

December 2023



Spotlight on Pensions

The Brockhampton Pension Scheme December 2023
Member Booklet



Welcome

Welcome to your annual update from the Trustees of the Brockhampton Pension Scheme. This booklet will be made available to all Members of the Scheme.

As a Spotlight on Pension for 2022/23 was only released in June 2023, this booklet provides a short statutory update for the remaining year to 31 March 2024.

If you have any questions on the information in this booklet, then please contact us using the details on Page 11.



Nick Roadnight
Trustee

The Scheme at a Glance	
Assets	£139.6m
Liabilities	£121.7m
Membership	495

as at 31 March 2023

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Scheme Noticeboard

Chancellor of the Exchequer Autumn Statement

The Chancellor of the Exchequer has recently delivered his Autumn Statement. It included some wide-ranging pension measures. Some highlights from the statement that may be relevant to you were:

- It was confirmed that the Government will proceed with the abolition of the lifetime allowance (LTA) from April 2024 (though capping tax-free lump sums by reference to the current level of the LTA).
- The main rate of employee Class 1 National Insurance Contributions reduces from 12% to 10% from 6 January 2024.
- The State Pension increases by 8.5% on 6 April 2024 meaning the New State Pension rises from £203.85 to £221.20 per week and the Old State Pension increases from £156.20 to £169.50 per week.
- Wide ranging technical changes easing many of the restrictions on ISAs will apply from April 2024.

Member Nominated Trusted

We are pleased to announce that Mr Alan Day has joined the Trustee Board as a Member Nominated Trustee with effect from November 2023. We thank those individuals who also applied but were on this occasion unsuccessful.

Alan has previously served on the Trustee Board when employed by the Company as the Financial Controller and he brings a wealth of knowledge of how our Trustee Board serves its members as well as experience of the Company.

Do you have an email address?

If you would like the annual updates, and future communications from the Trustees, to be sent to you by email, please email the Secretary at c.hardyman@portsmouthwater.co.uk

By providing your email address, it not only helps the environment it also means you will receive updates faster.

Pension Paydays and Payslip Reminder 2023/24

Month	Payment Date
January 2024	25 January
February 2024	29 February
March 2024	28 March
April 2024	25 April
May 2024	30 May
June 2024	27 June
July 2024	25 July
August 2024	29 August
September 2024	26 September
October 2024	31 October
November 2024	28 November
December 2024	19 December

Money and Membership

Change of Administration

In the New Year we will be changing how we administer the Brockhampton Pension Scheme. Currently some of the administration is dealt with inhouse by the Company Secretarial Department. From the 1 January 2024 all administration will be dealt with by the Scheme Administrator, Lane Clark Peacock (LCP).

We will be writing to all Members shortly to provide comprehensive information as to what this means to you.

Actuarial Results

Within this booklet are details of the 2022 and 2023 Actuarial Reports. These give a financial health check of the Scheme. The Trustees monitor the funding position on a regular basis.

How are pensions paid for?

It is the Company's duty to pay contributions in order that the Scheme has sufficient funds to pay pensions to members when they retire. These contributions are set out in a Schedule of Contributions which is prepared by the Trustees in consultation with the Company. Usually for pension schemes the contributions are set in two parts - to recover any deficit in respect of benefits already accrued by members and to meet the expected cost of future benefit accrual within the Scheme.

Following the cessation of future benefit accrual within the Scheme with effect from 31 March 2023, the Company is not required to pay contributions for future benefit accrual. The 31 March 2021 actuarial valuation showed a surplus in the Scheme for benefits already accrued and so the Company is currently not required to pay any deficit recovery contributions to the Scheme. The surplus / deficit position of the Scheme will be reviewed as part of the next Actuarial Valuation due at 31 March 2024.

Are pensions guaranteed?

Like all pension schemes, there is never an absolute guarantee that the benefits will be paid in full. This will depend on there being enough money in the Scheme to pay pensions now and in the future. It also depends on the Company carrying on in business so that it can contribute to cover any shortfall if it arises in the future.

The Company is fully aware of its obligations to the Scheme and although it is no longer paying ongoing contributions for future accrual, it still has the obligation to support the Scheme.

The Trustees are not aware of any reason why the Company should not be able to continue supporting the Scheme in the future.

What would happen if the Scheme were wound up?

When pension schemes are wound up, usually the Trustees buy insurance company annuities for each Member or deferred member. These annuities are designed to pay the Member the same as their pension benefits would be under the Scheme. The extent to which the Scheme can secure with an insurance company the pension rights which have built up if it was to wind up, is known as its solvency position. These costs are usually estimated by an actuary rather than obtaining definitive quotations from an insurance company.

An estimate of the solvency position was included in the Actuarial Valuation as at 31 March 2021, when the Scheme was estimated to have 91% of the money needed to secure the accrued benefits of all Members in full. If the Scheme were to start to wind up, the law would require the Company to pay a debt to the Scheme calculated as the amount that the Scheme would need to fully secure Members' benefits with an insurance company.

