Provident Financial
Staff Pension Scheme

Summary Funding Statement

The purpose of this statement is to provide you with information about the funding position of the Scheme.

August 2024

Welcome

I hope that you've kept safe and healthy over the last year. You'll have recently received the Scheme's annual newsletter, which we hope was useful and informative.

We're now following-up with this document (formally called a Summary Funding Statement) which sets out further financial information about the Scheme. We're required to provide this to you by law.

I'm sure you're aware of the turmoil in the financial markets towards the end of 2022. This affected the Scheme's funding position and you'll see that, as at 1 June 2023, there was a funding deficit.

The Scheme remains in a strong financial position and the reduction in the funding level doesn't have a detrimental impact on the Trustees' ability to pay your benefits in full.

The Trustees have worked, and will continue to work, in partnership with the Company and its advisers to ensure that the Scheme can meet its financial commitments to you both now and in the future.

Ken Mullen
Chair of Trustees

The health of the Scheme

The results of the latest funding assessment as at 1 June 2023 are shown below, alongside the results of the 1 June 2022 assessment and the results of the most recent full valuation of the Scheme as at 1 June 2021.

	Amounts at 1 June 2021	Amounts at 1 June 2022	Amounts at 1 June 2023
The value of the Scheme's defined benefit **liabilities** (technical provisions)	£829.9m	£688.2m	**£510.9m**
The value of the Scheme's defined benefit **assets**	£863.6m	£694.7m	**£483.3m**
The value of assets, less the value of liabilities **(surplus or deficit)**	£33.7m	£6.5m	**(£27.6m)**

In addition to the figures shown above, the Scheme also held £12.9 million/£10.6 million/£8.0 million of assets in respect of insured pensions and £1.3 million/£0.9 million/£0.9 million of Additional Voluntary Contributions (AVCs) as at 1 June 2021/2022/2023 respectively.

Around a year ago, we provided details of our Actuary's approximate assessment of the Scheme's funding level as at 1 June 2022. In this assessment, the Scheme had a surplus of £6.5 million.

Between 1 June 2022 and June 2023, the Scheme moved into a funding deficit.
By 1 June 2023, the deficit stood at £27.6 million.

The change in position over the year was due to adverse investment experience, primarily as a result of rising Government bond yields. It's worth noting that changes in market conditions significantly reduced the value of both the assets and the liabilities. The value of the assets fell slightly more than the value of the liabilities, resulting in a decrease in the funding level.

As there were sufficient assets to cover the Scheme's technical provisions at the last formal valuation date of 1 June 2021, a recovery plan was not required. This will be reassessed as part of the 1 June 2024 formal valuation.

The Trustees and Company agreed that the Company will pay £70,000 per month towards the expenses of running the Scheme. In addition, the Company will contribute an annual amount equal to the total of all statutory levies, including the Pension Protection Fund (PPF) levy.

No further pension is being built up in the Scheme following closure to the Cash Balance section from 31 August 2021.

What if the Scheme were to wind up?

The Trustee and Company remain committed to ensuring your benefits are secure and paid in full when you retire. It is their intention that the Scheme continues unless it becomes affordable and appropriate to secure and pay these benefits in another way. Therefore, there are no current intentions to wind up the Scheme.

However, legislation requires that we tell you about what would happen if the Scheme were to wind up. In the event of the Scheme winding up, pensions would be secured by buying insurance policies from an insurance company.

As at 1 June 2021, it was estimated that the cost of doing this would be approximately £1,021 million, which was around £157 million more than the value of the assets held at that time.

These high costs reflect the fact that insurers take a very cautious view of the future. They also need to ensure they will cover their costs and, usually, will look to make a profit.

If the Scheme were to wind up and the Company could not afford to meet the extra cost of securing benefits with an insurer, the PPF might be able to take on the Scheme and pay compensation to members, but the amount members receive may be less than the pension benefits built up for them in the Scheme. Further information is available on the PPF's website at **www.ppf.co.uk** or you can email them at **information@ppf.co.uk**

Please note that we must include this information because we're required to do so by law. We do not currently intend to wind up the Scheme.

Scheme modifications and payments to the Company

As required by law, we can also confirm that:

The Scheme hasn't been modified by the Regulator and no directions, nor a schedule of contributions, have been imposed on the Scheme by the Regulator.

We also need to confirm that there haven't been any payments to the Company out of Scheme funds since the last funding statement was issued.

Where to get help

We all need a helping hand from time to time and the Pensions Team aims to help by answering your questions and providing further information about the Scheme.

Provident Financial
Staff Pension Scheme
No.1 Godwin Street
Bradford
BD1 2SU

01274 351 351 – don't forget that when the call is answered, the person will let you know you're through to 'Vanquis Banking Group'.

pensionenquiries@vanquis.com