

The Board of the Pension Protection Fund

Determination under
Section 175(5) of the Pensions Act 2004
in respect of the financial year
1 April 2026 – 31 March 2027

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Determination by the Board of the Pension Protection Fund under section 175(5) of the Pensions Act 2004

The Board of the Pension Protection Fund hereby makes the following determination in respect of the financial year 1 April 2026 to 31 March 2027: in respect of that year, the factors and times by reference to which the pension protection levies are to be assessed, and the rate of the levies, and the dates at which the levies are to become payable are to be as set out in the Levy Rules appended to this determination.

The following appendices to the Rules are available from the Board's website at:

www.ppf.co.uk

Alternative Covenant Scheme Appendix
Transformation Appendix

THE LEVY RULES

Part A – General

A1. How to interpret these Rules

A1.1. Definitions used in these Rules and the Appendices attached to these Rules

In these Rules, the following expressions have the meanings shown next to them or, as the case may be, provided by the provision referred to:

“Act” – means the Pensions Act 2004.

“Alternative Covenant Scheme” is defined in Rule C2.

“Appendices” – means the Appendices attached to these Rules.

“Board” – means the Board of the Pension Protection Fund established under section 107 of the Act.

“Employer” – is as defined in section 318 of the Act and regulations made thereunder.

“Exchange” – means the scheme maintenance system maintained by the Pensions Regulator for the online submission of Scheme Returns and other information by or on behalf of pension schemes.

“Group” – in relation to an Employer means that Employer, any Subsidiary or Parent of that Employer, and any Subsidiary of a Parent of that Employer and in relation to an Ultimate Parent means it and all of its Subsidiaries. Each company in a Group is a member of the Group.

“Levies” – means the RBL and the SBL. For the avoidance of doubt, where the term “levy” is used in these Rules, this includes the RBL and the SBL.

“Levy Year” – is, as the context requires, any period of 1 April to 31 March in respect of which the Board has made a determination under section 175(5) of the Act.

“Measurement Time” – is construed in accordance with Rule A2.3.

“Member” – means an active, deferred, pensioner or Pension Credit Member of a Scheme, but excludes any such members with purely money purchase benefits as defined in section 181 of the Pension Schemes Act 1993. Member includes dependants in receipt of a pension, who shall be deemed to have been employed by the same Employer as the Member from whom their rights are derived.

“Multi-Employer Regulations” – means the Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005.

“Ongoing Governance Arrangement” – means, for the purposes of Part C and/or the Alternative Covenant Scheme Appendix, an agreement (or agreements) and/or other documentation the purpose or effect of which, in the opinion of the Board having regard to any guidance issued by the Board, is to set out:

- (a) the terms applying to such a Scheme, including but not limited to the amount of financial support available to the Scheme and when and how such support is delivered; and
- (b) the operation of such a Scheme (including but not limited to how the Scheme is to operate without a substantive sponsor and when and how wind up will be triggered)

in so far as are relevant for the purposes of information used in the appropriate calculation of the levy for the Scheme in question. Such information may be specified in more detail by the Board from time to time.

“Parent” – is a parent undertaking as defined in section 1162 of the Companies Act 2006, provided that, in the case of a limited liability partnership, section 1162 of that Act shall be amended so that: (a) references in sections 1162(2)(a) and (d) of that Act to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1162(2)(b) of that Act to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights. For the avoidance of doubt, to be a Parent, an entity must have one or more Subsidiaries which have not been dissolved.

“PPF” – means the Pension Protection Fund.

“Protected Liabilities” – as defined in section 131 of the Act.

“RBL” – means the risk-based pension protection levy as defined in section 175 of the Act.

“Rules” – means these Levy Rules issued by the Board for the 2026/27 Levy Year.

“SBL” – means the scheme-based pension protection levy as defined in section 175 of the Act.

“Scheme” – means an “eligible scheme” as defined in section 126 of the Act.

“Section 179” – means Section 179 of the Act and regulations and relevant guidance made and issued under that section.

“Section 179 Valuation” – means the results of an actuarial valuation of the Scheme which has been carried out in a manner which is in accordance with Section 179, whether as a matter of legal obligation or otherwise.

“Segregated Part” – in respect of an eligible scheme is as defined in Part 4, 5, 7 or 8 of the Multi-Employer Regulations.

