

**EXPLANATORY MEMORANDUM TO  
THE PENSION PROTECTION FUND (ENTRY RULES) AMENDMENT  
REGULATIONS 2005**

**2005 No. 2153**

**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 These regulations make amendments to the existing Pension Protection Fund (Entry Rules) Regulations 2005. The amendments include minor technical changes and changes to ensure the policy intent of the original regulations is delivered.

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

3.1 None

**4. Legislative Background**

4.1 The Pension Protection Fund (PPF) went live on 6<sup>th</sup> April 2005 since then we have, with the PPF, been closely monitoring the effectiveness of our regulations and listening to the views of scheme professionals. These amendments result from this process and will ensure the policy intent is delivered. These regulations:

- include provisions that are consequential on the Occupational Pension Schemes (Miscellaneous Amendment) Regulations 2005. Those regulations introduced provisions so that when an employer in a specific type of multi-employer scheme ceases to be an employer (at a time when all the schemes' other employers are already insolvent or unable to continue as a going concern) the trustees can apply to the PPF and trigger the start of an assessment period. This SI introduces provisions setting out how and within what timescales an application must be made.
- amend the provisions of the Entry Rules Regulations that provide for a scheme to be ineligible for PPF compensation if the debt owed to the scheme from an employer is compromised. The amendments ensure that where a scheme is divided into different schemes, known as sections, and an agreement is reached with an employer of one of those sections only that section becomes ineligible. The amendments also clarify that the provisions apply to a compromise with a former as well as a current employer and include a compromise of any form of debt owed by an employer.
- add to the list of insolvency events that trigger the PPF's involvement with a pension scheme.

- allow the pension scheme's of trade unions for which there is no formal insolvency regime to apply to the PPF.
- include a regulation to stipulate that a notice given by the Board of the PPF must be in writing.

## **5. Extent**

5.1 This instrument applies to Great Britain.

## **6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

7.1 The Pensions Act 2004 (the Act) established the PPF to pay compensation to members of eligible pension schemes where the sponsoring employer is insolvent and the scheme has insufficient assets to pay benefits at a level at least equal to the amount of compensation the PPF would provide.

7.2 The PPF went live on 6<sup>th</sup> April 2005 and since then we have, with the PPF, been closely monitoring the effectiveness of our regulations and listening to the views of scheme professionals. Most of these amendments result from this process and will ensure the policy intent is delivered.

7.3 Consultation has not taken place for these regulations due to the need to put them in place as soon as possible and because they are made within six months of the coming into force of the primary provisions. However many of the amendments are in response to comments which have been received by industry professionals. They have also been developed in conjunction with the Insolvency Service and the PPF.

7.4 There is no need to refer to the Social Security Advisory Committee as the PPF is a Non-Departmental Public Body 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 There is no impact on the public sector.

## **9. Contact**

David Shaw at the Department for Work and Pensions Tel: 0207 712 2464 or e-mail: david.shaw@dwg.gsi.gov.uk can answer any queries regarding the instrument.

