



House of Commons

NOTICES OF AMENDMENTS

given on

Tuesday 14 October 2014

For other Amendment(s) see the following page(s):
Pension Schemes Bill Committee 1-7

PUBLIC BILL COMMITTEE

PENSION SCHEMES BILL

RESOLUTION OF THE PROGRAMMING SUB-COMMITTEE

The Programming Sub-Committee appointed by the Speaker in respect of the Bill agreed the following Resolution at its meeting on Tuesday 14 October (Standing Order No. 83C):

That—

- (1) the Committee shall (in addition to its first meeting at 8.55 a.m. on Tuesday 21 October) meet—
 - (a) at 2.00 pm on Tuesday 21 October;
 - (b) at 11.30 am and 2.00 pm on Thursday 23 October;
 - (c) at 9.25 am and 2.00 pm on Tuesday 28 October;
 - (d) at 11.30 am and 2.00 pm on Thursday 30 October;
 - (e) at 9.25 am and 2.00 pm on Tuesday 4 November;
 - (f) at 11.30 am and 2.00 pm on Thursday 6 November;
- (2) the Committee shall hear oral evidence in accordance with the following Table:

TABLE

<i>Date</i>	<i>Time</i>	<i>Witness</i>
Tuesday 21 October	Until no later than 9.30 am	The Pensions Regulator
Tuesday 21 October	Until no later than 10.15 am	Pension Protection Fund; Financial Conduct Authority
Tuesday 21 October	Until no later than 11.00 am	Pensions Advisory Service; Money Advice Service

Pension Schemes Bill, *continued*

<i>Date</i>	<i>Time</i>	<i>Witness</i>
Tuesday 21 October	Until no later than 3.00 pm	Royal Society of Arts; Cardano; First Actuarial; KPMG
Tuesday 21 October	Until no later than 4.00 pm	Aon Hewitt; Financial Services Consumer Panel; Confederation of British Industry
Thursday 23 October	Until no later than 12.15 pm	Mr Dominic Lindley; Which?; Trades Union Congress
Thursday 23 October	Until no later than 1.00 pm	Pensions Policy Institute; Dr Ros Altmann; Age UK
Thursday 23 October	Until no later than 3.00 pm	Association of British Insurers; Dr Debbie Harrison; National Association of Pension Funds
Thursday 23 October	Until no later than 4.00 pm	Mr John Greenwood; Strategic Society Centre; Towers Watson
Thursday 23 October	Until no later than 4.45 pm	Department for Work and Pensions

- (3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 8; Schedule 1; Clauses 9 to 12; Schedule 2; Clause 13; Schedule 3, Clauses 14 to 37, Schedule 4; Clauses 38 to 45; new Clauses; new Schedules; remaining proceedings on the Bill;
- (4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 p.m. on Thursday 6 November.

Steve Webb has given notice of his intention to move a motion in the terms of the Resolution of the Programming Sub-Committee (Standing Order No. 83C).

Steve Webb

Clause 8, page 4, line 23, leave out “that use expressions defined by this Part” and insert “to do with Parts 1 and 3”. 6

Member’s explanatory statement

The amendment changes the words used to describe Schedule 1 to the Bill. This is necessary given other material that is being inserted into Schedule 1.

Steve Webb

That clause 8 be transferred to the end of line 6 on page 15

Member’s explanatory statement

The Bill needs restructuring in light of the proposed Government amendments. There are a number of motions to transfer provisions around. Collectively they are designed to move Part 2 of the Bill to after Part 3 and to move clause 8 and Schedule 1 to the end of what is currently Part 2.

Pension Schemes Bill, continued

Steve Webb

7

Clause 9, page 4, line 36, leave out paragraph (b)

Member's explanatory statement

This amendment removes the power to confer functions on a specified person in connection with the enforcement of regulations made under clause 9. This is because there are existing powers that are considered sufficient and appropriate to deal with enforcement in relation to any breaches of those regulations.

