THE
BRITISH STEEL
PENSION SCHEME

Registered number – 12014387

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2021

BRITISH STEEL PENSION SCHEME

Contents

Trustee and independent advisers	1
Chairman’s introduction	2
Report of the Trustee	4
Report on Actuarial liabilities	5
Implementation Statement	10
Statement of Trustee’s responsibilities	15
Independent Auditor’s report to the Trustee of the British Steel Pension Scheme	18
Independent Auditor’s Statement about Contributions to the Trustee	21
Fund Account	22
Statement of Net Assets (available for benefits)	23
Notes (forming part of the Financial Statements)	24
Trustee’s Summary of Contributions	37
Actuary’s Certification of Schedule of Contributions	38

BRITISH STEEL PENSION SCHEME

Trustee and independent advisers

Trustee Company	B.S. Pension Fund Trustee Limited
Registered Office	17th Floor 125 Old Broad Street London EC2N 1AR
Directors	K Greenfield (Chairman) - *Independent Trustee Director* C Claydon - *Independent Trustee Director* S Corten - *Member Nominated Trustee Director* B Evans - *Member Nominated Trustee Director* AJ Johnston - *Company Nominated Trustee Director* M Wilson – *Company Nominated Trustee Director*
Secretary to the Trustee	M Donohue
Administrator	B.S. Pension Fund Trustee Limited 1/2 Dalmore House 310 St. Vincent Street Glasgow G2 5RU
Principal Company and Sponsor	Tata Steel UK Limited
Actuary	G Oxtoby Willis Towers Watson
Auditor	KPMG LLP
Solicitors	Travers Smith LLP
Investment Manager	Pension Services Limited
Investment Consultants	Willis Towers Watson JLL Strutt & Parker
Independent Property Investment Adviser	S Francis
Custodian	JP Morgan Chase Bank
Bankers	Barclays Bank plc
Corporate Finance Adviser	Penfida Limited
Medical Adviser	PAM Group

BRITISH STEEL PENSION SCHEME

Chairman's introduction

On behalf of the Trustee of the British Steel Pension Scheme (***the Scheme***) I am pleased to present the Report and Financial Statements for the Scheme for the year ended 31 March 2021.

The Trustee has a framework to provide monitoring of the key investment, funding and covenant risks facing the Scheme. The aim of this framework is to enable the Trustee to take appropriate action promptly if required.

The Trustee held regular and detailed discussions throughout the year about possible routes for further de-risking the Scheme. This included exploring what options might be possible, now or in the future, for securing benefits with one or more insurance companies. During the course of the year, no price was received which would allow a transaction to take place. Efforts to manage and mitigate the risks facing the Scheme are on-going.

The Scheme's triennial valuation as at 31 March 2021 is well under way and the Trustee expects to have finalised the process and agreed the results early in 2022. Although the Scheme has faced a number of headwinds since the last valuation, including the impact of the global pandemic on markets and the Government announcement regarding changes to the way inflation will be calculated in future, the Trustee expects the valuation to confirm that the Scheme remains well positioned to pay benefits securely on a low-risk basis now and in the future.

The BSPS is intended to meet its liabilities on a standalone basis. There is however still a regulatory requirement on the Trustee to assess the strength of the Company covenant (i.e. Tata Steel UK Limited's financial position, prospects and willingness to continue to support the Scheme) at the time of each actuarial valuation and to monitor developments in the covenant during the inter-valuation period. Arrangements are in place for the Trustee to receive the necessary information to undertake its covenant assessment as part of the 2021 actuarial valuation process.

The Agreement to set up the Scheme in 2018 includes provisions for a potential additional payment to some members if the 2021 valuation results in an 'unexpected surplus'. Whether or not a payment is due will not be known with certainty until after the valuation has been completed and the Trustee will keep all interested parties informed of developments as the valuation progresses.

Detailed analysis of the Scheme assets and return can be found in the investment report starting on page 6. I am pleased to report that the Scheme has once again performed well against its benchmark.

