

**Partnering agreement between
The Pensions Regulator
and
The Board of the Pension Protection Fund**

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i. Purpose

This Partnering Agreement (PAR) describes the principles behind the services that The Pensions Regulator (TPR) and the Board of the Pension Protection Fund (PPF) provide to each other. It includes a description of the services provided and, where appropriate, how that service is managed and monitored by the two organisations.

This PAR is supplementary to the Memorandum of Understanding (MoU), dated 10 March 2008 and reviewed 21 April 2010, between TPR and PPF. The MoU outlines the principles and governance structures that support and enable TPR and PPF to work together to deliver their respective obligations and to achieve an effective and efficient working relationship.

ii. Main principles

The main principles that each party will apply in relation to this PAR are:

- the exchange of information relevant to each organisation's responsibilities
- each organisation will consider service provision from the other, taking into account fair value and appropriate procurement requirements
- specification of the principles that underpin agreed levels of service (frequency, timeliness, accuracy tolerances, compliance against specification)
- clear governance arrangements covering both the MoU and PAR
- PPF, TPR or joint accountability for each issue covered in the MoU and PAR
- commercial underpin (eg charges for data or services) wherever appropriate.

iii. Commencement, review and cessation

The PAR came into effect on formal adoption by TPR and PPF in 2008 and will be subject to review biennially or otherwise when the organisations agree a review would be appropriate. The agreement will continue until such time as either organisation terminates the agreement by giving 3 months written notice to the other.

iv. Definitions

In this PAR and its Appendices, the following terms shall apply:

the 'Services' means the services that are required to be provided to PPF and TPR by the other organisation – as set out in this agreement.

'TPR' means The Pensions Regulator

'PPF' means the Board of the Pension Protection Fund

'Organisation' means either TPR or PPF

'DWP' means Department for Work and Pensions

'Scheme' means any eligible pension scheme (as defined in section 126 of the Pensions Act 2004) or any registrable scheme (as defined in section 59 of the Pensions Act 2004), as the context requires;

'Fraud Levy' means the levy imposed by regulations made under section 189 of the Pensions Act 2004 for the purposes of meeting expenditure out of the FCF in respect of occupational pension schemes.

'Initial Levy' means the levy imposed in respect of eligible schemes for the period ('the initial period') which began with the day appointed for this purpose by regulations made under section 174 of the Pensions Act 2004 (1 April 2005) and ends on the following 31 March (2006).

'Scheme return' means the scheme return required in respect of each registrable scheme in accordance with section 64 of the Pensions Act 2004.

'FCF' means the Fraud Compensation Fund as defined in section 188 of the Pensions Act 2004.

'RaFT' means the Risk and Funding Team of TPR.

'Clearance' means the voluntary process for obtaining a clearance statement from TPR, which gives assurance that TPR will not use its anti-avoidance powers in relation to that transaction or event.

'Anti-avoidance powers' means contribution notices under section 38 of the Pensions Act 2004 or financial support directions under section 43 of the Pensions Act 2004.

'Avoidance' means an issue or case to which TPR's anti-avoidance powers may be relevant.

'Warning Notice' means the notice given by TPR to persons who it appears to TPR would be affected by the regulatory action under consideration, in accordance with the standard procedure under section 96 of the Pensions Act 2004.

'Determination Notice' means the notice given by TPR of its determination whether to take the regulatory action under consideration to persons who it appears to TPR would be affected by it, in accordance with the standard procedure under section 96 of the Pensions Act 2004 or the special procedure under section 98 of the Pensions Act 2004.

'SCORE' is the definitive source of scheme data for registration and scheme return purposes.

'Exchange' is the regulator's online scheme return and scheme maintenance system. Data submitted via Exchange is held in SCORE.

v. Breaches of agreement and dispute resolution

- (i) TPR and PPF will initially endeavour to negotiate a settlement to any dispute between them arising out of, or in connection with, this agreement at an operational level.
- (ii) Failing settlement under (i), Executive directors of the organisations shall meet in an effort to resolve any disputes without recourse to other proceedings.
- (iii) If any dispute cannot be resolved by the respective Executive directors then that dispute shall be referred by either Executive director to their respective Chief executives for resolution.
- (iv) In the event that any such dispute cannot be resolved by the Chief executives, such dispute or difference shall be determined by referral to the Chairs of TPR and PPF. Either Chair may call upon the DWP to assist in the determination of the dispute.
- (v) The delivery of services under this agreement shall not cease or otherwise be delayed or disrupted by such a dispute, except to the extent that those services are the subject of the dispute.
- (vi) In the event that the services cannot be supplied in accordance with this agreement, both organisations shall agree the remedial action plan for corrective work. That action plan is to include the meeting of any additional cost as agreed by the organisations.

