

Dalriada Trustees – Industry Changes

## **Your Quarterly Pensions Update**

Q2 2017

Dalriada. *A better way*

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## Introduction

The purpose of this report is to provide an update for pension scheme sponsors and trustees on recent industry changes, up to the end of June 2017.

For your convenience, we have summarised the key developments and highlighted the necessary actions sponsors and trustees may need to take.

We also include links to further relevant information and any deadlines you should be aware of.

We trust you will find the update useful and informative. If you require further information about how any of the topics covered might impact on your scheme specifically, please get in touch with Adrian Kennett; [adrian\\_kennett@dalriadatrustees.co.uk](mailto:adrian_kennett@dalriadatrustees.co.uk) or your usual Dalriada contact.

### NOTE

This document is aimed at providing you with generic information about recent developments in the pensions industry.

You should not take any action as a result of information included in this document without seeking specific advice in relation to the impact these matters might have on your scheme or company. Dalriada accepts no liability for actions taken or not taken as a result of this document.

## Should Trustees Copy Donald Trump?

**TAGS:** TRUSTEES | GOVERNANCE | TPR

The short answer to the headline question is clearly an emphatic “No!”. However, Donald Trump is trying to redefine what it means to be “modern day Presidential” at the same time that The Pensions Regulator’s (“TPR’s”) 21st Century Trusteeship initiative is encouraging the trustee community to be “modern day governmental”. Fortunately TPR’s ideas about what makes a good Trustee in the 21st Century is a little less controversial.

Dalriada Trustees Ltd, was one of the 74 bodies that responded to TPR’s Consultation on Trusteeship in 2016, that has now been followed up by a draft policy on fines and a new description of a professional trustee. This latest consultation closed on 9 May 2017 and we await the conclusions from TPR shortly.

As you might expect, Dalriada’s views accurately identified the key issues in trusteeship and made several recommendations that TPR will follow up. The key points arising from these ongoing consultations can be summarised as follows:

- Everyone agrees that schemes should be well run, without excessive bureaucracy.
- TPR acknowledged the plea from well-run schemes to focus more on scheme that need more help.
- Professional trustees should be held to a higher standard than other trustees (and should therefore expect harsher punishments if things go wrong).
- Dalriada’s view that professional trustees should earn an appropriate professional qualification and be subject to a formal Continuing Professional Development training regime was unfortunately not shared across the industry.
- A trustee’s role can be quite onerous and they may need to rely on the collective strength and expertise of a Board overall.
- Trustees should be demanding consumers, on behalf of members, when working with advisers.
- TPR will intervene more to ensure consistent standards across all schemes.
- Consolidating schemes is “a complex issue” (sic) but there are dramatic savings to be made.

*Should Trustees copy Donald Trump? continued...*



**Helpful Links:**

- 21st Century Trustee Consultation – <http://www.thepensionsregulator.gov.uk/doc-library/21st-century-trusteeship-and-governance-discussion-2016.aspx>
- Dalriada blog on 21st Century Trustees - <http://dalriadatrustees.co.uk/archives/trustees-in-the-21st-century/>
- Fines Policy and Professional Trustee Definition – <http://www.thepensionsregulator.gov.uk/doc-library/draft-monetary-penalties-policy-and-revised-professional-trustee-description-consultation-2017.aspx>

**ACTION**

Trustees should challenge advisers to provide helpful and clear advice, at a reasonable price.

Employers should consider using professional trustees to strengthen the Trustee Board and get the best possible outcomes for the scheme and its members.

# The Pensions Regulator's Annual Funding Statement

**TAGS:** TPR | DEFINED BENEFIT | FUNDING | FINAL SALARY PENSION SCHEME | SCHEME TRUSTEES

No substantive sponsor consultation

TPR has issued its 2017 annual funding statement ("the Statement") for defined benefit pension schemes carrying out valuations with effective dates in the period 22 September 2016 to 21 September 2017. The Statement focuses on the longer term and emphasises some key principles from the TPR's Code of Practice 3 for funding DB pension schemes, together with supporting guidance on integrated risk management, investments and employer covenant. The very clear message coming through to all trustees is that there are many factors to consider when preparing their valuation this year and as TPR will be paying very close attention, trustees need to consider these factors fully.

