Cavendish Nuclear Section
Autumn 2026

Pensions Update

For members of the Cavendish Nuclear Section of the Magnox Group of the Electricity Supply Pension Scheme

In this issue

- Engage with your pension
- Annual report and accounts
- Investment update
- What's new in pensions?

Magnox Electric Group Trustees
Electricity Supply Pension Scheme

Chair's message

Welcome to Pensions Update 2026, the newsletter for members of the Magnox Group of the Electricity Supply Pension Scheme. It brings you the latest news from the Group and your Section, along with general pensions information which we hope you'll find useful.

In 2025, we had another busy and productive year. A key focus has been the actuarial valuation as at 31 March 2025. We carry out a formal valuation like this at least every three years to assess the financial position of the Group. This latest valuation has been prepared in line with the new defined-benefit funding code, which places greater emphasis on long-term planning, aiming for schemes to become fully funded and less reliant on the employer over time, so strengthening the security of members' benefits.

Over the course of the year, and with the support of our advisers, we've carefully reviewed and compared the Section's assets and liabilities. This work is now complete and has been agreed between the Trustee and the Company. We're pleased with the outcome, as the Section remains in a healthy funding position. You can read more about the valuation on page 8.

This year, there have been some changes to the Trustee board. Martin Turner, Fergus Hall and Martin Veasey retired as Trustees, having each given many years of service to the Group. Through their roles on the Trustee board, as well as the Governance and Audit Committee and Investment Committee, they brought valuable expertise across a range of areas. On behalf of the Trustee board, I would like to thank them all for their commitment and the significant contribution they've made to the governance and oversight of the Group.

We also completed the 2025 member-nominated Trustee (MNT) recruitment process. This was a competitive exercise, and we were delighted by the high calibre of candidates who applied. Ceri Davies and Lisa Thomas were reappointed, and we're pleased to welcome Ashley White as a new MNT. Ashley is an active employee, working across the sites as a Programme Manager, who brings relevant operational experience and a member perspective to the Trustee board. All the appointments took effect from 1 January 2026.

In addition, we're pleased to welcome Keith Scott from Law Debenture to the Trustee board. Keith will also serve on the Investment Committee, bringing extensive experience in investment, risk and pension management, which will further strengthen the board's capabilities.

Finally, as we look ahead to 2027, we'll also keep you informed about your pension increase. Your pension increases in line with inflation, and we will publish the details on our website as soon as they're confirmed. You'll also receive a letter in April confirming your new pension rate.

Susan Jee
Chair

> **In 2025, we had another busy and productive year.**

ESPS AGM 2026

The next Electricity Supply Pension Scheme (ESPS) Annual General Meeting (AGM) will be held on Wednesday 18 November 2026 at 1pm.

Its purpose is to receive the Scheme Annual Report and Financial Statements 2025/26 and the Auditor's Report, to receive the Scheme Trustee's report and to conduct any general business.

While the event is not specific to the Magnox Group or other individual Groups of the ESPS, Magnox members are welcome to take part. You can:

- raise resolutions in advance related to the ESPS, but not the Magnox Group specifically
- attend the AGM online
- vote on resolutions.

Meeting arrangements

The Scheme's AGM is a virtual meeting, as in previous years. If you'd like to attend, you'll need to register in advance by going to: **https://fieldfisher-events.zoom.us/webinar/register/WN_WkcQmA3_Q0ae-7NOYR5N6Q#/registration**

Scan me with your phone

A 'test' meeting will also take place at 1pm on Tuesday 4 November 2026 for anyone who is new to virtual meetings. If you'd like to register for the test meeting, please go to: **https://fieldfisher-events.zoom.us/webinar/register/WN_Ov89zRXjRLeeJmtOy8r7DQ#/registration**

Scan me with your phone

Submitting a resolution

If you'd like to submit a resolution to the Scheme Secretary, you must do this in writing 28 days before the AGM.

Deadline for the receipt of resolutions:
Wednesday 21 October 2026

Email: When emailing Kevin Groves, please copy in the Company Secretary, Paul Wallis
kevin.groves@capita.com
paul.wallis@capita.com

Write to:
Kevin Groves, Scheme Secretary
The Electricity Supply Pension Scheme
Capita Pension Solutions Ltd
Hartshead House
2 Cutlers Gate
Sheffield S4 7T

Any Scheme AGM resolutions received will be subject to approval following advice from EPTL's legal advisers, Fieldfisher. Competent business for the AGM is defined as business which relates to:

- the accounts of the Scheme
- the proper functions of the Scheme Trustee
- matters which have an effect on the Scheme's members specifically.

