

A hand holding a crystal ball that reflects a landscape with trees and water. The image is partially obscured by a white text box and decorative orange and yellow wavy patterns.

# Actuarial report as at 5 April 2025

**Plumbing & Mechanical Services (UK)  
Industry Pension Scheme**

8 October 2025

# Summary

The main results of this actuarial report and those from the latest actuarial valuation are as follows:

- The technical provisions funding level as at 5 April 2025 has decreased slightly to around 98% over the year.
- Shortfall of assets relative to technical provisions is estimated to have increased to £26 million over the year

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Throughout this report the following terms are used:

#### Scheme

Plumbing & Mechanical Services (UK)  
Industry Pension Scheme

#### Trustee

Plumbing Pensions (UK) Limited

#### Employer

Plumbing Pensions Employers  
Limited

#### Employers

All participating employers,  
represented by Plumbing Pensions  
Employers Limited

#### Trust Deed & Rules

The Scheme's Trust Deed and Rules  
dated 20 September 2007 and  
subsequent amendments

# Introduction

## Scope

This is the actuarial report in respect of the Plumbing & Mechanical Services (UK) Industry Pension Scheme as at 5 April 2025 and I have prepared it for the Trustee in my capacity as Scheme Actuary. As noted in the Limitations section of this report, others may not rely on it.

The actuarial report is required under and complies with Part 3 of the Pensions Act 2004 in years when a full actuarial valuation is not conducted; a copy of this report must be provided to the Employers within seven days of its receipt.

The main purpose of the actuarial report is to provide an approximate update of the development in the financial position of the Scheme relative to its statutory funding objective since the latest actuarial valuation. It should be considered in conjunction with the report dated 27 June 2024 on the actuarial valuation as at 5 April 2023 and the actuarial report as at 5 April 2024 dated 5 December 2024, which form component communications for the purposes of this funding update.

This report and the work involved in preparing it are within the scope of and comply with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) and Technical Actuarial Standard 300: Pensions (TAS 300) published by the Financial Reporting Council. This confirmation is provided on the basis that no decisions will be made on the basis of this communication. As no decisions are being made, I have made no allowance for any events after 5 April 2025.

For TAS purposes, the sole “user” of this material is the Trustee of the Plumbing & Mechanical Services (UK) Industry Pension Scheme.

## Next steps

The Trustee is required to disclose to members, in a summary funding statement, certain outcomes of this actuarial valuation within a reasonable period. Members may also request a copy of this report.

The financial position of the Scheme will be reviewed at the next actuarial valuation, which is expected to be carried out as at 5 April 2026.



**Nicola Mackay FIA C.Act**  
**Fellow of the Institute and Faculty of Actuaries**  
**8 October 2025**

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## Limitations

### Third parties

This report has been prepared for the Trustee for the purpose indicated. It has not been prepared for any other purpose. As such, it should not be used or relied upon by any other person for any other purpose, including, without limitation, by individual members of the Scheme for individual investment or other financial decisions, and those persons should take their own professional advice on such investment or financial decisions. Neither I nor Towers Watson Limited accepts any responsibility for any consequences arising from a third party relying on this report.

Except with the prior written consent of Towers Watson Limited, the recipient may not reproduce, distribute or communicate (in whole or in part) this report to any other person other than to meet any statutory requirements.

### Data supplied

The Trustee bears the primary responsibility for the accuracy of the information provided, but will, in turn, have relied on others for the maintenance of accurate data. Even so it is the Trustee's responsibility to ensure the adequacy of these arrangements. I have taken reasonable steps to satisfy myself that the data provided is of adequate quality for the purposes of the investigation, including carrying out basic tests to detect obvious inconsistencies. These checks have given me no reason to doubt the correctness of the information supplied and I am not aware of any material bias in the data. It is not possible, however, for me to confirm that the detailed information provided, including that in respect of individual members and the asset details, is correct.

In particular, in relation to the assets, we have based our calculations on the audited Trustee Report & Accounts provided by Plumbing Pensions Administration Limited. We understand that the asset value has been assessed on an ongoing basis. It should be noted that if all of the Scheme's assets were to be realised at short notice, the amount raised may be lower than the value in the asset statement. This is particularly the case for the Scheme's illiquid assets and buy-in policies where, in the unlikely event of them being terminated, the surrender value may be significantly lower than the amount required to replace them.

