Name

Luke Hartley

Job Title

Chair of the Employer Covenant Practitioners Association

Is this response on behalf of an organisation or yourself?

Other

What best describes your role?

Representative body

Email

luke.hartley@uk.gt.com

Phone number

07920287868

2) Getting started

This consultation sets out our proposals for the 2026/27 levy rules.

This online submission form allows you to respond to the questions set out in our consultation document.

Online submissions close at **5pm on Monday 5 January 2026**.

Please remember to press 'SUBMIT' at the end, or we won't receive your full response. Thank you for taking part.

3) Overall approach

Section 1 of our consultation document 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.

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.

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.

Question 1

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

○ Yes ○ No ○ No opinion

Do you have any further comments?

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?

○ Yes ○ No ○ No opinion

Do you have any further comments?

4) Alternative covenant schemes

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.

In Section 2 of the consultation document we set out that 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.

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)?

○ Yes ○ No ○ No opinion

Do you have any further comments?

Question 4

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

○ Yes ○ No ○ No opinion

Do you have any further comments?

If these are intended to cover all situations where a scheme may find itself running on with m
• If, however, these are intended to cover only the circumstances where an active choice has be

Based on your references to the policy intent of the ACS being to capture "transactions where

Question 5

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

○ Yes ○ No ○ No opinion

Do you have any further comments?

We understand that the ACS methodology applies to 'superfunds' and that this is expe
We also note that whilst PPF is not expecting to apply "conventional scheme" methodo
The ECPA would be happy to work with the PPF to explore this further and consider ho

5) Customer service

Section 3 of the consultation document outlines 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.

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.

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.

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.

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?

○ Yes ○ No ○ No opinion

Do you have any further comments?

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)

○ Yes ○ No ○ No opinion

Do you have any further comments?

6) Final thoughts

This section of the consultation provides an opportunity for our stakeholders to provide any further thoughts or comments on the issues raised.

Question 8

Do you have any other comments?

Thank you very much for responding to our consultation. Please SUBMIT when you have completed the form.

Please upload this completed and saved PDF by following the upload link on the first page of the Full Levy Consultation Form on the PPF website. The direct link to the upload page is: https://www.ppf.co.uk/levy-payers/help-shape-our-rules/upload-full-levy-consultation

Submission IDs (For office use only)

1bb2377c-d24a-4104-81e0-d3e82265a5b8|036a74cc-6e48-4b94-8a42-e1cbed1d37bf