The ongoing Covid restrictions have continued to impact on the staff and members of the Scheme although I am pleased to once again report that during these very difficult times the Pensions Office has been able to maintain all of its the key services without noticeable disruption to members. The Trustee monitors the performance of the administration office by means of a series of service standards and was reassured to note that no service standard has so far been missed during the pandemic.

Shaun Corten's term of appointment as a Member Nominated Trustee Director was due to expire on 31 March 2021. Given the full lockdown restrictions in place, face to face interviews could not be held as originally planned and it was recognised that this could put candidates not known to the Trustee at a significant disadvantage. Given these circumstances, the Trustee board decided to postpone the selection process and extend Shaun's term for a further twelve months following which the selection process will be run as normal.

Finally, I would like to thank all of my fellow directors and the Scheme Officers and advisers for their hard work over what has been another very busy and challenging year.

Keith Greenfield
Chairman of Trustee board

The British Steel Pension Scheme (***the BSPS** or **the Scheme***) is operated by a Corporate Trustee, B.S. Pension Fund Trustee Limited. The Directors are pleased to present its annual report on the Scheme, together with the Financial Statements for the period ended 31 March 2021.

Constitution of the Scheme

The BSPS is an occupational pension scheme set up under trust to provide benefits for former members of the Old British Steel Pension Scheme (***OBSPS***). It is governed by an interim Trust Deed dated 7 July 2017, as amended from time to time.

The Trustee holds funds on trust to apply them for the purpose of paying pensions and other benefits in accordance with the Trust Deed. During the year deeds of amendment were executed to bring about amendments to the Scheme's powers of investments.

Management of the Scheme

Responsibility for setting the strategy and for managing the Scheme rests with the Trustee. The directors of the Corporate Trustee are listed on page 1. The board comprises two Company Nominated Trustee Directors (***CNTD*s**), two Member Nominated Directors (***MND*s**) and two Independent Trustee Directors (***ITDs***). Tata Steel UK Limited (***the Company***) is responsible for the appointment and removal of the CNTDs. The board is responsible for the appointment of ITDs and is required to consult with the Pensions Regulator ahead of any appointment. The Company must give its approval to any ITD nominee before the appointment can be ratified.

All directors are appointed for a fixed term not exceeding three years and are required to retire by rotation at the end of their term of appointment. ITDs and MNDs can only be removed within their term of appointment with the approval of all other Trustee directors. CNTDs can be removed by the Company within their term of appointment.

C Claydon's term of appointment expired on 31 December 2020 and she was reappointed for a further term of three years from 1 January 2021. S Corten's term of appointment expired on 31 March 2021. Interviews for the vacancy were originally scheduled to take place during February 2021 however, given the full Covid lockdown restrictions, face-to-face interviews could not be held and the Trustee board decided to postpone the selection process and extend Mr Corten's term of appointment for a further twelve months.

The Trustee board meets at least quarterly, and decisions are reached by consensus. In addition to scheduled board meetings, the Trustee held four special meetings and three dedicated strategy days. These were held separately from ordinary Scheme business to allow the board to consider in detail the pros and cons of various possible risk management strategies.

The Trustee board has established the following sub-Committees:

- Audit and Risk Committee (three scheduled meetings each year plus special meetings);
- Disputes and Determinations panel (meetings as required);
- Data Working party (meetings as required); and
- Remuneration Committee (meetings as required).

The day-to-day management and operation of the Scheme is delegated to the in-house pension administration and investment offices set out on page 1 and is supervised by the Trustee board. The Trustee board has appointed professional advisors and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. Written agreements are in place with each of them.

Trustee directors who are employed within the Company are not paid additionally by the Scheme for their services. Other Trustee directors are paid a fee and reimbursed for expenses incurred in performance with their duties, in accordance with the Trustees board's agreed policy.

Recent developments

At the outset of the Covid-19 pandemic, the Scheme took prompt action to deploy its business continuity plans in order to ensure continuity of service to members and to safeguard the health and safety of staff and their families. Despite reduced access to the Glasgow and London offices which meant the majority of staff were working from home, the Scheme continued to meet all of its key service obligations with minimum disruption to members.

