

Statement of Funding Principles

As part of the actuarial valuation of the GPS SLC Section ("the Section") of the Combined Nuclear Pension Plan ("the Plan") as at 31 March 2022, the Trustee reviewed their Statement of Funding Principles and a version was signed by the Trustee and the Lead Employer on 19 May 2023.

This Statement of Funding Principles is an update of the previous version following the change in the benefit structure from final salary to CARE in respect of the future accrual of benefits from the CARE Commencement Date. The CARE Commencement Date is defined as 1 April 2024.

This statement, dated 28-Mar-2024, has been agreed by the Trustee of the Plan and the Lead Employer as required by section 223 of the Pensions Act 2004.

The actuarial valuation of the Plan as at 31 March 2022 will be carried out on the basis of these principles.

The Trustee took advice from the Scheme Actuary, Mark McClintock FIA, before drafting this statement.

The statutory funding objective

This statement sets out the Trustee's policy for ensuring that the Statutory Funding Objective is met.

The Trustee will carry out their obligations under the Pensions Act 2004 and this Statement of Funding Principles. They will hold discussions with the Lead Employer to obtain agreement to this statement and any changes to it.

The assumptions selected will provide an appropriate margin for adverse deviation, taking into account any expected changes in the relevant risks, in particular the risks that, for whatever reasons, the Employers may not be able to pay contributions or make good deficits on time. This may be related but not restricted to the following risks:

- the investments under-perform;
- the investments increase at a slower rate than assumed;
- inflation rates are higher than expected; and
- members live longer than anticipated.

Additional funding objectives

The Plan has no funding objectives other than the Statutory Funding Objective described above.

Method and assumptions used to calculate the Technical Provisions

The Section's Technical Provisions will be calculated using the actuarial method known as the Projected Unit Method.

The principal assumptions used to calculate the Technical Provisions will be determined using the methodologies outlined below. The financial assumptions have been derived from market rates at the valuation date (31 March 2022).

Financial Assumptions	Technical Provisions	
	Derivation	Assumption at 31 March 2022
Pre-retirement discount rate	Based on the yield available on fixed interest gilts with a similar duration to the Section's liabilities plus an allowance for the higher return that would be expected from growth assets after an allowance for prudence. The higher return on the growth assets will reflect the appropriate margin above the fixed interest gilts at the effective date of the calculation.	4.90% p.a.
Post-retirement discount rate	Based on the yield available on fixed interest gilts with a similar duration to the Section's liabilities with an allowance for the higher return that would be expected from the assets held to back the pensioner liabilities.	2.90% p.a.
Retail Prices Index (RPI) inflation	The assumed rate of RPI price inflation will be assessed by reference to the Bank of England's UK implied inflation spot curve data (using duration appropriate to the Section's liabilities). An adjustment could be considered to allow for a possible inflation risk premium, reflecting the high demand for index linked gilts distorting the Bank of England's market based calculation.	3.70% p.a. (being 0.3% p.a. below the Bank of England data at a 20 year duration, the deduction being to allow for inflation risk premium)
Consumer Prices Index (CPI) inflation	Assessed by the rate of RPI inflation less a deduction to take account of the differences in the method of calculation, goods covered in the indices and the historical rates of RPI and CPI inflation.	3.00% p.a. (being 0.70% p.a. below the RPI inflation assumption)
Increases to Pensionable Earnings	Pensionable Earnings will be assumed to increase relative to the assumed rate of CPI inflation, by an amount based on an experience analysis conducted for the 31 March 2022 valuation. Promotional earnings scale based on experience analysis conducted for the 31 March 2022 Valuation	Year 1: Actual increase granted Years 2-7: CPI Over 7 years: CPI plus 0.5% Plus promotional earnings scale (see Appendix: Table A)

GPS SLC Section of the Combined Nuclear Pension Plan

Financial Assumptions	Technical Provisions	
	Derivation	Assumption at 31 March 2022
In-service revaluation of CARE benefits	In-service revaluation of CARE benefits shall be assumed to increase in line with CPI inflation	3.00% p.a.
Increases to pensions in payment and revaluation of deferred pensions (final salary benefits)	An adjustment could be considered to the assumption for price inflation when looking at RPI inflation-linked pension increases or revaluation.	3.70% p.a. (no reduction from assumed inflation rate)
Increases to pensions in payment and revaluation of deferred pensions (CARE benefits)	An adjustment could be considered to the assumption for price inflation when looking at CPI inflation-linked pension increases or revaluation.	3.00% p.a. (no reduction from assumed inflation rate)

