Department for Work & Pensions

The Occupational and Personal Pension Schemes (General Levy) (Amendment) Regulations 2020

Government response

4 March 2020

Introduction

1. This consultation ran from 18 October to 29 November 2019. The consultation document can be viewed at:

   https://www.gov.uk/government/consultations/the-occupational-and-personal-pension-schemes-general-levy-review-2019

   This consultation sought views on DWP's proposed options to increase the General Levy ("the levy") rates for the year 2020/21 onwards.

2. Annex A lists the 23 respondents to this consultation and the Government is grateful to them for providing their comments and advice.

3. This document notes why it is considered necessary to increase the levy rates. It provides a summary of the responses received to the consultation and the Government's responses to the comments made and advises that, following consideration of these comments, the Government decided to proceed with Option 1 set out in the consultation document (holding increase of 10% in the 2019/20 levy rates on 1 April 2020; further increases from April 2021 informed by a wider review of the levy).

4. Accordingly, regulations (The Occupational and Personal Pension Schemes (General Levy) (Amendment) Regulations 2020 (S.I. 2020 No. 195) have been made and laid in both Houses of Parliament.

Background

5. The levy, imposed on occupational and personal pension schemes, recovers, either in whole or in part, the funding provided by DWP for three public bodies providing elements of the pensions supervisory regime. These bodies are the Pensions Regulator ("TPR"), the Money and Pensions Service ("MaPS)" and the Pensions Ombudsman ("TPO"). The funding provided to TPR and to MaPS is recovered in part[1]; the funding provided to TPO is recovered in full.

6. The levy rates are set in regulations (The Occupational and Personal Pension Schemes (General Levy) Regulations 2005 (S.I. 2005 No. 626)) ("the 2005 Regulations"). The levy is collected annually by TPR on behalf of the Secretary of State for Work and Pensions.

7. Having reviewed the funds that are likely to be raised by this levy under the current levy rates, and considered the current and planned administration costs of the three public bodies noted in paragraph 5 above, we estimate that a levy

[1]The levy recovers TPR's core regulatory funding. Additional funding for TPR's Automatic Enrolment compliance activity is provided from general taxation. The levy also recovers funding provided to MaPS for pensions information and guidance. Other funding provided to MaPS is within the ambit of the Financial Services Levy. This levy is controlled by the FCA.

deficit of over £50m will exist by the end of 2019/20. The deficit would continue to grow if the levy rates were left unchanged.

8. As advised in the consultation document, we therefore considered options for increases in the levy rates in order to eliminate the deficit.

9. The consultation document advised that the Government was attracted to an option (Option 1) that would involve a holding increase of 10% in the 2019/20 levy rates on 1 April 2020, with further increases from April 2021 informed by a wider review of the levy. Alongside this, the Government has decided to increase the rates for Band 2-11 occupational schemes and personal pension schemes (see paragraph 42).

10. Option 1 was preferred as it would enable a small estimated reduction of 13% of the projected in-year deficit in 2020/21 whilst providing an opportunity to conduct a wider review of the levy. The objective of such a review would be to consider whether it would be appropriate to adopt a different levy structure and, if so, what form that restructuring should take.

The Regulations

Regulation 1 – Citation and commencement

11. This regulation gives the title of the regulations and specifies the date on which the regulations are proposed to come into force.

12. It is proposed that the regulations will come into force on 1 April 2020.

Regulation 2 – Amendment of the 2005 Regulations with effect from 1 April 2020

13. This regulation amends regulations 6(2) and 7(2) of the 2005 Regulations to provide for the amounts payable by eligible schemes, in respect of the levy, for the financial year 2020/21. The rates for eligible schemes are increased by 10%. This is with the exception of the general levy for schemes with 2 to 11 members. For occupational pension schemes, the rate rises from £29 to £75 per annum per scheme and for personal pension schemes, the rate rises from £12 to £30 per annum per scheme.

Regulation 3 – Revocation

14. Regulation 3 of the regulations revokes the Occupational and Personal Pension Schemes (General Levy) (Amendment) Regulations 2017 (S.I. 2017 No. 203) which imposed the previous levy rates.

Summary of the consultation responses received

15. The consultation sought views on four options the Government had identified that would address the current levy deficit and realign the levy rates such that revenue is able to match ongoing expenditure in the longer term. The consultation document posed 6 questions:

- **Question 1** - which option do you prefer?

