STATUTORY INSTRUMENTS

2015 No. 66

PENSIONS

The Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling) Order 2015

Made - - - -	*26th January 2015*
Laid before Parliament	*2nd February 2015*
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 (6) and 315(2) and (5) of the Pensions Act 2004(**1**).

In accordance with section 178(5) of that Act, the Secretary of State has reviewed the general level of earnings obtaining in Great Britain during the period of 12 months ending with 31st July 2014. It appears to the Secretary of State that the general level of earnings has increased by 0.6% during that period.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling) Order 2015.

(2) This Order comes into force—

(a) for the purposes of this article and article 2, on 14th March 2015,

(b) for the purposes of article 3, on 31st March 2015, and

(c) for the purposes of article 4, on 1st April 2015.

(3) In this Order, "the Act" means the Pensions Act 2004.

The earnings percentage

2. For the purposes of section 178(3)(a) of the Act (the levy ceiling), the percentage by which it appears to the Secretary of State that the general level of earnings has increased during the review period(**2**) is 0.6%.

(**1**) 2004 c. 35. *See also* S.I. 2014/10 which sets the levy ceiling for the financial year beginning on 1st April 2014.

(**2**) *See* section 178(4) of the Pensions Act 2004 and regulation 3 of S.I. 2006/2692 which provide that the review period is the period of 12 months ending with 31st July 2014.

The levy ceiling

3. For the purposes of section 177 of the Act (amounts to be raised by the pension protection levies), the levy ceiling for the financial year beginning on 1st April 2015 is £947,610,293.

Revocation of articles 2 and 3 of the Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling and Compensation Cap) Order 2014

4. Articles 2 and 3 of the Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling and Compensation Cap) Order 2014(**3**) are revoked.

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

Steve Webb
Minister of State,
Department for Work and Pensions

26th January 2015

(**3**) S.I. 2014/10.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order specifies the levy ceiling (articles 2 and 3) for use in relation to the Pension Protection Fund in the financial year beginning on 1st April 2015.

The Board of the Pension Protection Fund ("the Board") is established by section 107 of the Pensions Act 2004 (c. 35) ("the Act") to provide compensation for members of certain occupational pension schemes which are under-funded at a certain level and whose sponsoring employer has become insolvent.

Section 175 of the Act requires that the Board must impose pension protection levies for each financial year. Section 177(2) provides that the amount of the levies for a financial year must not exceed the levy ceiling for that financial year. The Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling and Compensation Cap) Order 2014 (S.I. 2014/10) ("the 2014 Order") specified that the levy ceiling for the financial year beginning on 1st April 2014 is £941,958,542. 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.

Article 2 of this Order specifies that the increase in the general level of earnings for the period from 1st August 2013 to 31st July 2014 is 0.6%. Accordingly, article 3 of this Order specifies that the levy ceiling for the financial year beginning on 1st April 2015 is £947,610,293.

Article 4 of this Order revokes articles 2 and 3 of the 2014 Order.

This Order amends an existing regulatory regime by a pre-determined formula and the associated administrative costs or savings for the private sector and civil society organisations are negligible. A full Impact Assessment is not necessary for this Order.