

The logo for the Pension Protection Fund, featuring a white arc above the text.

Pension
Protection
Fund

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Levy consultation

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Levy rules 2026/27

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1. Overall approach

1.1 Summary

- 1.1.1 This section outlines our plans for the conventional and alternative covenant scheme (ACS) levy in 2026/27. We are consulting on rules that will charge no levy for conventional schemes but maintain a risk-based levy for ACSs. As discussed in Section 2 we consider this to be appropriate, given the different nature of the risks posed by ACSs compared to those of conventional schemes, and to ensure that we retain the ability to charge appropriately for any new risks arising from evolution and innovation in the ACS market.
- 1.1.2 Our proposal to charge no levy for conventional schemes in 2026/27 goes further than our decision on invoicing in 2025/26. Legislation currently restricts the levy estimate in any year to a maximum of 125 per cent of the previous year's estimate. Despite recalculating the 2025/26 levy to zero, the levy estimate for that year remains £45 million, meaning we have retained the ability to set a levy in the future. This allows for both the uncertainty associated with the evolution of funding in the corporate-sponsored defined benefit universe as well as the long run-off period. Our proposed rules for 2026/27 would set a zero levy estimate for conventional schemes. Without legislative change this would mean we lose the ability to set a material levy in the future, with annual increases in the levy estimate limited to 25 per cent of the previous year's ACS-only estimate.
- 1.1.3 Therefore – before setting these rules (which we must do before 31 March 2026) – the Board will require a very high level of confidence that changes to the legislation governing the levy will become law. Provisions to do this are within the Pension Schemes Bill currently progressing through Parliament, but several key stages remain. So, if this level of confidence cannot be reached ahead of 31 March 2026, we propose to re-use the 2025/26 levy rules and data as a fallback for conventional schemes, maintaining the levy estimate at £45 million. However, it is important to note that the fallback rules would include the provision used to recalculate the 2025/26 levy to zero for conventional schemes. This means that – provided there is subsequently sufficient progress with legislation – the 2026/27 levy for these schemes could also be recalculated to zero.

1.2 Context

- 1.2.1 The PPF was founded 20 years ago through the Pensions Act 2004. As part of that the Board was given a power to charge a levy to help ensure we could pay compensation to our members then and in the future.
- 1.2.2 The PPF's reserves have been accumulated through a combination of levies paid and investment returns earned on both levies and assets transferred to the PPF. The reserves exist to 'backstop' the future risk from some 5,000 schemes with c£1 trillion of pension liabilities for some decades to come. Our modelling suggests that the PPF could yet be called upon to meet significant claims in the future with the risks skewed towards a small number of large claims. The reserves also provide protection for our current members against uncertainties in our estimate of their pension liabilities, notably longevity risk.
- 1.2.3 Given the evolution of the external risk environment since our inception, we consider that our reserves and the expected future growth in those reserves provide a sufficient buffer to allow us to move to a zero levy. This view depends significantly on the current market context including the way in which schemes have taken significant steps to reduce their asset-liability mismatches and seek returns while simultaneously managing funding level volatility. However there does remain the potential for risks to emerge in the future, which may necessitate

recalibrating this view and means we cannot be complacent. Our founding legislative framework has until now prevented us moving to a zero levy, as it restricts increases in the levy estimate to 25 per cent of the previous year's estimate. This means that – without legislative change – setting a zero levy would prevent us ever charging one again. Though we consider the scenarios in which we would need to reinstate the levy to be limited, as outlined above, claims and longevity risks remain, and one or both of these could potentially become significant again. This means that we cannot entirely rule out the possibility of ever needing to charge a levy in the future.

- 1.2.4 To remedy this, government has introduced legislation as part of the Pension Schemes Bill which provides more flexibility on the PPF levy¹ (see Figure 1 below for details).

Figure 1: Summary of the levy provisions in the Bill

Clause 95 of the Pension Schemes Bill (as introduced) amends part of the Pensions Act 2004, to provide more flexibility to the Board on whether to charge a levy.

