



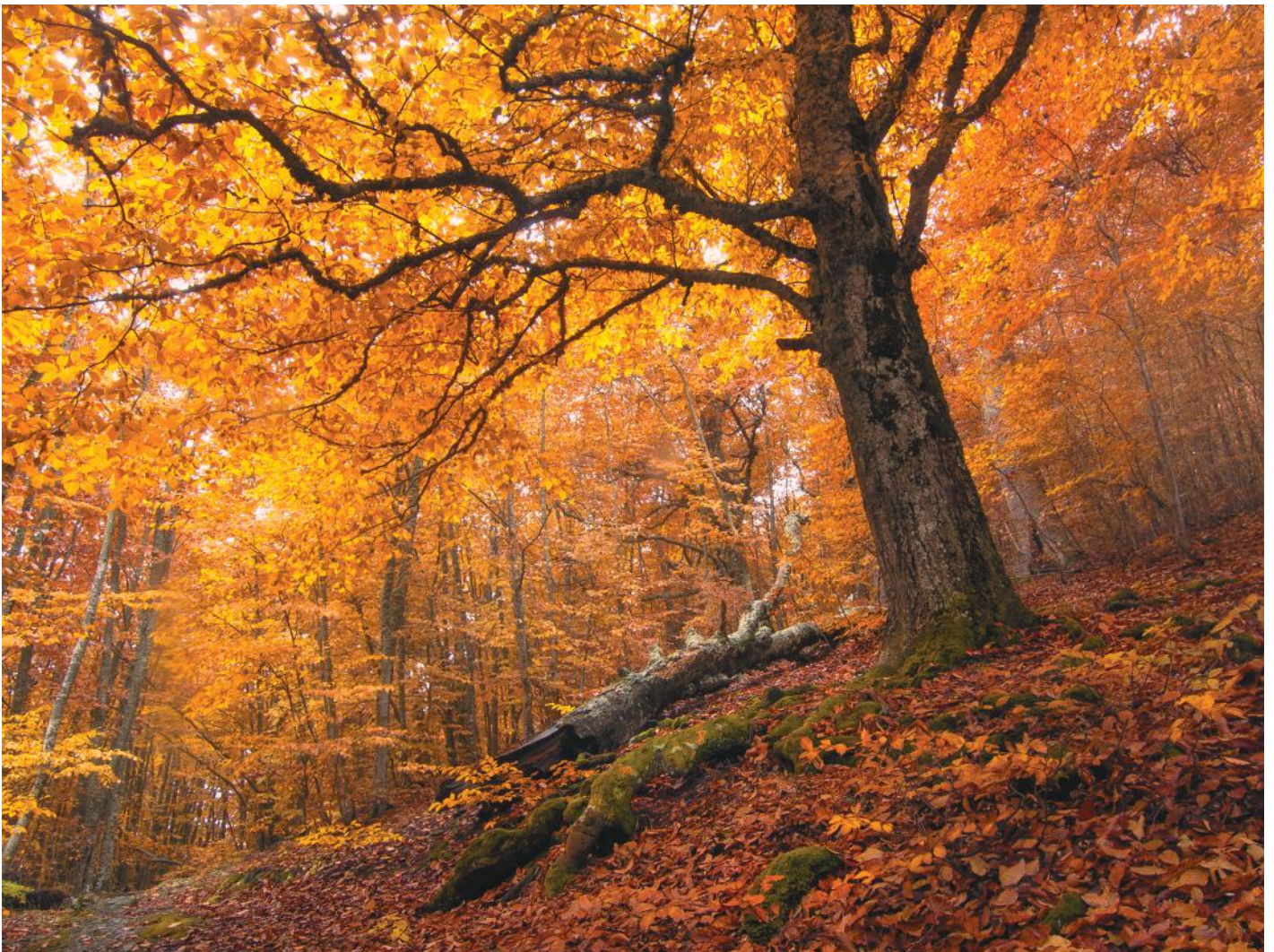
Magnox
Electric Group
Trustees

Electricity Supply Pension Scheme

Atkins Section
Autumn 2020

Pensions Update

For members of the Atkins Section of the Magnox Group of the Electricity Supply Pension Scheme



Inside this issue...

P3.

ANNUAL REPORT
AND ACCOUNTS

P4.

THE TRUSTEE
BOARD

P7.

ANNUAL
MEETINGS

P8.

