

Electricity North West Group of the  
Electricity Supply Pension Scheme

# Pension news

for the Defined Benefit section  
September 2021

**electricity**  
**north west**

Bringing energy to your door



## INSIDE

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# Welcome to this year's Defined Benefit section newsletter

Malcolm

Malcolm Sugden  
Chairman



**Since our last update, the Trustee, Pensions Team and our advisers, Railpen (formerly RPMI), Aon and Isio, have worked very hard to keep the usual business activities going despite the challenges of working from home and conducting the Group's business remotely and I thank all those involved for their efforts.**

In this newsletter you will find information about some of the main events specific to the Defined Benefit (DB) section, including the latest funding update and information regarding the recent communications on Guaranteed Minimum Pension (GMP) Equalisation and Pension Increase Exchange.

I would like to acknowledge the efforts of my fellow Trustee, John Hodgkinson. John has been a Trustee Director over many years and has decided to stand down at this juncture. I would like to thank John for his dedication and wish him well for the future. Following the elections, we are pleased to welcome Ken Scott as our new Member Nominated Trustee Director. We also welcome back Chris Dooley, who has successfully stood for re-election.

The Scheme's Actuary, Aon, has confirmed that despite the difficulties of the last year, the funding position of the Scheme has improved. Further details are included in the newsletter.

The Trustee's objective is to hold a portfolio of suitable assets which will generate investment

returns that, together with future contributions, will meet the benefits of the Group as they fall due.

You will recall that in 2019 we purchased a £807m buy-in with Scottish Widows providing the Group with a regular income that helps fund the monthly pension payments. This de-risking of assets has provided suitable stability during uncertain times.

With regard to investment performance the Trustee was pleased to see that despite a turbulent period during the first quarter of 2020, the majority of asset classes performed positively over the 12 month period. Performance figures are included in the Newsletter.

This year sees the introduction of our first Implementation Report which is a new requirement designed to demonstrate that the Group has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and Climate Change. Further details are included in the Newsletter and a copy of the Implementation Report can be found online at [www.enwlpensions.co.uk/about-the-scheme/scheme-documents](http://www.enwlpensions.co.uk/about-the-scheme/scheme-documents).

I would like to remind you that our website, [www.enwlpensions.co.uk](http://www.enwlpensions.co.uk) contains all the usual information including the full Report & Accounts, but it also has a lot of new additions, including news items, videos and tools to help plan for life after work.

I hope you find the newsletter interesting and helpful. If you have any questions or feedback about this edition or have suggestions for articles to be included in future editions, please get in touch with the Pensions Team whose details are on the back page.

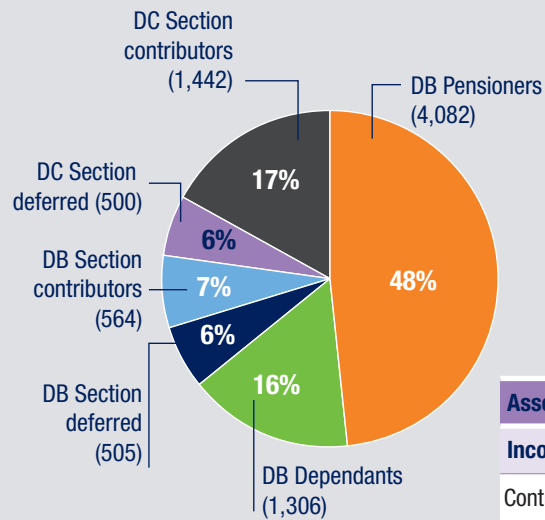




# Scheme Accounts for the year to 31 March 2021

A full set of audited accounts are prepared each year. You can find the full Trustee Report and Financial Statements on the pensions website [www.enwlpensions.co.uk](http://www.enwlpensions.co.uk). The main figures for the Defined Benefit section are:

## Membership data:



**Membership numbers**  
**Total members: 8,399**  
 as at 31 March 2021

## Defined Benefit Fund Account:

<b>Assets at 1 April 2020</b>	<b>£1,398.7m</b>
<b>Income</b>	<b>£61.9m</b>
Contributions	£30.4m
Transfers in	£0.0m
Change in the value of investments	£31.5m
<b>Outgoings</b>	<b>£70.4m</b>
Benefits	£50.8m
Transfers out	£18.4m
Investment manager expenses	£0.1m
Administrative Expenses	£1.1m
<b>Assets at 31 March 2021</b>	<b>£1,390.2m</b>



# RPMI to become Railpen

Our long-standing pension scheme administrator, RPMI will shortly be rebranding to Railpen.