In particular, the clause would give the Board the *option* to charge a levy, rather than a *requirement*. This would allow us to not charge a levy for a specific financial year.

The Bill would also change the maximum annual increase in the levy. The clause states that the total estimate of the levy for a financial year could not exceed the sum of:

- a) The amount estimated in respect of any pension protection levies imposed for the previous financial year, and
- b) 25 per cent of the levy ceiling for the previous financial year (circa £350 million, based on the 2025/26 levy ceiling)

- 1.2.5 The inclusion of levy provisions in the Bill is a significant and welcome development. We support the changes as they would enable us to set a zero levy, while maintaining flexibility in decision-making should funding deteriorate and the risks facing us increase. If such a situation arose, we would want to carefully consider whether investment returns alone could repair the position, before moving to re-instate the levy. We therefore welcome the flexibility to return to a material levy within a reasonable timeframe, as set out in the Bill, which supports our preferred 'wait and see' approach in what are ultimately unlikely scenarios.
- 1.2.6 The Bill was introduced on 5 June 2025, had its Second Reading on 7 July 2025 and has now completed its passage through the House of Commons Committee stage. There are a number of substantive stages remaining including scrutiny in the House of Lords. The Department for Work and Pensions (DWP) estimates that the Bill will gain Royal Assent in spring 2026, subject to parliamentary timetables.² We expect the levy clauses to come into force at the beginning of the subsequent financial year, i.e. April 2027.

¹ [House of Commons Library, Pension Schemes Bill 2024-25, 3 July 2025](#)

² [Department for Work & Pensions, Workplace pensions: a roadmap, June 2025](#)

1.3 Levy for 2025/26

- 1.3.1 In January, we published our levy rules for the 2025/26 levy.³ These rules set a levy estimate of £45 million but also included a provision to recalculate the conventional levy to zero if appropriate legislative changes were brought forward and sufficiently progressed.⁴
- 1.3.2 Recognising the Bill's parliamentary progress, and the broad support among policymakers and stakeholders for this change, we announced on 23 September 2025⁵ the Board's decision to exercise this provision⁶ to move to a zero levy for 2025/26. The decision benefits some 5,000 DB schemes in the UK. It also means a zero scheme-based levy for ACSs. Doing so does not impact our ability to raise a levy in 2026/27 – even without legislative change – as the levy estimate for 2025/26 was £45 million.
- 1.3.3 Schemes should not expect to receive an invoice confirming this. ACS invoices will be sent as normal.

1.4 Levy for 2026/27

- 1.4.1 Given the necessary legislative changes are progressing through Parliament, our aim – and central expectation – for 2026/27 is to set rules that would apply no levy to conventional schemes⁷ while maintaining a charge for ACSs. This consultation seeks views on this approach and the abridged rules required to support it (see Section 2 for more details on the changes to our existing rules that we expect to make in order to allow for charging only ACSs).
- 1.4.2 However, setting a zero levy estimate for conventional schemes in 2026/27 (as the draft rules would do) would permanently remove the PPF Board's ability to reinstate a material levy in the future until legislation is changed. The Board therefore needs a very high degree of certainty that the levy provisions in the Bill will become law. Currently, the legislative process has a number of key stages remaining – in particular, the Bill has not yet begun scrutiny in the House of Lords. As a result we do not yet have the level of certainty that we need to set a zero levy estimate. The expectation is that the Bill will continue to make steady progress over the coming months, and we will take as much time as we can before making any final decisions. However, under the Pensions Act 2004, we must make our determination by 31 March 2026.
- 1.4.3 We have given some thought as to how we would respond if we do not have the required level of certainty by that deadline.
- 1.4.4 One option would be to establish a new set of rules, including a revised levy estimate and a methodology to achieve that, taking account of the changing universe. This could include, for example, introducing the proposal to amend the asset and liability stress factors to calibrate them based on two standard deviations, as was set out in last year's consultation.⁸ However, we believe this would be disproportionate.
- 1.4.5 Therefore, instead, our proposed fallback approach is to publish our final rules on the basis of repeating the 2025/26 rules (and appendices) for conventional schemes, including retaining the

³ [PPF, Consultation on 2025/26 levy rules, September 2024](#)

⁴ Specifically, we introduced an alternative levy scaling factor (LSF) and scheme-based levy multiplier (SLM) in rule C1.2 and C2.2 respectively of the levy determination – to allow for an alternative calculation approach.