Demographic Assumptions	Technical Provisions	
	Derivation	Assumption
Mortality	Standard published tables of mortality would be adopted that have been found appropriate for the Plan. These tables would be adjusted to allow for expected future improvements in longevity.	110% of SAPS S3 Pensioner tables CMI 2021 projections with a 1.5% p.a. long term rate of improvement (smoothing parameter of 7 and W_{2020} & W_{2021} both zero)
Leaving service	Advice will be taken from the Scheme Actuary as to the appropriate withdrawal rates to adopt taking into account withdrawal experience from the Plan and the views of the Employers.	See sample rates in Appendix: Table B
Ill health	Advice will be taken from the Scheme Actuary as to the appropriate ill health rates to adopt taking into account the experience from the Plan and the views of the Employers.	See sample rates in Appendix: Table C
Retirement	Members are assumed to retire at their Normal Pension Age. No account has been taken of the possibility of members continuing to work after Normal Pension Age, but this may be reviewed in the future, taking account of the Plan's experience.	Age 60 or 65 as applicable to specific members
Age difference	Advice will be taken from the Scheme Actuary as to the appropriate age difference between spouses to adopt, taking into account experience of the Plan where plausible and the views of the Lead Employer.	Husband assumed to be 3 years older than wife

Demographic Assumptions	Technical Provisions	
	Derivation	Assumption
Proportion married	Advice will be taken from the Scheme Actuary as to the appropriate proportions married to adopt, taking into account the experience analysis of the Plan.	NDA Unisex rates See sample rates in Appendix: Table D
New entrants	The Section of the Plan is closed to defined benefit new entrants.	No allowance
Commutation	The assumption is based on recent experience.	56% of members assumed to commute the maximum amount of pension
GMP Equalisation	Allowance has been made for GMP equalisation	Calculated on a member-by-member basis
Expenses	Expenses are paid directly by the Employers.	Paid directly by Employers
Life insurance premiums	Death in service lump sums are self-insured for this Section, the cost of which is met by the Employers	Included in employer contribution rate
PPF and other levies	Paid directly by the Employers.	Paid directly by Employers
Assets	Market value taken from audited accounts (excluding members' money purchase AVC and Shift Pay Pension Plan).	Market value

Meeting the funding shortfall

The Trustee and the Lead Employer have agreed that any funding shortfall identified at an actuarial valuation should be eliminated by the payment of additional contributions. The level and period over which these additional contributions are to be paid will be agreed between the Trustee and the Lead Employer. In determining the actual recovery period at any particular valuation, the Trustee will take into account the following factors:

- the size of the funding shortfall;
- the Trustee's assessment of the financial covenant of the Lead Employer;
- the business plan of the Employers;
- any contingent security offered by the Employers; and
- the Rules of the Plan.

The assumptions to be used in these calculations will be those set out above for calculating the Technical Provisions except that they may also take account of the expected investment out-performance of Plan assets.

Other contributors

There are no agreements at present for anyone other than the Employers to make contributions.

Policy on discretionary increases

No allowance has been included in the assumptions to pay discretionary benefits or increasing benefits that are not guaranteed under the Plan rules. The Employers may direct the Trustee to increase benefits for individual members or all members.

The Trustee will not agree any benefit increase unless a specific payment is made to the Plan in respect of such an increase, or the Scheme Actuary advises that such increases can be met by any surplus.

Refund to the Employers

The Trust Deed permits refund of surplus monies to any or all of the employers who participate in the Plan, but only on the winding up of the Plan as a whole and if then the assets exceed the cost of buying out the benefits of all the beneficiaries from an insurance company.

Policy on reducing cash equivalent transfer values (CETVs)

At each valuation, the Trustee will ask the Scheme Actuary to report on the extent to which assets are sufficient to provide CETVs for all members. If the assets are insufficient to provide 100% of benefits on that basis, so that payment of full CETVs would adversely affect the security of the remaining members' benefits, and the Employers are unable or unwilling to provide additional funds, the Trustee will consider reducing CETVs as permitted under legislation.

