

INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN

September 2021 to January 2022

Background

In between actuarial valuations, the Trustee monitors how the Scheme is progressing against its Financial Management Plan. Up to August 2021, the Trustee published its monitoring of the 2018 valuation. Following the Trustee agreement of the March 2020 valuation in September 2020, the Trustee stopped monitoring the Scheme on the basis of the 2018 valuation. Monitoring of the 2020 valuation will be finalised once the benefits have been confirmed and the new Statement of Investment Principles has been consulted on. In the meantime the Trustee is reviewing the development of the Scheme using an interim monitoring approach.

This document provides details of the interim monitoring for the month ends from September 2021 to January 2022.

The purpose of the monitoring (and interim monitoring) is to indicate whether or not the Scheme's financial position is progressing as expected and whether it is appropriate to continue to fund the Scheme on the basis of the 2020 valuation. It does not lead to any direct action from the Trustee other than potentially commissioning further analysis and advice.

Further, it should be noted that monitoring is not intended to answer the question: what are the contribution requirements if a valuation was undertaken at the monitoring date?

In the main body of the report, figures are calculated on the benefit changes the Joint Negotiating Committee (JNC) decided to put forward in late August 2021 and with the associated additional covenant support measures provided by our sponsoring employers. Appendix C shows the deficit and contribution for monitoring purposes if these changes are not enacted and the current benefits are maintained without the covenant support measures being put in place.

The full report for January has been provided whilst for other months, to save repetition, the front page and Appendix C have been provided as the graphs in the January report contain the data from earlier months. The data for the earlier months is provided at the end of the pack.

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN

Differences between monitoring and actuarial valuation

The monitoring approach is not as thorough and hence does not give the same outcome as would be given by an actuarial valuation at the effective date. This is for a number of reasons, including:

- While monitoring updates the main financial assumptions, these and other assumptions do not go through the same level of assessment as would be the case for an actuarial valuation; in particular they do not necessarily reflect the risk capacity and appetite of employers at that date. In practice for an actuarial valuation the Trustee's Integrated Risk Management Framework would influence the choice of assumptions.
- An actuarial valuation would require consultation with UUK in relation to the assumptions used and the contributions payable; it is not possible to pre-judge the outcome of any such process.
- The deficit recovery contributions are based on the recovery plan parameters shown. At a valuation, additional factors (including the views of the Pensions Regulator) would be considered which could result in a different recovery plan.
- The calculations do not allow for new membership data, and contain some approximations relative to an actuarial valuation.

The monitoring position is relatively volatile from month to month, and in light of this the Trustee considers the overall history and trends since the valuation date rather than just the position at the monitoring date.

Key messages from interim monitoring as at end January 2022

- Having considered the monitoring, including consideration of the metrics, the Trustee does not consider it necessary to commission further analysis and advice at the current date.
- Since 31 March 2020 experience month by month has been volatile but the general trend has been:
 - o The value of the Scheme's assets has recovered, now exceeding pre-pandemic levels, and at the end of January amounts to £89.3bn.
 - o The Technical Provisions deficit has fallen due to the increase in asset prices being greater than the increase in Technical Provisions liability. The change in the self-sufficiency deficit has been smaller, but at end of January is also lower than on the valuation date.
 - o The future service contribution requirement has increased due to lower future investment return expectations however deficit recovery contributions on the monitoring basis have decreased. The aggregate impact has varied over the period but at the end of January the total contribution requirements based on the interim monitoring are lower than at the valuation date.
- Inflation expectations are significantly higher now than at the valuation date, leading to an increased cost saving from the 2.5% inflation cap on the JNC-proposed benefit structure since the valuation date. The figures for recent months in the appendix indicate that contribution requirements for the current benefit structure remain around 50% of salary, if the JNC-proposed benefit changes and improved covenant support do not go ahead, which is considerably higher than the current joint contribution rate of 31.2%.

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END JANUARY 2022

JNC-proposed benefit structure implemented in April 2022

Technical Provisions Deficit		Self-Sufficiency Deficit		Affordable Risk Capacity (ARC)		
£2.9bn		£29.8bn		£33 - 36bn		
Valuation date (31/03/2020)	£14.1bn	Valuation date	£35.5bn	Valuation date	£30 - 33bn	
Liability	£92.2bn	Liability	£119.1bn	IRMM (Self-sufficiency deficit as percentage of ARC)	87%	
Pre-retirement discount rate	Gilts + 2.45%	Discount rate	Gilts + 0.56%	Valuation date	113%	
Post-retirement discount rate	Gilts + 0.56%					
				IRMM:	Amber	
Future Service Cost		Deficit Recovery Contribution		Total Contribution		
25.8%		Remaining recovery period 0.25% outperformance 0.0%		Remaining recovery period 0.25% outperformance 25.8%		
Ratio FSC to amount being paid	104%	10 year recovery period No outperformance 2.9%		10 year recovery period No outperformance 28.7%		
Valuation date (amount being paid)	24.9%	Valuation date		6.3%		
		Valuation date		31.2%		
Future Service Cost:	Green	DRC Adequacy:	Green		Total contribution:	Green
Assets		Metrics		Covenant		
£89.3bn				Strong		
Valuation date	£66.5bn		31-Mar-20	31-Jan-22	Valuation date	Strong
'Breakeven' discount rate	Gilts + 1.38%	Metric A	10.0	7.2		
	CPI - 0.02%	Metric B	-4.0	4.3		
		Metric C	40.6	46.1		
					Covenant:	Green