Steve Webb

8

Clause 9, page 4, line 43, at end insert—

““trustees or managers” means—

- (a) in relation to a scheme established under a trust, the trustees, and
- (b) in relation to any other scheme, the managers.”

Member's explanatory statement

This amendment inserts a definition of “trustees or managers” to clarify that regulations made under clause 9 may impose obligations on trustees in the context of a trust-based scheme, and on managers in the context of a scheme not established under trust.

Steve Webb

9

Clause 11, page 5, line 42, leave out “non-salary related benefit,.” and insert “benefit falling within subsection (1A),”;

(b) after subsection (1) insert—

“(1A) The following fall within this subsection—

- (a) collective benefits;
- (b) benefits calculated otherwise than by reference to the member's salary.”

Member's explanatory statement

This amendment makes it clear that collective benefits are subject to the 30 day preservation rule for the purposes of obtaining short service benefit.

Steve Webb

10

Clause 11, page 6, line 15, leave out paragraph (c)

Member's explanatory statement

This is consequential on amendment 9.

Steve Webb

11

Clause 11, page 6, line 47, at end insert—

“() In section 74 (computation of short service benefit), in subsections (3) and (4), after “so much of any benefit” insert “, other than collective benefit,.”

Member's explanatory statement

As a general rule schemes are required to provide for short service benefits to be computed on the same basis as long service benefit. In cases where this doesn't apply benefits are subject to a uniform accrual rule. This amendment ensures collective benefits will not be subject to the uniform accrual requirements

Pension Schemes Bill, *continued*

Steve Webb

12

Clause 18, page 8, line 35, at end insert—

“() In section 67 (the subsisting rights provisions)—

- (a) in subsection (3), omit paragraph (b) and the “or” before it;
- (b) after subsection (3) insert—

“(3A) Regulations may provide for cases in which the subsisting rights provisions do not apply.””

Member’s explanatory statement

This amendment relates to the subsisting rights provisions. The amendment replaces the existing regulation making power with a broader power to provide for cases in which the subsisting rights provisions do not apply, so for example, in relation to collective benefits.

Steve Webb

13

Clause 18, page 9, line 3, at end insert—

“(ab) on taking effect would or might result in any subsisting right of a member of the scheme which is a right to retirement income in respect of which there is a pensions promise becoming, or being replaced with, a right to benefits other than retirement income,

(ac) on taking effect would or might result in any subsisting right of—

(i) a member of the scheme, or

(ii) a survivor of a member of the scheme,

being replaced with a right or entitlement to collective benefits under the scheme rules.””

Member’s explanatory statement

The amendment relates to the subsisting rights provisions so that any proposal to modify a scheme which would or might replace a right to income with a right to a non-income benefit would be a protected modification. The text in (ab) is taken from paragraph 3(2) of Schedule 4 to the Bill, which is left out by amendment 40.

Steve Webb

14

Clause 18, page 9, line 3, at end insert—

“() In subsection (3)(b) of that section, after “rules” insert “, other than a pension that is a collective benefit”.”

Member’s explanatory statement

This text is taken from paragraph 3(3) of Schedule 4 to the Bill, which is left out by amendment 40. The effect is unchanged.

Steve Webb

15

Clause 18, page 9, line 4, after “(aa)” insert “, (ab), (ac)”

Member’s explanatory statement

This is consequential on amendment 13.

Steve Webb

16

Clause 18, page 9, line 5, leave out “place” and insert “places”

Member’s explanatory statement

This paves the way for amendment 17.

Pension Schemes Bill, continued

Steve Webb

17

Clause 18, page 9, line 8, at end insert—

““retirement income” has the meaning given by section 7 of the Pension Schemes Act 2014;”.

Member’s explanatory statement

This defines “retirement income”, which is used in amendment 13.

Steve Webb

That clauses 9 to 18 be transferred to the end of line 6 on page 15

Member’s explanatory statement

The Bill needs restructuring in light of the proposed Government amendments. There are a number of motions to transfer provisions around. Collectively they are designed to move Part 2 of the Bill to after Part 3 and to move clause 8 and Schedule 1 to the end of what is currently Part 2.