vi. Change control

- (i) If either organisation identifies a requirement for a change to the services, charges or obligations under this PAR, a change request notice will be sent to the other body detailing the change requirements (Appendix 1).
- (ii) The change request notice shall clearly specify the change requested, the purpose of the change, and the reasons why the change is required.
- (iii) On receipt of a change request notice the receiving organisation shall respond in writing to the other within a reasonable period of time, as agreed by both organisations at the time of the change request, clearly stating the effect the change will have on its obligations under the PAR, any alternative suggestions that could achieve the desired effect, the cost implications of implementing the change, how such costs are to be met, and the lead-in time required to implement the change.
- (iv) On receipt of the details to be provided in accordance with above, the organisation originating the change request notice will then decide whether or not to pursue the change, in agreement with the other organisation.

- (v) If the change is implemented, the amended services, obligations and charges shall then become the services, obligations and charges for the purpose of this agreement. In this event, this PAR, and if appropriate the MoU, shall be amended to reflect the amendments.

vii. Publication

A copy of the agreement will be published on the websites of TPR and PPF.

viii. Data

As stated in paragraph 19 of the MoU, TPR and PPF are committed to meeting their respective statutory obligations regarding the collection, storage and sharing of data and in particular under the Data Protection Act 1998 and the restricted information provisions under Sections 82 to 89 and 197 to 202 of the Pensions Act 2004. Both organisations will also ensure that that all data handling meets the mandatory requirements set by the Cabinet Office and all data sharing arrangements meet the requirements of the Information Commissioners Office and his codes of practice.

Nothing in this PAR affects this commitment in any way, and all obligations under this PAR to share or disclose data are subject to these statutory requirements.

Both organisations are committed to work together to improve the quality and value of our common and shared data, through the Joint Operations Working Group.

1. Levy collection

1.1 Fraud levy

Under section 189(8) of the Pensions Act 2004 PPF may require TPR to invoice and collect a fraud levy on behalf of PPF. If PPF decide to raise a fraud levy and to instruct TPR to carry out these functions on PPF's behalf, the relevant parties within the organisations will agree the method of carrying out those functions, at that time. PPF will confirm whether a fraud levy will be required, and if so, the levy rate, to TPR before 31 January in respect of the following financial year.

1.2 Initial levy

The 2005-2006 initial levy residual debt collection continues, and is subject to a separate arrangement between TPR and PPF outside of the scope of this PAR.

2. Customer support

2.1 Scope

This section of the agreement sets out the service levels and common practices required for joint working between the Customer support and Scheme return and Levy services teams of TPR, and the Corporate affairs directorate and Stakeholder support team of PPF.

2.2 Call transfers

TPR and PPF have dedicated direct dial telephone numbers for use when transferring calls between the two organisations. This will ensure that that the transferred call is automatically placed at the front of the receiving organisation's call queue.

When a call is transferred between organisations, the transferring operator will, where appropriate, inform the representative picking up the call from the receiving organisation, who is on the call and what the nature of the enquiry is, prior to the transfer being completed. If contact with the receiving body cannot be established, or if the caller requests it, the contact details for the correct organisation will be provided to the customer.

2.3 Email, letter and fax transfers

Emails and scanned copies of letters and faxes received by TPR or PPF which should be addressed entirely or partially to the other organisation shall, where appropriate, be forwarded by the receiving organisation to the relevant dedicated email address, and the customer advised of this action, within 48 hours of receipt. Any original letter or fax should be retained by the recipient organisation.

3. Scheme liaison – before and during PPF assessment

3.1 Scheme meetings

PPF will consult TPR in advance of liaising with schemes not already in assessment and provide adequate warning of any meetings or teleconferences being arranged. PPF and TPR will work collaboratively to share information about the scheme where appropriate and agree a plan of action to jointly address any issues identified. PPF will additionally inform TPR of any concerns they may have of fraudulent, or other suspicious activity, relating to a scheme not in assessment.

