Mercer

Scheme Funding Report of the Actuarial Valuation as at 31 October 2023

Magnet Group Pension Scheme

30 January 2025



welcome to brighter

Contents

1. Introduction 1
2. Key results of the scheme funding assessment 2
3. Experience since last valuation 4
4. Projected future funding level and volatility 5
5. Wind-up position 8
6. Appendix A - Assumptions 9
7. Appendix B - Summary Membership Data 14
8. Appendix C - Assets 15
9. Appendix D - Benefit summary 16
10. Appendix E - Summary of PPF benefits valued 17
11. Appendix F - Section 179 certificate 18
12. Appendix G - Certificate of Technical Provisions 23

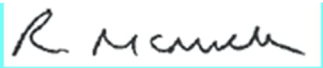
1

Introduction

This report is addressed to the Trustee of the Magnet Group Pension Scheme ("the Trustee") and is provided to meet the requirements of Section 224(2)(a) of the Pensions Act 2004. It describes the factors considered by the Trustee when carrying out the actuarial valuation as at 31 October 2023, and the decisions reached as a result.

The purpose of the actuarial valuation is for the Trustee to determine:

- The expected cost of providing the benefits built up by members at the valuation date (the "liabilities") and compare this against the funds held by the Scheme (the "assets").
- An appropriate plan for making up the shortfall if the Scheme has less assets than liabilities.
- The contributions needed to cover the costs incurred in running the Scheme.

Signature		Date of signing	30 January 2025
Scheme Actuary	Richard McMillen	Qualification	Fellow of the Institute and Faculty of Actuaries

This report, and the work done in its preparation, is compliant with Technical Actuarial Standard 100 General Actuarial Standards (TAS 100 v2.0) and Technical Actuarial Standard 300 Pensions (TAS 300 v2.0), which are issued by the Financial Reporting Council. The calculations referred to in the report use methods and assumptions appropriate for reviewing the financial position of the Scheme and determining a contribution rate for the future. Mercer does not accept liability to any third party in respect of this report; nor do we accept liability to the Trustee if the information provided in this report is used for any purpose other than that stated. The report may be disclosed to members and others who have a statutory right to see it. It may also be disclosed to any participating employer and, if the Trustee and Mercer consent, it may be disclosed to other third parties.

2

Key results of the scheme funding assessment

Past service funding position

The table below compares the assets and liabilities of the Scheme at 31 October 2023. Figures are also shown for the last valuation as at 31 October 2020 for comparison. The position was updated to 31 October 2024 and the recovery plan is designed to eliminate this shortfall.

	£m		
	31 October 2024	31 October 2023	31 October 2020
Total Assets	164.0	150.9	263.1
Liabilities:			
Deferred Pensioners	92.5*	89.0*	186.5
Pensioners	79.5*	80.3*	109.7
GMP Equalisation allowance	-	-	7.8
Expense reserve	-	-	7.6
Total Liabilities	172.0	169.3	311.6
Past Service Surplus / (Shortfall)	(8.0)	(18.4)	(48.5)
Funding Level	95%	89%	84%

*****An allowance of 2.4% of the liabilities has been made for GMP equalisation plus £700k for rectifying historic transfer values and this has been included in the liabilities for 2023 and 2024.*

The table shows that at 31 October 2023 there was a shortfall of £18.4m. An alternative way of expressing the position is that the Scheme's assets were sufficient to cover 89% of its liabilities – this percentage is known as the funding level of the Scheme. The position was updated to 31 October 2024 with an estimated shortfall of £8m, a funding level of 95% and the recovery plan is designed to eliminate this shortfall.

At the previous valuation at 31 October 2020 the shortfall was £48.5m, equivalent to a funding level of 84%. The key reasons for the change between the two valuations are considered in Section 3.

The liability value at 31 October 2023 shown in the table above is known as the Scheme's "technical provisions". The technical provisions are calculated using assumptions that the Trustee has determined are appropriate based on the Trustee assessment of the strength of the Company covenant, having agreed with the Company over the approach. Throughout this report "Company" means Nobia Holdings UK Limited.

The Trustee assessed the strength of the Company's covenant to be Weak.

Further details of the way in which the technical provisions are calculated are set out in Appendix A.

