

This is the Trustee's Financial Management Plan Monitoring report which is used by the Trustee to track the financial development of the Scheme. It is published on our website for information only and is not intended to provide sufficient information to support any decision making

FMP Monitoring - End August 2020

Technical Provisions Deficit (FBB)

£21.5bn

Valuation date (31/03/2018) £3.6bn
 Required outperformance 192%
 (% of gap between expected return and discount rate)
 Valuation date (31/03/2018) 0%

TP Deficit: **Red**
 Required outperformance: **Red**



Future Service Cost (FBB)

41.0%

Valuation date (31/03/2018) 28.7%
 FS Contribution coverage ratio 96%
 (FS Contribution / Best Estimate FS Cost)
 Valuation date (31/03/2018) 135%

FSC: **Red**



Self-Sufficiency Deficit

£29.3bn

Valuation date (31/03/2018) £20.8bn
 Affordability ratio 77%
 (Ratio of SS deficit to value of 10% of pay for 30 years)
 Valuation date (31/03/2018) 67%

SS Absolute Deficit: **Green**
 Affordability ratio: **Amber**



Assets

£75.3bn

Valuation date (31/03/2018) £63.7bn

Assets: **Green**



Real Gilt Yield - ILG 20 year

-2.40%

Valuation date (31/03/2018) -1.68%

Discount Rate (FBB)

Gilts + 0.58%

CPI - 0.41%

Valuation date (31/03/2018) Gilts + 1.33%
 CPI + 0.92%

Gilts+ Discount rate: **Red**



Covenant

Strong (Negative Watch)

Valuation date (31/03/2018) Strong

Covenant: **Amber**



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RAG rating definitions and notes

Technical Provisions Deficit

- Green Deficit (on FBB basis) is within 1 standard deviation of the expected path
- Amber Deficit is outside one standard deviation but within the 95th percentile of the expected path
- Red Deficit is outside the 95th percentile of the expected path

Required outperformance

Based on the percentage of the excess return between the Best Estimate and Technical Provisions assumed returns:

- Green Required outperformance relative to Technical Provisions is under 25%
- Amber Required outperformance relative to Technical Provisions is between 25% and 50%
- Red Required outperformance relative to Technical Provisions is greater than 50%

Future service contribution

- Green The ratio of the future service contribution relative to best estimate FSC is greater than 125%
- Amber The ratio of the future service contribution relative to best estimate FSC is between 115% and 125%
- Red The ratio of the future service contribution relative to best estimate FSC is less than 115%

Self-sufficiency absolute deficit

- Green Self-sufficiency Deficit is less than £35bn
- Amber Self-sufficiency Deficit is between £35bn and £40bn
- Red Self-sufficiency Deficit exceeds £40bn

Affordability ratio

- Green Self-sufficiency Deficit is less than 75% of the value of 10% of pay for 30 years
- Amber Self-sufficiency Deficit is between 75% and 85% of the value of 10% of pay for 30 years
- Red Self-sufficiency Deficit exceeds 85% of the value of 10% of pay for 30 years

Assets

- Green Higher than the expected value
- Amber Within one standard deviation below the expected value
- Red Outside one standard deviation below the expected value

Discount rate

- Green The single equivalent rate above gilts is within 15 bps of its value on the valuation date
- Amber The single equivalent rate above gilts is between 15 and 30 bps of its value on the valuation date
- Red The single equivalent rate above gilts is greater than 30 bps of its value on the valuation date

Covenant

- Green “Strong”, as assessed by the covenant advisor
- Amber “Strong” but on negative watch
- Red “Tending to Strong” or lower

The figures in this report have been derived for the Trustee, for the purpose of its monitoring of the movement in funding of the Scheme over time. The approach adopted is not as accurate as when determining the liabilities in a one-off calculation and therefore these figures are not intended to be used as a basis for advice without further consideration. Before taking any action the Trustee will seek advice from the Scheme Actuary. This document is published for information only and is not intended to be used as the basis for any decisions.

Note: All figures are preliminary and subject to change.