⁵ [PPF, PPF confirms zero levy for 2025/26, 23 September 2025](#)

⁶ Setting both the levy scaling factor (LSF) and scheme-based levy multiplier (SLM) for 2025/26 to zero.

⁷ See Determination Rule C1.1.

⁸ [PPF, Consultation on 2025/26 levy rules, September 2024](#)

measurement times, factors and rates. This is designed to be the simplest solution and to minimise the burden on levy payers to the greatest extent possible.

- 1.4.6 Importantly, this includes maintaining the provision that would enable us to recalculate the levy to zero for 2026/27, provided the levy measures remain appropriate and progress sufficiently through the remaining stages ahead of invoicing. The fallback approach provides the necessary flexibility to align our decision making with progress on the Bill. It retains the Board's ability to charge a levy if the Bill has not made enough progress by the time we must determine our levy rules, while allowing the levy to be again recalculated to zero once sufficient progress towards Royal Assent has been made.
- 1.4.7 In this scenario, the rules applicable to conventional schemes will remain unchanged, barring an update to the effective date of the levy rules – i.e. reflecting the levy year for which they are applicable – and a roll-forward of the date of the provision to allow the levy to be recalculated to zero,⁹ in order to maintain its operability. This would include retaining the 31 March 2025 measurement time – meaning bills would be calculated using data already received,¹⁰ resulting in a levy estimate of £45 million, with broadly the same distribution as was expected in 2025/26.¹¹ The proposed changes in respect of the ACS rules, as described in Section 2, will still be reflected in the updated rules.
- 1.4.8 For completeness, we can also confirm that the PPF specific insolvency risk model continues to work well (more details are provided in Appendix 1).

1.5 Next steps

- 1.5.1 Provided the Board has the necessary certainty that the Bill provisions will become law and considers it is appropriate to do so, we expect to be in a position to determine a zero levy for conventional schemes and publish final abridged (ACS-focused) levy rules in early 2026, though we will allow as much time as possible for the Bill to advance through its remaining stages before doing so.

Question 1: Do you agree with our proposed approach for 2026/27 (to charge an ACS only levy)?

Question 2: Do you have any comments about the fallback option of re-using 2025/26 rules (including re-use of data) for conventional schemes if it is required?

⁹ The alternative levy scaling factor (LSF) and scheme-based levy multiplier (SLM) that allow for an alternative calculation approach, as was used in 2025/26.

¹⁰ Including contingent asset information, ABC certificates, guarantor strength reports, deficit reduction contribution submissions and mean scores.

¹¹ [PPF, Consultation on 2025/26 levy rules, September 2024](#)

2. Alternative covenant scheme approach

2.1 Summary

- 2.1.1 We want to play our role in facilitating a viable superfund market and recognise the important role superfunds can play in expanding the end-game options available to trustees. Alternative covenant schemes (ACSs) benefit from PPF protection and we are planning on continuing charging a levy to superfunds and other forms of ACS, recognising that this is a new and developing market and that they pose different risks to conventional schemes.
- 2.1.2 For 2026/27, we are proposing to keep the ACS rules largely unchanged. However, we are making some small adjustments, including to reflect the shift to a zero levy for conventional schemes. We are proposing to remove the levy band 10 underpin and introduce a discretion to recognise arrangements which reduce underfunding risk. We are expecting to undertake a wider methodological review of the ACS methodology in the medium term.

