Draft Regulations laid before Parliament under section 316(2)(a) and (g) of the Pensions Act 2004, for approval by resolution of each House of Parliament.

D R A F T S T A T U T O R Y I N S T R U M E N T S

2007 No.

PENSIONS

The Occupational Pension Schemes (Levies) (Amendment) Regulations 2007

Made - - - - 2007

Coming into force in accordance with regulation 1(2) and (3)

These Regulations are made in exercise of the powers conferred by sections 117(1), (3) and (7)(b), 209(7) and (8), 315(2) and (5) and 318(1) of the Pensions Act 2004(**a**).

In accordance with section 117(4) of that Act the Secretary of State for Work and Pensions has consulted the Board of the Pension Protection Fund(**b**).

In accordance with section 317(1) of that Act the Secretary of State for Work and Pensions has consulted such persons as he considers appropriate.

In accordance with section 316(2)(a) and (g) of that Act a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

Accordingly the Secretary of State for Work and Pensions makes the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Occupational Pension Schemes (Levies) (Amendment) Regulations 2007.

(2) This regulation and regulation 4 shall come into force on 30th March 2007.

(3) Regulations 2, 3 and 5 shall come into force on 1st April 2007.

(4) In these Regulations "the Levies Regulations" means the Occupational Pension Schemes (Levies) Regulations 2005(**c**).

Removal of references to the PPF Ombudsman levy

2.—(1) The Levies Regulations are amended in accordance with this regulation (see also regulations 3 and 4 which make further amendments).

(**a**) 2004 c.35. Section 318(1) is cited because of the meaning there given to "prescribed" and "regulations".
(**b**) The Board of the Pension Protection Fund is established by section 107 of the Pensions Act 2004.
(**c**) S.I. 2005/842, amended by S.I. 2006/935.

(2) In regulation 2 (interpretation), omit the definition of "the PPF Ombudsman levy".

(3) For the heading to Part 2 substitute "ADMINISTRATION LEVY".

(4) Omit regulation 3 (meaning of "the levies" in Part 2).

(5) In regulation 4 (liability for the levies)—

(a) for the heading substitute "Liability for the administration levy";

(b) omit paragraph (2);

(c) in paragraph (3), for "Subject to paragraph (4), the levies are" substitute "The administration levy is";

(d) omit paragraph (4)(**a**);

(e) in paragraph (5), for "The levies in respect of a financial year are" substitute "The administration levy in respect of a financial year is"; and

(f) in paragraph (6), for "the levies are" substitute "the administration levy is".

(6) In regulation 5(1) (the reference day), for "each of the levies" substitute "the administration levy".

(7) In regulation 7(2) (schemes eligible for only part of the financial year), for "each of the levies" substitute "the administration levy".

(8) In regulation 13(1)(**b**) (meaning of "the levies" in Part 4), omit ", the PPF Ombudsman levy".

(9) In regulation 18(4)(**c**) (avoidance of double liability: schemes in Northern Ireland), omit sub-paragraph (b).

The administration levy

3. For regulation 6(2) of the Levies Regulations(**d**) (the amount payable) substitute—

"(2) This is the table for the administration levy for the financial year ending with 31st March 2008—

Column 1	*Column 2*	*Column 3*
Number of members on the reference day	*Amount of levy calculated by reference to number of members (M)*	*Minimum amount of levy*
2 to 11		£35
12 to 99	£3.70 x M	
100 to 999	£2.66 x M	£370
1,000 to 4,999	£2.07 x M	£2,670
5,000 to 9,999	£1.57 x M	£10,360
10,000 or more	£1.10 x M	£15,690.".

Waiver of the administration levy

4. After regulation 7 of the Levies Regulations (schemes eligible for only part of the financial year) insert—

"Waiver of the administration levy

7A.—(1) This regulation applies to an eligible scheme if, in respect of a financial year—

(**a**) Regulation 4(4) was amended by regulation 2(2) of S.I. 2006/935.
(**b**) Regulation 13(1) was amended by regulation 2(5)(a) of S.I. 2006/935.
(**c**) Regulation 18(4)(b) was amended by regulation 2(8)(a) of S.I. 2006/935.
(**d**) Regulation 6(2) was amended by regulation 2(4) of S.I. 2006/935.

(a) any amount payable by way of any pension protection levy in respect of the scheme is waived under regulations made under section 181(8)(b) of the 2004 Act; and

(b) the scheme is not a scheme which is authorised under section 153 of the 2004 Act(**a**) to continue as a closed scheme.

(2) In respect of the same financial year, any amount payable by way of the administration levy in respect of the scheme is also waived.".

Revocations

5. Paragraphs (2), (4) and (8)(a) of regulation 2 of the Occupational Pension Schemes (Levies) (Amendment) Regulations 2006(**b**) (amendment of the Levies Regulations) are revoked.

Signed by authority of the Secretary of State for Work and Pensions.

Minister of State,
2007 Department for Work and Pensions

(**a**) Section 153 of the Pensions Act 2004 is modified in its application to partially guaranteed schemes by S.I. 2005/277 and in its application to multi-employer schemes by S.I. 2005/441 (relevant amending instruments are S.I. 2005/993 and 2113).
(**b**) S.I. 2006/935.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make amendments to the Occupational Pension Schemes (Levies) Regulations 2005 (S.I. 2005/842) ("the Levies Regulations").

Regulation 2 removes from the Levies Regulations all references to the PPF Ombudsman levy. This is the levy for the purpose of meeting expenditure of the Secretary of State under section 209(6) of the Pensions Act 2004 ("the 2004 Act") (expenditure relating to the Ombudsman for the Board of the Pension Protection Fund) ("the Board").

Regulation 3 substitutes regulation 6(2) of the Levies Regulations. This specifies the rate at which the administration levy is payable. This is the levy for the purpose of meeting expenditure of the Secretary of State under section 117(1) of the 2004 Act (expenditure relating to establishment of the Board its administration costs). For the financial year ending with 31st March 2008, there is an increase to the basis of the calculation of the levy in the range of 47% to 49% (see column 2 of the table inserted by regulation 3). The increase to the level of the minimum amount payable is in the range of 45% to 49% (see column 3 of that table). The increases are based on costs incurred in establishing the Board, the Board's estimate of its administration costs requirement for 2007/2008 and changes in scheme membership data.

Regulation 4 inserts a new regulation 7A into the Levies Regulations. This sets out the circumstances of a waiver of the administration levy payable in respect of an eligible scheme. If any pension protection levy payable in respect of the scheme has been waived for a financial year, the administration levy for that year is also waived.

Regulation 5 revokes regulation 2(2), (4) and (8)(a) of the Occupational Pension Schemes (Levies) (Amendment) Regulations 2006 (S.I. 2006/935). These provisions contain amendments to the Levies Regulations which are superseded by amendments made by regulations 2 and 3 of these Regulations.

These Regulations have only a negligible impact on the cost of business, charities or the voluntary sector. Publication of a full Regulatory Impact Assessment is not necessary for such legislation.

£3.00

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E0175 2/2007 170175T 19585