



**Review of Disclosure of Information requirements applying to
Occupational Pension and stakeholder pension schemes**

This response is submitted by Unite, the UK's largest trade union with 2 million members across the private and public sectors. The union's members work in a range of industries including manufacturing, financial services, print, media, construction, transport and local government, education, health and not for profit sectors.

Introduction

We do not generally agree with the notion that present disclosure requirements are excessive or an unnecessary burden on pension schemes and companies. Nor with any notion that the basis of a review should be to restrict provision to the minimum basis that can be reconciled with the IORP Directive.

At a time when confidence in schemes is at a low ebb, when schemes are subject to widespread change and under considerable financial stress it is important that members, and their trade unions, are provided with a high level of information in a timely manner.

The emphasis of a review should not be to reduce the flow of information but to improve it and make it more accessible.

Q.1 Against the background that a streamlined set of prescriptive provisions would still be required for the purposes of satisfying IORP and in the interests of certainty for schemes, do you support the addition to the legislation of a key over-arching principle?

Unite is not opposed to the incorporation of a principle into legislation but consider that the principle, as set out in the consultation document, is too narrowly drawn. It appears to focus only on information provided automatically to individual members and needs to be expanded to cover access to scheme documents and access to information for trades unions.

Unite would propose that the draft principle be modified such that it reads

‘Members should (a) be given(as drafted).....
and (b) be given ready access on request to scheme documents enabling members, and their representative and advisers, to clarify their precise pension rights, the scheme governance arrangements and the funding and investment position of the scheme.

Q.2 Do you support the consolidation of general disclosure provisions into one set of regulations, rather than the existing position where disclosure requirements affecting occupational, personal and stakeholder pensions schemes are dealt with separately ?

Yes, provided this is in a spirit of improving rather than diluting the present disclosure provisions

Q.3 Do you consider that the proposed approach in Annex C is appropriate ?

In respect of the proposed approach to ‘Basic Information’, Unite does not consider the approach suggested in paragraph 31 of the main consultation Document to be appropriate (i.e to reduce the prescribed requirements to focus on key issues for new members’).

In the context of occupational schemes, in particular, disclosure requirements in the area of Basic Information have generally been met by the provision of scheme booklets which summarise members’ rights to all aspects of benefits as well as giving various other important information about the scheme and members’ rights to complain etc. We consider that this information remains necessary for members and beneficiaries to understand their rights and that scheme booklets are an efficient way of conveying it.

We are disappointed that no proposal is made for the provision of benefit statements by salary related schemes to be made mandatory, to match the requirement for money purchase schemes.

We do not support the proposal in respect of Annual Reports that prescribed content should be limited to that required to satisfy the IORP directives requirements. We believe that the existing prescribed requirements should be reviewed on their merits rather than swept away by such a blanket approach. We do not consider current content generally to be excessive and cannot see any strong case for major change given that schemes are generally geared up to provide reports in a largely standardised format.

The omission of more explicit reference to 'Scheme funding' documentation in the Consultation document is rather surprising, given their importance in defined benefit schemes. We would assume that the Actuarial Valuation is included in what is referred to (in paragraph 35 of Annex C) as 'a number of other documents will have to be provided on request'.

Access to actuarial valuation information is especially important in the context of statutory consultation where schemes changes are proposed. The present requirements linking in to the 15 month timescale for the completion of the valuation process can be problematic where valuations are not completed until the end of this process and trustees/employers are not prepared to release draft figures as may have influenced the proposed changes.

Q.4 Do you support the proposal for regulations to require relevant information to be provided' within a reasonable period' backed with a Code of Practice, replacing the existing approach where timescales are specified in regulations ?

Unite is opposed to this change and would support the continued application of prescribed time limits in legislation. The time limits might be reviewed but this could result in some becoming shorter rather than longer

The Consultation Document does not provide any justification for why this change needs to be made. It is hard to see how it could serve the interests of scheme members and easy to see how it will result in greater delays in members receiving information.

Having a two stop regime of legislation and Code of Practice would seem to complicate what should be a straightforward and routine obligation where a decent standard of service should be met.

Q. 5 Do you have views on the disclosure of information (within 14 days of appointment) by schemes in the context of the auto-enrolment requirements by employers

There would seem to be a case for arguing that in the context of auto-enrolment the basic information should be provided on appointment. This is not information specific to the individual but general scheme information. There must be a concern that any delay in supplying information will make it more likely that individuals may opt-out of provision before even receiving information. Employers should be encouraged have this information immediately at hand and to supply it directly.

Q.6 Do you have views on the proposal to allow greater use of electronic communications.....(.to satisfy disclosure requirements) ?

This creates a concern that members without ready access to e-mail and internet will be put in a disadvantaged position whereby information that would otherwise have been supplied automatically will only be actually supplied on a request made due to their not being able or willing to rely on e-communications material. Members may not be aware what they are entitled to ask for. Unite does not believe that such an approach can generally yet be justified.

While electronic communication is not appropriate for the supply of information which has to be supplied to scheme members, availability of scheme information in electronic formats accessible to members is something that should be encouraged

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