SUMMARY
FUNDING
STATEMENT

CHAIRMAN'S INTRODUCTION



Welcome to the Autumn 2020 edition of Pensions Update.

This issue comes at a very strange time for us all, including for pension schemes, with many pension schemes having been badly affected by turbulent times for investments.

It is very pleasing for me to report that the very cautious investment strategy, which we have employed for several years, is standing up well to the current challenges and we remain very well-funded to meet the payments due from the scheme.

The in-house team, scheme administrators and our advisers have all been able to adapt well to working from home; pensions have continued to be paid uninterrupted and the trustees have continued to meet in order to manage the scheme properly, albeit by using technology to hold video conferences. We are grateful to Rachel and Angie (our in-house team) all of our advisers and the administrators for their support in ensuring business as usual in this very testing time.

During 2019 we took a further step towards de-risking our investment strategy by securing a guaranteed income stream through an insurance contract. More information about this can be found on page 4.

We have also completed a further actuarial valuation of the scheme to test that the scheme has sufficient assets to cover the expected benefit payments on an ongoing basis. This has revealed that the scheme still has a funding surplus and remains in a very comfortable position.

We have seen a number of changes to the trustee board during the last year with Paul Edwards, Jim Boyd, John Jones and Karen Walkden all having left the board. I am very grateful for their contributions to looking after the interests of the scheme's members over a number of years. We welcomed four new trustees; Gordon Frisby, Chris Wells, Martin Turner and John Vickerman, and I am looking forward to working with them all.

Susan Jee

Chairman

ANNUAL REPORT AND ACCOUNTS



Each year the trustee is required to produce a set of audited accounts which feature as part of an annual report. The latest available annual report includes accounts for the year ending 31st March 2020. This is a formal and very detailed document, which is available in full on request or from our website <https://my-magnox-pension.com>, but we have shown a high level summary of the accounts below.

Summary of the draft accounts for the year ending 31st March 2020

Value of net assets at the start of the year	£72.2M	
Plus total contributions/ incoming payments during the year	£0.1M	
Less total benefits paid out during the year		(£5.2M)
Total	£67.1M	
Plus net return on investments	£3.3M	
Closing value of assets at 31st March 2020	£70.4M	

The above values include Additional Voluntary Contributions paid by members.

Investments

The Section continues to have surplus of assets over the value placed on the liabilities and is therefore in a very healthy financial position. We adopted a very low risk investment strategy back in 2015, initially to protect the funding surplus during the initial sale of *EnergySolutions EU* to Atkins Ltd. At the end of 31st March 2019 that strategy was still in place and the assets were invested in a low risk liability driven investment fund with BMO, with a small amount held as cash with Blackrock.

On 1st April 2019 we further de-risked the Section's assets by securing a bulk annuity contract with Canada Life. This investment provides the Section with a guaranteed income stream which exactly matches a large proportion of the pensions which the Section is obliged to pay. It is the aspiration of most pension scheme trustees to invest in this type of asset and we were very pleased to complete this transaction on very attractive terms. It is important to recognise that the income received from Canada Life is payable to the Section and not to individual pensioners. Payment of all pensions remains the responsibility of the Group Trustees. We will simply use this asset to help meet the Section's financial obligations.

The strategy has remained unchanged since 1st April 2019 and a summary of the investments at 31st March 2020 is set out below:

Atkins Section - asset position at 31st March 2020



THE TRUSTEE BOARD

Magnox Electric Group Pension Trustee Co Ltd. is the trustee and it has 11 directors, including the Chairman. Six of those are member representatives whose appointment is made by a selection process. The remaining five, including the Chairman, are appointed by Magnox Limited.






There have been a number of changes to the trustee board during the last year. On 1st September 2019, Magnox Ltd became a subsidiary of the Nuclear Decommissioning Authority and a new senior management team was appointed. At that time Gordon Frisby who is the new Finance Director for Magnox Ltd, replaced Paul Edwards on the trustee board.

At the beginning of this year, there were further changes to the trustee board when two of our trustees came to the end of their terms of office, and a new selection process was run. John Jones and Jim Boyd both stood down after eight years' and 14 years' service respectively. Chris Wells, who is a current employee based at Dungeness, and Martin Turner, who was based at Wylfa prior to his retirement, both joined the trustee board on 1st January 2020. Fergus Hall, who has been associated with the scheme for many years, will continue for another term of office. The final change to the board came when Karen Walkden stood down at the end of January and was replaced by John Vickerman who is the new HR Director for Magnox Ltd.







