

**EXPLANATORY MEMORANDUM TO**  
**THE OCCUPATIONAL AND PERSONAL PENSION SCHEMES**  
**(PRESCRIBED BODIES) REGULATIONS 2012**

**2012 No. 1817**

1. This explanatory memorandum has been prepared by the Department for Work and Pensions (“DWP”) and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

2.1 These Regulations update references to the prescribed body in a number of occupational and personal pension schemes regulations as a consequence of the dissolution of the Board for Actuarial Standards (a former operating board of the Financial Reporting Council) and the Financial Reporting Council becoming directly responsible for issuing and maintaining technical actuarial standards and related regulatory functions.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None.

**4. Legislative Context**

4.1 The following 9 sets of regulations are being amended to remove references to the Board for Actuarial Standards and where appropriate, these are replaced with references to the Financial Reporting Council Limited;

- a) The Personal Pension Schemes (Disclosure of Information) Regulations 1987 (SI 1987/1110)
- b) The Occupational Pension Schemes (Contracting-Out) Regulations 1996 (SI 1996/1172)
- c) The Occupational Pension Schemes (Winding Up) Regulations 1996 (SI 1996 3126)
- d) The Occupational Pension Schemes (Deficiency on Winding Up etc.) Regulations 1996 (1996/3128)
- e) The Occupational Pension Schemes (Disclosure of Information) Regulations 1996 (SI 1996/1655)
- f) The Stakeholder Pension Schemes Regulations 2000 (SI 2000/1403)
- g) The Occupational Pension Schemes (Employer Debt) Regulations 2005 (SI 2005/678)
- h) The Occupational Pension Schemes (Scheme Funding) Regulations 2005 (SI 2005/3377)
- i) The Occupational Pension Schemes (Modification of Schemes) Regulations 2006 (SI 2006/759)

## **5. Territorial Extent and Application**

5.1 This instrument applies to Great Britain.

## **6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

- ***What is being done and why***

7.1 The actuarial profession in carrying out their roles as actuaries are required to abide by certain technical actuarial standards (TAS). These TAS were set by the Board for Actuarial Standards (BAS), and are made available through published Technical Memorandum and Guidance Notes.

7.2 In undertaking various tasks in accordance with the legislation in place, actuaries are directed to undertake certain pension related calculations in accordance with the TAS set by BAS.

7.3 As BAS has been dissolved from 2 July, any references to this defunct body need to instead refer to the controlling body the Financial Reporting Council (FRC) Limited.

7.4 The changes required are to reflect the position whereby the role fulfilled by BAS will be undertaken by FRC Limited who, after having regard from the FRC's Actuarial Council, will set technical actuarial standards from 2 July 2012.

- **Consolidation**

7.5 The restructuring exercise undertaken by the Financial Reporting Council to subsume BAS requires "one-off" legislative amendments.

## **8. Consultation outcome**

8.1 The Department of Business, Innovation and Skills (BIS) and the Financial Reporting Council ran a 12 week joint consultation exercise on proposals to align the scope of FRC's activities with its investment focus and its mission by reforming its governance and structure. There were 75 responses received in total to that consultation, 6 of those were from investor organisations, 5 from those who prepare accounts, 12 from accountancy professional bodies, 11 from individual audit firms, 7 from organisations and firms interested in FRC's responsibilities and the remaining 34 respondents included views from a member of Parliament, an EU regulatory group and overseas regulators. Copies of those responses can be found on the FRC Website at; [www.frc.org.uk/about](http://www.frc.org.uk/about).

- 8.2 The majority of respondents supported the Financial Reporting Council's (FRC's) role in promoting high standards of corporate reporting and governance in the United Kingdom. Two areas of concern were in respect of changes being made in areas which are currently seen to be working well and whether there should be a more significant extension of FRC's role. The two areas which commanded the greatest support were the proposals to provide for the early conclusion of disciplinary cases and to undertake supervisory inquiries.
- 8.3 The consultation and response documents can be found on the BIS website at; <http://www.bis.gov.uk/Consultations/frc-reform-consultation?cat=closedwithresponse>
- 8.4 Many of the bodies with which DWP regularly consults have already responded to the joint BIS/FRC public consultation including the Association of British Insurers, Fair Pensions, Institute of Chartered Accounts in England and Wales and the Society of Pensions Consultants amongst others. Therefore a further public consultation has not been undertaken on the minor technical amendments necessary to support the BIS/FRC policy which had already been agreed.
- 8.5 Although the amendments are not as a consequence of a DWP policy change decision and have no practical impact on DWP stakeholders, in the interests of open government, a copy of the draft regulations were circulated for information purposes to key stakeholders. Those key stakeholders included, The Pensions Advisory Service, Financial Services Authority, Actuarial Profession, Association of British Insurers, Association of Pension Lawyers, Trades Union Congress and the Government Actuary's Department in addition to others. No substantive comments were received.

## **9. Guidance**

- 9.1 This instrument does not impose new legal requirements. No guidance is therefore necessary.

## **10. Impact**

- 10.1 The impact on business, charities or voluntary bodies is negligible.
- 10.2 The impact on the public sector is negligible.
- 10.3 An Impact Assessment has not been published for this instrument.

## **11. Regulating small business**

- 11.1 This instrument has no impact on small business.

## **12. Monitoring & review**

- 12.1 The Financial Reporting Council's restructuring changes are one-off. A review of the legislation would only be needed should a similar exercise be undertaken again in the future.

### **13. Contact**

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