Correcting the shortfall

The Trustee and Company have agreed a plan to pay off the shortfall of £8m as at 31 October 2024.

The contributions into the Scheme since the valuation date and those agreed for the recovery plan are shown in the table:

Date	Payments
From 1 November 2023 up to 31 October 2024	£5.8m per annum
In November 2024	£500,000
In December 2024	£500,000
In January 2025	£491,667
In February 2025	£236,666
From March 2025 until 30 June 2027	£1.1m per annum
From 1 July 2027 until 31 May 2029	£3.0m per annum

The contributions above assume a suitable parent company guarantee is put in place in February 2025. However, until a suitable parent company guarantee is in place the contributions will be £4.37m per annum from 1 March 2025 until 31 May 2029. The contributions will change to those shown in the table above from the month after the parent company guarantee is signed.

From the month after the parent company guarantee is signed the Employer shall pay contributions towards expenses of £600,000 per annum increasing at 3.5% each January (i.e. first increase in January 2026) plus an additional £600,000 before 30 June 2027 and another £600,000 to be spread over 10 years from July 2027 or such other period as agreed between the Trustee and Employer.

Amounts due in respect of IGG's Professional Trustee fees and levies to the Pension Protection Fund will be payable separately by the Employer.

3

Experience since last valuation

Summary of key inter-valuation experience

The last actuarial valuation was carried out with an effective date of 31 October 2020. Since the last valuation, no significant Scheme events or changes to benefits have occurred.

Pensions in payment were increased in accordance with the Trust Deed and Rules of the Scheme.

During the inter-valuation period, the investment return on the Scheme's assets has been -13.8% per annum.

The table summarises the contributions paid over the inter-valuation period. These figures are from the audited accounts and are in line with the rates agreed at the last actuarial valuation.

Date	Company contributions
31 October 2020 To 31 October 2021	£6.8m
31 October 2021 To 31 October 2022	£4.2m
31 October 2022 To 31 October 2023	£4.9m

Reasons for the change in funding position since the last actuarial valuation

The shortfall at the last valuation date was £48.5m. The table below sets out the main reasons for the change in the shortfall between 31 October 2020 and 31 October 2023.

	£m
Shortfall at 31 October 2020	**(48.5)**
Assumed interest on shortfall	(2.8)
Employer contributions in excess of expenses (inc. interest)	14.4
Lower than expected investment returns	(104.0)
Higher inflation	(6.4)
Member experience	1.9
Change of assumptions	126.0
Other	1.0
Shortfall at 31 October 2023	**(18.4)**

4

Projected future funding level and volatility

Projected funding position at next actuarial valuation

As part of this valuation, the Trustee has agreed with the Company to put in place a recovery plan to pay off the shortfall by 31 May 2029. The next actuarial valuation will take place with an effective date no later than 31 October 2026. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the agreed amounts in the recovery plan, the shortfall at 31 October 2026 would be £5.8m, equivalent to a funding level of 97%.

Material risks faced by the Scheme

The Scheme is subject to some potentially material risks that are, to an extent, outside the Trustee's control, but could affect the funding level. Any material worsening of the funding level will mean more contributions are needed (either at an increased rate or at the same rate over a longer period) to be able to provide the benefits built up in the Scheme – unless experience acts in other ways to improve the funding level. Examples of such risks, and how the Trustee manages them, are:

- If the Company becomes unable to pay contributions or to make good deficits in the future, the Scheme's assets will be lower than expected and the funding level will be worse than expected. The Trustee regularly monitors the financial strength of the Company.
- If future investment returns on assets are lower than assumed in the valuation, the Scheme's assets will be lower, and the funding level worse, than expected. The Trustee has a process in place to monitor investment performance, and it reviews the Scheme's investment strategy alongside each actuarial valuation.
- If gilt yields change such that the liability values increase by more (or decrease by less) than the assets, the funding level against the technical provisions and on the wind-up basis (see section 5) will be worse than expected. The Trustee's investment strategy is designed so that, as far as possible, the funding level is protected from changes in gilt yields.
- If improvements in life expectancy are greater than assumed, the cost of benefits will increase because members are living longer than expected. This will mean the funding level will be worse than expected. The Trustee reviews the mortality assumptions at each actuarial valuation to ensure that the assumptions made about members' life expectancy take the most recent information available into account.
- If members make decisions about their options, which increase the Scheme's liabilities, the funding level will be worse than expected. An example would be if members do not commute as much

pension for cash, as is being assumed. The Trustee reviews the Scheme's experience at each valuation to ensure that the treatment of member options remains appropriate.

