
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under section 307(1)(b) and (2)(b) and (e) of the Pensions Act 2004 (c. 35) (“the Act”) which contain a power to modify the provisions of Part 2 and section 286 of the Act as they apply in relation to multi-employer schemes. Part 2 of the Act makes provision in respect of the functions of the Board of the Pension Protection Fund (“the Board”) which is established under section 107 of the Act. Section 286 of the Act makes provision in respect of the financial assistance scheme for members of certain pension schemes.

Part 1 of the Regulations provides for citation and commencement. It also contains a general interpretation provision.

Part 2 of the Regulations modifies Part 2 of the Act as it applies in relation to a section of a segregated multi-employer scheme with only one employer in relation to that section so that Part 2 of the Act can apply in relation to such a section as if it were separate scheme.

Part 3 of these Regulations modifies Part 2 of the Act as it applies in relation to a section of a segregated multi-employer scheme with at least two employers in relation to that section (“a multi-employer section”). It applies where the scheme rules relating to a multi-employer section do not contain any provision for the partial winding up of the section in specified circumstances. Part 2 of the Act is modified so that an assessment period is not triggered in relation to a multi-employer section of a segregated scheme unless an insolvency event has occurred in relation to all of the employers in relation to that section of the scheme or where all of the employers in relation to that section of the scheme are unlikely to continue as a going concern and meets prescribed requirements.

Part 4 of the Regulations modifies Part 2 of the Act as it applies in relation to a non-segregated multi-employer section of a segregated multi-employer scheme. It applies where the scheme rules relating to that section contain a provision for the partial winding up of the section in certain specified circumstances. Part 2 of the Act is modified so that an assessment period is triggered in respect of a segregated part of such a multi-employer section which is created when an insolvency event has occurred in relation to an employer in relation to the section or where an employer in relation to the section is unlikely to continue as a going concern and meets prescribed requirements.

Part 5 of the Regulations modifies Part 2 of the Act as it applies in relation to a non-segregated multi-employer scheme the rules of which contain a provision for the partial winding up of the scheme in certain specified circumstances. Part 2 of the Act is modified so that an assessment period is not triggered in respect of a segregated part of such a scheme which is created when an insolvency event has occurred in relation to an employer in relation to the scheme or where an employer in relation to the scheme is unlikely to continue as a going concern and meets prescribed requirements.

Part 6 of the Regulations modifies Part 2 of the Act as it applies in relation to a non-segregated multi-employer scheme the rules of which do not contain a provision for the partial winding up of the section in certain specified circumstances. Part 2 of the Act is modified so that an assessment period is not triggered in respect of such a scheme unless an insolvency event has occurred in relation to all of the employers in relation to the scheme or where all of the employers in relation to the scheme are unlikely to continue as a going concern and meet prescribed requirements.

Part 7 of the Regulations modifies Part 2 of the Act as it applies in relation to a non-segregated scheme the rules of which contain an option for the trustees or managers of the scheme to segregate such part of the assets of the scheme as is attributable to the scheme’s liabilities to provide pensions or other benefits to or in respect of the pensionable service of members by reference to an employer

Status: This is the original version (as it was originally made).

in relation to the scheme in specified circumstances. The modifications of Part 2 of the Act which are provided for in Part 5 of the Regulations are to apply in respect of such a scheme unless trustees or managers of the scheme decide not to exercise the option to segregate under the scheme rules so as to create a segregated part of the scheme.

Similarly, Part 8 of the Regulations modifies Part 2 of the Act as it applies in relation to a multi-employer section of a segregated scheme the rules of which contain an option for the trustees or managers of the scheme to segregate such part of the assets of the section which are attributable to the liabilities of the section to provide pensions or other benefits to or in respect of the pensionable service of members by reference to an employer in relation to the section in specified circumstances. The modifications of Part 2 of the Act provided for in Part 4 of the Regulations are to apply in respect of such a section of such a scheme unless trustees or managers of the section decide not to exercise the option to segregate under the scheme rules so as to create a segregated part of the section.

Part 9 of the Regulations modifies sections 175 to 181 of the Act (pension protection levies) as they apply in respect of multi-employer schemes or sections of multi-employer schemes to which the Parts 2 to 8 of these Regulations apply.

Part 10 of the Regulations modifies the definition of “qualifying pension scheme” in section 286(2) of the Act. Section 286 of the Act makes provision in respect of the financial assistance scheme for members of certain categories of pension schemes.

As these Regulations are made before the expiry of the period of six months beginning with the coming into force of the provisions of the Act by virtue of which they are made, the requirement for the Secretary of State to consult such persons as he considers appropriate does not apply.

A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business.