

## Levy breakdown - FCA classes

# Life Distribution & Investment Intermediation

2023/24 forecast fund balances	November's Outlook forecast (£m)	Latest levy update (£m)	Variance (£m)
Opening balance	86.5	118.5	32.0
Compensation	(209.5)	(212.8)	(3.3)
Recoveries	6.8	4.9	(1.9)
Management expenses	(27.7)	(30.3)	(2.6)
Annual levy receipts	145.0	139.0	(6.0)
<b>Total closing surplus/(deficit)</b> Please note that the 'Annual levy receipts' includes provider contributions.	1.1	19.3	18.2
<b>Total levies</b> The 'Total levies' excludes provider contributions from 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.	<b>105.5</b>	<b>101.1</b>	<b>(4.4)</b>

The levy payable by firms in this class is £101m, a £4m decrease from November's indicative levy. The compensation costs forecast for this class have increased by £3m since November's *Outlook*, but the mix of claims expected has changed.

The main changes in the levy forecast include:

- A £21m reduction relating to the compensation costs for complex pension claims as:
  - the number of claims decisions expected in 2023/24 have decreased for potential new failures; and
  - this is offset partly by higher average compensation. Macroeconomic factors impacting the pension redress calculation model, including increased interest rates and inflation, had resulted in lower average compensation payments during 2022/23. This has now stabilised and so decreases in average compensation are no longer expected.

- A £20m increase across other products, mainly driven by SIPP advice claims, due to an increase in new claims received in 2022/23. This resulted in an increased volume of claims in progress expected to be completed in 2023/24.

This class will be receiving provider contributions from the Life & Pensions Provision (£15m), Investment Provision (£21m) and Deposit Acceptors (£2m) classes.