



1 March 2010

Our ref: ICAEW Rep 28/10

Your ref:

Tim Found
Department for Work and Pensions
7th Floor
Caxton House
Tothill Street
London
SW1 9DA

Dear Mr Found

Disclosure of Information: Proposed Amending Regulations and Response to Earlier Consultation

The ICAEW is pleased to respond to your request for comments on *Disclosure of Information: Proposed Amending Regulations and Response to Earlier Consultation*.

Please contact me should you wish to discuss any of the points raised in the attached response.

Yours sincerely

Liz Cole
Manager, Company Law, Insolvency and Pensions

T +44 (0) 920 8746

E liz.cole@icaew.com



**DISCLOSURE OF INFORMATION: PROPOSED AMENDING REGULATIONS AND
RESPONSE TO EARLIER CONSULTATION**

**Memorandum of comment submitted in March 2010 by the ICAEW, in response to
the Department for Work and Pensions consultation paper Disclosure of Information
published in January 2010.**

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INTRODUCTION

1. The ICAEW welcomes the opportunity to comment on the consultation paper *Disclosure of Information: Proposed Amending Regulations and Response to Earlier Consultation* published by the Department for Work and Pensions.

WHO WE ARE

2. The ICAEW operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the Financial Reporting Council. As a world leading professional accountancy body, we provide leadership and practical support to over 134,000 members in more than 160 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. We are a founding member of the Global Accounting Alliance with over 775,000 members worldwide.
3. Our members provide financial knowledge and guidance based on the highest technical and ethical standards. They are trained to challenge people and organisations to think and act differently, to provide clarity and rigour, and so help create and sustain prosperity. We ensure these skills are constantly developed, recognised and valued.

GENERAL COMMENTS

Simplification

4. As we set out in our response¹ to the DWP's previous consultation² on disclosure, we believe there is an urgent need to simplify the disclosure regime for occupational pensions.
5. The Disclosure Regulations were issued in 1996 and have steadily grown by accretion, with requirements being added to implement various pieces of legislation, including the Pensions Act 2004. The latest proposed additions, mainly to cope with the introduction of NEST, the National Employment Savings Trust, and to introduce electronic communication provisions, will make the Regulations even more difficult to read and understand.
6. We therefore reiterate our request for a complete and coherent rewrite of the relevant regulations. We acknowledge that such an overhaul/consolidation of a set of regulations is sometimes best accomplished as a separate exercise from amending regulations. However, we believe this simplification project should be progressed as a matter of urgency as soon as the amendments have been made.
7. Further, we consider that all disclosure requirements should be consolidated into a single set of regulations (rather than set out in more than a dozen different sets of regulations). In the interim, we recommend improved signposting/cross-referencing to assist trustees and preparers of accounts (for example, the audited accounts regulations should be signposted). Where information requirements on a specific issue are embedded in a set of stand-alone regulations, we consider that it would be helpful for such requirements instead to be included as schedules to such new 'consolidated' disclosure regulations, rather than retained as separate statutory instruments.

Electronic communications

8. We support the proposals to facilitate electronic communication, with schemes permitted to send information via email or websites unless members request hard copy information, as we

¹ ICAEW Rep 55/09, available at: <http://www.icaew.com/index.cfm/route/165357>

² <http://www.dwp.gov.uk/docs/pen-scheme-disclosure-reqts-consultation.pdf>

believe this includes appropriate safeguards whilst allowing potential cost savings. However, we also note that this could introduce new administrative burdens for employers in respect of members opting out of electronic communications, as employers will effectively be required to capture and record this information, and for instance introduce additional markers to their electronic systems to identify such members.

MORE DETAILED COMMENTS REGARDING THE NEED FOR SIMPLIFICATION

9. The current regulations are the result of accretion since 1996 and really need to be rewritten – a lot has changed in 14 years.
10. These regulations are the source of scheme members' rights to information. Some of the Regulations have become very long with the addition of lots of sub-sections, meaning it is difficult for professionals to comprehend and use, let alone lay people (eg lay trustees); overlaying new requirements in relation to electronic communication is going to make them even more difficult to read.
11. There should be some specification of actuarial information to be included in the annual report.
12. The Audited Accounts regulations, which are essentially about disclosure as they form part of the annual report, need a complete overhaul. As well as the content needing refreshing, there are currently a number of amending regulations so that there is no single point of reference. A significant simplification would be to repeal the various sets of regulations and replace them with a consolidated set. At the same time the opportunity could be taken to see if any simplification was possible.
13. When the 2012 auto-enrolment reforms are introduced, it might be appropriate for the trustees to disclose that their scheme meets the qualifying scheme test under the Pensions Act 2008.
14. There should be some discussions with the Pensions Regulator and organisations such as Third Party Administrators as to what other disclosures might be relevant, in particular in relation to the new regime from 2012.

E liz.cole@icaew.com

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