If, at any other time, the Trustee is of the opinion that payment of CETVs at a previously agreed level could adversely affect the security of the remaining member's benefits, the Trustee will commission a report from the Scheme Actuary and will use the above criteria to decide whether, and to what extent, CETVs should be reduced.

Future actuarial valuations

The actuarial valuation under Part 3¹ is being carried out as at the effective date of 31 March 2022. All subsequent valuations will be due at three yearly intervals from this date. An actuarial report on the developments affecting the Section's funding level will be obtained as at each intermediate anniversary of that date.

The Trustee may call for a full actuarial valuation when, after considering the Scheme Actuary's advice, they are of the opinion that events have made it unsafe to continue to rely on the results of the previous valuation as the basis for future contributions. However, the Trustee will consult the Lead Employer before doing so.

Commissioning an additional valuation may not be necessary if agreement can be reached with the Lead Employer to revise the Schedule of Contributions in a way considered satisfactory by the Trustee and the Scheme Actuary.

¹ Part 3 of the Pensions Act 2004 covering Scheme funding.

This Statement of Funding Principles dated 28-Mar-2024 has been agreed by the Lead Employer and the Trustee of the Plan after obtaining advice from the Scheme Actuary.

Signed on behalf of the Lead Employer of the Plan

Signature 

Name Steve Hayton

Position Head of Group Pensions, Nuclear Decommissioning Authority

Date 28-Mar-2024

Signed on behalf of the Trustee of the Plan

Signature 

Name Mark Condron

Position on behalf of Capital Cranfield Trustees Limited

Date 28-Mar-2024

Appendix to the Statement of Funding Principles - Sample rates

A. Promotional earnings scales

Scale adjustment	
Age	Increase (p.a.)
Under 29	3.00%
30 to 34	2.50%
35 to 39	1.80%
40 to 41	1.40%
42 to 49	1.00%
Over 50	0.75%

B. Leaving service

Rates per 1000 members at each age		
Age	Withdrawal	
	Male	Female
25	37	64
30	32	55
35	27	46
40	19	35
45	12	28
50	11	27
55	13	29

C. Ill health retirement

Ill health retirement decrements		
Age	Male	Female
20	0.0000	0.0000
25	0.0001	0.0000
30	0.0001	0.0001
35	0.0003	0.0001
40	0.0005	0.0004
45	0.0011	0.0008
50	0.0023	0.0016
55	0.0045	0.0035

D. Proportions married

Age	% Male and Female
20	75
30	75
40	75
50	82
60	79
70	81
80	77
90	74

Schedule of Contributions

This Schedule of Contributions for the GPS SLC Section of the Combined Nuclear Pension Plan ("the Plan") has been prepared by the Trustee of the Plan, after obtaining the advice of Mark McClintock FIA, the Scheme Actuary. This Schedule of Contributions, put in place for the Scheme, supersedes the previous schedule dated 19 May 2023.

This Schedule of Contributions is an update from the previous version, following the change in the benefit structure from final salary to CARE in respect of the future accrual of benefits from the CARE Commencement Date. The CARE Commencement Date is defined as 1 April 2024.

The contribution rates and payment dates have been agreed between the Trustee and the Nuclear Decommissioning Authority ("the Lead Employer"). The Employers are Sellafield Limited, Magnox Limited, LLW Repository Limited and International Nuclear Services Limited. The Trustee and the Lead Employer have signed this schedule.

Contributions to be paid to the Plan for the period from 1 April 2022 to 31 March 2032

Contributions in respect of future service

1) GPS Benefit Structure

Contributions in respect of future service

Contributions up to the CARE Commencement Date

Member Contributions:	<i>5.0% p.a. of Pensionable Earnings</i>
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Employer Contributions:

<i>1 April 2022 to the CARE Commencement Date:</i>	<i>25.0% p.a. of Pensionable Earnings</i>
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Member contributions from the CARE Commencement Date to 31 March 2025

<i>Earning bands for the year commencing from the CARE Commencement Date</i>	<i>Active members' contribution rate (% p.a. of Pensionable Earnings)</i>
<i>£13,944 or less</i>	<i>5%</i>
<i>£13,945 to £54,509</i>	<i>5.66%</i>
<i>£54,510 to £190,147</i>	<i>6%</i>
<i>More than £190,148</i>	<i>6%</i>

