equality and Human Rights Commission (EHRC); Which?; Age Concern; Help the Aged.

On Thursday 17 January, the Committee took evidence from:

- British Chambers of Commerce (BCC); Federation of Small Businesses (FSB);

⁵⁶ PBC Deb, 7 February 2008, c462

⁵⁷ PBC Deb, 19 February 2008, c476

⁵⁸ Ibid, c475

⁵⁹ Ibid, c507-08

⁶⁰ Ibid, c534

⁶¹ PBC Deb, 21 February 2008, c582

⁶² Ibid, c593

⁶³ PBC Deb, 19 February 2008, c553

⁶⁴ Ibid, c532

⁶⁵ PBC Deb, 21 February 2008, c 579

⁶⁶ Ibid c571

- Engineering Employers Federation (EEF); Confederation of British Industry (CBI); Association of Consulting Actuaries (ACA);
- Pensions Commission;
- Department for Work and Pensions (DWP).

The Committee also received written evidence.⁶⁷

In evidence to the Committee, John Cridland explained that the CBI broadly supported the Bill, although there were some aspects on which it would “not have started from the same place”. Small businesses, for example, were concerned about “the practicality and cost impact of a form of soft compulsion.”⁶⁸ David Yeandle explained that EEF had “consistently supported the Government’s pension reform agenda for the last two or three years” and saw the Bill as the “final piece in the legislative jigsaw to implement these proposals.” However, issues of detail, such as support for small businesses, needed to be addressed.⁶⁹ Small business representatives also stressed the importance of communication and the simplicity of what employers are asked to do.⁷⁰

Lord Turner of Ecchinswell, former chair of the Pensions Commission, said the Bill was a “fairly complete enactment of what we proposed.”⁷¹ There were two areas of potential divergence, where problems had arisen that the Commission had not anticipated. One was the question whether European law prohibited auto-enrolment into workplace personal pensions. The other was that the Commission had envisaged that pension schemes (other than the new personal accounts scheme) would have to meet two criteria to be a “qualifying scheme”. One of these – that administrative costs were below a certain percentage – had not been included in the Bill.⁷²

The Pensions Policy Institute (PPI) said its stocktake of key stakeholders’ views showed “widespread support for the principle of auto-enrolment and broad agreement that the proposed levels of contribution to personal accounts...are reasonable.” However, there were two significant concerns about the Government’s proposals for personal accounts: the interaction with means-tested benefits and the risk of levelling-down of existing pension provision.⁷³

Organisations making up the People’s Pensions Coalition⁷⁴ expressed support for the key measures in the Bill such as the principle of automatic enrolment and the introduction of the personal accounts scheme. Issues of concern included the extent to which it “pays to save” and whether changes were needed to the state pension system to address this.⁷⁵

⁶⁷ <http://www.publications.parliament.uk/pa/cm/cmppbpensions.htm>

⁶⁸ Pensions Bill Deb, 17 January 2008, c79. Employers will be obliged to automatically enrol jobholders into a pension scheme and (unless the jobholder opts out) to make a minimum contribution.

⁶⁹ Pensions Bill Deb, 17 January 2008, c79-80

⁷⁰ Ibid, c74

⁷¹ Ibid, c97

⁷² Ibid, c97

⁷³ Memorandum submitted by Pensions Policy Institute (PE 19)

⁷⁴ The Equality and Human Rights Commission, Age Concern, Help the Aged, the Trades Union Congress, and Which?

⁷⁵ Pensions Bill Deb, 15 January 2008, c38; PE 03; PE 08; PE 09;PE12

The ABI and NAPF, while broadly supportive of the aim to encourage more people to save for retirement through a work-based pension scheme, were concerned that further steps should be taken to protect existing provision and to reduce the risk of “levelling down” by employers.⁷⁶ The IMA said that “subject to successful implementation of personal accounts”, it believed that the Government had “chosen the right architecture for reaching that part of its target market for pension saving that will not otherwise have access to a good employer scheme.”⁷⁷ The ACA was concerned that there was not enough to protect good existing occupational pension schemes⁷⁸ and argued for amendments “to end the ban on employers being able to offer new conditionally indexed schemes.”⁷⁹

C. Employers’ duties

1. Agreed amendments

a. *Continuity of scheme membership*

A Government amendment was made to clause 2 of the Bill (continuity of scheme membership) to clarify that “if someone is no longer employed the obligation to continue to have them automatically enrolled in the pension scheme ceases.”⁸⁰

b. *Postponement of automatic enrolment*

The Government has proposed that there should not be a formal waiting period before a person is automatically enrolled into the personal accounts scheme.⁸¹ However, where employers offer a defined benefit scheme, or make contributions higher than the minimum for a defined contribution scheme, there will be an exception to allow employers to defer enrolment.⁸² Mike O’Brien explained that deferral of entry would be allowed where an employer is making a “fairly good quality contribution”, such as “6%, or double the minimum”. DWP was consulting stakeholders regarding the length of the deferral period.⁸³

Two Government amendments were made to this part of the Bill. One was to clarify that while employers can get a “deferral period for a reasonably good scheme...they cannot then switch the employees to another scheme that is not so good.”⁸⁴ The other was to clarify that employers using a deferral period should follow the arrangements for auto-

⁷⁶ Memorandum submitted by the Association of British Insurers (PE 11); Pensions Bill Deb, 15 January 2008, c23-4

⁷⁷ Memorandum submitted by the Investment Management Association (PE 07)

⁷⁸ Pensions Bill Deb, 15 January 2008, c80

⁷⁹ Memorandum submitted by the Association of Consulting Actuaries (PE 13)

⁸⁰ PBC Deb, 22 January 2008, c137

⁸¹ DWP, [Personal accounts: a new way to save](#), Cmnd 6975; December 2006, para 6.25

⁸² [Pensions Bill – Impact Assessment](#), para 2.3

⁸³ PBC Deb, 22 January 2008, c174-5

⁸⁴ Ibid, c175

enrolment set out in clause 3: “We want automatic enrolment and we want it done properly”.⁸⁵

c. *Jobholder’s right to opt in*

There may be people who are not participating in workplace saving, for example, because they opted out. Clause 6 would allow jobholders to “opt in” by giving notice to their employer.⁸⁶ Government amendments were made such that a jobholder would be able to request access to workplace pension saving with an employer contribution at any time. However, an employer would not be obliged to act on more than one request every 12 months. Where the employer chooses to accept an additional notice made within that period, the prescribed arrangements for automatic enrolment must be followed.⁸⁷

d. *Workers without qualifying earnings*

The Government tabled amendments, including New Clause 8, for “workers without qualifying earnings.”⁸⁸ Parliamentary Under Secretary of State, James Plaskitt, explained that:

The new clause facilitates voluntary pension saving, to workers without qualifying earnings, which means those earning below £5,035 for the 2006-07 earnings terms. We always intended that this group of workers would have a gateway of access to workplace saving and this clause provides that necessary access.⁸⁹

Any employer contributions would be voluntary as there would be no qualifying earnings.⁹⁰ Opposition Members expressed support for the principle but emphasised the importance of the information and advice available, particularly in the absence of an employer contribution.⁹¹

e. *Introduction of employers’ duties*

A fact sheet sent to Committee Members provided more detail of the Government’s intentions regarding the way in which the new duties on employers would be introduced. Clause 10(1) of the Bill would allow a “staged” introduction of employer duties, so that different groups of employers become subject to the duties at different times. The rationale for staging is to facilitate “a smooth take-on of employers by the Pensions Regulator and the personal accounts scheme.” Staging could be by size or geographical location, for example.

