# PPF levy 2021/22

This chapter contains information on how much PPF levy was invoiced and how this was distributed between schemes and by employers.

### 9.1 Summary

Since 2006/07, the PPF has collected a total of £9.1 billion through levies, determined mainly by the risk schemes pose to the PPF. This and other key statistics from this chapter are summarised in the following table: The levy has gradually fallen as a percentage of assets since 2012/13 and has varied

Asset allocation year	2021/221	2020/21		n and around 2000 million each year		
Total levy since 2006/07	£9.1bn	£8.6bn			Levy as a	
Total levy in year	£476m	£630m			percentage	Number of
Proportion of total scheme assets	0.03%	0.04%	Levy year	Total levy (£m)ª		capped schemes <sup>c</sup>
Number of schemes which contributed to this	5,220	5,331	2012/13	648	0.08%	
Amount and proportion of total levy contributed by the top 100	£277m	£347m	2013/14	577	0.06%	302
levy payers (by size of levy)	58%	55%	2014/15	579	0.06%	274
Proportion of schemes which paid no risk-based levy	34%	28%	2015/16	560	0.05%	211
Number of schemes with a capped risk-based levy	173	160	2016/17	563	0.05%	187
Proportion of total number of schemes	3.3%	3.0%	2017/18	541	0.04%	147
PPF levy band whose schemes made the largest contribution			2018/19	564	0.04%	184
in the year	3	5	2019/20	564	0.04%	161
Levy contribution made by these schemes	£95m	£96m	2020/21	630	0.04%	160
Proportion of total levy contribution	20%	15%	2021/22	476	0.03%	173
Proportion of total liabilities accounted for by schemes in						
this category	17%	11%	Source: PPF			
Proportion of levy being paid by the three top scorecards (as measured by levy paid)	84%	82%	<ul> <li>Notes:</li> <li>a) The figures quoted in this chapter prior years' <i>Purple Books</i>.</li> </ul>	are based on the total levy for the dataset of 5,	220 schemes ir	n 2021/22, or from

1 Year from 1 April 2021 to 31 March 2022.

Note: the percentages may not match those calculated using financial amounts in the table because of rounding.

Assets and liabilities, and therefore funding ratios, in this chapter are on a smoothed, stressed basis unless otherwise stated and exclude Deficit-Reduction Contributions (DRCs). For more information on these and other terms and definitions used in this chapter, see the 2021/22 Levy Determination, and its associated appendices, available on our website.

### 9.2 Total levy by year

In this section we compare total levy by levy year, from levy year 2012/13 to 2021/22. We look at the distribution across schemes broken down by levy band, considering the risk-based levy and scheme-based levy separately.

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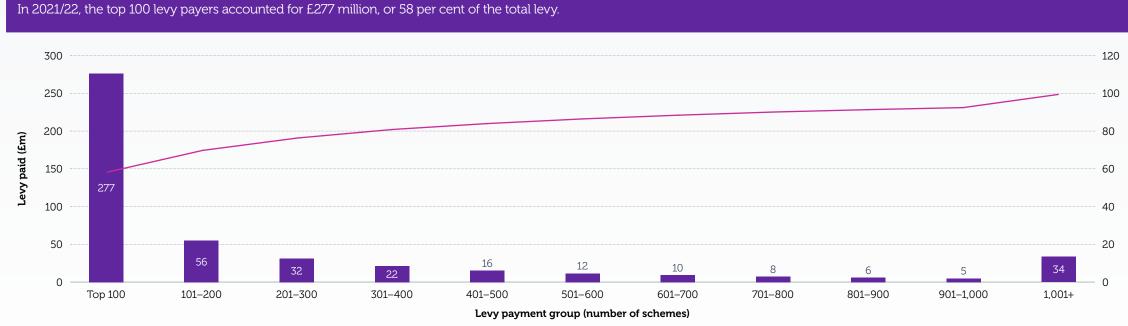
### Figure 9.1 | Total levy

b) Total levy as a percentage of levy-paying schemes' total assets.

n and around £650 milli

c) Refers to schemes to which the risk-based levy cap applied

### Figure 9.2 | Distribution of levy by largest levy payers in 2021/22



• Levy (LHS) • Cumulative percentage of total levy payers (RHS)

Source: PPF

Note: the 1,001+ category accounts for a relatively large percentage of the total levy as it contains just over 4,220 schemes. Note: the components do not sum to the total levy because of rounding.

### Figure 9.3 | Schemes with no risk-based levy by levy year

34 per cent of schemes are paying no risk-based levy, which is the highest proportion since the introduction of the New Levy Framework in 2012/13.