- If legislation changes, that could also pose risks to the Scheme. One possible area of risk currently is that new funding and investment strategy legislation now applies for actuarial valuations with effective dates on or after 22 September 2024. At the Scheme's next valuation, it will be required to target low dependency on the sponsor and a low risk investment allocation by the time it is significantly mature. This could require changes to contribution levels and/or a plan to change the Scheme's investment allocation as it matures.

Sensitivity of funding position to changes in key assumptions

The value placed on the Scheme's liabilities is critically dependent on the assumptions used to carry out the calculations. If future experience differs from the assumptions the Trustee has agreed with the Company, then the projected future funding level will be different from the level described above.

To illustrate how sensitive the funding level is to experience being different from assumed, the table below shows how the valuation results at 31 October 2023 would have differed given small changes in the key assumptions.

Date	Increase in shortfall at 31 October 2023 £m
Pre-retirement investment return is 0.25% p.a. lower than assumed	1.1
Pre and post retirement discount rate outperformance is 0.25% p.a.	10.1
Long-term inflation is 0.25% p.a. higher than assumed	1.8
Members live one year longer than assumed	4.1

Climate Change

Climate change has the potential to be a material financial risk to the Scheme – whether that be the costs of moving to a low carbon economy, the cost of physical damages caused as a result of climate change or even as a result of litigation/regulation to address past practices. Climate change is expected to affect most if not all of the risks highlighted above, however, the extent of and interaction between these impacts are uncertain.

The Trustee recognise that long-term sustainability issues, particularly climate change present risks and opportunities that increasingly may require explicit consideration.

The Trustee considers how climate change is integrated within their investment process and those of the underlying asset managers in the monitoring process.

The impact on life expectancies is likely to vary significantly between geographies depending upon what action is taken to address and success is had dealing with Climate change on a global level.

Commutation factors

As part of the actuarial valuation, the Trustee reviewed the Scheme's commutation experience and changed the assumption to be that 80% (previously 90%) of members commute maximum permissible amount of pension for cash at retirement using current commutation factors.

5

Wind-up position

If the Company were to become insolvent or decide not to support the Scheme, the Trustee could decide to wind up the Scheme and secure the benefits built up with an insurance company. Insurance companies use different assumptions to the Trustee technical provisions when calculating the value of the Scheme's liabilities and the price they would charge to provide the benefits.

The table below shows an estimate of the funding level of the Scheme at 31 October 2023 assuming all benefits were bought out with an insurer. The wind-up position at 31 October 2020 is also shown for comparison. The wind-up position is shown for information only and does not mean that the Trustee or Company are considering winding up the Scheme.

	£m	
	31 October 2023	31 October 2020
Total Assets	150.9	263.1
Liabilities:		
Deferred Pensioners	101.1*	261.3
Pensioners	84.1*	117.4
GMP Equalisation allowance	-	9.8
Expenses	3.8	8.7
Total Liabilities	189.0	397.2
Past Service Surplus / (Shortfall)	(38.1)	(134.1)
Funding Level	80%	66%

*****An allowance of 2.4% of the liabilities has been made for GMP equalisation plus £700k for rectifying historic transfer values and this has been included in the liabilities for 2023.*

As the table shows, the Scheme would have had a shortfall of £38.1m if it had been wound up at 31 October 2023. This means that, on average, members could only expect to receive 80% of the benefits earned to date (although the percentage coverage would differ between members depending on age and when their benefit was earned).

In practice, if the Scheme was wound up due to the Company becoming insolvent, the members may be eligible for compensation from the Pension Protection Fund (PPF) if the Scheme's assets were less than needed to buy that compensation from an insurance company. If this was the case, members could receive a higher proportion of the benefits they have earned to date. Further details of the compensation payable from the PPF are given in Appendix E.
If experience is in line with the assumptions underpinning the agreed recovery plan, and contributions are paid at the agreed rates or amounts, the shortfall at 31 October 2026 on a wind-up basis would be £28.1m, equivalent to a funding level of 85%.