TPR expects that, in general, schemes with 2017 valuations will see higher liability values than those seen in their 2014 valuations, and despite most major asset classes having performed well, investment returns will not fully match the increase in liabilities and most schemes are therefore likely to have larger deficits. That being the case, trustees should now be thinking about invoking their contingency plans and TPR outlines the 'appropriate action' it expects trustees to take; for example:

- Strong employers with good funding position – carry on as you were;
- Strong employers with poor funding position – seek higher contributions now; and
- Weaker employers (including those part of a larger group but with no formal support) – seek legally enforceable support and look for ways to reduce risk.

The Statement specifically focuses on stressed schemes. Trustees must fully evidence that they have taken the measures appropriate for their scheme, such as;

- employer covenant analysis;
- scheme closure to accrual; and
- scheme wind up options.

### *The Pensions Regulator's Annual Funding Statement*

TPR also focusses on the discount rate assumption. There is recognition of the fact that methodologies are being reviewed as a consequence of the very low gilt yield environment. Trustees should take advice on any methodology changes and then document them.

TPR recognises that many DB schemes are now maturing and becoming cashflow negative. This is likely to become an increasingly important consideration over the next ten years and this will heavily influence the investment decisions trustees make.

The Statement can be thought of as a good practice guide for trustees. The continuing uncertainty over future economic conditions highlights the importance of effective risk management and collaborative working between trustees, employers and advisers.



#### **Helpful Links:**

- Statement from the Regulator: <http://www.thepensionsregulator.gov.uk/docs/db-annual-funding-statement-2017.pdf>
- Dalriada blog on the Statement: <http://dalriadatrustees.co.uk/archives/2017-annual-funding-statement-do-it-right/>

#### **ACTION**

Trustees to set an appropriate investment strategy which takes into account their scheme's funding level and the strength of the employer covenant. TPR reminds trustees of smaller schemes that the market has moved on and many more options exist now for small schemes than in the recent past.

As schemes are now maturing, TPR says that trustees should monitor their cashflow requirements and have a cash management policy in place.

Trustees should regularly monitor risks and all schemes should have contingency plans in place in the event a downside risk materialises, in order to prepare to recover their funding level and mitigate against any further downside events.

## Consultation on Employer Debt for Multi-Employer Schemes

**TAGS:** SECTION 75 DEBT | DEFINED BENEFIT | CONSULTATION

The Department for Work and Pensions (“DWP”) issued a consultation in April 2017 proposing changes to the rules around employer debt for multi-employer defined benefit schemes (‘MEDBS’).

### Current Legislation

When an employer participating in a MEDBS ceases to have any active members when other employers continue to participate, this triggers a Section 75 debt (“S75 debt”). The debt payable is broadly the employer’s share of the scheme deficit as measured on a cessation basis (which generally places a very high value on the liabilities). When triggered, this debt is a legally binding commitment.

As a result, employers in non-associated multi-employer schemes cannot close off future benefit accrual without triggering a S75 debt if other employers continue to accrue benefits. This can result in employers being ‘held hostage’ to the pension scheme, where they cannot afford additional accrual of benefits but they also cannot afford to cease accrual due to the large s75 debt.

### Proposed Changes

The DWP is proposing a number of changes to the current legislation to provide more flexibility for employers participating in multi-employer schemes. The main change will be the introduction of a ‘Deferred Debt Arrangement’ (“DDA”).

The DDA will allow employers to cease further accrual in a scheme without triggering their S75 debt. The scheme will require the employer to retain all their previous responsibilities to the scheme, and the employer will continue to be treated as if they were a ‘normal’ employer in relation to that scheme.

### *Consultation on Employer Debt for Multi-Employer Schemes continued...*

Employers and trustees will have to apply for a DDA and a number of tests must be met:

- A “funding test” will need to be satisfied. This will confirm that when the employer ceases to employ an active member all the employers of the scheme will be reasonably able to fund the scheme going forward;
- The trustees consent to the DDA based on their satisfaction that the arrangement would not be detrimental to the scheme or its members;
- The scheme must not be in a Pension Protection Fund assessment period or be likely to start such a period in the next 12 months; and
- The DDA route will not be open to employers who are restructuring. It is felt that the existing regulations already provide a number of options in these circumstances.