- **Question 2** - in respect of your answer Question 1, why do you support your preferred option?

- **Question 3** - would you like to propose any alternative option(s) to those set out in this consultation which would eliminate the levy deficit? If so, please provide details.

- **Question 4** - do you agree or disagree that we should increase the fixed levy contribution for small schemes with 2-11 members? Please give your reasons.

- **Question 5** - what is the impact on your scheme of raising the levy? How will your scheme respond to a levy increase? (For example: would it be absorbed by scheme, passed on to members, or employers?)

- **Question 6** – if you were to consider passing on costs to employers to absorb the levy increase, what is the size composition of employers using your scheme? (For example: are they mainly small, with less than 50 employees, or larger employers?)

16. **23 responses** to the consultation were received. Of these:

- **12** respondents were prepared to support the proposed approach as set out in the consultation document (Option 1 – holding increase in the levy rates of 10% from 2020 plus a structural review informing further increases from 2021);

- a further **3** respondents were prepared to support Option 1 if the holding increase was less than 10%;

- a further **4** respondents supported an element of Option 1 (the structural review) but did not support a holding increase of any sort;

- **1** respondent supported Option 3 (phased increase in the levy rates over 10 years from April 2020);

- **2** respondents supported Option 4 (phased increase in the levy rates over 10 years from April 2021), one of whom also supported an element of Option 1, namely the wider review;

- **1** respondent was prepared to support any of the options, but had a slight preference for Option 4.

17. A more detailed summary of the responses received is in paragraphs 18 to 40 below.

18. As indicated in paragraph 16 above, **12 respondents were prepared to support Option 1**. From this group of respondents, the view was expressed that it is right for pension schemes to meet the costs of a properly-funded supervisory regime. There was support for the level of investment in the regime in recent years, which reflected a changed regulatory landscape. Given the cumulative effect of inflation since the reduction in the levy rates in 2012/13, an increase in the levy rates of 10% appeared reasonable, although one respondent invited the Government to consider whether a lower increase could be appropriate.

19. Some respondents suggested that the other options discussed in the consultation document, options 2-4, would lead to substantial increases in the levy in future years which would, inevitably, be speculative as to future supervisory costs.

20. One respondent suggested that the proposed increase in the levy, which followed a reduction for the largest schemes in 2017, indicated that the 2017 reduction was questionable or that the expenditure of the bodies covered by the levy had been insufficiently controlled from that point onwards. The levy rates are reviewed annually on the basis of information that is available at the time. Expenditure has grown since 2017 in order to provide for a more active supervisory regime. This reflects a strong desire on the part of the Government and the bodies covered by the levy that the regime should respond more quickly and effectively to the demands that are placed upon it.

21. One respondent suggested that the levy rates could be set in a way which allowed for the creation of a small reserve, which could eliminate the need for unplanned increases in the future. The Government believes that a small reserve might not provide sufficient resilience in this respect. Conversely, the creation of a larger reserve would mean higher increases in the rates than would otherwise be the case at a time when eliminating the levy deficit is a priority.

22. One respondent suggested that fixed increases or “inflation plus” increases in the levy could be used to reduce the deficit over time. This could lead to decisions about how the deficit should best be eliminated becoming decoupled from those concerning the recovery of ongoing expenditure. For this reason, the Government is not attracted to this option.

23. One respondent queried the extent to which MaPS was delivering the savings that were suggested would flow from the creation of the new body. The Government has since decided that savings following the unification of information and guidance services under MaPS should be redirected to its frontline so that the consumer offer can be strengthened.

24. One respondent asked for confirmation of the funding requirements of the bodies covered by the levy. Information on funding requirements is available within each body’s Business and Corporate Plan. These are published on their respective websites each spring after funding has been allocated.

25. Information about outturn expenditure is contained in each body's Annual Report and Accounts. These are also published on their respective websites, typically during the summer in respect of the preceding financial year.

26. There was general approval of the notion of a structural review of the levy amongst this group of respondents. A number of issues were raised that it was felt a review could address. This Government response does not seek to pre-judge these suggestions, or to signal whether they are all worthy of further consideration, but they are listed at Annex B for the sake of transparency and completeness.

27. **<u>3 respondents were prepared to support Option 1 if the holding increase in the levy rates was less than 10%</u>**.

28. Two respondents, one of whom acknowledged the need for a properly-funded supervisory regime, suggested an increase in the levy tied to the rate of the CPI measure of inflation, or no increase at all.