Note: Figures on the valuation date include an allowance of £0.5bn liabilities and 0.4% DRC for certain late retirement entitlements and short service members with less than two years' service who retain rights to cash transfer sums. This allowance is not included in subsequent monitoring figures. In addition, allowance is made for an element of additional investment returns of 0.5% pa for 18 years within the FSC on the valuation date but not at subsequent dates. The DRC calculation is approximate and assumes an immediate change in contributions. The 'Breakeven' discount rate is that at which the liability value equals the assets. Figures assume the proposed benefit changes are implemented in April 2022.

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JNC-proposed benefit structure implemented in April 2022

Technical Provisions - Assumptions

	31-Mar-20	31-Jan-22
FBB Pre ret 30 yr expected return 55%	Gilts + 5.28%	Gilts + 3.72%
Pre-retirement discount rate	Gilts + 2.75%	Gilts + 2.45%
Post-retirement discount rate	Gilts + 1%	Gilts + 0.56%
Gilts (single equivalent) nominal	0.7%	1.4%
CPI (single equivalent)	2.1%	2.8%
CPI with 2.5% cap (single equivalent)	1.7%	2.0%
Single equivalent discount rate	Gilts + 1.6%	Gilts + 1.2%
	CPI + 0.3%	CPI - 0.2%

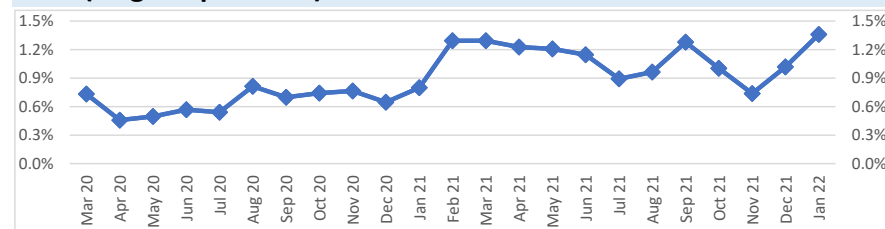
Self-sufficiency - Assumptions

	31-Mar-20	31-Jan-22
Discount rate	Gilts + 1%	Gilts + 0.56%
Gilts (single equivalent) nominal	0.7%	1.4%
CPI (single equivalent)	2.6%	3.3%
Single equivalent discount rate	CPI - 0.9%	CPI - 1.3%

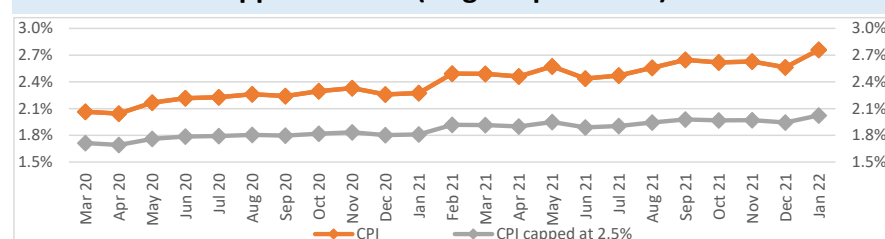
Affordable Risk Capacity

	31-Mar-20	31-Jan-22
Discount rate	Gilts + 1.2%	Gilts + 0.78%

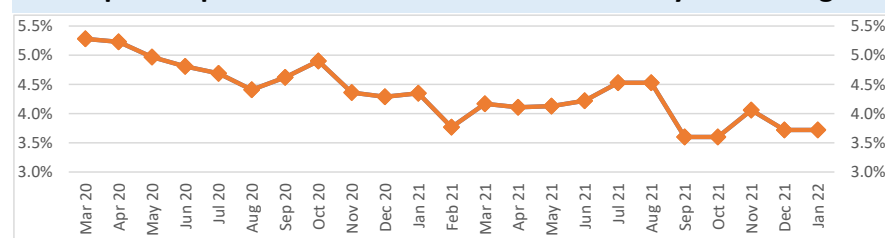
Gilts (single equivalent) nominal



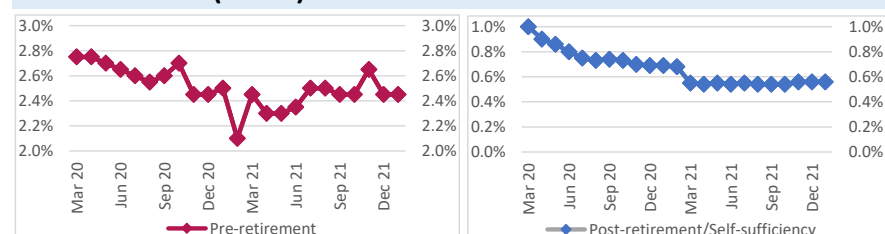
TP CPI and CPI capped at 2.5% (single equivalents)