#### **Helpful Links:**

- [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/610556/the-draft-occupational-pension-schemes-employer-debt-amendment-regulations-2017-consultation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/610556/the-draft-occupational-pension-schemes-employer-debt-amendment-regulations-2017-consultation.pdf)
- Our sister company Spence asks if the Green Paper is asking the wrong questions on S75?: <http://spenceandpartners.co.uk/archives/green-paper-asking-the-wrong-questions-on-multi-employer-schemes/>

#### **ACTION**

Await outcome of consultation.

## Pensions Musings from the General Election

**TAGS:** BREXIT | TRIPLE LOCK | TAX

Not since February 1974, when then Prime Minister Edward Heath called an election asking the question "Who Governs Britain?", was a snap election called on a single issue. Back then, it was the miners' strike. In 2017, Theresa May asked a similar question - to gain an increased mandate for the Brexit negotiations. Back then, Heath's Conservatives were leading in every poll, just like the Conservatives were leading in every poll prior to 8th June 2017. Everything pointed to an increased Conservative majority, and for Labour, under Jeremy Corbyn, to suffer an electoral meltdown.

However, as with February 1974 (there were two elections that year), the election wasn't fought on the single issue it was called for. It was not plain sailing for the Conservatives, with clanger after clanger after an ill-fated manifesto launch, and a resurgent Labour Party connecting with voters. The polls were narrowing, but most still pointed to that expected increased Tory majority.

However, as the exit poll landed at 10pm, backed up by the subsequent results coming in, by 5.52am on Friday 9th Theresa May's gamble had ended the same way as Ted Heath's - in an unexpected hung parliament.

Now, Heath had to resign in 1974 after failing to cut a deal with the Liberals. Theresa May hasn't suffered that fate, instead sealing a "Confidence and Supply" deal with the Democratic Unionist Party ("DUP"). In return for an additional £1bn of funding for Northern Ireland over the next five years, the DUP will sustain the Government on votes of confidence and supply (i.e. budgets and as per the agreement, Brexit and security matters). All other legislation is technically up for grabs though. What then, does this mean for pensions?

Well, perhaps the most high profile pensions policy included in the Conservative manifesto was the replacement of the triple lock from 2020 (where State pensions increase each year by the highest of earnings, inflation or 2.5%), with a double lock (i.e. no 2.5% underpin). Now relying on the DUP to pass legislation (who were opposed to such a move), and with no other allies on this issue in Parliament, this has been dropped.

## *Pensions Musings from the General Election continued...*

This deal will last for the Parliament, however long that may be, and will be reviewed after each session. With the current session of Parliament lasting two years, this won't be until 2019, after the UK has left the European Union. Noting that the field of pensions wasn't mentioned at all in the Queen's Speech, perhaps pensions will be the only area that stays stable.

This wouldn't be too surprising. Many of the changes in recent years, such as Freedom and Choice, and those proposed (such as the changing of State Pension Age, pensions tax relief etc.) have been controversial. Governments don't like putting things to a vote unless they are sure they have the numbers – every defeat on legislation weakens the Government. It doesn't therefore appear the Government will be passing much legislation in this Parliament, although as we go to press there is talk of a new White Paper on the future of DB pension schemes...

Perhaps an independent commission will come up with some new ideas. Perhaps, the parliamentary arithmetic will force parties to work together in the field of pensions. Perhaps, as in 1974, we will have to expect the unexpected.



### Helpful Links:

- David Gauke says triple lock will have to go eventually:  
<https://www.theguardian.com/money/2017/jun/22/triple-lock-on-pensions-will-go-eventually-says-pensions-secretary>
- Triple Lock blog from our sister company:  
<http://spenceandpartners.co.uk/archives/breaking-the-pensions-triple-lock-courageous-or-controversial-or-both/#more-40875>

### ACTION

Prepare for up to 5 years of instability.

