

Levy forecasts – FCA classes

Investment Provision

2022/23 update

2022/23 forecast fund balances	May 2022 forecast (£m)	November 2022 forecast (£m)	Variance (£m)
Opening balance	77.5	77.5	0.0
Compensation	(138.1)	(48.2)	89.9
Recoveries	0.0	0.0	0.0
Management expenses	(9.7)	(9.7)	0.0
Annual levy receipts	71.0	71.0	0.0
Total closing surplus/(deficit)	0.7	90.6	89.9

Total levies The 'Total levies' is not the sum of each column. This row shows the May forecast in comparison to the latest levy forecast. 'Total levies' includes provider contributions to other classes.	115.4	115.4	0.0
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We paid out approximately £90m less compensation in this class than anticipated. This was mainly due to self-invested personal pension (SIPP) operator claims expected in 2022/23, now likely coming to us in 2023/24.

Given the likelihood of these claims being with FSCS in the next financial year, the anticipated surplus (£91m) will be taken forward and used to offset the 2023/24 levy.

2023/24 forecast

Class	Latest 2022/23 levy position (£m)	2023/24 forecast (£m)	Variance (£m)
Investment Provision	115.4	70.0	(45.4)

The early estimated levy for 2023/24 is currently £70m - £45.4m less than in the previous financial year. This takes into account an anticipated surplus (circa £91m) from 2022/23. Of the £70m levy currently forecast, £48m is for costs in its own class and £22m is [provider contributions](#) paid to the Life Distribution and Investment Intermediation class.

Although the levy for 2023/24 is forecast to be lower than the previous financial year, compensation costs for 2023/24 are currently anticipated to increase. This is mainly due to the SIPP operator claims we expected in 2022/23 coming to us in the 2023/24 financial year.

Also in relation to SIPP operator claims, we anticipate that there will be a circa £12m increase in compensation costs related to [section 27 claims](#).