The Trustee began a comprehensive review of the Scheme's investment strategy and reached agreement with the Company on changes to the Scheme's investment powers to help mitigate the interest rate risks it faces. A revised Statement of Investment principles (***SIP***) in line with regulatory requirements was also agreed and published on the scheme website.

The Trustee approved the introduction of a *Member Portal* providing access to personalised documents for pensioner members including P60 documents, monthly payslips and Pension Increase letters. The portal will be further developed to offer greater functionality, including modules to allow updates to address and bank account details and, Nomination Forms, with deferred pensioner functionality thereafter.

The Trustee continued its consideration and development of potential de-risking options for the Scheme.

Report on actuarial liabilities

The Financial Statements set out on pages 22 to 36 do not include liabilities in respect of promised retirement benefits which fall due after the period end. These liabilities are considered by the Scheme Actuary who carries out an actuarial valuation of the Scheme every three years. This valuation considers the funding position of the British Steel Pension Scheme and the level of any contributions payable.

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. As described, this is assessed at least every three years using assumptions agreed between the Trustee and the employer and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The most recent triennial actuarial valuation of the Scheme was carried out as at 31 March 2018. The Scheme Actuary also provides an Annual Funding Update each year between actuarial valuations to provide an approximate update of the funding position of the Scheme. The Annual Funding Update as at 31 March 2020 showed an increase in the funding level.

Valuation date	***31 March 2018***	*31 March 2020*
Value of technical provisions	***£10,553 million***	*£9,872 million*
Value of assets available to meet technical provisions	***£11,221 million***	*£10,632 million*
Surplus	***£668 million***	*£760 million*
Funding level	***106.3%***	*107.7%*

The value of technical provisions is based on pension benefits accrued in the Old British Steel Pension Scheme (as at 31 March 2017 and transferred to the Scheme on 28 March 2018), and reflects assumptions about various factors that will influence the Scheme in the future, such as the levels of investment returns, when members will retire and how long they will live.

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method and the significant actuarial assumptions used in the calculations are as follows:

Discount rate	*1.10%*
CPI inflation	*2.15%*
Section 148 increases	*3.90%*
Deferred pension revaluation:	
CPI	*2.15%*
CPI capped at 5% pa	*2.05%*
CPI capped at 4% pa	*1.90%*
CPI capped at 3% pa	*1.65%*
CPI capped at 2.5% pa over the whole deferment period	*2.15%*
Pension increases in payment:	
CPI capped at 5% pa	*1.80%*
CPI capped at 3% pa	*1.60%*
CPI capped at 2.5% pa	*1.35%*
Mortality base tables	*Males: SAPS2 Normal health tables with a 1.15 multiplier and CMI 2015 projections with a 1.50% p.a. long term trend applying from 2007 to 2016* *Females: SAPS2 Dependant tables with a 1.21 multiplier and CMI 2015 projections with a 1.50% p.a. long term trend applying from 2007 to 2016*
Future improvements in longevity	*CMI 2016 projections with a 1.50% p.a. long term trend applying from 2016*
Allowance for commutation	*Members are assumed to commute 25% of their pension at retirement (subject to HMRC restrictions), based upon the current commutation factors*
Operational expenses	*0.5% of liabilities*
PPF levy reserve	*A reserve equal to 12 x the level of expected PPF levies*
GMP equalisation reserve	*0.45% of liabilities*

The next triennial valuation will be performed as at 31 March 2021. The Trustee board expects to review draft results in August 2021 and to agree finalised results by 31 March 2022.

Financial developments of the Scheme

The Financial Statements included in this report for the year to 31 March 2021 are the accounts required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

The overall fund value decreased from the previous year due to a fall in value of the bond portfolio, partially offset by a recovery in the property portfolio, following the impact of Covid at the beginning of the year. The asset mix of the Scheme remained consistent with previous years, with under 4% for equities and just over 96% of bonds, cash, property, and derivatives. This investment mix is in line with the strategic journey plan set by the Trustee and its advisers.

