Each year we are required to let you know the financial position of your pension scheme. This Summary Funding Statement gives you a financial update as at 31 December 2021.

Our independent advisers, LCP, help us monitor the pension scheme’s finances. A full valuation, which is a thorough and independent review of the financial position takes place every three years.

This statement summarises the results of the last valuation at 31 December 2019, and a snapshot update at 31 December 2020 and 31 December 2021.

If you have any questions about your pension or would like a copy of the formal accounts, rules, investment or funding policy, please let us know.
**Defined Benefit Scheme (DBS)**

**A snapshot at 31 December 2021**

At 31 December 2021 the target level of assets was £476.1m and the actual assets were £11.6m above this.

<table>
<thead>
<tr>
<th></th>
<th>31/12/2019</th>
<th>31/12/2020</th>
<th>31/12/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset value</td>
<td>£426.6m</td>
<td>£452.8m</td>
<td>£487.6m</td>
</tr>
<tr>
<td>Target level of assets</td>
<td>£437.8m</td>
<td>£481.9m</td>
<td>£476.1m</td>
</tr>
<tr>
<td>(Shortfall) / Surplus</td>
<td>(£11.3m)</td>
<td>(£29.1m)</td>
<td>£11.6m</td>
</tr>
</tbody>
</table>

In your last Summary Funding Statement, we showed a shortfall of £29.1m at 31 December 2020. **Any shortfall does not affect your pension** – we have always paid members their pensions in full.

The financial position therefore improved by £40.7m over 2021. This is due to favourable experience in financial markets, together with continued contributions from employers, partially offset by an increase in inflation.

We expect the snapshot to change from year to year because the finances depend on changes in global financial markets.

**The next valuation**

At the 2019 valuation there was a shortfall of £11.3m. We agreed the sponsoring employers will pay deficit contributions to pay off their sections’ deficit within seven years of 1 April 2021. Some employers have agreed a longer or shorter period.

The next full actuarial valuation is due as at 31 December 2022.

**How do we calculate our target level of assets?**

We employ an independent expert to provide regular financial checks. These regular check-ups involve calculating a target level of assets.

The target level of assets is the amount that we expect is enough to pay everyone’s pension, based on assumptions about the future. For example, how long people will live; what inflation will be; and what investment returns will be.

Nobody knows exactly how much money will be needed to pay everybody’s pensions. This depends on how actual experience compares with our assumptions.

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**What is an asset?**

The assets come from contributions paid by members and employers, together with investment growth.

We hold the assets separately from the employers and we are responsible for investing this money.

We hold the assets in a common fund – they are not held in separate pots for each member. Pensions are paid to members out of this common fund.
In your last Summary Funding Statement, we showed a shortfall of £13.2m at 31 December 2020. The shortfall does not affect your pension – we have always paid members their pensions in full.

The financial position has therefore improved by £17.1m over 2021. This is mainly due to higher than expected investment returns.

This improved financial position enabled us to add a 3% discretionary increase to pensions not yet in payment, and pensions earned before 6 April 1997. We added this on 1 January 2022.

We expect the snapshot to change from year to year because the finances depend on changes in global financial markets.

The next valuation
The next full actuarial valuation is due as at 31 December 2022.

How do we calculate our target level of assets?
We employ an independent expert to provide regular financial checks. These regular check-ups involve calculating a target level of assets.

The target level of assets is the amount that we expect is enough to pay everyone’s pension, based on assumptions about the future. For example, how long people will live; what inflation will be; and what investment returns will be.

Nobody knows exactly how much money will be needed to pay everybody’s pensions. This depends on how actual experience compares with our assumptions.
Pension Builder 2014 (PB 2014)

A snapshot at 31 December 2021

At 31 December 2021 the target level of assets was £33.0m and the actual assets were £12.8m above this.

We guarantee members will receive at least the value of their contributions on retirement at age 65, plus discretionary bonuses. We hold a reserve to protect member accounts against adverse investment experience, to protect this guarantee.