FBB expected pre-retirement return relative to 30 yr nominal gilts



Discount rates (Gilts+)



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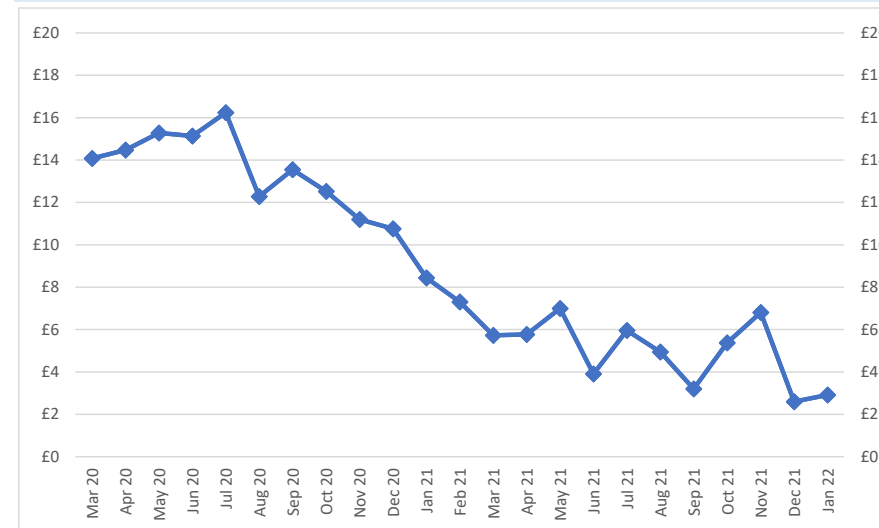
INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END JANUARY 2022

JNC-proposed benefit structure implemented in April 2022

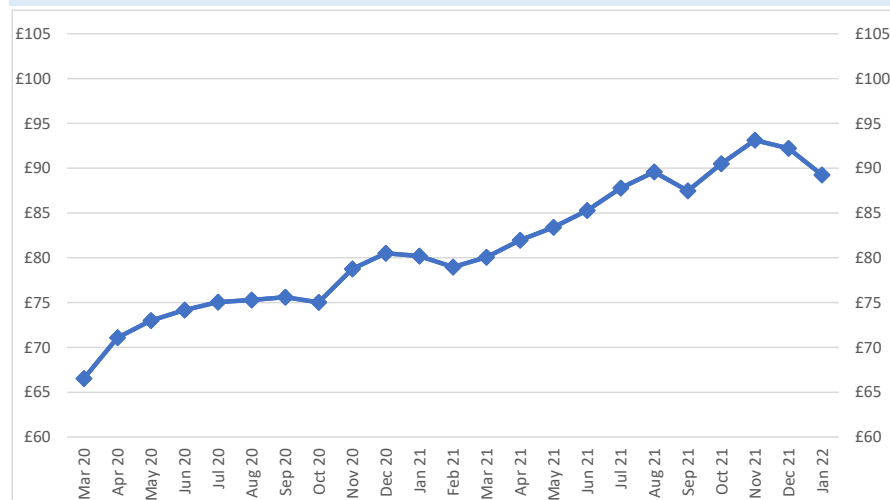
Technical Provisions

	31-Mar-20	31-Jan-22	Change
Assets £bn	66.5	89.3	+22.8
Liabilities £bn	80.6	92.2	+11.6
Deficit £bn	14.1	2.9	-11.2
Funded Status %	83%	97%	+14%

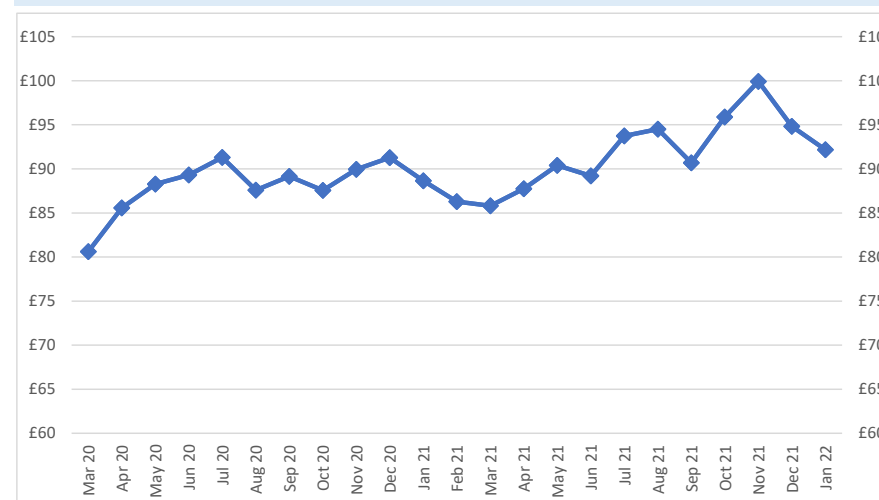
Technical Provisions Deficit (£bn)