3.2 Sharing information regarding scheme risks

TPR and PPF will provide case specific information on high risk schemes (to be identified in a manner to be agreed between TPR and PPF from time to time) to each other to pool information to enable each organisation to fulfil its statutory functions. This will be done in accordance with agreed processes, to include review meetings as defined below.

In support of the process for sharing scheme information there will be 3 types of meeting for the exchange of information, where appropriate, as follows:

- (i) Director level meetings – primarily, but not exclusively, reviewing clearance and avoidance cases;
- (ii) Analyst meetings – primarily, but not exclusively, discussing relevant research findings and analysis;
- (iii) Longer term funding meetings – primarily, but not exclusively, discussing cases that meet criteria agreed by both organisations.

These will not be report driven meetings, rather business as usual meetings ensuring a flow of information at all levels between both organisations.

3.3 Liaison on schemes in assessment

PPF relationships staff will promptly alert the relevant investigatory teams in TPR of any concerns they may have of fraudulent, or other suspicious activity, relating to a scheme in assessment. TPR investigators will review the information provided and, where appropriate, share relevant information with PPF relationships staff on the progress of their review.

4. Avoidance and clearance cases

4.1 Scope

This section of the agreement sets out the service levels and common practices required for joint working between RaFT and the Recoveries and Assessment teams of PPF.

4.2 Provision of information and joint working

- (i) TPR and PPF will work collaboratively to provide case specific information where appropriate to each other to enable each organisation to fulfil its statutory obligations.
- (ii) TPR and PPF will, where appropriate, keep each other informed in a timely manner of relevant progress, proposed meetings and events in relation to any relevant active cases.
- (iii) TPR will reflect the outcome of clearance cases identified in (i) or (ii) above in any clearance warning and Determination Notices. During negotiations with relevant parties, both TPR and PPF will endeavour to arrange for drafts of clearance applications, and the final document, to be sent to both TPR and PPF where appropriate. This will facilitate TPR and PPF having early opportunity to comment on the final application submitted to TPR.
- (iv) If PPF identify issues that are potential avoidance or scheme abandonment issues, they will refer the case information to the Practice Management Group or Head of RaFT at TPR via APracticeManagementTeam@thepensionsregulator.gsi.gov.uk as soon as is reasonably practical from becoming aware of the issue.
- (v) TPR and PPF will ensure that sufficient staff resources are working on their cases. The resources will be determined by the relevant organisation, at the time, and can be subject to discussion between the two organisations.

5. Appointment of independent trustees

5.1 Scope

This section of the agreement sets out the service levels and common practices required for joint working between the Trustee services team of TPR and the relationships team of PPF.

5.2 Appointment of an independent trustee following an insolvency event

- (i) TPR has statutory powers to appoint trustees to schemes under the Pensions Act 1995 provided that certain criteria are met. These powers are subject to the standard or special procedure (as applicable) under sections 96 and 98 of the Pensions Act 2004.
- (ii) PPF will request the appointment of a trustee to a scheme that is entering into PPF assessment using TPR's trustee appointment application form and submitting it to ppf@thepensionsregulator.gsi.gov.uk. The information provided on the form must be fit for purpose and suitable for public disclosure and comply with the Data Protection Act and other relevant legislation.
- (iii) TPR will notify PPF of the caseworker handling the application, within a period to be agreed with PPF from time to time, of receipt of the application form.
- (iv) The TPR caseworker will consider the application with reference to the tests that need to be met for the use of TPR's statutory powers, and will request from PPF or any other party any other information that appears to be necessary to form an initial assessment of whether a trustee should be appointed.
- (v) If appropriate following consideration at (iv), TPR will ensure that a selection of independent trustees is invited to tender within a period to be agreed with PPF from time to time, of receipt of the application form from PPF and any other information required in accordance with (iv).
- (vi) If appropriate following consideration at (iv), TPR will issue a Warning Notice to all directly affected parties (if the standard procedure applies). The Warning Notice will specify how representations shall be made by directly affected parties and within what period.
- (vii) Following consideration of any representations made by directly affected parties, and unless the Warning Notice is withdrawn, a determination to appoint an independent trustee will be made by TPR.

5.3 Feedback on performance of independent trustees

PPF will provide TPR with feedback on the quality of service provided by independent trustees appointed to schemes in assessment at least quarterly as an output of the Trustee Good Practice Guide (TGPG) process – PPF's guidelines for trustees managing pension schemes through the PPF assessment period.