⁸⁵ Ibid, c175

⁸⁶ Pensions Bill – Explanatory Notes, Bill 25-EN

⁸⁷ PBC Deb, 22 January 2008, c184

⁸⁸ PBC Deb, 24 January 2008, c193

⁸⁹ Pensions Bill Deb, 24 January 2008, c192

⁹⁰ Ibid, c192

⁹¹ Ibid, c193-4

Clause 10 (2) allows the reforms to be “phased”, i.e. for the requirements relating to employer duties to be modified during a transitional period, such that employers can gradually phase in additional costs.⁹²

The Government amended clause 10 and introduced two new clauses – new clause 12, ‘transitional periods for money purchase and personal pension schemes’ and new clause 13, ‘transitional period for defined benefits and hybrid schemes.’⁹³ The intention was to “give employers a greater degree of certainty about the phasing arrangements for their qualifying schemes.”⁹⁴

f. Minimum contributions

Government amendments were made “to establish a ceiling for minimum contributions to money purchase schemes.”⁹⁵ This would allow schemes to “refuse to collect contributions below that minimum on the grounds that they were too small to be economic to administer.”⁹⁶ The Government is to “consult on and set out the costs and the process of setting the minimum contribution levels.”⁹⁷

2. Amendments not agreed and points raised

a. Automatic enrolment and workplace personal pensions (WPPs)

Clause 3 would introduce the employer obligation to automatically enrol a jobholder aged between 22 and State Pension age into an “automatic enrolment scheme”. The Impact Assessment to the Bill explains that “European legislation prohibits the use of automatic enrolment into contract-based financial services, such as personal pensions.”⁹⁸

Shadow Work and Pensions Minister, Andrew Selous, said he thought most people “would like the EU to amend current legislation to enable auto-enrolment” into WPPs.⁹⁹ Beyond this, there seemed to be “quite convincing arguments about streamlined joining, provided the participation levels are high.”¹⁰⁰ In its evidence to the Committee, the ABI had proposed the use of streamlined joining techniques, including, for example, shortened application forms and face-to-face sessions and point of employment contract joining.¹⁰¹ Danny Alexander indicated a preference for a European solution.¹⁰²

In response, Mike O’Brien said the Government was “not currently satisfied” that European Legislation allowed automatic enrolment into a “personal pension which is

⁹² Dep 2008-0167

⁹³ Pensions Bill Deb, 24 January 2008, c211-12; Clauses 26 and 27 of Pensions Bill, Bill 75 of 2007-08

⁹⁴ Ibid, c212

⁹⁵ Ibid, c252

⁹⁶ Ibid, c253

⁹⁷ Ibid, c254

⁹⁸ DWP, [Pensions Bill – Impact Assessment](#), para 2.113-5; Clause 3 (5), Clause 5 (5) and Clause 6 (6) Pensions Bill 2007-08 (Bill 25)

⁹⁹ PBC Deb, 22 January 2008, c142

¹⁰⁰ As the ABI suggests, streamlined joining techniques could include shortened application forms and face-to-face sessions and point of employment contract joining. (PE 11)

¹⁰¹ PE 11

¹⁰² Ibid, c144

commercially based.”¹⁰³ Recent discussions with Europe had been “a little more optimistic than our earlier indications.”¹⁰⁴ One of the directives was due for consideration in around 2011. However, the process of consultation, agreement on changes and implementation “would probably take us beyond 2012.” For this reason, the Government was continuing to explore the route of an exemption for insurance-based schemes.¹⁰⁵ However, some witnesses to the Committee had expressed serious concerns about breaching the principle of automatic enrolment.¹⁰⁶ Concerns had been expressed by some insurance companies about the potential cost of the NAPF’s alternative proposal to enable WPPs to be reclassified as occupational pensions through the creation of “master trusts.”¹⁰⁷ However, the Minister said he would like to see “some detailed justification” of the ABI’s estimates on this.¹⁰⁸

b. Automatic enrolment and means-testing

Danny Alexander argued that the Secretary of State should be required to publish an annual report on the impact of means-tested benefits on automatically enrolled members of the personal accounts scheme. He argued that:

We do not want the Bill to get us into a situation where some people can fairly claim that they were strongly encouraged to enrol automatically in a personal account, only to reach the time of retirement to discover that the financial benefits that they receive are not what they were given to expect.¹⁰⁹

He was interested in “looking at whether there are any technical solutions that can be brought forward to help to address the problem.” One such example was an increase in the “trivial commutation limit.”¹¹⁰

Nigel Waterson referred to the “unpredictability of trying to look, perhaps as far in the future as 2050...at the interface between the means-tested benefit system and personal accounts.” He had not “lighted on some magic bullet solution” but committed himself and “the official Opposition to being as helpful and constructive as possible and to work closely during the life of the Bill and also beyond to try to find solutions to the problem.”¹¹¹

In response, Mike O’Brien, outlined the Government’s approach. He argued that it was important to “keep perspective in what is a complex issue.” He said that Governments needed to strike a balance “between alleviating poverty and incentivising savings.”¹¹² Reforms introduced by the *Pensions Act 2007* would address some of the issues about whether it pays to save, “enabling about 90 per cent of men and women to get a full

¹⁰³ Ibid, c145

¹⁰⁴ Ibid, c146

¹⁰⁵ PBC Deb, 22 January 2008, c146

¹⁰⁶ Ibid, c146

¹⁰⁷ For more detail see PE07 (National Association of Pension Funds)

¹⁰⁸ PBC Deb, 22 January 2008, c149; See also PE 12a (Age Concern) and PE 19 (Pensions Policy Institute)

¹⁰⁹ Ibid, c152

¹¹⁰ Ibid, c153

¹¹¹ Ibid, c153-8

¹¹² Ibid, c159

basic state pension.”¹¹³ He referred to evidence given by Professor John Hills, a former member of the Pensions Commission, regarding the difficulty in identifying in advance who might be at risk of low returns from saving.¹¹⁴

The measures that had been proposed to mitigate the problem were expensive and raised significant questions. He argued that they should not prevent the passage of the Bill, although they needed to be looked at with a great deal of care. The Government had been approached by the People’s Pension Coalition who asked for a “longer-term debate beyond the length of our consideration of the Bill” to look at “the pays to save issue”. The Minister said he was not “committing to any policy outline” but set out the issues he thought needed to be addressed:

First, we need to evaluate the evidence on who is likely to benefit and who is likely not to benefit by saving. Secondly, we need to consider the interaction between pension saving and income-related benefits in a reformed system, and how that affects incentives. I would like to examine the extent to which we are able to predict the numbers in groups who might be affected. The evidence that the Committee has heard so far suggests that such a level of prediction would be very difficult. If so, let us look at the matter to see how much we can undertake to predict. Thirdly, we want to look at the various constraints and methods for dealing with this issue through policy changes. We need an evaluation of some of the issues around trivial commutation and other things. I repeat that I make no commitments in relation to outcomes.¹¹⁵