Railpen have advised that:

*“There is no change to the services we provide – it’s the same people and we remain fully committed to the investment in and growth of our business within the ESPS and wider third party administration arena.”*

From a practical point, RPMI’s email addresses will be updated to reflect the change with effect from 27th September 2021. The new email addresses will be:

**Defined Benefit Members:**

[enquiries@railpen.com](mailto:enquiries@railpen.com)

**Defind Contribution Members:**

[enwl@railpen.com](mailto:enwl@railpen.com)

The current @rpmi.co.uk email addresses will also remain in operation for the foreseeable future.



**RAILPEN**

# Retirement Living Standards

Provides some thought provoking information for those individuals thinking about their income requirements for retirement.

To find out more go to [www.retirementlivingstandards.org.uk](http://www.retirementlivingstandards.org.uk)





# Investment news

**The Trustee's objective is to hold a portfolio of suitable assets which will generate investment returns that, together with future contributions, will meet the benefits of the Group as they fall due.**

The Group Trustee sets the investment strategy for the Group taking into account considerations such as the strength of the employer covenant (a measure of the ability of the employer to meet its obligations to the scheme), the long-term liabilities and the funding agreed with the employer.

As you will recall, in 2019 we purchased an £807m buy-in with Scottish Widows. The buy-in is now well established and provides the Scheme with a regular income that helps to fund the monthly payment of our pensioners. The Trustee is proud to say that this buy-in has gone a long way in our efforts to de-risk the Scheme's assets.

Following the buy-in the Group refined the assets within the liability driven investment (LDI) portfolio to better reflect the shape of the uninsured liabilities over Quarter 4.

The Trustee also decided to consolidate the two buy and hold corporate bond mandates (previously held with Insight and Blackrock) into one mandate (with Insight) following the buy-in. The transition of the assets from the Blackrock portfolio was completed over Quarter 4 2020.

This transaction gave the Trustee opportunity to implement sustainability restrictions for the mandate restricting investments in carbon intensive or thermal coal businesses.

The Trustee was pleased to see that despite a turbulent period during Quarter 1 2020, the majority of asset classes performed positively over the 12-month period, largely driven by the unprecedented support measures taken by governments and central banks.

Further information regarding the investment approach can be found in the Statement of Investment Principles. Please see the Scheme Documents section of our website.

Vaccine announcements towards the end of the year also aided the 12-month return of many asset classes.

This year sees the introduction of the Group's first Implementation Report.

The report provides evidence that the Group continues to follow and act on the principles outlined in the SIP, detailing:

- actions the Group has taken to manage financially material risks and implement the key policies in its Statement of Investment Principles (SIP)
- the current policy and approach with regards to Environmental, Social and Governance (ESG) and the actions taken with Group's investment managers on managing ESG risks
- the extent to which the Group has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 31 March 2021 for and on behalf of the Group including the most significant votes cast by the Group or on its behalf.