Appendix A

Assumptions

How the benefits are valued

In order to calculate the liabilities, the Trustee needs to make assumptions about various factors that affect the cost of the benefits provided by the Scheme – for example, how long members will live, or the future level of inflation. The table below explains the key assumptions being made in the valuation.

Assumption	Why it is important and how it impacts on the liabilities
Discount rate	The majority of benefits in a pension scheme are paid many years in the future. In the period before the benefits are paid, the Trustee invests the funds held by the Scheme with the aim of achieving a return on those funds. When calculating how much money is needed now to make these benefit payments, it is appropriate to make allowance for the investment return that is expected to be earned on these funds. This is known as "discounting". The higher the investment return achieved, the less money needs to be set aside now to pay for benefits. The calculation reflects this by placing a lower value on the liabilities if the "discount rate" is higher.
Inflation	Pensions in payment typically increase in line with price inflation, subject to a cap. A higher inflation assumption will, all other things being equal, lead to a higher value being placed on the liabilities.
Life expectancy	Pensions are paid while the member (and potentially their spouse or partner) is alive. The longer people live, the greater is the cost of providing a pension. Allowing for longer life expectancy therefore increases the liabilities.

The liabilities of the Scheme are calculated projecting forward all of the future benefit cash flows and discounting them back to the effective date of the valuation, using these assumptions. For example, the liability for a single pensioner is calculated by estimating the amount of each pension payment they will receive in the future, multiplying by the probability that the member will still be alive by the date of each payment, and then discounting each payment back to the effective date of the valuation; and then summing up all of these discounted amounts. The liabilities for the whole Scheme are calculated by summing the liabilities for each of the individual members.

Funding objective and investment strategy

The assumptions for the technical provisions have been selected by the Trustee to reflect the funding objective, after reaching agreement with the Company. The Trustee's stated funding objective (which has also been agreed with the Company) is to reach a position where the assets are sufficient to fully cover the technical provisions. Further details are available in the Scheme's Statement of Funding Principles dated 30 January 2025.

In addition, as part of the process for choosing the assumptions and determining the size of the margins to include, the Trustee has taken into account an objective assessment of the Company's covenant and the level of risk present in the investment strategy of the Scheme. The Trustee's current investment strategy is set out in Appendix C and further details are available in the Scheme's Statement of Investment Principles dated March 2024.

Assumptions used to calculate technical provisions

The tables below summarise the key assumptions used in the calculation of the technical provisions and those used for the 31 October 2020 actuarial valuation.

Financial assumptions	31 October 2023	31 October 2020
Discount Rate:		
Pre-retirement	Gilt yield curve plus 0.5% p.a.	2.30% p.a.
Post-retirement	Gilt yield curve plus 0.5% p.a.	1.20% p.a.
Price Inflation (RPI)	RPI inflation curve with no IRP	3.20% p.a.
Price Inflation (CPI)	RPI -0.7% p.a. until 2030 and RPI thereafter	2.30% p.a. pre-retirement 3.00% p.a./2.50% p.a. post-retirement for Non-Pensioners/Pensioners
Pension increases in payment:		
Post 5 April 1997 RPI (5% max)	Derived from the RPI inflation assumption above with adjustment for the cap and collars in place and Jarrow-Yildirim model	3.04% p.a.
Post 5 April 2006 CPI (2.5% max)	Derived from the CPI inflation assumption above with adjustment for the cap and collars in place and Jarrow-Yildirim model	2.01% p.a./1.83% p.a. for non-pensioners/pensioners
Post 5 April 1988 GMP CPI (3% max)	Derived from the CPI inflation assumption above with adjustment for the cap and collars in place and Jarrow-Yildirim model	2.29% p.a./2.05% p.a. for non-pensioners/pensioners

Demographic assumptions	31 October 2023	31 October 2020
Retirement	All at age 65	
Mortality – base table	S4PA Year Of Birth (middle for females) tables weighted by -115% for males Non-Pensioner -110% for females Non-Pensioner And -113% for males Pensioner -108% for females Pensioner	S3PA Year Of Birth (middle for females) tables weighted by -120% for males Non-Pensioner -102% for females Non-Pensioner And -119% for males Pensioner -103% for females Pensioner