2.2 Context

- 2.2.1 An ACS is a scheme without a substantive employer covenant, which can be supported by a capital buffer. Superfunds are an example of an ACS. We have treated the ACS and conventional levies as wholly distinct and aim to set an ACS levy that captures the economic risk posed by such schemes: focusing on funding and investment risks and recognising that the employer offers no support beyond this.
- 2.2.2 We use an option pricing methodology to assess the risk to the PPF of the ACS becoming underfunded over the following year. The methodology also has design features that increase the levy if an acceptable wind-up trigger is not in place and provides a flexible approach to recognising risk reduction measures, which means we can take a view on whether any capital buffer arrangements meet our requirements for availability.¹²

2.3 Rationale for continuing to charge

- 2.3.1 Due to interest in developing innovative solutions, we believe there is considerable potential for the ACS market to grow in future. For example, as of the end of October, Clara has undertaken four transactions, and with the Pension Schemes Bill putting in place a new regulatory framework, there is potential for more superfunds or alternative structures to be introduced (in fact, TPT Retirement Solutions has very recently announced its new consolidation proposition which operates on a pooled basis and is designed to run-on).¹³
- 2.3.2 In addition, ACSs present different risks to conventional schemes, for example:
- They lack a substantive employer covenant and are primarily dependent on investment performance. We are therefore exposed to funding and investment risks without the buffer of employer support. Some ACSs will also seek to extract profit which will increase our exposure to risk if profit is extracted before buy-out.
 - The risk of scheme failure is also more concentrated, as they do not have a sponsoring employer – this removes a source of diversification as every sponsor is different. In addition, ACSs are more likely to follow a similar investment strategy so if there are difficulties, they are more likely to be experienced by many ACSs at the same time.

¹² We require evidence to be supplied to us to ascertain our ACS buffer fund and winding-up trigger requirements are met, otherwise incentives in the levy formula are disappplied.

¹³ [TPT, TPT to launch run-on DB superfund, 9 October 2025](#)

- 2.3.3 Taken together, this means that – in the future – the ACS market could pose a risk to us and our conventional levy payers. For example, if consolidators grow very large, and we have one or more claims in a short period of time, this could impact the size of our reserves.
- 2.3.4 The levy is also an important incentive on schemes to remain sufficiently funded and avoid taking excess investment risk. It also has an important role in mitigating risk in scheme design, as the levy methodology provides an incentive for ACSs to have a suitable wind-up trigger (a lower levy is charged if one is in place). Without a levy there could be moral hazard or free-riding risk because even if a scheme failed, the PPF would step in to ensure that members receive PPF compensation.
- 2.3.5 While regulation could help mitigate and control these risks, the legislative framework is still under development. Primary provisions are part of the Pension Schemes Bill but the supporting secondary legislation and The Pensions Regulator (TPR) Code is not expected to come into effect until 2028.¹⁴ One particular risk is that in a fast-evolving market not all innovative ACS structures will be within regulatory scope at the outset. We are also mindful that it may be some time before we understand how it influences scheme design and behaviour.

2.4 Scheme-based levy for ACS schemes

- 2.4.1 We are proposing to set a zero scheme-based levy (SBL) for ACSs for 2026/27.¹⁵ We are mindful that if we were to charge an SBL, we would need to carefully consider the interaction with the legislative requirement in the Pensions Act 2004 which limits the SBL to a maximum of 20 per cent of the total levy. Therefore, we would either need to amend the scheme-based levy multiplier or set out changes to the levy rules, but – given our approach for this year is one of minimal change – we have chosen not to do so. We are therefore proposing to set a zero SBL for ACSs for 2026/27, as was the case for 2025/26. We will carefully consider whether, and how, to apply an SBL in future years as part of our wider review of the ACS methodology (see Section 2.9).