Levy year	Number of schemes	Percentage of total schemes	s179 liabilities (£bn)¹	s179 liabilities as percentage of total
2012/13	1,191	19%	199	19%
2013/14	1,056	17%	171	15%
2014/15	1,113	18%	206	17%
2015/16	985	17%	195	14%
2016/17	961	17%	239	16%
2017/18	1,011	18%	405	25%
2018/19	1,457	26%	560	35%
2019/20	1,509	28%	562	33%
2020/21	1,503	28%	624	34%
2021/22	1,766	34%	737	40%

Source: PPF

1 Liabilities are stressed and smoothed.

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### Figure 9.4 | Number of schemes with capped risk-based levies by levy band

The proportion of schemes with a capped risk-based levy increased from 3 per cent in 2020/21 to 3.3 per cent in 2021/22 following the reduction in the risk-based levy cap for 2021/22.

Levy band	Levy rate	Total number of schemes	Number of capped schemes	Percentage of schemes in levy band which are capped
1	0.28%	1,412	0	0.0%
2	0.31%	337	0	0.0%
3	0.35%	525	0	0.0%
4	0.40%	478	0	0.0%
5	0.53%	584	1	0.2%
6	0.81%	676	3	0.4%
7	1.26%	531	17	3.2%
8	1.76%	260	28	10.8%
9	2.39%	217	49	22.6%
10	3.83%	200	75	37.5%
Total		5,220	173	3.3%

Source: PPF

Note:

A scheme's risk-based levy is calculated by mapping the sponsoring employer's insolvency probability to one of the 10 levy rates above. Schemes with multiple employers have had their insolvency probability calculated as an average of the corresponding employers, mapped back to the nearest levy band. This is then multiplied by the amount of underfunding in the scheme and the levy scaling factor in order to give the risk-based levy. Further details of how the PPF levy is calculated can be found on the PPF website<sup>1</sup>.

1 For more information see: https://www.ppf.co.uk/how-levy-calculated

## Figure 9.5 | Number of schemes with capped risk-based levies by funding ratio (on a stressed and smoothed basis)

Schemes with lower funding levels are more likely to pay a capped risk-based levy.

Funding ratio	Number of capped schemes	Percentage of schemes in funding band which are capped	Total number of schemes
Less than 50%	71	19.2%	369
50%–75%	100	6.4%	1,557
75%–100%	2	0.1%	1,743
Over 100%	0	0.0%	1,551
Total	173	3.3%	5,220

Source: PPF

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### Figure 9.6 | Levy distribution by levy band

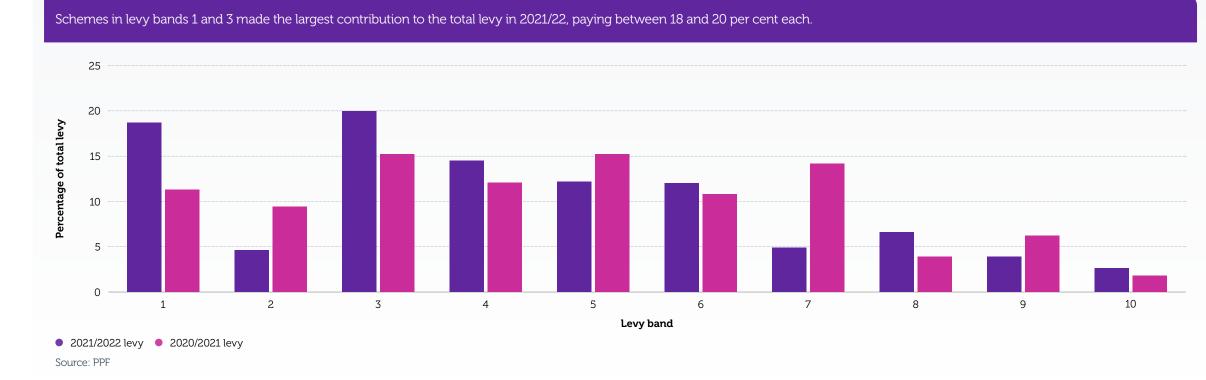
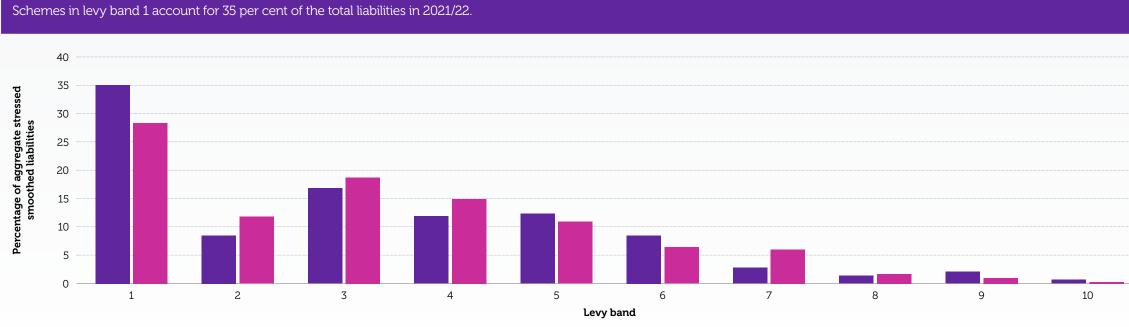


