THE SOCIETY OF PENSION PROFESSIONALS
making pensions work

The Society of Pension Professionals (SPP) response to DWP's consultation on The Occupational and Personal Pension Schemes (General Levy) Regulations review 2026

1. Executive summary

1.1. **The SPP supports the objective of putting the General Levy on a sustainable footing and ensuring levy-funded bodies are appropriately resourced.**

1.2. **The SPP questions the evidence for significantly higher levy increases on master trusts and personal pension providers, and calls for a clearer justification that is fair, proportionate and evidence-based.**

1.3. **We would also like to emphasise substantial cumulative regulatory pressures**.
Levy increases come alongside major government-led reforms including dashboards, Value for Money (VfM), small pots, decumulation and consolidation.

1.4. **The SPP supports a phased approach to addressing the levy deficit.** However, affordability and wider industry cost pressures must be taken into account.

1.5. **We would like to see a future levy framework based on fairness, proportionality, transparency, predictability and regular review.**
We would also like to see consideration of whether the current per-member charging model remains appropriate as the market consolidates.

1.6. **The SPP seeks greater transparency and accountability over how levy income is spent.**
We recommend consolidated reporting across all levy-funded bodies to provide a joined-up view of costs, activities, and outcomes, demonstrating value for money to levy payers.

2. Consultation response

Question 1. What impact would the proposed levy changes have on your scheme or organisation?

2.1. The SPP is a representative body for the pensions industry rather than a scheme.

2.2. We support the objective of placing the General Levy on a sustainable footing and ensuring levy-funded bodies are appropriately resourced.

2.3. However, the proposed distribution of increases is likely to have materially different impacts across the market. While many occupational pension schemes may experience relatively modest increases, master trusts and personal pension providers would face significantly higher annual increases over the consultation period.

2.4. The occupational pensions market has undergone substantial consolidation over recent years, with larger authorised master trusts now serving millions of members. Although these schemes benefit from economies of scale, they also play an increasingly important public policy role by delivering automatic enrolment at low cost. Any material increase in regulatory costs will ultimately be reflected either in providers' commercial margins or, over time, in the charges borne by members.

2.5. The SPP is therefore concerned that the consultation does not sufficiently quantify the evidence supporting the scale of the proposed differential increases or demonstrate that they accurately reflect the regulatory burden created by different scheme types.

2.6. Government should also recognise that the UK pensions industry is simultaneously implementing an unparalleled programme of largely government initiated reform, including VfM assessments, small pots consolidation, pensions dashboards, decumulation reforms and wider market consolidation. Additional levy increases should therefore be considered in the context of the wealth of cumulative regulatory costs.

Question 2. What practical barriers would your scheme or organisation face in implementing the proposed levy changes?

2.7. The revised levy should be straightforward to administer. The greater challenge is financial planning, particularly given the number of significant pensions reforms already underway. A predictable and evidence-based approach to future levy changes will assist schemes and providers with budgeting.

Question 3. Do you agree with the proposed differences in levy increases between scheme types?

2.8. The SPP supports different levy rates where these reflect demonstrable differences in regulatory activity. However, the consultation does not sufficiently explain why master trusts should face the largest increases.

2.9. A sustainable funding model is important, but the scale of the proposed increases for master trusts raises legitimate questions about fairness and proportionality.

2.10. We therefore encourage Government to publish further evidence demonstrating that the proposed allocation is fair, proportionate and reflects today's pensions landscape.

Question 4. Do you agree with the proposed balance between affordability and debt reduction?

2.11. The SPP agrees that action is needed to restore the levy's long-term sustainability and supports a phased approach. However, debt recovery should remain proportionate and take account of the wider cost pressures arising from ongoing pensions reforms.

Question 5. What principles should guide the levy beyond 2030?

2.12. The SPP believes the future levy framework should be guided by several core principles:

- A focus on member outcomes - the levy framework should ensure that funding directly supports effective regulation, protection, and guidance services that measurably improve outcomes for pension savers.
- Fairness - with costs reflecting the regulatory activities and risks associated with different categories of scheme rather than historic precedent alone.
- Transparency - including clearer information about how levy income is allocated across levy-funded bodies and activities.
- Stability and predictability - allowing schemes and providers to plan over the medium term.
- Proportionality - ensuring that charging structures do not unintentionally discourage innovation, consolidation or improved member outcomes.
- Regular evidence-based review - recognising that the pensions landscape continues to evolve rapidly.

2.13. Over the longer term, Government should consider whether a purely per-member charging model remains the most appropriate mechanism as schemes continue to consolidate into fewer, larger arrangements.

2.14. However, any new structure must carefully balance targeted cost allocation with administrative simplicity and predictability, ensuring schemes can accurately budget for future levy liabilities without disputes over subjective metrics.

2.15. Rather than complex or debatable measures like supervisory intensity, Government could explore a split-charging structure. For instance, retaining a per-member model for services like MaPS and The Pensions Ombudsman, while aligning TPR costs with clearer, objective metrics such as Assets Under Management (AUM).

Question 6: What information or measures would help you better understand how levy funding is used and support confidence that levy-funded bodies are delivering value for money?

2.16. Although levy-funded bodies currently publish individual disclosures, reconciling this fragmented information to understand the rationale behind levy cost increases remains difficult. The general levy is a significant component of the VFM chain: providers should therefore be able to understand its composition and, where appropriate, to challenge perceived inefficiencies.

2.17. To build genuine confidence, the SPP recommends introducing consolidated reporting across the entire levy-funded system. A single, unified report would allow levy payers to easily compare and assess:

i) Allocations & Trends. A clear breakdown of how levy income is distributed across bodies (TPR, TPO, MaPS) alongside multi-year expenditure trends.

ii) Cost Drivers & Activities. Direct linkage between scheme cost increases and the specific regulatory activities being funded.

iii) Efficiency & Saver Outcomes. Measurable productivity gains and clear metrics showing the tangible value delivered for pension savers.

Periodic joint efficiency reviews (benchmarking against comparable regulators) would further help to ensure bodies operate productively before passing costs to levy payers. Consolidated reporting is essential to provide the transparency and accountability needed across the changing pensions landscape.

3. About The Society of Pension Professionals

3.1. The SPP is the representative body for a wide range of providers of advice and services to pension schemes, trustees and employers. Our work harnesses the expertise of our membership, striving for a positive impact on pension scheme members, the pensions industry and its stakeholders.

3.2. The breadth of our members is a unique strength for the SPP. Our membership of 90 corporate organisations employs over 20,000 pension professionals including actuaries, lawyers, professional trustees, DC consultants, investment managers, providers, administrators, covenant assessors, and other pension specialists.

4. Further information

4.1. For more information about this consultation response please contact SPP Director of Policy & PR at: phil.hall@the-spp.co.uk or telephone the SPP on 0207 353 1688.

4.2. To find out more about the SPP please visit the SPP web site: https://the-spp.co.uk/

4.3. Connect with us on LinkedIn at: https://www.linkedin.com/company/the-society-of-pension-professionals/

4.4. Follow us on X (Twitter) at: https://twitter.com/thespp1

17 August 2026

SPP, Pensions Organisation of the Year 2026