If you'd like to know more about the ESPS, including the minutes of the previous Scheme AGMs, please go to **espspensions.co.uk**

Scheme noticeboard

Engage with your pension

The Scheme administrator, Broadstone, is launching a new secure member portal called Engage. This will replace myESPS in the coming months. You can use it to keep track of your pension and understand more about your benefits. You'll be able to log in securely to:

- see the value of your pension
- update your personal details
- review and update your nomination
- run a retirement illustration
- request a transfer value
- check your AVCs
- view your pension payslips and P60s (pensioners only)

Registering with Engage
Look out for your activation code that we'll be sending you shortly, which you can use along with your date of birth and your National Insurance number to set up secure access to your account.

Is your nomination up to date?

Please remember to make sure that you've completed a nomination of beneficiaries and that you keep it up to date whenever your circumstances or wishes change. The Group Trustee is responsible for deciding who should receive a tax-free lump sum from your pension if you die before claiming it (or you die within the first five years of retiring), but it takes your wishes into account. Therefore an up-to-date nomination is essential, especially if your situation is complicated.

Please make sure that you check your nomination regularly and update it whenever your circumstances change, such as if you get married or divorced, enter or leave a civil partnership or become a parent.

You can update your nomination at any time by logging in to your account. You can do this at **magnox.myesps.co.uk** up until the point that Engage launches, when you can use Engage.

Pensions dashboards update

The Government's pensions dashboards programme is set to transform the way we interact with our pensions and help us all plan for retirement more effectively. When ready, the dashboards will allow you secure online access to information in one place about all your pensions that aren't yet in payment. This includes the State pension.

Our Scheme has connected to the dashboards' ecosystem, but it won't be until the autumn of 2026 at the earliest that all the UK's pension schemes are connected, ahead of a public launch in 2027. You don't need to do anything or provide any information.

Please be aware that scammers may attempt to take advantage of the project as it gains momentum and greater public awareness. At no point will anyone from pensions dashboards contact you to ask for confirmation of your data.

Free Wills month

Make or update your Will for free. If you're aged 55 or over, Free Wills Month brings together a group of charities to offer you the opportunity to have a simple Will written or updated free of charge by selected solicitors across the UK. An up-to-date Will written by a solicitor ensures your wishes are respected and avoids difficult decisions and legal complications for your loved ones. Starting on 1 October 2026, Free Wills Month allows you to provide for family and friends as well as leave a gift to your chosen charities too, although there's no obligation to do so.

Find out more at **freewillsmonth.org.uk**

Tax and your State pension

The State Pension was increased in April 2026 by 4.8%, bringing the full rate of the new State Pension to £241.30 a week (£12,547 a year). This is now very close to the current personal allowance of £12,570, which is the amount of income you can have before you start paying tax. As a result, you may well have seen a change in the amount of tax you pay on your Scheme pension.

Broadstone can't answer any queries you have about your tax code or contact the tax office on your behalf. They can only apply the tax code provided to them by HMRC.

If you think your tax code is wrong, please contact HMRC **0300 200 3300**, Monday to Friday: 8am to 6pm.

Looking after the Group

The Group is run by the Trustee Board, which currently consists of:

Susan Jee, Chair

Ann Lee

Emma New, Chair of the Governance and Audit Committee

Bill Root*

Billy Davies*

Ceri Davies*

Joanna Matthews, Chair of the Investment Committee

Keith Scott

Lisa Thomas*

Ashley White*

*member-nominated Trustee director

This information is taken from the Group's report and accounts for the year to 31 March 2026. If you'd like to see a copy of the final report, it's available on the Group website from August.

Financial update 2026

The Cavendish Nuclear Section year at a glance

As at 31 March 2026, the net asset value of the Section was **£51.6 million**

During the year, the Section paid benefits to members totalling **£1.9 million**

Investment update

The Group Trustee sets the investment strategy for each Section of the Scheme, taking advice from its professional investment advisers. The aim is to make sure that your Section has enough money to pay pensions to members now and in the future. The strategy to achieve this is set out in a formal document called the Statement of Investment Principles (SIP).

If you'd like to understand more about the Section's investments, you can find a copy of the latest SIP and the accompanying Implementation Statement on the Group website.