Assets (£bn)



Technical Provisions Liabilities (£bn)



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JNC-proposed benefit structure implemented in April 2022

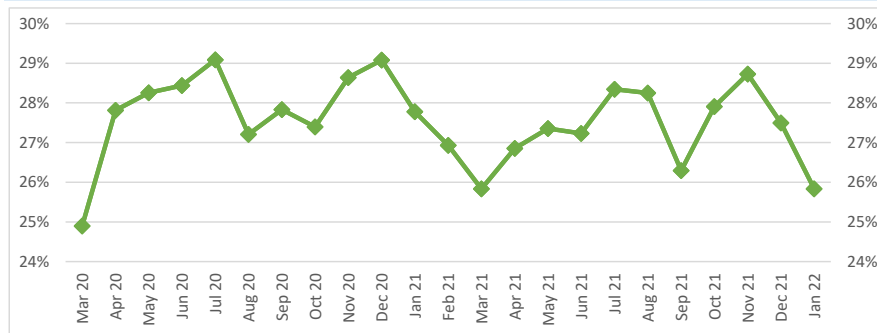
Future service contributions required

	31-Mar-20	31-Jan-22
DB Future Service Cost over next 12 months	19.2%	20.1%
Expenses	0.4%	0.4%
Expected DC conts over next 12 months ¹	5.3%	5.3%
Total ²	24.9%	25.8%

Note

1. Includes 0.1% subsidy.
2. Excludes deficit contributions.

Future service contributions required (including DC)



Sensitivity and Duration

	31-Mar-20	31-Jan-22
TP Sensitivity (£bn) ¹	-1.6	-1.9
TP Duration of scheme (years)	20	20

Note

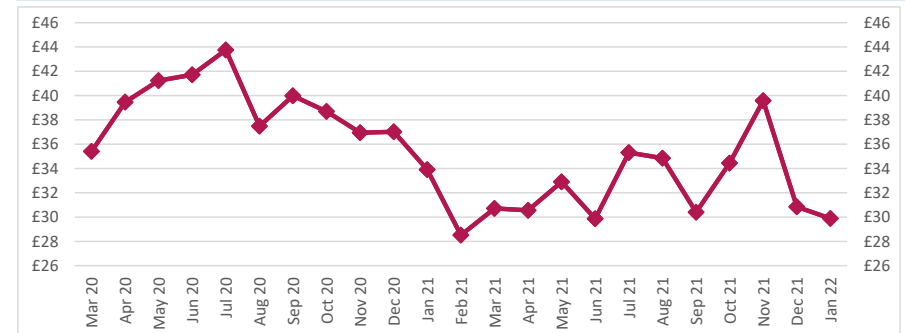
1. Sensitivity is the impact of a +0.1% change in the discount rates on the TP basis

Self-Sufficiency

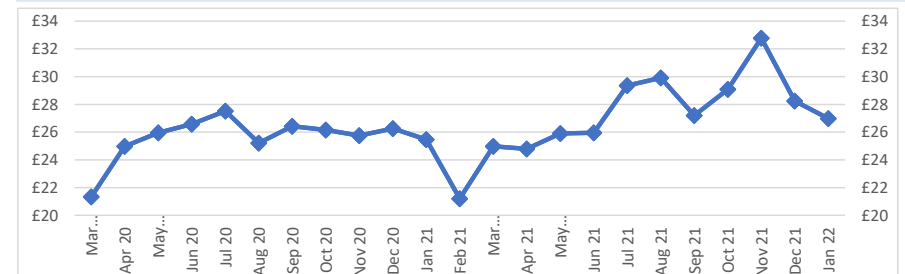
	31-Mar-20	31-Jan-22	Change
Assets £bn	66.5	89.3	+22.8
Liabilities £bn	102.0	119.1	+17.1
Deficit £bn	35.5	29.8	-5.7
Funded Status %	65%	75%	+10%

	31-Mar-20	31-Jan-22	Change
10% of pay for 30yrs £bn	31.4	34.2	+2.8

Self-Sufficiency Deficit (£bn)



Gap between Self-Sufficiency and Technical Provisions (£bn)



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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END JANUARY 2022

APPENDIX A - RAG rating definitions

IRMM

Self-sufficiency deficit as percentage of affordable risk capacity

Green Less than 80%

Amber Between 80% and 115%

Red Greater than 115%

Future Service Cost

Ratio of future service cost to future service contribution being paid

Green Up to 115% (c28% based on proposed post 1 April 2022 benefits)

Amber 115% to 125% (c28%-31%)

Red Above 125% (c31%)

Deficit Recovery Contribution

1) Deficit contribution requirement over the remaining recovery period allowing for outperformance (0.25% pa from the 2021 Scheme Actuary review)

