

Editorial

Goode on Pensions

The Report of the Pension Law Review Committee, chaired by Professor Roy Goode, was published on 30 September, two years after the scandal of Robert Maxwell's fraudulent misappropriation of the Mirror pensions fund came to light. It is an impressive document, a thousand pages long, based on some 15 months of deliberation, in which the Committee received nearly 1,700 submissions. Its proposals affect 11 million people (nearly half of those currently in employment) who are members of occupational pension schemes – many of whom are largely in the dark about how their schemes are being managed. One important and highly commendable proposal by the Goode Committee is that every member of such a scheme should receive an annual report, written in plain English.

The Committee finds most occupational pensions scheme to be well run and as giving no cause for concern. However, as the Maxwell scandal all too clearly demonstrated, there is no room for complacency: the regulatory machinery leaves a lot to be

desired and there is too much scope for buck-passing. At the heart of the package of proposals is a new Occupational Pensions Schemes Act to lay out a framework of rights and duties, and a Pensions Regulator to oversee occupational pensions schemes, in place of the Occupational Pensions Board. There should be simplification and rationalisation of the statutory and other rules that affect pensions schemes: the Report says, quite rightly, that it is better to have relatively few rules that are properly enforced than a proliferation of regulations that are regularly broken for lack of effective monitoring and enforcement.

The Report also recommends (with Maxwell very much in mind) a tightening up of the rules relating to payments from pension funds to the employer, with the regulator's approval being required for all such payments; also, the introduction of a minimum solvency requirement for all funded schemes, with powers to the new regulator to intervene when funds are being managed badly or dishonestly. There should be a compensation fund for members who are victims of fraud or

misappropriation. The role of the Pensions Ombudsman should be extended, and the Occupational Pensions Advisory Service (Opas) should be given sufficient financial support to enable it to employ paid conciliation staff.

The Report has generally been welcomed, despite some muttering about the "vagueness" of some of its recommendations. The Committee estimates that it may take up to five years for the Report to be implemented. It is quite possible that the government will drag its feet, not so much over the substance of the package as over its cost (*eg* the extra resources needed to beef up the ombudsman and Opas). This would be short-sighted. The Goode Report, produced remarkably quickly, given the technicality of its subject-matter, is a substantial and welcome contribution to an issue of great concern to a great many people, and borne of one of the great financial scandals of modern times. Its proposals offer excellent value for money.

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