## New investment opportunities

**Following the completion of the £807m buy-in with Scottish Widows, the Trustees turned their attention to securing long term investments to provide a real return over a number of years while reducing the Scheme's overall risk profile.**

As part of a due diligence process, the Trustee agreed to the following asset class and investment manager appointments over Q1 2021 following significant returns of capital from the illiquid mandates:

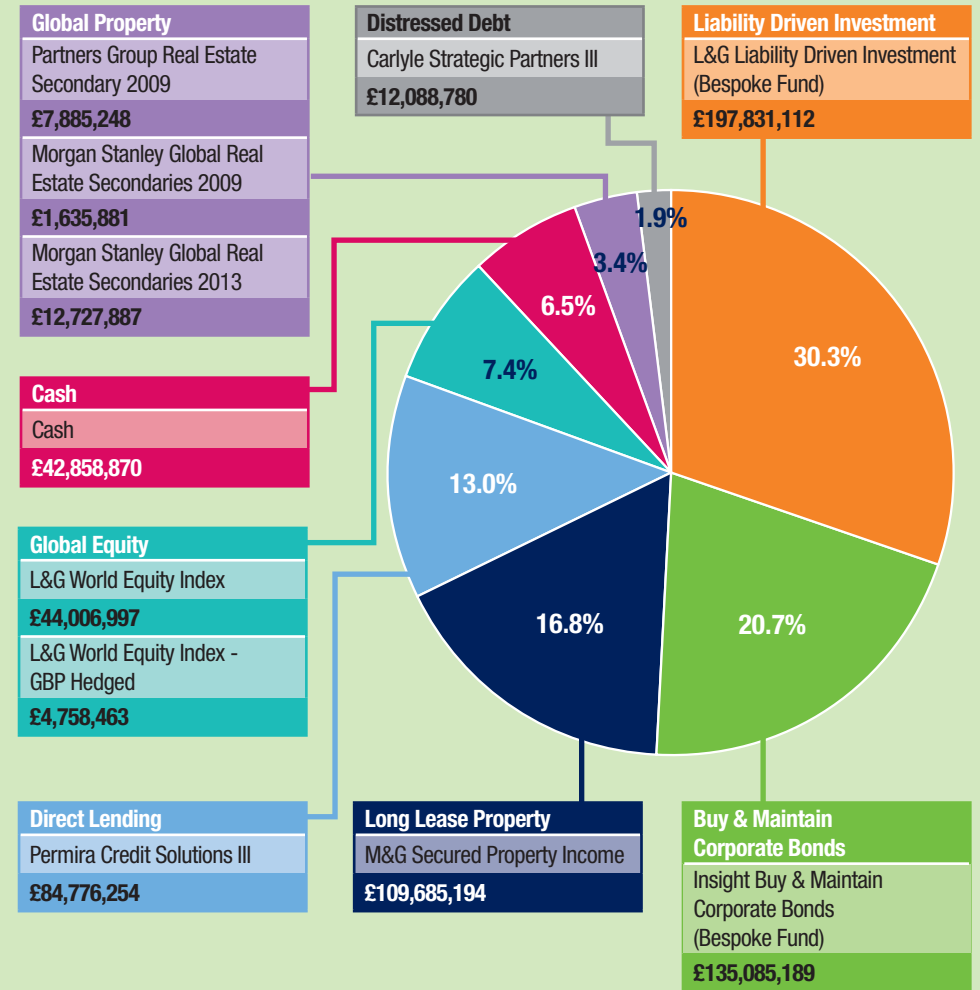
- **Investing £35m in a semi-liquid credit mandate** to be managed by Apollo via their Total Return Fund.
- **Investing \$100m in an infrastructure equity mandate** to be managed by J.P. Morgan via their Infrastructure Investment Fund.

*The mandates are currently being implemented with respective managers.*

# This is where the assets are invested as at 31 March 2021

### What asset classes were the funds invested in?

Investment holding at 31/03/2021\*



**Total holding: £653,339,878**

\*These figures exclude the buy-in policy with Scottish Widows.

# Fund Performance

As part of the Scheme's due diligence, the Trustee and our Investment Advisers, Isio, monitor the performance of the investments on a regular basis. Some of the funds have a set benchmark against which we can monitor the performance.

## Liquid assets

Fund Name	Performance one year	Benchmark one year
LGIM – Global Equity (GBP Hedged)*	50.3%	50.4%
LGIM – Global Equity*	39.9%	39.9%
M&G – Long Lease Property	3.7%	-5.2%
Insight – Buy and Maintain	14.5%	n/a – bespoke mandate
LGIM – LDI	-2.3%	-2.3%

\*Both LGIM – Global Equity Fund's performance figures are shown gross of fees.

