

November 2021



Spotlight On Pensions

The Brockhampton Pension Scheme 2021 Member Booklet



Welcome

Welcome to your annual update from the Trustees of the Brockhampton Pension Scheme. This booklet will be sent to all Members of the Scheme, including Actives (Current Employees), Deferred (Ex-Employees who have yet to receive their pension) and Pensioners or Dependants.

This booklet sets out how the money in the Scheme is invested, the financial activity of the Scheme during the year to 31 March 2021 and other matters of general interest to Members.

As you can imagine, Covid-19 continued to dominate the Trustee agenda over the past 12 months. We conducted an ongoing assessment of the Company Covenant to ensure the business remained in strong financial health to continue supporting the Scheme and we also carefully considered the Investment Strategy in light of the volatility in the markets.

I'm pleased to confirm the Scheme was still managed effectively throughout this difficult period, and all activities were completed as required. Like everyone else, the Trustees adapted to the environment and embraced technology to complete all those tasks. I'd like to thank the Trustees for their ongoing support and hard work during this period to enable the continued effective oversight and running of the Scheme, which took on even more significance at this time.

I hope that you will find this update useful. 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 contact us using the details on page 20.

Nick Roadnight

Trustee

The Scheme at a Glance

Assets	£162.3m
Increase in Year	£19.9m
Membership	515

as at 31 March 2021

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Scheme Noticeboard

Actuarial Valuation

During the year the Trustees have been undertaking an Actuarial Valuation – a three yearly financial health check of the Scheme. It is prepared using the latest investment, economic and demographic assumptions which are agreed by the Trustees having taken advice from the independent scheme actuary.

The results of this Actuarial Valuation will be provided in next year's booklet. The Trustees continue to monitor the funding of the Scheme on a regular basis.

Havant Thicket

Over the past two years the Sponsoring Company, Portsmouth Water, has approached the Trustees to discuss their proposals for Havant Thicket and in particular how the new reservoir will be funded. The Trustees of the Scheme are interested in this project because the Company has taken on new debt, which combined with new funds from the shareholder, will finance the build.

The Trustees analysed the Terms of the new Debt and also the impact it had on the key financial ratios of the business and this formed part of a thorough review of the Covenant that the Company offers the Trustees. The Trustees were pleased to confirm that the new financing structure and additional income created by the reservoir increased the strength of the Covenant and no mitigating action was required.

Brockhampton Pension Scheme Webpage

Last year the Trustees announced that a new Brockhampton Pension Scheme section had been added to the Company website. You can find the Scheme's Schedule of Investment Principles (SIP) as required by the Pension Regulator as well as other information the Trustees feel may be useful to Members.

New to this page is the Scheme's 'Implementation Statement' which forms part of the Annual Report and Accounts and needs to be publicly available.

This section explains how the Trustees have actioned their obligations under their SIP.

Please visit the Brockhampton Pension Scheme webpage at www.portsmouthwater.co.uk/about-us/brockhampton-pension-scheme/.

Member Nominated Trustee (MNT) Update

On 4 May 2021 Richard Keates and Lesley Stewart resigned from their role as MNT's and following a formal selection process, the Trustees are also happy to announce that two MNT's have now been appointed – Paul Treagust and Sam Dawson. Paul works for the Company as the Network Engineer and Sam is the Company's Business Market Manager.

The Trustees would like to thank Richard and Lesley for their commitment and input during their time as Trustees.

Helping the Environment – We Are Going Paperless

Thank you to all those Members who have asked to go paperless following our last booklet.

This will be the last paper copy of the booklet we will issue, as from 2022 this will only be available to view online (in the Brockhampton Pension Scheme section of the Company website) or by email. This will really help us reduce the amount of paper and time taken to produce these booklets.

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.

Alternatively, if we do not hold your email, we will write to you to tell you when the annual booklet is available to view on the Company website.

Pension Paydays and Payslip Reminder

<i>Month</i>	<i>Payment Date</i>
November 2021	25 November
December 2021	23 December
January 2022	27 January
February 2022	24 February
March 2022	31 March
April 2022	28 April
May 2022	26 May
June 2022	30 June
July 2022	28 July
August 2022	25 August
September 2022	29 September
October 2022	27 October
November 2022	24 November

As a reminder, Pensioners will receive a payslip confirming the new value of their pension following the Pensions Increase, and also a letter confirming the pay dates for the next 12 months. Thereafter, for the rest of the financial year Pensioners will only receive a payslip should the value of their pension change by more than £5.

