

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Second Delegated Legislation Committee

PENSION PROTECTION FUND (MORATORIUM AND ARRANGEMENTS AND RECONSTRUCTIONS FOR COMPANIES IN FINANCIAL DIFFICULTY) REGULATIONS 2020

Monday 7 September 2020

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Friday 11 September 2020

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The Committee consisted of the following Members:

Chair: MRS SHERYLL MURRAY

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|---|---|
| † Afolami, Bim (<i>Hitchin and Harpenden</i>) (Con) | † Mohindra, Mr Gagan (<i>South West Hertfordshire</i>) (Con) |
| Antoniazzi, Tonia (<i>Gower</i>) (Lab) | † Morden, Jessica (<i>Newport East</i>) (Lab) |
| Byrne, Ian (<i>Liverpool, West Derby</i>) (Lab) | † Morris, Grahame (<i>Easington</i>) (Lab) |
| † Carter, Andy (<i>Warrington South</i>) (Con) | † Opperman, Guy (<i>Parliamentary Under-Secretary of State for Work and Pensions</i>) |
| † Docherty, Leo (<i>Aldershot</i>) (Con) | † Reynolds, Jonathan (<i>Stalybridge and Hyde</i>) (Lab/Co-op) |
| † Gibson, Peter (<i>Darlington</i>) (Con) | Thompson, Owen (<i>Midlothian</i>) (SNP) |
| † Higginbotham, Antony (<i>Burnley</i>) (Con) | Dominic Stockbridge, <i>Committee Clerk</i> |
| † Holden, Mr Richard (<i>North West Durham</i>) (Con) | |
| † Hunt, Tom (<i>Ipswich</i>) (Con) | |
| † Langan, Robert (<i>High Peak</i>) (Con) | |
| McKinnell, Catherine (<i>Newcastle upon Tyne North</i>) (Lab) | † attended the Committee |

Second Delegated Legislation Committee

Monday 7 September 2020

[MRS SHERYLL MURRAY *in the Chair*]

Pension Protection Fund (Moratorium and Arrangements and Reconstructions for Companies in Financial Difficulty) Regulations 2020

4.30 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Guy Opperman): I beg to move,

That the Committee has considered the Pension Protection Fund (Moratorium and Arrangements and Reconstructions for Companies in Financial Difficulty) Regulations 2020 (S.I. 2020, No. 693).

It is a pleasure to serve under your chairmanship, Mrs Murray. The regulations form part of the corporate insolvency and restructuring regime introduced by the Corporate Insolvency and Governance Act 2020, which Parliament passed in the summer. The Act introduced corporate restructuring tools, including a moratorium and restructuring plan, to keep companies going, particularly during this period of great economic uncertainty.

The regulations are for the pension element, and provide the board of the Pension Protection Fund—the statutory compensation scheme—with creditor rights in specified circumstances. That includes when a company, a limited liability partnership or a charitable incorporated organisation retains a moratorium from creditor action or a proposal on the restructure of the business, as applicable.

The Pension Protection Fund, as the Committee will be aware, pays compensation to eligible occupational pension scheme members when a sponsoring employer has become insolvent and the pension scheme's assets are insufficient to meet the scheme's liabilities. It was invented under the Labour Government and has been supported by all Governments since. It is funded mainly by a levy collected from eligible pension schemes.

In the circumstances, we believe that the regulations are vital for the continuation of the new regime, and I recommend them to the House.

4.31 pm

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Thank you, Mrs Murray, for letting me appear as a late substitute in Committee. My hon. Friend the Member for Birmingham, Erdington (Jack Dromey), the shadow Minister for Pensions, has been unavoidably detained this afternoon. I am grateful for the chance to be here. I send my hon. Friend and his constituents my best wishes, and I am sure those of the Committee, after the very distressing events in Birmingham over the weekend. We are all thinking about that part of the United Kingdom today.

Organisations of all kinds face unprecedented challenges due to the impact of coronavirus. It is right for the law to change to reflect that. Recent figures suggest that Britain's economy shrank by a fifth in the past quarter, and economists are warning us that we face risks of mass bankruptcies and job losses, particularly as Government support is set to be withdrawn in the coming months.

With that difficult context in mind, Labour supported measures in the Corporate Insolvency and Governance Act to help struggling businesses to remain open. We support the measures in the regulations to protect pension schemes when companies face financial difficulty, in particular by giving the Pension Protection Fund the ability to participate in the process. It is critical that the Government act to protect pension schemes at this difficult time.

The Minister is right to note the important role of the Pension Protection Fund in circumstances in which companies face financial difficulty. It is therefore crucial for the PPF to have access to, and influence over, the decisions about recovery plans in such circumstances. To that end, it is welcome that, further to assurances made by the Government during the passage of the Corporate Insolvency and Governance Act, this statutory instrument provides creditor and voting rights to the Pension Protection Fund, subject to appropriate constraints.

The Act, as was noted during its passage through Parliament, gives the Secretary of State considerable powers to intervene if restructuring plans and insolvency procedures are seeming to be abused to the detriment of pension scheme members. Will the Minister say a little more about the criteria to be used to assess the need for intervention? How will the Department for Work and Pensions stay vigilant about cases that may need its attention?

As I stressed at the outset, this is a period of unprecedented challenge to companies, as well as for partnerships and charities. We must all work to ensure that workers' pensions are protected and that they fall under the protection and within the remit of the legislation that we are considering today, particularly in cases where their employers or former employers are in understandable financial difficulty.

4.34 pm

Guy Opperman: I endorse the hon. Gentleman's comments on our good friend, the hon. Member for Birmingham, Erdington (Jack Dromey), who is much missed and to whom we send our best wishes, and on his sober and sensible approach to the disastrous events over the weekend. All of us in the House would echo his comments, and I applaud what he said.

With regard to Government support for pensions organisations and for automatic enrolment in the various coronavirus job retention schemes, this Government have a fantastic record on showing true support—from the Chancellor and the Secretary of State for Work and Pensions—for organisations that we all represent up and down the country. As a result of the regulations, we have powers to intervene to assist pension scheme members whom we all represent.

The criteria for intervention, as the hon. Gentleman will be aware, are no different for the particular roles of the Pensions Regulator or the Pension Protection Fund. The reality of the situation is that the Corporate Insolvency and Governance Act takes over and provides protections

for businesses. The regulations provide the support that we need for the Pension Protection Fund to do its job on an ongoing basis. I commend the regulations to the House.

Question put and agreed to.

4.36 pm

Committee rose.

