

Financial Services Compensation Scheme Levy Calculation Notes 2023/24 Final Rates

HOW IS THE FSCS LEVY CALCULATED?

A. Overview

The FSCS levy is made up of two elements:

- Management expenses; and
- Compensation costs.

Management expenses levy – covers the costs of running the compensation scheme. The management expenses levy is made up of **base costs** (operating costs not directly related to the payment of compensation) and **specific costs** (operating costs that are directly related to the payment of compensation arising from valid claims).

The management expenses levy limit for 2023/24 was consulted on in the joint FCA/PRA consultation paper [CP23/3](#) (January 2023).

Compensation costs levy – provides the funds to make valid compensation payments.

All participant firms are required to contribute to **base costs**. **Specific costs** and **compensation costs** are not payable by FSCS exempt firms or newly authorised firms in their first authorised year.

Firms who are dual regulated will pay FSCS Base Costs towards both their FCA and PRA fee-blocks.

For further details of the FSCS levy for 2023/24, please refer to the [FSCS website](#).

B. Exemptions

Firms that have submitted valid exemptions (under [FEES 6.2.1R](#)), are excluded from specific and compensation costs, but are still liable for their share of base cost levies.

C. FSCS Levy - calculation

To calculate the FSCS Base Costs levy we need to know the Total Base Costs the FSCS require to raise in 2023/24 and the total Regulatory Costs of the FSCS participants for each contribution group within both FCA and PRA. The table below lists the information used for the 2023/24 rates.

Contribution Group	Total Regulatory Cost	FSCS Base Costs to be Levied
AP00	23,040,890	664,540
A000	25,521,284	734,243
A001	87,600,929	2,810,709
A002	21,449,161	684,601
A003	31,180,872	981,851
A004	53,061,897	1,687,698
A006	400,873	13,681
A007	53,636,927	1,645,508
A009	14,247,837	456,975
A010	63,780,376	1,964,563
A013	94,592,935	2,938,800
A014	17,102,418	455,680
A018	21,463,168	666,654
A019	34,572,255	1,078,847
A021	17,648,536	570,835
A022	6,817,286	229,436
A023	1,670,354	52,128
CC01	11,060,030	302,111
CC02	46,824,050	1,515,693
PA00	638,560	40,198
PA01	193,856,791	12,503,491
PA03	44,261,415	2,781,118
PA04	53,811,864	3,469,754
PA06	149,213	149,213
PA10	12,629,188	814,841
B002	2,000	2,000
Total		39,215,168

To calculate the specific costs levy and compensation costs levy we also need to know the total FSCS tariff data for each class and the amounts FSCS are to raise for each class. The table below details these figures for 2023/24.

Class – Tariff Base	Tariff Base	FSCS Specific Costs	Retail Pool	FSCS Class Compensation Costs
SA01	1,558,902,436,410	13,187,862	0	-9,187,862
CLDA	1,558,902,436,410	0	0	0
SB01 - RNPI	42,040,029,450	4,971,907	0	80,528,093
SB01 - EL	64,759,592,270	1,657,302	0	26,842,698
CLGID-1	11,661,983,483	-1,870,733	0	1,870,733
CLGID-2 - RNPI	46,500,285,123	-452,597	0	452,597

CLGID-2 - EL	70,878,787,966	-150,866	0	150,866
CLII-1	10,784,063,710	27,078,097	0	74,012,812
CLII-2 - RNPI	91,106,571,697	2,961,667	0	8,095,151
CLII-2 - EL	1,087,828,952,879	987,222	0	2,698,384
CLII-3	11,066,595,155	0	0	0
CLII-4	1,132,044,918	564,127	0	1,541,934
CLIP	11,064,395,155	660,476	0	-660,476
CLHFI-1	4,395,164,650	501,232	0	-4,137,596
CLHFI-2	6,833,668	187,962	0	-1,551,598
CLDM	495,970,201,574	0	0	-487,000
Total		50,283,658	0	180,168,736

Class SA01 - Deposit Takers Risk Based Levy – As set out in the PRA’s policy statement [PS25/16](#) ‘Implementing risk-based levies for the Financial Services Compensation Scheme deposits class’, FSCS compensation costs levies are adjusted for the degree of risk incurred by deposit takers.