Is your Expression of Wish form up to date?

It is important to keep your Expression of Wish form updated with any changes in your personal circumstances. We keep details of your wishes on record so that in the event of your death, we can easily and quickly identify anyone you have nominated to receive any lump sum benefit.

The Trustees have discretion to decide who will receive this benefit but they take your wishes into account. This means the benefit does not form part of your estate and is not subject to Inheritance Tax.

Please note: The Expression of Wish form relates to a lump sum payment in the event of death during service. If you are no longer an employee of Portsmouth Water there is no lump sum entitlement on death and therefore the form is no longer applicable. Your form would have been securely destroyed when you left the Company.

Ensuring Your Details Are Up-to-Date

We always aim to provide you with the best possible service when it comes to managing your pension. One way you can help us achieve this is by ensuring the personal details you provide us with are up to date.

Please remember to let us know of any changes to your personal contact details, especially if you no longer work for Portsmouth Water. We need to know:

- Changes to your address;
- Changes to your bank details, and;
- Changes to your marital status.

If any of the above information changes, or has changed for you, please contact the Payroll Department as soon as possible.

Privacy Notice – Data Protection

The Trustees take the privacy of member data seriously. The Scheme's Privacy Notice provides information regarding the personal data held by the Trustees and how it is processed. If you would like view the Privacy Notice, please visit the Scheme webpage.

Money & Membership

Summary Funding Statement

Last year this booklet included a Summary Funding Statement giving Member's information about the funding of the Scheme. The funding of the Scheme is currently being assessed as part of the Actuarial Valuation – a three yearly financial health check of the Scheme. The results of this Actuarial Valuation will be provided in next year's booklet. The Trustees continue to monitor the funding of the Scheme on a regular basis.

How are pensions paid for?

The Company pays contributions into the Scheme so that it can pay pensions to members when they retire.

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.

The Company is currently paying contributions equal to 28.9% of Members' Earnings plus £250,000 pa. This level of contribution is being reviewed as part of the Actuarial Valuation currently being undertaken.

Are pensions guaranteed?

Like all pension schemes, this Scheme contains no guarantees 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 as the employer, and the Scheme not being wound-up. This has been the situation to date.

The Company is fully aware of its obligations to the Scheme and is committed to paying contributions to the Scheme as described above.

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 is wound up?

If the Scheme is wound-up before you retire, you might not get the full amount of pension you have built up even if the Scheme is fully funded under the Trustees' funding plan. The extent to which the Scheme can secure with an insurance company the pension rights which have built up if it was to close down 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 2018 when the Scheme was estimated to have 93% 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 cannot pay the full amount of the debt owed. If the Company became insolvent, 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 Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

Scheme Accounts

Every year, the Trustees have to 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 below summarises these transactions over the year.

	2021	2020	2019
	(£m)	(£m)	(£m)
Income			
Contributions (employees and employer)	1.3	1.1	1.2
Investments	5.0	3.7	2.6
Total income	6.3	4.8	3.8
Expenditure			
Benefits paid	(5.2)	(5.2)	(5.0)
Admin and investment expenses	(0.5)	(0.8)	(0.8)
Payments to and on account of leavers	-	(0.5)	-
Total expenditure	(5.7)	(6.5)	(5.8)
Net withdrawals from dealing	0.6	(1.7)	(2.0)
Change in market value of investments	19.2	(24.0)	5.6
Net increase in fund during year	19.8	(25.7)	3.6
Net assets at 1 April previous year	142.4	168.1	164.5
Total scheme assets	162.3	142.4	168.1
Amount needed to provide accrued benefits	TBC	136.4	159.6
Scheme surplus	TBC	6.0	8.5
Funding level	TBC	104%	105%

The amount needed to provide accrued benefits, Scheme surplus and Funding level in 2021 will be confirmed in next year's booklet following completion of the Actuarial Valuation currently being undertaken.

