EXPLANATORY MEMORANDUM TO THE

PENSION PROTECTION FUND (REVIEW AND RECONSIDERATION OF REVIEWABLE MATTERS) REGULATIONS 2005

2005 No. 669

1. This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.

2. **Description**

2.1 The Pension Protection Fund (PPF) is a new non-departmental public body. The Board of the PPF is established under section 107 of the Pensions Act 2004 (the Act).

2.2 Schedule 9 to the Act lists the decisions by the PPF Board that can be disputed. Any disputes that are raised will be dealt with by a two stage internal review process. If this process does not resolve the matter to the satisfaction of those concerned, the matter can be referred to the independent PPF Ombudsman.

2.3 This instrument sets out the procedures for dealing with the PPF's two stage, internal review process. For example, the instrument provides who can dispute each of the reviewable matters, the time for making applications and the make up of the Reconsideration Committee of the Board, (which will deal with the second stage review and be independent of earlier decisions relating to the reviewable matter in question).

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None.

4. **Legislative Background**

4.1 The Act received Royal Assent on 18th November 2004. This is the first use of the power under section 207 of the Pensions Act 2004.

4.2 The PPF opens for business on 6th April 2005. These regulations need to come into force on the same date, to ensure that the required mechanisms are in place for dealing with any disputes that arise due to decisions made by the PPF Board or, in certain cases, the Board's failure to reach a decision within timelimits to be prescribed in regulations made under section 206 of the Act.

5. **Extent**

5.1 This instrument applies to Great Britain.

6. **European Convention on Human Rights**

6.1 Not applicable.

7. **Policy Background**

7.1 The PPF will provide members of eligible occupational pension schemes with compensation if their employer becomes insolvent on or after 6th April 2005, if there are insufficient assets in the pension scheme to cover the PPF levels of compensation.

7.2 The regulations set out the procedures for the two stage internal review process which will deal with disputes raised on PPF decisions. The regulations set out, for example, who can request a review and the time limits for doing so.

7.3 These regulations have been subject to formal consultation with the Council on Tribunals, as required by legislation. DWP have taken their views into consideration in revising the draft regulations, and they are now content.

7.4 No other further formal consultation has taken place, as these regulations are being made within six months, beginning with the coming into force of the provisions of the Act by virtue of which they are made. However, the draft regulations were issued for very brief, informal, consultation to the Chairman and Chief Executive of the PPF, the Pensions Ombudsman, the Confederation of British Industry, the Association of British Insurers, the Trades Union Congress, the Occupational Pensions Regulatory Authority and the National Association of Pension Funds.

7.4 There is no need to refer the regulations to SSAC as the PPF is a NDPB and does not provide Social Security benefits.

8. **Impact**

8.1 A Regulatory Impact Assessment has not been prepared for this Instrument as it has no impact on business, charities or voluntary bodies.

8.2 We do not envisage that the regulations will have any impact on the public sector.

9. **Contact**

9.1 Carole Jones at the Department for Work and Pensions Tel: 020 7712 2845 or email: carole.jones@dwp.gsi.gov.uk can answer any queries regarding this instrument.