Demographic assumptions	31 October 2023	31 October 2020
Mortality – future improvements:	CMI 2023 projections with 1.75% p.a. long term rate improvements and smoothing parameter of 7	CMI 2019 projections with 1.75%p.a. long term rate improvements and smoothing parameter of 7.5
Commutation	80% of members commute maximum permissible amount of pension for cash at retirement using current commutation factors	90% of members commute maximum permissible amount of pension for cash at retirement using current commutation factors
Proportion married	Male Non-Pensioner: 102% of 2011 Census Married Males table Female Non-Pensioner: 71% of 2011 Census Married Females table Male Pensioner:100% of 2011 Census Married Males table Female Pensioner: 80% of 2011 Census Married Females table	Male Non-Pensioner: 101% of ONS 2010 Female Non-Pensioner: 69% of ONS 2010 Male Pensioner: 99% of ONS 2010 Female Pensioner: 78% of ONS 2010
Spouse's age	Females are assumed to be three years younger than males	
GMP Equalisation	2.4% of liabilities and an additional £700k for rectifying historic transfer values	
Expenses	No allowance	An allowance is made by adding on a present value of expected future expenses (apart from the PPF levy) over the next 12 years

The mortality assumptions used for the 31 October 2023 valuation result in the following life expectancies. This information may be useful to the Trustee when completing the annual scheme return.

	COHORT	PERIOD
Life expectancy for a male aged 65 now	20.6	19.9
Life expectancy at 65 for a male aged 45 now	22.3	n/a
Life expectancy for a female aged 65 now	23.1	22.0
Life expectancy at 65 for a female aged 45 now	25.0	n/a

In setting the assumptions, the Trustee has assumed that the Scheme is ongoing (it is not in the process of being wound up).

Assumptions used to calculate the wind-up position

The wind-up position looks at the Scheme's funding on the assumption that it had been discontinued on the valuation date and the benefits bought out with an insurance company. In doing this, it is assumed that no further contributions are paid. There is no allowance for any discretionary benefits being paid in the future.

The wind-up position has been estimated using Mercer's experience of recent buyout quotations and our understanding of the factors affecting this market.

Detailed analysis of the reserves that would need to be held by an insurance company has not been carried out. Consideration has been given to the market terms for the financial instruments in which insurance companies would be expected to invest. An approximate allowance has been made for the reserves an insurance company would maintain to cover the risks involved and the statutory reserving requirements. The results are, therefore, only a guide to the wind-up position and should not be taken as a quotation. Market changes, both in interest rates and in supply and demand for buyout business, mean that if a buyout ultimately proceeds, actual quotations may differ.

The wind-up funding level is only an estimate since it is not based on an actual quotation. The true position could only be established by completing a buyout.

The tables below set out the assumptions used to assess the funding level in the event of the Scheme being wound up. The assumptions used at 31 October 2020 are also shown for comparison.

Financial assumptions	31 October 2023	31 October 2020
Discount Rate:		
Pre-retirement	Gilt yield curve less 0.3% p.a.	0.43% p.a.
Post-retirement	Gilt yield curve	0.73% p.a. non-pensioner 0.71% p.a. pensioner
RPI	RPI inflation curve	3.20% p.a.
Revaluation in deferment	CPI = RPI - 0.5% p.a. until 2030 and RPI thereafter	2.50% p.a.
Pension increases:		
Post 5 April 1997 RPI (5% max) -non-pensioner -pensioner	Derived from the RPI inflation assumption with adjustment for the cap and collars in place and Jarrow-Yildirim model	 3.04% p.a. 3.11% p.a.
Post 5 April 2006 CPI (2.5% max) -non-pensioner -pensioner	Derived from the CPI inflation assumption with adjustment for the cap and collars in place and Jarrow-Yildirim model	 1.95% p.a. 1.99% p.a.
Post 5 April 1988 GMP CPI (3% max) -non-pensioner -pensioner	Derived from the CPI inflation assumption with adjustment for the cap and collars in place and Jarrow-Yildirim model	 2.19% p.a. 2.23% p.a.
Expense allowance	In line with PPF expense allowance plus an additional £300k	In line with PPF expense allowance plus an additional £300k

