Please reply to:

José Leo
Chairman, The Hundred Group Pensions Committee
c/o Heathrow Airport Ltd,
The Compass Centre, Nelson Road
Hounslow, Middlesex, TW6 2GW

Tel No: 0208 745 9927
E-mail: jose_leo@heathrow.com

The 100 Group

9 July 2014

consultation@ppf.gsi.gov.uk

Chris Collins
Chief Policy Adviser
Pension Protection Fund
Renaissance
12 Dingwall Road
Croydon, Surrey
CR0 2NA

Dear Chris,

Consultation on the second PPF Levy Triennium – 2015/16 to 2017/18

I am writing on behalf of the Pensions Committee of the 100 Group of Finance Directors with regard to the above-named consultation.

The 100 Group represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent almost 90% of the market capitalisation of the FTSE 100, collectively employing over 7% of the UK workforce and in 2011 paid, or generated, taxes equivalent to 13% of total UK Government receipts. Our overall aim is to promote the competitiveness of the UK for UK businesses, particularly in the areas of tax, reporting, pensions, regulation, capital markets and corporate governance.

There are three key points we would like to make in response to the consultation.

1. Stability of the levy

Q1: Do you agree that we should seek to maintain stability in the overall methodology for the levy, only making changes where there is evidence to support them?

We agree with this principle. Given that the PPF is only expecting to collect levy until 2030 (by which time it hopes to have reached self-sufficiency), there are potentially only another 15 years of levy collection ahead. This suggests that there would need to be a very strong argument for change before there was a major restructuring of the levy calculation on this scale again.

We also believe that greater notice should be given in advance of any future change than has been possible in the current case, where a consultation was published in late May 2014 for a levy to be collected in 2015. Pension schemes (and their sponsoring employers) need to be able to plan ahead for their levy expenses.

2. Predictiveness of the levy

Q3: Do you agree that it is appropriate to re-evaluate the model to ensure that it remains predictive?

We are in favour of regular recalibration of the model to ensure that it remains fit for purpose, whilst keeping the overall framework of the model as stable as possible. The recalibrations should not, however, be so frequent as to undermine the principle of stability.

3. Making the web portal accessible to employers

Although there is no specific question on this point, we would like to comment on paragraph 8.3.3. This notes that access to the PPF/Experian web portal is restricted to trustees and scheme representatives appointed by the trustees (including advisers and administrators). The consultation indicates that this is 'a result of legal restrictions', but notes that the PPF is 'looking to develop a solution to allow employers to access information about their score'.

We note that, in practice, trustees will be able to download information in spreadsheet form and send it to the employer, so in most cases, employers will be able to have access to the information they need in order to ensure that their score is being calculated correctly. However, there is a risk that, in rare cases, the trustees might be reluctant to share that information or attempt to withhold it as a negotiating tactic. We therefore think that is very important for the PPF to pursue ways of making this information directly available to employers.

This is particularly important given that the experience of at least some 100 Group companies to date has been that the data held in respect of them (and their parent companies) has contained a number of errors and therefore it is essential that employers should have an opportunity to be able to correct that information.

I trust that these comments are useful.

Yours sincerely,

José Leo
Chairman
The 100 Group – Pensions Committee