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## EXPLANATORY NOTE

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

This Order specifies the earnings percentage used to calculate the levy ceiling (article 3) and the amount of the levy ceiling (article 4) for use in relation to the Pension Protection Fund in the financial year beginning on 1st April 2023.

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) of the Act 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) Order 2022 (S.I. 2022/88) (“the 2022 Order”) specified that the levy ceiling for the financial year beginning on 1st April 2022 was £1,178,605,581. 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 3 of this Order specifies that the increase in the general level of earnings for the period from 1st August 2021 to 31st July 2022 is 5.8%. Accordingly, article 4 of this Order specifies that the levy ceiling for the financial year beginning on 1st April 2023 is £1,246,964,705.

Article 5 of this Order revokes the 2022 Order.

Article 6 of this Order revokes the Pension Protection Fund and Occupational Pension Schemes (Levy Ceiling) Order 2023 (S.I. 2023/116) which contained errors.

This Order amends an existing regulatory regime 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 such an Order.