2.5 Factors for ACS levy

- 2.5.1 The ACS methodology contains a number of factors, including investment risk stresses, and conversion factors, which aim to provide a discount to schemes with an approved wind-up trigger. We can confirm that we are proposing to maintain these factors for the 2026/27 levy year.
- 2.5.2 We understand that TPR is introducing new sub-classes to sit under the existing private / unquoted equity categorisation for Tier 3 schemes in the 2026 scheme return. For levy purposes, and in line with our principle of minimal change for 2026/27, we will continue to treat private / unquoted equity as a single class, to be rolled forward in its entirety with a single stress factor applied, as is currently the case.
- 2.5.3 The presentation of the asset breakdown and the asset roll-forward formulae in the Transformation Appendix are dependent on the ultimate presentation of the asset breakdown within Exchange. Depending on how TPR's system build evolves over the coming months, the final version of the Transformation Appendix published may therefore incorporate some presentational adjustments from the consultation version. Any such amendments would be purely to ensure that the outputs continue to reflect our policy intention and are consistent with the inputs on Exchange.

¹⁴ [Department for Work & Pensions, Workplace pensions: a roadmap, June 2025](#)

¹⁵ See Determination Rule C3.1.

2.6 Overview of the ACS rules for 2026/27

- 2.6.1 Based on our proposal to set the conventional levy to zero, we have produced a significantly abridged version of the levy rules, focusing solely on the rules necessary to charge ACSs. As part of this we are proposing a few minor changes to our ACS methodology. The changes remove unnecessary aspects that linked to the conventional rules (and would otherwise require large sections of those rules to remain) and give greater flexibility to recognise risk reduction arrangements for ACSs.
- 2.6.2 These proposals mean the 2026/27 rules will only consist of an abridged Determination, ACS Appendix (and guidance) and Transformation Appendix. We have published these documents, in draft, alongside this consultation.

2.7 Summary of proposed changes

- 2.7.1 We are planning to remove the conventional scheme underpin for the 2026/27 rules. This mechanism ensures the risk-based levy (RBL) charged to ACSs is always equal to or higher than the RBL that would be charged under the conventional scheme methodology. In the context of a zero conventional levy this mechanism cannot bite and therefore, removal for 2026/27 will have no impact on levy calculations.
- 2.7.2 The second change is a move to a more flexible approach to our recognition of risk reduction arrangements in place of the existing framework. Our current approach to recognising underfunding and insolvency risk reduction arrangements covers a limited number of arrangements (for example, parent company guarantees, security over cash, property, securities or asset-backed contributions) and requires standard form agreements. This standardised approach has been a proportionate way of recognising risk reduction arrangements across the several thousand schemes who have paid the conventional levy. ACSs however, are not expected to adopt the same arrangements as conventional schemes and it is likely that their approach to such arrangements may evolve over time, pointing to the need for a more bespoke solution.
- 2.7.3 We are therefore proposing to introduce a new discretion¹⁶ that would allow us to recognise and give credit for arrangements which reduce underfunding risk.¹⁷ We expect the arrangements to be confirmed as legally binding, valid, enforceable and irrevocably available to trustees following the relevant trigger event. We will also require sight of relevant legal documentation, including supporting legal opinions, in keeping with the current approach used for contingent assets. We consider this revised approach could also support better member outcomes where transactions would only be possible with such supporting arrangements.

Question 3: Do you agree with our proposed updates to the levy rules to reflect charging an ACS levy (including removal of the band 10 underpin and the introduction of a new discretion to recognise arrangements which reduce underfunding risk)?

2.8 Update to ACS definition

- 2.8.1 We are proposing to make a minor amendment to our definition of alternative covenant scheme. The existing definition aims to include individual schemes running on without employer support. The definition assumes this situation would arise through the introduction of a new 'shell' employer under a last man standing structure (and the subsequent insolvency of

¹⁶ See Rule C4.2 of the draft Determination and Section 9 of the draft ACS guidance.

¹⁷ Insolvency risk is not expected to be relevant as ACSs, by definition, do not have a substantive employer whose insolvency risk could be substituted with that of another entity to reduce the insolvency risk.

the original, substantive employers). However, there are other scenarios that could lead to a scheme becoming an ACS. To cover this we are therefore proposing to extend the definition by including new criteria (f) in Rule C2.1(2) stating “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”. This remains aligned with our policy intent that the ACS definition captures transactions where the nature of the covenant fundamentally changes from one provided by a trading business to one provided by assets (which could be held inside or outside the scheme).

