Department for Work & Pensions

The Occupational and Personal Pension Schemes (General Levy) Regulations review 2023

October 2023

Contents

Introduction

1. This consultation concerns proposals for changes to the structure and rates of the General Levy on occupational and personal pension schemes from April 2024, 2025, and 2026.

About this consultation

Who this consultation is aimed at

2. We would expect this consultation to be primarily of interest to those affected by the levy including occupational pension scheme trustees, sponsoring employers of pension schemes and personal pension providers. However, the Government welcomes views from all interested parties.

Purpose of the consultation

3. The purpose of this consultation is to seek views on options for change to the structure and rates of the General Levy from April 2024, 2025, and 2026.

Scope of the consultation

4. This consultation concerns the General Levy regulations which apply across Great Britain. It is envisaged that Northern Ireland will make corresponding regulations.

Duration of the consultation

5. The consultation period begins on 2 October and runs until 13 November. Please ensure your response reaches us by 11.55pm on 13 November as any replies received after this may not be considered.

How to respond to this consultation

6. Please send your consultation responses to:

General Levy Consultation Team
Department for Work and Pensions
ALB Partnership Division
1st Floor
Caxton House
London
SW1H 9NA

Email: caxtonhouse.generallevyconsultation2023@dwp.gov.uk

Government response

7. We will publish the Government response to the consultation on GOV.UK. Where consultation is linked to a statutory instrument, as in this instance, responses should be published before or at the same time as any related instrument is laid. The report will summarise the responses and intentions of the Government.

How we consult

Consultation principles

8. This consultation is being conducted in line with the revised Cabinet Office consultation principles published in March 2018. These principles give clear guidance to Government departments on conducting consultations.

Feedback on the consultation process

9. We value your feedback on how well we consult. If you have any comments about the consultation process (as opposed to comments about the issues which are the subject of the consultation), including if you feel that the consultation does not adhere to the values expressed in the consultation principles or that the process could be improved, please address them to:

DWP Consultation Coordinator
Legislative Strategy Team
4th Floor
Caxton House
Tothill Street
London
SW1H 9NA

Email: caxtonhouse.legislation@dwp.gov.uk

Data Protection and Confidentiality

10. For this consultation, we will publish all responses except for those where the respondent indicates that they are an individual acting in a private capacity (e.g., a member of the public). All responses from organisations and individuals responding in a professional capacity will be published. We will remove email addresses and telephone numbers from these responses but apart from this, we will publish them in full.

11. For more information about what we do with personal data, you can read **DWP's Personal Information Charter**.

Background

Structure of the levy

12. The General Levy on occupational and personal pension schemes (“the levy”) recovers the funding provided by the Department for Work and Pensions (DWP) in respect of the core activities[1] of The Pensions Regulator (TPR), the activities of The Pensions Ombudsman (TPO), and the pensions-related activities of the Money and Pensions Service (MaPS). All three bodies receive grant-in-aid from the DWP, which is reimbursed by levy income.

13. The levy is payable by the trustees of registrable occupational and personal pension schemes. The amount levied on individual schemes is calculated by according to the number of scheme members.

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

15. The levy rates are reviewed annually by DWP. Each review considers, amongst other things, anticipated levy receipts; the agreed spending plans of the bodies listed in paragraph 12, normally over a forward period of three years; and any surplus or deficit that may have accumulated.

16. With several years growth in our pensions bodies’ activity and previous decisions to delay increasing levy rates, considerable pressure has been put on the levy resulting in a significant deficit. In 2020, a remediation plan was agreed by the Government to remove the deficit by 2030/31.

17. In April 2021, following a public consultation in 2020, changes were made to the structure and rates of the levy from April 2021, 2022, and 2023. These changes included an increase in the levy rates and the simultaneous introduction of four separate sets of rates: for Defined Benefit (DB) schemes, Defined Contribution (DC) schemes other than Master Trusts, Master Trusts, and Personal Pension schemes. This was a step change to the previous levy structure of two sets of rates covering occupational and personal pension schemes respectively.