“Segregated Scheme” – is as defined in the Multi-Employer Regulations.

“Submitted” and associated terms - are to be construed in accordance with Rule A2.2.

“Subsidiary” – is a subsidiary undertaking as defined in section 1162 of the Companies Act 2006, provided that, in the case of a limited liability partnership, section 1162 of that Act shall be amended so that: (a) references in sections 1162(2)(a) and (d) of that Act to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1162(2)(b) of that Act to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights.

“TPR” – means The Pensions Regulator, established under section 1 of the Act and, where the context so requires, its predecessor, the Occupational Pensions Regulatory Authority.

“UK” – means England, Wales, Scotland and Northern Ireland. For the avoidance of doubt, the Channel Islands and the Isle of Man do not form part of the UK.

“Ultimate Parent” – means a company which is a Parent but is not a Subsidiary.

A1.2 General Interpretation

The following general interpretation rules will apply to these Rules and the Appendices:

- (1) All references to dates and times in these Rules relate to Greenwich Mean Time or, at the times when it is in force, British Summer Time.
- (2) References to midnight on a day are to midnight at the end of that day.
- (3) Unless the context otherwise requires, terms used in these Rules bear the same meaning as in the Act.
- (4) References to Scheme “trustees” include managers of a Scheme if that Scheme does not have trustees.
- (5) Headings are not part of this determination and are only for ease of reference and shall not be used in its construction and interpretation.
- (6) References to any gender include all genders.
- (7) References to the singular include the plural and vice versa unless the context suggests otherwise.
- (8) References to specific Rules and Appendices are to the relevant provisions in these Rules and the Appendices to them and, except for paragraph (11) below, “Rules” includes the Appendices.
- (9) A reference to any statutory provision includes a reference to any amendment, consolidation or re-enactment of the provision from time to time in force and all secondary legislation made under it.
- (10) In the case of a Segregated Scheme, each segregated section shall (except where these Rules expressly or by implication require otherwise) be treated as if it were a separate Scheme for the purposes of these Rules. Similarly, where a Segregated Part of a Scheme

has been created on or before 31 March 2026, each of the Segregated Part(s) and the remainder of the Scheme shall (except where these Rules expressly or by implication require otherwise) be treated as if it were a separate Scheme for the purposes of these Rules. References to Schemes shall be construed accordingly.

- (11) In the event of any inconsistency between these Rules and the Appendices to this determination, the Rules shall prevail.
- (12) The term “calculate” and associated terms shall in any relevant case include “re-calculate” and its associated terms.
- (13) In determining whether it is satisfied as to any matter set out in these Rules, the Board shall take such steps as it thinks fit and may (but shall not be obliged to) seek further information from any party (including the Scheme trustee, any Employer or any member of the Employer's Group). The Board shall also take account of any guidance which it has published or which appears in the help files within Exchange from time to time. However, the Rules shall prevail in the case of inconsistency. The Board may, in particular, make assumptions in favour of a Scheme without further investigation, and the fact that the Board proceeds on the basis that it is satisfied of a particular matter shall not prevent the Board from reconsidering that matter on any application for review or in any future year.
- (14) Further guidance may be published by the Board as to how it expects to use its discretionary powers in these Rules. The Board will have regard to such guidance but may decide to depart from it. In the event of any inconsistency between these Rules and any guidance issued, these Rules will prevail.
- (15) References to any English legal term, concept, requirement or provision shall, in respect of any jurisdiction other than England, be deemed to include what most nearly approximates in that jurisdiction to the English legal term, concept, requirement or provision.
- (16) Where, as a result of a change of circumstances arising in respect of the United Kingdom's withdrawal from the European Union, any aspect of these Rules or the Appendices would no longer be applicable in the manner in which it had applied prior to that change of circumstances, the Board shall interpret the Rule or paragraph in the manner which it considers to be most appropriate having regard to the general approach laid down by these Rules.
- (17) Unless specifically stated to the contrary, references to any documents or information published on the Board's website are to those documents as updated from time to time.

A2. Validated data: the general rule for calculations

A2.1 What is the general rule for calculating the Levies?

For calculating the Levies, the Board shall use data which has been Submitted at the relevant Measurement Time except where expressly provided otherwise in these Rules.

