

Levy breakdown - FCA classes

Investment Provision

	November's Outlook forecast (£m)	Latest levy update (£m)	Variance (£m)
2023/24 forecast fund balances			
Opening balance	90.6	118.9	28.3
Compensation	(128.0)	(61.1)	66.9
Recoveries	0.0	0.0	0.0
Management expenses	(9.7)	(7.0)	2.7
Annual levy receipts	48.0	0.0	(48.0)
Use of surplus to fund provider contribution*	0.0	(21.0)	(21.0)
Total closing surplus/(deficit) Please note that the 'Annual levy receipts' excludes provider contributions.	0.9	29.8	28.9
Total levies The 'Total levies' includes provider contributions to other classes. Please note, the 'Total levies' is not the sum of each column. This row shows the November forecast in comparison to the latest levy update.	70.0	0.0	(70.0)

Since the indicative levy was published in November, the forecast for this class has decreased from £70m to nil. The main reasons include:

- The 2022/23 compensation costs for this class were £31m, a £17m reduction on the indicative levy forecast. This reduction is largely due to fewer SIPP operator claims, as claims related to recent failures such as DAC Pensions Ltd, expected in 2022/23 have moved into 2023/24. This contributed to a £17m increase in the year end surplus for the class against November's forecast.
- The compensation costs for 2023/24 are now expected to be £67m lower, primarily as SIPP operator claims decisions have decreased by around 1,600 claims. This is partly due to some claims moving into 2024/25 and beyond, and lower claims volumes now expected for potential new failures.

*The provider contribution to the LDII class is £21m, which will be covered by the Investment Provision class surplus and will not be levied on firms.