18. It was agreed as part of the 2020 consultation that this system was a fair representation of the differing levels of regulation required for DB, DC and Master Trust schemes. At the same time, the collective approach that underpins the current levy system, together with the inherent simplicity and operability of a levy system based on the number of members in each scheme, would be preserved.

19. In conducting this year’s levy review, we have considered the current levy position, the strategies and corporate plans of the bodies covered by the levy, and the amount we expect to raise from eligible pension schemes over the seven years from April 2024 if the levy rates remain unchanged. We are aware that there are a number of external

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[1] Funding for the Automatic Enrolment compliance regime operated by TPR is not recovered by the levy.

factors that may affect these projections over time such as the projected growth in DC scheme membership and consolidation. We will therefore adjust any estimates as part of continuing yearly reviews. In a growing pensions market, led by the successful introduction of Automatic Enrolment (AE), it is vital to ensure that levy income is sufficient to maintain the strengthened regulatory framework put in place in recent years.

Pensions and the regulatory landscape

20. There have been significant changes in the pensions industry and the regulatory landscape since 2017. The Government has taken steps to bolster the pension protection regime to ensure that confidence in pensions saving can be maintained and improved. This has included investing in stronger regulation, as well as providing access to more comprehensive guidance and complaints services for members of the public.

21. As a result of the developments mentioned above, the levy-funded pension bodies have seen continuing change and growth and, therefore, an increase in expenditure. The key areas of increased activity are as follows:

A) **TPR,** the largest funded body, continues to protect pension savers by developing clear, quick and tough interventions to new and existing risks, through a programme which transformed its regulatory culture and expanded its regulatory reach and approach.

Due to the success of AE, scheme membership has grown. TPR's responsibilities have also grown as a result of the introduction of new types of schemes such as Master Trusts, new types of regulation through authorisation and supervision and the introduction of new duties for trustees such as climate change reporting.

TPR continues to evolve its approach to new and emerging risks. It has published a Corporate Strategy for discussion, reinforcing its commitment to putting the saver at the heart of its work in the long-term. In addition to the ongoing work mentioned it is looking to the following developments to enhance its effectiveness and efficiency as well as to protect more members more comprehensively. Work undertaken by TPR is as follows:

- **Risks to financial stability** - TPR is working with other regulators to ensure that risks from pension scheme use of investment vehicles such as liability driven investments are reduced, and to develop better oversight of future risks.

- **Value for Money (VFM)** - TPR is working jointly with DWP and the Financial Conduct Authority (FCA) to develop a regulatory VFM framework for DC schemes to improve saver outcomes.

- Pension savers rely on pension schemes working hard on their behalf to deliver the **best possible retirement outcomes.** The government believes this is best achieved by having fewer, larger and better run schemes. TPR want to ensure savers have confidence their schemes are well run, with the scale needed to access a diverse range of assets and deliver good outcomes. Where trustees don't have the scale or expertise to deliver this, TPR would expect them to consolidate and move their savers into a scheme that can.

- **Pensions Dashboards** - TPR is engaging and supporting pension schemes to understand and, in due course, comply with their requirements under pensions dashboards legislation. TPR plays a pivotal role in supporting schemes to prepare for connection to the pensions dashboards eco-system, as well as supporting the Pensions Dashboards Programme to identify and connect occupational pension schemes to pensions dashboards.

- **Extending TPR's regulatory grip** to far more schemes than in the past, engaging with schemes if they cause concern and carrying out full investigations into those who persistently flout their duties. TPR's increased breadth and volume of enforcement activity acts as a serious deterrent to those who consider doing wrong and demonstrates the Government's resolve to protect the reputation of the pensions industry and safeguard millions of savers.

- Embarking on an **upgrade of its legacy IT systems** to improve stability and reduce cyber risks.

