

National Gas Transmission (NGT)

An update on the sponsoring employer of Section B

Updated August 2023

This information is specifically for active, deferred, pensioner and dependant members of Section B of the National Grid UK Pension Scheme.

Context

In February 2023, the Trustees wrote to everyone in Section B following National Grid's announcement that it had sold a 60% stake in its UK gas and metering business, to Macquarie Asset Management, an ownership Consortium. Macquarie also had the option to purchase the remaining 40% stake during 2023.

The new company, called 'National Gas Transmission' (NGT), owns and operates the gas national transmission network in the UK and is the lead sponsoring employer of Section B.

In July 2023, National Grid announced they have agreed to sell a further 20% stake in NGT to the same Macquarie-led Consortium. This sale would bring the Consortium's ownership to 80% of NGT.

NGT has confirmed that it will be setting up a new pension scheme and will be requesting a transfer of all the assets and liabilities of Section B to this new scheme in due course.

It had been anticipated that the transfer would take place during autumn 2023 but it is now expected to take place at the end of 2023. **We'll write to Section B members in November to explain more.**

If you're a member of Section B, there's nothing for you to do in this respect and we're not asking you to take any action. This Q&A gives context around the planned changes to Section B of the Scheme and is provided for awareness only.

27 July 2023

Questions & Answers

1. What does the sale of National Grid Gas Transmission & Metering mean for my pension benefits in Section B?

On 31 January 2023, National Grid completed the planned sale of its 60% stake in the gas transmission and metering business, which is also the sponsoring employer of Section B. The new company is called National Gas Transmission (NGT). Since then, NGT has been putting in place its own pension scheme and in due course will request a transfer of the existing assets, members and liabilities of Section B of the National Grid UK Pension Scheme to the new scheme; this requires the Trustees' consent.

The Trustees are working closely with NGT to facilitate the transfer, taking due legal advice and following a detailed process. As part of this they will carefully consider whether a transfer will result in members' benefits remaining safe, secure and well supported. We understand there are no proposals to change benefits as part of the transfer.

In July 2023, National Grid announced they have agreed to sell a further 20% stake in NGT to the same Macquarie-led Consortium. This sale would bring the Consortium's ownership to 80% of NGT. National Grid has also agreed a new arrangement where the Consortium has the option to purchase the remaining 20% during 2024.

2. When would the proposed transfer to the new scheme take place?

The proposed transfer is expected to take place by the end of 2023, but it can only proceed with the consent of the Trustees as they have the sole power to make transfers out of the Scheme under the Trust Deed and Rules which governs the Scheme. There are also conditions in overriding legislation which would have to be met before a transfer could go ahead.

The Trustees are discussing the proposed transfer with NGT and taking independent legal and actuarial advice on the proposed transfer. The Trustees will aim to write to you again before the end of the year with an update on what's happening.

3. Will my benefits be safe in the new scheme?

The benefits you have built up are protected by law and your entitlement to those built-up benefits would not change even if they were transferred to the new NGT scheme. If you are an active member, employed by NGT or Xoserve, you will continue to build up benefits for future service in the new scheme sponsored by NGT.

4. Is Section B well-funded?

Section B is well funded and NGT's request is to transfer all existing assets, members and liabilities of Section B into the new scheme. This would continue to be supported by NGT's Ofgem-regulated business.

An update on the valuation results for each Section as at 31 March 2022, is currently being finalised and will be issued to members, or made available online at BWebstream, during September 2023.

5. Who will run the new scheme?

The new scheme will be set up under a new trust and will be run by a new board of trustees, some of whom must be appointed by the membership of the new scheme (i.e., the current members of Section B) and some will be appointed by NGT. Further details on how the Board of the new scheme will be comprised will be confirmed by NGT over the coming months.

6. I am a pensioner; would the proposed transfer affect the payment of my pension or pension increases?

Your pension will continue to be paid in the same way as it is now. Pension increases would continue to be applied each year. The trustees of the new NGT scheme, once it has been set up, would have a legal obligation to continue your pension payments.

7. Can I choose not to transfer my benefits to the new scheme and leave them with NGUKPS instead?

That's not an option under the circumstances of the sale of NGT. As NGT is the lead sponsoring employer of Section B and you are a member of Section B, you will be legally transferred to the new scheme, which is currently being set up, as part of the assets and liabilities.

8. Do I have to do anything?

No, you don't have to do anything. The information provided here is simply for awareness. While work is still ongoing, we can assure you that from your perspective there should be no change to your pension or benefits, nor in how the Section is funded as the new scheme going forward, nor in the standard of service you currently receive from the administration team.

9. What happens next?

The Trustees are committed to keeping you informed during this process and further communications will be issued by the end of the year.

10. Who do I contact if I have any questions about the proposed transfer?

This exercise is being managed by Trustee Executive Limited (TEL), the team of specialist pensions experts who are owned by the Trustee Company and provide dedicated support to the Trustees.

If, after reading this Q&A, you have a specific enquiry about this exercise, please email: SectionB-sale@Barnett-Waddingham.co.uk or call Freephone: +44 **0808 175 3612**. We'll get back to you with a response from TEL as soon as possible (within a few weeks).