A2.2 Methods of Submitting information

Where these Rules refer to certain information being or having been Submitted (and any associated terms), the requirement shall be satisfied and the information treated as having been Submitted only if the Board is satisfied that, in the case of information required for the purposes of calculating the Levies in respect of an Alternative Covenant Scheme, the information has been received in accordance with a method of provision specified by the Board.

A2.3 The Measurement Time and deadlines

- (1) The Measurement Time for each item of information is the deadline for Submission of that information.
- (2) In relation to an Alternative Covenant Scheme, the Measurement Time shall be as set out in any Ongoing Governance Arrangement, or such other date as the Board shall require and notify in writing to the Scheme before the calculation of the Levies for that Scheme (or, as the case may be, their re-calculation).

A3. How the Board shall calculate the Levies

A3.1 The SBL and the RBL

The Board shall calculate the SBL and the RBL in respect of each Scheme using Part C of these Rules.

A3.2 Acts and decisions of the Board

Any act or decision of the Board under these Rules may be done or taken on behalf of the Board of the PPF either by the Chief Executive of the Board or by such member of the Board's staff as may be authorised for the purpose.

A3.3 Information to be used in the calculation of the Levies

Subject to Rule A3.4, the matters referred to in these Rules shall be assessed, measured, quantified or estimated at such dates and in such manner as is provided for in these Rules. In the absence of such provision, these Rules shall be applied in accordance with the position as it existed at midnight on 31 March 2026.

A3.4 Re-calculation for an Alternative Covenant Scheme

Where a Scheme is classified by the Board as an Alternative Covenant Scheme at any time, and the Board has already calculated the Levies in respect of, and/or notified the amount of the Levies to, that Scheme, the Board may re-calculate the amount of the Levies on the basis set out in Rule C4 and the Alternative Covenant Scheme Appendix and issue a revised notification of the amount of the Levies.

A4. Payment of the Levies

A4.1 When are the Levies payable?

The Levies in respect of a Scheme are to become payable on the earliest of the following dates:

- (1) the date upon which the person liable to pay the Levies in respect of the Scheme is sent notification of the amount of the Levies in respect of the Scheme (or, in the cases in which these Rules provide for a revised notification to be issued, the date upon which that person is sent a revised notification);
- (2) the date on which any Scheme ceases to be a Scheme; or
- (3) 31 March 2027.

A4.2 What if a payment has been made?

Where the Board issues a revised notification of the amount of the Levies in respect of the Scheme, the revised notification shall supersede the previous notification. Any amount already paid in respect of that Scheme pursuant to any previous notification shall be deemed deducted from the amount due pursuant to the revised notification. If the amount paid in respect of any previous notification exceeds the amount due pursuant to the revised notification, the difference between the notifications in question will be credited to the Scheme.

Part B – Use of alternative information in exceptional circumstances

B1. Where the Levies cannot be calculated under these Rules

B1.1 When does this Rule B1 apply?

- (1) It is intended that the provisions contained in these Rules should in all cases permit the calculation of the amount of the Levies in respect of a Scheme.
- (2) In any exceptional situation for which these Rules fail to make the provision required for a calculation of the Levies to be performed, this Rule B1 applies.
- (3) This Rule B1 also applies in any case where it is not reasonably practicable for the Board to obtain any item of information which would normally be required for the application of these Rules.

B1.2 How will the Board calculate the Levies?

Where this Rule B1 applies, the Board hereby determines that the calculation of the Levies shall be performed in such manner and by using such assumptions as in the opinion of the Board:

- (1) is prudent and reasonably practicable for the Board; and
- (2) best gives effect in that situation to the general approach laid down by these Rules.

B2. Correction by the Board

B2.1 When could data be corrected?

- (1) Subject to Rule B2.1(2), this Rule B2 applies if it appears to the Board that either:
 - (a) the information supplied for or used in the calculation of the Levies (including information contained in any data Submitted, if that information was incorrect at the time when it was Submitted) is incorrect in a material respect; or

- (b) a confirmation, certificate or declaration given for the purposes of these Rules was improperly given or contained information which was incorrect in a material respect.
- (2) For the purposes of Rule B2.1(1)(a), information is not incorrect where it is correct and legitimate in itself, but it would have been open to the person supplying it to supply some different or additional information which might have caused these Rules to be applied differently.