B) Due to the growth in scheme membership, **TPO** continues to face increasing demand for its services. DWP agreed additional funding in 2022 and again in 2023 to assist with reducing waiting times and reducing backlogs.

In 2021, TPO set up a **Pensions Dishonesty Unit** to work on Pension Scam cases. The work of the Unit enhances that of the PPF and TPR. This has proved to be successful with the Ombudsman holding several public hearings to hold perpetrators to account. There is currently £12m identified and legally owed to several schemes that have been investigated by the Ombudsman. The money has been identified through Ombudsman directions which are legally binding. These directions will hold until full repayment to the scheme has been made and can only be discharged at the point that the schemes have been fully refunded by the perpetrators.

In 2023, TPO suffered a cyber-attack which inevitably has led to the cessation of work on cases for a short period of time and the rebuilding of TPO's main IT systems. This has unavoidably given rise to some additional cost to the levy.

C) **MaPS** is successfully supporting consumers to make more informed choices about their pensions. In 2021, it launched its consumer-facing brand MoneyHelper, providing tools and guidance to support people with a wide range of pensions queries, including pension basics, planning for retirement, and safeguarding against scams. Since its launch, the website has already had more than 43 million visits. MaPS continues to adapt and improve its pension guidance offer, working towards introducing digital Pension Wise appointments so people can explore their options for their DC pots online, developing pensions dashboards to allow individuals to access their pensions information all in one place, and developing a Retirement

Planning Hub to support people using the information found on their dashboard to make plans for their retirement.

22. While the Government has recognised the need to invest in the levy-funded bodies to maintain and enhance the services they provide, it is committed to monitoring performance closely and providing an effective challenge function to drive efficiencies. DWP maintains a continuous dialogue with each body to ensure they are working to the highest standards that are achievable and that their services are delivered efficiently and effectively to provide value for money by:

- providing rigorous financial challenge to bear down on costs, through the Spending Review process operated by HMT;
- ensuring that the levy-funded bodies deliver on the efficiency challenges agreed as part of the 2021 Spending Review;
- quarterly review meetings with bodies to assess how they are progressing towards delivery of this target, the risks involved and any environmental changes that might impede this;
- satisfying itself that each body's board is operating robustly, and the board of the department is receiving regular updates and assurance on performance; and
- conducting independent reviews which are designed to give regular assurance and challenge about the continuing need, efficiency and good governance of public bodies.

Funding position

23. The increasing span of activities carried out by TPR, TPO and MaPS positively support government objectives, pensions schemes and savers. However, a natural consequence of increased activity is additional pressure on the levy. Without an increase in the levy rates or a significant reduction in the activity of the levy-funded bodies, the amount by which the expected revenue from the levy falls short of forecast expenditure (the deficit) will continue to grow significantly. Such a situation is untenable.

24. As of 2020, the Government had protected schemes from increases in the levy for eight years, even though expenditure exceeded revenue throughout that period. The rates since 2021 are shown at Annex A. Whilst these rates have gone some way to addressing the deficit, levy income is not keeping pace with expenditure. Without further intervention, the levy is expected to be operating with an accumulated deficit of over £200m by the end of the agreed remediation period.

25. The Government remains committed to improved member education, proactive regulation and strong protections for scheme member benefits. Ongoing action to

bring costs and revenue back into balance is now inescapable and is an appropriate and reasonable response to the levy deficit.

Increasing the levy rates

26. In 2020, DWP made it clear to schemes that increases in the levy rates would be necessary to bring levy income into balance with levy expenditure, as well as to recover the accumulated deficit, within a decade. This consultation covers levy rates for the years 2024/25, 2025/26 and 2026/27. We will set levy rates for the remaining remediation period in the light of future annual reviews.