The trustees would like to thank Paul, Jim, John and Karen for their significant contribution to the running of the scheme and wish them all well for the future.

The current trustee board is:

Employer-Nominated Directors

	<p>Susan Jee - Chairman</p> <p>Susan is the Chair of the trustee board and is a Non-Executive Director of Magnox Limited.</p>
	<p>Andrew Clare</p> <p>Andrew is an Independent Trustee and is the Chair of the Investment Committee.</p>
	<p>Gordon Frisby</p> <p>Gordon is the Finance Director of Magnox Ltd. He became a Trustee Director on 1st September 2019.</p>
	<p>Martin Veasey</p> <p>Martin is an Independent Trustee and is a member of the Investment Committee.</p>
	<p>John Vickerman</p> <p>John is the HR Director of Magnox Ltd. He became a Trustee Director on 1st February 2020.</p>

Member Representative Directors

	<p>Paul Bridgeman</p> <p>Paul is a member of the Investment Committee.</p> <p>He is in receipt of a pension from the SLC Section of the Scheme.</p>
	<p>Ceri Davies</p> <p>Ceri is an active member of the Scheme based at Oldbury Technical Centre, and is Chairman of the Governance and Audit Committee.</p>
	<p>Nick Gore</p> <p>Nick is a member of the Investment Committee.</p> <p>He is in receipt of a pension from the Atkins Section of the Scheme.</p>
	<p>Fergus Hall</p> <p>Fergus is a member of the Governance and Audit Committee.</p> <p>He is in receipt of a pension from the SLC Section of the Scheme.</p>
	<p>Martin Turner</p> <p>Martin joined the board on 1st January 2020 and is in receipt of a pension from the SLC Section.</p>
	<p>Chris Wells</p> <p>Chris joined the board on 1st January 2020 and is an active member of the scheme based at Dungeness A Power Station.</p>



Transfer values

If you leave the scheme, or have left but have not yet started to receive your pension, you are able to transfer the value of your benefits into another suitable pension arrangement, including individual policies.

In the last newsletter we highlighted the increasing risk of scams which defraud members of company pension schemes by encouraging them to transfer to fraudulent individual policies. Unfortunately, there has been no abatement in the level of fraudulent activity. In fact, fraudsters have continued to prey on insecurities caused by the recent pandemic.

There is information available on our website <https://my-magnox-pension.com> and useful links to help you identify the risks. If you are considering transferring your benefits we

strongly recommend that you read this information. RPMI will also include similar information in response to any request for a transfer value quote which they receive.

As a result of the checks which have to be completed before a transfer can take place and the amount of information which needs to be exchanged, it can take several months for a transfer to be paid and you should factor this in to any decisions which you take and plans which you make.

If you are opting out of the scheme in order to take a transfer value, you might want to consider the impact on your death benefits, in particular between leaving the scheme and payment of the transfer value, and we recommend that you seek professional financial advice for this too.

Website

We launched our new website towards the end of last year and in the notice we sent out to provide details we explained that it was just the first stage. At that time we were expecting to launch the second phase in the Summer of 2020, which would allow you to view your personal details. Unfortunately, the Covid-19 pandemic has delayed this and it is now likely to be next year before it becomes available. Please visit <https://my-magnox-pension.com> to see the website.

ANNUAL MEETINGS

We would normally give advanced notice in this newsletter of the meetings which usually take place at the end of each year, but due to the Covid-19 pandemic we do not currently know whether these meetings will be able to go ahead.



Scheme Annual Meeting

It is likely that the scheme-wide annual meeting, which is usually held in London will be a “virtual” meeting this year with members being able to join by using electronic meeting software. The purpose of the Scheme AGM is to receive the Scheme Annual Report and Financial Statements and the Auditors Report, receive the Report of the Scheme Trustee, and conduct any general business including the consideration of any Resolutions proposed by members. Details of the agenda, resolutions and notices may be obtained from the end of October by contacting a member of Magnox group pensions at info@megtensions.com or by calling **01454 422608**.

Magnox Trustee Group AGM

This meeting is usually held annually in the Berkeley area. If it becomes possible to hold this meeting, we will publish the details on our website <https://my-magnox-pension.com>. If you do not have access to the website, please call the pensions department on **01454 422608** after the end of October and we will be able to confirm the position.