Figure 9.7 | s179 aggregate stressed smoothed liabilities by levy band



• Stressed smoothed liabilities 2021/2022 • Stressed smoothed liabilities 2020/2021

Source: PPF

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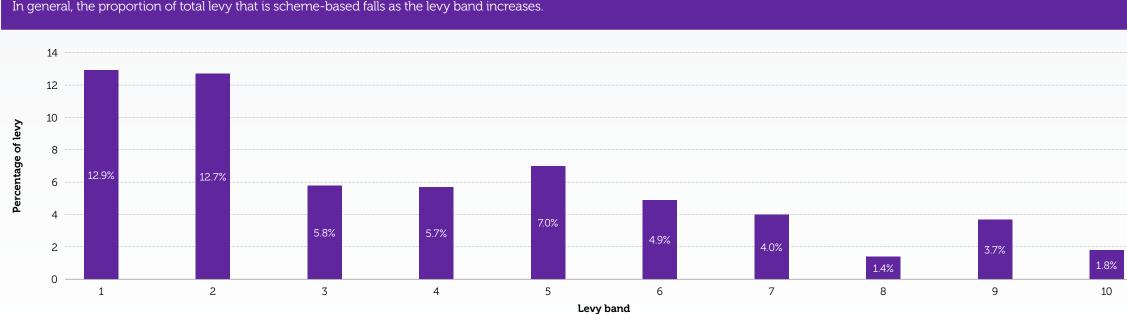
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### Figure 9.8 | Levy as a proportion of assets by levy band







In general, the proportion of total levy that is scheme-based falls as the levy band increases.

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### Figure 9.10 | Percentage of total levy that is scheme-based by funding ratio (on a stressed and smoothed basis, excluding bespoke asset stress submissions)

For schemes that were over 100 per cent funded the scheme-based levy constituted on average around 87 per cent of their total levy, which is much lower than last year's figure of 99 per cent due to a higher amount of levy paid by overfunded schemes that become underfunded once the bespoke asset stress submission is taken into account.

Funding ratio	Less than 50%	50%–75%	75%–100%	Over 100%
Percentage of levy that is scheme-based	1.7%	3.4%	9.1%	86.6%

Source: PPF

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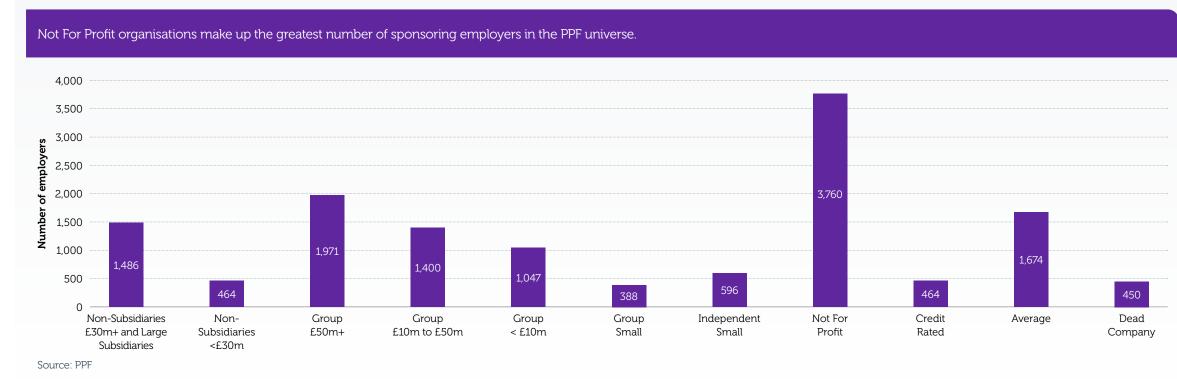
Source: PPF 1 For the definition of scheme-based levy, please see the 2021/22 Levy Determination.

