



**By Email**

Sir Stephen Timms MP  
Chair, Work and Pensions Committee

Date: 18 January 2023

Dear Sir Stephen,

**Re: Work and Pensions Committee - LDI inquiry**

Thank you for your letter of 21 December regarding the evidence Evan and I gave to the Work and Pensions Committee. We were grateful to be able to share with the Committee details of how the Pension Protection Fund (PPF) use liability driven investment and our views on what lessons should be drawn from the market disruption experienced in September 2022.

Regarding your query about what assessment the PPF has made of changes to the value of assets in defined benefit (DB) pension schemes as a result of the gilt market disruption, I would like to draw your attention to the PPF 7800 Index.

The PPF 7800 Index is an official statistic published on a monthly basis which provides the latest estimated funding position for all eligible DB schemes. The data published in the 7800 Index update includes estimated values of total assets and liabilities held by eligible DB pension schemes, as well as various other datapoints that support analysis of the funding position of schemes. The funding position data set out in the 7800 Index is on a section 179 (s179) basis – in broad terms, a scheme's s179 liabilities represent the premium that would have to be paid to an insurance company to take on the payment of PPF levels of compensation.

7800 Index updates published since the gilt market disruption show that, despite the disruption and the possible negative impact on individual schemes, the overall position of schemes has improved.

On 10 January 2023 we published the most recent 7800 Index update which shows:

- The aggregate surplus of the 5,131 schemes in the PPF 7800 Index is estimated to have increased over the month to £376.7 billion at the end of December 2022, from a surplus of £371.5 billion at the end of November 2022.
- The funding ratio increased from 133.7 per cent at the end of November 2022 to 136.5 per cent.
- Total assets were £1,409.5 billion and total liabilities were £1,032.8 billion.
- There were 686 schemes in deficit and 4,445 schemes in surplus.

**Protecting People's Futures**

The Pension Protection Fund is a statutory fund run by the Board of the Pension Protection Fund, a body corporate, under the Pensions Act 2004

- The deficit of the schemes in deficit at the end of December 2022 was £4.5 billion, down from £5.8 billion at the end of November 2022.

Further information on the 7800 Index, including full monthly updates, can be found on the PPF website.

Yours sincerely,



**Oliver Morley**  
*Chief Executive*