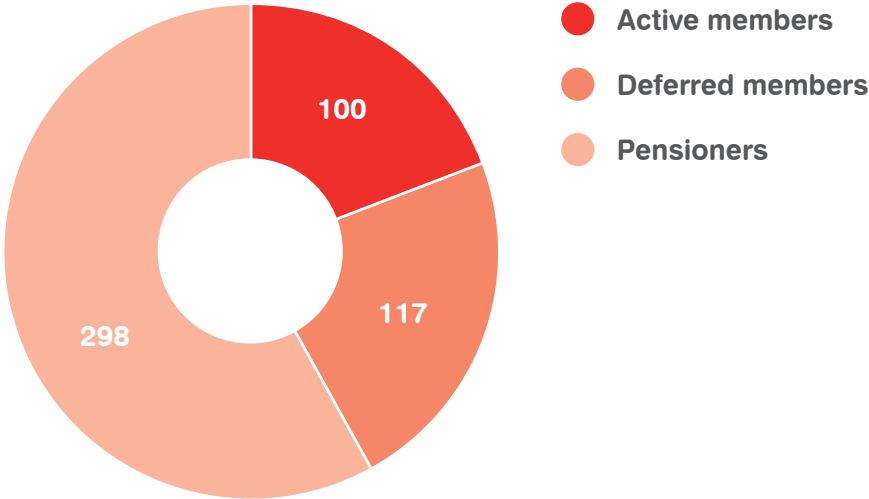
Regulations require us to confirm to you whether the Pension Regulator has exercised any of its powers in relation to the Scheme under the Pensions Act 2004. We can confirm that they have not.

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. We also confirm that the Scheme has not been modified over the last year.

Membership statistics

	2021	2020
Active Members	100	129
Deferred Members	117	109
Pensioners	298	283
Total	515	521

The chart below shows how the Membership is made up of the different Member types as at 31 March 2021:



With the Scheme closed to new entrants it is unsurprising to see the number of Active Members (Members who are still working at the Company) dropping.

Spotlight On Investments

Investment Objective

The Company pays contributions to the Scheme. The contributions are invested by the Scheme's investment managers into a number of different investment funds with the aim of increasing its value. The Trustees then use the money in the fund to pay pensions to members when they become due. This money is held in a common fund not in separate funds for each member.

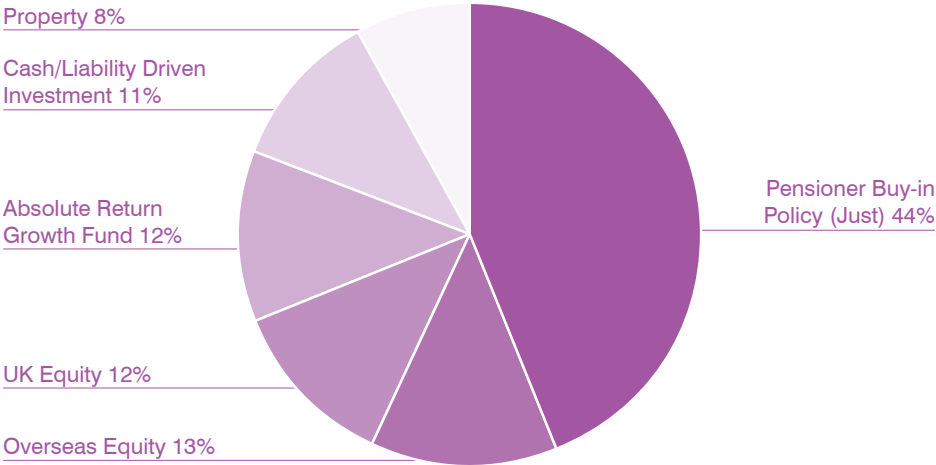
In order to ensure that there is sufficient money in the fund to pay members' pensions as they fall due, the Trustees work regularly with their investment advisors to review the assets held. The Trustees' objective is to set the investment strategy so that there is sufficient money to meet member benefits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

Investment Strategy Split Of Assets



The changes to this Investment Strategy over recent years have reduced the level of investment risk within the Scheme and further protected members' pensions. The Scheme does still take some investment risk in a sensible manner to deliver the benefits promised to members and the Trustees continue to actively monitor those investments, supported by its investment advisor.

Understanding and Safeguarding Your Pension

Don't let a scammer enjoy your retirement...

The prospect of scammers can be quite unnerving when you're planning your retirement, but, as long as you're sensible and know what to look out for, you can avoid them getting anywhere near your pension.