The Government had agreed to join this group and “work with them over the next ten months or so” and “in due course, to publish a report.”¹¹⁶ The report is expected to elucidate the issues rather than make recommendations.¹¹⁷ Danny Alexander hoped that Parliament would be able to debate the report.¹¹⁸ Mike O’Brien said this would be a matter for the usual channels.

c. Levelling down

The Liberal Democrats moved an amendment to require the Secretary of State to report annually on the extent to which employers operating money purchase schemes that met the “quality requirements” set out in the Bill had reduced their contributions.¹¹⁹

Nigel Waterson said the Conservative party supported the amendment in principle.¹²⁰ He noted that a number of surveys undertaken to gauge the extent of the problem had produced “an alarmingly large range of conclusions.”¹²¹ He was also concerned that there would be a “gradual rate of attrition” as employees moved around the jobs market and

¹¹³ Ibid, c160

¹¹⁴ Ibid, c161

¹¹⁵ Ibid, 163-4

¹¹⁶ Ibid, c164

¹¹⁷ Ibid, c173

¹¹⁸ Ibid, c164

¹¹⁹ PBC Deb, 29 January 2008, c241

¹²⁰ Ibid, c243

¹²¹ Ibid, c243

found their employer contributions gradually reducing.¹²² He asked whether the Minister agreed that there were concerns that we could end up with “a situation where total pension savings” were less than they would otherwise have been.¹²³

Mike O’Brien said that DWP research suggested that most employers with good schemes supported the reforms and the majority, particularly of larger employers, would maintain their schemes at current levels, or in some cases improve them.¹²⁴ He acknowledged that there were “real issues”:

but we have also taken steps to try to reduce the propensity for leveling down: the rules about transfers in and out of personal accounts; the amounts of contributions; and how the whole process of dealing with automatic enrolment will operate.¹²⁵

The Government would “continue to track employers’ responses to the reforms and trends in the existing pensions landscape as we move towards 2012 and beyond.”¹²⁶

Paul Rowen argued that his amendment would ensure “a proper reporting mechanism” and pushed the amendment to a vote. It was negated on division by nine votes to four.¹²⁷

d. Other issues

Other issues debated included:

- people with multiple jobs, all of which were below the level of earnings at which they would be automatically enrolled;¹²⁸
- the minimum age for auto-enrolment;¹²⁹
- refund of contributions where a jobholder opts-out;¹³⁰
- provision of information and advice to jobholders;¹³¹
- provision of information by employers to tPR;¹³²
- the inclusion of commission, bonuses and overtime in the definition of qualifying earnings;¹³³
- review of qualifying earnings band;¹³⁴
- flexibility regarding the “pay reference period”;¹³⁵
- transitional help for small employers when the reforms are introduced.¹³⁶

¹²² Ibid, c244

¹²³ Ibid, c247

¹²⁴ Ibid, c249

¹²⁵ Ibid, c250

¹²⁶ Ibid, c249

¹²⁷ Ibid, c252

¹²⁸ PBC Deb, 22 January 2008, c134-6

¹²⁹ PBC Deb, 22 January 2008, c168-71

¹³⁰ Ibid, c185-7

¹³¹ PBC Deb, 24 January 2008, c194-204

¹³² Ibid, c207-11

¹³³ Ibid, 213-8

¹³⁴ Ibid, c218-20

¹³⁵ Ibid, c220-2

¹³⁶ PBC Deb, 19 February 2008, c553-6

D. Compliance

The Pensions Regulator (tPR) has been given responsibility for the compliance regime for the new employer duties contained in the Bill.¹³⁷ In evidence to the Public Bill Committee, employer representative organisations argued for a “light touch” regulatory approach¹³⁸ and a “level playing field.”¹³⁹ Small business representatives stressed assistance for small employers and a simple system.¹⁴⁰ The TUC wondered whether tPR would have enough resources and be proactive enough.¹⁴¹

Andrew Selous moved an amendment which would require an employer to pay interest on unpaid contributions. His intention was to “ensure that late contributions have the same financial value to the jobholder as contributions made at the correct time.” Liberal Democrat Shadow Work and Pensions Minister, Paul Rowen, expressed support. Mike O’Brien undertook to look at the issue and draft an amendment giving tPR “power to request interest to be paid where appropriate.”¹⁴²

Other issues debated included:

- the enforcement of duties by tPR rather than allowing private right of action for breach of statutory duty;¹⁴³
- content of compliance notices;¹⁴⁴
- the approach to non-compliance;¹⁴⁵
- resourcing of tPR to carry out new duties.¹⁴⁶

E. Records and information

Clause 42 of the Bill would extend the types of information HMRC can share with tPR to take into account the latter’s compliance functions under the Bill.¹⁴⁷ This clause was replaced with another which contained tighter safeguards. Mike O’Brien explained:

New clause 14 would make it even clearer that while the Pensions Regulator can make full use of transferred HMRC data for its internal functions, the onward disclosure of that data by the regulator would be prohibited in all but a defined set of five specified circumstances: first, when HMRC’s authorisation for onward disclosure has been obtained; secondly, when the data are needed for any criminal proceedings; thirdly, when the regulator is involved in proceedings, including civil proceedings, under its existing and new powers; fourthly, when the

¹³⁷ [Pensions Bill – Impact Assessment](#), para 4.27, (retrieved 21 February 2008)

¹³⁸ See, for example, Pensions Bill Deb, 17 January 2008, c93 [John Cridland]

¹³⁹ PBC Deb, 17 January 2008, c93 [David Yeandle]

¹⁴⁰ Ibid, c70 [Mike Cherry] and c74 [Natalie Evans]

¹⁴¹ PBC Deb, 15 January 2008, c43

¹⁴² PBC Deb, 29 January 2008, c265-6

¹⁴³ Ibid, c262-3

¹⁴⁴ Ibid, c263-5

¹⁴⁵ Ibid, c274-80

¹⁴⁶ PBC Deb, 31 January 2008, c287-88

¹⁴⁷ Pensions Bill – Explanatory Notes, para 111

disclosure enables or assists the Pensions Regulator to carry out its functions; and, fifthly, when the data have been anonymised.

New clause 14 would also streamline legislation providing for data sharing between the two bodies. HMRC already shares information with the Pensions Regulator to assist with the regulator's existing functions. However, a single gateway for data flow from HMRC to the Pensions Regulator would be both more transparent and more elegant than adding multiple patches to the old gateway set out in the Pensions Act 2004. New clause 14 would replace the existing gateway between HMRC and the regulator with one that would allow the flow of data for the regulator's old and new functions. There would thus not be the difficulty of having information flowing from HMRC to the regulator through one of two separate gateways—there will be just one.

