

British Steel Pension Scheme Information Debriefing following June 2018 Trustee Board Meeting:

Trustee Knowledge and Understanding

- There is a statutory requirement for the trustees of occupational pension schemes to have the necessary knowledge and understanding to fulfil their duties as a trustee
- Ahead of the meeting the board participated in a training session covering the setting of a pension scheme's investment strategy

Agenda Items

General Update

- The Trustee board was briefed on a recent meeting between representatives of the Trustee board and Tata Steel UK Ltd (**TSUK**) at which an update on the performance of TSUK during the last financial year and its annual plan for the next had been discussed
- The Trustee board was updated on the work being carried out to reconcile the split of assets and liabilities following the successful transition from Old BSPS (**OBSPS**) to the Scheme
- 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**). As a result of this work, Scheme Officers had notified HMRC of £67 million of potential GMP liabilities which had been incorrectly attributed to the Scheme
- From 25 May 2018, all pension schemes within the EU are subject to the new General Data Protection Regulations (**GDPR**), which replaces the Data Protection Act 1998.
- The Trustee takes data protection very seriously and will implement an independent plan of action and activities to ensure it is compliant

Transfers Out

- All valid transfer requests received on or before 16 February by the OBSPS in respect of members of the new Scheme are being paid on the basis of the original quotation even though payment is being made by the new Scheme
- A small number of transfer payments remain to be completed where the Pensions Office does not have the necessary member consents
- Scheme Officers are writing to the affected members to remind them that failure to provide consent will mean the transfer cannot be paid and the quotation will lapse
- The Pensions Office is now providing transfer value quotations on the new Scheme basis

Actuarial Update

- An update was given on the Scheme's actuarial valuation as at 31 March 2018

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

- 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 initial discussions on an appropriate investment strategy
- The Trustee's legal advisers commented on the extent to which the legal framework governing the Scheme meant that the agreement of TSUK was required to implement de-risking strategies

Chief Investment Officer's Report

- The Chief Investment Officer provided a detailed update on general investment matters
- The value of Scheme assets was £10.375 billion as at 7 June 2018

Trustee Business Planning Process

- The Trustee board noted a draft Business Plan setting out Scheme priorities for the remainder of the current year

Dispute Cases

- The Trustee board was updated on disputes raised by members after 29 March 2018 which are considered in line with the Complaints Management Protocol
- The Trustee board was briefed on recent development regarding disputes raised by members in connection with the OBSPS Cash Equivalent Transfer Value methodology
- The Trustee board noted three cases where a decision had been made by Scheme Officers in exercise of their delegated authority to determine complaints to the Trustee board under Stage 1 of the IDRP

Administration Report

- As at 31 March 2018, Scheme membership was 79,227 comprising 17,368 deferred pensioners and 61,859 members whose benefits were currently in payment
- The main BPS members calculations on the Profund Administration System had been updated with the new BPS terms following successful testing
- 23 complaints were received under the Scheme's service standard complaints procedure and appropriate responses issued by Scheme Officers. Scheme Officers noted that the number was considerably higher than normal reflecting issues that had arisen during the Time to Choose exercise

Technical Update

- The Trustee noted recent developments in pensions which could impact on the Scheme

Dates and Locations of Scheduled Meetings

- The Trustee board noted the dates for the 2018/19 scheduled meetings as 30 August 2018, 16 October 2018, 10 December 2018, and 20 February 2019.
- The 2018 Consultative Meeting is to be held at Ashorne Hill Management College on 3 October 2018

Information Debriefings provide a brief summary of matters discussed at Trustee board meetings. They are made available so that members and others with an interest in the Scheme may know about the role of the Trustee and the work it does to ensure that the Scheme is administered properly.

Information Debriefings are not an official record of the Trustee's decisions and no reliance should be placed upon them.