

# **PENSION LEVY 2023-24**

## **FACT SHEET**

### **The Financial Reporting Council (FRC)'s role**

The purpose of the FRC is to serve the public interest by setting high standards of corporate governance, reporting and audit and by holding to account those responsible for delivering them. The FRC sets the UK Corporate Governance and Stewardship Codes and UK standards for accounting and actuarial work; monitors and takes action to promote the quality of corporate reporting; and operates independent enforcement arrangements for accountants and actuaries. As the Competent Authority for audit in the UK the FRC sets auditing and ethical standards and monitors and enforces audit quality.

The FRC is going through a period of significant and sustained change. Our Strategy 2023 - 26, published in March 2023, sets out the programme of work we will deliver in 2023/24 and the resources we will need. It is available on our website at [www.frc.org.uk](http://www.frc.org.uk).

As a public body we aim to meet the highest standards of governance and accountability, operating within the framework agreed with Government and independent from those we regulate.

### **Our actuarial responsibilities**

Following the Morris Review of the Actuarial Profession, published in March 2005, HM Treasury asked the FRC to take on responsibility for oversight of the regulation of actuaries by the Institute and Faculty of Actuaries (IFoA) and the independent setting of technical actuarial standards.

The FRC seeks to promote high quality actuarial practice and the integrity, competence and transparency of the actuarial profession to the benefit of all those who rely on actuarial advice.

The FRC is responsible for:

- The setting and maintenance of Technical Actuarial Standards and Actuarial Standard Technical Memorandum 1.
- Oversight of the regulation of actuaries by the IFoA. The IFoA sets ethical and conduct standards for its members, subject to independent oversight by the FRC.
- Operating independent disciplinary arrangements for actuaries. The FRC's Actuarial Scheme covers Members of the Institute and Faculty of Actuaries. The FRC will commence an investigation into a Member if (1) the case raises or appears to raise important issues affecting the public interest in the UK and (2) there are reasonable grounds to suspect that there may have been misconduct.

We work closely with the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), the Pensions Regulator and the IFoA as members of the Joint Forum on Actuarial Regulation.

## **Basis for the Pensions Levy**

We request an annual contribution from pension schemes in the form of a voluntary levy as part of the arrangements agreed by HM Treasury for funding the FRC's responsibilities for actuarial standards and regulation.

The FRC's actuarial responsibilities are funded through these non-statutory arrangements on the basis of an understanding with the groups who pay the levy. Should this voluntary approach prove unsustainable, the FRC would formally request that the Secretary of State make regulations for the FRC to levy its funding on a statutory basis under Section 17 Companies (Audit, Investigations and Community Enterprise) Act 2004.

The Pensions Act 2004 (Disclosure of Restricted Information) (Amendment of Specified Persons) Order 2006 enables the Pensions Regulator to provide the FRC with the information needed to calculate the amount of the levy for individual schemes.

## **Calculation**

The pension levy is currently applied to all schemes with 5,000 or more members at the rate of £2.80 per 100 members. We use the latest information on the total membership for each scheme provided to the Pensions Regulator in scheme returns. The levy is applied to occupational and personal pension schemes and public service pension schemes.

## **Purchase orders**

A number of organisations paying the pension levy provide us with a Purchase Order number, which makes it easier for them to manage the payment process. In general, the Purchase Order number has been provided by the Pensions Manager or the scheme Trustees.

## **Contact Us**

If you have a query, please contact the Levy Collection Team at Adetiq on [frc@adetiq.co.uk](mailto:frc@adetiq.co.uk) or 01273 764 511.

If you have a policy related question on the levy, please email us on [levies@frc.org.uk](mailto:levies@frc.org.uk)

## **Financial Reporting Council**

June 2023