

## Levy breakdown – FCA classes

## Home Finance Intermediation

## 2021/22 update

2021/22 forecast fund balances	May's Outlook forecast (£m)	Latest levy update (£m)	Variance (£m)
Opening balance	2.8	5.4	2.6
Compensation	(5.1)	(3.0)	2.1
Recoveries	0.0	0.0	0.0
Management Expenses	(2.1)	(2.1)	0.0
Annual levy receipts	5.0	5.0	0.0
<b>Total closing surplus/(deficit)</b> Please note that the 'Annual levy receipts' includes provider contributions.	<b>0.6</b>	<b>5.2</b>	<b>4.6</b>
<b>Total levies</b> The 'Total levies' excludes provider contributions to other classes. Please note, the 'Total levies' is not the sum of each column. This row shows the May forecast in comparison to the latest levy update.	<b>11.5</b>	<b>3.6</b>	<b>(7.9)</b>

The compensation costs for this class are approximately £2m lower than forecast in May 2021 which has resulted in a surplus of just over £5m. The relatively small variance (£2.1m) in compensation is related to fewer payouts than previously forecast.

The reason for the variance in 'total levies' is due to the May forecast including an £8m retail pool contribution for the Life Distribution and Investment Intermediation (LDII) and Investment Provision classes. We now know the retail pool levy will not be required in 2021/22.

## 2022/23 forecast

Class	2021/22 latest levy update (£m)	2022/23 forecast (£m)	Variance (£m)
Home Finance Intermediation	3.6	9.1	5.5

We currently estimate that the annual levy will rise from £4m in 2021/22 to £9m in 2022/23. This is mainly due to an expected £8m retail pool contribution that will be required in the 2022/23 financial year. This will be needed as the LDII class is expected to breach its annual levy limit and will require funds from across the other classes.

For the 2022/23 financial year, this class is carrying forward a surplus of £5m from 2021/22 which will be used to offset the 2022/23 levy. The compensation costs for the Home Finance Intermediation class are currently forecast to be approximately £5m. This takes into account firm failures from previous financial years.

We are not currently expecting any new firm failures during 2022/23.