27. It should be noted that the proposed increases are based on the current forecast expenditure by the levy-funded bodies and our current understanding of relevant regulatory changes. Any future changes to planned expenditure to reflect new policy decisions would need to be quantified and would inform future levy rates reviews. Reviews will also consider whether any future changes in the pensions landscape, and corresponding changes in the priorities of the supervisory regime, could make it necessary to alter the balance of charges across scheme types.

28. The Government recognises that some schemes liable to pay the levy are also liable to pay the Fraud Compensation Fund (FCF) Levy. DB schemes are also subject to the PPF Levy and the PPF Administration Levy. The collection of the PPF Administration Levy has been suspended for two years due to a surplus position. During this period the department and PPF will monitor the position and consider future collection requirements.

Options

29. The next section sets out three options for levy rates for the next three years, starting from April 2024. At the same time, we have reviewed the structure of the levy itself. Two of the options set out below would leave the levy structure unchanged. The third option involves a small change to the levy structure to better reflect the current focus of the regulatory regime. We are keen to seek your views on all options, and in particular option 3, the preferred option.

30. Whilst reviewing the options we have considered the cost of the increasing challenges that the changing pensions landscape and the future direction of policy development bring. This has been balanced against the requirements for clear and robust administration of schemes, protection of savers money and investment in the UK infrastructure. Setting a sensible levy structure and rates to reflect and support these changes in direction will inevitably come with a financial cost that should be fair and equitable, across scheme types. We have aimed to reflect this in the options we have set out.

31. Annex B shows the proposed levy rates of each of the options.

Option 1: Continue with the current levy recovery rates and levy structure

32. This option would freeze rates at this year's rates until 2026/27 and retain the four categories of rate payer: DB schemes, DC schemes other than Master Trusts, Master Trusts, and Personal Pensions schemes.

33. The need to retain the features of the current system is still considered important. However, this option leaves the deficit to continue to grow. Without any increases, the cumulative deficit would reach nearly £205m in 2030/31 as expenditure outstrips levy revenue. This does not meet the policy intent that the pensions industry, rather than the taxpayer, should pay for the pensions bodies, and is not in line with the previously stated plan of increasing the levy rates to bring down the deficit.

Option 2: Retain the current levy structure and increase rates by 6.5% per year for all schemes

34. This option allows for the current structure of the levy to be retained, whilst increasing rates for all schemes at 6.5% per year. Based on current forecasts, this option will eliminate the cumulative deficit by 2030/31.

35. Whilst schemes have been warned of further rate increases, it represents significant in-year increases and does not support the policy direction.

Option 3:Increase rates for all schemes by 4% per year, and add an additional premium rate payment for small schemes (with memberships under 10,000)

36. This option increases rates at 4% across all schemes and will add, as of April 2026, a premium of £10,000 to small schemes with memberships under 10,000.

37. This premium allows for a lower initial increase across all schemes, whilst still eliminating the deficit by 2030/31. A large proportion of savers are now in master trusts and this option therefore has a lower impact relative to other options on most savers.

38. TPR has stated that it believes savers will benefit from the pensions market having "fewer, larger, well-run schemes".[2] Having fewer, larger schemes, could mean that TPR is able to regulate the market more efficiently due to economies of scale. This option would support wider government initiatives to encourage a cultural shift across the pensions market from focussing on cost to overall value and encouraging market consolidation. As part of the July 2023 Mansion House reforms, the Government, TPR and the FCA published a joint consultation response on a new Value for Money Framework (VFM) for DC pension schemes. As part of the VFM Framework, we want to ensure pension funds maintain a diverse portfolio, including bonds, equity and unlisted assets to help deliver the best possible returns for savers. If schemes do not have the necessary scale to invest across the full range of asset classes, this may contribute to them being unable to provide VFM to members and, if improvements cannot made, consolidation may be enforced.

39. Most schemes with under 10,000 members have two to eleven members and are frequently found in research to have lower governance standards, lower knowledge

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[2] Industry mindset shift needed to deliver value for pension savers (thepensionsregulator.gov.uk)

and awareness of pensions and low compliance levels.[3] We know schemes can optimise returns from a balanced portfolio, with scale helping to increase the investment opportunities available to them.