Fund Name	Performance three year (annualised)	Benchmark three year (annualised)
LGIM – Global Equity (GBP Hedged)*	12.0%	12.0%
M&G – Long Lease Property	5.1%	3.2%
Insight – Buy and Maintain	4.5%	n/a – bespoke mandate
LGIM – LDI (Liability Driven Investment)	3.6%	3.6%

\*Both LGIM – Global Equity Fund's performance figures are shown gross of fees.  
LGIM – Global Equity - n/a – mandate invested in Sept-19

## Illiquid assets

As the Scheme invests for the long term, a number of the investments are illiquid. Illiquid describes an asset or security that cannot be sold quickly due to a shortage of interested buyers or a lack of an established trading market. Illiquid assets cannot be easily converted into cash without potential for losing a significant percentage of their value.

For these illiquid managers we measure their annual performance relative to an Internal Rate of Return (IRR). The main reason for this is that the funds return differing levels of cash throughout their lifespan and this can distort the normal performance calculations.

Illiquid Managers	IRR (since inception)	Benchmark (LIBOR based return objective)
Permira – Direct Lending	6.9%	4.5%
Partners Group – Global Real Estate Secondaries	7.7%	4.6%
Morgan Stanley - Global Real Estate Secondaries 2013	5.5%	4.5%
Morgan Stanley - Global Real Estate Secondaries 2009**	7.6%	3.0%
Carlyle – Distressed Debt	10.2%	4.5%

\*\* Up to 31 December 2017 this was the period the Fund exited the final investments.

## Results of our 2019 valuation and 2021 funding update



Our Scheme Actuary carried out a formal valuation as at 31 March 2019. Formal valuations are conducted at least every three years and it is these formal valuations that determine the contributions that have to be paid by the Company.

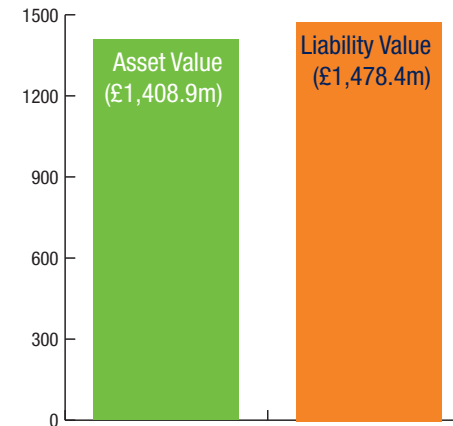
The Trustee has agreed a Recovery Plan with the Company. This sets out how the Company will help to reduce the deficit by paying additional contributions every year up to March 2023. The Company has agreed to make monthly payments at the annual rate of £18.3m in 2019/20, rising to £20.0m in 2022/2023. The payments needed will be reviewed at each valuation with the next valuation due as at 31 March 2022.

The Scheme Actuary has updated the results to estimate the value of the pension liabilities at 31 March 2021 and we can report that the deficit has reduced slightly to £64.6m, which is a funding level of 96%. This is a result of changes in market conditions (which in isolation would have increased the deficit) offset by Company deficit contributions paid.

The position at 31 March 2021 is also an improvement on the position at 31 March 2020 (which showed a deficit of £79.9m, funding level 95%) and is as a result of deficit contributions paid into the Group by the Company.

We have a strong employer that can support the scheme but nonetheless the Trustee receives regular updates on the employer's ability to do so.

The statutory estimate of the solvency ratio was 83% at the 31 March 2019 valuation date (this is the funding level on a buyout basis – if the scheme had to be transferred to an insurance company).



The funding level at this valuation was 95%, giving a deficit of £69.5m.

## The Pensions Regulator

We are required to tell you if the Pensions Regulator has used its powers in relation to the funding of the Group – we are pleased to confirm that it has not had to use its powers.

