

The Royal Shakespeare Theatre Pension Scheme

The Royal Shakespeare Theatre, Waterside, STRATFORD UPON AVON, CV37 6BB

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DATE: October 2019

Dear Member,

Summary Funding Statement for the year ended 31 March 2019

Purpose of statement

This statement is issued on behalf of the Trustees of the Royal Shakespeare Theatre Pension Scheme ("the Scheme"), with the aim of providing information about the Scheme's funding position. This information is required to be provided to all members by the Trustees and is provided annually.

Scheme Specific Funding Valuation results

The most recent actuarial valuation of the Scheme has been carried out as at 31 March 2017 and an annual updating report was produced as at 31 March 2018. The funding positions at these dates are shown below alongside the results at 31 March 2019:

	31 March 2019	31 March 2018	31 March 2017
	£m	£m	£m
Market Value of Assets	26.15 ¹	25.43 ¹	26.20
Value of Technical Provisions ²	(25.23)	(24.99)	(24.98)
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Past Service (Shortfall)/Surplus ³	0.92	0.44	1.22
Funding Level	104%	102%	105%

¹Unaudited asset value. The final audited value of the assets may be slightly different to that shown.

²Otherwise referred to as the "liabilities"

³Figures may not add up due to rounding

There was no shortfall identified in the most recent formal actuarial valuation as at 31 March 2017. As a result, the Royal Shakespeare Company is currently not required to pay additional contributions into the Scheme. The Trustees agreed that they would review this position annually following each updating report and request that the Royal Shakespeare Company considers making an additional contribution if appropriate. No shortfall was revealed at the annual reviews as at 31 March 2018 and 31 March 2019.

The next formal actuarial valuation of the Scheme is due to take place as at 31 March 2020.

Change in Funding Position

Since the formal valuation of the Scheme as at 31 March 2017, the funding position worsened over the year to 31 March 2018. This was mainly due to the Scheme's investments attaining a lower level of return over the year than had been assumed.

Since the annual update to the valuation as at 31 March 2018, the funding position has improved over the year to 31 March 2019. This was mainly due to the Scheme's investments attaining a higher level of return over the year than had been assumed.

Solvency Funding Position

As at 31 March 2017 it was estimated that the amount required to secure the benefits of the Scheme in full with an insurance company in the event of the Scheme winding-up was £42.0m i.e. a shortfall of £15.8m. This figure is just an indication and does not imply that the Trustees or Royal Shakespeare Company are considering winding up the Scheme.

The Scheme has additional security in place in the form of a legal mortgage over certain properties. Under the terms of this mortgage (and only in the event of insolvency of the Royal Shakespeare Company) the Scheme may receive the lowest of the amount of the funding deficit as calculated on the basis prescribed by the Pension Protection Fund, the proceeds of the sale of the secured properties, or £5million.

Payment to the Royal Shakespeare Company and intervention by the Pensions Regulator

There has not been any payment to the Royal Shakespeare Company out of the Scheme's funds since the last statement was issued, or in the past 12 months. There has been no intervention by the Pensions Regulator to date.

For and on behalf of
The Trustees of the Royal Shakespeare Theatre Pension Scheme

Date of Issue: October 2019

If you have any questions regarding this statement of the Scheme, contact information is as follows:

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Scheme Administrator
XPS Administration
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Please see the enclosed Notes

NOTES

1) Operation of the Scheme

The Royal Shakespeare Theatre Pension Scheme is a defined benefit scheme. This means that the money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual. The Trustees' objective is for the fund to be sufficient to pay pensions now and in the future.

The Scheme closed to future accrual of benefits for members with effect from 30 June 2012. As a result, members of the Scheme no longer pay contributions into the Scheme. The Royal Shakespeare Company pay the amount needed to meet the Trustees' objective. The Trustees obtain regular valuations of the benefits earned by members, at least every 3 years. Using this information, the Trustees come to an agreement with the Royal Shakespeare Company on the level of future contributions to be paid. Successfully achieving the Trustees' funding objective relies on the Royal Shakespeare Company continuing to support the Scheme.

2) What would happen if the Scheme started to wind up?

If the Scheme winds up in the future, you might not get the full amount of pension you have built up even if the Scheme is fully funded under our ongoing funding objective.

The Royal Shakespeare Company would be required to pay enough into the Scheme to enable members' benefits to be completely secured with an insurance company. If the Royal Shakespeare Company became insolvent and was unable to pay this amount in full, the *Pension Protection Fund ("PPF")* might be able to take over the Scheme and pay compensation to members.

Further information and guidance is available on the PPF's website at www.pensionprotectionfund.org.uk. Alternatively, you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

3) What is the scheme invested in?

The Trustees' policy is currently to invest in a broad range of assets depending on asset class limits, including company shares, government bonds, company bonds and cash.

The Trustees have implemented an investment strategy that removes most of the risks associated with changing long term interest rates and inflation expectations. Therefore changes in liabilities, due to any fluctuations in interest rate and inflation rate expectations, will be largely offset by a corresponding change in the value of assets. This method of protecting the Scheme against market movements is called 'hedging' and is used to protect the funding level of the Scheme.

4) Leaving the Scheme

If you are thinking of leaving the Scheme for any reason, you should consult a professional advisor, such as an independent financial advisor, before taking any action.

5) Change of address

Please help us to keep in touch with you by telling us if you change address.

6) Additional documents available on request

Further information about the Scheme is available on request (*a charge may be incurred*). The available documents are listed below:

Statement of Funding Principles - sets out the Scheme's funding plan

Statement of Investment Principles - explains how the Trustees invest the Scheme funds

Schedule of Contributions - shows how much money is being paid into the Scheme

Annual Report and Accounts - shows the Scheme's income/expenditure in the year up to 31 March 2018

Full report on the actuarial valuation – shows in detail the Scheme's situation as at 31 March 2017

Annual updating report – shows the update in the Scheme's situation as at 31 March 2019

The Royal Shakespeare Theatre Pension Scheme Summary of Benefits Booklet – sets out the various benefits provided by the Scheme