The contribution from investment income was £302 million net of tax, the majority of which came from the bond portfolios. The purchase of assets across all portfolios was £936 million and sales across all portfolios was £1,353 million.

During the year the Trustee changed its accounting policy on the valuation of the property portfolio, employing external valuers to value its real estate holdings on a quarterly basis. Property portfolios values have been resilient during the year and continue to provide a good cash matching asset to help meet pension payments.

Payments to leavers remained broadly level, whilst benefit payments reduced in line with the fall in the number of pensioners.

A summary of the Scheme's Financial Statements is set out in the table below.

	Year to 31 March 2021	*Year to 31 March 2020*
	£'000	*£'000*
Net (payments) from dealings with members	***(500,704)***	*(513,190)*
Net return on investments	***201,750***	*564,271*
Net increase / (decrease) in Scheme	***(298,954)***	*51,081*
Net assets at start of year	***10,632,228***	*10,581,147*
Net assets at end of year	***10,333,274***	*10,632,228*

A more detailed analysis of these financial movements over the period can be found in the Notes to the Financial Statements on pages 24 to 36.

Investment management

The Trustee delegates the day-to-day management of investments to Pension Services Limited ***(PSL)***, its captive in-house investment manager. It is a wholly owned subsidiary of the Scheme and regulated by the Financial Conduct Authority. The Trustee sets the investment strategy for the Scheme after taking advice from the Scheme's Investment Adviser, Investment Consultant, and the Scheme Actuary. The Trustee has agreed an investment mandate with their investment manager that implements this strategy. The last mandate was signed on 31 March 2021 that reflects the various investment strategy changes during the year. In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles has been prepared by the Trustee which incorporates the investment strategy.

The Trustee has set the investment strategy after taking into account the long-term liabilities of the scheme and the funding ratio and has been agreed with the Employer. The key investment objective is to maintain a portfolio of assets of appropriate liquidity that will generate investment returns to meet the benefits payable under the Trust Deed and Rules as they fall due, ensuring that returns on the Scheme's assets are maximised whilst managing investment risk at an appropriate level. The asset mix is intended to exceed the growth in liabilities on average by 0.85% pa with an objective of achieving a funding ratio of 103% of buyout liabilities in as short a timescale as possible, commensurate with the risk appetite of the Trustee.

PSL is remunerated by a fee that covers any expenses properly incurred in the provision of the services for its sole client, the Scheme. Any remuneration for employees of BSPS seconded to PSL is agreed by the Remuneration Committee of the Trustee in conjunction with the Chief Investment Officer and is based on meeting the medium/long term objectives of the Scheme to outperform the liabilities, along with other specific objectives set to meet the longer-term objective of achieving 103% of buyout liabilities.

The asset allocation in total net investment terms remained consistent with the previous year as follows:

	2021	***2020***
	%	*%*
Bonds, derivatives and cash net of Repo	*81*	*82*
Properties	*12*	*12*
Equities	*4*	*3*
Private Equity	*1*	*1*
Other	*2*	*2*
Total Net Investments	*100*	*100*

The Trustee invests directly into bonds, pooled investment vehicles, property, derivative contracts, cash and repo. The Trustee has authorised the use of derivatives by PSL for efficient portfolio management purposes and to reduce certain investment risks. The principal investment in derivatives was the legacy inflation rate swaps in the LDI portfolio.