## Payments to the Company

The rules of the Group don't allow for any payment of assets back to the Company unless it is wound up and has surplus assets. There have been no such payments.



# GMP Equalisation



## and Pension Increase Exchange Exercise

**A number of you will have received communications over the last few months about the effects of the latest High Court ruling regarding the equalisation of the Guaranteed Minimum Pension (GMP) components of your pension. Not everyone is affected by this change (it may affect you if you were an active member of the Group between 17 May 1990 and 5 April 1997) and you should refer to your individual correspondence to confirm your position.**

As part of the process, the Trustee, in conjunction with the company, has taken the opportunity to provide our eligible pensioner population with the option to exchange some future pension increases for an enhancement to current pension – otherwise known as a Pension Increase Exchange (PIE). Option packs detailing the figures involved have now been issued. We have arranged for independent financial advisors,

Chase de Vere, to provide all those involved with advice so that you can make an informed decision about your benefits. Again, please refer to your packs for further information and contact details for Chase de Vere.

Following review of the current exercise, we will decide whether it is appropriate to introduce the PIE option for those yet to retire. We are waiting to see the results of the current exercise before we make a decision regarding the next steps.

If the Trustee and Company decide to go ahead with this, it will take some time for the Group to implement (expected to be in place for those retiring from around Autumn/Winter 2022).

At this stage, we cannot say with certainty whether the PIE option at retirement will be introduced, but we wanted to share with you that we are considering this.

## New name for pensions support

**The Government-backed Money and Pensions Service (MaPS) is launching...**

### “MoneyHelper”

From June 2021, **MoneyHelper** will offer a single place for people to go for financial guidance. This includes free pensions support and guidance, either online or over the phone.

It will merge the services currently provided by:

- The Money Advice Service
- The Pensions Advisory Service and
- Pension Wise

These services will no longer exist under separate names.

This means that from June the Government will offer just one, simple service, giving everyone access to free and impartial financial support on a range of issues, including pensions, savings, debt and budgeting.

For more information visit [moneyhelper.org.uk](https://www.moneyhelper.org.uk)

For pensions specific guidance you can go direct to the pensions and retirement section at [www.moneyhelper.org.uk/en/pensions-and-retirement](https://www.moneyhelper.org.uk/en/pensions-and-retirement) or call MoneyHelper's Pensions Helpline on **0800 011 3797**.

## Socially Responsible Investment and Corporate Governance

As part of our responsibilities as an Institutional Investor, the Trustee has an obligation and interest to ensure that **the Scheme's assets are invested in an ethical manner and with a keen eye on Environmental, Social and Governance issues.**

We have an Environmental, Social and Governance policy that is available for you to read on the scheme documents section of our website, [www.enwlpensions.co.uk](https://www.enwlpensions.co.uk). This policy is used actively to review our approach to investing.

We have also commissioned our first implementation report. This review, conducted by our advisers, Isio, investigates how our investment managers are working towards these principles and gives an opportunity to feedback to the investment managers for improvement. You can also find the implementation report on the website:

[www.enwlpensions.co.uk/about-the-scheme/scheme-documents](https://www.enwlpensions.co.uk/about-the-scheme/scheme-documents)



## Make sure you keep your nomination details up to date

**If you die whilst you are a contributing member of the defined benefit section of our pension scheme, or within five years of retirement and before age 75, a lump sum death benefit is payable.**

Because the lump sum benefit is payable at the Trustee's discretion it doesn't form part of your estate and isn't taxed if it's under the Lifetime Allowance. To make sure the Trustee is aware of who you would like the lump sum to be paid to, you need to keep your 'Expression of Wish' details up to date. You should consider updating them if your circumstances change.

The Trustee is not legally obliged to follow instructions left on an Expression of Wish form, but they usually do, particularly if your form is up to date. Forms can be downloaded from the pension website.

**IMPORTANT**



# Don't let a scammer enjoy your retirement



According to Action Fraud, more than £30m has been lost since 2017 to pension fraud, as unauthorised 'advisers' tout unrealistic investments. Don't be the next victim of this fraud.

