Update on the Scheme's financial health

from the Trustees of the UTV Pension and Assurance Scheme

Every 3 years, the Scheme has a thorough financial check-up – called a valuation – with annual reviews carried out in between. The purpose of these reviews is to make sure there's enough money building up in the Scheme to pay members' benefits when they're due. The Trustees who look after the Scheme are required to let you know the results of these health checks; this leaflet covers the 30 June 2023 valuation and the 30 June 2024 review **and is for your information only**.

Why is the valuation important to me?

The valuation is a fundamental part of running the Scheme. It provides the Trustees and UTV Limited (UTV) with a detailed picture of the Scheme's financial health, affects how much money UTV pays into the Scheme, and helps ensure that your benefits can be paid.

How does the valuation work?

The valuation is carried out by an independent expert called an Actuary. The Actuary looks at various aspects of the Scheme including: the membership, the value of the Scheme's investments (the assets), and the value of the benefits built up by members (the liabilities) at the date of the valuation. It's a complex and lengthy process, but by carrying out various calculations, the Actuary is able to assess whether, in the normal course of events, and based on the assumptions made, the money in the Scheme should be sufficient to meet members' benefits when they are due.

The Actuary also advises the Trustees what contributions should be paid into the Scheme, and the Trustees and UTV then agree a level of contribution for the Scheme. This is reviewed at least each time the Scheme has a valuation.

The latest results

At the date of the most recent valuation (30 June 2023), the Actuary determined:

- 103% of benefits covered
- £90.9 million audited value of assets
- £2.6 million surplus

In between the 3-yearly valuations, the Actuary carries out a Scheme funding review every year. This showed that as at 30 June 2024, the funding surplus has decreased to £1.8 million. This means that members' benefits were 102% funded.

If there's a shortfall

As the Scheme is in surplus as at the 30 June 2023 valuation date, no additional contributions need to be made into the Scheme. A level of contributions would normally be agreed if there was a shortfall, to help provide members' benefits when they're due. The requirement for any further contributions will be reviewed by the Trustees and UTV at the next triennial valuation, which is due at 30 June 2026.

Separately, the cost of administering the Scheme is currently met from Scheme assets as there is a funding surplus. If insufficient assets exist in future to meet these expenses, UTV may pay these directly or it may pay additional funds into the Scheme to address the shortfall, as the rules of the Scheme and current laws permit.

Other information we're required to tell you

Since we last sent you a funding update, no payment, as permitted under the Pensions Act 1995, has been made to the employer from the Scheme.

Also, the Pensions Regulator has not used its legal powers in relation to the Scheme to make directions about:

- The level of benefits available from the Scheme going forward.
- The method or assumptions used to calculate the liabilities or the length and structure of the recovery plan.
- The contributions that should be paid under the schedule of contributions.

The Scheme is not subject to any directions.

An alternative view

By law, the Actuary also has to look at the position if UTV was to go out of business or the Scheme ceased to exist. This type of valuation is called a 'full solvency valuation'. In this scenario, UTV would be expected to pay enough money into the Scheme so the benefits that had built up could be provided by an insurance company. Since insurers take a very cautious view, the cost of securing pensions in this way is more expensive than providing them through the Scheme.

On this basis, the Actuary estimated that the Scheme's assets would have been sufficient to fund about 92% of the members' benefits built up. This is equivalent to an estimated shortfall of £7.9 million at 30 June 2023.

UTV is committed to funding members' benefits so it is unlikely that UTV would wind-up the Scheme with insufficient money to fund members' benefits. However, if this did happen when UTV was insolvent, the Scheme could apply to be admitted to the Government-run Pension Protection Fund (PPF).

Further information is available on the PPF website at: **www.pensionprotectionfund.org.uk**

More information

If you have any other questions, or would like any more information, the ITV Pensions team will be pleased to help. Please get in touch by:

Phone: If your pension is in payment: **01772 270037**

All other enquiries: **01772 884488**

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UTV Pension Scheme Limited
November 2024