Demographic assumptions	31 October 2023	31 October 2020
Retirement	All At Age 65	

Demographic assumptions	31 October 2023	31 October 2020
Mortality – base table	S4PA Year Of Birth (middle for females) tables weighted by -115% for males Non-Pensioner -110% for females Non-Pensioner And -113% for males Pensioner -108% for females Pensioner	S3PA Year Of Birth (middle for females) tables weighted by -120% for males Non-Pensioner -102% for females Non-Pensioner And -119% for males Pensioner -103% for females Pensioner
Mortality – future improvements:	CMI 2023 projections with 1.75%p.a. long term rate improvements and smoothing parameter of 7	CMI 2019 projections with 1.75%p.a. long term rate improvements and smoothing parameter of 7.5
Commutation	None	
Proportion married	As Technical Provisions	
Spouse's age	Females three years younger than males	
GMP Equalisation	2.4% of liabilities and an additional £700k for rectifying historic transfer values	

As the Trustee's current investment policy includes investment in different assets than would typically be held by an insurer, the wind-up position on a given date may be significantly different from the position estimated at the valuation date.

Appendix B

Summary Membership Data

The membership data is summarised in the table, with figures at the previous valuation shown for comparison.

Data in relation to members of the Scheme was supplied by the Trustee, via the Scheme's administrator. The accuracy of the data provided has been relied on. While reasonableness checks on the data have been carried out, they do not guarantee the completeness or the accuracy of the data. Consequently Mercer does not accept any liability in respect of its advice where it has relied on data that is incomplete or inaccurate.

	31 October 2023	31 October 2020
Deferred pensioners		
Number	1,573	1,929
Total Deferred Pensions revalued to Valuation Date (£000s p.a.)	6,132	7,189
Average Deferred Pension (£ p.a.)	3,898	3,727
Average age	58.7	56.6
Pensioners		
Number	1,715	1,669
Total pensions payable (£000s p.a.)	6,563	5,908
Average pension (£ p.a.)	3,827	3,540
Average age	73.4	73.4

Appendix C

Assets

The market value of the Scheme's assets was £150,868,271 on the valuation date.

The Trustee's investment strategy is to proportion the Scheme's assets by asset class as shown in the table below. The actual distribution of assets will vary over time due to changes in financial markets. The table also shows the distribution of assets at the valuation date.

	Investment strategy	Actual market value of assets at 31 October 2023	
	%	**£m**	**%**
Growth Assets	25%		
Equity		18.3	12.1
Total return		12.1	8.0
Absolute return		7.9	5.3
Matching Assets	75%		
Bonds		104.9	69.5
Cash		0.4	0.3
Net Current Assets/(Liabilities)		7.3	4.8
Total		**150.9**	**100**

In addition, the Trustee holds additional voluntary contributions (AVCs), which are also separately invested. These assets have been excluded from the market value shown as they exactly match the value of the benefits they cover.

The details of the assets at the valuation date and the financial transactions during the inter-valuation period have been obtained from the audited accounts for the Scheme.

Appendix D

Benefit summary

The benefits valued are as set out in the benefit summary provided to the Trustee on 24 June 2024. This broadly reflects the benefits communicated to members via membership booklets, announcements and correspondence outlining special terms where applicable.

No allowance has been made for any discretionary benefits.

The benefits that will emerge from AVCs paid by members, have been excluded from the valuation, as have the corresponding assets, since the value of these liabilities is exactly matched by these assets.

Mercer is aware of the High Court judgment in June 2023 in the case of *Virgin Media vs NTL Pension Trustees II Limited* that has the potential to lead to changes in benefits, and hence Scheme liabilities, in certain circumstances. We are also aware that the Court of Appeal upheld the High Court's decision in July 2024. This is a complex legal issue and Mercer is unable to provide the Trustees with legal advice. As I have not been instructed by the Trustees or their legal advisers of any benefit adjustments being required in respect of the *Virgin Media* ruling, I have continued to value the benefits as described in the benefit summary, with no allowance for any potential changes to scheme benefits arising from the *Virgin Media* judgment.