Financial highlights

year ending 31 March 2026

Value at the start of the year
£49.0m

+

Contributions and income
£1.4m

−

Benefits paid to members
(£1.9m)

+

Net investment returns
£3.1m

=

Value at the end of the year
£51.6m

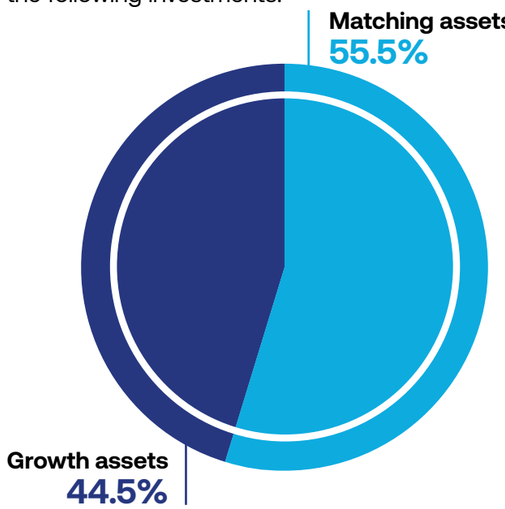
Changes during the year

We continue to monitor the investment strategy closely and look for ways to improve risk management within the portfolio. As part of this approach, we recently added insurance-linked securities to the growth portfolio.

These investments offer a diversified source of return because they are linked to insurance-related events rather than traditional financial markets, helping to improve the portfolio's overall resilience.

How are the assets invested?

Our focus is on preserving the funding position of the Section to make sure there are enough assets to pay members' benefits. The assets are invested in a way to match the change in the value of the liabilities, so protecting the funding surplus. As at 31 March 2026, the assets of the Section were allocated to the following investments:



The investments are split between matching and growth assets:

- Matching assets are designed to move with changes in value in the Section's liabilities to help protect the funding position. Matching assets include liability driven investment (LDI), cash and investment grade corporate bonds.
- Growth assets help to improve the funding position. They include investments in equities, private credit, return-seeking bonds and insurance-linked securities.

Summary funding statement

This statement explains the funding that supports your benefits in the Cavendish Nuclear Section of the Magnox Group of the Electricity Supply Pension Scheme. We provide you with a statement like this every year.

Understanding this statement

Every three years, the Scheme Actuary carries out an actuarial valuation, looking at the Section's position at a given date, in our case 31 March. This involves comparing the value of the promises to pay members' pensions, also known as the liabilities, with the value of the assets. The funding level is the percentage of the liabilities that can be covered by the assets. If it is less than 100%, there is said to be a funding shortfall; if it is higher than 100%, there is a surplus.

The Section's assets are held in a common fund, from which benefits are paid, rather than in separate accounts for each individual member.

The latest position

In the years between valuations, the Actuary also provides an estimated update of the funding level. The most recent valuation looked at the position as at 31 March 2025 and the results are shown in the table below, along with the update as at 31 March 2026.

	Valuation 31 March 2025	Update 31 March 2026
Assets of the Cavendish Nuclear Section*	£48.3m	£51.0m
Liabilities (amount needed to provide benefits)	£45.9m	£46.5m
Surplus	£2.4m	£4.5m
Funding level	105%	110%

* Excluding AVCs, which are invested separately and not included in the liability figures.

The 2024 summary funding statement reported that the funding level was 102% as at 31 March 2024. The funding level improved slightly over the year to 31 March 2025. This was mainly due to positive investment performance compared to expectations and Company contributions paid to cover the cost of benefits being built up by active members, which were higher than the current cost of those benefits. The valuation at 31 March 2025 showed that the Section had a surplus of £2.4 million. The funding level is estimated to have improved by around 5% during the year since then due to positive investment performance compared to expectations, in addition to higher Company contributions covering the cost of benefits being built up by active members.

What is the solvency position?

As part of the valuation, the Actuary also estimated what the position would have been if the Trustee had wound up the Section and secured all members' benefits at that time through individual insurance policies with an insurer. This is called the solvency, or buyout, position. On this basis as at 31 March 2025, there was a shortfall of £6.3 million, which is a funding level of 89%.

Please note that we're legally required to provide this information. It's also worth noting that a solvent employer can only wind up a scheme if 100% of the benefits can be secured with an insurance company. In addition, further protection for members may be provided by legislation, including the Electricity Act 1989 and the Energy Act 2004.

