

Case Study: The Pensions Regulator (TPR)

1. Summary of the Project

People in the UK aren't saving enough for their retirement. It is estimated that around seven million people have no pension provision of their own. The Government has put in place a programme of work the intention of which is to *"improve individual outcomes in retirement by making it easier and more attractive to save."*

There are two key elements to this:

- From 2012 all employers must automatically enroll jobholders into a qualifying workplace pension scheme and to offer a minimum pension contribution equal to 3% of eligible pay.
- Alongside this, government will ensure the creation of a simple low-cost pension saving scheme aimed at moderate to low earners who currently do not have access to a work place pension.

The Employer Compliance Regime (ECR) will ensure that employers meet their obligations and will be run by the Pensions Regulator (TPR) alongside its existing responsibilities.

2. The Business Challenge/s

The **key challenge** for TPR is to deliver a regime that ensures compliance between two third parties – *employers* who have pensions' duties towards their *employees*. Key elements of this challenge include:

- Establishing a relationship with a new – and substantial – customer base: employers rather than pensions providers.
- Transforming behaviours so that all employers register for auto-enrolment giving more employees the opportunity to save for retirement through a work-based pension scheme.
- Understanding and addressing the differences between establishing effective compliance for the new pension regime, rather than regulating an industry.
- Ensuring that the delivery of its existing objectives is not compromised by the new responsibilities.

3. How we were able to help

Jim Scopes was responsible for:

- Delivering the first two versions of the compliance strategy for ECR. This will essentially become the operational strategy for the new business – setting out how the measures of success will be delivered. This must strike a balance between ensuring that employers understand and comply with their new duties, whilst minimizing the burden on business. The compliance strategy provides the framework and context for managing and delivering the business design and requirements for the new regime.
- Leading and managing the design Workstream through a critical phase that converted emerging policy requirements into a coherent end-to-end design capable of being understood and delivered by internal and external providers.

4. The Outcome

The Compliance Strategy draws on best practice from across government and was signed off by the executive team. It provides the foundation for the detailed approach to compliance and enforcement that will be used in the new regime aiming for the new service to:

- Apply the 5 principles of best practice in regulation (proportionate, accountable, consistent, transparent, and targeted)
- Work throughout the value chain to maximise compliance – but with a belief that early stages (enabling and increasing understanding) are particularly important ('prevention is better than cure')
- Aim to establish compliance as the norm from the start of the new duties.

In addition, Jim established a strong foundation of thinking for the end-to-end design, putting in place the products needed to ensure that the ECR programme have a successful and constructive competitive dialogue with a range of potential suppliers.

5. Reference

"Jim's contribution to ECR has been invaluable, giving me confidence that we have a fully thought-through end-to-end design and a robust and enforceable compliance strategy. As a result I have high hopes for a very successful engagement with potential suppliers over the next few months."

Graham Brammer, Executive Director at The Pensions Regulator