2) Deficit contribution requirement over a ten year recovery period with no allowance for outperformance

Green If actual DRC payable is at least those required under both calculations 1 and 2 above

Amber If the actual DRC payable is lower than that under calculation 1 or 2

Red If the actual DRC payable is lower than that under both calculations 1 and 2

Total contribution

Green If the total contribution requirement using DRC calculations 1 and 2 above is less than or equal to the total contribution being paid

Amber If the total contribution requirement using DRC calculation 1 or 2 above is less than or equal to the total contribution being paid

Red If the total contribution requirement using DRC calculations 1 and 2 above is greater than the total contribution being paid

Covenant

Green "Strong", as assessed by the covenant advisor

Amber "Strong" but on negative watch

Red "Tending to Strong" or lower

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END JANUARY 2022

APPENDIX B - Metric definitions

Metric A

Affordable risk capacity less (self-sufficiency liability less Technical Provisions)

Green Headroom > Asset transition and demographic risks

Amber Asset transition risk < Headroom < Asset transition risk and demographic risks

Red Headroom < Asset transition risk

Metric B

Affordable risk capacity less self-sufficiency deficit

Green Headroom > Asset transition risk

Amber $0 < \text{Headroom} < \text{Asset transition risk}$

Red Headroom < 0

Metric C

Available risk capacity less self-sufficiency deficit

Green Headroom > 'Value at risk'

Amber Asset transition risk and demographic risks < Headroom < 'Value at risk'

Red Headroom < Asset transition risk and demographic risks

Note

Asset and demographic transition risk, and available risk capacity, have not been updated since the valuation date

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END JANUARY 2022

APPENDIX C - Benefit changes not enacted and without enhanced covenant support measures

Technical Provisions Deficit

£7.3bn

Valuation date (31/03/2020) £18.4bn

Assumptions

	31-Mar-20	31-Jan-22
Pre-retirement discount rate	Gilts + 2%	Gilts + 1.8%
Post-retirement discount rate	Gilts + 1%	Gilts + 0.56%

Deficit Recovery Contribution

Remaining recovery period 0.25% outperformance	5.0%
10 year recovery period No outperformance	7.3%
Valuation date	15.6% *
Amount being paid	6.3%

* The Schedule of Contributions includes contribution step-ups. This figure is an approximate single equivalent, taking future step-ups into account.

Future Service Cost

42.2%

Valuation date 37.0%

Amount being paid 24.9%

Ratio FSC to amount being paid 169%

Total Contribution

Remaining recovery period 0.25% outperformance	47.2%
10 year recovery period No outperformance	49.5%
Valuation date	52.6%

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END DECEMBER 2021

JNC-proposed benefit structure implemented in April 2022

Technical Provisions Deficit	Self-Sufficiency Deficit	Affordable Risk Capacity (ARC)
£2.6bn	£30.9bn	£34 - 37bn
Valuation date (31/03/2020) £14.1bn	Valuation date £35.5bn	Valuation date £30 - 33bn
Liability £94.8bn	Liability £123.1bn	IRMM 87%
Pre-retirement discount rate Gilts + 2.45%	Discount rate Gilts + 0.56%	(Self-sufficiency deficit as percentage of ARC)
Post-retirement discount rate Gilts + 0.56%		Valuation date 113%
		IRMM: Amber
Future Service Cost	Deficit Recovery Contribution	Total Contribution
27.5%	Remaining recovery period 0.0% 0.25% outperformance	Remaining recovery period 27.5% 0.25% outperformance
Ratio FSC to amount being paid 110%	10 year recovery period 2.6% No outperformance	10 year recovery period 30.1% No outperformance
Valuation date (amount being paid) 24.9%	Valuation date 6.3%	Valuation date 31.2%
Future Service Cost: Green	DRC Adequacy: Green	Total contribution: Green
Assets	Metrics	Covenant
£92.2bn		Strong
Valuation date £66.5bn	Metric A 10.0 7.1	Valuation date Strong
'Breakeven' discount rate Gilts + 1.36%	Metric B -4.0 4.5	
CPI - 0.18%	Metric C 40.6 45.2	Covenant: Green

Note: Figures on the valuation date include an allowance of £0.5bn liabilities and 0.4% DRC for certain late retirement entitlements and short service members with less than two years' service who retain rights to cash transfer sums. This allowance is not included in subsequent monitoring figures. In addition, allowance is made for an element of additional investment returns of 0.5% pa for 18 years within the FSC on the valuation date but not at subsequent dates. The DRC calculation is approximate and assumes an immediate change in contributions. The 'Breakeven' discount rate is that at which the liability value equals the assets. Figures assume the proposed benefit changes are implemented in April 2022.