ATKINS SECTION ('THE SECTION') OF THE MAGNOX ELECTRIC GROUP ('THE GROUP') OF THE ELECTRICITY SUPPLY PENSION SCHEME ('THE SCHEME') 2020 SUMMARY FUNDING STATEMENT

The trustee supplies a range of information each year to members, including a "Summary Funding Statement". The information which must be included in the Statement is set out in legislation. Some of the information does not change from year to year but set out below is the information we must include this year, including up to date funding and investment information.

How the section operates

The Section is a final salary scheme, or defined benefit scheme, which means that each member's retirement benefits are determined broadly by the amount of their pensionable salary and length of service as a member of the Section when they retire or leave. Contributions which are paid into the Section are paid into one common fund which is used to pay for all members benefits. They are not paid into individual accounts which are earmarked to each member.

The Trustee obtains regular valuations from an actuary. These calculations place a value on the benefits which the Section is obliged to pay, which is then used to agree the rate of contribution needed with the Company.

Actuarial valuation at 31st March 2019

An actuarial valuation of the Section was completed as at 31st March 2019. The results of this valuation showed that (assuming that the Section continues into the future) on that date, the funding position was as follows:

Assets of the Atkins Section (excluding AVCs)	£71.8M
Technical provisions (Amount needed to provide benefits)	£67.0M
Funding surplus	£4.8M
Funding level	107%

The 2018 summary funding statement reported that the funding level was 111% as at 31st March 2018. The funding level worsened slightly over the year to 31st March 2019. This was mainly due to the updated assumptions used in the 2019 valuation, which placed a higher value on the liabilities (technical provisions), reflecting the Section's more cautious investment strategy.

Shortly after the valuation date, the Section completed a 'buy-in' transaction where annuities were purchased in respect of 22 pensioner members of the Section. This is where the Trustee holds insured pensions as an asset of the Section, which exactly matches the benefits which will need to be paid out in respect of those 22 pensioner members. Excellent pricing was achieved as part of the transaction, which had the effect of increasing the surplus from £4.8M to £5.4M.

As part of the valuation calculations, the actuary also estimated what the position would have been if the Trustee had wound the Section up and secured all members' benefits at that time through individual policies with an insurance company. The calculations revealed that at 31st March 2019 there was a shortfall of £3M, which means that 96% of the Section's liabilities could have been secured in this way. The funding level increased to 99% after allowing for the impact of the 'buy-in' transaction described above. Please note that it is a legal requirement to provide this information. It is 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.

Funding update at 31st March 2020

The actuary recently provided the Trustee with a report setting out details of an approximate update of the funding position as at 31 March 2020. The results of the update are as follows:

Assets (excluding AVCs)	£70.0M
Technical provisions	£64.4M
Funding surplus	£5.6M
Funding level	109%

The calculations were completed by rolling forward the results of the 31st March 2019 valuation and making allowances for changes in investment market conditions since the date of that valuation. Although this is not as thorough as a formal valuation because, for example, it does not reflect changes to membership numbers, it still provides a useful guide to changes in the funding level.

Since the date of the 2019 valuation, the funding position has improved slightly. This is mainly due to the favourable impact of the buy-in transaction.

Additional documents

Provided automatically:

- An annual benefit statement for current employees.
- The guide to the main provisions of the Magnox Group of the Electricity Supply Pension Scheme (provided on joining the scheme).

Available on request:

- The Annual Report and Accounts of the Magnox Group of the Electricity Supply Pension Scheme, which provides details of the income and expenditure of the scheme over the year to 31st March 2020 (due to be completed by 31st October 2020).
- The full report on the Actuarial Valuation which was completed at 31st March 2019.
- The Annual Actuarial Report which was completed at 31st March 2020.
- The Schedule of Contributions, which shows how much money, is being paid in to the Section.
- The Statement of Investment Principles, which gives details of how the trustees invest the money which is paid in to the Section.



Pension Protection Fund (PPF)

As has been described in the section headed “Actuarial Valuation at 31st March 2019”, if the Section was to be wound up, there may not be enough money in the fund to secure all members’ benefits with an insurance company. It has also been explained that solvent employers cannot wind up schemes unless they ensure that enough money is paid to the insurer to provide 100% of all members’ benefits. If, however, the scheme was to be wound up because the employer had become insolvent the PPF, which has been established by the Government, may be able to take over the scheme and pay compensation to members. This compensation is currently subject to a cap.

