



Department
for Work &
Pensions

Pensions Bill Delegated Powers

Supplementary memorandum from DWP to the
Delegated Powers and Regulatory Reform
Committee

February 2014

Pensions Bill Delegated Powers: Supplementary memorandum by the Department for Work and Pensions

Introduction

1. This Memorandum is prepared by the Department for Work and Pensions, and is supplementary to the Memorandum dated 31 October 2013. It identifies new or amended delegated powers conferred in the Government amendment to the Pensions Bill tabled on 24 February 2014 for consideration at Lords Report stage. It explains the purpose of the powers, the reasons why they are left to delegated legislation, the Parliamentary procedure selected for the exercise of these powers and why that procedure has been chosen.

Extent

2. The amendment extends to England and Wales and to Scotland. Pensions are a transferred matter in respect of Northern Ireland and, as such, legislation is the responsibility of the Northern Ireland Assembly.

Analysis of delegated powers

New clause after Clause 43 – Disclosure of information about transaction costs to members etc

Duty conferred on: Secretary of State

Powers exercised by: Regulations (Statutory Instrument)

Parliamentary Procedure: Negative

3. This amendment would insert additional subsections in to the existing disclosure of information provisions in section 113 of the Pension Schemes Act 1993. This section already contains a power to enable the Secretary of State to make regulations to require disclosure of information about pension schemes to scheme members and others.
4. The new subsection (5) would place a duty on the Secretary of State to make regulations requiring the disclosure of information about transaction costs in relation to work-based money purchase schemes. New subsection (6) would allow the Secretary of State to disapply the duty to make regulations in limited circumstances in which he is content that there is an alternative regulatory regime in place for specified schemes. The intention is for this to provide for a situation in which the Financial Conduct

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Authority has sufficiently regulated for disclosure of information about transaction costs in relation to work-based contract-based schemes, in which case the Secretary of State may only need to make regulations for trust-based schemes which are regulated by the Pensions Regulator.

5. This amendment would provide for the types of transaction costs covered to be specified in regulations. This provides the flexibility to amend the regulations if new types of costs are created which the Government wants to be subject to the disclosure duty.
6. Regulations made under section 113 of the Pension Schemes Act 1993 are subject to the negative resolution procedure. Section 185 of the Pension Schemes Act 1993 further provides that the Secretary of State shall consult with such persons as the Secretary of State considers appropriate before making regulations under section 113. As this amendment adds to and builds on section 113, it is appropriate that the negative procedure should also apply to regulations made under this amendment.

Department for Work and Pensions
24 February 2014