Steve Webb

18

Clause 32, page 14, line 4, leave out “the scheme” and insert “an”

Member’s explanatory statement

The purpose of this amendment and amendments 20, 21, 22, 23 and 24 is to replace references in clause 32 to “the scheme actuary” with references to “an actuary”. This follows the approach taken in clauses 20 and 26. Amendment 19 is also related as it is about the actuary’s qualifications.

Steve Webb

19

Clause 32, page 14, line 5, at end insert—

“() The regulations may, in particular, require the trustees or managers to obtain the advice from an actuary who has specified qualifications or meets other specified requirements.”

Member’s explanatory statement

This amendment gives a power to require trustees or managers to obtain advice from an actuary who has certain qualifications or who meets other requirements before making certain decisions or taking certain steps.

Steve Webb

20

Clause 32, page 14, line 7, leave out “the scheme” and insert “an”

Member’s explanatory statement

See explanatory statement to amendment 18.

Steve Webb

21

Clause 32, page 14, line 8, leave out “those matters” and insert “matters in accordance with the regulations”

Member’s explanatory statement

See explanatory statement to amendment 18.

Steve Webb

22

Clause 32, page 14, line 9, leave out “the scheme” and insert “an”

Member’s explanatory statement

See explanatory statement to amendment 18.

Pension Schemes Bill, *continued*

- Steve Webb 23
- Clause 32, page 14, line 10, leave out “those matters” and insert “matters in accordance with the regulations”
Member’s explanatory statement
See explanatory statement to amendment 18.
- Steve Webb 24
- Clause 32, page 14, line 11, leave out subsection (3)
Member’s explanatory statement
See explanatory statement to amendment 18.
- Steve Webb 25
- Clause 35, page 14, line 21, leave out paragraph (a)
Member’s explanatory statement
This amendment removes the power to confer functions on a specified person in connection with the enforcement of regulations made under Part 3. This is because there are existing powers that are considered sufficient and appropriate to deal with enforcement in relation to any breaches of those regulations.
- Steve Webb 26
- Clause 36, page 14, line 38, at end insert—
““trustees or managers” means—
(c) in relation to a scheme established under a trust, the trustees, and
(d) in relation to any other scheme, the managers;”
Member’s explanatory statement
This amendment inserts a definition of “trustees or managers” to clarify that regulations made under Part 3 may impose obligations on trustees in the context of a trust-based scheme, and on managers in the context of a scheme not established under trust.
- Steve Webb 27
- Page 15, line 5, leave out Clause 37
Member’s explanatory statement
This amendment leaves out clause 37. Clause 37 introduces Schedule 4 but is no longer needed because Schedule 4 is itself being left out - see amendment 40. Many of the amendments made by Schedule 4 are added back in to Schedule 1 or other places in the Bill.
- Steve Webb 28
- Clause 44, page 17, line 9, at end insert—
“() Section (*Pension sharing and normal benefit age*) comes into force on 1 April 2015.”
Member’s explanatory statement
This ensures that the new clause relating to pension sharing and normal benefit age (NC4) comes into force on 1 April 2015.
- Steve Webb NC6
- To move the following Clause—

Pension Schemes Bill, *continued*
“Collective benefits exempt from indexation

- (1) In section 51 of the Pensions Act 1995 (annual increase in rate of pension)—
- (a) in subsection (1), for “Subject to subsections (6) and (7)” substitute “Subject to subsections (6) to (7A)”;
 - (b) after subsection (7) insert—

“(7A) This section does not apply to any pension, or part of a pension, that is a collective benefit.”
- (2) Omit section 21(2) of the Pensions Act 2011, which is no longer needed given subsection (1).”

Member’s explanatory statement

This text is taken from paragraphs 1 and 2 of Schedule 4 to the Bill, which is left out by amendment 40. The effect is unchanged.