Furthermore, the new combined gateway will improve the regulator's ability to carry out its existing functions, making clearer the ways in which it can and cannot onwardly disclose data received from HMRC.¹⁴⁸

Mike O'Brien further explained that the procedures for data transfer covered by the Bill would be carefully developed over coming years and informed by the "various reviews that the Prime Minister commissioned following the HMRC data handling issues."¹⁴⁹ It was important that the legislation was "sufficiently flexible to allow operational procedures to be refined in the light of reviews and best practice."¹⁵⁰

F. Protection of employment rights

1. Agreed amendments

a. Inducements

A Government amendment was made to prevent employers from clawing back any inducement they had given employees to "opt out" of a pension scheme:

Clause 49 ensures that any agreement, including those involving inducements, that aims to limit an employer's duties or a worker's rights under the legislation is void. Workers will remain free to opt back into qualifying pension scheme membership and to disregard any agreement to the contrary. Employers that refuse to accept workers into the scheme could receive penalties for failure to enrol. As a result of the Government amendment, they would not be able to claw back any inducements that they had given...We do not think that making it a criminal offence to offer inducements is the most effective way of deterring employers.¹⁵¹

¹⁴⁸ Pensions Bill Deb, 31 January 2008, c284

¹⁴⁹ Ibid, c286

¹⁵⁰ Ibid, c286

¹⁵¹ Ibid, c289

b. Pre-employment prohibition

Danny Alexander was concerned about the position of a job applicant who was refused employment because of “an unwillingness to move forward in the illegal way that the employer has proposed.”¹⁵²

Mike O’Brien explained that the Government thought it was preferable to introduce a “pre-employment prohibition” rather than to introduce a pre-employment right for individuals.¹⁵³ Government amendments were made to introduce a “pre-employment prohibition”:

we want to ensure that we do not have a loophole here, and we are determined not to allow employers to sift out, in effect, applicants who would wish to join or remain in pension schemes. For employers, this prohibition would be contravened if they made any statement or asked any question that expressly or implicitly indicated that a job application might be determined by reference to whether an applicant might opt out of automatic enrolment. The Pensions Regulator would be tasked with enforcing this prohibition, and would have the power to issue compliance notices and impose other financial penalties where breaches were shown to have occurred. As with other penalties for non-compliance, these will be set out in regulations, although we intend that they should be set at the same level—that is, a proposed maximum of £50,000. For the individual, a pre-employment prohibition would mean that they could complain to the regulator if they had evidence that the employer had contravened the prohibition by indicating that the job would only be available on the condition that they opted out of membership.¹⁵⁴

Andrew Selous said the amendments were “good as far as they go” and agreed it was important to try and create a level playing field for employers.¹⁵⁵

c. Other points raised

Andrew Selous explained that a further concern had been raised with him, i.e. that:

once an individual is in the employer’s employment, the latter will be completely free to subvert the automatic enrolment process by offering threats or inducements in relation to possible variations of the contract of employment or alterations of its term, so as to secure an opt-out.¹⁵⁶

In a letter to the Committee dated 20 February 2008, the Minister said that he would “consider whether we can do something to help deal with this problem, subject to the necessary clearances, at a later stage of this Bill.”¹⁵⁷

¹⁵² Ibid, c291

¹⁵³ Letter to Sir Nicholas Winterton from Mike O’Brien, 8 February 2008

¹⁵⁴ PBC Deb, 19 February 2008, c545

¹⁵⁵ Ibid, c549-50

¹⁵⁶ Ibid, c546

¹⁵⁷ Dep 2008-0504

G. Personal accounts

1. Amendments not agreed to and points raised

a. Implementation date

Nigel Waterson moved an amendment that would bring the personal accounts scheme into operation on 1 April 2012. He referred to a radio interview between Christmas and New Year in which Tim Jones indicated that, while he had not so far seen anything to say it was unachievable, he would not know if April 2012 was a realistic start date until he had reviewed matters as the new chief executive of the Personal Accounts Delivery Authority (PADA).¹⁵⁸

Mike O'Brien said that nothing he was aware of would prevent personal accounts being delivered in 2012. He had not tied himself down to April 2012, but it did "seem to be a reasonable date as a target to launch it on."¹⁵⁹

Nigel Waterson offered not to press his amendment to a division if the Minister agreed to share with the official Opposition the results of Tim Jones's review – even if they were just internal conclusions, presented in the form of a letter to the Minister. The Minister explained that there was not going to be a report but that he was happy for the opposition to talk to Tim Jones.¹⁶⁰

Nigel Waterson said he did not want or need access to commercially sensitive information but that:

If the result of the review is a conclusion by Tim Jones, whose judgment and experience I totally respect, that this cannot be delivered on time, I want to know almost as soon as the Minister knows.¹⁶¹

His amendment was negated on division by eight votes to three.¹⁶²

b. Consultation of members and employers

Clause 52 would require trustees to make arrangements for consulting scheme members and employers about "the ongoing operation, development and amendment of the scheme." This is to include the establishment of members' and employers' panels.¹⁶³

Issues raised by Committee members included: the role and composition of the members' and employers' panels¹⁶⁴ and the role of member nominated trustees.¹⁶⁵ The Minister said he intended to table an amendment to make it clearer that all members of

¹⁵⁸ PBC Deb, 31 January 2008, c301

¹⁵⁹ Ibid, c304

¹⁶⁰ Ibid, c306

¹⁶¹ Ibid, c307

¹⁶² Ibid, c307

¹⁶³ DWP, [Pensions Bill – Impact Assessment](#), 5 December 2007, para 3.21

¹⁶⁴ See, for example, PBC Deb, 31 January 2008, c313-7

¹⁶⁵ Ibid, c320

both employers' and members' panels could receive payment for time spent on panel duties and reimbursement of any necessary expenses.¹⁶⁶ The panels would need to be appropriately and properly resourced. He would consider further whether the members' panel, in particular, should be able to "commission and carry out research independently."¹⁶⁷

c. Annual cap on contributions

Clause 53 of the Bill requires the Secretary of State to set out in an Order the maximum amount a member of the personal accounts scheme can contribute in a tax year. The Government proposes that this limit should be set at £3,600 based on 2005 earnings levels.¹⁶⁸ Nigel Waterson moved an amendment designed to put on the face of the Bill the Government's commitment to an annual limit of £3,600 based on 2005 earnings levels, uprated with earnings from that point to implementation from 2012.¹⁶⁹ He noted that there had been "a long and fairly fierce debate about contribution limits", with powerful arguments on both sides:

One the one hand are ranged the consumer organisations and others, such as Age Concern, who argue the case for more flexibility in either a lifetime limit or a higher annual contribution cap or transfers in, either a one-off in year one or subsequent years of capital amounts...