B2.2 Correction of the data

- (1) Where Rule B2.1(1)(a) applies, the Board may calculate the Levies on the basis of information which appears to it to be correct for the purposes of these Rules. Where the Levies have already been calculated in respect of a Scheme, the Board may review and revise the amount of the Levies calculated in respect of a Scheme on the basis of information which appears to it to be correct but it shall not be under an obligation so to act.
- (2) The Board is under no obligation to take into account corrected information merely because the Scheme has been disadvantaged by the failure of the trustees or those acting on its or their behalf to supply correct information at the proper time.

B2.3 What if a certificate or declaration is incorrect?

- (1) Where Rule B2.1(1)(b) applies, in calculating the Levies in respect of the relevant Scheme the Board may disregard the relevant certificate or declaration if it believes that it has been improperly given.
- (2) Where Rule B2.1(1)(b) applies, in calculating the Levies in respect of the relevant Scheme the Board may disregard any information in the confirmation, certificate or declaration which is believed to be incorrect.
- (3) Where the Levies have already been calculated in respect of a Scheme, the Board may review and revise the amount of the Levies calculated in respect of a Scheme on the basis set out in paragraphs (1) or (2) of this Rule B2.3 above but it shall not be under any obligation so to act.

B3. Reliance on information

B3.1 The Board may obtain further information

The Board may, at any time prior to the calculation of the Levies in respect of a Scheme, take such steps as it thinks fit to obtain further or amended information for the purposes of that calculation.

B3.2 The Board may fill in gaps in its information

If, at the time of any calculation of the Levies in respect of a Scheme, any information necessary for such calculation has not been Submitted in the manner or format or at the time anticipated by these Rules, then the Board may instead use equivalent information Submitted or provided in a different manner or format or at a different time.

B3.3 The Board's powers in this Rule B3 are discretionary

The Board is under no obligation to use the powers in Rules B3.1 and/or B3.2 where the relevant information has not been Submitted on or before the relevant Measurement Time and will not do

so merely because a Scheme has been disadvantaged by the failure of the trustees or those acting on its or their behalf to Submit information by the relevant deadline.

B4. Disruption in the delivery of information

B4.1 Without prejudice to Rule B3, the Board may at its discretion take account of information Submitted after any applicable deadline but only in circumstances where it appears to the Board that:

- (1) the information was despatched at an appropriate time, but was delayed or lost in transit; or
- (2) both:
 - (a) the provider of the information was prevented from meeting the deadline by the temporary inaccessibility of the PPF website or Exchange, or the interruption of electronic communications, or other (in the opinion of the Board) comparable cause; and
 - (b) the information was Submitted as soon as reasonably practicable thereafter.

Part C – How will the Levies be calculated?

C1. Schemes that are not Alternative Covenant Schemes

C1.1 For Schemes that are not Alternative Covenant Schemes, the SBL and RBL is zero.

C2. What is an Alternative Covenant Scheme?

C2.1 Application of this Rule C2

This Rule C2 applies to an Alternative Covenant Scheme, which is a scheme to which C2.1(1) and C2.1(2) apply.

- (1) First, the Board has confirmed to the Scheme that the nature of the Scheme, the features it exhibits, and/or the risk posed to the Board is such that the Board has concluded that it is appropriate for the Rules in the Alternative Covenant Scheme Appendix to apply, having had due regard to the Alternative Covenant Scheme Guidance (including but not limited to the examples provided).
- (2) Secondly, the Board has confirmed that the Scheme meets any one of the following criteria at any time:
 - (a) It is a Scheme where one of the purposes of its establishment and/or the nature of the ongoing operation of the Scheme and/or of its surrounding arrangements is, in the opinion of the Board, to effect consolidation of Schemes' liabilities.
 - (b) It is a Scheme where one of the purposes of its establishment and/or the nature of the ongoing operation of the Scheme and/or of its surrounding arrangements is, in the opinion of the Board, to enable a return to be payable otherwise than to Members.

(c) It is a Scheme which meets or has met any one of the following criteria at any time on or after 1 January 2017 and before 1 April 2026 (or such later date as the Board may in its discretion decide):

- (i) in relation to which an Ongoing Governance Arrangement has been entered into; or
- (ii) in relation to which the Board is satisfied that it has been agreed by TPR that an Ongoing Governance Arrangement will be entered into at some future date, whether in the current Levy Year or not.