Appendix E

Summary of PPF benefits valued

If the Scheme winds up when the Employer is insolvent, its members may be eligible for compensation from the Pension Protection Fund. Normally, a scheme's assets and liabilities would only transfer to the PPF if the assets were insufficient to buy out the benefits provided by the PPF. The compensation that the PPF could provide would be broadly 100% of the pension in payment for members over pension age and 90% of the pension built up for members under pension age.

Since the Court of Appeal's ruling in July 2021, the PPF compensation cap no longer applies. The PPF's latest valuation guidance, version G10 which has been used for this valuation, reflects this fact.

Under the current PPF provisions:

- Pensions in payment will be increased annually, at the lower of 2.5% and the change in the Consumer Prices Index (CPI), in respect of service after 5 April 1997 only. Pensions accrued before April 1997 are not increased.
- Benefits in deferment are revalued in line with the scheme's rules for any period between the member's exit and the scheme's entry into the PPF. With limited exceptions, revaluation between the entry date and the member's normal pension age will be in line with increases in the CPI subject to a maximum of 5% per annum compounded over the revaluation period in respect of service pre-6 April 2009, and CPI subject to a maximum of 2.5% per annum for service post-5 April 2009.
- With limited exceptions, spouses' pensions will be 50% of members' PPF compensation.
- The PPF does not cover defined contribution benefits and these would be bought out separately with an insurer.

Normal pension age is the normal retirement date under the scheme rules or such earlier age specified where the only condition for the member to retire without actuarial reduction is the attainment of a particular age or length of service. It is possible for different tranches of benefits to have different normal pension ages.

Appendix F

Section 179 certificate

This appendix includes a copy of the section 179 valuation certificate which sets out the information required to complete the section 179 section of the scheme return. The certificate is in the format required by the PPF; the terminology used in the certificate reflects the wording used in the section 179 valuation guidance.

In summary, the results of the valuation disclose a shortfall of £7,870,838, equivalent to a funding level of 95% on the PPF funding basis.

SCHEME / SECTION DETAILS		**S179 VALUATION**	
Full name of scheme	Magnet Group Pension Scheme	Effective date of this valuation (dd/mm/yyyy)	31/10/ 2023
Name of section of applicable	n/a	**GUIDANCE AND ASSUMPTIONS**	
Pension Scheme Registration Number	10105616	s179 guidance used for this valuation	G10
Address of scheme (or section, where appropriate) Post code	Magnet Group Pension Scheme c/o Capita PO Box 555 Darlington County Durham DL1 9YT	s179 assumptions used for this valuation	A11

Assets		**Liabilities**	
Total assets (this figure should <u>not</u> be reduced by the amount of any external liabilities and	£150,868,271	Please show liabilities for:	
		Active members (excluding expenses)	£0

Assets		Liabilities	
should include the insurance policies referred to below)		Deferred members (excluding expenses)	£80,779,047
Date of relevant accounts (dd/mm/yyyy)	31/10/2023	Pensioner members (excluding expenses)	£74,406,230
		Estimated expenses of winding up	£1,521,482
Percentage of the assets shown above held in the form of a contract of insurance where this is not included in the asset value recorded in the relevant scheme accounts.	0%	Estimated expense of benefit installation /payment	£2,032,350
		External liabilities	£0
		Total protected liabilities	£158,739,109

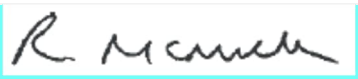
Please provide the percentage of the liabilities shown above that are fully matched by insured annuity contracts for:		Please show the proportion of liabilities which relate to each period of service for:			
			Before 6 April 1997	6 April 1997 to 5 April 2009 (inclusive)	After 5 April 2009
Active members	0%	Active members	0.00%	0.00%	0.00%
Deferred members	0%	Deferred members	59.55%	39.38%	1.07%
Pensioner members	0%	Pensioner members	73.42%	26.58% (all post 6 April 1997)	n/a

Number of members and average ages

For each member type. Please show the number of members and the average age (weighted by the protected liabilities) as at the effective date of this valuation. Average ages should be rounded to the nearest whole year.