Another group, especially those representing the pensions and financial services industry, argued:

very strongly and persuasively that we must take every step that we can in legislation to ensure that personal accounts, even if they are a success in their own right, do not erode existing provision and compete as a non-advice, low cost alternative to other pension savings.¹⁷⁰

He noted that Tim Jones and Paul Myners of PADA argued the importance of keeping the scheme simple, as "every bell and whistle will add to the cost of personal accounts, and might add to the risk of them not being ready by 2012."¹⁷¹

Danny Alexander agreed that including the annual contribution limit on the face of the Bill would make sense.¹⁷² Mike O'Brien gave the Government's reasons for not including actual amount in the Bill. The level of the limit would not be £3,600 in 2012 because "we have undertaken to uprate this figure in line with earnings from 2005." Furthermore, the Government was still considering a higher limit of £10,000 in the first year and believed it "important to retain an element of flexibility".¹⁷³

¹⁶⁶ Ibid, c320

¹⁶⁷ Ibid, c321

¹⁶⁸ DWP, *Pensions Bill – Impact Assessment*, para 3.42; <http://www.dwp.gov.uk/pensionsreform/> (retrieved 20 January 2008)

¹⁶⁹ PBC Deb, 31 January 2008, c327

¹⁷⁰ Ibid, c326

¹⁷¹ Ibid, c326

¹⁷² Ibid, c330

¹⁷³ Ibid, c334

Nigel Waterson argued that the Minister could not “have it both ways”, talking about “giving people certainty and swearing undying loyalty to the figure of £3,600 at 2005 levels” in one breath and then about “the need for flexibility”. He withdrew the amendment saying he would not press it to a division on this occasion.¹⁷⁴

d. Additional lump sum contributions

Opposition parties disagreed about whether members should be able to make additional lump sum contributions, on top of the annual limit. Nigel Waterson thought there were real arguments against this: the need to keep the scheme simple, to reduce the risk of eroding existing provision and the absence of specific advice to help people decide on the most advantageous course of action.¹⁷⁵ Danny Alexander said it was an “essential feature to allow people on low incomes...to make relatively modest additional payments into their personal account from time to time.”¹⁷⁶ Mike O’Brien wanted to look further at the issue.¹⁷⁷

e. Prohibition on transfers

The Government proposes that there should initially be a “general prohibition on the transfer of pension funds between personal accounts and alternative pension products.” There is to be a limited number of exceptions, such as where an individual leaves an employer with a qualifying scheme before their rights have vested.¹⁷⁸ Nigel Waterson tabled an amendment that would have placed “an absolute prohibition” on transfers between personal accounts and other schemes on the face of the Bill (although this was not called).¹⁷⁹ Danny Alexander argued that reviewing the issue in 2017 was probably a sensible approach. He was particularly concerned about the needs of people with a number of small pension pots.¹⁸⁰

Mike O’Brien argued that the Government had made clear its commitment to “banning most transfers into and out of personal accounts”. However, it was important to allow for exceptions, such as pension sharing on divorce and “small stranded pension pots”. The appropriate time to review the issue was 2017, when the reforms had bedded down.¹⁸¹

f. Financing

Clause 61 (functions) of the Bill would enable PADA to enter into agreements and borrow money to allow it to carry out its functions. Clause 64 (finance) of the Bill would allow the Secretary of State to give financial assistance to PADA, in the form of grants, loans, guarantees or indemnities. The trustee corporation is to “receive its funding from

¹⁷⁴ Ibid, c336

¹⁷⁵ PBC Deb, 31 January 2008, c329

¹⁷⁶ Ibid, c332

¹⁷⁷ Ibid, c333-4

¹⁷⁸ DWP, [Pensions Bill – Impact Assessment](#), para 3.44

¹⁷⁹ PBC Deb, 31 January 2008, c325. Amendment No. 29

¹⁸⁰ Ibid, c331

¹⁸¹ Ibid, c325

scheme funds, and so from members' charges."¹⁸² Schedule 1 (18) would allow the Secretary of State to give financial assistance to the trustee corporation, in the form of grants, loans, guarantees or indemnities. This may be given on conditions (which may include conditions about repayment with or without interest).¹⁸³

In evidence to the Public Bill Committee, Mike O'Brien said the Government's aim was that "personal accounts should not have a level of public subsidy which would be unacceptable."¹⁸⁴ On the other hand, PADA would be "essentially an advisory body and a preparation body" with a limited lifespan. It would be "publicly subsidised because this is a public policy issue."¹⁸⁵

Nigel Waterson argued that either the trustee corporation or PADA should be required to publish a report that would "examine rates of take-up, persistency and contributions to the scheme, and set out appropriate options for managing the financial risks associated with different outcomes."¹⁸⁶ He argued that it was important that there is a mechanism to ensure that "as the scheme cranks up, there are regular reporting points on how it is progressing."¹⁸⁷ This was to ensure "that costs are recoverable within a time frame that does not mean that future members will be saddled with costs for which they receive no future benefit."¹⁸⁸

James Plaskitt said it was the Government's intention that the scheme should be "self-financing in the long term". However, revenues would be insufficient to cover costs "during the phase when the scheme is being set up and for some time after" it accepted its first members' contributions. The Government had therefore asked PADA to advise on "how best that shortfall in revenues may be financed in a way that balances commercial viability with low charges." In doing so, it would take account of factors such as take-up, persistency and contributions.¹⁸⁹

Mr Waterson then moved an amendment that would remove the Secretary of State's power to make grants to the trustee corporation. A further amendment was "designed to make sure that, if money is lent by the Treasury or the Department to PADA, it is repaid and that the terms of such loans should be transparent and based on commercial rates, with a proper and appropriate period for repayment."¹⁹⁰

Paul Rowen agreed that "we should state clearly from the beginning that there is no subsidy and that any loans granted will be paid back. We must know the terms on which those loans will be granted."¹⁹¹

¹⁸² DWP Factsheet, 'Pensions Bill clauses 50-60, The Personal Accounts Scheme.' [Dep 2008-0265](#)

¹⁸³ Pensions Bill, Bill 25 of 2007-08, Schedule 1, para 18 (2)

¹⁸⁴ PBC Deb, 17 January 2008, c113

¹⁸⁵ Ibid, c113-4; PBC Deb, 5 February 2008, c421-2

¹⁸⁶ PBC, 5 February 2008, c349

¹⁸⁷ Ibid, c351

¹⁸⁸ Ibid, c351

¹⁸⁹ Ibid, c354

¹⁹⁰ Ibid, c355-6

¹⁹¹ Ibid, c357

The Minister explained that further work needed to be done before a decision could be made on the best approach to filling the “funding gap” in the early years. However, he wanted to stress that Government support would have to comply with European requirements on competition and state aid.¹⁹² Any funding coming into the authority would be reported in its annual reports.¹⁹³

Nigel Waterson was not content with the response given:

The Minister is giving us no assurances about there not being grants of any size for whatever purpose—presumably they will be non-recoverable. Nor has he been prepared to give any assurances about commercial rates of interest and repayment over a sensible and normal period...In this Bill, it is very important that we set out the parameters for PADA—not only for funding, but for other things—so that it knows that it can cut its coat according to its cloth...The industry has a legitimate concern about a level playing field. The Minister still talks about long-term rather than medium-term funding when most organisations are in the business of predicting profit and loss.¹⁹⁴

His amendment was negated on division by eight votes to six.¹⁹⁵

g. Objectives of PADA

Clause 62 (principles) would set out the principles to which PADA must have regard in carrying out its functions. There was a discussion about whether other objectives should be added to the list – such as “exercising an overriding duty to act in the best interests of members and future members.”¹⁹⁶ Nigel Waterson moved an amendment which would require PADA to “at all times comply with” rather than “have regard to” the principles in clause 62. He also argued:

It is essential that these things are monitored very carefully indeed, and that data is made available so that we can all judge the extent to which PADA has been meeting its targets and operating according to the principles set out in the Bill.¹⁹⁷