The nature and disposition of Scheme investments are set out below, together with the actual allocation of investments on 31 March 2021, with pooled investment vehicles and derivatives analysed by underlying economic exposure:

2021	***Direct investments***	***Pooled investment vehicles***	***Derivatives***	***Total***	***Percentage***
	£'000	*£'000*	*£'000*	*£'000*	*%*
*Fixed Income and Inflation Swaps**	*9,822,993*	*-*	*(95,911)*	*9,727,082*	*94*
*Insurance Portfolio II**	*-*	*-*	*-*	*-*	*-*
Maturity Property	*1,167,830*	*-*	*-*	*1,167,830*	*11*
Equities (UK and Overseas)	*358,273*	*7,202*	*-*	*365,475*	*4*
Growth Property	*37,485*	*32,087*	*-*	*69,572*	*1*
Private Equity	*-*	*50,055*	*-*	*50,055*	*1*
*Repo**	*(1,305,078)*	*-*	*-*	*(1,305,078)*	*(13)*
Other	*226,784*	*-*	*-*	*226,784*	*2*
Total Net Investments	***10,308,287***	***89,344***	***(95,911)***	***10,301,720***	***100***

*In 2021 the gilts within Insurance Portfolio II were amalgamated into the Fixed income and Inflation Swaps portfolio.

2020	Direct investments	Pooled investment vehicles	Derivatives	Total	Percentage
	£'000	£'000	£'000	£'000	%
*Fixed Income and Inflation Swaps**	8,372,156	-	(202,102)	8,170,054	77
*Insurance Portfolio II**	2,082,051	-	-	2,082,051	19
Maturity Property	1,124,244	-	-	1,124,244	11
Equities (UK and Overseas)	344,328	8,861	-	353,189	3
Growth Property	63,600	33,270	-	96,870	1
Private Equity	-	56,537	-	56,537	1
*Repo on Insurance Portfolio II**	(1,516,622)			(1,516,622)	(14)
Other	244,885	-	-	244,885	2
Total Net Investments	**10,714,642**	**98,668**	**(202,102)**	**10,611,208**	**100**

*In 2020, the Trustee increased the hedging of liabilities by entering into Insurance Portfolio II, which involved a series of gilt purchases, financed with leverage using gilt repurchase agreements (repos).

Other than the pooled investment vehicles, OTC (Over The Counter) derivatives (inflation swaps) and property, all investments described above are quoted on recognised exchanges. The property portfolios are managed in house by the Scheme and valued externally by appointed valuers. The derivatives are valued on a mark to market basis daily and the pooled investment vehicles are priced by the investment manager of those vehicles. The Trustee regards all the investments of the Scheme as readily marketable other than the pooled investment vehicles. As part of the overall risk management of the scheme, the Trustee continued to increase the hedging of the fund's liabilities against changes in interest rates and inflation. This involved purchasing gilts on a leveraged basis, financed with gilt repurchase agreements (repos). Previously the Trustee expressed its target liability hedge ratio as a percentage of "best estimate liabilities". However, since the Trustee has moved to an explicit funding target of 103% on a buyout basis, it decided to express its hedge ratio on a buyout basis as well. The buyout hedge ratio currently stands at approximately 75% of liabilities, this will be built up over time as the buyout funding level improves.

The Department for Work and Pensions has published draft regulations related to sustainability and climate change to ensure that occupational pension schemes assess and manage their climate-related risks and opportunities. While these matters are already captured within the Scheme's Integrated Risk Management framework, the Trustee recognises that they are becoming increasingly important and justify further specific attention. As a result, the Trustee has initiated a project to assess the impact of climate change related risks and opportunities facing the Scheme as they relate to investments, sponsor covenant and funding. This work will continue in the 2021/22 Scheme year and will ensure that the Scheme's approach is appropriately robust and complies with the requirements of the new regulations.

The investments managed by PSL achieved the following returns over 1 year and 3 years:

	One year to 31 March 2021	*Three years to 31 March 2021*
Fund	*1.8%*	*13.0%*
Benchmark[1]	*-3.2%*	*11.1%*

[1] The benchmark for the year to 31 March 2021 was gilts plus 0.85%. For the three years to 31 March 2021 a Scheme Specific Benchmark applied until 30 June 2019, and gilts plus 0.85% thereafter.

Implementation Statement

Introduction

From 1 October 2020, and on an annual basis, the Trustee is required to make publicly available online a statement (***the Implementation Statement***) which:

- sets out how, and the extent to which, in the opinion of the Trustee, the Scheme's policies on voting and engagement have been followed during the year, and
- describes the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and state any use of the services of a proxy voter during that year.

