

### State Pension Reform: Impact on University Sponsored Defined Benefit Pension Plans

The State Second Pension will be abolished from 6 April 2016. From this date, all standalone defined benefit pension plans that still contract-out of the State Second Pension will cease to do so. As a consequence, university sponsoring employers and active members of these pension plans will see their lower, contracted-out National Insurance (NI) contribution rates end. Employers and active member NI contributions will increase to the standard rate (which will see a 3.4% increase for employers and a 1.4% increase for active members).

A new statutory amendment power will allow standalone defined benefit pension plans to be amended by a university, so as to offset the effects of the end of lower employer NI contributions from 6 April 2016. The power lies with the university alone and can be exercised regardless of any restrictions in the pension plan rules. Amendments can be made at any time from now until 5 April 2021, but will only be able to operate on or after 6 April 2016.

University employers wishing to amend their pension plans need to understand the key stages and action required to implement any changes. For more details, [please see our article](#).

**Georgina A. Rankin:** Partner, Pensions  
T +44 121 222 3658, E [georgina.rankin@squirepb.com](mailto:georgina.rankin@squirepb.com)

### Gender Pay Equality in 2016?

2016 promises to be another "interesting" year for employers and the issue of gender pay equality is likely to be high on many employers "to do" lists.

It has been unlawful since the Equal Pay Act 1970 (46 years ago) to pay women less than men to perform like work (or work of equal value), but the gender pay gap still exists. Prior attempts by both this and previous governments to tackle this issue have failed. Adopting the mantra that with greater transparency will come greater fairness, the Government will introduce regulations before 26 March 2016 which will make it compulsory for organisations with 250 or more employees to publish information about the difference in pay between men and women. Details of what this will look like in practice and specifically how and when employers will be required to publish this data are eagerly awaited.

We will continue to monitor this issue for our clients.

**Paula Cole:** Partner, Labour & Employment  
T +44 161 830 5390, E [paula.cole@squirepb.com](mailto:paula.cole@squirepb.com)

### Switching to Combined Heat and Power?

Combined Heat and Power (CHP) is the simultaneous production of heat and power by specialist CHP equipment installed on site, providing a one-stop-shop solution for heating, hot water, electricity and cooling, coupled with long-term costs savings. Typically, an energy services provider will supply, install and take full responsibility for the operation and maintenance of the CHP plant for 15 years and may provide guaranteed energy savings. Any surplus energy produced may be sold back to the grid.

Innovative funding models and financial incentives are available and schemes may be structured off balance sheet, often with no upfront capital investment. Our legal team has more than 15 years' worth of experience in putting together CHP schemes and is well placed in the industry to put you in contact with the right contractors, investors and funders to make your project a success.

[Read further details here.](#)

**Robert Norris:** Partner, Litigation  
T +44 121 222 3234, E [robert.norris@squirepb.com](mailto:robert.norris@squirepb.com)

**Paul Brennan:** Consultant, Energy & Natural Resources  
T +44 121 222 3315, E [paul.brennan@squirepb.com](mailto:paul.brennan@squirepb.com)

**Raymond O'Connor:** Senior Associate, Litigation  
T +44 121 222 3129, E [ray.oconnor@squirepb.com](mailto:ray.oconnor@squirepb.com)

### Payment of Rent on the Exercise of a Break in a Lease

The Supreme Court recently confirmed (in *Marks & Spencer Plc v BNP Paribas*) that the Court will not, where a break clause has been exercised, imply a term into a lease to allow a tenant to recover rent, or any other payments, made in advance (and covering the period after the break date) where there is no express term in the lease.

Tenants should, therefore, ensure that their leases expressly provide for a refund of advance rents, and any other payments, for the period from the break date up to the next rent payment date. Conversely, landlords should ensure that they take a firm stance, by retaining payments previously received, to any tenant who exercises a break and demands a refund of sums paid in advance where there is no express provision in the lease.

If you would like more information on exercising or dealing with lease break rights please contact one of the individuals listed.

**Andrew Walker:** Partner, Real Estate Litigation  
T +44 121 222 3122, E [andrew.walker@squirepb.com](mailto:andrew.walker@squirepb.com)

**Kimberley Shepherd:** Associate, Real Estate Litigation  
T +44 121 222 3148, E [kimberley.shepherd@squirepb.com](mailto:kimberley.shepherd@squirepb.com)