Paul Rowen agreed that there should be a “performance management structure to measure how far [PADA] succeeds in delivering.”¹⁹⁸

James Plaskitt explained that the principles were not objectives. Some decisions might require a resolution of competing priorities:

The intention is not that each of these principles should be achieved in its own right, rather that they must together underpin the authority’s day-to-day work and

¹⁹² Ibid, c357-8

¹⁹³ Ibid, c360

¹⁹⁴ Ibid, c360

¹⁹⁵ Ibid, c360

¹⁹⁶ Ibid, c381

¹⁹⁷ Ibid, c391

¹⁹⁸ Ibid, c391

be considered as a whole. Indeed, the very nature of the principles means that they will, at times, require a resolution of possible competing priorities.¹⁹⁹

There would be a number of opportunities for monitoring how PADA was taking the principles into account, including, for example, its annual report.²⁰⁰

Nigel Waterson was concerned that the Minister seemed to be saying “either that some of these principles are contradictory, or that they have varying importance in relation to each other at different times.”²⁰¹ He reserved the right to come back on the issue later in the Bill.²⁰²

h. Investment

Paul Rowen argued that PADA should be required to adhere to the UN Principles for Responsible Investment. He argued that this would not tie PADA or the trustees to a particular range of investment paths or a particular strategy: “the principles are voluntary and aspirational.”²⁰³ He pointed out that signatories to the UN principles included the Pension Protection Fund, BT and the main French and New Zealand schemes.²⁰⁴

Nick Ainger tabled an amendment to require PADA to “be a responsible investor and to take environmental, social and corporate governance issues into account in its investment decisions.”²⁰⁵ He argued that:

...the authority and the trustees are going to become a significant investor in the economy. Their decisions will send a clear message to British companies, and other companies outside this country, about what is expected of them; setting an example...in relation to climate change, or human rights and generally sustainable development.²⁰⁶

Andrew Selous would be reassured if at least one of the funds on offer complied with the UN principles and general environmental, social and corporate governance principles.²⁰⁷

In response, James Plaskitt explained that the trustees would be responsible for investment and that the decision to sign up to the UN Principles would be one for them:

Legislation already requires trustees to state the extent to which, if any, social, environmental and ethical considerations have been taken into account, when preparing and reviewing their statement of investment principles. That requirement will also apply to the personal accounts scheme, but it is not right to go any further than that. We are already setting the personal accounts scheme a

¹⁹⁹ Ibid, c392

²⁰⁰ Ibid, c392-3

²⁰¹ Ibid, c393

²⁰² Ibid, c395

²⁰³ PBC Deb, 5 February 2008, c405; Information about the UN Principles can be found at:

<http://www.unpri.org/principles/>

²⁰⁴ PBC Deb, 5 February 2008, c406

²⁰⁵ Ibid, c406

²⁰⁶ Ibid, c407

²⁰⁷ Ibid, c408

significant challenge: to provide effective and low-cost pension saving to millions of people who do not have that opportunity at the moment. We should not restrict its hand any further in how it goes about doing that.²⁰⁸

He would ask PADA to reflect on the views expressed in the debate and to “collect a view on the subject in time for when the Bill is discussed on report.”²⁰⁹

i. Other issues

Other issues debated at Committee stage included:

- collection method for personal accounts;²¹⁰
- whether personal accounts should be audited in a different way to other occupational schemes;²¹¹
- arrangements for scheme rules;²¹²
- the trustee corporation: arrangements for appointment of trustees and the fact that it will not have crown immunity;²¹³
- charges: whether an annual management charge of 0.3 per cent was achievable and whether it was sensible or logical to have a percentage charge that would change over time;²¹⁴
- choice of funds: the extent to which different customers’ preferences should be provided for and the impact of this on cost;²¹⁵
- advice: the distinction between advice and information; the extent to which advice would be needed; ongoing work between DWP and stakeholders to look at ways of managing an expected peak in demand around 2012, when personal accounts were launched.²¹⁶

H. Stakeholder pensions

Clause 68 would remove the statutory duty on employers to have a designated stakeholder pension schemes and almost all the detailed related provisions.²¹⁷ The clause was debated on 7 February 2008.²¹⁸

I. Employment status

Chapter 7 of the Bill provides important detail on which individuals will be defined as jobholders and therefore covered by the statutory scheme in Chapter 1. It makes

²⁰⁸ Ibid, c408

²⁰⁹ Ibid, c412; Dep 2008-0503

²¹⁰ PBC Deb, 22 January 2008, c168-173

²¹¹ PBC Deb, 31 January 2008, c307-310

²¹² Ibid, c336-8; Dep 2008-0265

²¹³ Ibid, c338-342; PBC Deb, 5 February 2008, c345-8; Dep 2008-0265

²¹⁴ PBC Deb, 5 February 2008, c361-370

²¹⁵ PBC Deb, 5 February 2008, c398-402

²¹⁶ Ibid, 413-417

²¹⁷ Pensions Bill. Explanatory Notes, Bill 25-EN, para 198

²¹⁸ PBC Deb, 7 February 2008, c427-33

provision to include Crown and parliamentary staff and exclude reserve and volunteer forces and share fishermen.

1. Issues raised

a. *Exception for reserve and volunteer forces*

The Bill sets out specific exclusions from the jobholder provisions for members of the reserve and volunteer forces.²¹⁹ Andrew Selous moved an amendment to the effect that a member of the reserve forces who was paid for more than six months in any three-year period would not be excluded.²²⁰ He argued that the world had changed and that many territorial soldiers and members of other reserve forces now served for quite long periods. Furthermore, the whole issue of the “military covenant is quite rightly under discussion.”²²¹

James Plaskitt responded that reservists who were mobilised or took on a full-time reserve service commitment were enrolled into a Defined Benefit scheme. Non-mobilised reservists (and the same went for most of those in the Territorial Army) might reasonably be expected to be in civilian employment and therefore to have “the same right to workplace pension saving as any other worker as a consequence of the Bill.”²²² He explained that the Government had decided that bringing the armed forces within the scope of the Bill would be inappropriate:

Members of the forces occupy a special position in law. Many employment law remedies, such as unfair dismissal, do not apply to the armed forces and we need to avoid any potential for confusion.