This first Implementation Statement covers the Scheme year from 1 April 2020 to 31 March 2021 inclusive (referred to herein as ***the Scheme year***). The policies referenced above are set out in paragraphs 26 and 27 of the Scheme's SIP dated 31 March 2021 and are quoted below for ease of reference.

"26. The Trustee recognises *that active ownership (including the exercise of voting rights and engagement) can protect and enhance the value of investments. The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to its Manager and to encourage the Manager to exercise those rights. Rights attached to investments, including voting rights, will be exercised for the benefit of the Fund.*

"27. The Trustee will engage with the Manager on a regular basis, and at least annually, to understand how … its responsibilities with regards to voting and engagement have been discharged."

The Trustee considers that all SIP policies in relation to voting and engagement were adhered to over the Scheme year.

Updates to the SIP

The Scheme's SIP was updated several times during the Scheme year. In line with regulations that came into effect from 1 October 2020, the Trustee updated the SIP to reflect its policies in relation to the arrangements with the Scheme's investment manager (***Pension Services Limited*** or ***PSL*** or ***the manager***), and how these incentivise alignment with the Trustee's objectives and investing with a longer-term time horizon. The Trustee also took the opportunity to substantially restructure the SIP to improve the clarity of its policies, ahead of the requirement to make the SIP a publicly accessible document. One of the key changes made as part of these updates was to document the Trustee's policy of engaging with PSL in relation to how its responsibilities relating to voting and engagement are discharged. There were no changes to the SIP during the Scheme year impacting the policies relevant to this Implementation Statement.

The latest version of the SIP can be found on the Scheme website together with a copy of this Implementation Statement.

Adherence to the Scheme's voting and engagement policy

This section provides comment on how the Scheme's voting and engagement policies were implemented over the Scheme year, as well as setting out the voting behaviour of PSL (on behalf of the Trustee) over the same period.

PSL, through which all of the Scheme's assets were invested during the Scheme year, is directly and wholly owned by the Trustee, and its sole purpose is to provide investment management services to the Trustee/Scheme.

Owing to the particular operational and governance arrangements of the Trustee and manager, the Scheme benefits from an integrated relationship between the Trustee and Manager. This results in engagement between the Trustee and PSL taking place formally on at least a quarterly basis (at Trustee board meetings) as well as there being multiple additional interactions on both a formal and less formal basis over the course a typical year.

The Trustee delegates the responsibility for voting and engagement with relevant parties in relation to the Scheme's underlying investments to PSL by way of an Investment Management Agreement. The Trustee discussed voting and engagement matters with PSL at the November 2020 Trustee board meeting. This included a reminder of the approach that is taken by PSL, which in the context of voting, is implemented in accordance with the policy agreed by the Trustee. The policy on voting was formulated taking into account:

- the Scheme's investment strategy, noting that less than 4% of the Scheme's assets are invested in listed equities, and

- the size of assets under management, noting this has an impact on the extent of PSL's ability to engage with companies.

As such, the approach to both voting and engagement is selective, and typically focused on issues that are deemed to have specific financial consequences for the Scheme[2].

A further review of voting and engagement was tabled at the May 2021 Trustee meeting, to review the activity undertaken by PSL over the Scheme year ending 31 March 2021. The Trustee considered the analysis that is summarised later in this Implementation Statement and had the opportunity to discuss this in detail with PSL.

Manager engagement activity on Trustee's behalf

Context and proportionality – listed equities

The Scheme's listed equity holdings are below 4% of the total Fund value and UK equities (relevant for the UK Stewardship Code) represent a much smaller percentage. The Scheme's percentage holdings of individual equities comprise approximately fifty international large cap utilities as at the date of this Implementation Statement. The current investment strategy requires the Scheme to divest these residual equity holdings by 1 January 2025.