It may be, however, that the Company could not pay the full amount of the debt owed, if it were, or became, insolvent. In that case, the Pension Protection Fund (PPF) may be able to take over the Scheme and pay compensation to Members. The PPF has been set up by the Government to help protect Members' benefits where a company becomes insolvent, although it does not guarantee to pay full benefits.

Further information and guidance is available on the PPF website at www.pensionprotectionfund.org.uk. Or you can write to the Pension Protections Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

Scheme Accounts

Every year, the Trustees must produce a full set of Accounts showing how much money has been paid into the Scheme and how much has been paid out. These accounts are audited by KPMG, who check that they show a true and fair view of the Scheme's financial transactions. The table summarises these transactions for the years ended 31 March 2022 and 2023.

	2023 (£m)	2022 (£m)	
Income			
Contributions (employees and employer)	1.2	1.3	
Investment Income		4.3	4.7
Total income	5.5	6.0	
Expenditure			
Benefits paid	(4.6)	(4.4)	
Admin and investment expenses	(0.7)	(0.7)	
Payments to and on account of leavers	-	-	
Total expenditure	(5.3)	(5.1)	
Net income from dealing	0.2	0.9	
Change in market value of investments	(38.5)	2.6	

Net (decrease)/increase in fund during year	(38.3)	3.5
<u>Net assets at 1 April previous year</u>	<u>165.8</u>	<u>162.3</u>
Total scheme assets	127.5	165.8
Scheme Assets for Valuation Purpose	139.6	182.2
Amount needed to provide accrued benefits	121.7	174.7
Scheme surplus	17.9	7.5
Funding level	115%	105%

The above results relate to Actuarial Reports at March 2022 and March 2023.

Regulations require us to confirm to you whether the Pension Regulator has exercised any of its powers in relation to the Scheme under the Pensions Act 2004. We can confirm that they have not.

Regulations also require us to confirm to you whether the Company has taken any money out of the Scheme since the date of our last summary funding statement. We can confirm that they have not.

Member Statistics

	2023	2022
Active Members	0	84
Employed Deferred Members	76	-
Deferred Members	121	124
Pensioners	298	299
Total	495	507

On 31 March 2023 the Scheme closed to future accrual and all active members switched to employed deferred status

Spotlight on Investments

Investment Objective

The Scheme has a fund of money which the Trustees then use to pay pensions to members when they become due. This money is held in a common fund not in separate funds for each member.

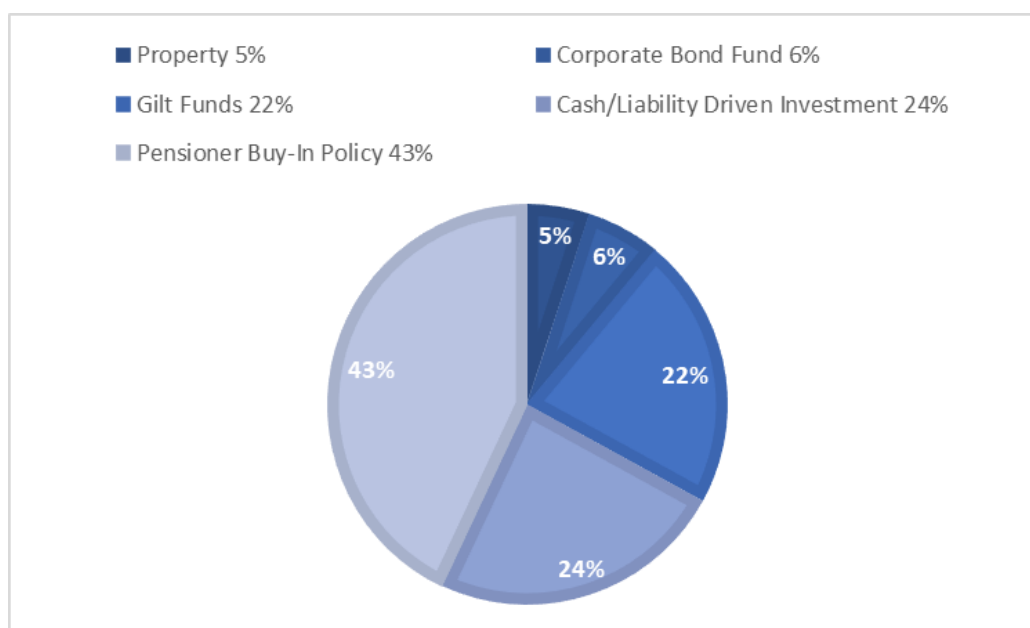
In order to ensure that there is sufficient money in the fund to pay members' pensions as they fall due, the Trustees work regularly with their investment advisors to review the assets held. The Trustees' objective is to set the investment strategy so that there is sufficient money to meet member benefits when they fall due, whilst minimising dependence in further contributions from the Company.

Investment Strategy

The Scheme's investments are held in a trust, separate from the Company, which is run by the Trustees. The Trustees' policy is to invest in different types of investments.