This report has been based on data available to me as at the effective date of the actuarial report and takes no account of developments after that date except where explicitly stated otherwise.

### Methodology

In carrying out the estimates of the updated financial position of the Scheme, I have not carried out full liability valuation calculations. Instead, I have estimated how the position may have moved over the year to 5 April 2025 using approximate methods.

The approach taken to calculate the estimates will not be as robust as the calculations performed as part of a full actuarial valuation, but should be sufficient, in normal circumstances, to obtain a reasonable indication of how the funding position might have moved since the last assessment.

It is not possible to determine the impact on the liability calculations of adopting a roll-forward approach compared with a full valuation without undertaking the full valuation calculations. We are not aware of any approximations within our liability calculations which would be expected to lead to a material difference from an accurate calculation using full member data. However, as we have not allowed for actual membership movements during the year, it is possible that a full valuation at 5 April 2025 may lead to materially different liability calculations than are contained within this report.

The funding of the Scheme is subject to a number of risks and it is not possible to make an allowance for all such risks in providing our advice. Unless stated, and as no decision is being made, no explicit allowance has been made for any particular risk. Risks were considered as part of the formal funding valuation; these have not been reassessed and you should refer to our report dated 27 June 2024 for more details. In particular, further information about how climate-related risks have been taken into account is set out in the

report mentioned above. We would be happy to extend the scope of our work so as to consider any further material matters or risks that you consider may be relevant.

In some cases I may have made non-material judgements, but these judgements do not warrant further commentary given their low materiality.

# Funding

## Statutory funding objective

The Trustee's only formal funding objective is the statutory funding objective under the Pensions Act 2004, which is to have sufficient and appropriate assets to cover the Scheme's technical provisions.

The method and assumptions for calculating the technical provisions as at 5 April 2023 were agreed between the Trustee and Employers and documented in the Statement of Funding Principles dated 24 June 2024.

The table below summarises the main financial assumptions used to estimate the Scheme's technical provisions for this actuarial report, the actuarial report at 5 April 2024 and the latest actuarial valuation.

Financial assumptions	
Discount Rate	<b>WTW's GBP Zero Coupon Gilt Nominal Yield curve plus 0.5% pa at all durations</b>
RPI inflation	<b>WTW's Gilt-based RPI curve</b>
CPI inflation	<b>RPI with a reduction of 1% pa to 2030 and 0% pa thereafter</b>
Increases pre-retirement:	
- Credits accrued before 6 April 2004	<b>CPI + 0.5% pa</b>
- Credits accrued after 5 April 2004	<b>RPI</b>
- Credits accrued on the 2017 Benefits Scale	<b>CPI</b>
Pension increases in payment:	
- Credits accrued before 6 April 1997	<b>Nil</b>
- Credits accrued between 6 April 1997 and 5 April 2005	<b>CPI capped at 5% pa, allowing for volatility using the Black model</b>
- Credits accrued after 5 April 2005	<b>CPI capped at 2.5% pa, allowing for volatility using the Black model</b>

Financial assumptions	5 April 2025 % pa	5 April 2024 % pa	5 April 2023 % pa
Discount rate	<b>5.5</b>	5.0	4.2
RPI inflation	<b>3.3</b>	3.5	3.5
CPI inflation	<b>3.0</b>	3.1	3.1
Increases pre-retirement			
- Credits accrued before 6 April 2004	<b>3.5</b>	3.6	3.6
- Credits accrued after 5 April 2004	<b>3.3</b>	3.5	3.5
- Credits accrued on the 2017 Benefits Scale	<b>3.0</b>	3.1	3.1
Pension increases in payment:			
- Credits accrued before 6 April 1997	<b>Nil</b>	Nil	Nil
- Credits accrued between 6 April 1997 and 5 April 2005	<b>3.0</b>	3.0	3.0
- Credits accrued after 5 April 2005	<b>2.1</b>	2.1	2.1

I regard the financial assumptions adopted for this actuarial report as consistent with those used for determining the Scheme's technical provisions at 5 April 2023, adjusted for changes in market conditions, and in my view they are appropriate for the purpose of this actuarial report.

The demographic assumptions used for the purposes of this update are consistent with those adopted for the actuarial valuation as at 5 April 2023, as set out in the Scheme's Statement of Funding Principles dated 24 June 2024.

However, if the Trustee and Employer were to consider all the assumptions in detail as part of a formal valuation process it is likely that some of these assumptions would change.