However, he argued that this did not mean treating members of the armed forces less favourably, as they were already automatically enrolled into a defined benefit pension scheme as a matter of routine. This included “reservists who are mobilised or have taken on a full-time reserve commitment.”²²³

Andrew Selous said that some people treated the Territorial Army as their main form of employment and that it did not “seem right to say that there is a blanket exemption.”²²⁴ He did not accept the logic of the Minister’s argument. His amendment was defeated on division by eight votes to four.²²⁵ Following the debate, Mike O’Brien wrote to clarify a number of matters concerning the terminology and pension provision regarding the reserve forces.²²⁶

²¹⁹ Pensions Bill – Explanatory Notes, para 212

²²⁰ PBC Deb, 7 February 2008, c445

²²¹ Ibid, c445

²²² Ibid, c447

²²³ Ibid, c447

²²⁴ Ibid, c449

²²⁵ Ibid, c449

²²⁶ [Dep 2008-0265](#)

J. Simplification etc

Measures arising from the deregulatory review of private pensions (the abolition of “safeguarded rights” and the reduction in the cap applying to the revaluation of deferred pension rights) were debated on 7 February 2008.²²⁷

a. *Additional State Pension*

James Plaskitt explained the Government’s plans for further simplifying the additional State Pension:

Put simply, the key proposal is—for people retiring after 2020—to bring forward the calculation that would currently occur at state pension age. In doing this, any and all accruals of additional state pension up to 2012—be they accrued rights to graduated retirement benefit, SERPS and/or S2P and contracted-out equivalents—would be rolled up into a single cash value amount. This amount would then be revalued annually in line with earnings during a person’s working life. As a result of this, people will be able to work out much more easily what state pension they can look forward to and, subsequently, be better able to plan appropriately for their retirement.²²⁸

The Government intended to bring forward “amendments to this part of the Bill to simplify the contracted out deductions payable as part of this consolidation.” Members would also be provided with a “comprehensive fact sheet...setting out all the details of what is being proposed here, hopefully in the most digestible manner possible.”²²⁹

K. Pension compensation sharing

On divorce or dissolution of a civil partnership, pension assets may be shared or transferred as part of the divorce settlement. Part 3 of the current Bill would extend this to Pension Protection Fund compensation. A number of Government amendments were made to extend these provisions to Scotland.²³⁰ The Minister explained that the provisions would “have broadly the same effect, although divorce law is devolved in certain respects in Scotland and therefore there are some differences.”²³¹

Mike O’Brien explained that the Government intended to bring forward similar provisions for the Financial Assistance Scheme, possibly by means of a welfare reform bill in the next session.²³² He would look into “the need to enable any retrospective legislative change to affect people from here on in.”²³³

²²⁷ PBC Deb, 7 February 2008, c453-460; This issue is discussed in greater detail in Library Standard Note SNBT/4515, [The Deregulatory Review of Private Pensions](#)

²²⁸ PBC Deb, 7 February 2008, c462

²²⁹ Ibid, c462

²³⁰ Ibid, c476

²³¹ Ibid, c477

²³² PBC Deb, 19 February 2008, c475

²³³ Ibid, c476

L. New clauses

1. Agreed amendments

a. *Financial Assistance Scheme*

On 18 December 2007, the Government announced extensions to the Financial Assistance Scheme (FAS).²³⁴ Among other things, scheme members are to be guaranteed 90 per cent of their accrued pension at the date their scheme began to wind up, subject to a cap (the value of which is to be protected). Help is also to be extended to members of schemes wound up by qualifying solvent employers.

Mike O'Brien explained that necessary changes in primary legislation would be introduced through the *Pensions Bill 2007-08*. However, he planned to introduce the main changes (as far as pensioners are concerned) through regulations.²³⁵

A Government New Clause would amend the definition of "qualifying member" in section 286 of the *Pensions Act 2004*. Mike O'Brien explained that, following the recommendations of the Young Review, the assets of qualifying schemes were to be taken into Government ownership. In return, the Government guaranteed to provide a higher level of assistance, which was broadly comparable to the compensation paid by the Pension Protection Fund. The existing definition of qualifying member covered only those members "who are not going to receive all their scheme benefits or who are unlikely to do so because their scheme was insufficiently funded." An amendment was needed to enable the FAS to take over payment to those who would otherwise have received full benefits from the scheme.²³⁶

He explained the Government expected to introduce other amendments to the *Pensions Bill* at a later stage:

Those will extend the current temporary hold on trustees purchasing annuities with their assets. We are also considering how requirements on trustees might need to be altered to reflect the fact that the assets and liabilities of these schemes, which have not yet wound up, will pass to the FAS.²³⁷

However, the main changes (as far as pensioners were concerned) would be done through regulations which were to be introduced in three stages.²³⁸

b. *Power of tPR to appoint trustees*

Mike O'Brien moved a new clause regarding the Pensions Regulator's (tPR) powers to appoint trustees.²³⁹ He explained tPRs existing powers as follows:

²³⁴ HC Deb, 17 December 2007, c100WS

²³⁵ PBC Deb, 19 February 2008, c507-8 and c521-3

²³⁶ PBC Deb, 19 February 2008, c507-08

²³⁷ Ibid, c521; For more information, see Library Standard Note SN/BT 3085, [The Financial Assistance Scheme](#)

²³⁸ Ibid, c521-3

²³⁹ Ibid, c536

Under the Pensions Act 1995, the regulator has to install trustees. Where appropriate, those trustees can be independent—professional trustees that are fully independent of the employer or any other interest in the scheme. That power is a key element of the regulator’s risk-based approach to regulation.

He went on to explain that tPR had recently used its power:

to install independent trustees in a scheme whose employer had been taken over by a new organisation that sought to install its own senior staff as trustees and to manage the scheme’s assets, so as to achieve returns to shareholders of the new organisation from those scheme assets. The regulator identified that that situation posed a serious risk to members’ benefits because the proposed trustees would have a conflict between their fiduciary duty and their duty to maximise returns to shareholders.²⁴⁰

He explained why the existing powers to appoint trustees needed to be revised:

Risks in the pensions environment can change quickly. New clause 23 makes two changes. First, it would replace the “necessary” task in section 7(3) of the Pensions Act 1995 with one of reasonableness, so that the Pensions Regulator may take action to appoint trustees where it is reasonable to do so. The “necessary” test was introduced in the context of a different regulator and a different market environment. A key shortcoming of the former regulator, the Occupational Pensions Regulatory Authority, was its inability to respond adequately to the emergence of new risks. The “necessary” test requires a high burden of proof that can unnecessarily inhibit appropriate regulatory intervention. Reducing that threshold to “reasonableness” provides a more appropriate tool for tackling risks to members’ interests.²⁴¹

The amendment did not give “massive extra powers” but “merely clarifies the position of the Regulator.”²⁴² Mike O’Brien explained that there had recently been a number of recent developments in the pension buy-out market:

Traditionally, pensions have been backed either by an employer or by the capital reserves that insurers must have. That backing is critical in giving members security that their benefits will be provided as promised. We need to ensure that trustees are looking carefully at proposals for new buy-out solutions to make sure that they provide the right levels of security for their scheme members. A business model that does not have either of those sources of backing should prompt questions about the security of member benefits.²⁴³

Nigel Waterson commented that buy-out specialists argued that “we are already heavily regulated.”²⁴⁴

²⁴⁰ PBC Deb, 19 February 2008, c534; This is covered in greater detail in Library Standard Note SNBT 4368, *Pension schemes and company buy-outs*

²⁴¹ PBC Deb, 19 February 2008, c535

²⁴² *Ibid*, c536

²⁴³ *Ibid*, c536

²⁴⁴ *Ibid*, c537-8

Mike O'Brien explained that the Government would keep the legislative framework under review to ensure it remained effective and "proportionate to the risks to members' benefits and, indeed, to the Pension Protection Fund."²⁴⁵ It might revisit the matter "either during the passage of this Bill or in subsequent legislation, if necessary and if the market continues to develop."²⁴⁶

2. Amendments not agreed to and points raised

a. Retirement income funds

Nigel Waterson moved an amendment to propose an alternative to the purchase of an annuity at age 75 – "retirement income funds" (RIF). He explained that when the *Pensions Bill 2006-07* (now *Pensions Act 2007*) was before Parliament, similar amendments were accepted in the House of Lords.²⁴⁷ He argued that the proposal could help encourage younger people to save.²⁴⁸

In response, James Plaskitt reiterated the Government's belief that "pension saving is about giving an individual an income in retirement."²⁴⁹ The Government kept the age at which annuitisation was required under review but saw no case at present for lifting it.²⁵⁰ He set out the Government's reservations about the RIF proposal.²⁵¹ Nigel Waterson said that the Conservatives might wish to return to this issue at a later stage of the Bill.²⁵²

b. Restoring the earnings link

Section 5 of the *Pensions Act 2007* requires the link between increases in the basic State Pension and earnings to be restored.

