

Guidance Pension Scheme

Your 2024 Summary Funding Statement

We are writing to you as the Trustee of the Guidance Pension Scheme (“the Scheme”) to provide you with an update of the funding position of the Scheme. This statement is for information only, and is being sent to all pensioners and other members who are entitled to benefits from the Scheme.

Background

The Scheme is overseen by Capital Cranfield Pension Trustees Limited (“the Trustee”), a professional Trustee company:

We, as Trustee, seek to have sufficient money to continue to pay full pension entitlements to all members. In order to do this, we aim for the Scheme to become and remain fully funded on a scheme-specific basis (in accordance with the Pensions Act 2004). This means that we would, in normal circumstances, have enough money over time to meet all the commitments of the Scheme as they fall due.

To achieve this, the Trustee will:

- agree from time to time the contributions to be paid by Babcock Training Limited (“the Employer”), based on the periodic actuarial valuations;
- oversee a prudent investment policy designed to match the funding required by the Scheme.

We recognise that we will also need the Employer to continue as a solvent employer so that contributions can be paid to the Scheme as required.

No pension benefits can ever be completely secure. This statement gives information on the actions the Trustee and the Employer are taking to ensure the Scheme can pay all pensions in full, and the additional protection available from the Pension Protection Fund.

Note that there have been payments from the Scheme to the Employer over the period since your last Summary Funding Statement, and there has been no need for intervention from The Pensions Regulator.

The Scheme’s funding position

For each year you were an active member of the Scheme, you will have built up benefits payable to you on retirement. All contributions paid to the Scheme are held in a common fund known as the Scheme’s assets. The benefits which you, and other members, are entitled to are known as the Scheme’s liabilities.

- If the Scheme’s assets exceed the Scheme’s liabilities, the Scheme is said to have a “surplus”.
- If the Scheme’s liabilities exceed the Scheme’s assets, the Scheme is said to have a “shortfall”.

Every three years, our Scheme Actuary, a qualified and independent professional, will estimate the value of the Scheme’s liabilities using a set of assumptions for the future and compare this with the value of Scheme’s assets. Within each three year period, the Scheme Actuary will check the funding position of the Scheme annually and report this to the Trustee so they can monitor how the position changes.

Latest funding information

The latest actuarial update of the Scheme showed that on 5 April 2024 the Scheme had a shortfall as shown below. This is a decrease in the shortfall compared to the last valuation at 5 April 2023 discussed in our previous Funding Statement.

Type of Valuation	Formal actuarial valuation	Annual actuarial update
Date	5 April 2023	5 April 2024
Value of the Scheme's assets	£16,015,000	£15,732,000
Value of the Scheme's liabilities	£19,991,000	£17,924,000
Surplus/(shortfall)	(£3,976,000)	(£2,192,000)

The change in the Scheme's funding position since the last Statement is primarily due to better than expected returns on the Scheme's assets and the payment of deficit contributions by the Employer to the Scheme during the period.

The Scheme Actuary's actuarial update report as at April 2024 gives further information about how the funding position has changed. The next full actuarial valuation is due as at 5 April 2026.

Financial support for the Scheme

A document entitled the "Schedule of Contributions" is produced following each formal Actuarial Valuation of the Scheme whereby the Scheme Actuary estimates the contributions required by the Employer to meet the cost of providing all benefits in the Scheme.

The Schedule of Contributions is reviewed and updated at each formal Actuarial Valuation.

Whenever the Scheme Actuary estimates there is a shortfall in the Scheme, the Employer will be asked to make additional contributions. These are detailed in the document entitled the "Recovery Plan".

The Trustees' Recovery Plan

In order to improve the Scheme's financial position, the Employer has agreed a plan with the Trustee to pay additional monthly contributions of £75,000 for the period 5 April 2023 to 31 August 2027. The Employer will also pay non investment expenses and the Pension Protection Fund Levy.

