

## **British Steel Pension Scheme Information Debriefing following October 2018 Trustee Board Meeting:**

The meeting was to finalise the draft Integrated Risk Management Framework and consider proposed changes to the Scheme's investment strategy

### **Agenda Items**

#### **Integrated Risk Management (IRM) Framework Update**

- Integrated risk management is the process of considering the risks that may affect pension schemes in order to understand how they could affect each other and how they can best be managed
- With the assets that were transferred from the OBSPS, the new Scheme is well positioned to pay benefits securely on a low risk basis, but some risks remain
- The board was updated on the work being undertaken to implement an IRM Framework by 31 December 2018

#### **Investment Strategy**

- The board approved updated versions of the Statement of Investment Principles (SIP) and the Investment management Agreement (IMA)
- To determine the Scheme's investment strategy, the Trustee needs to make decisions regarding the Scheme's long-term funding target, the timescale for achieving this objective, the Trustee's tolerance for investment risk and the principles for managing the Scheme's assets if ahead or behind the target
- The Scheme's investment consultant presented a paper to inform the Trustee's discussions on the agreement of an appropriate investment strategy
- The Trustee will now consult with the Company and, when appropriate, implement any necessary changes

#### **Actuarial Update**

- The Trustee is currently consulting with the Company on the key valuation assumptions
- The Trustee expects to be in a position to communicate the results of the valuation as at 31 March 2018 to Scheme members before the end of the year

#### **Draft Annual report & Financial Statements for the period ended 31 March 2018**

- The Scheme Auditor confirmed that there were no major control deficiencies arising from the 2018 statutory audit and that the Scheme would be issued with an unqualified audit report
- The Draft Annual Report and Accounts were presented to the Trustee and approved
- The Annual Report and Accounts will be available on the Scheme's website from 31 October 2018

#### **GMP reconciliation exercise**

- Formerly contracted-out pension schemes, such as the British Steel Pension Scheme, are undertaking exercises to reconcile contracted-out benefits, such as Guaranteed Minimum Pensions (**GMPs**) with records held by HMRC
- The new single-tier state pension does not take account of GMPs in the way that the old two-tier state pension did and so HMRC will no longer need to keep track of GMPs for people who reach State pension age after 6 April 2016
- A paper was presented to the board regarding possible methodologies that could be used to rectify the changes to GMPs that will be required following completion of the reconciliation project and the Trustee agreed to adopt the proposed methodology

#### **Governance**

- Allan Johnston's term of appointment as Trustee Chairman expires on 31 March 2019. In accordance with procedures agreed at the time the Scheme was set up, one of the Scheme's independent Trustee directors will assume the role of Chair once Mr Johnston's term expires
- The board approved a proposal for Keith Greenfield to become Trustee Chairman designate

#### **Dates and Locations of Scheduled Meetings**

- The Trustee board noted the dates for scheduled meetings in the remainder of the 2018/19 Scheme Year as 10 December 2018 and 20 February 2019