Nigel Waterson moved a New Clause that would require the Secretary of State to make a statement on the time at which the earnings link would be restored before the coming into force of the current Bill.²⁵³ Danny Alexander spoke in support of this.²⁵⁴ Mike O'Brien responded that the Government would restore the link "at a time when it is appropriate and proper."²⁵⁵ The May 2006 Pensions White Paper said the Government's objective "subject to affordability and the fiscal position, is to do this in 2012 but in any even at the latest by the end of the next Parliament." A statement on the precise date was to be

²⁴⁵ Ibid, c536

²⁴⁶ Ibid, c539

²⁴⁷ PBC Deb, 19 February 2008, c525; These amendments were overturned by the House of Commons. This is covered in more detail in Library Standard Note SNBT/4295, *Pensions bill 2006-07 – debates in Parliament* and SNBT/712, *Pensions: requirement to annuitise*

²⁴⁸ PBC Deb, 19 February 2008, c527

²⁴⁹ Ibid, c529

²⁵⁰ Ibid c530

²⁵¹ Ibid c532

²⁵² Ibid, c534

²⁵³ Ibid, c550

²⁵⁴ Ibid, c552

²⁵⁵ Ibid, c 553

made “at the beginning of the next Parliament.”²⁵⁶ Nigel Waterson withdrew the amendment but expressed the intention of returning to the issue.²⁵⁷

c. Conditional indexation

Nigel Waterson moved a new clause that would make provision for “conditional indexation.” The proposal would allow increases to pensions in payment and revaluation of pensions to be targeted, rather than guaranteed, and only be paid where scheme funding allowed. He argued it would help to protect and maintain existing Defined Benefit pension schemes.²⁵⁸

The proposal was supported by John Greenway and Paul Rowen.²⁵⁹ Mike O’Brien said he did not disagree with “a great deal of the argument put forward.”²⁶⁰ However, some of the oral evidence to the Committee suggested that there was “limited interest among employers for risk sharing”.²⁶¹ The Government wished to give “full consideration to the various approaches to risk sharing” and aimed to issue a full consultation paper in June.²⁶² He wished to put on record his commitment to the process but did not want to “introduce something without a detailed consideration of the issues and a full understanding of the impact on scheme members.”²⁶³

Nigel Waterson argued that many “serious-minded individuals have considered the issues seriously” and were lined up on his side of the argument:

The Department must focus on the matter because DB schemes are in the last chance saloon and there is no point messing about with further consultations when we could be getting on with things.²⁶⁴

He withdrew the amendment, indicating an intention to return to the issue.²⁶⁵

d. Terminally ill claimants and the Pension Protection Fund (PPF)

David Borrow raised the issue of:

Members whose pension schemes have become insolvent and who are therefore reliant on the Pension Protection Fund for their future pensions but who, because they are under the age of 50, are barred by the rules from access to the funds ²⁶⁶

A small group of such individuals would, under the rules of their pension scheme, been allowed access to funds under the age of 50, particularly where they were terminally ill:

²⁵⁶ DWP, [Security in retirement: towards a new pensions system](#), Cmnd 6841, May 2006;)

²⁵⁷ PBC Deb, 19 February 2008, c553

²⁵⁸ PBC Deb, 21 February 2008, c559-568

²⁵⁹ Ibid, c567-8

²⁶⁰ Ibid, c569

²⁶¹ Ibid, c569-70

²⁶² Ibid, c571

²⁶³ Ibid, c571

²⁶⁴ Ibid, c571-2

²⁶⁵ Ibid, c572

²⁶⁶ PBC Deb, 21 February 2008, c580

Generally the provision is for individuals who are medically certificated as having less than six months to live to have access to a lump sum. A similar provision exists within the financial assistance scheme, which was set up for those pension schemes that went insolvent prior to the Pension Protection Fund being set up.²⁶⁷

Mike O'Brien said there were "strong arguments for change" but that the Government needed to ensure "that changes that increased liabilities for the PPF were sensible and affordable." He hoped to return to the issue at a later stage in the Bill. Mr Borrow withdrew the motion.²⁶⁸

e. Schemes falling between the FAS and PPF

Robert Fello moved a new clause to cover a small group of schemes that fall between the PPF and the FAS:

Those schemes, such as that of Desmond and Sons, are ones where the employer went insolvent before April 2005, meaning that the PPF does not apply, but where winding up, for whatever reason, was delayed until after April 2005, meaning that the schemes fall outside the criteria for FAS assistance.²⁶⁹

In response, Mike O'Brien said the Government knew of three schemes affected in this way. It would be useful to know whether other schemes were affected. He was sympathetic to the claims put forward and was "hopeful that we might find some way to assist them."²⁷⁰

Robert Fello was reassured that the issue was being looked at seriously and withdrew the amendment, noting that colleagues might seek to bring similar amendments to the Bill on the Floor of the House.²⁷¹

²⁶⁷ Ibid, c581

²⁶⁸ Ibid, c582

²⁶⁹ Ibid, c592

²⁷⁰ Ibid, c593

²⁷¹ Ibid, c593

IV Membership of the Pensions Bill Committee

Members of the Public Bill Committee were:

Chairmen: Sir Nicholas Winterton, Janet Anderson

Ainger, Nick (Carmarthen West and South Pembrokeshire), Labour
Alexander, Danny (Inverness, Nairn, Badenoch and Strathspey), Liberal Democrat
Banks, Gordon, (Ochil and South Perthshire), Labour
Borrow, Mr David S (South Ribble), Labour
Butler, Ms Dawn, (Brent South), Labour
Cunningham, Mr Jim, (Coventry South), Labour
David, Mr Wayne, (Caerphilly), Labour
Duddridge, James, (Rochford and Southend East), Conservative
Flelo, Mr Robert, (Stoke-on-Trent South), Labour
Greenway, Mr John (Ryedale), Conservative
Keen, Alan (Feltham and Heston), Labour/Co-op
Kirkbride, Miss Julie (Bromsgrove), Conservative
O'Brien, Mr Mike (Minister for Pensions Reform)
Plaskitt, Mr James (Parliamentary Under-Secretary of State for Work and Pensions)
Rowen, Paul (Rochdale), Liberal Democrat
Selous, Andrew (South West Bedfordshire), Conservative
Waterson, Mr Nigel (Eastbourne), Conservative

Mark Hutton, Committee Clerk