There is no allowance in the assumptions underlying the technical provisions for any future discretionary increases to benefits.

I have included an allowance of 1.8% of the liabilities in my calculations for the potential cost of equalising GMPs. This is consistent with the approach adopted for the previous valuation. As such, please note that this estimate makes no explicit allowance for the cost of equalising GMPs for historical transfers out.

I am not aware of, and no allowance has been made in the valuation for, the benefits being different from those described in the Scheme's governing documents due to execution risks such as those arising in the Virgin Media case or other conflicts with legislation.

Overall, in accordance with the Scheme Funding legislation, the assumptions underlying the technical provisions have been chosen prudently and there has been no material change in the level of prudence relative to the technical provisions at 5 April 2023.



The table below compares the estimated technical provisions as at the effective date of the actuarial report with the market value of the Scheme's assets and the corresponding figures from the latest actuarial valuation:

Valuation statement	5 April 2025 £m	5 April 2024 £m	5 April 2023 £m
Technical provisions	1,203	1,287	1,439
Market value of assets	1,177	1,284	1,430
Past service (deficit)/surplus (assets less technical provisions)	(26)	(3)	(9)
Funding level (assets ÷ technical provisions)	98%	99%	99%

### Developments since the latest valuation

The funding level is estimated to have slightly decreased to around 98% since the previous valuation. Both the assets and liabilities have fallen due to the increase in gilt yields, and the funding strategy is designed so that they will move broadly in line with each other. The pre-retirement increases to members' pre 2004 credits as required under the scheme rules were higher than assumed over the year, due to higher national average earnings increases.



## Glossary

This glossary describes briefly the terminology of the regime for funding defined benefit pension schemes as introduced by the Pensions Act 2004.

**Actuarial report:** A report prepared by the Scheme Actuary in years when an actuarial valuation is not carried out that provides an update on developments affecting the Scheme's assets and technical provisions over the year.

**Actuarial valuation:** A report prepared by the Scheme Actuary that includes the results of the calculation of the technical provisions based on the assumptions specified in the Statement of Funding Principles and assesses whether the assets are sufficient to meet the statutory funding target.

**Demographic assumptions:** Assumptions relating to social statistics for Scheme members, which can affect the form, level or timing of benefits members or their dependants receive. This can include levels of mortality experienced by the Scheme and the proportion of members electing to exercise benefit options.

**Discount rates:** Assumptions used to place a capital value at the valuation date on projected future benefit cash flows from the Scheme. The lower the discount rate the higher the resulting capital value.

**Financial assumptions:** Assumptions relating to future economic factors which will affect the funding position of the Scheme, such as inflation and investment returns.

**Funding target/objective:** An objective to have a particular level of assets relative to the accrued liabilities of the Scheme. See also statutory funding objective.

**Prudence:** Regulations require that assumptions are chosen prudently when assessing the level of technical provisions, although they do not define this term. I have interpreted prudence to be the

level of conservatism in the assumptions. Where this is interpreted quantitatively, assumptions said to be prudent would result in higher technical provisions than a "best estimate" assumption (where a "best estimate" assumption is one where there is a 50% chance that the actual outcome will be higher or lower than assumed).

**Scheme Actuary:** The individual actuary appointed (under the Pensions Act 1995) by the Trustee to perform certain statutory duties for the Scheme.

**Statement of Funding Principles (SFP):** The SFP sets out the trustees' policy for ensuring that the statutory funding objective and any other funding objectives are met and, in particular, the assumptions for calculating the technical provisions at the effective date of the actuarial valuation. The trustees are responsible for preparing and maintaining this document, taking into account the advice of the Scheme Actuary and in many cases seeking the agreement of the employer.

**Statement of Investment Principles (SIP):** The SIP sets out the trustees' policy for investing the Scheme's assets. The trustees are responsible for preparing and maintaining this document, taking into account written investment advice from the appointed investment advisor and consulting the employer before any changes are made.

**Statutory funding objective:** To have sufficient and appropriate assets to cover the Scheme's technical provisions.

**Summary funding statement:** An update sent to members following the completion of each actuarial valuation or actuarial report informing them of the assessed financial position of the Scheme.

**Technical provisions:** The amount of assets required to make provision for the accrued liabilities of the scheme. The technical provisions are calculated using the method and assumptions set out in the Statement of Funding Principles.