Information on the PPF can be found on its website at www.ppf.co.uk. Alternatively, you can phone the PPF on **0345 600 2541** or email them at information@ppf.co.uk.

It is extremely unlikely that the Company will ever become insolvent and the benefits subsequently transferred to the PPF. This information has been included it is a legal requirement to do so.

Other legal requirements

The Pensions Act 2004 requires the trustee to provide members with the following information. This information would be of particular importance on schemes where The Pensions Regulator has intervened on the running of the scheme, which they might do if they have concerns about the security of members’ benefits. No such intervention has occurred under the Magnox Group of the Electricity Supply Pension Scheme.

- The Pensions Regulator has not acted to change the way benefits are earned in future.
- The Pensions Regulator has not given any directions as to how the amount needed to provide benefits (known as technical provisions) should be calculated, or the length of time over which the funding deficit must be repaired.
- The Pensions Regulator has not imposed a Schedule of Contributions.
- There have not been any payments from the Group to either Magnox Limited or any other participating employer of the Group during the last twelve months.

Use of personal data

The Data Protection Act governs how the Trustees, the Scheme Actuary and our advisers, including Aon Solutions UK Limited, use and store personal data. To run the pension scheme properly, the Trustees require access to personal data about members and their dependants. In providing actuarial services to the Trustees, including preparing this Summary Funding Statement, the Trustees, their adviser Aon Solutions UK Limited and the Scheme Actuary also require access to personal data about members and their dependants. Members can find out more information about how their personal information is used in the provision of actuarial services at <https://www.aon.com/unitedkingdom/retirement-investment/retirement-investment-services-privacy-statement.jsp>.

The Trustees' Privacy Notice can be found below. Should you have further questions regarding the processing of your personal information, please contact the Trustees in the first instance through Rachel Hewlett at the address shown under further information. General guidance is also available from the Information Commissioner's website at www.ico.org.uk.

Privacy Notice

What information we hold and what we do with it

The Trustee holds personal data about you (and in some instances, your dependants and beneficiaries) that you have provided to it. It needs this personal data to be able to administer your benefits under the Scheme.

The Trustee (as "data controller" for data protection purposes) is required to look after your personal data in accordance with legal requirements. This means that it is responsible for deciding what personal information needs to be processed and the way in which that information is processed.

In processing your personal data, the Trustee may need to pass personal information about you, your dependants and other members and beneficiaries, to the Scheme's administrators, auditors, legal advisers, insurers and such third parties as may be necessary for the purposes of the Scheme.

Where to find out more

Details of the types of personal data the Trustee holds, how it uses that information and who it shares it with are set out in the Trustee's Privacy Notice. The Privacy Notice also sets out your rights in connection with the personal data held about you by the Trustees, and who to contact if you want to exercise those rights, make a complaint, or generally have any questions.

The Privacy Notice is updated from time to time and you can see the current version at: <https://my-magnox-pension.com/scheme-documents>.

Alternatively, if you prefer to receive a hard copy of the Privacy Notice, please call the Group Administrator on **01454 422608** or write to **Rachel Hewlett at Magnox Ltd, Oldbury Technical Centre, Oldbury Naite, BS35 1RQ**.

Keeping your information up-to-date

It is your responsibility to keep the Trustee up-to-date with any changes to your personal information, including your marital status, contact and bank details. Without this information, there may be delays in paying benefits to you or your dependants.

Future developments

As you may be aware, the rules on data protection have changed.

From 25th May 2018, the General Data Protection Regulation (GDPR) came into force in all EU and EEA member states. Despite Brexit, the Government has confirmed that the GDPR will continue to apply in the UK. The Data Protection Act 2018 therefore incorporates the GDPR into UK Law and replaces the Data Protection Act 1998.

The Trustee will update the Privacy Notice from time to time in line with any further developments in legislation and/or regulatory guidance.



FURTHER INFORMATION

If you would like details of, or have any queries concerning, your benefits, options or pension in payment, please contact RPMI, who deal with the administration of the Group.



RPMI,
2 Rye Hill Office Park
Birmingham Road
Coventry
CV5 9AB

+44 (0) 24 76 47 2582
enquiries@rpmico.uk

The trustees can be contacted through the Scheme Secretary, Rachel Hewlett, who is normally based at Oldbury Technical Centre which is currently closed. For the time being Rachel can be contacted at **info@megtpensions.com**.

Please let us know if you would like a larger print version of this document by telephoning **01454 422608** or emailing **info@megtpensions.com**