

Sir Stephen Timms MP  
Chair, Work and Pensions Committee  
House of Commons  
London  
SW1A 0AA

5 January 2024

Dear Sir Stephen,

Thank you for your letter of 13 December 2023 regarding Defined Benefit (DB) pension scheme funding. I am delighted to see the Committee's interest in these statistics, following on from the work we have done to redevelop the survey. To take your questions in turn:

**1. Whether we have anything to add on the reasons identified by the PFF for the divergence between their estimates and on the value of DB scheme assets and those published from ONS' Financial Survey of Pension Schemes (FSPS).**

The current sample used in the survey began being used in Quarter 2 (April to June) 2022. However, as the FSPS is a quarterly survey, we have collected data from these schemes for more recent time periods, with our most recent bulletin covering data for January to March 2023<sup>1</sup>. The FSPS captures data on asset allocations by type of instrument for private sector defined benefit and hybrid pension schemes, including estimates of LDI pooled fund holdings. These are included in the data tables published alongside the bulletin<sup>2</sup>.

**2. Whether we plan on producing estimates of scheme funding levels in the future.**

We collect and publish data on total assets, the net derivatives balance and non-pension entitlement liabilities but do not currently publish data on pension entitlement liabilities. We have an established work programme<sup>3</sup> that recognises the demand for increased insight into UK funded occupational pensions and will explore the possibility of publishing these estimates to provide a full picture of scheme funding levels. This data will be subject to quality assurance and disclosure processes which may limit what we are able to publish.

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<sup>1</sup><https://www.ons.gov.uk/economy/investmentpensionsandtrusts/bulletins/fundedoccupationalpensionschemesintheuk/januarytomarch2023>

<sup>2</sup><https://www.ons.gov.uk/economy/investmentpensionsandtrusts/datasets/fundedoccupationalpensionschemesintheuk>

<sup>3</sup><https://www.ons.gov.uk/economy/investmentpensionsandtrusts/articles/fundedoccupationalpensionschemesintheukcurrentandupcomingwork/january2023>

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**3. Whether the FSPS is able to estimate how much of the decline in asset values is due to market disruption, rather than a reflection of asset/liability matching strategies.**

The FSPS also collects data on transactions, including acquisitions and disposals, realised and unrealised gains and losses by type of instrument, and investment income data which may provide additional insights into the questions asked by the Committee. We will explore the possibility of publishing this data, subject to quality assurance and disclosure processes. The survey does not directly ask pension schemes about their investment strategies.

Please do not hesitate to contact us if there are any further questions.

Yours sincerely,



Rebecca Richmond  
**Deputy Director, Financial Sector Accounts and Corporations**