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Confidential

Secretariat to the Review of Pensions Institutions
The Adelphi
Level 3
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23 March 2007

Dear Sirs

Review of Pensions Institutions – Consultation Paper on Emerging Issues

1. This response to the Consultation Paper on emerging issues is made by Electricity Pensions Services Limited, the central administrator for the Electricity Supply Pension Scheme (ESPS).
2. The response relates in particular to the arguments relating to bringing the PPF and TPR closer together.
3. The ESPS is a top five UK occupational pension scheme by value of assets under management (some £22 billion as at 31 March 2006), and has some 203,000 members. It is a primarily DB two tier scheme currently comprising 20 actuarially independent sections (“Groups”), each with their own Principal Employer. This response however does not reflect consultation with ESPS Group or Employers, but sets out views based on our practical experience as central administrator for the Scheme.
4. In principle we support the cases for “joined up Government” and simplification in relation to pensions. There are too many organisations involved (from HMT and DWP downwards) and everything related to DB occupational pensions provision has become too prescriptive and complex.
5. However, we are not persuaded that further change would be helpful at this time unless it very clearly removes unnecessarily prescriptive and “one size fits all” regulation altogether.
6. We therefore find the arguments in favour of making no change to the current institutional arrangements, as set out in relation to PPF and TPR in paragraph 22 of the Consultation Paper, very persuasive, especially at this time.
7. In particular:
 - We are concerned about the distraction from “getting on with the job” that a PPF/TPR merger would entail;
 - We believe that the roles and functions of the two organisations are fundamentally different;

- We consider the points about checks and balances, and conflicts of interest, to be important;
 - We believe that a merger might lead (unhelpfully) to an even more “risk-averse, regulation-dominated” protection regime;
 - We suspect that a combined organisation would need to introduce “Chinese walls” such that it might not in practice operate in an efficient, effective and streamlined way.
8. We have not considered other aspects of the Consultation Paper in great detail. However, in general terms:
- We see no current advantage in bringing FSA and TPR closer together;
 - We do not have strong views on the independence and roles of TPAS, PO, PPFO, PRT, FOS, and FSCS, with which in general (apart from occasional PO references) we do not have regular involvement.
9. I hope you find these comments helpful.
10. Please acknowledge receipt.