

**Bank of England PRA**

# Appendices to CP1/26 – Financial Services Compensation Scheme - Management Expenses Levy Limit (MELL) 2026/27

**Consultation paper | CP1/26**

January 2026



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# 1: PRA Rulebook: Management Expenses Levy Limit and Base Costs proposed rule instrument

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## **PRA RULEBOOK: NON-AUTHORISED PERSONS: FSCS MANAGEMENT EXPENSES LEVY LIMIT AND BASE COSTS INSTRUMENT 2026**

### **Powers exercised**

- A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):
- (1) section 137T (General supplementary powers);
  - (2) section 213 (The compensation scheme);
  - (3) section 214 (General); and
  - (4) section 223 (Management expenses).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

### **PRA Rulebook: Non-Authorised Persons: FSCS Management Expenses Levy Limit and Base Costs Instrument 2026**

- C. The PRA makes the rules in the Annex to this instrument.

### **Commencement**

- D. This instrument comes into force on 1 April 2026.

### **Citation**

- E. This instrument may be cited as the PRA Rulebook: Non-Authorised Persons: FSCS Management Expenses Levy Limit and Base Costs Instrument 2026.

### **By order of the Prudential Regulation Committee**

[DATE]

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**Annex****Amendments to the FSCS Management Expenses Levy Limit and Base Costs Part**

In this Annex new text is underlined and deleted text is struck through.

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**2 LIMIT ON MANAGEMENT EXPENSES LEVIES**

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...

2.1A The amount which the FSCS may recover from the sums levied under the *compensation scheme* as *management expenses* attributable to the period 1 April ~~2025~~2026 to 31 March ~~2026~~2027 may not exceed ~~£108,579,230~~£112,972,954.

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## 2: Financial Conduct Authority Handbook: FEES manual

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### FINANCIAL SERVICES COMPENSATION SCHEME (MANAGEMENT EXPENSES LEVY LIMIT 2026/2027) INSTRUMENT 2026

#### Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137T (General supplementary powers);
  - (2) section 213 (The compensation scheme);
  - (3) section 214 (General); and
  - (4) section 223 (Management expenses).
- B. The rule-making powers listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

#### Commencement

- C. This instrument comes into force on *[date]*.

#### Amendments to the Handbook

- D. The Fees manual (FEES) is amended in accordance with the Annex to this instrument.

#### Citation

- E. This instrument may be cited as the Financial Services Compensation Scheme (Management Expenses Levy Limit 2026/2027) Instrument 2026.

By order of the Board  
*[date]*

Annex

Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text.

6 Financial Services Compensation Scheme Funding

...

6.4 Management expenses

...

Limit on management expenses

6.4.2 R The total of all *management expenses levies* (taken together with the management expenses levies under the *PRA Rulebook*) attributable to a particular period of the *compensation scheme* may not exceed the limit applicable to that period set out in *FEES 6 Annex 1R*.

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6 Annex 1R Financial Services Compensation Scheme - Management Expenses Levy Limit

This table belongs to FEES 6.4.2R	
Period	Limit on total of all management expenses levies attributable to that period (£)
...	
1 April 2025 to 31 March 2026	£108,579,230
<u>1 April 2026 to 31 March 2027</u>	<u>£112,972,954</u>

### 3: FSCS management expenses by line item (£million)

Management Expenses Budget by account line (£m)	2026/27	2025/26	Change	% Change
Staff costs	43.6	40.6	2.9	7%
Non-Project Contractor Costs	11.2	18.2	-7.0	-38%
Facilities	2.3	2.6	-0.3	-12%
IT	8.3	7.8	0.4	6%
Communications	2.2	2.8	-0.6	-22%
Legal Fees	4.0	4.6	-0.6	-13%
Professional Fees	6.7	6.0	0.7	11%
External Providers	0.6	0.5	0.1	20%
Depreciation	2.1	1.5	0.5	36%
Other / Contingency	0.6	0.5	0.1	18%
Outsourced Claims Handling	8.9	11.6	-2.7	-23%
Outsourced Printing & Scanning Services	0.6	0.4	0.2	48%
Bank Charges	7.0	7.0	-	0%
Interest Income	-0.9	-0.5	-0.4	-75%
<b>Management Expenses</b> (excl. additional funding costs)	<b>97.0</b>	<b>103.6</b>	<b>-6.6</b>	<b>-6%</b>
Additional funding costs	11.0	-	11.0	-
<b>Management Expenses Budget</b>	<b>108.0</b>	<b>103.6</b>	<b>4.4</b>	<b>4%</b>
Unlevied Reserve	5.0	5.0	-	0%
<b>MELL (inc. Unlevied Reserve)</b>	<b>113.0</b>	<b>108.6</b>	<b>4.4</b>	<b>4%</b>

## 4: FSCS management expenses allocation by funding class

[illegible]