EXPLANATORY MEMORANDUM TO

THE PENSION PROTECTION FUND AND OCCUPATIONAL PENSION SCHEMES (LEVY CEILING) ORDER (NORTHERN IRELAND) 2025

S.R. 2025 No. 38

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 Articles 161 and 287(3) of the Pensions (Northern Ireland) Order 2005 and is subject to the negative resolution procedure.

2. Purpose

2.1 This Order specifies the Pension Protection Fund levy ceiling for the financial year beginning on 1st April 2025.

3. Background

3.1 The Pensions Act 2004 set up the Pension Protection Fund, on a UK-wide basis, to provide compensation for members of eligible occupational pension schemes, where the sponsoring employer is insolvent and the scheme has insufficient assets to pay benefits at Fund compensation levels. The compensation is funded through annual pension protection levies imposed by the Fund and charged to all qualifying defined benefit occupational pension schemes. The levy ceiling is a control mechanism which ensures the amount raised through the pension protection levies by the Fund does not exceed a prescribed maximum.

3.2 Whenever the Secretary of State for Work and Pensions makes a levy ceiling order under the Pensions Act 2004, the Department is empowered to make a corresponding order. The Department has no power to set different amounts for Northern Ireland.

3.3 This Order sets the amount of the levy ceiling for the 2025-2026 year at £1,403,184,443.44.

4. Consultation

4.1 There is no requirement to consult on this Order.

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 this Order and, as they merely discharge the Department's statutory duty to increase the amount of the levy ceiling, 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 This Order does not require a Regulatory Impact Assessment as it relates to an existing regulatory regime by a pre-determined formula and has 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 Order is the Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling) Order 2025 (S.I. 2025/103) which comes into force on 14th March 2025. 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.