5.4 Removal of independent trustees

PPF can request that TPR exercise its powers to remove or replace an independent trustee from a scheme in assessment by providing sufficient evidence to allow TPR to consider whether the exercise of its powers may be appropriate.

6. Scheme return data

6.1 Scope

This section of the agreement sets out the service levels and common practices required for joint working between both organisations and to identify areas of commonality and to improve the sharing of data.

6.2 The Scheme return

The Scheme return captures information used by both TPR and PPF to carry out their individual and common statutory and regulatory functions and objectives, one being the promotion of good standards of scheme administration. PPF require specific data items for defined benefit (DB) and hybrid schemes, together with validation rules and associated help and guidance for the user. These requirements are subject to change from time to time. In addition, the timetable of the scheme return issue and collection is bound by regulatory and operational constraints, with scheme returns typically being requested from November each year and the resulting data being required by PPF as at 31 March the following year. This section sets out the principles around this process.

6.3 Collection and sharing of scheme return data

- (i) TPR keeps the data in SCORE and is responsible for the maintenance and operation of SCORE.
- (ii) TPR will provide PPF with updated data for the data items required by PPF to undertake its statutory functions (as agreed by and kept under review through the Joint Operations Working Group). Data will be provided as at 31 March, post DRC submission cut-off (normally early April) and post block transfer submission cut-off (normally end of June) annually; and at other times at the request of PPF subject to 10 days notice.
- (iii) PPF must direct schemes to update their data using Exchange, or inform TPR directly, if they are aware that the data is inaccurate.
- (iv) TPR will use the data on SCORE at the time of issue of the scheme return notice, to facilitate the issuing of that notice
- (v) PPF will, from time to time, provide TPR with data to enable scheme data on SCORE to be updated.

6.4 Scheme return eligibility enquiries and changes in eligibility status

- (i) PPF are responsible for determining eligibility for PPF entry and will inform TPR in sufficient time prior to issue of scheme return notices.
- (ii) TPR will inform PPF directly if TPR has any significant concerns that the eligibility of a scheme may be affected – which PPF will respond to as per agreed schedules.

6.5 Scheme return requirements

1. The scheme return evolves over time, with PPF initiating a number of changes annually.
2. PPF must inform TPR as soon as possible, as per agreed schedules, about the type and scale of any proposed changes in order that they can be developed and tested in time for the next release of Exchange.
3. Part of this assessment will be whether the changes can be considered 'incremental' or 'major'.
4. PPF and TPR will liaise regularly to monitor progress of such developments and PPF will provide testing resource to agreed timescales; and sign-off on requirements specifically requested by them.

6.6 Incremental changes – development approach

- (i) TPR will implement incremental changes without additional funding provided they are agreed by 31 May in the year of release (ie 5 months prior to release) including data definition, validation rule and wording; subject to approval by TPR's Data Panel and that PPF can demonstrate a robust analysis of the requirement in respect of impact on scheme burden, namely the level of provision of information by schemes.

6.7 Major IT developments and process changes requested by PPF

- (i) Changes assessed as major will need additional funding through Grant-in-Aid or cross-charge to PPF, requiring an earlier indication of the type and scale of the change.
- (ii) This timescale must allow TPR and PPF to jointly develop outline business requirements by 31 December (10 months prior to release and in time to meet budget planning and approval).
- (iii) In the case of approved major changes, as agreed by the Joint Working Operations Group, TPR will develop detailed requirements and project plan by 30 April (6 months prior to release).

SIGNED for and on behalf of
The Pensions Regulator

SIGNED for and on behalf of the
Board of the Pension Protection Fund

Signature.....

Signature.....

Name: Tony Hobman

Name: Alan Rubenstein

Position: Chief executive

Position: Chief executive

Date:

Date:

The Pensions
Regulator

Pension
Protection
Fund

**Appendix 1:
Partnering agreement change request notice**

| | |
|---|------------------------|
| Requested by: TPR/PPF | Date: |
| Name: | Job title: |
| Title of change | |
| Description of change | |
| Implementation timetable | |
| Service(s) required | |
| Service level required | |
| TPR/PPF obligations | |
| Impact on other aspects of the Partnering agreement not already specified | |
| Accepted/Rejected | (Reason for rejection) |
| Name: | Job title: |