Member contributions from 1 April 2025 to 31 March 2026

<i>Earning bands for the year commencing from 1 April 2025</i>	<i>Active members' contribution rate (% p.a. of Pensionable Earnings)</i>
<i>£13,944 or less</i>	<i>5%</i>
<i>£13,945 to £54,509</i>	<i>6.33%</i>
<i>£54,510 to £190,147</i>	<i>7%</i>
<i>More than £190,148</i>	<i>7%</i>

Member contributions from 1 April 2026 to 31 March 2027

<i>Earning bands for the year commencing from 1 April 2026</i>	<i>Active members' contribution rate (% p.a. of Pensionable Earnings)</i>
<i>£13,944 or less</i>	<i>5%</i>
<i>£13,945 to £54,509</i>	<i>7%</i>
<i>£54,510 to £190,147</i>	<i>8%</i>
<i>More than £190,148</i>	<i>8%</i>

Member contributions from 1 April 2027

<i>Earning bands for the year commencing from 1 April 2027</i>	<i>Active members' contribution rate (% p.a. of Pensionable Earnings)</i>
<i>£13,944 or less</i>	<i>5%</i>
<i>£13,945 to £54,509</i>	<i>7%</i>
<i>£54,510 to £190,147</i>	<i>9%</i>
<i>More than £190,148</i>	<i>11%</i>

The Pensionable Earnings bands in the tables above shall be increased each 1 April in line with the annual CPI increase from the preceding September, subject to a minimum of 0%.

Employer contributions from the CARE Commencement Date

Earning bands for the year commencing from the CARE Commencement Date	Employer contribution rate (% p.a. of Pensionable Earnings)
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CARE Commencement Date to 31 March 2025	25.0%
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1 April 2025 to 31 March 2026	25.0%
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1 April 2026 to 31 March 2027	25.0%
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From 1 April 2027	25.0%
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The above contributions are to be paid to the Plan on a monthly basis. All contributions shall fall due on the last day of each calendar month in respect of that month, and shall be paid by the 19th of the subsequent month.

2) New Joiners Benefit Structure

Employers' contributions depend on the level of contributions each member of the New Joiners Benefit Structure elects to pay. As follows:

Member Contributions	Employers' Contributions
3%	8%
4%	9.5%
5%	11%
6%	12.5%
7% or more	13.5%

Percentages relate to the members Pensionable Pay. The above member contributions are to be deducted from earnings by the Employers and all contributions to be paid to the Plan on or before the 19th of each following month.

3) Shift Pay Pension Plan

Member Contributions:	Minimum 5.0% p.a. of Pensionable Shift Pay
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Employer Contributions:

1 April 2022 to the CARE Commencement Date:	25.0% p.a. of Pensionable Shift Pay
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Member contributions from the CARE Commencement Date to 31 March 2025

<i>Earning bands for the year commencing from the CARE Commencement Date</i>	<i>Active members' contribution rate (% p.a. of Pensionable Shift Pay)</i>
<i>£13,944 or less</i>	<i>5%</i>
<i>£13,945 to £54,509</i>	<i>5.66%</i>
<i>£54,510 to £190,147</i>	<i>6%</i>
<i>More than £190,148</i>	<i>6%</i>

Member contributions from 1 April 2025 to 31 March 2026

<i>Earning bands for the year commencing from 1 April 2025</i>	<i>Active members' contribution rate (% p.a. of Pensionable Shift Pay)</i>
<i>£13,944 or less</i>	<i>5%</i>
<i>£13,945 to £54,509</i>	<i>6.33%</i>
<i>£54,510 to £190,147</i>	<i>7%</i>
<i>More than £190,148</i>	<i>7%</i>

Member contributions from 1 April 2026 to 31 March 2027

<i>Earning bands for the year commencing from 1 April 2026</i>	<i>Active members' contribution rate (% p.a. of Pensionable Shift Pay)</i>
<i>£13,944 or less</i>	<i>5%</i>
<i>£13,945 to £54,509</i>	<i>7%</i>
<i>£54,510 to £190,147</i>	<i>8%</i>
<i>More than £190,148</i>	<i>8%</i>

Member contributions from 1 April 2027

<i>Earning bands for the year commencing from 1 April 2027</i>	<i>Active members' contribution rate (% p.a. of Pensionable Shift Pay)</i>
<i>£13,944 or less</i>	<i>5%</i>
<i>£13,945 to £54,509</i>	<i>7%</i>
<i>£54,510 to £190,147</i>	<i>9%</i>
<i>More than £190,148</i>	<i>11%</i>

The Pensionable Shift Pay bands in the tables above shall be increased each 1 April in line with the annual CPI increase from the preceding September, subject to a minimum of 0%.