29. The third respondent from within this grouping suggested an increase in the levy of less than 10% without recommending a specific alternative percentage. The same respondent noted that the consultation document had made no reference to the Fraud Compensation Levy. This levy is also subject to review as necessary, but different considerations apply to it. For this reason, a single review of both levies would not be appropriate.

30. One respondent advocated the immediate introduction of a new, lower levy rate for schemes with 1 million members or more. The Government does not believe that this option, if it was adjudged to be an attractive one in policy terms, could be achieved at a time when bringing the levy into balance is a key requirement and without imposing a disproportionate new burden on smaller schemes.

31. One respondent queried the extent to which DWP's modelling takes account of a growing number of deferred members. The numbers of active and deferred members are not modelled separately; rather, DWP forecasts the future number of pots held by schemes, split by scheme size. This forecast is based on historic data on pots (including both active and deferred) and growth rates in line with the assumptions included in our summary of impacts at Annex D.

32. Again, there was approval of the notion of a structural review of the levy amongst this group, who also suggested issues that a review could address. These issues are included in the list at Annex B.

33. **<u>4 respondents were prepared to support an element of Option 1 (a structural review), but did not support a holding increase of any sort</u>**.

34. One respondent from this group, recognising that changes and developments in the pensions landscape impact supervisory costs, argued for greater transparency in those incurred by the bodies covered by the levy. This respondent also made a number of other detailed points concerning the funding

of the bodies. DWP-sponsored bodies[2], whether covered by the levy or otherwise, are, as indicated in paragraphs 24-25 above, required to publish a Business and Corporate Plan and Annual Report and Accounts. These documents set out strategy, targets and the associated funding requirement and outturn. An accountability regime operated by DWP ensures that the work of the bodies covered by the levy receives an appropriate level of scrutiny and challenge. The Government acknowledges that the spending of the bodies covered by the levy has increased significantly. The reasons for this development are set out in paragraph 20 above.

35. Another respondent highlighted the impact of a large number of small pots on the levy charges imposed on Master Trusts, a by-product of the existing charging regime which this respondent perceived to be unfair. This respondent concluded that an increase in the levy should not precede a structural review, which should as a priority address this perceived unfairness.

36. Another respondent also reflected on perceived unfairness inherent in the existing levy structure and called for greater accountability in relation to the bodies' spending plans. This respondent also supported a review of the levy, arguing that fundamental questions about its structure had been "effectively long-grassed". The Government will conduct a structural review of the levy by summer 2020. The aim is that this will inform a subsequent consultation exercise in the autumn of this year which will, in turn, inform decisions about the levy from April 2021 and for subsequent years. It considers this timetable to be a reasonable one.

37. The same respondent also suggested that an additional consultation exercise should take place, which could establish a set of principles against which different levy options could be assessed. The Government has decided to take a different approach, taking account of the views of respondents to this consultation exercise when deciding on the ambit of a structural review. A level of input from stakeholders that the Government considers appropriate will be sought as the review progresses. It believes this approach to be proportionate.

38. Another respondent, whilst acknowledging the need for increased supervisory regime funding, echoed the concerns expressed by others in this grouping about the impact of small pots on levy charges and on the need for greater transparency. This response included a preference for a review to precede any increase. It also took the view that the standards of governance and management of large Master Trusts tended to be high and therefore the level of perceived cross-subsidy between such schemes and more highly regulated schemes could not be justified.

39. Three of the four respondents in this group argued that the levy should work with the grain of broader policy objectives for the pensions industry. They referenced consolidation of multiple pots as an example of this.

---

[2] With the exception of small advisory bodies whose staff are provided by DWP.

40. The consultation document also sought views on **whether the fixed levy contribution for small schemes with 2-11 members should be increased**. A summary of the views of respondents on this proposal is at Annex C.

Government response

41. Having considered the responses received, the Government decided to proceed with its proposed approach (Option 1 in the consultation document, described in paragraph 3 above) without amendment. The requirement to bear down on the levy deficit is pressing and to delay the start of corrective action until 2021 would not be appropriate. As discussed in paragraph 36 above, a structural review of the levy will be undertaken during 2020.

42. As noted in Annex C, the Government has decided to increase the rate for Band 1 schemes to £75 per annum for occupational schemes and £30 per annum for personal pension schemes.