These practical realities inform the Trustee's pragmatic engagement policy, and typically PSL will endeavour immediately to liquidate any equity holding in which it does not retain full confidence in the investee company's management and strategy. ESG considerations are factored into equity investment decisions.

Non listed equity investment engagement

i.) Credit

PSL's bond team will meet bilaterally with management of current and potential investees and also attend investor roadshows to help to inform their view regarding the desirability and selection of new issues and also continuing investment. They will engage on consent solicitations, tender offers and other corporate actions. As for listed equities, ESG considerations are factored into our credit investment decisions.

[2] Generally, the Trustee did not explicitly take account of non-financial matters in Scheme design or strategy during the Scheme year as set out in the SIP at paragraph 28.

ii.) Alternatives

The Chief Investment Officer of PSL (***the CIO***) is represented on the advisory committee of certain alternative investments and will attend investor meetings of investees. This portfolio is in run off and no new investments are being made. In terms of specific engagement on alternative investments, the CIO has been involved in advisory committee discussions and voted:

a. in favour of resolutions to facilitate transfers of certain investments to a continuation fund for one limited partnership; and,

b. against an initiative to withhold distributions by another limited partnership.

iii.) Property

PSL's property team engages with tenants regarding renegotiation and variations of lease terms, rent reviews, arrears, development opportunities and energy efficiency and general management matters.

Other engagement

The CIO of PSL is a long serving member of the advisory committee of the UK Pension Fund Investment Forum (***PFIF***). The PFIF has the purpose of improving the quality of information available to pension funds leading to the development of more relevant and efficient processes and eventually, improved performance. Separately the CIO responded on behalf of the Trustee to the UK Government's consultation on potential RPI reform. PSL's Chief Finance Officer is currently Chairman of the Investment Association's Occupational Pension Scheme Forum. The Investment Association makes representations to the UK government on legislative, regulatory and tax matters. It liaises with UK and European regulators and other relevant organisations and raises public awareness and understanding of investment funds.

Voting Policies

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to its Manager and to encourage the Manager to exercise those rights. Rights attached to investments, including voting rights, will be exercised for the benefit of the Scheme.

Investment Manager voting policy

PSL's approach to both voting and engagement is selective and will typically be focussed on issues that are deemed to have specific financial consequences for the Scheme. The table below sets out the voting activities of the Scheme's Manager over the Scheme year. The Manager did not use proxy voting during the Scheme year.

Date	***Asset holding***	***Voting Activity***	***PSL Ownership of Equity***	***Meeting Type***	***Outcome of Vote***
15 January 2021	*Atlantia S.P. A*	*Vote in favour of Management resolution*	*0.05%*	*EGM*	*Resolution Passed*
25 March 2021	*The Renewables Infrastructure Group Ltd*	*Vote in favour of Management resolution*	*0.21%*	*EGM*	*Resolution Passed*
29 March 2021	*Atlantia S.P.A.*	*Vote in favour of Management resolution*	*0.05%*	*EGM*	*Resolution Not Passed*

PSL does not currently use any proxy voting services

Significant votes

Given the policies described above, the small number of equity holdings and under the assumption the Trustee has full confidence in its investee companies' management and strategy, it is unlikely PSL will report many votes deemed to be significant in any particular year under review. PSL considers this to be the case in the Scheme year.

However, during the Scheme year, the Scheme did actively support the management of Atlantia S.P.A. in two separate votes with its 0.05% stake, in its efforts to dispose of assets to the benefit of shareholders under considerable pressure to do otherwise from the Italian State. The first resolution was to allow management to extend the deadline for the disposal of its Italian toll roads which was overwhelmingly approved. The second, to consider an IPO of the same assets was blocked by a major shareholder. The Trustee also supported the management of The Renewable Infrastructure Group plc in its proposed fundraising, voting its 0.21% stake in favour.

Summary and conclusions

The Trustee considers that all SIP policies in relation to voting and engagement were adhered to over the Scheme year.

Membership

The membership of the Scheme at the beginning and end of the year to 31 March 2021 (and changes during the year) is set out below.