Employers’ contributions from the CARE Commencement Date

<i>Earning bands for the year commencing from the CARE Commencement Date</i>	<i>Employer contribution rate (% p.a. of Pensionable Shift Pay)</i>
<i>CARE Commencement Date to 31 March 2025</i>	<i>25.0%</i>
<i>1 April 2025 to 31 March 2026</i>	<i>25.0%</i>
<i>1 April 2026 to 31 March 2027</i>	<i>25.0%</i>
<i>From 1 April 2027</i>	<i>25.0%</i>

The above contributions are to be paid to the Plan on a monthly basis. All contributions shall fall due on the last day of each calendar month in respect of that month, and shall be paid by the 19th of the subsequent month.

Contributions in respect of Additional Voluntary Contributions

Any Additional Voluntary Contributions which members have chosen to make, whether invested on a defined contribution basis or used to purchase added pension, are payable in addition to the above contribution rate and are to be paid on or before the 19th of the month after the month they have been deducted from members’ earnings.

Contributions in respect of benefit augmentations

The Employers will pay any contributions required to meet any benefit augmentations granted or benefit improvements as agreed with the Scheme Actuary.

Contributions in respect of administration expenses and other costs

Any costs, charges and expenses incurred by the GPS SLC Section of the Plan and levies payable to the Pension Protection Fund will be met directly by the Employers unless the Lead Employer dictates that they are met from the assets of the GPS SLC section or by the Lead Employer.

Pensionable Earnings

The definition of Pensionable Earnings is the gross annual rate of basic pay excluding Pensionable Shift Pay but including (i) pensionable allowances; (ii) responsibility allowances; and (iii) any other emoluments included within the definition of Pensionable Earnings for purposes of the GPS Benefit Structure.

Pensionable Pay

The definition of Pensionable Pay is all gross sums received annually by a member in terms of (a) salary or wages, excluding overtime but including Pensionable Shift Pay; (b) responsibility allowances; and (c) any other emoluments that the Employer with the consent of the Lead Company declares to be reckonable as Pensionable Pay and which are notified in writing to members concerned.

Pensionable Shift Pay

The definition of Pensionable Shift Pay is (a) in respect of a GPS DB Members, that part of Shift Pay as determined by the Employers from time to time and notified to the members concerned; (b) in respect of a GPS New Joiner, half of a Member's Shift Pay. In which, 'Shift Pay' is the extra pay received by a Member by way of shift supplement in respect of shift working, or in respect of GPS New Joiners, pay designated as such by the Employer with the consent of the Section Lead Employer.

GPS SLC Section of the Combined Nuclear Pension Plan

**This Schedule of Contributions dated 28-Mar-2024 has been
agreed by the Lead Employer and the Trustee of the Plan**

Signed on behalf of the Lead Employer of the Plan

Signature



Name

Steve Hayton

Position

Head of Group Pensions, Nuclear Decommissioning Authority

Date

28-Mar-2024

Signed on behalf of the Trustee of the Plan

Signature



Name

Mark Condron

Position

on behalf of Capital Cranfield Trustees Limited

Date

28-Mar-2024

Actuary’s certification of Schedule of Contributions

Name of Plan: GPS SLC Section of the Combined Nuclear Pension Plan

Adequacy of rates of contributions

- 1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

- 2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 28-Mar-2024.

The certification of the adequacy of the rates of contributions for the purpose of ensuring that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Plan’s liabilities by the purchase of annuities, if the GPS SLC Section of the Combined Nuclear Pension Plan were to be wound up.

Signature		Date		28-Mar-2024
Name	Mark McClintock	Qualification	Fellow of the Institute and Faculty of Actuaries	
Address	Isio Group Limited 10 Norwich Street London EC4A 1BD			