Steve Webb

29

- Schedule 1, page 19, line 2, at end insert “, or
- (c) a shared risk scheme under which all the benefits that may be provided are money purchase benefits or collective benefits.”

Member’s explanatory statement

This text is taken from paragraph 4 of Schedule 4 to the Bill, which is left out by amendment 40. The effect is unchanged.

Steve Webb

30

- Schedule 1, page 19, line 4, at end insert—
- ““““collective benefit” has the meaning given by section 19 of the Pension Schemes Act 2014;””””

Member’s explanatory statement

This amendment inserts the definition of a collective benefit for the purposes of the Pension Schemes Act 1993.

Steve Webb

31

- Schedule 1, page 19, line 24, leave out paragraphs 13 and 14 and insert—
- “13 In section 73 (preferential liabilities on winding up), for subsection (2) substitute—
- “(2) This section applies to a pension scheme that is—
 - (a) an occupational defined benefits scheme,
 - (b) an occupational shared risk scheme, or
 - (c) an occupational defined contributions scheme,
 unless subsection (2A) provides for the scheme to be exempt.
 - (2A) A scheme is exempt from this section if it is—
 - (a) a scheme under which all the benefits that may be provided are money purchase benefits, or
 - (b) a prescribed scheme or a scheme of a prescribed description.”
- 14 In section 75 (employer debt where deficiency in assets on winding up etc), for subsection (1) substitute—
- “(1) This section applies in relation to a pension scheme that is—
 - (a) an occupational defined benefits scheme,
 - (b) an occupational shared risk scheme, or

Pension Schemes Bill, *continued*

(c) an occupational defined contributions scheme, unless subsection (1A) provides for the scheme to be exempt.

(1A) A scheme is exempt from this section if it is—

- (a) a scheme under which all the benefits that may be provided are money purchase benefits,
- (b) a scheme under which all the benefits that may be provided are collective benefits,
- (c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or
- (d) a prescribed scheme or a scheme of a prescribed description.

(1B) Where—

- (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and
- (b) the scheme does not fall within paragraph (c) or (d) of subsection (1A),

the scheme is to be treated for the purposes of this Part as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.”

14A (1) Section 87 (schedules of payments to money purchase schemes) is amended as follows.

(2) For subsection (1) substitute—

“(1) This section applies to an occupational pension scheme that is a scheme under which —

- (a) all the benefits that may be provided are money purchase benefits, or
- (b) all the benefits that may be provided are money purchase benefits or collective benefits,

other than a scheme falling within a prescribed class or description.”

(3) In subsection (2)(a), after “members of the scheme” insert “in respect of money purchase benefits”.

(4) In the heading, for “to money purchase schemes” substitute “in respect of money purchase benefits under certain schemes”.

14B For the italic cross-heading above section 87 substitute “Schemes providing money purchase benefits”.

14C In the heading to section 88 (schedules of payments to money purchase schemes: supplementary), for “to money purchase schemes” substitute “in respect of money purchase benefits under certain schemes”.”

Member’s explanatory statement

The text in new paragraphs 14A to 14C is taken from paragraphs 8 to 10 of Schedule 4 to the Bill, which is left out by amendment 40.

Steve Webb

32

Schedule 1, page 19, line 40, at end insert—

“““collective benefit” has the meaning given by section 19 of the Pension Schemes Act 2014;””

Member’s explanatory statement

This text is taken from paragraph 13 of Schedule 4 to the Bill, which is left out by amendment 40. The effect is unchanged.

Pension Schemes Bill, *continued*

Steve Webb

33

Schedule 1, page 19, line 44, at end insert—

““occupational”, in relation to a defined benefits scheme, shared risk scheme or defined contributions scheme, means an occupational pension scheme of that description;”

Member's explanatory statement

This amends the Pensions Act 1995 to include definitions of terms used in amendment 31.