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END DECEMBER 2021

Benefit changes not enacted and without enhanced covenant support measures

Technical Provisions Deficit

£7.2bn

Valuation date (31/03/2020) £18.4bn

Assumptions

	31-Mar-20	31-Dec-21
Pre-retirement discount rate	Gilts + 2%	Gilts + 1.8%
Post-retirement discount rate	Gilts + 1%	Gilts + 0.56%

Deficit Recovery Contribution

Remaining recovery period
0.25% outperformance **4.8%**

10 year recovery period
No outperformance **7.2%**

Valuation date 15.6% *

Amount being paid 6.3%

* The Schedule of Contributions includes contribution step-ups. This figure is an approximate single equivalent, taking future step-ups into account.

Future Service Cost

44.0%

Valuation date 37.0%

Amount being paid 24.9%

Ratio FSC to amount being paid 177%

Total Contribution

Remaining recovery period
0.25% outperformance **48.8%**

10 year recovery period
No outperformance **51.2%**

Valuation date 52.6%

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END NOVEMBER 2021

JNC-proposed benefit structure implemented in April 2022

Technical Provisions Deficit		Self-Sufficiency Deficit		Affordable Risk Capacity (ARC)	
£6.8bn		£39.6bn		£36 - 39bn	
Valuation date (31/03/2020)	£14.1bn	Valuation date	£35.5bn	Valuation date	£30 - 33bn
Liability	£99.9bn	Liability	£132.7bn	IRMM (Self-sufficiency deficit as percentage of ARC)	105%
Pre-retirement discount rate	Gilts + 2.65%	Discount rate	Gilts + 0.56%	Valuation date	113%
Post-retirement discount rate	Gilts + 0.56%				
IRMM: Amber					
Future Service Cost		Deficit Recovery Contribution		Total Contribution	
28.7%		2.1%		30.8%	
Ratio FSC to amount being paid	115%	Remaining recovery period 0.25% outperformance	2.1%	Remaining recovery period 0.25% outperformance	30.8%
		10 year recovery period No outperformance	6.7%	10 year recovery period No outperformance	35.4%
Valuation date (amount being paid)	24.9%	Valuation date	6.3%	Valuation date	31.2%
Future Service Cost: Amber		DRC Adequacy: Amber		Total contribution: Amber	
Assets		Metrics		Covenant	
£93.1bn				Strong	
Valuation date	£66.5bn			Valuation date	Strong
'Breakeven' discount rate	Gilts + 1.63%	Metric A	10.0		
	CPI - 0.26%	Metric B	-4.0		
		Metric C	40.6		
			36.4		
Covenant: Green					

Note: Figures on the valuation date include an allowance of £0.5bn liabilities and 0.4% DRC for certain late retirement entitlements and short service members with less than two years' service who retain rights to cash transfer sums. This allowance is not included in subsequent monitoring figures. In addition, allowance is made for an element of additional investment returns of 0.5% pa for 18 years within the FSC on the valuation date but not at subsequent dates. The DRC calculation is approximate and assumes an immediate change in contributions. The 'Breakeven' discount rate is that at which the liability value equals the assets. Figures assume the proposed benefit changes are implemented in April 2022.

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END NOVEMBER 2021

Benefit changes not enacted and without enhanced covenant support measures

Technical Provisions Deficit

£12.6bn

Valuation date (31/03/2020) £18.4bn

Assumptions

	31-Mar-20	30-Nov-21
Pre-retirement discount rate	Gilts + 2%	Gilts + 1.9%
Post-retirement discount rate	Gilts + 1%	Gilts + 0.56%

Deficit Recovery Contribution

Remaining recovery period
0.25% outperformance **9.4%**

10 year recovery period
No outperformance **12.2%**

Valuation date 15.6% *

Amount being paid 6.3%

* The Schedule of Contributions includes contribution step-ups. This figure is an approximate single equivalent, taking future step-ups into account.

Future Service Cost

47.9%

Valuation date 37.0%

Amount being paid 24.9%

Ratio FSC to amount being paid 192%

Total Contribution

Remaining recovery period
0.25% outperformance **57.3%**

10 year recovery period
No outperformance **60.1%**

Valuation date 52.6%

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END OCTOBER 2021

JNC-proposed benefit structure implemented in April 2022

Technical Provisions Deficit		Self-Sufficiency Deficit		Affordable Risk Capacity (ARC)	
£5.4bn		£34.5bn		£34 - 38bn	
Valuation date (31/03/2020)	£14.1bn	Valuation date	£35.5bn	Valuation date	£30 - 33bn
Liability	£95.9bn	Liability	£125.0bn	IRMM (Self-sufficiency deficit as percentage of ARC)	95%
Pre-retirement discount rate	Gilts + 2.45%	Discount rate	Gilts + 0.54%	Valuation date	113%
Post-retirement discount rate	Gilts + 0.54%				
				IRMM:	Amber
Future Service Cost		Deficit Recovery Contribution		Total Contribution	
27.9%		Remaining recovery period 0.25% outperformance		Remaining recovery period 0.25% outperformance	
		1.4%		29.3%	
Ratio FSC to amount being paid	112%	10 year recovery period No outperformance		10 year recovery period No outperformance	
		5.4%		33.3%	
Valuation date (amount being paid)	24.9%	Valuation date		Valuation date	
		6.3%		31.2%	
Future Service Cost:	Green	DRC Adequacy:	Green	Total contribution:	Amber
Assets		Metrics		Covenant	
£90.5bn				Strong	
Valuation date	£66.5bn			Valuation date	Strong
'Breakeven' discount rate	Gilts + 1.49%				
	CPI - 0.13%				
				Covenant:	Green

