

Summary funding statement

This section summarises the results of the valuation at 31 March 2021. It also looks at the most recent previous results. These financial health checks are vital for monitoring the Scheme's progress. We hope the information helps you to understand how the Scheme is developing.

The latest position

The table below shows how the funding position has changed since the valuation at 31 March 2021 and the last funding update at 31 March 2023.

	Update*	Update	Valuation
Date	31 March 2023	31 March 2022	31 March 2021
The funding level	96.1%	101.2%	98.2%
The funding target	£120.8 million	£167.6 million	£170.5 million
The value of the Scheme's assets	£116.1 million	£169.5 million	£167.5 million
The overall position	Shortfall of £4.7 million	Surplus of £1.9 million	Shortfall of £3.0 million

The next financial check will be based on the Scheme's position at 31 March 2024. We will report on the results once they are complete.

It is important to remember that it is normal for pension scheme funding levels to fluctuate over time. Even when funding is temporarily below target, the Scheme will continue to pay benefits in full as long as it continues.

Reasons for the change

The improvement in the Scheme's funding level from 31 March 2021 to 31 March 2022 was largely due to the continued recovery of global markets since the initial impact of the coronavirus pandemic, and contributions made by the Company to reduce the Scheme's deficit.

Since 31 March 2022, the Scheme's funding level has worsened. Increases in yields available on Government bonds has decreased the value placed on the amount of money needed to be put aside now to pay benefits at a later date. The Scheme's matching assets are designed to broadly match the performance of the funding target and have therefore also fallen over the period. The value of the funding target has fallen less than the value of the Scheme's assets which has served to increase the shortfall.

However, the 2023 funding target does not allow for decisions made by the Trustees which has led to the reduction in the shortfall of around £4 million. The next formal valuation at 31 March 2024 will allow for such changes.

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Removing the shortfall

As part of the valuation at 31 March 2021, we agreed with the Company to bring the Scheme to a fully funded position. This is known as a 'recovery plan'. The Company agreed to pay:

- £1M by 31 March 2022
- £1M by 31 March 2023
- £1M by 31 March 2024

These contributions and anticipated investment are expected to lead to full funding by 31 March 2024. In addition, the Company continues to pay:

- A monthly contribution equal to 28.4% p.a. of members' pensionable salaries to help towards the future cost of members' benefits. Active members of the Scheme contribute a further 8% p.a. of pensionable salary.
- All administration costs, running expenses and other charges, for example the annual levy to the Pension Protection Fund (www.pensionprotectionfund.org.uk).

The next formal valuation will look at the Scheme's position at 31 March 2024. This will include working out if the recovery plan is on track or if changes need to be agreed.



If the Scheme came to an end

The Scheme's funding level is worked out in two ways.

- The 'ongoing' basis (shown on the previous page), which assumes that the Scheme will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Scheme started to 'wind up' at the date of the valuation/update. If this happened, all members' benefits would have to be secured without delay by buying insurance policies. This would be more expensive than paying benefits gradually over time, so the full solvency position is generally lower than the ongoing position, even for fully funded pension schemes.

At 31 March 2021, the Scheme full solvency funding level was 71% with a shortfall of £70.0 million.

Please note that we are legally required to report the full solvency position as part of this funding statement. The Company has no current plans to end the Scheme.

We must also tell you if there have been any payments to the Company out of Scheme funds in the last 12 months. There have not been.

The Pensions Regulator

The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run though it has not needed to use its powers in this way for our Scheme. You can find out more about the Regulator online at

www.thepensionsregulator.gov.uk

