Thank you for downloading our Full levy consultation 2021/22. Here's how to complete this form and submit it to us.

- You'll need Acrobat Reader or a similar PDF reader software to complete the form and save your entries.
- Please enter your responses to the questions in the boxes provided.
- Once you're happy with your responses save this document. There's no need to rename it, the document is embedded with coding that will match it to the details you entered when you downloaded the form.
- Go to our our consultation submission page to upload the form. When you've successfully submitted your form you'll receive an email from us confirming it's been received.
- You can only submit this form once. If you submit it and then need to make a change to your response you'll need to start again by downloading a new form.

Any questions?

- If you have any questions about completing or uploading the form please contact our website team by emailing websiteupdates@ppf.co.uk.
- If you have questions about the proposed new levy rules please contact our levy team by emailing information@ppf.co.uk or call 0345 600 2541.

Thank you.

Before we begin please can you provide some details...

Name
Peter Williams

Job title
Chair of ACA Pension Schemes Committee

Is this response on behalf of an organisation or yourself?

- Organisation

Other
Other:

Name of organisation
Association of Consulting Actuaries

What best describes your role?
Advisor

Other:

Please provide contact details so we can follow up your submissions.

Email
peter.williams@aon.com

Phone
01372733763

Changes to our levy methodology

This consultation sets out our proposals to the way we calculate scheme levies for 2021/22. This supplements the consultation we held in December 2019 on the introduction of services with Dun and Bradstreet (D&B), which included our proposals for changes to the way we measure the insolvency risk of employers. The policy statement for that consultation – following stakeholder feedback - was published in March 2020.

This online submission form allows you to respond to consultation questions set out in our consultation document. It is recommended that you have the consultation document to hand when filling in this form.

The scope of our review

Question 1

Section 3.1 sets out our proposals for levy rule setting in 2021/22 and 2022/23.

Do you have any views on our approach for the levy rules for 2021/22 and 2022/23 being set on an individual, year by year, basis?

On balance we agree with the levy for the next two years being set on a year by year basis, given the uncertain economic climate.

Question 2

Section 3.3 sets out our assessment of how the PPF-specific model is performing.

Do you agree with our proposal to not make any changes to the PPF-Specific model in light of COVID-19 for 2021/22?

● Yes ❍ No ❍ No opinon

Comments

Levy policy for 2021/22

Question 3

Section 4.1 sets out our proposals for the introduction of a small scheme adjustment.

Do you agree with our proposal to introduce a small scheme adjustment??

● Yes ❍ No ❍ No opinion

Comments

We note this has a relatively small reduction to the total levy estimate (£10M) and agree that the PPF should not attempt to recover this by altering other elements of the levy calculation to increase total levy income.

Question 4

Section 4.2 sets out our proposals to reduce the risk-based levy cap.

Do you agree that we should reduce the risk-based levy cap from 0.5% to 0.25% of unstressed liabilities?

● Yes ❍ No ❍ No opinion

Comments

We agree with the long-term principle of the cap affecting a broadly constant proportion of schemes over time. Although this has a larger impact on the total levy estimate (£40M) than the small scheme adjustment, we support the approach of the PPF not attempting to recover this by altering other elements of

Question 5

Section 4.3 sets out the measures put in place to support schemes struggling to pay their levy for 2021/22.

Do you think the easement measures for COVID-19 impact should be extended to the 2021/22 levy year?

● Yes ❍ No ❍ No opinion

Comments

We understand this option has only been taken up by a very small number of schemes in 2020/21, and it would seem reasonable to offer this flexibility in 2021/22, particularly given the ongoing uncertainty that many schemes and employers are facing. However, we would expect the PPF to review this if there

Move to D&B

Question 6

Section 7.2 highlights that we have observed frequent changes in ultimate parents identified for some complex, international structures.

If you've had any experiences in relation to this particular scenario, we'd like to hear your views.

Our members are aware of a number of cases where D&B is not identifying the correct ultimate parent company.

As an example, in one case, the correct ultimate parent company results in the

Customer service improvements

Question 7

Section 9.1 refers to the introduction of new functionality when responding to our consultations.

Do you have any feedback on the newly introduced functionality for consultation responses?

The option to download a draft copy for discussion before submission is helpful.

Question 8

Section 9.2 refers to the introduction of electronic invoicing for the levy.

If you have received an electronic levy invoice, do you have any feedback on the service?

❍ Good ● Neutral ❍ Bad

Comments

This has been a helpful development, particularly this year as many paper invoices will have been sent to offices that are closed due to COVID-19. We have been made aware of some firewalls blocking emails notifying that the levy is due. We know the PPF has taken action to resolve this, and trust that the

Contingent assets and nominated jurisdictions

Question 9

Section 10.1 sets out that we are not proposing any changes to our standard form contingent asset agreements in light of the Corporate Insolvency and Governance Act 2020.

We would be interested to receive comments on points that we should consider in time for the 2022/23 levy rules and are also seeking views on whether any changes should be made in light of the Corporate insolvency and Governance Act.

No comment.

Responding to market developments

Question 10

Section 11.1 sets out that we are monitoring market developments with regard to consolidators and other end game solutions, and don't propose any changes to our rules for 2021/22. But note that there may be a future case for change to account for 'hybrid' endgame solutions.

Do you have any views on how we might amend the levy rules to capture 'hybrid' endgame solutions?

We agree with maintaining the current rules whilst the market and the regulatory regime are developing.

Question 11

Section 11.2 explains our proposals to realign credit ratings to levy bands in.

Do you agree with our proposals to recalibrate the credit rating to levy band mapping as per the 31 December 2020?

● Yes ❍ No ❍ No opinion

Comments

We understand this will not affect the 2021/22 levy, but it would be helpful for the PPF to confirm this.

Closing remarks

Do you have any further comments on the proposals set out in our response to COVID-19?

We are supportive of the PPF's overall approach to 2021/22 levies, and trust that the PPF will keep stakeholders informed of its thinking for 2022/23, particularly if there are likely to be significant changes.

Do you have any further comments on the proposals set out surrounding other developments?

No

Submission IDs (For office use only)

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