Steve Webb

34

Schedule 1, page 20, line 35, at end insert—

“22A In section 17 (power of the Regulator to recover unpaid contributions), in subsection (3)—

- (a) in paragraph (b) of the definition of “due date”, for “to money purchase schemes” substitute “in respect of money purchase benefits under certain schemes”;
- (b) in paragraph (a) of the definition of “employer contribution”, for “to money purchase schemes” substitute “in respect of money purchase benefits under certain schemes”.

Member's explanatory statement

This text is taken from paragraph 11 of Schedule 4 to the Bill, which is left out by amendment 40. The effect is unchanged.

Steve Webb

35

Schedule 1, page 21, line 16, leave out paragraphs 24 to 28 and insert—

“24 In section 38 (contribution notices where avoidance of employer debt), for subsection (1) substitute—

- “(1) This section applies in relation to a pension scheme that is—
- (a) an occupational defined benefits scheme,
 - (b) an occupational shared risk scheme, or
 - (c) an occupational defined contributions scheme,
- unless subsection (1A) provides for the scheme to be exempt.

- (1A) A scheme is exempt from this section if it is—
- (a) a scheme under which all the benefits that may be provided are money purchase benefits,
 - (b) a scheme under which all the benefits that may be provided are collective benefits,
 - (c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or
 - (d) a prescribed scheme or a scheme of a prescribed description.
- (1B) Where—
- (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and
 - (b) the scheme does not fall within paragraph (c) or (d) of subsection (1A),

the scheme is to be treated for the purposes of this section and sections 38A to 42 as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.”

- 25 (1) Section 43 (financial support directions) is amended as follows.

Pension Schemes Bill, *continued*

(2) For subsection (1) substitute—

“(1) This section applies in relation to a pension scheme that is—
 (a) an occupational defined benefits scheme,
 (b) an occupational shared risk scheme, or
 (c) an occupational defined contributions scheme,
 unless subsection (1A) provides for the scheme to be exempt.

(1A) A scheme is exempt from this section if it is—
 (a) a scheme under which all the benefits that may be provided are money purchase benefits,
 (b) a scheme under which all the benefits that may be provided are collective benefits,
 (c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or
 (d) a prescribed scheme or a scheme of a prescribed description.

(1B) Where—
 (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and
 (b) the scheme does not fall within paragraph (c) or (d) of subsection (1A),
 the scheme is to be treated for the purposes of this section and sections 43A to 51 as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.”

(3) In subsection (2), for “such a scheme” substitute “a scheme to which this section applies”.

26 In section 52 (restoration orders where transactions at an undervalue), for subsection (1) substitute—

“(1) This section applies in relation to a pension scheme that is—
 (a) an occupational defined benefits scheme,
 (b) an occupational shared risk scheme, or
 (c) an occupational defined contributions scheme,
 unless subsection (1A) provides for the scheme to be exempt.

(1A) A scheme is exempt from this section if it is—
 (a) a scheme under which all the benefits that may be provided are money purchase benefits,
 (b) a scheme under which all the benefits that may be provided are collective benefits,
 (c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or
 (d) a prescribed scheme or a scheme of a prescribed description.

(1B) Where—
 (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and
 (b) the scheme does not fall within paragraph (c) or (d) of subsection (1A),
 the scheme is to be treated for the purposes of this section and sections 53 to 56 as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.””

Pension Schemes Bill, *continued*

- 27 In section 90 (codes of practice), in subsection (2)(i), for “money purchase schemes” substitute “certain schemes”.
- 28 In section 126 (schemes eligible for pension protection), for subsection (1) substitute—
- “(1) Subject to the following provisions of this section, in this Part references to an “eligible scheme” are to a pension scheme that is—
- (a) an occupational defined benefits scheme,
 - (b) an occupational shared risk scheme, or
 - (c) an occupational defined contributions scheme.
- (1A) A scheme is not an eligible scheme if it is—
- (a) a scheme under which all the benefits that may be provided are money purchase benefits,
 - (b) a scheme under which all the benefits that may be provided are collective benefits,
 - (c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or
 - (d) a prescribed scheme or a scheme of a prescribed description.
- (1B) Where—
- (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and
 - (b) the scheme does not fall within paragraph (c) or (d) of subsection (1A),
- the scheme is to be treated for the purposes of this Part as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.”
- 28A For section 221 (application of scheme funding rules) substitute—