## Security & Sustainability of DB Pension Schemes

**TAGS:** DB SCHEMES | FUNDING | TPR

In February the Government released its Green Paper seeking views from the pensions industry on the future of DB schemes. As discussed in our first Quarterly Update of 2017, the consultation gave a pretty firm steer that the Government feels the DB scheme landscape is not fundamentally broken, but a number of very valid topics were raised that could benefit the industry.

Never ones to shy away from giving our opinion, we submitted our response to the Green Paper. We agreed with the Government's view that there is no systemic problem in the industry – thousands of pension schemes continue to pay millions of pensions every year without any issue. That said, we did challenge the Government's suggestion that there is no general "affordability" problem for DB schemes. There is a significant minority of schemes where the required funding will realistically never be forthcoming, and others where overly cautious investment and funding strategies are inhibiting corporate growth and sustainability.

We responded to each question raised in the consultation, while focusing on three key themes that we believe could make the biggest difference to DB schemes, as follows:

### **1. Indexation:**

Although the indexation of State pensions is now based on CPI, rather than the historic and discredited RPI, the ability of private sector schemes to adopt this change depends on their specific Rules. This accidental lottery is fundamentally unfair to those still paying the higher level of indexation to members and prevents a level playing field for sponsors in trading and attracting investment.

We expressed the view that it would be reasonable and indeed equitable to allow all schemes to move to the CPI basis, subject only to the proviso that the sponsoring employer decides to do so (with a statutory override to permit that change).

## *Security & Sustainability of DB Pension Schemes continued...*

### **2. Consolidation**

We believe that consolidation could lead to a dramatic reduction in expenses, with the savings redirected to paying off deficits and enhancing the security of members' benefits.

If schemes were allowed to reform member benefits to a different, uniform structure of equal actuarial value, complex benefit structures with multiple pension tranches could be reduced to a single, simplified benefit. This would allow a vast reduction in ongoing administration costs, actuarial fees and investment advice, as a large number of schemes who reform benefits to this uniform structure could then be run on a common basis with much less need for bespoke calculations. Coupled with pooled investment vehicles, schemes could then access a wider range of investments at lower cost and focus the assets of the scheme on providing benefits.

### **3. Professional Trusteeship**

Whilst recognising the benefit of having lay trustees who are tuned in to the needs of their membership, we expressed the view that the increased engagement of professional trustees is crucial to address some, if not the majority, of the issues raised in the Green Paper. The expansion of TPR's engagement has merit, but to place the onus on it to monitor all schemes at a more granular level is simply unrealistic from a pure resource point of view. As such, we see the encouragement of professionalisation within the trustee community as an important step to resolving the concerns in the industry.



#### **Helpful Links:**

- Consultation Document: <https://www.gov.uk/government/consultations/defined-benefit-pension-schemes-security-and-sustainability>

#### **ACTION**

The DWP has indicated that there will be a White Paper released later in 2017 on the future of DB schemes. So look out for this and DWP's normal publication of responses to the Green Paper.

## Walker v Innospec – Supreme Common Sense in Retrospect

**TAGS:** ADMINISTRATION | SCHEME RULES | EQUAL TREATMENT

“If Mr Walker was married to a woman, or, indeed, if he married a woman in the future, she would be entitled on his death to the pension provided by the scheme to a surviving spouse. When the claim was issued, the value of that “spouse’s pension” was about £45,700 per annum. As things stand at present, Mr Walker’s husband will be entitled to a pension of about £1,000 per annum (the statutory guaranteed minimum).”

This is how the Supreme Court judgement described the situation in which Mr Walker found himself, in relation to his membership of Innospec’s DB scheme. How did this happen? Ironically it was the anti-discrimination provision in the Equal Treatment Framework Directive, coupled with scheme rules, that allowed this disparity to occur in respect of same sex survivor’s pensions.