Anyone can be the victim of a pension scam, no matter how savvy they think they are. It's important that everyone can spot the warning signs.






Scammers try to persuade pension savers to transfer their entire pension savings, or to release funds from it, by making attractive-sounding promises they have no intention of keeping.

Scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. Scammers design attractive offers to persuade you to transfer your pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

Find out how pension scams work and what to do if you suspect a scam and follow four simple steps to protect yourself from pension scams.



## Scam tactics include:

-  contact out of the blue
-  promises of high/guaranteed returns
-  free pension reviews
-  access to your pension before age 55
-  pressure to act quickly

## 1. REJECT UNEXPECTED OFFERS



If you're contacted out of the blue about your pension, chances are it's high risk or a scam.

Be wary of free pension review offers. A free offer out of the blue from a company you have not dealt with before is probably a scam. Fortunately, research shows that 95% of unexpected pension offers are rejected.

## 2. CHECK WHO YOU'RE DEALING WITH



Check the Financial Services Register ([www.fca.org.uk/firms/financial-services-register](http://www.fca.org.uk/firms/financial-services-register)) to make sure that anyone offering you advice or other financial services is FCA-authorised.

If you don't use an FCA-authorised firm, you also won't have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme so you're unlikely to get your money back if things go wrong. If the firm is on the FCA Register, you should call the Consumer Helpline on **0800 111 6768** to check the firm is permitted to give pension advice.

Beware of fraudsters pretending to be from a firm authorised by the FCA, as it could be what we call a 'clone firm'. Use the contact details provided on the FCA Register, not the details they give you.

## If you suspect a scam, report it

- Report to the Financial Conduct Authority (FCA) by contacting their Consumer Helpline on **0800 111 6768** or using the reporting form at [www.fca.org.uk](http://www.fca.org.uk)
- Report to Action Fraud on **0300 123 2040** or at [www.actionfraud.police.uk](http://www.actionfraud.police.uk)
- If you're in the middle of a transfer, contact your provider immediately and then get in touch with MoneyHelper's pension helpline: **0800 011 3797**

## 3. DON'T BE RUSHED OR PRESSURED



Take your time to make all the checks you need – even if this means turning down an 'amazing deal'.

Be wary of promised returns that sound too good to be true and don't be rushed or pressured into making a decision.

## 4. GET IMPARTIAL INFORMATION AND ADVICE



For pensions specific guidance you can go direct to the pensions and retirement section at [www.moneyhelper.org.uk/en/pensions-and-retirement](http://www.moneyhelper.org.uk/en/pensions-and-retirement) or call **MoneyHelper's Pensions Helpline** on **0800 011 3797**.

**Financial advisers** It's important you make the best decision for your own personal circumstances, so you should seriously consider using the services of a financial adviser. If you do opt for an adviser, be sure to use one that is regulated by the FCA and never take investment advice from the company that contacted you or an adviser they suggest, as this may be part of the scam.

Be ScamSmart with your pension. Check who you are dealing with.

[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



\*FCA Financial Lives





# Our pensions website

[www.enwlpensions.co.uk](http://www.enwlpensions.co.uk)

Using our site you can access the following:

- Forms, factsheets and booklets
- Scheme documents
- News items to keep you up to date with what's going on in the pensions world
- A lifestyle calculator
- Videos to help you understand topics that affect your pension

The Normal Minimum Pension Age is increasing from 55 to 57. For more information, please see the news section of our website.

## COMING VERY SOON...

Access to your own online record, including payroll and P60 information for pensioner members. You will also be able to update personal data such as changes of address and death benefit nomination details.



# ESPS AGM 2021



## Date and details

**This year's ESPS Annual General Meeting (AGM)\* will be held on Monday 22 November 2021, starting at 1pm.**

Due to the COVID-19 situation, arrangements have again been made to hold the meeting virtually. If members wish to attend the Scheme AGM they will need to register.