Note: Figures on the valuation date include an allowance of £0.5bn liabilities and 0.4% DRC for certain late retirement entitlements and short service members with less than two years' service who retain rights to cash transfer sums. This allowance is not included in subsequent monitoring figures. In addition, allowance is made for an element of additional investment returns of 0.5% pa for 18 years within the FSC on the valuation date but not at subsequent dates. The DRC calculation is approximate and assumes an immediate change in contributions. The 'Breakeven' discount rate is that at which the liability value equals the assets. Figures assume the proposed benefit changes are implemented in April 2022.

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Benefit changes not enacted and without enhanced covenant support measures

Technical Provisions Deficit

£10.1bn

Valuation date (31/03/2020) £18.4bn

Assumptions

	31-Mar-20	31-Oct-21
Pre-retirement discount rate	Gilts + 2%	Gilts + 1.8%
Post-retirement discount rate	Gilts + 1%	Gilts + 0.54%

Deficit Recovery Contribution

Remaining recovery period
0.25% outperformance **7.3%**

10 year recovery period
No outperformance **10.0%**

Valuation date 15.6% *

Amount being paid 6.3%

* The Schedule of Contributions includes contribution step-ups. This figure is an approximate single equivalent, taking future step-ups into account.

Future Service Cost

45.3%

Valuation date 37.0%

Amount being paid 24.9%

Ratio FSC to amount being paid 182%

Total Contribution

Remaining recovery period
0.25% outperformance **52.6%**

10 year recovery period
No outperformance **55.3%**

Valuation date 52.6%

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END SEPTEMBER 2021

JNC-proposed benefit structure implemented in April 2022

Technical Provisions Deficit		Self-Sufficiency Deficit		Affordable Risk Capacity (ARC)		
£3.2bn		£30.4bn		£33 - 36bn		
Valuation date (31/03/2020)	£14.1bn	Valuation date	£35.5bn	Valuation date	£30 - 33bn	
Liability	£90.7bn	Liability	£117.9bn	IRMM (Self-sufficiency deficit as percentage of ARC)	88%	
Pre-retirement discount rate	Gilts + 2.45%	Discount rate	Gilts + 0.54%	Valuation date	113%	
Post-retirement discount rate	Gilts + 0.54%					
				IRMM:	Amber	
Future Service Cost		Deficit Recovery Contribution		Total Contribution		
26.3%		0.2%		26.5%		
Ratio FSC to amount being paid	106%	Remaining recovery period 0.25% outperformance	0.2%	Remaining recovery period 0.25% outperformance	26.5%	
		10 year recovery period No outperformance	3.2%	10 year recovery period No outperformance	29.5%	
Valuation date (amount being paid)	24.9%	Valuation date	6.3%	Valuation date	31.2%	
Future Service Cost:		DRC Adequacy:		Total contribution:		
Green		Green		Green		
Assets		Metrics			Covenant	
£87.5bn			31-Mar-20	30-Sep-21	Strong	
Valuation date	£66.5bn	Metric A	10.0	7.5	Valuation date	
		Metric B	-4.0	4.3	Strong	
		Metric C	40.6	45.6	Covenant:	
				Green		

Note: Figures on the valuation date include an allowance of £0.5bn liabilities and 0.4% DRC for certain late retirement entitlements and short service members with less than two years' service who retain rights to cash transfer sums. This allowance is not included in subsequent monitoring figures. In addition, allowance is made for an element of additional investment returns of 0.5% pa for 18 years within the FSC on the valuation date but not at subsequent dates. The DRC calculation is approximate and assumes an immediate change in contributions. Figures assume the proposed benefit changes are implemented in April 2022.

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN - END SEPTEMBER 2021

Benefit changes not enacted and without enhanced covenant support measures

Technical Provisions Deficit

£7.5bn

Valuation date (31/03/2020) £18.4bn

Assumptions

	31-Mar-20	30-Sep-21
Pre-retirement discount rate	Gilts + 2%	Gilts + 1.8%
Post-retirement discount rate	Gilts + 1%	Gilts + 0.54%

Deficit Recovery Contribution

Remaining recovery period
0.25% outperformance **5.1%**

10 year recovery period
No outperformance **7.5%**

Valuation date 15.6% *

Amount being paid 6.3%

* The Schedule of Contributions includes contribution step-ups. This figure is an approximate single equivalent, taking future step-ups into account.