The more than apparent inequity in his situation forced Mr Walker to take the matter through the Courts, beginning at an Employment Tribunal in 2013 and ending in July at the Supreme Court. The Justices ruled that when considering the anti-discrimination point relied on, when discrimination occurs is when the pension becomes payable, that would be when Mr Walker dies, and an equal survivor’s pension is denied to his partner. For that reason the Court unanimously found that any survivor’s pension payable to his same-sex spouse should be based on his entire pensionable service, as it would be if he were in an opposite-sex marriage. It should not be limited to service accrued after 5 December 2005 (i.e. when the Civil Partnership Act 2004 came into force).

The law is now clear. It is a welcome clarification and rectification of an obvious inequity.

Some schemes may of course count the cost of the ruling. The impact on occupational pension schemes in the private sector may not be wide ranging, with many schemes already operating on the equal treatment of survivor benefits for same sex couples, and their actuarial valuations already adopting a prudent assumption for the proportion of members who are “married”, both of which would limit the effect of the ruling.

*Walker v Innospec – Supreme Common Sense in Retrospect continued...*

It is the public sector that will experience the biggest impact, with a report from the DWP in 2014 estimating the cost to be around £3 billion. However, at the end of the day, given the common sense of this decision being plain for all to see, it is a cost that schemes were bound to experience at some stage.



**Helpful Links:**

- Case Report: <https://www.supremecourt.uk/cases/docs/uksc-2016-0090-judgment.pdf>

**ACTION**

Trustees need to check their rules to see if there is different treatment for same and opposite sex spouses. If there is, then this disparity needs to be addressed. A review of administration procedures and any scheme communications that might be affected needs to be carried out and amended if necessary.

Whilst it is unlikely that there will be a material impact on scheme funding, Trustees may wish to speak to their Scheme Actuary to check.

There may also be a requirement for a rectification exercise if any benefits to members have been paid reflecting post 5 December 2005 accrual only.

## British Airways v APS Trustees Ltd – A Flight of Fancy for Trustees?

**TAGS:** TRUSTEE POWERS | SCHEME RULES | SCHEME GOVERNANCE

After six months waiting for it to appear on the radar, in May the High Court released its judgement in British Airways PLC v Airways Pension Scheme Trustees Ltd. A 747 of a ruling landed, carrying 164 pages and 636 paragraphs – reflecting a case that started on 26 October 2016 and finished on 9 December 2016. Mr Justice Morgan deserves significant plaudits for steering through the complexities of the arguments and writing a novella at the end.

So what was the fuss all about and why should trustees pay heed to the conclusions?

Under the rules of BA's scheme, pension increases were calculated in relation to annual pension increase review orders issued by the Government, which were historically linked to the RPI. This was a throwback to when BA was a publically owned company. In 2010 the Government switched to CPI as a measure for these orders from April 2011. In February 2011 the Trustees of the Scheme decided that they had a discretionary, and unilateral, power of amendment and as a result decided to introduce a new trustee power to allow discretionary increases, subject to certain restrictions not being breached.

Having introduced this new power, the Trustees decided to exercise it and in November 2013 awarded a discretionary increase of 0.2% for 2013 (i.e. half of the difference between RPI and CPI). British Airways PLC, who is the principal employer, challenged the amendment that the Trustees made and the decision to award the increase, citing an improper use of the amendment power.

As you will gather the arguments were complex but to cut a very long story short, the High Court held that the Trustees' decision to amend the Rules and grant the discretionary increase was a valid exercise of the Scheme's power of amendment and not beyond the scope of what the power permitted. Secondly the Court held that the decision to award the discretionary 0.2% increase was valid in itself.

It should be said that BA have obtained leave to appeal and they also obtained injunctive relief to stop the Trustees applying the discretionary increase whilst an appeal was being considered.

*British Airways v APS Trustees Ltd – A Flight of Fancy for Trustees?  
continued...*

BA is appealing on the grounds that the payment was “benevolent” and as such breached one of the restrictions to the amendment power. This long-haul journey has some way to go therefore before it reaches its final destination.