Here are six tips to help you stay alert:

1) Reject unexpected offers

If a pension company suddenly contacts you with an enticing offer, which you've not come across before, it's probably a scam. Scammers are known for cold-calling about pensions, but this became illegal in 2019. So, if you're cold-called, remember that caller is breaking the law, reject the offer right away and hang up.

2) Check who you're dealing with

It's not unusual for fake pension companies to seem legitimate. Scammers are experts in creating websites and brochures that look above board. So, it's wise to do your research and check who you're dealing with. It's also worth checking the Financial Services Register register.fca.org.uk/s/ for their details to make sure they're FCA-regulated.

3) Be aware of false claims

Pension scammers often try to draw you in by making hard-to-beat claims. They'll use words like "pension liberation," claiming that you'll "gain high-guaranteed returns" or "access to your pension before you're 55." But such claims are actually not possible for a pension company. Like many things in life, if it seems too good to be true, it probably is.

4) Never give out your bank details

You should never give your bank details to a company that contacts you – over the phone, online, or in person. This includes your bank account number, card PIN and online banking password. An official pension company will never ask you to provide these details. If they do, it's most likely a scam... so beware!

5) Don't feel rushed or pressured

Setting up a pension shouldn't be a rushed task. But scammers will pressure you to act quickly and sign up on the spot. If you come across a pension scheme that you'd like to know more about, don't feel rushed or pressurised into making a decision. Read all the available information carefully before you commit to anything.

6) Get impartial advice

It's always worth getting impartial advice to stay on the safe side of a potential scam. You can get this free from MoneyHelper. Or by speaking to an independent financial adviser. Remember, the adviser should be regulated by the FCA and not linked to the pension company offering the scheme you're interested in.

The Scheme Administrators Lane Clark and Peacock (LCP) will never cold call you and ask for information. They would only call you in response to an enquiry you have made.

Inflation Reform

Over time, things get more expensive – something which we know as “inflation”. The Scheme has a valuable feature – the Scheme's Rules set out a method for increasing pension payments to help them keep up with the effects of inflation. There are two commonly used measures of inflation for the UK - the Retail Prices Index, abbreviated “RPI”, and the Consumer Prices Index, “CPI”. Both are published monthly by the UK Statistics Authority, a body that is independent of Government.

The Government and the UK Statistics Authority have confirmed that the way in which RPI is to be calculated from 2030 onward will be updated, to bring it more closely into line with CPI. You may have seen this in the news. As the Scheme uses CPI for increasing pensions these changes will not affect how pensions from the Scheme are increased.

Additional Pension Savings

The Portsmouth Water Group Personal Pension Plan (PWGPPP) was set up in 2011 and is a Defined Contribution Pension Scheme.

The PWGPPP is open to Brockhampton Pension Scheme Members should they be considering Additional Voluntary Contributions to “top-up” their pension. Although there would be no Company Contributions, Members can start saving in the Scheme on a SMART basis (before Tax and NI deductions) and would be able to take advantage of the current 0.35% management fee available for all active Members of the Scheme. For further details contact the Secretary.

Pensions Tax Allowances

The Lifetime Allowance (LTA) is the maximum amount of pension savings that you can have at retirement from all pension schemes without incurring an additional tax charge. In April 2016, it was fixed at £1 million, however, the LTA started to increase with inflation from April 2018 as measured by the Consumer Price Index and it is currently £1,073,100 for the 2021/22 tax year, although it is not expected to increase until 2026 at the earliest.

The Annual Allowance (AA), which is the maximum annual pension savings that will qualify for tax relief, remains at £40,000, although there are lower limits for individuals with income above £200,000 or who have already started accessing their pension benefits.

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

Which shows the Scheme's income and expenditure in the year up to 31 March 2021.

Actuarial Report

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

Statement of Funding Principles

Setting out the Scheme's funding plan.

Explanatory Booklet for the Brockhampton Pension Scheme

This can be found on the Company Intranet but a copy can be made available on request.

Annual Benefit Statement

For active Members of the Scheme – Statements circulated late 2021.

Scheme Privacy Notice

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

Wellbeing & Mental Health

Top Tips to Manage your Mental Health & Wellbeing at Home

Managing your mental health and wellbeing is so important, especially during today's challenging times, however, when advice is given to stay at home, achieving this can feel quite difficult. Thankfully, there are things you can do in your home that can help.

