

**Summary of responses to the 2007/08 Levy Estimate
Consultation Document and publication of the final
2007/08 Levy Determination**

1 Summary of Responses to the Levy Estimate Consultation Document

- 1.1 The Board of the Pension Protection Fund would like to thank all those who responded to the recent consultation on the 2007/08 pension protection levy estimate.
- 1.2 16 formal responses were submitted which concentrated particularly on the impact of collecting a levy estimate of £675m, and the revised approach to the risk based levy cap and calculation of the levy scaling factor. Although it was outside the scope of the consultation, a number also discussed aspects of levy distribution such as the insolvency risk calculation. The Board has considered all the consultation responses received.
- 1.3 The Board welcomes the generally positive manner in which the Levy Estimate consultation document and the proposed approach to tackling the PPF deficit have been received.
- 1.4 The Board does not propose to make any further changes to the way in which the total levy amount is calculated and distributed between all eligible schemes for the 2007/08 levy year and has now published a final version of the 2007/08 Levy Determination.

2 The 2007/08 Determination under section 175(5) of the Pensions Act 2004

- 2.1 The final version of the 2007/08 Levy Determination is now available on the Pension Protection Fund website at the following link:
http://www.pensionprotectionfund.org.uk/levy_determination_0708.pdf.
- 2.2 The Determination sets out the rules for calculation of the 2007/08 pension protection levy which will apply in the case of every eligible scheme.
- 2.3 The Board has no discretion to depart from the Determination in any circumstances and so encourages all schemes to consider the Determination prior to receipt of the 2007/08 levy invoice.

3 Implementing the 2007/08 pension protection levy

- 3.1 The pension protection levy will now be implemented in accordance with the finalised 2007/08 Levy Determination.
- 3.2 Further information on the 2007/08 levy calculation including fact sheets, Frequently Asked Questions and the previous consultation document on the distribution of the 2007/08 levy can be found on the Pension Protection Fund website at the following link:

http://www.pensionprotectionfund.org.uk/index/pension_protection_levy-2.htm.

Submission of voluntary information

- 3.3 The Board encourages schemes and employers to take the opportunity to ensure that the data used to calculate the pension protection levy incorporates the maximum amount of relevant, accurate information, by submitting the following voluntary certificates by email to schemeinfo@ppf.gsi.gov.uk, by **5pm 30 March 2007**:
- Section 179 valuation certificate
 - Contingent asset certificates
- 3.4 The Actuarial Certificate of Deficit Reduction Contributions should be submitted to the Board by **5pm on 5 April 2007**. All of these certificates are available on the PPF website at: http://www.pensionprotectionfund.org.uk/index/pension_protection_levy-2/voluntary_certificates_2007_08.htm.
- 3.5 Where any levy-related information submitted on the Pensions Regulator's annual Scheme Return is now out of date, the Board also encourages schemes to submit updated information by email to srupdate@ppf.gsi.gov.uk, by **5pm 30 March 2007**.

2007/08 insolvency risk calculation

- 3.6 Given that 2007/08 will be the first year in which the Board will calculate the insolvency risk of all multi-employer schemes using the D&B Failure Scores and insolvency probabilities of all their participating employers, schemes and employers are encouraged to contact D&B Customer Services as soon as possible to find out **current scores on a PPF basis** for all their participating employers.
- 3.7 PPF specific Failure Scores can be obtained free of charge from D&B Customer Services on 0870 850 6209 or at customerhelp@dnb.com.
- 3.8 If schemes have any concerns about whether the data held by D&B on their participating employers is up to date, it is important to discuss this with D&B in advance of 30 March. Appeals to Failure Scores after 30 March will only be successful where schemes took action to provide updated information to D&B in advance of the 30 March deadline.

Calculation of the final 2007/08 levy scaling factor

- 3.9 After 30 March 2007, the Board will calculate a final levy scaling factor for the 2007/08 levy year as per the approach set out in appendix 5 of the 2007/08 Levy Determination, which can be found on the Pension Protection Fund website at the following link:

http://www.pensionprotectionfund.org.uk/levy_determination_appendix_5_mar07.pdf.

3.10 The Board will publish the final levy scaling factor by the end of April 2007.

4 Consultation on the future of levy calculation – 2008/09 and onwards

4.1 The Board's approach to levy calculation is determined for the 2007/08 levy year only.

4.2 As indicated in both the September 2006 Levy consultation and the December 2006 Levy Estimate consultation, the Board will seek to work with key stakeholders to consider the longer term changes that could be made to the current approach to levy calculation for future levy years.

4.3 The Board's approach will be informed by:

- The significance of changes as measured against the principles of fairness, simplicity and proportionality;
- The degree of change in the risk of the universe of eligible schemes;
- The desire of business to avoid unnecessary change and to have a relatively stable regime.

4.4 The Board currently expects to consult on changes that could be made in respect of the 2008/09 and 2009/10 levy years during 2007.