EXPLANATORY MEMORANDUM TO

THE OCCUPATIONAL AND PERSONAL PENSION SCHEMES (GENERAL LEVY) (AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2021

S.R. 2021 No. 60

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2 The Statutory Rule is made under sections 170 and 177(2) and (3) of the Pension Schemes (Northern Ireland) Act 1993 and is subject to the negative resolution procedure before the Assembly.

2. Purpose

2.1 These Regulations give effect to a new structure, and to new rates, that will be used to calculate the general levy payable by occupational pension schemes and personal pension schemes.

3. Background

3.1 Section 170 of the Pension Schemes (Northern Ireland) Act 1993 allows for the administration costs of the Pensions Regulator and the Pensions Ombudsman, and in part the Money and Pensions Service to be recovered by means of an annual general levy on occupational and personal pension schemes. The Regulator, the Ombudsman and the Money and Pensions Service play a vital role in ensuring that scheme members' interests are safeguarded and that members have access to impartial advice. The rate of the general levy is set out in Regulations and is reviewed annually.

3.2 The general levy is payable by eligible pension schemes and the amount payable is calculated on a sliding scale depending on the numbers of scheme members. It is collected annually by the Pensions Regulator on behalf of the Department and the Department for Work and Pensions. It recovers the core running costs of the Pensions Regulator, the Pensions Ombudsman and, for example, the pensions guidance function of the Money and Pensions Service. The general levy rates were last increased in 2008-2009. The rates were then reduced by 13% in 2012-2013 and have remained at the same level for most pension schemes since then.

3.3 The general levy rates have not been increased in line with movements in inflation but are reviewed annually to ensure that an appropriate amount is being raised by the levy to meet the costs that are being incurred. The most recent review found that the levy is in deficit. The general levy rates have not kept up with inflation and there has been growth in the levy-funded

bodies due to significant changes in the pensions industry and regulatory landscape. A change to the general levy rates is needed to begin to recover the accruing deficit and meet forecasted relevant expenditure of the above bodies.

3.4 These Regulations help to achieve this by introducing changes to the structure and rates of the general levy on occupational and personal pension schemes from April 2021, 2022 and 2023.

4. Consultation

4.1 There is no requirement to consult on these Regulations as they make in relation to Northern Ireland only provision corresponding to provision contained in regulations made by the Secretary of State for Work and Pensions in relation to Great Britain.

5. Equality Impact

5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for these Regulations and, as they merely amend the rate of the general levy payable by pension schemes, has concluded that they do not have significant implications for equality of opportunity. In light of this, the Department considers that an Equality Impact Assessment is not necessary.

6. Regulatory Impact

6.1 These Regulations do not require a Regulatory Impact Assessment as they amend an existing statutory levy regime and have only a negligible impact on costs on business, charities or voluntary bodies.

7. Financial Implications

7.1 None for the Department.

8. Section 24 of the Northern Ireland Act 1998

8.1 The Department is content that this Order complies with section 24 of the Northern Ireland Act 1998 (Convention rights, etc.).

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The corresponding Great Britain Regulations are the Occupational and Personal Pension Schemes (General Levy) (Amendment) Regulations 2021 (S.I. 2021/214) which come into force on 1st April 2021. Parity of timing and substance is an integral part of the maintenance of single systems of

social security, child support and pensions in line with section 87 of the Northern Ireland Act 1998.