Future Service Cost

42.2%

Valuation date 37.0%

Amount being paid 24.9%

Ratio FSC to amount being paid 169%

Total Contribution

Remaining recovery period
0.25% outperformance **47.3%**

10 year recovery period
No outperformance **49.7%**

Valuation date 52.6%

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN

JNC-proposed benefit structure implemented in April 2022

Technical Provisions - Assumptions

	31-Mar-20	30-Sep-21	31-Oct-21	30-Nov-21	31-Dec-21	31-Jan-22
FBB Pre ret 30 yr expected return 55%	Gilts + 5.28%	Gilts + 3.60%	Gilts + 3.60%	Gilts + 4.06%	Gilts + 3.72%	Gilts + 3.72%
Pre-retirement discount rate	Gilts + 2.75%	Gilts + 2.45%	Gilts + 2.45%	Gilts + 2.65%	Gilts + 2.45%	Gilts + 2.45%
Post-retirement discount rate	Gilts + 1%	Gilts + 0.54%	Gilts + 0.54%	Gilts + 0.56%	Gilts + 0.56%	Gilts + 0.56%
Gilts (single equivalent) nominal	0.7%	1.3%	1.0%	0.7%	1.0%	1.4%
CPI (single equivalent)	2.1%	2.6%	2.6%	2.6%	2.6%	2.8%
CPI with 2.5% cap (single equivalent)	1.7%	2.0%	2.0%	2.0%	1.9%	2.0%
Single equivalent discount rate	Gilts + 1.6%	Gilts + 1.2%	Gilts + 1.2%	Gilts + 1.3%	Gilts + 1.2%	Gilts + 1.2%
	CPI + 0.3%	CPI - 0.1%	CPI - 0.4%	CPI - 0.6%	CPI - 0.4%	CPI - 0.2%

Self-sufficiency - Assumptions

	31-Mar-20	30-Sep-21	31-Oct-21	30-Nov-21	31-Dec-21	31-Jan-22
Discount rate	Gilts + 1%	Gilts + 0.54%	Gilts + 0.54%	Gilts + 0.56%	Gilts + 0.56%	Gilts + 0.56%
Gilts (single equivalent) nominal	0.7%	1.3%	1.0%	0.7%	1.0%	1.4%
CPI (single equivalent)	2.6%	3.1%	3.1%	3.1%	3.1%	3.3%
Single equivalent discount rate	CPI - 0.9%	CPI - 1.3%	CPI - 1.6%	CPI - 1.8%	CPI - 1.5%	CPI - 1.3%

Affordable Risk Capacity

	31-Mar-20	30-Sep-21	31-Oct-21	30-Nov-21	31-Dec-21	31-Jan-22
Discount rate	Gilts + 1.2%	Gilts + 0.67%	Gilts + 0.66%	Gilts + 0.69%	Gilts + 0.73%	Gilts + 0.78%

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN

JNC-proposed benefit structure implemented in April 2022

Technical Provisions

	31-Mar-20	30-Sep-21	31-Oct-21	30-Nov-21	31-Dec-21	31-Jan-22
Assets £bn	66.5	87.5	90.5	93.1	92.2	89.3
Liabilities £bn	80.6	90.7	95.9	99.9	94.8	92.2
Deficit £bn	14.1	3.2	5.4	6.8	2.6	2.9
Funded Status %	83%	96%	94%	93%	97%	97%

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INTERIM MONITORING OF THE FINANCIAL MANAGEMENT PLAN

JNC-proposed benefit structure implemented in April 2022

Future service contributions required

	31-Mar-20	30-Sep-21	31-Oct-21	30-Nov-21	31-Dec-21	31-Jan-22
DB Future Service Cost over next 12 months	19.2%	20.6%	22.2%	23.0%	21.8%	20.1%
Expenses	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Expected DC conts over next 12 months ¹	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Total ²	24.9%	26.3%	27.9%	28.7%	27.5%	25.8%

Note

1. Includes 0.1% subsidy.
2. Excludes deficit contributions.

Self-Sufficiency

	31-Mar-20	30-Sep-21	31-Oct-21	30-Nov-21	31-Dec-21	31-Jan-22
Assets £bn	66.5	87.5	90.5	93.1	92.2	89.3
Liabilities £bn	102.0	117.9	125.0	132.7	123.1	119.1
Deficit £bn	35.5	30.4	34.5	39.6	30.9	29.8
Funded Status %	65%	74%	72%	70%	75%	75%

	31-Mar-20	30-Sep-21	31-Oct-21	30-Nov-21	31-Dec-21	31-Jan-22
10% of pay for 30yrs £bn	31.4	34.7	36.1	37.6	35.4	34.2

Sensitivity and Duration

	31-Mar-20	30-Sep-21	31-Oct-21	30-Nov-21	31-Dec-21	31-Jan-22
TP Sensitivity (£bn) ¹	-1.6	-1.9	-2.0	-2.1	-2.0	-1.9
TP Duration of scheme (years)	20	20	21	21	21	20

Note

1. Sensitivity is the impact of a +0.1% change in the discount rates on the TP basis