

Pension Protection Fund levy update

16 December 2014

Quick recap

May consultation

- New PPF specific model
- More predictive, more transparent, more customer focused
- Plus proposals on ABCs and group company guarantees

122 responses
Strong support
but... issues of
detail and
challenge on ABCs

October policy statement

- Confirmed PPF specific model
- No transitional protection, no use of credit ratings
- Levy estimate of £635m

October consultation

- Draft rules for 2015/16
- Proposals on mortgages
- ABCs guidance

64
responses

Since October ...

Main issues raised

- Large and complex scorecard “entry criteria”
 - Small companies
 - Dormant subsidiaries
- Use of employee numbers
- Treatment of mortgages
- ABCs – comments on proposals and guidance

Consideration of
all responses (not
just those on
consultation
issues)

December publication

- Final policy position
- Final determination
- Certificates
- Guidance

To be published
imminently

Policy largely
unchanged from
October

Focus on main issues raised

- Responses to specific questions asked in the initial consultation document
 - Use of CRA ratings
 - Not for Profit Definition
- Generic queries / issues with the model development outlined in the initial consultation document
 - Number of variables in each scorecard
 - Sector specific scorecards
 - Entry rules for scorecards
- Specific queries
 - Relating to the Insolvency Score
 - Relating to the Web Portal
 - Relating to Business IQ

Generic queries raised

- Number of variables in each scorecard
 - Statistical Robustness!
- Sector specific scorecards
 - Statistical Robustness!
- Entry rules for scorecards
 - Opportunities for arbitrage

Specific queries raised

- **Score-related**
 - Age of most recent unsatisfied mortgage as a component of many models
 - Foreign parent company identification
 - Data accuracy / rules and timing for correcting data
 - Auditing of Experian's scoring methodology
- **Portal-related**
 - Email alerts
 - Audit-trail
- **Business IQ-related**
 - Service levels for subscribers versus non-subscribers

Next steps

Item	Key dates
Monthly Experian Scores	Between 31 October 2014 - 31 March 2015
Deadline for submission of data to Experian to impact on Monthly Experian Scores	One calendar month prior to the Score Measurement Date (apart from October 2014 for which the cut off was 31 October)
Submit scheme returns on Exchange	By 5pm, 31 March 2015
Reference period over which funding is smoothed	5-year period to 31 March 2015
Certification of contingent assets	By 5pm, 31 March 2015
Certification of asset backed contributions to PPF	By 5pm, 31 March 2015
Certification of mortgages to be excluded to Experian	By 5pm, 31 March 2015
Certification of deficit-reduction contributions	By 5pm, 30 April 2015
Deadline to confirm legal advice held on LMS status to PPF	29 May 2015
Certification of full block transfers	By 5pm, 30 June 2015
Invoicing starts	Autumn 2015