The Recovery Plan is reviewed by the Trustee and the Employer as part of each actuarial valuation. Following this exercise, the valuation results and Recovery Plan are submitted to The Pensions Regulator.

Scheme asset information

The Scheme is a “Final Salary” arrangement and the money to pay for members’ benefits is held in a common fund. It is not held in separate funds for each individual. These funds are invested in line with the agreed “Statement of Investment Principles”. The SIP can be found on Guidance Pension Scheme Members Site (pensionpal.co.uk).

At the date of the latest audited Scheme accounts, the Scheme’s assets were broadly invested as follows:

Asset type	5 April 2024
Pooled investment vehicles	48%
Fixed Interest	11%
Derivatives	-8%
Linked Bonds	48%
Cash	1%

* Strategy includes Liability Driven Investment are funds which invest in a mix of long dated bonds, cash and derivatives, the value of which is intended to move in a similar way to the value of the liabilities to changes in long term interest rates and inflation and so help protect the funding position.

Changes to the Scheme

We do not intend to make any changes to the Scheme in the near future.

Part of your benefit may include an element known as Guaranteed Minimum Pension (GMP) which would have been built up as a result of you being contracted-out of the State Earnings Related Pension Scheme (SERPs). In a case concerning the Lloyd’s Bank pension schemes, the High Court ruled that benefits for members who have Guaranteed Minimum Pension (GMP) must have their benefits adjusted to ensure that benefits are equal from 17th May 1990. The calculation of GMP is governed by statute so it is the law that has meant that these benefits were unequal between men and women. The decision in the Lloyd’s case means that benefits must be equalised to allow for GMP. The calculations necessary to adjust your benefits are in progress and expected to be finalised shortly.

If you are receiving benefits from the Scheme and an element of that pension includes GMP, your benefits may be adjusted in the future. Any adjustment due will increase your pension although this is likely to be small in most cases and not all members will receive additional benefits. The Trustees will write to you once there is further clarity on this matter.

Transferring your benefits

If you are thinking of moving your benefits from the Scheme for any reason, the Scheme administrator can provide you with a transfer value. From 6 April 2015, any member whose transfer value is over £30,000 must take appropriate independent advice before a transfer can proceed.

Winding-up position

In the event that the Scheme were to start winding up, the Employer would be required to pay enough into the Scheme to enable all members' benefits to be secured with an insurance company. At 5 April 2023, it was estimated that an additional £7.1m would be required (on top of the value of the Scheme's assets) to secure all members' benefits. If the Employer became insolvent, it may be that the Employer would not be able to pay this amount in full. Under those circumstances, The Pension Protection Fund may be able to take over the Scheme and pay some compensation to members.

Further information is available on the Pension Protection Fund's website at www.pensionprotectionfund.org.uk, alternatively you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon CR0 2NA.

The information above does not mean the Employer is considering winding-up the Scheme. It has been included above as it is required by law.

Further information

We would be grateful if you could keep us up to date with any changes in your name or address by writing to us at the address below. If you have any questions or would like any further information, please contact us.

- **Trustees of the Guidance Pension Scheme**
C/O Atkin Pensions
Cornwall House
Blythe Gate
Blythe Valley Park
Solihull
B90 8AF

The following documents can be provided upon request:

- The **Statement of Funding Principles** sets out the actuarial assumptions adopted in estimating the value of the Scheme's liabilities.
- The **Statement of Investment Principles** details how the assets of the Scheme are invested.
- The **Schedule of Contributions** shows how much is being paid into the Scheme.
- The latest **Trustees' Annual Report and Accounts** shows the Scheme's income and expenditure over the Scheme year.
- The **Actuarial Valuation** details the Scheme's funding position as at 5 April 2023
- The **Actuarial Update at 5 April 2024** illustrates the change in the Scheme's funding position since the previous Actuarial Valuation.
- The **Member's explanatory booklet** would have been provided to you previously, but we can provide you with another copy if required.

Trustee of the Guidance Pension Scheme

January 2025