A firm’s risk adjustment is calculated using several quantitative indicators such as: capital; leverage; liquidity; and asset quality.

A firm’s aggregate risk weighting will be included on its FCA Regulatory Fees and Levies invoice. More information on the risk adjustment can be found on the [PRA Website](#) or in the PRA’s [Statement of Policy](#) ‘Calculating risk-based levies for the Financial Services Compensation Scheme deposits class’ – paragraph 4.

The FSCS Classes for 2023/24 are as follows:

SA01	Deposit acceptors
SB01	General insurance provision
SC01	Life & pensions provision
CLGID-1	General insurance distribution
CLGID-2	General insurance provision
CLII-1	Life distribution and investment intermediation
CLII-2	Life insurance provision
CLII-3	Investment provision
CLII-4	Structured deposits provision
CLIP	Investment provision claims
CLHFI-1	Home finance intermediation
CLHFI-2	Home finance provision
CLDM	Debt Management
CLFPC	Funeral Plans

Example calculation

Firm X is solo regulated by the FCA and is allocated to the A013 contribution group and in FSCS class CLII-1 (Life distribution and investment intermediation).

At the valuation date of 31 December 2022, it had annual income of £580,000 in respect of FCA fee-block A013 and £340,000 of eligible annual income in respect of FSCS class CLII-1.

Based on the annual income of £580,000 the A013 FCA regulatory cost (the FCA charge after discounts but before deductions) for 2023/24 would be £1,185.60.

The FCA regulatory cost for the minimum fee (fee-block A000) for 2023/24 is £1,500.00, and the FCA prudential costs (fee-block AP00) for 2023/24 would be £124.58.

Base Costs Levy: Base costs are calculated by reference to the share of a firm's regulatory cost as a proportion of the total regulatory costs (in each contribution group). The calculation is shown below.

A000 Contribution Group			
Base Costs Levy	$\frac{\text{Firm's A000 FSCS Reg.Cost} \times \text{A000 Base Costs}}{\text{Total A000 FSA Regulatory Costs}}$	$\frac{1,500 \times 664,540}{23,040,890}$	£43.26
Total A000 FSCS Base Costs Levy			£43.15

A013 Contribution Group			
Base Costs Levy	$\frac{\text{Firm's A013 FSCS Reg.Cost} \times \text{A013 Base Costs}}{\text{Total A013 FSA Regulatory Costs}}$	$\frac{1,185.60 \times 2,938,800}{94,592,935}$	£36.83
Total A013 FSCS Base Costs Levy			£36.83

AP00 Contribution Group			
Base Costs Levy	$\frac{\text{Firm's AP00 FSCS Reg.Cost} \times \text{AP00 Base Costs}}{\text{Total A013 FSA Regulatory Costs}}$	$\frac{124.58 \times 664,540}{23,040,890}$	£3.59
Total AP00 FSCS Base Costs Levy			£3.59

Compensation and Specific Costs Levy: The Specific and Compensation costs are calculated by reference to the share of the firm's tariff data as a proportion of the total FSCS tariff data (in each FSCS class). These calculations are shown below.

CLII-1 Class: Life Distributions & Investment Intermediation			
Specific Costs Levy	$\frac{\text{Firm's CLII-1 tariff data} \times \text{Total FSCS CLII-1 Specific Cost}}{\text{Total CLII-1 fee tariff base}}$	$\frac{340,000 \times 27,078,097}{10,784,063,710}$	£853.72
Compensation Costs Levy	$\frac{\text{Firm's CLII-1 tariff data} \times \text{Total FSCS CLII-1 Compensation Cost}}{\text{Total CLII-1 fee tariff base}}$	$\frac{340,000 \times 74,012,812}{10,784,063,710}$	£2,333.48
Total CLII-1 FSCS Levy			£3,187.19

Therefore, the FSCS Levy total for Firm X for 2023/24 will be:

FSCS Levy Type	Value
A000 Levy (Base Costs)	£43.15
A013 Levy (Base Costs)	£36.83
AP00 Levy (Base Costs)	£3.59
CLII-1 Levy (Life Distributions & Investment Intermediation)	£3,187.19
Net FSCS Levy Total	£3,270.76