### 9.3 D&B scorecards

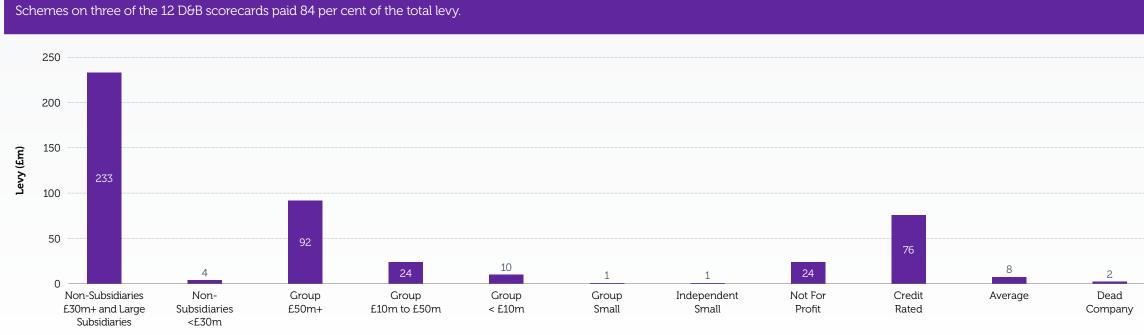
For the 2021/22 levy year, we used the PPF and Dun & Bradstreet's (D&B's) bespoke model for assessing insolvency risk of schemes in the universe.

The charts in this section show how many sponsoring employers in the PPF universe are assigned to each scorecard, and how much of the total 2021/22 PPF levy was collected in respect of schemes sponsored by the employers in these categories.<sup>1</sup>

### Figure 9.11 | Number of sponsoring employers in each D&B scorecard



### Figure 9.12 | Levy invoiced in respect of schemes with sponsoring employers in each D&B scorecard



Note: the components do not sum to the total levy because of rounding.



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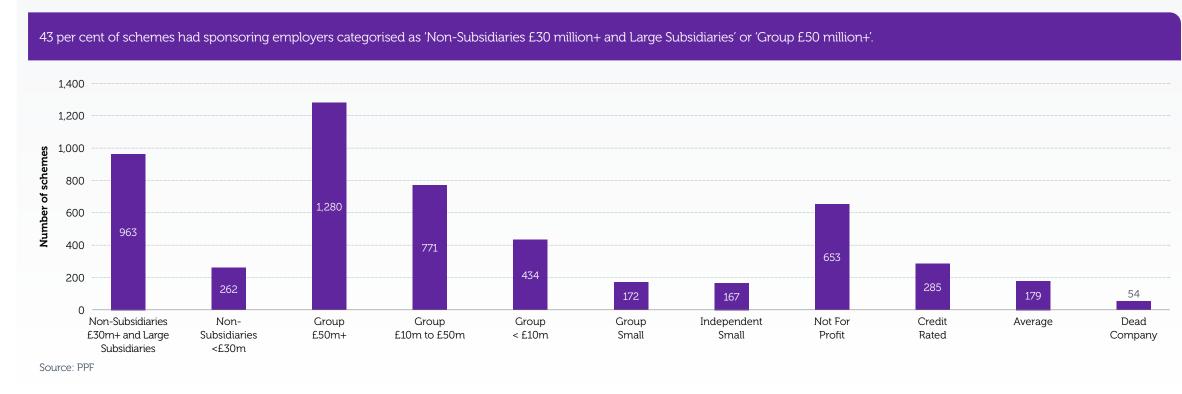
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1 For multi-employer schemes (with employers on different scorecards), the levy was split proportionately by membership numbers.

### Figure 9.13 | Number of schemes with sponsoring employers in each D&B scorecard



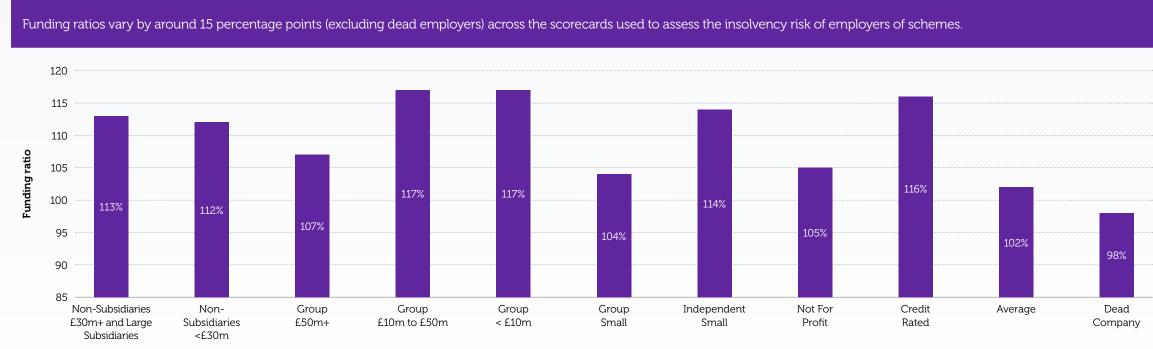


Figure 9.14 | Aggregate funding ratio (unstressed and unsmoothed) of schemes with sponsoring employers in each D&B scorecard

Source: PPF

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