	Number	Average age
Active members	0	n/a
Deferred members	1,573	59
Pensioner members	1,715	71

I certify that this valuation has been carried out in accordance with the Pension Protection Fund (Valuation) Regulations 2005 and with the appropriate section 179 guidance and assumptions issued by the Board of the Pension Protection Fund. I also certify that the calculated value of the protected liabilities is, in my opinion, unlikely to have been understated, subject only to any alternative treatment(s) permitted in respect of allowances for GMP equalisation under the prevailing version of the s179 guidance used for this valuation.

Signature		**Qualification**	Fellow of the Institute and Faculty of Actuaries
Name	Richard McMillen	**Employer**	Mercer Limited
Date	30 January 2025		

As required, under Part 9 of the Guidance on undertaking a section 179 valuation, the section 179 certificate should form part of the scheme actuary's section 179 valuation report. The details contained in this certificate should be separately submitted to the PPF via the Pension Regulator's system "Exchange" within 15 months of the valuation effective date. **This certificate should not be sent directly to the Pension Protection Fund.**

The key assumptions used to calculate the section 179 liabilities are set out in the table below.

Key assumptions	
Investment return: In deferment (allowing for revaluation in deferment): pre-5 April 2009 benefits	1.17%
In deferment (allowing for revaluation in deferment): post 5 April 2009 benefits	2.10%
In deferment (no revaluation allowed in deferment):	4.60%
For pensions in payment (flat):	5.27% pensioners 4.98% non-pensioners
For pensions in payment (increasing):	3.07% pensioners 2.68% non-pensioners
Mortality	First Life: Males: S3PMA with future changes in line with CMI_2021_M [1.50 per cent; ; A=0.25%; w2020=10%; w2021=10%] from 2013 Females: S3PFA with future changes in line with CMI_2021_F [1.25 per cent; ; A=0.25%; w2020=10%; w2021=10%] from 2013 Contingent Life: Males: S3DMA with future changes in line with CMI_2021_M [1.50 per cent; ; A=0.25%; w2020=10%; w2021=10%] from 2013 Females: S3DFA with future changes in line with CMI_2021_F [1.25 per cent; ; A=0.25%; w2020=10%; w2021=10%] from 2013
Proportions "married"	75% (males) / 65% (females) for pensioners at normal pension age 75% (males) / 65% (females) for non-pensioners at assumed date of retirement or earlier death
Age differences between member and dependant	Female 3 years younger than male
Children's pensions	Children's pensions already in payment assumed to stop at 18 (or 23 if already over 17) No other allowance

Expenses: Wind-Up (% of liabilities)	5% up to £4m; plus 1.5% between £4m and £20m; plus 0.8% between £20m and £340m (subject to a maximum of £3m)
Benefit installation/payment	per non-pensioner member: £750 per pensioner (dependent on age): Under 60 £650 60 to 70 £550 70 to 80 £500 80 or over £400

The benefits valued for the section 179 valuation are in line with the benefit summary provided to the Trustee on 24 June 2024 except as follows:

- The provisions outlined in Appendix E (Summary of PPF benefits) are assumed to override the Scheme's own benefit provisions for the purpose of the section 179 valuation only.
- Revaluation of benefits in deferment after the effective date of the valuation has been ignored as revaluation is allowed for implicitly by the yield in the section 179 assumptions which takes account of increases between the valuation date and Normal Pension Age.
- Money purchase benefits have been ignored.

The data used for the section 179 valuation is as set out in Appendix B and the assets used are as set out in Appendix C.

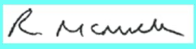
Appendix G

Certificate of Technical Provisions

Name of the Scheme	Magnet Group Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 October 2023 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 30 January 2025

Signature	
Name	Richard McMillen
Date of signing	30 January 2025
Name of employer	Mercer Limited
Address	1 Whitehall Quay, Whitehall Road, Leeds, LS1 4HR
Qualification	Fellow of the Institute and Faculty of Actuaries

welcome to

brighter

Mercer Limited
1 Tower Place West
London
EC3R 5BU
www.mercer.com

Mercer Limited is authorised and regulated by the Financial Conduct Authority
Registered in England No.984275 Registered Office: 1 Tower Place West, Tower Place, London, EC3R 5BU

MarshMcLennan