

Levy breakdown – FCA classes

Investment Provision

2022/23 update

| 2022/23 forecast fund balances | November's Outlook forecast (£m) | Latest levy update (£m) | Variance (£m) |
|---|--|-------------------------------|------------------|
| Opening balance | 60.2 | 77.5 | 17.3 |
| Compensation | (236.8) | (138.1) | 98.7 |
| Recoveries | 0.0 | 0.0 | 0.0 |
| Management Expenses | (9.7) | (9.7) | 0.0 |
| Annual levy receipts | 187.0 | 71.0 | (116.0) |
| Total closing surplus/(deficit) Please note that the 'Annual levy receipts' excludes provider contributions. | 0.7 | 0.7 | 0.0 |
| 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. | 200.0 | 115.4 | (84.6) |

Since the indicative levy was published in November, the forecast for this class has decreased from £200m to £115m, which is £85m lower than the indicative levy and the levy paid in 2021/22. The main reasons for the decreased levy for the Investment Provision class include:

- We received fewer claims relating to self-invested personal pension (SIPP) operator claims than expected in 2021/22 as we continued to wait on decisions from the Financial Ombudsman Service. Once these decisions are made, we expect this to lead to several SIPP operator firm failures and claims to FSCS, particularly now that the Supreme Court has declined permission to appeal the Adams v Carey case which relates to the obligations of SIPP operators. We expect these claims to occur in 2023/24 and beyond;
- Due to fewer claims received in 2021/22, the opening balance in this class increased by a further £17m, which was carried forward into 2022/23 and offset against the levy; and
- The expected compensation costs for 2022/23 have decreased by £99m, primarily as we have reassessed the number of SIPP operator claims expected this year to align more with the claims trend in 2021/22.