**Helpful Links:**

- Case Report: [http://www.bailii.org/cgi-bin/format.cgi?doc=/ew/cases/EWHC/Ch/2017/1191.html&query=\(british\)+AND+\(airways\)+AND+\(aps\)](http://www.bailii.org/cgi-bin/format.cgi?doc=/ew/cases/EWHC/Ch/2017/1191.html&query=(british)+AND+(airways)+AND+(aps))

**ACTION**

As with all cases, the facts pertaining to the case are critical to understanding why the Court finds for or against. However in the analysis of the arguments there are some general lessons for trustees to take away:

- Trustees must fully understand how their scheme documents are constructed, the powers available to both the trustees and the principal employer and the proper process for exercising decisions.
- The decision making process must be followed to the letter and with proper advice. This is critical in protecting trustees from a challenge from a principal employer. There will be times that the trustees and a principal employer will disagree on a decision. That a trustee makes a different decision to one the principal employer might want will not invalidate that decision, so long as it was made properly and was not unreasonable.
- The decision making process must be properly documented. In other words, trustees should make sure the minutes are accurate and are detailed enough to stand up to the scrutiny of the Court. Minute taking is an art, not an afterthought. If you look back and can't figure out why a decision was made, the minutes are not doing their job.

## Investment Viewpoint - Is it time to relax about the markets?

**TAGS:** INVESTMENT STRATEGY | INTEGRATED RISK MANAGEMENT

We asked Simon Cohen, our Head of Investment, to give his thoughts on the state of the investment markets. Here is what he said:

You can see the headlines at the moment – FTSE hits an all-time high, DOW hits all-time highs, and the DAX joins in as well. Added to that, the VIX index (a market indicator of volatility) is at lows.

You wouldn't be the first to think that global economies are growing strongly and corporate profitability is rising fast... there is nothing to worry about.

However, there are always two sides to every story, and I have my worries (especially being a glass-half-empty kind of person).

Will Trump succeed in pushing through his pro-growth policies (or actually, will he amend them to get them through)? Will Brexit be a disaster? Will North Korea start a war? How successful will monetary authorities be in unwinding quantitative easing, now that the patient is off life support? In fact has the patient become too reliant/addicted to the medicine provided?

If this bad news comes to fruition, how significant will the markets' reaction be and what will this mean for my clients, trustees of UK defined benefit pension schemes, and their investment strategies?

It means that they need to be wary when setting their investment strategy and aware of the risks that they are running. For example, look at the scenario of equities falling more than 10% and the impact of this on the scheme's funding position. Trustees should also think about how these events are going to impact on the corporate sponsor – as TPR and the industry keep saying; Integrated Risk Management is important.

*Is it time to relax about the markets? Continued..*

The next step is to set (and maintain!) a strategy that looks to control those risks in a suitable fashion, whether that's hedging interest rate and inflation risk, or diversifying growth assets to protect against equity market falls. The key is to understand and quantify those risks and take action to mitigate them where relevant.

This is not just about setting strategy. It is also about putting in a place a plan to take advantage of market opportunities and to monitor the situation. It has been increasingly popular to set up trigger structures that involve in some way "selling high and buying low", to take advantage of any market volatility.

If so, then wouldn't it really be a good idea for pension schemes to sell some of their equities now whilst markets are high? Especially if they do not really need to run such risk? Others might argue that equities can only go higher so keep rolling the dice. Personally I would like to bank some gains now whilst I can, and not regret that I missed the opportunity.

by Simon Cohen

**ACTION**

Trustees should monitor their funding position on a regular basis and review their investment strategy. This should include stress testing their strategy to see how protected the funding position is against unwelcome outcomes.

Companies should make sure that they are engaged with the trustees to make sure that their views and opinions are being taken account of when setting strategy.

## General Data Protection Regulations – Are you ready?

**TAGS:** DATA PROTECTION | TRUSTEE COMPLIANCE | ADMINISTRATION

The General Data Protection Regulations (“Regulations”) come into force on 25 May 2018 and will apply to the UK. Although issued by the EU, their implementation is unaffected by Brexit. There is limited time to comply.

### What is new?

The Regulations set out new requirements for holding and processing data. The Regulations apply to all industries. We focus on the key changes, what Trustees need to do and by when. However, this update may also be of use to employers and in-house teams holding scheme membership data.