Question 4: Do you agree with the updated definition of an alternative covenant scheme?

2.9 [ACS Methodology review](#)

- 2.9.1 We first developed a methodology for schemes without a substantive sponsor (SWoSS) in 2016 and published rules in March 2017, applicable to the 2017/18 levy year. We then used this methodology as the basis for our commercial consolidator rules which we published in December 2018, applicable to the 2019/20 levy year. Since then the landscape has significantly developed, and we are expecting provisions contained within the Pension Schemes Bill to place superfunds on a clear regulatory footing. Therefore, we believe it is time to start considering a wider review of the ACS methodology and rules for future years, incorporating our understanding of the impact of the regulatory regime as it develops. This will also include consideration of the benefits of also including a scheme-based element to the charge and reflecting on our recognition of risk reduction arrangements.

Question 5: Do you have any wider views or suggestions on areas we should explore as part of our review of the ACS methodology?

3. Customer service

3.1 Introduction

- 3.1.1 This section provides an update on the information that schemes provide us to help us manage and monitor risk in the universe. It also seeks input from schemes, their trustees, and advisors on which data we collect and publish might be of continued interest.

3.2 Update on information schemes provide

- 3.2.1 Schemes provide us a range of data for levy purposes through the annual scheme return, as well as directly to us or our insolvency risk partner, Dun & Bradstreet (D&B). As our proposal is to set a zero levy for conventional schemes, we are carefully considering our data needs in light of the changing context.
- 3.2.2 We will still need to collect a range of data and information to help us assess and monitor risk in the DB universe. This includes s179 data to help us understand scheme funding. Both we and TPR will also need ongoing insight into how schemes invest their assets. In addition, we are exploring how best to monitor claims risk (including the insolvency risk of the sponsoring employer). Beyond risk monitoring, the data also serves several other purposes such as informing our publications – for example the Purple Book. We have set out more information on this in Section 3.3, where we address the most frequently asked questions.
- 3.2.3 In the short term, we anticipate that the PPF Score portal could be discontinued, potentially as early as April 2026. However, we also recognise that some of the data and information we collect and publish may have wider benefit to schemes, trustees and their advisors. Therefore, to help shape our future thinking and long-term approach, we are keen to gather industry perspectives and have developed a set of questions to support this (see Section 3.4).

3.3 Frequently Asked Questions

- 3.3.1 We have set out below some answers to questions we are receiving around the information we collect from conventional schemes.

Do we still need to complete an s179 valuation?

- 3.3.2 For the time being, yes. It remains a legislative requirement for all DB eligible schemes to undertake a valuation of the scheme's assets and protected liabilities – based on the estimated cost of securing PPF compensation with an insurer – at least every three years. These valuations help us to assess both the risk to us from schemes in the universe and the claims reserves we need to hold.
- 3.3.3 We and DWP are aware that there is a need to fully review the structure of the levy, including data requirements, particularly in the context of changes proposed in the Pension Schemes Bill.

Do we still need to complete a scheme return with information used by the PPF?

- 3.3.4 Completing the scheme return is a legislative requirement. However, we also recognise that the scheme return collects some specific data for PPF levy purposes (for example data in relation to asset backed contributions). It is not possible to remove data items required only for levy purposes in time for the 2026 scheme return, as we need certainty on the future of levy, and our expectation is that this will only be achieved after the scheme return would have been released for schemes to complete. We are currently considering potential changes to help text to lighten requirements where possible. We will consider potential changes to the form in the longer term.

Do we still need to provide Tier 3 asset information in the scheme return?

- 3.3.5 Yes. It is a requirement of the DB Funding Code. The PPF and TPR ran a joint consultation to determine what asset information should be collected from schemes, the primary aim of which was to support the introduction of the DB Funding Code. To help mitigate the potential regulatory burden, the proposals outlined that the information required varies depending on scheme size. The final decisions on the tier system were set out in the consultation response. The PPF and TPR still require asset information for risk management purposes and Tier 3 asset information is required for regulatory purposes.