For the Scheme AGM itself please register by using the following link: <https://register.gotowebinar.com/register/2405243671823876367>

A test meeting will be held on 15 November at 10.30am for those new to the virtual arrangements. Please register by using the following link: <https://register.gotowebinar.com/register/5388545272933628431>

These links, along with certain other Scheme AGM information (including the Privacy Notice) will also be shown on the new ESPS website ([www.espspensions.co.uk](http://www.espspensions.co.uk)) in due course. Members are encouraged to register as soon as possible on the above links.

The purpose of the Scheme AGM is to receive the Scheme Annual Report and Financial Statements and the Auditor's Report, receive the Report of the Scheme Trustee, and conduct any general business including the consideration of any Resolutions proposed by members.

Members have up to 28 days before the date of the AGM to submit a written resolution to the Scheme Secretary at Capita Employee Solutions, 65 Gresham Street, London, EC2V 7NQ. Therefore, this year members will have until Monday 25 October 2021 to submit any written resolutions to the Scheme Secretary. In order for members to exercise their vote on any resolution they must be present (virtually) at the meeting.

Details of the agenda, resolutions and notices, along with copies of the Scheme Annual Report and Accounts and the minutes of last year's Scheme AGM are available on the ESPS scheme's website: [www.espspensions.co.uk](http://www.espspensions.co.uk)

\*The meeting relates to the whole of the ESPS, not just the Electricity North West Group and all members of the Scheme are welcome to attend.



This year's AGM will take place virtually





# Keep in Touch

Do keep in touch and let us know if you change your address. If you have left the Company, please contact our administrators, Railpen. Current employees should contact People Services to let them know of any changes. And of course, if you have any questions please contact the Pensions Team!

You can contact our administrators Railpen directly:

- by telephone on **02476 472 580**
- by email at **enquiries@railpen.com**
- by letter to Railpen, Unit 2, Rye Hill Office Park, Birmingham Road, Coventry, CV5 9AB

You can contact the Pensions Team in the following ways:

- by telephone on **0843 311 4530**
- by email at **pensions@enwl.co.uk**
- by letter to 304 Bridgewater Place, Birchwood Park, Warrington, Cheshire, WA3 6XG

Please remember to quote your name, date of birth and National Insurance number to help us deal with your enquiry as quickly as possible.

## Your Pensions Team

### Trustees

#### Appointed by the Company

PAN Trustees UK LLP  
(Independent-represented by Mike Roberts);  
Malcolm Sugden (Chairman)  
Irina Krumova  
Gillian Williamson

#### Member Elected

Chris Dooley  
Mike Kay  
John Leigh  
Ken Scott

### Advisers

#### Pensions Team

Colin Ross  
Luke Warwick  
Lisa Aspden  
Leah Taylor

#### Administrator

Railpen

#### Auditor

PricewaterhouseCoopers LLP

#### Investment

Isio Ltd

#### Scheme Custodian

The Bank of New York Mellon

#### Legal

Sacker & Partners LLP

#### AVC Provider

Aegon

You can contact our AVC administrator (Railpen) directly:

- by telephone on **0345 600 2050**
- by email at **enwl@railpen.com**
- by letter to Railpen, PO Box 331, Brinkburn Road, Darlington DL1 9PR

## Other useful contacts

### The Pensions Regulator

The UK regulator of work-based pension schemes  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

### Pension Tracing Service

Trace a personal or company pension scheme  
[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

### Pension Protection Fund

Statutory public corporation with the duty of protecting people with an eligible defined benefit pension when an employer becomes insolvent.  
[www.ppf.co.uk/](http://www.ppf.co.uk/)

### Department for Work and Pensions

Find out how to plan your pension and what you need to do as you near retirement age  
<https://www.gov.uk/plan-retirement-income>

### Independent Financial Advice

Find an independent financial adviser near you  
[www.unbiased.co.uk](http://www.unbiased.co.uk)

### Pensions Ombudsman

Investigates complaints about how pension schemes are run  
[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

### Money Helper

Provides information and tools to help you manage your money  
[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

### Financial Conduct Authority

[www.fca.org.uk](http://www.fca.org.uk)