40. Introducing the premium payment in 2026 allows smaller schemes time to adapt and consolidate, giving two years to consider whether this is in their members' interests.

Impact

41. As part of the selection of a preferred option, the Government will consider the impact on employers, pension schemes and members.

42. We estimate that if levy rates were to remain unchanged, there would be a deficit of over £200m by 2031, whereas options 2 and 3 aim to bring levy income into balance with levy expenditure over the medium term, currently forecasted by 2025, and to recover the accumulated deficit by 2030. The options differ in the proportion of revenue collected from each scheme size, with option 3 collecting more from small schemes that choose not to consolidate.

43. The Government is interested in understanding more about how pension schemes may absorb these costs or whether they may choose to pass on these costs to members of their scheme or to employers who enrol their employees into the scheme. Responses on this issue should be included when answering questions 4 to 7 below.

[3] Too many small DC schemes failing to meet expectations on value, survey shows | The Pensions Regulator

Consultation questions

44. Regarding the three options set out above:

Question 1

Which option do you prefer?

Question 2

In respect of your answer to Question 1, why do you support your preferred option?

Question 3

What is the impact on your scheme/business of raising the levy under Option 2?

Question 4

What is the impact on your scheme/business of raising the levy under Option 3?

Question 5

How will your scheme respond to a levy increase and/or premium? (For example: would it be absorbed by the 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?)

Forward look

45. The Government will aim to introduce changes to the levy rates from 2024/25 to 2026/27 following this consultation exercise. The Government will consult again if it subsequently proposes to change the rates for any of these years, and for the years that follow.

46. The Independent Review of TPR, undertaken by Mary Starks, recommended that the DWP, in consultation with HMT, should undertake an analysis of how TPR could be fully funded by the pensions sector, taking account of timing given the levy deficit, and the appropriate distribution of costs across the industry. The pensions industry has benefitted hugely from the inflow of AE members and the Government therefore accepts that the sector, rather than the taxpayer, should pay for the employer compliance regime. The Government will seek views on the options for implementing the recommendation in a future consultation.

Annex A: Current levy rates

DB and Hybrid						
Membership Band	2021/22		2022/23		2023/24	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£32	£0.00	£54	£0.00	£64
12-99	£3.17	£0	£5.33	£0	£6.34	£0
100-999	£2.29	£310	£3.85	£530	£4.58	£630
1,000-4,999	£1.78	£2,290	£3.00	£3,850	£3.56	£4,580
5,000-9,999	£1.35	£8,900	£2.28	£15,000	£2.71	£17,800
10,000-499,999	£0.95	£13,500	£1.59	£22,800	£1.89	£27,100
500,000+	£0.72	£475,000	£1.20	£795,000	£1.43	£945,000

DC						
Membership Band	2021/22		2022/23		2023/24	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£32	£0.00	£38	£0.00	£44
12-99	£3.17	£0	£3.74	£0	£4.32	£0
100-999	£2.29	£310	£2.70	£370	£3.12	£430
1,000-4,999	£1.78	£2,290	£2.11	£2,700	£2.43	£3,120
5,000-9,999	£1.35	£8,900	£1.60	£10,550	£1.85	£12,150
10,000-499,999	£0.95	£13,500	£1.12	£16,000	£1.29	£18,500
500,000+	£0.72	£475,000	£0.85	£560,000	£0.98	£645,000

MT						
Membership Band	2021/22		2022/23		2023/24	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£31	£0.00	£32	£0.00	£32
12-99	£3.02	£0	£3.08	£0	£3.14	£0
100-999	£2.18	£300	£2.23	£300	£2.27	£310
1,000-4,999	£1.70	£2,180	£1.73	£2,230	£1.77	£2,270
5,000-9,999	£1.29	£8,500	£1.32	£8,650	£1.34	£8,850
10,000-499,999	£0.90	£12,900	£0.92	£13,200	£0.94	£13,400
500,000+	£0.68	£450,000	£0.70	£460,000	£0.71	£470,000

