

# **PENSION LEVY 2015/16**

## **FACT SHEET**

The Financial Reporting Council is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment.

To meet this responsibility we set the UK Corporate Governance and Stewardship Codes as well as UK standards for accounting, auditing and actuarial work. We represent UK interests in international standard-setting. We also monitor and take action to promote the quality of corporate reporting and auditing. We operate independent disciplinary arrangements for accountants and actuaries; and oversee the regulatory activities of the accountancy and actuarial professional bodies. Details of the FRC's work are available on our website at [www.frc.org.uk](http://www.frc.org.uk)

### **Background to the Pensions Levy**

Following the Morris Review of the Actuarial Profession, published in March 2005, HM Treasury asked the Financial Reporting Council (FRC) to take on responsibility for oversight of the UK Actuarial Profession and the independent setting of technical actuarial standards.

The technical actuarial standards which we set are designed to underpin the quality of the actuarial work. They are therefore highly relevant to administrators, trustees and managers of pension funds and directors of insurance companies, who rely on actuarial advice.

The arrangements for funding our actuarial responsibilities are designed to ensure that pension schemes, insurance companies and the UK actuarial profession contribute a reasonable share of the costs we incur.

We work closely with the Pensions Regulator, the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). Our standards help actuaries advising pension schemes and insurance companies to provide advice in a form that enables those entities to comply with the Pensions Regulator's guidance, DWP Regulations, and FCA and PRA rules.

### **Basis for the Pensions Levy**

We collect an annual levy from pension schemes as part of the arrangements agreed by HM Treasury for funding the FRC's responsibilities for actuarial standards and regulation.

The Pensions Act 2004 (Disclosure of Restricted Information) (Amendment of Specified Persons) Order 2006 enables the Pensions Regulator to provide the FRC with the information needed to calculate the amount of the levy for individual schemes.

Section 17 of the Companies (Audit, Investigations and Community Enterprise) Act 2004, as amended by Part 44 of the Companies Act 2006, confers a power on the Secretary of State to make regulations enabling the FRC to recover its costs through a levy. Thus far, this power has not been exercised.

The FRC's responsibilities are funded through non-statutory arrangements on the basis of an understanding with the groups subject to the levy. However, should this approach prove unsustainable, the FRC will formally request that the statutory power be invoked.

## **Calculation**

The levy currently applies to all schemes with 1,000 or more members at the rate of £2.55 per 100 members. We use the latest information on the total membership for each scheme provided to the Pensions Regulator in scheme returns. The levy applies to occupational and personal pension schemes and public service pension schemes.

## **Purchase orders**

A number of organisations paying the levy have provided us with a Purchase Order number, which makes it easier for them to manage the payment process. In general, the Purchase Order number has been provided by the Pensions Manager or the scheme Trustees.

## **Contact Us**

If you have a question about the method of payment or to give a purchase order number, please contact the Levy Collection Team at Mouchel Business Services Limited, on [frc@mouchel-middlesbrough.com](mailto:frc@mouchel-middlesbrough.com) (telephone 01642 726 300).

If you have a query about the calculation of the levy for your company, please e-mail the FRC Policy and Planning Officer, Tulsee Rughoobur on [t.rughoobur@frc.org.uk](mailto:t.rughoobur@frc.org.uk) (telephone 020 7492 2338).

If you have any other query in relation to the levy, please e-mail the FRC Head of Organisational Development, David Andrews, on [plan@frc.org.uk](mailto:plan@frc.org.uk) (telephone: 020 7492 2382).

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