
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Pensions Act 2004 (c. 35) (“the Act”) by adding section 249A (requirement for internal controls). Section 249A implements the requirement in Article 14(1) of the European Union Directive on the Activities and Supervision of Institutions for Occupational Retirement Provision (Directive 2003/41/EC) (“the Directive”) that the trustees or managers of an occupational pension scheme must have adequate internal control mechanisms.

Regulation 2 inserts section 249A into the Act. Subsection (1) of section 249A imposes a duty on the trustees or managers to establish and operate internal controls. Subsection (2) provides that the duty established by subsection (1) does not affect any other obligation on the trustees or managers, whether statutory or otherwise, to establish and operate internal controls. Subsection (3) lists the occupational pension schemes to which the requirements of section 249A do not apply, but subsection (4) provides that despite subsection (3) those requirements do apply to any scheme that is undertaking cross-border activities within the European Union. Subsection (5) provides for interpretation in respect of section 249A.

Regulation 3 provides that the Pensions Regulator must issue a code of practice relating to the duty imposed by section 249A(1) of the Act.

As regulation 3 is made before the expiry of the period of six months beginning with the coming into force of the provisions of the Act by virtue of which it is made, the requirement for the Secretary of State to consult such persons as he considers appropriate does not apply. However, in this instance, a consultation exercise has nevertheless taken place.

With the exception of the part of Article 14(1) of the Directive which concerns adequate internal controls, Article 14(1) of the Directive is already implemented by the legislative provisions detailed in the Transposition Table that accompanied the Act. A copy of that Table has been placed in the libraries of both Houses of Parliament. Copies may be obtained from the Department for Work and Pensions, 3rd floor, Adelphi, 1-11 John Adam Street, London WC2N 6HT.

An assessment of the impact of these Regulations on business, charities and the voluntary sector has been made. Copies of this Regulatory Impact Assessment have been placed in the libraries of both Houses of Parliament. Copies may be obtained from the Better Regulation Unit of the Department for Work and Pensions, 4th floor, Adelphi, 1-11 John Adam Street, London WC2N 6HT.

Changes to legislation:

There are currently no known outstanding effects for the The Occupational Pension Schemes (Internal Controls) Regulations 2005.