### What are the key changes?

1. **Consent** - Member consent to data must be freely given, specific, informed and an unambiguous indication of the member’s agreement. Members must be informed that they can withdraw their consent at any time. Statutory compliance, legitimate interests and the carrying out of a legal obligation provide a basis for routine pension scheme data processing where consent cannot be relied upon.
2. **Joint liability** - Both the Data Controller and the Data Processor are for the first time, equally liable for breaches of the Regulations and can be fined.
3. **DP Officer** - Trustees must assign a Data Protection Officer to take responsibility for data protection compliance and governance.
4. **Penalties** - The enforcement fine for data protection breaches increases from £500,000 to 4% of global turnover or €20 million.

*General Data Protection Regulations - are you ready? Continued...*

5. **Reporting** - There is a 72 hour notification period to the Data Protection Authority (i.e. Information Commissioners Office) from first instance of knowledge of a data breach and to affected data subjects "without undue delay".



**Deadlines:**

- The Regulations come into force on 25 May 2018



**Helpful Links:**

- Data protection reform section on the Information Commissioner's Office website: <http://ico.org.uk/for-organisations/data-protection-reform/>
- Getting ready for the GDPR assessment guide: <https://ico.org.uk/for-organisations/resources-and-support/data-protection-self-assessment/getting-ready-for-the-gdpr/>

**ACTION**

Scheme trustees and all organisations holding or processing personal data relating to individuals should put in place a timetable and checklist to ensure compliance is achieved by 25 May 2018

## Coming Up Next...

Never ones to rest on our laurels, here are some topics that we expect to hit the industry in the coming months:

- **White Paper on the reform of the DB Sector** – In mid-July the Secretary of State for Work and Pensions, David Gauke, announced the DWP will release their response to the recent Green Paper later this year, setting out their “proposed next steps on what reform is needed to support the sector, including the powers of the regulator”. We wait with bated breath to see what, if any, significant changes are proposed.
- As discussed earlier, on 12 July the Supreme Court released their decision in *Walker v Innospec*, but on the same day they declined to provide a decision in the related case of ***O’Brien v Ministry of Justice***. Instead the Justices referred the matter to the ECJ, on whether part-time service accrued before the Part-Time Workers Directive came into force (equating to an additional 22 years service) should be taken into account when calculating the pension of a part-time judge. No time frame has been set for the ECJ proceedings, so we will have to wait and see on that equally significant case.
- **The Finance Bill 2017** – the Government have stated that after the summer recess they will be reintroducing to the Bill provisions reducing the money purchase annual allowance from £10,000 to £4,000, as well as the income tax exemption of up to £500 each tax year for pensions advice.
- In our last Quarterly Update we said we were expecting to see the Government’s response to the recent **Pension Cold-Calling** consultation in time for this edition. Despite coming under increasing pressure from the industry to take action on cold-calling, the Government’s response is still not here. Perhaps in our next Update we’ll be able to see if any of Dalriada’s ideas/comments were taken on board!

Trustees and sponsoring employers alike should also be aware of the following key dates coming up:

- **21 September 2017** – The FCA’s consultation on pension transfer advice closes.
- **30 September 2017** – Auto-enrolment transitional period ends for DB and Hybrid schemes.
- **Autumn 2017** – DWP to consult on regulations for the supervision of master trusts;
- **Later in 2017** – TPR to launch their 21<sup>st</sup> Century Trusteeship initiative.

## Belfast

Chamber of Commerce House  
22 Great Victoria Street  
Belfast  
BT2 7BA

## Glasgow

The Culzean Building  
36 Renfield Street  
Glasgow  
G2 1LU

## London

46 New Broad Street,  
London  
EC2M 1JH

## Bristol

Castlemead  
Lower Castle Street  
Bristol  
BS1 3AG

## Manchester

82 King Street  
Manchester  
M2 4WQ

Dalriada. *A better way*



Dalriada Trustees Limited is a company registered in Northern Ireland with registered number NI 38344 whose registered office is at 22 Great Victoria Street, Belfast, BT2 7BA. VAT number 974 8252 79.