The Scheme's current investment strategy is shown in the chart below.

Investment Strategy Split of Assets



Figures above as at 31/03/23

In the past year the Trustee's Investment Strategy has changed significantly. In 2022 they carried out a review of the strategy with their Investment Advisors, having been notified by the Company that it intended to consult its employees on a cessation of future accrual. During the review the Trustees identified that movements in gilt markets had reduced liabilities to the Scheme and allowed a significant change of strategy designed to reduce risk. Riskier growth-seeking assets such as equities and absolute return funds have been replaced with lower risk credit and gilt funds. This allows the surplus position to be broadly maintained and reduces the risk of it changing significantly in the future.

Understanding Your Pension

Scheme Explanatory Booklet and Factors

The Explanatory Booklet of the Scheme and details of the Early and Late Retirement Factors and Commutation Factors can all be found on WorkPlace in the Knowledge Library under the Brockhampton Pension Scheme section. Copies can also be supplied on request – please contact the Secretary.

List of Additional Scheme Documents Available on Request:

Statement of Investment Principles

This explains how the Trustees invest the money paid into the Scheme and can be viewed on the BPS webpage.

Schedule of Contributions

This shows how much money is being paid in the Scheme.

Annual Report and Accounts of the Scheme

This shows the Scheme's income and expenditure in the year up to 31 March 2023.

Actuarial Valuation

This is the report following the Actuary's assessment of the Scheme's funding situation as at 31 March 2021.

Statement of Funding Principles

This sets out the Scheme's funding plan.

Explanatory Booklet for the Brockhampton Pension Scheme

This can be found in the Knowledge Library on Workplace, but a copy can be made available on request.

Annual Benefit Statement

Previous statements for active Members of the Scheme were circulated late 2021. New statements for Members reflecting their pension upon the closure of the Scheme to future accrual have been prepared for those impacted Members and will be circulated shortly once the final Rule Changes have been signed.

Scheme Privacy Notice

This provides information regarding the personal data held by the Trustees and how it is processed. This can be viewed on the BPS webpage.

Trustees and Professional Advisors

The Brockhampton Pension Scheme is managed by eight Trustees, three of whom are Member Nominated and one Corporate and are listed below:

Trustees

Nicholas Roadnight FCA
Chairman and Trustee

John Cogley B.Sc, C.Eng, MICE
Trustee

Neville Smith BA, FCMA, CGMA
Trustee

Paul Barfoot ACIB
Trustee

Timothy Jackson B.Sc, FICE
Member Nominated Trustee

Alan Day
Member Nominated Trustee

Samantha Dawson BA (Hons), CMgr MCMI
Member Nominated Trustee

Portsmouth Water Superannuation Fund Trustee Ltd

The Trustees have a legal obligation to run the Scheme in the best interests of all its Members and Beneficiaries. They are responsible for making sure that the Schemes investments and administration comply with the Scheme Rules and current Law. They appoint professional advisors to assist them, listed below:

Secretary

Christopher Hardyman, ACIS

Scheme Actuary

David Stewart, Lane Clark Peacock LLP

Trustee Advisor

Vassos Vassou, Dalriada Trustees

Administrators

Lane Clark Peacock LLP

Auditors

KPMG

Bankers

Lloyds Bank plc

Investment Advisors

Lane Clark Peacock LLP

Investment Manager

Columbia Threadneedle Investments

Solicitors

Gunnercooke LLP

Useful Contacts

Please keep in touch

We are keen to hear your thoughts and queries. If you would like to send us your comments, or if you need more information, please do not hesitate to contact us. Please remember to keep us informed if your address changes so that we can keep in touch with you and pay your benefits promptly when the time comes.

Contact for benefit enquiries, changes to address, marital status or banking arrangements:

Lane Clark & Peacock LLP (The Schemes Administrator)

E-mail: BrockhamptonAdmin@lcp.uk.com

Telephone: 01962 454638

Post: Lane Clark and Peacock LLP
St Paul's House
St Paul's Hill
Winchester SO22 5AB

Contact for general enquiries:

Chris Hardyman (The Scheme's Secretary)

E-mail: chris.hardyman@portsmouthwater.co.uk

Telephone: 023 9224 9253

Post: Brockhampton Springs
West Street
Havant PO9 1LG

If you would like to know more about pensions in general, the following are useful sources of information:

Government Website: www.gov.uk

Numerous changes have been made recently to the State Pension, how much you will get and when you can expect to receive that pension. To obtain a State Pension statement you can apply for one online at www.gov.uk/check-state-pension

The Pension Regulator: www.thepensionsregulator.gov.uk

HM Revenue & Customs: www.hmrc.gov.uk/pensionschemes

Tailored guidance to explain your pension options for DC savings www.pensionwise.gov.uk

To trace a missing occupational Pension Scheme: www.gov.uk/find-pension-contact-details

Telephone: 0800 731 0193 **Post:** Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton WV98 1LU