Carry out light activities

Regularly doing light activities, such as dusting, vacuuming and other chores around the house, can help keep your body moving and give your mind focus. Even making the bed, or just going up and down stairs throughout the day, can help. You can find more information about this on the NHS website - www.nhs.uk/live-well/exercise/physical-activity-guidelines-older-adults/.

Make time for mindfulness

Mindfulness is about focusing the mind and living in the present moment. Good mindfulness techniques encourage you to close off your thoughts and pay close attention to your senses instead, such as sight, sound, touch and taste. This could involve closely observing the wildlife in your garden, carefully colouring in a drawing, or just slowly sipping a hot cup of coffee. You can learn more about mindfulness on the website for the charity Mind - www.mind.org.uk/.



Learn something new

Learning about a new subject is a good way to help keep your brain active and give you some fulfilment, while allowing you to build new skills and discover interests you never knew you had. There are many free short courses you can do online, such as on e-learning sites. They can open you up to a whole range of interesting subjects, from creative arts and literature to nature and the environment, science and medicine to IT and language, all in the comfort of your own home.

Other ways to manage your mental health during a lockdown:

- **Limit your intake of news**

Constantly watching the daily news can increase worry and anxiety, as it is out of our control. Instead, schedule a short period of time during the day to catch up on it.

- **Follow a daily routine**

Structuring your day can give each day a sense of order and help you feel in control.

- **Diarise your activities**

Making a note of the things you do each day can help you recognise your achievements and reinforce positive thoughts.



Trustees and Professional Advisors

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

Trustees

Nicholas Roadnight FCA
Chairman and Trustee

Christopher Hardyman ACIS
Secretary and Trustee

Neville Smith BA, FCMA, CGMA
Trustee

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

Timothy Jackson B.Sc, FICE
Member Nominated Trustee

Paul Barfoot ACIB
Trustee

Paul Treagust B.Eng
Member Nominated Trustee

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

**Portsmouth Water
Superannuation Fund Trustee
Limited**

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:

Professional Advisors

Scheme Actuary
**David Stewart, Lane Clark &
Peacock LLP**

Administrators
Lane Clark & Peacock LLP

Auditors
KPMG

Bankers
Lloyds Bank PLC

Investment Advisors
Lane Clark & Peacock LLP

Investment Managers
**Brown Shipley & Co. Limited
BMO Global Asset Management**

Investment Custodians
Brown Shipley & Co. Limited

Solicitors
Gunnercooke LLP

Q&A with Trustee Sam Dawson

Why did you want to be a Trustee?

I wanted to become a Trustee to understand more about pension schemes in general and about the Brockhampton Pension Scheme specifically. I'm also keen to have an input in to the administration of the Scheme and play my part in ensuring the Scheme provides long-term benefits to its members.



What do you hope to learn as a Trustee?

I hope to gain a broad understanding of pension schemes in general, but also to understand the workings of the Brockhampton Pension Scheme specifically. I've always thought I'm too young to worry about a pension scheme and just kept making monthly payments, but as I get older, I'd like some reassurance that the Scheme I am part of is doing the best to serve its' members.

What do you think you can bring to the Trustee Board?

I think I probably have a different view compared to others on different aspects affecting the Scheme and I'm keen to get those views across to ensure decisions are made whilst considering how the community and world has changed in recent years, and how it will continue to change.

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.

If you would like to get in touch, there are a number of ways you can do this:

Chris Hardyman (The Scheme's Secretary & Trustee)

Contact for general and benefit enquiries

E-mail c.hardyman@portsmouthwater.co.uk
Telephone 023 9224 9253
Post Brockhampton Springs
West Street
Havant
Hampshire PO9 1LG

Payroll Department

Contact for changes to address, marital status or banking arrangements.

E-mail t.allery@portsmouthwater.co.uk
Telephone 023 9224 9259
Post as above

Lane Clark & Peacock LLP (The Schemes Administrator)

Alternative contact for general and benefit queries.

E-mail brockhamptonadmin@lcp.uk.com
Telephone 01962 870060
Post Lane Clark and Peacock LLP
St Paul's House
Winchester
Hampshire SO22 5AB

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

If you would like to trace a missing occupational Pension Scheme:

Website 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