In the unlikely event that the Group was to be wound up because the employer had become insolvent and there was no longer enough money, the Pension Protection Fund (PPF) may be able to take over the Group and pay compensation to members, subject to a cap.

Further information and guidance are available on the PPF's website at **ppf.co.uk**

Other things we need to share with you

The Pensions Regulator has the power to intervene in the running of a pension scheme, to change the way benefits are built up, impose a Schedule of Contribution or give directions about how liabilities should be calculated. No such intervention has been necessary for the Group.

We also need to tell you that no payments have been made to Cavendish Nuclear Limited or any other participating employer during the last 12 months from the Group.

Climate-change report

Every year, the Trustee produces a climate-change report, which describes how the Group identifies, assesses and manages the investment opportunities and risks presented by climate change.

You can find the report at **www.espspensions.co.uk/#useful-documentation** and selecting the TCFD tab. The Magnox Group is covered on pages 13-15, 74-79 and 186-191.

Pensions news

Death benefits and inheritance tax: the essentials

You may have seen in the news that inheritance tax (IHT) rules are to change from April 2027, with potential implications for some pension benefits. Here's a simple guide based on current draft legislation. Please note that further regulations and guidance from HMRC are expected to be published between now and April 2027, which will set out the detailed rules and processes related to these changes.

What won't be affected?

The good news is that benefits paid as pension income from the Group are not subject to IHT. This includes pensions for spouses or civil partners, dependants and children. In addition, any death-in-service benefit (namely, a benefit paid in respect of a member as a result of them being in employment immediately before their death) will not be subject to IHT.

What might be affected?

The following benefits may be subject to IHT depending on who receives them:

- Unused AVC funds
- Five-year guarantee payments
- Certain lump sums payable on death after retirement or on leaving service.

Please note that payments made to a spouse, civil partner or charity are exempt and will not be subject to IHT.

What is subject to IHT?

Payments that are made directly to your estate, such as a return of contributions.

Next steps

As mentioned, further clarification is still expected in regulations and HMRC guidance. However, it's a good idea to check that your expression of wish form is up to date. You might also want to take financial advice if you're unsure how the changes could impact you.

If you have any questions, please contact the Scheme administrator, using the details on the back page.

The first line of defence against impersonation fraud... is you

The Pensions Regulator is warning members about an increase in impersonation fraud, where scammers pretend to be pension scheme members to gain access to their pension.

They do this by hacking into emails to intercept correspondence between members and their pension scheme. Once scammers obtain enough personal information about you to impersonate you, they arrange for bank account details to be changed or fake pension accounts to be set up in your name. Money is then diverted to the fake account instead of the real account without challenge.

Protect yourself from impersonation fraud

- **Use two-step verification for any pension portals you use**
- **Review your passwords, using strong, separate passwords for each site**
- **Don't click on links or attachments in suspicious emails**
- **Never respond to unsolicited messages or calls that ask for your personal or financial details.**

Analysis shows that members between the ages of 50 and 69 are most at risk from impersonation techniques, with 55% of reported victims in this age range.

For more information, please go to **stopthinkfraud.campaign.gov.uk**

Get in touch

If you have a question about the Scheme or your Magnox pension, please get in touch with the Scheme administrator, Broadstone.

Email: magnox@broadstone.co.uk

Call: 02476 472 582

Write to:
Broadstone
2 Rye Hill Office Park
Birmingham Road
Coventry CV5 9AB

Use the member portal:
magnox.myesps.co.uk

Please continue to use myESPS until we send you details about the launch of Engage later this year.

Please let us know!

It's important that we have your correct contact details, so that you don't miss important information from the Scheme and we can pay your benefits when they're due. If any of your contact details change, please let us know via the member portal.

To contact the Trustee

If you'd like to contact the Trustee, please do so via the Scheme Secretary.

Email: group.pensions@nrservices.uk

Write to:
Scheme Secretary
Nuclear Restoration Services Ltd
Hinton House, Birchwood Park Avenue
Birchwood
Warrington
Cheshire WA3 6GR

The Nuclear Industry Benevolent Fund (TNIBF)

TNIBF is a registered charity for those working, or who have worked, in the UK nuclear industry. It provides support, signposting and financial assistance to cover short or long-term problems, where help can't be obtained from any other source. Assistance is tailored to your individual needs and circumstances. Simply provide details of your income and expenditure and the type of assistance you require.

Find out more at **tnibf.org**