Will I still get an invoice even if the levy is zero?

- 3.3.6 We are not planning to send an invoice to schemes if the conventional levy is set to zero. In this scenario, the determination will in effect be the notification. We will continue to invoice alternative covenant schemes.

3.4 Consultation questions

- 3.4.1 We set out below questions we would like input on from schemes, trustees and advisors:

Question 6: Do schemes and/or sponsoring employers use PPF insolvency risk scores for non-levy purposes, i.e. to inform risk monitoring and/or wider decision-making in relation to the scheme?

Question 7: Is having access to standard contingent asset forms useful beyond just for PPF levy purposes? (If yes, please do provide any examples you are able to share)

4. Consultation arrangements

4.1 Timing and responding

- 4.1.1 The consultation runs from Monday 17 November 2025 until 5pm on Monday 5 January 2026. Please ensure your response reaches us by the deadline. Submissions can be made online at: www.ppf.co.uk/levy-payers/help-shape-our-rules
- 4.1.2 There is one version of online submission available. It sets out all the questions we are asking in this consultation, allowing complete responses, along with free format text fields for additional views to be submitted. This can either be completed online, or by downloading an offline template. Once completed, the offline form can be uploaded via our website. Please note that online responses are limited to 3,000 characters per question, whereas the downloadable form has no character limit.
- 4.1.3 Please ensure you state whether you are responding as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear whom the organisation represents and, where applicable, how the views of members were assembled.
- 4.1.4 Under the Freedom of Information Act 2000 (FoIA), all information contained in the response, including personal information, may be subject to publication or disclosure.
- 4.1.5 The respondent should limit any personal information which is provided or remove it completely. If a respondent requests that the information given in response to the consultation be kept confidential, this will only be possible if it is consistent with FoIA obligations and general law on this issue. Further information can be found on the gov.uk website:
<https://www.gov.uk/make-a-freedom-of-information-request>
- 4.1.6 A summary of responses and the Board's final confirmed policy will be published on the PPF website at:
<https://www.ppf.co.uk/>

4.2 Publication of policy statement and final levy rules

- 4.2.1 We expect to conclude the consultation and issue our policy statement and final levy rules in early 2026.

5. Comments on consultation process

5.1.1 The consultation is being conducted in line with the Cabinet Office's Consultation Principles:

<https://www.gov.uk/government/publications/consultation-principles-guidance>

5.1.2 The Board would welcome feedback on the consultation process. If you have any comments, please contact:

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Appendix 1 Insolvency risk

A1.1 The PPF specific insolvency risk model

- A1.1.1 Our insolvency risk model, which was originally developed in collaboration with Experian, continues to be operated by our insolvency risk partner, Dun & Bradstreet (D&B). At the end of each month the likelihood of a scheme's sponsoring employer becoming insolvent over the next 12 months is assessed. An average monthly score is calculated for levy invoicing purposes, and the scheme is placed in one of 10 levy bands (levy band 1 being the lowest risk).
- A1.1.2 The model is used to apportion levy and it is important that the model correctly attributes sponsors across the full levy band spectrum and does not drastically deviate without reason.
- A1.1.3 We recognise that every business is different and that no model can capture every sponsoring employer's unique characteristics. However, at a portfolio level the PPF model has performed very strongly in challenging and different circumstances.

A1.2 Model performance review

- A1.2.1 We assessed the performance of the PPF scorecards between April 2024 and March 2025 in terms of their ability to discriminate between solvent and insolvent employers.
- A1.2.2 Measured on a scale of 0 - 100 per cent,¹⁸ the PPF scorecards recorded a so-called Gini Coefficient of 75.4 per cent during this review period. This is considered to be strong and reflects a continuation of the strong performance in recent years over different economic conditions (for example during the pandemic, rising interest rates and a technical recession).

¹⁸ D&B considers scores Strong > 60%, Good > 50-60%, Satisfactory > 40-50%, and Unsatisfactory < 40%.

