

**EXPLANATORY MEMORANDUM TO**  
**THE OCCUPATIONAL AND PERSONAL PENSION SCHEMES (GENERAL**  
**LEVY) (AMENDMENT) REGULATIONS 2008**

**2008 No. 661**

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 amend the Occupational and Personal Pension Schemes (General Levy) Regulations 2005 (S.I. 2005/626) (“the 2005 Regulations”) to substitute new amounts to be used in calculating the amount payable in respect of the general levy for certain occupational and personal pension schemes. The general levy meets the running costs of the Pensions Regulator, the Pensions Advisory Service, and the Pensions Ombudsman.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**
  - 3.1 None.
4. **Legislative Background**
  - 4.1 These Regulations amend regulations 6 and 7 of the 2005 Regulations to specify the new amounts to be used in calculating the amount payable in respect of the general levy for certain occupational and personal pension schemes. Regulation 3 of the 2005 Regulations sets out which pension schemes are liable to pay the general levy.
5. **Territorial Extent and Application**
  - 5.1 This instrument applies to Great Britain. Corresponding provisions are being made for Northern Ireland.
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 general levy meets the running costs of the Pensions Regulator, the Pensions Advisory Service, and the Pensions Ombudsman.

- 7.2 The principle underlying the existence of the general levy is that the cost of regulating occupational and personal pension schemes should be borne by the schemes themselves.
- 7.3 These Regulations operate to set the general levy at a rate that collects £42m in 2008/9. This covers running costs of £35.6m and clears, over three years, a deficit carried forward of £20.8m due to a freezing of the levy since 2005. The total of £35.6m comprises running costs of £29.8m for the Pensions Regulator, £3.1m for the Pensions Advisory Service, and £2.7m for the Pensions Ombudsman.
- 7.4 It is estimated that general levy receipts in 2008/9 will total £42m (£35m from occupational pension schemes and £7m from personal pension schemes).
- 7.5 The general levy has been set at a rate that ensures the organisations funded by it have the necessary resources to carry out their tasks.

#### *Consultation*

- 7.6 The consultation period started on 6 December 2007 and closed on 31 January 2008. The length of the consultation struck a reasonable balance between time for respondents to contribute, and the need to have the Regulations in place as soon as possible. Cabinet Office provides guidance on the appropriate length of consultation periods. Taking account of all these factors, the Secretary of State decided that a consultation period of eight weeks was appropriate.
- 7.7 A list of those consulted is provided at Annex A to this memorandum. The draft Regulations were also available on the DWP website. 14 responses were received. Just over half (8) of respondents expressed concern over the size of the increase. The remainder (3 of whom made no comment) highlighted inconsistencies within the rates prescribed within the tables in the draft Regulations.
- 7.8 The rates prescribed within the tables in the Regulations have been revised to remove inconsistencies highlighted by respondents.
- 7.9 In line with DWP's overall stewardship approach to all Non-Departmental Public Bodies, DWP scrutinises and approves the annual business plans and operating budgets of the Pensions Regulator, the Pensions Ombudsman and the Pensions Advisory Service. The Chief Executives also have an accounting officer responsibility to the DWP. Each body must submit annual reports and accounts which are scrutinised by the National Audit Office before the Secretary of State lays them before

Parliament. The Department will continue to review the general levy rates on a yearly basis.

- 7.10 A full response to the consultation is published on the DWP website - <http://www.dwp.gov.uk/consultations/2007/>

#### *Guidance*

- 7.11 DWP will be in a position to explain the provisions of these Regulations. Further information on the general levy can be found on the Pension Regulator's website at:  
<http://www.thepensionsregulator.gov.uk/aboutUs/levyRegistration/levy-01.aspx>

#### *Consolidation*

- 7.12 The rates prescribed in these Regulations will apply to all future years unless amended further. This means that further amending Regulations will not be brought forward in future unless the general levy requires changes. Consolidation is not relevant in this instance.

### **8. Impact**

- 8.1 These Regulations have only a negligible impact on the cost of business, charities or the voluntary sector. Publication of a full Impact Assessment is not necessary for such legislation.
- 8.2 There is no impact on the public sector.

### **9. Contact**

The policy official responsible for the Regulations is Ian Garland, Tel: 020 7712 2115 or E-mail: [Ian.Garland@dwp.gsi.gov.uk](mailto:Ian.Garland@dwp.gsi.gov.uk)

## **Annex A**

### **List of those consulted**

Aon Consulting  
Association of British Insurers  
Association of Consulting Actuaries  
Association of Corporate Trustees  
Association of Independent Financial Advisers  
Association of Pension Lawyers  
Association of Pensioner Trustees  
Auditing Practices Board  
Better Regulation Executive  
British Chambers of Commerce  
Confederation of British Industry  
Consumers Association  
Council on Tribunals  
Department for Social Development (Northern Ireland)  
Engineers Employers Federation  
Faculty and Institute of Actuaries  
Federation of Small Businesses  
Financial Ombudsman Service  
Financial Services Authority  
Gissings & Co  
HM Treasury (MOCOP)  
HM Revenue and Customs  
Industry Wide Pension Schemes Group  
Insolvency Service  
Institute of Chartered Accountants in England and Wales  
Institute of Chartered Accountants in Scotland  
Institute of Directors  
Investment Managers' Association  
KPMG  
Law Society of England and Wales  
Law Society of Scotland  
Legal & General  
National Association of Pension Funds  
National Audit Office  
National Consumer Council  
Occupational Pension Schemes Joint Working Group  
Occupational Pensioners' Alliance  
Occupational Pensions Defence Union  
Office of Fair Trading  
Pension Protection Fund  
Pension Protection Fund Ombudsman  
Pensions Advisory Service  
Pensions Management Institute

Pensions Ombudsman  
Pensions Regulator  
Pensions Research Accountants' Group  
Scottish Executive  
Small Business Service  
Society of Pension Consultants  
Trades Union Congress  
Welsh Assembly  
William Mercer