

Regulatory intervention report

issued under s89 of the Pensions Act 2004 in relation to the trustee of Precision Carbide Tools Limited Pension and Life Assurance Scheme, the Comshare Retirement and Death Benefits Plan and the EBC Pension Scheme

August 2016

The Pensions
Regulator

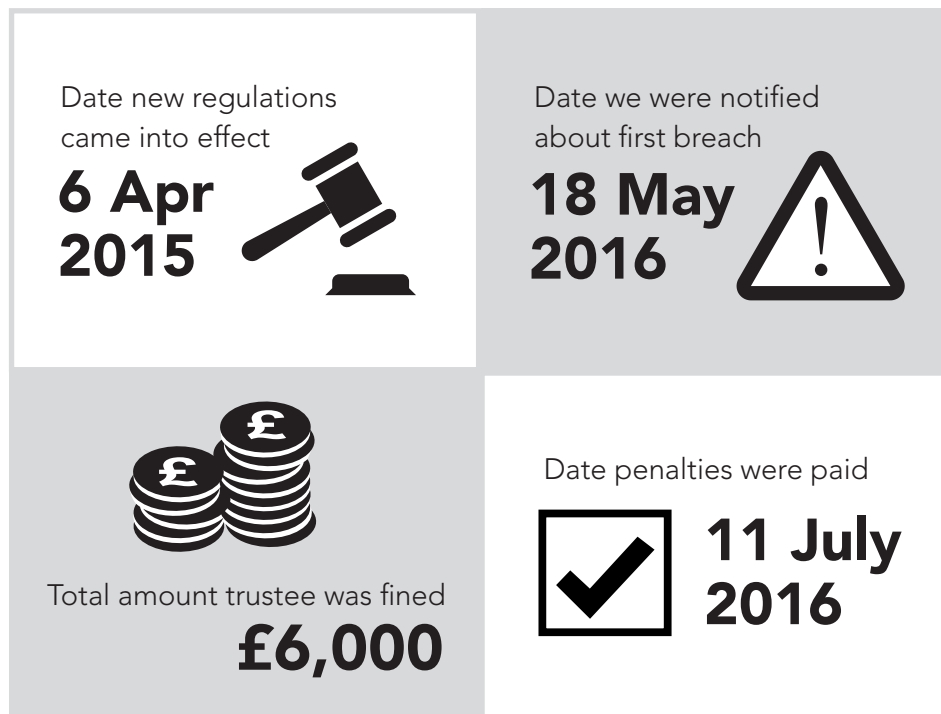
Background

On 18 May 2016, we received a letter from Pitmans Trustees Limited ('PTL') in their capacity as the professional trustee of Precision Carbide Tools Limited Pension and Life Assurance Scheme, notifying us that they had failed to prepare a chair's statement for the scheme. Following a discussion with PTL, we received confirmation that breaches had occurred for two further schemes for which they act as professional trustees; the Comshare Retirement and Death Benefits Plan and the EBC Pension Scheme.

Occupational schemes providing money purchase benefits are now required by law to prepare an annual statement, signed by the chair of the trustees, within seven months of the end of each scheme year. This is a new requirement introduced by the Occupational Pension Schemes (Charges and Governance) Regulations 2015, which came into force on 6 April 2015.

In their correspondence, PTL told us that they had taken action and prepared the required statements after the breaches had occurred.

Illustrated summary



Regulatory action

There is a mandatory penalty for failing to prepare a chair's statement, and we are legally obliged to impose on the trustees a fine of between £500 and £2,000.

We generally calculate the amount of the fine with regard to scheme size, any previous breaches of this requirement and whether there is a professional trustee in place. After considering these factors, we imposed a penalty of £2,000 for each scheme on 4 July 2016, which were not contested and paid in full on 11 July 2016.

Our approach

Trustees should be aware that we are required by law to impose a penalty where there is a breach of the chair's statement requirement. Our policy for determining the amount of a penalty for breach of this requirement is set out in the 'mandatory penalties' section of our 'Compliance and enforcement policy for occupational pension schemes providing money purchase benefits'. This case illustrates our general approach to such breaches where there is a professional trustee appointed to the scheme, as well as serving as a reminder to all trustees that they need to ensure they are meeting their legal duties.

We issued the maximum fine amount allowed by statute because the schemes in question have a professional trustee in place and there were no mitigating factors. In line with the Trustee Act 2000 and as set out in our defined contribution code of practice, professional trustees are expected to meet a higher standard of care and demonstrate a greater level of knowledge and understanding than trustees who are not acting in such a capacity.

We expect trustees, particularly professional trustees who act as trustee to multiple schemes, to ensure they understand the new legislation and plan ahead to avoid breaches occurring. Trustees of all schemes are reminded that they are each legally responsible for ensuring compliance with legal requirements, including the chair's statement requirement, irrespective of whether or not a professional trustee is appointed to the scheme. All trustees should therefore ensure that they are aware of their obligations and that appropriate action is being taken to secure compliance with legal requirements.

The regulator's consideration and approach to individual cases is informed by the specific circumstances presented by a case, not all of which are referred to or set out in this summary report.

This summary report must be read in conjunction with the relevant legislation. It does not provide a definitive interpretation of the law. The exercise of the regulator's powers in any particular case will depend upon the relevant facts and the outcome set out in this report may not be appropriate in other cases. This statement should not be read as limiting the regulator's discretion in any particular case to take such action as is appropriate. Employers and other parties should, where appropriate, seek legal advice on the facts of their particular case.

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Precision Carbide Tools, Comshare and EBC

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