



10 August 2011

Our ref: ICAEW Rep 78/11

Mike Rochford  
Department for Work and Pensions  
7th Floor  
Caxton House  
Tothill Street  
London SW1H 9NA

By email: [adelphi.winding-up@dwp.gsi.gov.uk](mailto:adelphi.winding-up@dwp.gsi.gov.uk)

Dear Mike

### **Employer Debt – (Section 75 of the Pensions Act 1995)**

ICAEW welcomes the opportunity to comment on the consultation on draft regulations published by the Department for Work and Pensions in June 2011.

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We welcome these proposed changes. They appear to be practical and helpful. They should be straightforward to explain to employers and easy for trustees to implement without the costs of advisers outweighing the benefits of the transaction. The existing easements can be so complex and the sums involved so small that they are impractical.

Whilst the greater flexibility of allowing liabilities of a departing employer to be reapportioned to an employer remaining in the scheme is a step in the right direction, it would be even more helpful to employers and trustees if the liabilities of employers could be guaranteed by any corporate body, and not confined to participating employers. This would be consistent with the PPF approach and the TPR approach on guarantees for scheme funding.

Our main criticism is that the proposal to implement these changes by a further round of amendments to the existing regulations is very disappointing. The result will be a complicated patchwork of regulations some of which have bizarre numbering sequences. Reform of the employer debt regulations is clearly an opportunity to consolidate relevant provisions into one, more simple set of regulations. An added simplification would be to use some of the clear terms used in this consultation such as 'Leaving Employer' and 'Staying Employers' elsewhere in the employer debt regulations.

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

Yours sincerely

Liz Cole  
Manager, Company Law, Insolvency & Pensions

**T** +44 (0) 20 7920 8746

**E** [Liz.cole@icaew.com](mailto:Liz.cole@icaew.com)