PP						
Membership Band	2021/22		2022/23		2023/24	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£13	£0.00	£13	£0.00	£14
12-99	£1.21	£0	£1.23	£0	£1.25	£0

100-999	£0.85	£120	£0.87	£120	£0.88	£120
1,000-4,999	£0.72	£850	£0.74	£870	£0.75	£880
5,000-9,999	£0.48	£3,600	£0.49	£3,700	£0.50	£3,750
10,000-499,999	£0.37	£4,800	£0.37	£4,900	£0.38	£5,000
500,000+	£0.27	£185,000	£0.28	£185,000	£0.28	£190,000

Annex B: Proposed levy rates

Option 1

DB and Hybrid						
Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£64	£0.00	£64	£0.00	£64
12-99	£6.34	£0	£6.34	£0	£6.34	£0
100-999	£4.58	£630	£4.58	£630	£4.58	£630
1,000-4,999	£3.56	£4,580	£3.56	£4,580	£3.56	£4,580
5,000-9,999	£2.71	£17,800	£2.71	£17,800	£2.71	£17,800
10,000-499,999	£1.89	£27,100	£1.89	£27,100	£1.89	£27,100
500,000+	£1.43	£945,000	£1.43	£945,000	£1.43	£945,000
DC						
Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£44	£0.00	£44	£0.00	£44
12-99	£4.32	£0	£4.32	£0	£4.32	£0
100-999	£3.12	£430	£3.12	£430	£3.12	£430
1,000-4,999	£2.43	£3,120	£2.43	£3,120	£2.43	£3,120
5,000-9,999	£1.85	£12,150	£1.85	£12,150	£1.85	£12,150
10,000-499,999	£1.29	£18,500	£1.29	£18,500	£1.29	£18,500
500,000+	£0.98	£645,000	£0.98	£645,000	£0.98	£645,000
MT						
Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£32	£0.00	£32	£0.00	£32
12-99	£3.14	£0	£3.14	£0	£3.14	£0

100-999	£2.27	£310	£2.27	£310	£2.27	£310
1,000-4,999	£1.77	£2,270	£1.77	£2,270	£1.77	£2,270
5,000-9,999	£1.34	£8,850	£1.34	£8,850	£1.34	£8,850
10,000-499,999	£0.94	£13,400	£0.94	£13,400	£0.94	£13,400
500,000+	£0.71	£470,000	£0.71	£470,000	£0.71	£470,000

PP

Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£14	£0.00	£14	£0.00	£14
12-99	£1.25	£0	£1.25	£0	£1.25	£0
100-999	£0.88	£120	£0.88	£120	£0.88	£120
1,000-4,999	£0.75	£880	£0.75	£880	£0.75	£880
5,000-9,999	£0.50	£3,750	£0.50	£3,750	£0.50	£3,750
10,000-499,999	£0.38	£5,000	£0.38	£5,000	£0.38	£5,000
500,000+	£0.28	£190,000	£0.28	£190,000	£0.28	£190,000

Option 2

DB and Hybrid

Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£68	£0.00	£73	£0.00	£77
12-99	£6.75	£0	£7.19	£0	£7.66	£0
100-999	£4.88	£671	£5.19	£715	£5.53	£761
1,000-4,999	£3.79	£4,878	£4.04	£5,195	£4.30	£5,532
5,000-9,999	£2.89	£18,957	£3.07	£20,189	£3.27	£21,502
10,000-499,999	£2.01	£28,862	£2.14	£30,737	£2.28	£32,735
500,000+	£1.52	£1,006,425	£1.62	£1,071,843	£1.73	£1,141,512

