

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Sixth Delegated Legislation Committee

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

Tuesday 13 October 2020

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Saturday 17 October 2020

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The Committee consisted of the following Members:

Chair: MR LAURENCE ROBERTSON

† Afolami, Bim (*Hitchin and Harpenden*) (Con)
 Ali, Tahir (*Birmingham, Hall Green*) (Lab)
 † Antoniazzi, Tonia (*Gower*) (Lab)
 Betts, Mr Clive (*Sheffield South East*) (Lab)
 † Buck, Ms Karen (*Westminster North*) (Lab)
 † Docherty, Leo (*Aldershot*) (Con)
 † Drummond, Mrs Flick (*Meon Valley*) (Con)
 † Eshalomi, Florence (*Vauxhall*) (Lab/Co-op)
 † Fletcher, Nick (*Don Valley*) (Con)
 † Garnier, Mark (*Wyre Forest*) (Con)
 Hillier, Meg (*Hackney South and Shoreditch*) (Lab/
 Co-op)

† Nici, Lia (*Great Grimsby*) (Con)
 † Opperman, Guy (*Parliamentary Under-Secretary of
 State for Work and Pensions*)
 † Pawsey, Mark (*Rugby*) (Con)
 † Roberts, Rob (*Delyn*) (Con)
 Thompson, Owen (*Midlothian*) (SNP)
 † Vickers, Martin (*Cleethorpes*) (Con)

Nicholas Taylor, *Committee Clerk*

† **attended the Committee**

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Tuesday 13 October 2020

[MR LAURENCE ROBERTSON *in the Chair*]

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

2.30 pm

The Chair: Before we begin, may I remind Members about the social distancing regulations? Spaces available to Members are marked, and *Hansard* would be grateful if Members could send any speaking notes to hansardnotes@parliament.uk.

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) (Amendment and Revocation) Regulations 2020 (S.I., 2020, No. 990).

It is a pleasure to serve under your chairmanship, Mr Robertson. I am pleased to introduce these regulations, which were laid before the House on 15 September. They form part of the corporate insolvency and governance legislative regime and ensure that there is no gap in the application of its provisions. The Corporate Insolvency and Governance Act 2020, which we in this House passed in the summer, introduces important measures to give specified entities in financial difficulty the best chance of survival. This is part of a suite of measures to help businesses weather periods of economic uncertainty.

We debated one set of regulations on 7 September, and today's regulations extend the Pension Protection Fund's creditor rights to certain other entities, namely relevant co-operative and community benefit societies in the case of moratoriums, and relevant societies in the case of restructuring provisions. I commend the regulations to the Committee.

2.32 pm

Ms Karen Buck (Westminster North) (Lab): It is a pleasure to serve under your chairmanship, Mr Robertson, and I apologise on behalf of my hon. Friend the Member for Birmingham, Erdington (Jack Dromey), who is unable to be here today.

The Opposition supported the measures in the Corporate Insolvency and Governance Act to help struggling businesses remain open and viable and to strengthen the role of the Pension Protection Fund in the process, protecting the pension schemes of companies in financial difficulty. Today, we are happy to support these further regulations to support the Pension Protection Fund, granting similar powers to safeguard the pension schemes of co-operatives, community benefit societies and credit unions. The Minister is right to note the important role of the Pension Protection Fund in the UK pensions landscape.

I would like to ask the Minister a couple of questions. As we know, the country faces a dire economic outlook, with severe shocks being inflicted on many employers and many pension schemes. Will the Minister say a little more about what assessment the Department has made of the resilience of the Pension Protection Fund? What measures will be undertaken to ensure that the fund is ready and capable when it comes to absorbing the potentially thousands more pension scheme members who will require security over the coming year? Although the regulations are welcome, they do not entirely restore the position that the Pension Protection Fund occupied in restructuring situations before the Corporate Insolvency and Governance Act. Will the Minister keep that under review?

It is vital that the Government make changes to the law to protect and support companies and the jobs reliant on them during these times, but the Pension Protection Fund must also be protected to ensure its continued security for the thousands of scheme members who rely on it. Although we welcome the widening scope of the Pension Protection Fund to protect more scheme members, I urge the Minister to be constantly vigilant as to what safeguards are in place to protect the fund itself.

During this unprecedented time, we are all agreed that the hard-earned retirement income of workers must be protected. Every worker deserves nothing less than the simple assurance that their pensions must be protected for retirement, and we must all work to deliver this goal and ensure that the legislation we are considering today is well equipped to deliver it.

2.34 pm

Guy Opperman: I can assure the hon. Lady that the Government are constantly vigilant, and remain so. In all seriousness, the Pension Protection Fund is one of the great products of the Blair Government, and it has been supported by the coalition and Conservative Governments since then. Throughout the summer, I spoke on a number of occasions to the chairman and chief executive of the Pension Protection Fund to ensure that it is sustainable and functioning in a good way. They are confident that their long-term funding strategy and diverse investment approach gives them the ability to weather the current market volatility and any future challenges. Their modelling shows that the fund is well placed to achieve its self-sufficiency target. To put it broadly, the Pension Protection Fund members and members of defined benefit schemes can be confident in the fund's ability to continue to provide the compensation required and remain a robust safety net.

I am happy to write to the hon. Member for Westminster North in more detail if she wishes, but I would suggest that the PPF is well able to continue its level of resourcing, albeit that it is keeping it under review. We keep all matters to do with the Pension Protection Fund under review. It is an arm's length body, but it is also something with which the Department is very concerned. All Departments are obviously aware of the difficulties that followed the Corporate Insolvency and Governance Act in the summer and are continuing to take due action as we follow this through. I commend the regulations to the Committee.

Question put and agreed to.

2.35 pm

Committee rose.