

Financial Services Compensation Scheme Levy Calculation Notes 2024/25 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 2024/25 was consulted on in the joint FCA/PRA consultation paper [CP24/1](#) (January 2024).

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 2024/25, 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 2024/25 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 2024/25 rates.

Contribution Group	Total Regulatory Cost	FSCS Base Costs to be Levied
AP00	25,320,618	694,095
A000	28,198,021	767,956
A001	95,790,794	2,657,506
A002	23,636,750	652,603
A003	34,040,898	928,422
A004	57,684,481	1,595,278
A006	428,246	11,531
A007	58,980,251	1,621,375
A009	15,784,721	427,168
A010	67,998,292	2,030,180
A013	102,770,787	2,675,262
A014	18,698,513	560,788
A018	22,948,305	644,410
A019	37,771,662	1,016,334
A021	19,427,651	550,937
A022	7,139,793	193,486
A023	2,136,009	71,026
CC01	14,155,899	315,983
CC02	54,984,284	1,592,294
PA00	585,920	34,449
PA01	207,125,617	11,990,961
PA03	47,291,303	2,736,654
PA04	57,490,425	3,316,161
PA06	142,891	142,891
PA10	13,491,286	784,332
B002	1,000	6,000
Total		38,018,084

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 2024/25.

Class – Tariff Base	Tariff Base	FSCS Specific Costs	FSCS Class Compensation Costs
SA01	1,601,878,267,898	14,392,673	-1,392,673
CLDA	1,601,878,267,898	0	0
SB01 - RNPI	44,966,168,074	4,755,216	46,994,784
SB01 - EL	68,290,047,502	1,585,072	15,664,928
CLGID-1	12,434,080,590	181,929	-181,929
CLGID-2 - RNPI	48,622,168,074	422,985	-422,985
CLGID-2 - EL	72,759,047,502	140,995	-140,995
CLII-1	10,718,070,512	26,932,874	38,521,671
CLII-2 - RNPI	92,061,320,289	2,945,783	4,213,308
CLII-2 - EL	1,066,512,053,243	981,928	1,404,436

CLII-3	11,171,042,659	5,611,015	8,025,348
CLII-4	924,474,907	561,102	802,535
CLIP	11,171,042,659	7,859,989	47,140,011
CLHFI-1	1,939,682,763	330,944	-330,944
CLHFI-2	6,250,683	124,104	-124,104
CLDM	264,480,736,133	0	0
Total		66,826,608	160,173,392

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 2024/25 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 2023, 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 2024/25 would be £1,302.24.

The FCA regulatory cost for the minimum fee (fee-block A000) for 2024/25 is £1,750.00, and the FCA prudential costs (fee-block AP00) for 2024/25 would be £134.50

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	$\frac{\text{Firm's A000 FSCS Reg.Cost} \times \text{A000 Base Costs}}{\text{Total A000 FSA Regulatory Costs}}$ to be raised	$\frac{1,750 \times 767,956}{28,198,021}$	£47.66
Total A000 FSCS Base Costs Levy			£47.66

A013 Contribution Group			
Base Costs Levy	$\frac{\text{Firm's A013 FSCS Reg.Cost} \times \text{A013 Base Costs}}{\text{Total A013 FSA Regulatory Costs}}$ to be raised	$\frac{1,302.24 \times 2,675,262}{102,770,787}$	£33.90
Total A013 FSCS Base Costs Levy			£33.90

AP00 Contribution Group			
Base Costs Levy	$\frac{\text{Firm's AP00 FSCS Reg.Cost} \times \text{AP00 Base Costs}}{\text{Total A013 FSA Regulatory Costs}}$ to be raised	$\frac{134.50 \times 694,095}{25,320,618}$	£3.69
Total AP00 FSCS Base Costs Levy			£3.69

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	$\frac{\text{Firm's CLII-1 tariff data} \times \text{Total FSCS CLII-1 Specific Cost}}{\text{Total CLII-1 fee tariff base}}$	$\frac{340,000 \times 26,932,874}{12,434,080,590}$	£854.37
Compensation Costs Levy	$\frac{\text{Firm's CLII-1 tariff data} \times \text{Total FSCS CLII-1 Compensation Cost}}{\text{Total CLII-1 fee tariff base}}$	$\frac{340,000 \times 38,521,671}{12,434,080,590}$	£1,221.99
Total CLII-1 FSCS Levy			£2,076.36

Therefore, the FSCS Levy total for Firm X for 2024/25 will be:

FSCS Levy Type	Value
A000 Levy (Base Costs)	£47.66
A013 Levy (Base Costs)	£33.90
AP00 Levy (Base Costs)	£3.69
CLII-1 Levy (Life Distributions & Investment Intermediation)	£2,076.36
Net FSCS Levy Total	£2,161.61