DC

Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£47	£0.00	£50	£0.00	£53
12-99	£4.60	£0	£4.90	£0	£5.22	£0
100-999	£3.32	£458	£3.54	£488	£3.77	£519
1,000-4,999	£2.59	£3,323	£2.76	£3,539	£2.94	£3,769
5,000-9,999	£1.97	£12,940	£2.10	£13,781	£2.23	£14,677
10,000-499,999	£1.37	£19,703	£1.46	£20,983	£1.56	£22,347
500,000+	£1.04	£686,925	£1.11	£731,575	£1.18	£779,128

MT						
Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£34	£0.00	£36	£0.00	£39
12-99	£3.34	£0	£3.56	£0	£3.79	£0
100-999	£2.42	£330	£2.57	£352	£2.74	£374
1,000-4,999	£1.89	£2,418	£2.01	£2,575	£2.14	£2,742
5,000-9,999	£1.43	£9,425	£1.52	£10,038	£1.62	£10,690
10,000-499,999	£1.00	£14,271	£1.07	£15,199	£1.14	£16,187
500,000+	£0.76	£500,550	£0.81	£533,086	£0.86	£567,736
PP						
Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£15	£0.00	£16	£0.00	£17
12-99	£1.33	£0	£1.42	£0	£1.51	£0
100-999	£0.94	£128	£1.00	£136	£1.06	£145
1,000-4,999	£0.80	£937	£0.85	£998	£0.91	£1,063
5,000-9,999	£0.53	£3,994	£0.57	£4,253	£0.60	£4,530
10,000-499,999	£0.40	£5,325	£0.43	£5,671	£0.46	£6,040
500,000+	£0.30	£202,350	£0.32	£215,503	£0.34	£229,510

Option 3 (Not including the additional £10,000 premium)

DB and Hybrid						
Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£67	£0.00	£69	£0.00	£72
12-99	£6.59	£0	£6.86	£0	£7.13	£0
100-999	£4.76	£655	£4.95	£681	£5.15	£709
1,000-4,999	£3.70	£4,763	£3.85	£4,954	£4.00	£5,152
5,000-9,999	£2.82	£18,512	£2.93	£19,252	£3.05	£20,023
10,000-499,999	£1.97	£28,184	£2.04	£29,311	£2.13	£30,484
500,000+	£1.49	£982,800	£1.55	£1,022,112	£1.61	£1,062,996
DC						
Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£46	£0.00	£48	£0.00	£49

12-99	£4.49	£0	£4.67	£0	£4.86	£0
100-999	£3.24	£447	£3.37	£465	£3.51	£484
1,000-4,999	£2.53	£3,245	£2.63	£3,375	£2.73	£3,510
5,000-9,999	£1.92	£12,636	£2.00	£13,141	£2.08	£13,667
10,000-499,999	£1.34	£19,240	£1.40	£20,010	£1.45	£20,810
500,000+	£1.02	£670,800	£1.06	£697,632	£1.10	£725,537
MT						
Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£33	£0.00	£35	£0.00	£36
12-99	£3.27	£0	£3.40	£0	£3.53	£0
100-999	£2.36	£322	£2.46	£335	£2.55	£349
1,000-4,999	£1.84	£2,361	£1.91	£2,455	£1.99	£2,553
5,000-9,999	£1.39	£9,204	£1.45	£9,572	£1.51	£9,955
10,000-499,999	£0.98	£13,936	£1.02	£14,493	£1.06	£15,073
500,000+	£0.74	£488,800	£0.77	£508,352	£0.80	£528,686
PP						
Membership Band	2024/25		2025/26		2026/27	
	Rate	Min. Payment	Rate	Min. Payment	Rate	Min. Payment
2-11	£0.00	£15	£0.00	£15	£0.00	£16
12-99	£1.30	£0	£1.35	£0	£1.41	£0
100-999	£0.92	£125	£0.95	£130	£0.99	£135
1,000-4,999	£0.78	£915	£0.81	£952	£0.84	£990
5,000-9,999	£0.52	£3,900	£0.54	£4,056	£0.56	£4,218
10,000-499,999	£0.40	£5,200	£0.41	£5,408	£0.43	£5,624
500,000+	£0.29	£197,600	£0.30	£205,504	£0.31	£213,724