On 31 December 2021 there was a surplus of £12.8m. In your last Summary Funding Statement, we showed a surplus of £7.2m at 31 December 2020.

The financial position has therefore improved by £5.6 million since the last update. This is due to higher than expected investment returns. The positive experience reflects our decision to add a discretionary bonus of 10.2% in April 2022.

We expect the snapshot to change from year to year because the finances depend on changes in global financial markets.

The next valuation

The next full actuarial valuation is due as at 31 December 2022.

How do we calculate our target level of assets?

We employ an independent expert to provide regular financial checks. These regular check-ups involve calculating a target level of assets.

The target level of assets is the amount that we expect is enough to pay everyone's pension, based on assumptions about the future. For example, how long people will live; what inflation will be; and what investment returns will be.

Nobody knows exactly how much money will be needed to pay everybody's pensions. This depends on how actual experience compares with our assumptions.

What is an asset?

The assets come from contributions paid by members and employers, together with investment growth.

We hold the assets separately from the employers and we are responsible for investing this money.

We hold the assets in a common fund – they are not held in separate pots for each member. Pensions are paid to members out of this common fund.
Your questions answered

Q: What if the scheme has to wind-up?
We and the employers do not intend to wind up the pension scheme. We keep an eye out for anything that might mean employers can no longer support the scheme. In this event, a wind-up is likely to begin and the responsibility for paying members’ pension benefits would be transferred to an insurance company.

We monitor the cost of securing all members’ benefits with an insurance company. The most recent estimate provided by our independent advisers looked at the position on 31 December 2019. This estimate showed that, at that date, an additional final contribution of about £139 million would be needed to make sure all members’ pensions could be paid in full by an insurance company.

This is a larger shortfall than the position shown on page 2, but this is fairly common amongst similar UK pension schemes.

Q: Is my pension protected?
If the employers became insolvent and there was not enough money to secure benefits in full with an insurance company, members may not receive their full pension benefits.

To help members in this situation, the Government has set up the Pension Protection Fund. If your pension enters the Pension Protection Fund, the amount you receive may be less.

The Pension Protection Fund rules are complex - the amount it will pay depends on their and our rules, whether you are already receiving a pension, your age and the type of pension.

More information and guidance about the Pension Protection Fund is available at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk) or by contacting the Pension Protection Fund, 12 Dingwall Road, Croydon, Surrey, CR0 2NA (tel: 0345 600 2541).

Q: What about my Additional Voluntary Contributions (AVCs)?
AVCs with the DBS and PB Classic buy extra pension in PB Classic. AVCs with PB 2014 are added to your pension pot.

Q: Is there anything else I need to know?
Regulations require us to confirm that since the last Summary Funding Statement the employers have not taken any money out of and the Pensions Regulator has not intervened in the running of the pension scheme. We are happy to confirm this.

Latest news

Pension Scams
Be aware, scammers are taking advantage of the current situation to target pensions. They are known to increase their activity at times of financial stress. The Pensions Regulator has said you should exercise extreme caution and visit the [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart) website which has specific guidance on how to avoid scams.

In particular, if you are called out of the blue by an individual or company promising to move your savings to a ‘safe haven’, please hang up. Cold-calling in this way is illegal. Pension scams can be hard to spot. Scammers can be articulate with credible websites, testimonials and materials that are hard to distinguish from the real thing.

If you’re thinking about how to invest your retirement savings, consider getting impartial information and advice – you can find specialist help through [https://directory.moneyadviceservice.org.uk/en](https://directory.moneyadviceservice.org.uk/en). If you are concerned please contact us or go to [https://www.pensionsadvisoryservice.org.uk/](https://www.pensionsadvisoryservice.org.uk/)

Get to know your pension: hints and tools from the DWP
As part of its ongoing campaign to get people more engaged with their retirement savings, the Department for Work and Pensions (DWP) has recently published [https://www.yourpension.gov.uk](https://www.yourpension.gov.uk) to help people plan for retirement. It brings together various tools to trace lost pensions, find out what your likely State pension will be, and work out how much money you may need to enjoy the retirement you want.