Sopra Steria Retirement Benefits Scheme - SMP Section ("the Section")
Summary Funding Statement as at 31 December 2022

The Directors of Sopra Steria (Retirement Benefits Scheme) Trustees Limited (the Trustee of the Section) are very pleased to be able to provide this update of the Section's funding position at the last full valuation as at 31 December 2020 and funding developments from the subsequent annual actuarial reports as at 31 December 2021 and 31 December 2022.

The aim of this statement is to address the key question: will the Section have enough to pay the benefits earned by its members? We hope that you find this information useful.

Introduction

The Section is a defined benefit scheme. The assets to pay for members' pensions and other benefits are held in a common fund. The Trustee's objective is that the common fund is sufficient to pay pension benefits now and in the future. The Section's funding position is therefore important as it measures whether the common fund is adequate to enable the Trustee to meet its objective.

The Section is required to have a full actuarial valuation, which calculates the Section's funding position at a certain point in time, every 3 years. The Section completed the full actuarial valuation as at 31 December 2020 in May 2022. This Summary Funding Statement also provides an update on the Section's funding position as at 31 December 2021 and 31 December 2022.

The results of the full actuarial valuation

The full actuarial valuation of the Section as at 31 December 2020 was carried out under the Scheme Funding regulations. The ongoing funding position of the Section as at 31 December 2020, 31 December 2021 and 31 December 2022 is set out below:

	Triennial Valuation at 31.12.20 (£M)	Valuation at 31.12.21 (£M)	Valuation at 31.12.22 (£M)
Market Value of Assets (i.e. investments)	203.3	204.7	153.1
Value of Past Service Liabilities (i.e. current and future pensions for service to date)	213.0	204.6	144.3
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Past Service (Shortfall)/Surplus	(9.7)	0.1	8.8
Funding Level	95%	100%	106%

The Company has agreed with the Trustee that additional deficit reduction contributions will be paid as follows:

- £5,137,333 per annum from 1 January 2021 to 31 March 2021;
- £5,316,652 from 1 April 2021 to 31 March 2022; and
- On or before 30 June 2024, £2.246M.

In addition to the above, the Company is paying an expense allowance of £36,497 per month from 1 January 2021. This amount increases each 1 April based on pre-agreed future inflation expectations at a fixed point in time.

On the basis of the assumptions underlying the valuation as at 31 December 2020, it was expected that these contributions, along with the assumed returns on the Section's investments, would be enough to restore the Section's funding position on an ongoing basis to 100% by 13 April 2023. In fact, the funding position was greater than 100% as at 31 December 2022.

The latest full actuarial valuation of the Section as at 31 December 2023 is now underway and is expected to be completed by the statutory deadline date of 31 March 2025.

Funding update at 31 December 2022

In the years between formal actuarial valuations, the Scheme Actuary provides an annual actuarial report, which is an approximate update on the funding position.

The estimated funding level at 31 December 2022 has improved to 106%.

The value of the Section's liabilities has decreased from £204.6M to £144.3M since the 2021 Annual Actuarial Report and the estimated value placed on the Section's assets has decreased from £204.7M to £153.1M meaning that the Past Service Surplus has increased to £8.8M from the £0.1M identified in the 2021 Annual Actuarial Report.

From 31 December 2021 to 31 December 2022, interest rates rose significantly, and inflation expectations rose. This led to a fall in the value of the assets but a greater fall in the value of liabilities, which has increased the surplus. Contributions from the Company over the period helped to reduce the overall fall in the value of the assets.

Solvency of the Section

As part of each full valuation the Scheme Actuary must look at what the Section's solvency would be if it started to wind up (come to an end) as at the valuation date. As at 31 December 2020 the Section was estimated by the actuary to be 82% funded on a solvency basis, which means that in addition to the Section's assets a further £43.9M would have been required to fully secure the benefits provided by the Section with an insurance company.

It is important to highlight that the calculation of this figure is a requirement of pension legislation and should not be interpreted as either the Company or the Trustee considering wind up as a future course of action.

In the event that Sopra Steria Limited became insolvent and was unable to support the Section then the Pension Protection Fund (PPF) might step in and pay compensation to members. There are more details about the compensation available from the PPF on its website at www.ppf.co.uk .

Use of personal data

In providing actuarial services to the Trustee, including preparing this Summary Funding Statement, the Trustee, their advisers Aon and the Scheme Actuary require access to personal data about members and their dependants. The General Data Protection Regulations govern how the Trustee, Aon and the Scheme Actuary use and store personal data. Should members have further questions regarding the processing of their personal information, they should contact the Trustee in the first instance (trustee contact details are set out in the recent newsletter and on the Scheme's website at https://www.ssrbs.co.uk). General guidance is also available from the Information Commissioner's website www.ico.org.uk/ .

Some small print

By law we are obliged to make the following disclosures:

(a) We are required to inform you whether any payment has been made to Sopra Steria Limited under section 37 of the Pensions Act 1995 (payment of surplus to employer) since the date of our last Summary Funding Statement of December 2020. We can confirm that no such payment has been made. The Section's trust deed and rules only provide for a refund of surplus assets to be paid to the employer in the event that the Section was being wound up and all of the Section's benefits and other liabilities had been satisfied and any applicable statutory requirements had been satisfied.

(b) The Pensions Regulator has not made a direction to modify future accruals, nor given any direction as to how the technical provisions are to be calculated, nor imposed a schedule of contributions.

February 2024

The Directors
Sopra Steria (Retirement Benefits Scheme) Trustees Limited