

Draft Order laid before Parliament under section 316(2)(f) 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

2008 No.

PENSIONS

The Occupational Pension Schemes (Levy Ceiling) Order 2008

Made - - - -

Coming into force in accordance with article 1(2)

The Secretary of State for Work and Pensions makes the following Order in exercise of the powers conferred by sections 178(1) and 315(2) and (5) of the Pensions Act 2004(a).

In accordance with section 178(5) of that Act, he has reviewed the general level of earnings obtaining in Great Britain during the period of 12 months ending with 31st July 2007(b). It appears to him that the general level of earnings has increased by 3.6 per cent during that period(c).

A draft of this Order has been laid before Parliament in accordance with section 316(2)(f) of that Act and approved by a resolution of each House of Parliament.

Citation and commencement

1.—(1) This Order may be cited as the Occupational Pension Schemes (Levy Ceiling) Order 2008.

(2) This Order shall come into force—

- (a) for the purposes of this article and article 2, on 31st March 2008; and
- (b) for the purposes of article 3, on 1st April 2008.

The levy ceiling

2. For the purposes of section 177 of the Pensions Act 2004 (amounts to be raised by the pension protection levies), the levy ceiling for the financial year beginning on 1st April 2008 is £833,410,200.

Revocation of the Occupational Pension Schemes (Levy Ceiling) Order 2007

3. The Occupational Pension Schemes (Levy Ceiling) Order 2007(d) is revoked.

(a) 2004 c.35. *See also* S.I. 2007/1012 which sets the levy ceiling for the financial year beginning on 1st April 2007.
(b) *See* section 178(4) of the Pensions Act 2004 and regulation 3 of S.I. 2006/2692.
(c) *See* S.I. 2008/XXX.
(d) S.I. 2007/1012.

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

Minister of State,
Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Order)

This Order specifies, for the purposes of section 177 of the Pensions Act 2004 (c.35) (“the Act”), the levy ceiling for the financial year beginning on 1st April 2008.

Section 175 of the Act provides that the Board of the Pension Protection Fund must impose pension protection levies for each financial year falling after the initial period (as defined by 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.

The Occupational Pension Schemes (Levy Ceiling) Order 2007 (S.I. 2007/1012) (“the 2007/2008 Order”) specifies that the levy ceiling for the financial year beginning on 1st April 2007 is £804,450,000. Section 178(3)(a) of the Act provides that the levy ceiling must increase in line with any increase in the general level of earnings obtaining in Great Britain. The Occupational Pension Schemes (Levy Ceiling - Earnings Percentage Increase) Order 2008 (S.I. 2008/XXX) specifies that the increase in the general level of earnings for the period of 12 months ending with 31st July 2007 is 3.6 per cent. Accordingly, article 2 of this Order specifies that the levy ceiling for the financial year beginning on 1st April 2008 is £833,410,200.

Article 3 revokes the 2007/2008 Order.

This Order amends an existing regulatory regime by a pre-determined formula and has only a negligible impact on business, charities and the voluntary sector. A full Impact Assessment is not necessary for such an Order.

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