

## The Society of Pension Professionals (SPP) response to the PPF Levy Consultation: Levy Rules 2026/2027

### 1. Introduction

- 1.1. As the PPF is aware, the SPP has long campaigned for it to have the flexibility to introduce a zero levy.
- 1.2. The SPP therefore support the legislative changes in the Pension Schemes Bill that would allow a zero levy while preserving the Board's ability to return to a material levy if risks increase.
- 1.3. The SPP recognise the strength of the PPF's reserves and the prudence of retaining flexibility given long-run claims and longevity risk, and support keeping pace with innovation in consolidation and alternative covenant structures.
- 1.4. We encourage early, clear communication of decision points and the criteria the Board will use to judge when legislative progress is "sufficient" to set or recalculate the levy to zero.

### 2. Executive summary

- 2.1. **The SPP support maintaining a zero conventional levy.**  
We also support the PPF retaining flexibility to reintroduce a levy if risks materially increase, with transparent triggers and communication.
- 2.2. **The superfund consolidator regime, particularly for any prospective new vehicles that are not sectionalised and may include non-associated employers, could present challenges for the PPF.**
- 2.3. **The SPP suggests that continued standard contingent asset forms are a sensible safeguard, ensuring continuity and clarity for schemes should circumstances change.**  
However, the PPF should consider ways in which clarity and/or efficiencies could be created to minimise administrative costs.
- 2.4. **The SPP suggests a review of Section 179 valuations and reporting burdens.**  
This includes limited or deferred s179 requirements for schemes with evidenced buy-out readiness or that are actively winding up, where insurer quotations, trustee certifications, or other suitable evidence can be relied upon in lieu of a full s179 and streamlined, proportionate reporting for schemes in clear surplus relative to buy-out and for small schemes, aligned with the DB Funding Code's tiering.

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### **3. Consultation response**

#### **Question one. Do you agree with our proposed approach for 2026/27 (to charge an ACS only levy)?**

- 3.1. Given the strength of the PPF's reserves, and the long-run but skewed nature of claims risk, an ACS-only levy appears to be appropriate for 2026/27.
- 3.2. The SPP support maintaining a zero conventional levy, provided the Pension Schemes Bill continues to progress.
- 3.3. We also support the PPF retaining flexibility to reintroduce a levy if risks materially increase, with transparent triggers and communication.

#### **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?**

- 3.4. The SPP support the fallback approach to minimise burden and avoid the disproportionate effort of establishing new methodology for a year in which the conventional levy is expected to be zero. The SPP recognise the clarity of continuity that this provides for the industry.
- 3.5. We presume that the reporting requirements for Block Transfers (exempt or otherwise) will apply in 2026-27 if the fallback option is triggered, but would welcome advance confirmation that this is the case, and would encourage the PPF to consider whether a requirement that produces a smaller administrative burden upon schemes would be possible.
- 3.6. We also presume that there will be no expectation that schemes certify or recertify Contingent Assets or Asset Backed Contributions, but again confirmation of this would be helpful.

#### **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)?**

- 3.7. The SPP agrees with the PPF's proposed updates to the levy rules and has nothing further to add.

#### **Question 4. Do you agree with the updated definition of an alternative covenant scheme?**

- 3.8. We broadly agree with the updated definition although members highlighted that the "no material resource" phrase is somewhat subjective given different people will have different interpretations as to what "material" means in practice.
- 3.9. The SPP also recognise that this sector is rapidly evolving, with an array of alternative strategies being innovated and caution that the PPF will need to ensure that their definitions adapt to these new developments.

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

- 3.10. The SPP recommend that the PPF consider the array of different business models that may be developed under the commercial regime; in particular, how their rules may vary for models that differ from those currently in operation.
- 3.11. In particular, we note that the superfund consolidator regime, particularly for any prospective new vehicles that are not sectionalised and may include non-associated employers, could present challenges for the PPF.
- 3.12. We therefore suggest that the PPF consider the need for any levy methodologies to accommodate these evolving structures appropriately.
- 3.13. On a separate point, we note that new vehicles will be looking to the PPF's methodology to understand their potential exposure (and potentially efficiencies against that exposure) in the development of their offering.

**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?**

- 3.14. Whilst there may be broader uses of the PPF Insolvency risk scores in the industry, SPP members were not aware of any when asked.

**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)**

- 3.15. Yes. Standard forms provide clarity, consistency, and a useful foundation for trustee negotiations, governance, and risk mitigation, even in a zero-levy environment.
- 3.16. Many scheme stakeholders intend to re-certify contingent assets, in order to maintain the process ahead of a future re-introduction of the levy.
- 3.17. The SPP therefore suggests that continued standard contingent asset forms are a sensible safeguard, ensuring continuity and clarity for schemes should circumstances change. The PPF should consider ways in which clarity and/or efficiencies could be created to minimise administrative costs.

**3.18. Section 179 valuations and reporting burdens**

- 3.19. With a zero conventional levy and many schemes in surplus or approaching buy-out, the SPP encourages a review of the section 179 valuation process to reduce cost and administrative burdens on schemes, whilst maintaining appropriate risk oversight. The SPP suggest that the PPF consider:

- Limited or deferred s179 requirements for schemes with evidenced buy-out readiness or that are actively winding up, where insurer quotations, trustee certifications, or other suitable evidence can be relied upon in lieu of a full s179.
- Streamlined, proportionate reporting for schemes in clear surplus relative to buy-out and for small schemes, aligned with the DB Funding Code's tiering.

- 3.20. We hope the above updates could be considered within the existing law and would be happy to work with the PPF to consider this further.
- 3.21. We would also support a fuller review of the need for schemes to complete section 179 valuations in due course, though we recognise that a change in law may be required for a fuller review of the process. Again we would be happy to work with the PPF on this if helpful.

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#### **4. About The Society of Pension Professionals**

- 4.1. 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.
- 4.2. The breadth of our members is a unique strength for the SPP and includes actuaries, lawyers, professional trustees, DC consultants, investment managers, providers, administrators, covenant assessors, and other pension specialists, delivering a wide range of services.

#### **5. Further information**

- 5.1. For more information about this consultation response please contact SPP Director of Policy & PR at: [phil.hall@the-spp.co.uk](mailto:phil.hall@the-spp.co.uk) or telephone the SPP on 0207 353 1688.
- 5.2. To find out more about the SPP please visit the SPP web site: <https://the-spp.co.uk/>
- 5.3. Connect with us on LinkedIn at: <https://www.linkedin.com/company/the-society-of-pension-professionals/>
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