Conclusion

43. The Government would like to thank all the organisations that have offered their views and advice in response to this consultation exercise. The regulations (The Occupational and Personal Pension Schemes (General Levy) (Amendment) Regulations 2020 (S.I. 2020 No.195) which amend the 2005 Regulations in the manner described in paragraph 9 above have been made and laid before both Houses of Parliament.

Annex A: List of those who responded to this consultation

Aon

Association of Consulting Actuaries

Aviva

A J Bell

Barnett Waddingham

B&CE

Clara-Pensions

Co-operative Group

Creative AE

Investment and Life Assurance Group

Mattioli Woods

Mercer

NEST

Now: Pensions

Pensions and Lifetime Savings Association

Pensions Management Institute

Railways Pension Trustee Company

ReAssure

SAUL (Superannuation Arrangements of the University of London)

Smart Pension

Society of Pensions Professionals

Willis Towers Watson

XPS Pensions Group

Annex B: List of main issues suggested by respondents that a structural review of the levy could address

- Formulation of a set of principles governing levy funding, together with a formula best meeting those principles; and whether:
- the levy is placing the greatest burden on schemes on which supervisory activity is most focused;
- the cross-subsidies inherent in the existing levy structure can be justified;
- 'fees per case' could be introduced, analogous to the system that funds the work of the Financial Ombudsman Service;
- the level of segmentation within the existing structure could be changed, for example between workplace and non-workplace pension providers and by creating a specific segment for Master Trusts;
- the structure of the levy could be amended to reflect the position of Master Trusts more generally, for example by taking account of the existence of the authorisation regime and of the reported proliferation of members with small pots. A further suggestion is to reclassify Master Trusts as personal/stakeholder pension schemes, as opposed to occupational schemes, for levy purposes;
- work undertaken by the bodies that has a public benefit could be funded through general taxation rather than by the levy;
- high quality information on the costs incurred by the bodies can be obtained; whether a cost/benefit analysis of increased funding of the bodies can be conducted; and whether greater challenge of proposed budgets can be undertaken;
- work intended to counter pension scams could be funded through general taxation rather than by schemes;
- it is right for Self Invested Personal Pension providers to continue to contribute to the levy;
- the levy can be expected to fund the creation of pension dashboards, and to what extent;
- employers with group personal or stakeholder pensions should contribute to the levy;
- fines imposed by TPR could be retained by the body, thereby reducing the levy requirement.

Annex C: Summary of the views of respondents on whether the fixed levy contribution for small schemes with 2-11 members should be increased

6 respondents offered no comment on this proposal. Of the 17 that did so:

- **8** respondents agreed with the proposal. One respondent observed that the cash increase was not substantial and that most schemes would be able to fund it. Two respondents said that such schemes could be expected to be more expensive to supervise, reflecting their likely standards of governance. This, in turn, would mean higher costs for TPR and TPO;

- **3** respondents said the increase appeared reasonable, although one said the impact on employers, schemes and members should be explored first. There was also a query about whether such schemes should be in scope for the levy at all, bearing in mind that many members are also trustees;

- **5** respondents neither agreed nor disagreed with the proposal. One said the rate payable should reflect the fixed costs of regulation. The Government notes that such schemes may not always incur protection regime costs limited to the fixed costs of regulation. Two respondents from within this grouping said there was a question about whether such schemes should be in scope for the levy at all, given that the members were also trustees and that the schemes tended to be fully insured with a low risk profile and thus there was less need for regulation. One said the proposal was disproportionately harsh. Two respondents said any increase should be considered as part of a structural review;

- **1** respondent disagreed with the proposal, perceiving that it would have a significant impact if implemented. This respondent also asserted that, bearing in mind movements in the RPI measure of inflation since the last increase, an increase to £50 would be fairer.

The Government accepts that Band 1 schemes with some or all of the characteristics noted above may not present significant risks to the protection regime. But as such schemes are not exempt from oversight by the regime, and by extension receive supervision from it, the Government has decided to proceed with the proposal, which is to increase the rate for Band 1 schemes to £75 per annum for occupational schemes and £30 per annum for personal pension schemes from 2020/21.

Annex D: Summary of impacts - Proposed levy rates from April 2020

Summary of Impacts - Proposed levy rates from April 2020

As part of the annual levy review, the Department forecasts the levy revenue for the next ten years. As the Department is proposing a change to the levy rates this section sets out the estimated impacts of raising the levy rates compared to keeping them at their current rate.