Such a Scheme will be an Alternative Covenant Scheme if it meets the criteria in (c)(i) above during the period described in (c) above, even if it has already met the criteria in (c)(ii) before that period.

(d) It is a Scheme where the sole or last man standing Scheme Employer was responsible for all of the Scheme's liabilities, but that Employer has been replaced by another Employer and:

- (i) in all of the cases set out in sub paragraph (ii) and (iii) below the replacement took place on or after 1 January 2017; and
- (ii) the replacement Employer has no material resource of its own to meet the Scheme's liabilities; and/or
- (iii) apart from the Scheme's assets and any funding obligations that may be imposed on any entity by TPR, the only additional source of funding available to the Scheme to meet its liabilities is held outside the Scheme, is of a limited capital value (that could be subject to investment gains and losses with no or a limited obligation to provide additional funding to those assets), and the assets held outside of the Scheme are only available to the Scheme when pre-agreed specified funding triggers are reached.

(e) It is a Scheme where:

- (i) the purposes of any employment relationship entered into on or after 1 January 2017 between the Scheme Employer and the Scheme Members are, in the Board's opinion, designed to ensure that the Scheme becomes or continues to be eligible for, PPF compensation; and
- (ii) the majority of the Scheme's liabilities (as assessed by the Board by reference to the Scheme's membership data) have accrued with an Employer that does not participate in the Scheme and has no obligations towards such liabilities (or where such a funding obligation exists, the Board is of the opinion that the obligation cannot be met or is unlikely to be met).

(f) It is otherwise a Scheme where on or after 1 January 2017 the outcome of any arrangements, reorganisation or insolvency is that the Scheme is left with an Employer that has no material resource of its own to meet the Scheme's liabilities.

- (3) Any Scheme classified as an Alternative Covenant Scheme under Rule C2.1 above will continue to be classified as such until the Board is satisfied that such classification should no longer apply to the relevant Scheme.

C3. Calculation of SBL for an Alternative Covenant Scheme

- C3.1 The SBL is zero for Alternative Covenant Schemes.

C4. Calculation of RBL for an Alternative Covenant Scheme

- C4.1 Subject to Rules C4.2, C4.3, C4.4 and C4.5, the RBL for an Alternative Covenant Scheme shall be calculated in accordance with the Alternative Covenant Scheme Appendix (and such of the Rules and Appendices as are specified in that Appendix, as modified by that Appendix), and taking account of the approach set out in the Alternative Covenant Scheme Guidance from time to time.

- C4.2 Subject to the Board receiving such information it considers appropriate:

- (1) within three months of the Scheme being notified by the Board that it is an Alternative Covenant Scheme (unless otherwise expressly agreed); or
- (2) if the Scheme has been notified that it is an Alternative Covenant Scheme for the previous Levy Year, by midnight on 31 March 2026 (or as otherwise notified to the Scheme by the Board),

the Board may, at its discretion, adjust the RBL calculated pursuant to Rule C4.1 as it thinks fit to take into account any arrangements which the Board considers reduces the risk of compensation being payable from the PPF.

- C4.3 The Board may, at its discretion, and subject to receiving such information (and at such times sufficiently in advance of the calculation of the Levies) as it considers appropriate, adjust the RBL calculated pursuant to Rule C4.1 as it thinks fit to take into account any arrangements documented in any Ongoing Governance Arrangement, which the Board considers may reduce the risk of compensation being payable in the event of an insolvency event occurring in respect of the Employer.

- C4.4 If the Board has agreed, pursuant to the terms of any relevant Ongoing Governance Arrangement, to modify the RBL and/or SBL of an Alternative Covenant Scheme to that calculated pursuant to these Rules, or for there to be adjustments applied to the methodology set out in the Alternative Covenant Scheme Appendix, the RBL and/or SBL will be calculated on the basis of any such agreed modifications.

- C4.5 Where there is a transfer by a Scheme of some or all of its liabilities to an Alternative Covenant Scheme during the Levy Year the Board may decide to calculate the Levies for the Alternative Covenant Scheme in such manner as the Board considers appropriate in the circumstances, having regard to the date of the transfer, the information available to the Board and the Alternative Covenant Scheme Appendix.