“221 Pension schemes to which this Part applies

- (1) The provisions of this Part apply to a pension scheme that is—
- (a) an occupational defined benefits scheme,
 - (b) an occupational shared risk scheme, or
 - (c) an occupational defined contributions scheme,
- unless subsection (2) provides for the scheme to be exempt.
- (2) A scheme is exempt from this Part if it is—
- (a) a scheme under which all the benefits that may be provided are money purchase benefits,
 - (b) a scheme under which all the benefits that may be provided are collective benefits,
 - (c) a scheme under which all the benefits that may be provided are money purchase benefits or collective benefits, or
 - (d) a prescribed scheme or a scheme of a prescribed description.
- (3) Where—
- (a) some of the benefits that may be provided under a scheme are collective benefits and some are not, and
 - (b) the scheme does not fall within paragraph (c) or (d) of subsection (2),

Pension Schemes Bill, continued

the scheme is to be treated for the purposes of this Part as two separate schemes, one relating to the collective benefits and the other relating to the other benefits.

- (4) Regulations under subsection (2)(d) may provide for exemptions from all or any of the provisions of this Part, but for the purposes of subsection (3)(b) a scheme falls within subsection (2)(d) only if it is exempt from all of the provisions of this Part.”

Member’s explanatory statement

The text is partly taken from paragraphs 6 and 7 of Schedule 4. It also amends the Pensions Act 2004 to set out how certain powers of the Pensions Regulator apply in respect of collective benefits and makes it clear how the new scheme categories apply in relation to scheme funding and PPF eligibility.

Steve Webb

36

Schedule 1, page 22, line 9, leave out “in subsection (1)” and insert “subsection (1) is amended as follows.

- () At the appropriate places insert—

““collective benefit” has the meaning given by section 19 of the Pension Schemes Act 2014;”

““defined benefits scheme” has the meaning given by section 2 of the Pension Schemes Act 2014;”

““defined contributions scheme” has the meaning given by section 4 of the Pension Schemes Act 2014;”

““occupational”, in relation to a defined benefits scheme, shared risk scheme or defined contributions scheme, means an occupational pension scheme of that description;”

““shared risk scheme” has the meaning given by section 3 of the Pension Schemes Act 2014;”.

Member’s explanatory statement

This amends the Pensions Act 2004 to include definitions of terms used in amendment 35.

Steve Webb

That Schedule 1 be transferred to the end of line 29 on page 32

Member’s explanatory statement

The Bill needs restructuring in light of the proposed Government amendments. There are a number of motions to transfer provisions around. Collectively they are designed to move Part 2 of the Bill to after Part 3 and to move clause 8 and Schedule 1 to the end of what is currently Part 2.

Steve Webb

37

Schedule 2, page 26, line 40, at end insert—

- “() A benefit of the kind mentioned in section 83(1)(a) that is a collective benefit must be revalued using the default method.”

Member’s explanatory statement

This amendment means that the default method is to be used when revaluing a collective benefit.

Steve Webb

38

Schedule 2, page 26, line 41, after “section 83(1)(a)” insert “that is not a collective benefit”

Member’s explanatory statement

Pension Schemes Bill, *continued*

This amendment means that a collective benefit can only be revalued by the default method. It is consequential on amendment 37.

Steve Webb

Schedule 2, page 26, line 42, after “with” insert “the following provisions of”
Member’s explanatory statement

This is consequential on amendment 37. It does not alter the meaning.

39

Steve Webb

Page 32, line 30, leave out Schedule 4
Member’s explanatory statement

Many of the amendments made by Schedule 4 are added back in to other places in the Bill.

40