The current and proposed levy rates are outlined in Tables 1 and 2.

Table 1: Current rates for the General Levy[3]

	Occupational		Personal/Stakeholder[4]	
Membership banding	Minimum charge[5]	No minimum charge	Minimum charge	No minimum charge
2 – 11	£29	N/A	£12	N/A
12 – 99	N/A	£2.88 per member	N/A	£1.15 per member
100 – 999	£290	£2.08 per member	£120	£0.81 per member
999 – 4,999	£2,080	£1.62 per member	£810	£0.69 per member
5,000 – 9,999	£8,100	£1.23 per member	£3,450	£0.46 per member
10,000 – 499,999	£12,300	£0.86 per member	£4,600	£0.35 per member
500,000+	£430,000	£0.65 per member	£175,000	£0.26 per member

Table 2: Proposed levy rates from April 2020.

	Occupational		Personal/Stakeholder	
Membership banding	Minimum charge	No minimum charge	Minimum charge	No minimum charge
2 – 11	£75	N/A	£30	N/A
12 – 99	£75	£3.17 per member	£30	£1.27 per member
100 – 999	£310	£2.29 per member	£130	£0.89 per member
1,000 – 4,999	£2,290	£1.78 per member	£890	£0.76 per member
5,000 – 9,999	£8,900	£1.35 per member	£3,800	£0.51 per member
10,000 – 499,999	£13,500	£0.95 per member	£5,100	£0.39 per member
500,000+	£475,000	£0.72 per member	£195,000	£0.29 per member

The revenue projections are based on forecasts of scheme membership over the next ten years, split by scheme size. These figures are then multiplied by the relevant

[3] 2019 Levy Rates - Link

[4] Personal/Stakeholder pension schemes pay a lower levy rate than occupational schemes. This is because there is less ongoing supervision from the Regulator for these schemes relative to occupational schemes.

[5] The minimum charge is in place to ensure that schemes at the edge between bandings pay more for more members. For example, scheme with 99 members pays £285.12 to the levy, but at the per member rate a scheme with 100 members would contribute £208. The minimum charge ensures that schemes do pay for more members.

levy rates[6] to generate a figure for projected revenue in the counterfactual scenario, using current levy rates, and the proposed change scenario. It should be emphasised that any modelling is subject to related uncertainties and limitations, and is heavily dependent on the underlying assumptions.

Forecast membership

Total membership is projected by forecasting the average number of members and of schemes, split by scheme size. These are then multiplied to generate total membership split by scheme size.

Our forecasts for average members and the number of schemes are based on the following key assumptions:

	Average number of members	Number of schemes
Occupational Defined Contribution (DC)	Grows at the average growth rate for the previous 3 years[7]. For schemes with 500,000+ members, average members grows at an adjusted growth rate using the latest growth rate[8] and the proportional difference to scheme specific growth rates moving forward.	Grows at the average growth rate for the previous 3 years. For schemes with 500,000+ members, the number of schemes will remain at the current level.
Personal/Stakeholder DC	Grows at the average growth rate for the previous 3 years[9].	Grows at the average growth rate for the previous 3 years[10]. For schemes with more than 10,000 members, the number of schemes remain at the current level.
Defined Benefit (DB), including Hybrid	Number of members remains at current level.	Remains at current level.

There are different assumed growth rates for larger DC schemes. Throughout the Automatic Enrolment (AE) staging process these types of schemes have experienced significant growth. For example, at the end of 2012 there were just under 2 million members of occupational DC schemes with more than 5,000 members, this has grown to almost 16 million by the end of 2018[11]. These growth rates are still included

[6] The counterfactual is the levy remaining at 19/20 rates, shown in table 1. The proposed levy rates are shown in table 2.
[7] This uses scheme return data from 2017, 2018 and 2019. This data may be lagged as depends on when the scheme year end is and when they submit the data to TPR.
[8] This is from the 2019 scheme return data. This data may be lagged as depends on when the scheme year end is and when they submit the data to TPR.
[9] This uses scheme return data from 2017, 2018 and 2019. This data may be lagged as depends on when the scheme year end is and when they submit the data to TPR.
[10] This uses scheme return data from 2017, 2018 and 2019. This data may be lagged as depends on when the scheme year end is and when they submit the data to TPR.
[11] DC Trust 2019, Table 2.1. Link

within the 3-year growth period and therefore project very high membership levels in the future.

