

Building and Civil Engineering Benefits Scheme

Summary Funding Statement 2023

Funding your benefits

Welcome to your 2023 Summary Funding Statement. This Statement is a way of letting you know our Scheme's financial position and to update you on the developments since the last funding valuation.

At the latest funding valuation, 31 March 2021, the Scheme Actuary found that:

The Scheme had assets of	£647.9m
The amount the Scheme needs to cover its technical provisions (ie liabilities) was	£588.3m
This gave a surplus of	£59.6m
This is the same as a funding ratio of	110%

Under the Pensions Act 2004, a funding valuation of the scheme must take place at least every 3 years. In years where a funding valuation does not take place, the Trustee must obtain an update of the scheme's funding position since the last funding valuation from the Scheme Actuary every 3 years and so the next funding valuation is due no later than 31 March 2024. The Scheme Actuary has therefore estimated the approximate financial position of the Scheme as at 31 March 2023. This shows that the ongoing funding ratio was then estimated to be 115% (2022: 112%), which corresponds to surplus of about £70.6m (2022 £66.4m). This represents a 3% increase in the funding level and a £4.2m increase in the surplus since the date of the previous Summary Funding Statement as at 31 March 2022.

The main reason for the improvement in the funding position since 31 March 2022 is due to the Scheme's assets falling by a lower amount than the technical provisions.

The Trustee reviews the LSRB Retirement Benefit Rate ('RBR') annually, however there have been no increases for several years and the Trustee is no longer formally targeting RBR increases in order to safeguard existing member benefits.

What if the Scheme started to wind up

The Scheme will continue to pay benefits in full as long as it continues.

If at the most recent valuation, the Scheme had started winding up, the Scheme Actuary estimated that the amount needed to ensure benefits were paid in full (the full solvency position) as of 31 March

2021, was £690.1m, in which case the Scheme's assets would have fallen short of the amount required by £42.2m. This is equivalent to a solvency funding level of 94%. We are required to estimate this figure to get a complete picture of the Scheme's financial health, but this does not mean the Company is thinking of ending the Scheme or that it is likely to be wound up. The next valuation will be performed as at 31 March 2024 and the Scheme Actuary will provide an updated estimate of the solvency position then.

Payment to the employers

There have been no payments to the employers out of Scheme funds since the date of the previous Summary Funding Statement as at 31 March 2022.

The Pensions Regulator

The Pensions Regulator has not needed to exercise any of its powers under s231(2) of the Pensions Act 2004, in relation to the Scheme (these powers relate to modifying a scheme, giving directions to a scheme or imposing a contributions schedule on a scheme).

Issued by:

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