
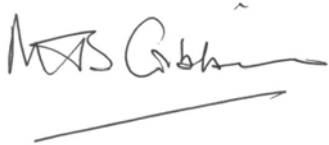


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|  Regulatory Policy Committee | OPINION | |
| Impact Assessment (IA) | The Pension Protection Fund Compensation Cap amendments | |
| Lead Department/Agency | Department for Work & Pensions | |
| Stage | Final | |
| Origin | Domestic | |
| IA number | Not provided | |
| Date submitted to RPC | 26/03/2013 | |
| RPC Opinion date and reference | 15/04/2013 | RPC13-DWP-1723(2) |
| One-in, One-out (OIOO) Assessment | GREEN | |
| <p>Overall comments on the robustness of the OITO assessment.</p> <p>The IA says “<i>the proposed change to the compensation cap constitutes a regulatory IN under the one in, two out (OITO) methodology, since it results in an increase in the PPF levy, which although paid by a pension scheme, is ultimately borne by the sponsoring employer of that scheme</i>”. The Equivalent Annual Net Cost to Business (EANCB) is estimated to be £8.7 million. On the basis of the information provided this appears a reasonable assessment.</p> | | |
| <p>Overall quality of the analysis and evidence presented in the IA</p> <p><i>Uncertainty surrounding the estimates.</i> The IA says that the estimates “<i>..are very sensitive..</i>” (Page 2) to the assumptions used. Though the “best” estimate appears reasonable, the IA should have provided low and high estimates of the potential impacts from a change in the assumptions so that the scale of this sensitivity could be gauged.</p> <p><i>Other issues.</i> On Page 6, the IA says that it uses a 3 per cent increase in the compensation cap because this “<i>..was considered.. reasonable.</i>” The IA should explain more clearly why this is the case.</p> | | |
| Signed  | Michael Gibbons, Chairman | |