Annex C: Revenue collected by sector under Options 1, 2 and 3

Table A1 – Revenue forecast by sector under Option 1 (2023/24 to 2026/27)

Revenue (£millions)	2023/24	2024/25	2025/26	2026/27
DB and Hybrid	£54.9	£54.2	£53.6	£53.2
DC (excluding Master Trusts)	£2.8	£2.6	£2.4	£2.2
Master Trusts	£18.2	£19.9	£22.0	£24.3
Personal Pensions	£8.9	£8.8	£9.0	£9.2
Total	**£84.8**	**£85.5**	**£87.0**	**£88.9**

Table A2 – Revenue forecast by sector under Option 2 (2023/24 to 2026/27)

Revenue (£millions)	2023/24	2024/25	2025/26	2026/27
DB and Hybrid	£54.9	£57.7	£60.8	£64.3
DC (excluding Master Trusts)	£2.8	£2.8	£2.7	£2.7
Master Trusts	£18.2	£21.2	£24.9	£29.3
Personal Pensions	£8.9	£9.4	£10.2	£11.1
Total	**£84.8**	**£91.1**	**£98.7**	**£107.4**

Table A3 – Revenue forecast by sector under Option 3 (assuming 50% of all schemes in scope consolidate by 2026, 2023/24 to 2026/27)

Revenue (£millions)	2023/24	2024/25	2025/26	2026/27
DB and Hybrid	£54.9	£56.3	£58.0	£59.9
DC (excluding Master Trusts)	£2.8	£1.9	£1.9	£1.8
Master Trusts	£18.2	£20.8	£23.8	£27.4
Personal Pensions	£8.9	£9.2	£9.7	£10.3
Additional Fee	N/A	N/A	N/A	£101.5
Total	**£84.8**	**£88.3**	**£93.5**	**£200.9**

Options 2 and 3 have been developed with the aim of reaching **an acceptable deficit or surplus in accordance with Managing Public Money by 2030/31.** The options differ in the approach taken to reach these targets.

These revenue projections are based on forecasts of scheme membership over the next three years, split by scheme size. These figures are then multiplied by the relevant levy rates 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 dependent on the underlying assumptions.

Forecast membership assumptions

Total membership is projected by forecasting both the average number of members and 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:

Type of pension	Number of members	Number of schemes
DB and Hybrid	Number of members continues to grow at the average growth rate for the previous 2* years.	DB public sector schemes remain at the current level and hybrid grows at the average rate for the past two years, whereas private sector continues at the average growth rate for the past 2 years.
DC (excluding Master Trusts)	Public sector members continue at the average growth rate for the previous 2 years, whereas private sector members continue at the average growth rate for the previous 3** years.	Public sector schemes continue at the average growth rate for the previous 2 years, whereas public sector schemes continue at the average growth rate for the previous 3 years.
Master Trusts	Hybrid and DC master trust members continue at the average growth rate for the previous 2 years.	Hybrid and DC schemes remain at the current level.
Personal Pensions	Personal pension members continue at the average growth rate for the previous 2 years.	Personal pension schemes continue at the average growth rate for the previous 3 years.

*2-year average growth rates use data from the 2023 and 2022 levy tag data. This data may be lagged as depends on when the scheme year ends and when the data is submitted to TPR.

**3-year average growth rates use data from the 2023, 2022 and 2021 levy tag data. This data may be lagged as depends on when the scheme year ends and when the data is submitted to TPR.

A combination of both 2 and 3-year growth rates are used to reflect the long-term growth most accurately in areas of the pensions landscape where there is more volatility.