We expect that these schemes will continue to grow, also driven by labour market movements such as movements between jobs, but we do not expect them to continue to grow at this high rate and have therefore adjusted our assumptions for both schemes and membership (as explained above) in line with this.

Counterfactual – Levy frozen at 2019/20 rates

If there were to be no changes to the levy rates, we would still expect a change in revenue, driven by the increase in members over time. Table 3 shows the estimated revenue projections in a ‘Do Nothing’ scenario; this is the counterfactual and analysis on the impacts of the proposed change are compared to this.

Table 3: Revenue projections in a “Do Nothing” and “Proposed changes” scenario, 2020/21 to 2029/30[12].

	2020/21	2021/22	2022/23	2023/24	2024/25
Do nothing (£m)	45.9	47.0	47.9	48.9	49.8
Proposed change (£m)	52.0	53.1	54.2	55.2	56.2
Impact (£m)[13]	6.1	6.2	6.2	6.3	6.4

	2025/26	2026/27	2027/28	2028/29	2029/30
Do nothing (£m)	50.8	51.7	52.8	53.8	54.9
Proposed change (£m)	57.2	58.2	59.3	60.5	61.7
Impact (£m)	6.4	6.5	6.6	6.6	6.7

Table 3 shows projected revenue is expected to rise from £45.9m in 2020/21 to £54.9m in 2029/30 as a result of growth in pension membership, in a scenario where the levy rates remain at 2019/20 levels.

The aggregate impact of the proposed change is estimated to be £64.1m over the ten-year period.

Impact of proposed levy rates

We have chosen to use a ten-year appraisal period here as these rates will apply beyond April 2021 unless further changes are made.

However, the policy objective is to recover any deficit, and therefore there is likely to be further changes with costs to business in line with the projected deficit over the longer-term.

<u>Businesses</u>

Eligible pension schemes will be impacted by the changes to the levy rates. The estimated cost to private sector schemes in 2020/21 is approximately £4.9m. If levy rates were to remain at this level from 2021 onwards, the estimated cost over the ten-year period to end of 2029/30 would be £51.5m.

---

[12] DWP Analysis, using revenue projections model. Rounded to the nearest £0.1m. Totals may not sum to the total impacts in the table due to rounding.
[13] This is the aggregate impact for both Business and Government.

We anticipate that DB schemes will not pass costs on to members through increased contribution rates, and therefore we assume that any cost incurred to DB schemes will therefore represent a cost to business. We estimate that the additional cost over the ten-year period to private sector DB schemes, including hybrid will be £14.3m.

In DC schemes, the costs would be a direct cost to the pension scheme provider. We estimate the additional cost over the ten-year period to be £28.4m and £8.9m for occupational and personal/stakeholder schemes respectively. Providers may choose to absorb these costs or pass costs on to employers, in which case they would be a cost to business.

We expect that some DC schemes will be able to pass on costs to members, although this is limited by the charge cap[14] for default funds. This is explored further in the member impacts section below.

Government

The Government contributes to the levy for all public sector schemes. The estimated cost to public sector schemes in 2020/21 is approximately £1.3m. If levy rates were to remain at this level from 2021 onwards, the estimated cost to public sector schemes over the ten-year period to the end of 2029/30 is estimated to be £12.6m.

Members

There will be no direct costs incurred for scheme members as they will not need to do anything, and so there are no familiarisation or implementation costs for them. DB schemes could pass the additional cost to members through increased contribution rates. However, only 11% of DB members are actively contributing[15] and the General Levy is a small cost compared to the costs of administering and funding a DB scheme. Therefore, we conclude that this is highly unlikely to have an impact upon members even among open schemes.

For members of DC schemes, schemes may choose to pass on the cost to members through increased charges. However, whether a scheme chooses to do this depends on certain factors including current charges (are they close to/at the cap level) and the pot size the member holds; there is not enough evidence to provide an estimate of the likely impact. It is also not possible to quantify any potential benefits to members from ALB activity funded through the proposed levy increase due to lack of evidence around how ALB support might vary under the counterfactual.

[14] The charge cap is 0.75% of funds under management within the default arrangement, or an equivalent combination charge. The cap applies to all scheme and investment administration costs and a small number of other specified costs and charges. For more information: Link
[15] The Purple Book, 2019. Link