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STATUTORY INSTRUMENTS

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**2006 No. 2692**

**PENSIONS**

**The Pension Protection Fund (Levy Ceiling) Regulations 2006**

<i>Made</i>	- - - -	<i>10th October 2006</i>
<i>Laid before Parliament</i>		<i>16th October 2006</i>
<i>Coming into force</i>	- -	<i>6th November 2006</i>

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by sections 177(4), 178(4), (7) and (9), 315(2) and (4) and 318(1) of the Pensions Act 2004<sup>(1)</sup>.

Regulation 2 is made with the approval of the Treasury<sup>(2)</sup>.

This instrument contains regulations made before the end of the period of six months beginning with the coming into force of the provisions of that Act by virtue of which it is made<sup>(3)</sup>.

**Citation, commencement and interpretation**

1.—(1) These Regulations may be cited as the Pension Protection Fund (Levy Ceiling) Regulations 2006 and shall come into force on 6th November 2006.

(2) In these Regulations, “the Act” means the Pensions Act 2004<sup>(4)</sup>.

**Amounts to be raised by the pension protection levies in 2007-2008**

2. For the first financial year after the transitional period<sup>(5)</sup>, the reference in section 177(2) of the Act (amounts to be raised by the pension protection levies) to “the levy ceiling for the financial year”<sup>(6)</sup> shall be read as if it were a reference to “£718,750,000”.

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- (1) [2004 c.35](#). Section 318(1) is cited because of the meaning there given to “modifications”, “prescribed” and “regulations”.
- (2) *See* section 177(8) of the Pensions Act 2004 (“the Act”).
- (3) *See* section 317 of the Act which provides that the Secretary of State must consult such persons as he considers appropriate before making regulations by virtue of the provisions of that Act (other than Part 8). This duty does not apply where regulations are made before the end of six months beginning with the coming into force of the provisions of that Act by virtue of which the regulations are made.
- (4) Section 175 of the Act is modified in its application to multi-employer schemes by [S.I. 2005/441](#), as amended by [S.I. 2005/993](#) and [2113](#), and by [S.I. 2006/566](#).
- (5) *See* regulation 2 of [S.I. 2006/566](#) which provides that the transitional period is the period of 12 months beginning on 1st April 2006.
- (6) *See* article 2 of [S.I. 2006/742](#) which provides that the levy ceiling for the financial year beginning on 1st April 2006 is £775,000,000.

**Prescribed date for the purposes of section 178 of the Act**

3. For the purposes of the definition of “review period” in section 178(4) of the Act (the levy ceiling), the date in the previous financial year on which the period of 12 months ended is 31st July.

**Prescribed period for the purposes of section 178 of the Act**

4. For the purposes of section 178(7) of the Act, the period before the beginning of which the Secretary of State must discharge the duties imposed by section 178(5) and (6) of the Act in respect of a review period is the period which begins on 1st March and which ends at the time the first financial year after the review period begins.

**Manner of consultation**

5. The prescribed manner for the consultation required under section 178(9) of the Act is that—
- (a) the Board shall set out in a consultation document the methods it proposes to use in order to decide on its recommendation to the Secretary of State under section 178(8) of the Act;
  - (b) the Board shall publish the consultation document—
    - (i) on the Pension Protection Fund website<sup>(7)</sup>; and
    - (ii) where any person so requests, in a paper format provided by the Board to that person; and
  - (c) the Board shall publish a summary of non-confidential responses received in relation to that consultation, and its responses to those responses—
    - (i) on the Pension Protection Fund website; and
    - (ii) where any person so requests, in a paper format provided by the Board to that person.

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

10th October 2006

*James Purnell*  
Minister of State,  
Department for Work and Pensions

We approve,

10th October 2006

*Dave Watts*  
*Claire Ward*  
Two of the Lords Commissioners of Her  
Majesty’s Treasury

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(7) The Pension Protection Fund website is situated at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk).

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations make provision relating to various requirements under sections 177 and 178 of the Pensions Act 2004 (c.35) (“the Act”) in relation to the levy ceiling.

Section 175 of the Act provides that the Board of the Pension Protection Fund (“the Board”) must impose pension protection levies for each financial year falling after the initial period (as defined in section 174 of the Act). Section 177 of the Act provides for the amount to be raised by the pension protection levies. By virtue of section 177(2) of the Act the amount of the levies for a financial year must not exceed the levy ceiling for that financial year. By virtue of article 2 of the Occupational Pension Schemes (Levy Ceiling) Order 2006 (S.I. 2006/742) the levy ceiling for the financial year beginning on 1st April 2006 is £775,000,000, and section 178 of the Act provides for the annual revision of this amount. Section 177(4) of the Act provides that for the first financial year after the transitional period (the period of 12 months beginning on 1st April 2006) regulations may modify section 177(2) of the Act so that the reference therein to the levy ceiling is read as a reference to such lower amount as is prescribed. Regulation 2 provides that for the financial year 2007-2008, the first financial year after the transitional period, this lower amount will be £718,750,000.

Regulation 3 prescribes the date on which the review period shall end.

Regulation 4 prescribes the period before the beginning of which the Secretary of State must discharge the duties imposed by section 178(5) and (6) of the Act.

Regulation 5 prescribes the manner of the consultation required under section 178(9) of the Act and provides that the Board shall include details of how it proposes to decide on its recommendation to the Secretary of State under section 178(8) of the Act in a consultation document, that the Board shall publish the consultation document on its website and in paper format if so requested, and that the Board shall publish a summary of the non-confidential responses it receives to the consultation in the same way.

As these Regulations are made before the expiry of the period of six months beginning with the coming into force of the provisions of the Act by virtue of which they are made, the requirement for the Secretary of State to consult such persons as he considers appropriate does not apply.

A Regulatory Impact Assessment has not been prepared for this instrument as it has only a negligible impact on business, charities or voluntary bodies.