	Deferred Pensioners	***Pensioners***	***Total***
At 1 April 2020	*14,812*	*59,530*	***74,342***
Retirements	-	*1,807*	***1,807***
Commutations	-	*(175)*	***(175)***
Cessation	-	*(20)*	***(20)***
Transfers to other pension arrangements	*(73)*	-	***(73)***
Retirements	*(731)*	-	***(731)***
Deaths	*(46)*	*(3,592)*	***(3,638)***
Moved from unclaimed file	-	-	**-**
Adjustments	*6*	-	***6***
At 31 March 2021	*13,968*	*57,550*	***71,518***

Pensioners Analysis	
Pensioners	***42,081***
Widow(er)s, civil partners, and dependants	***15,469***
	57,550

Included within the above are 97 pensioners and 10 beneficiaries whose benefits are provided by annuities.

Pension increases

In accordance with the Rules, pensions in payment are increased every year in April in line with statutory requirements. The increases granted with effect from 1 April 2021 were as follows:

Pension accrued pre 05/04/1997	-
Pension accrued post 06/04/1997 pre 05/04/2005	*0.5%*
Pension accrued post 06/04/2005	*0.5%*

The pension increases referred to above do not apply to that element of the pensions in payment representing any Guaranteed Minimum Pensions (***GMP***), as these increases are provided in part by the Scheme and in part by the State. GMPs earned after April 1988 will be increased by the Scheme in line with inflation up to a maximum of 3% per annum, as required by legislation. GMPs relate to service accrued from April 1978 to April 1997, when contracting out arrangements were changed and GMP ceased to apply. Contracting out arrangements ceased from 6 April 2016.

Deferred pensions were increased in line with statutory requirements as is required under the Scheme Rules. There were no discretionary increases awarded in the year.

Transfers

All of the transfer values paid during the period were calculated and verified by the Scheme Actuary or calculated in accordance with instructions prepared by him in accordance with statutory regulations. The Trustee has instructed the Scheme Actuary not to take account of discretionary increases in calculating cash equivalents for transfer purposes. No transfers were reduced to less than their cash equivalent value.

Guaranteed Minimum Pensions

Before 1997, contracted-out defined benefit schemes, such as the OBSPS, were required to provide Guaranteed Minimum Pensions in respect of contracted-out service. Although contracting-out in defined benefit schemes ceased in April 2016, rights earned at that date were retained and the Scheme is responsible for paying the contracted-out element of benefits payable to members who transferred from the OBSPS.

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to GMPs. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. A further High Court ruling in November 2020 extended this requirement to the calculation of historic transfer value payments.

At this stage, the Trustee has not agreed the final position on the member population and the GMP amounts nor the equalisation methodology to be used and is therefore not in a position to obtain a reliable estimate of the backdated benefits and related interest. The cost of backdating pension benefits and related interest has therefore not been recognised in the Financial Statements but will be so recognised once the Trustee is able to reach a reliable estimate.

Governance and risk management

The Trustee board operates a governance framework intended to provide reassurance that the Scheme is well run and as a means of monitoring the effectiveness of the arrangements put in place to manage the Scheme. The governance arrangements for the Scheme take account of the recommendations and Codes of Practice of the Pensions Regulator and best practice and are kept under continuous review.

The Trustee has agreed a business plan to support their governance arrangements. This includes periodic review of registers of risks and conflicts to ensure that appropriate internal controls are put in place and remain effective.

A key part of the Scheme's governance framework is the Integrated Risk Management (***IRM***) framework which is used by the board to facilitate consideration of the risks that may affect the Scheme, in particular how they might interact and how they can best be managed should the risks materialise. The IRM framework is reviewed quarterly at each scheduled meeting of the board to identify, manage and monitor the factors which could impact the prospects of the Scheme achieving its funding objectives and to assist the Trustee to identify when opportunities arise to reduce Scheme risk.

During the year the Trustee considered the results of a review of the Scheme's main professional advisers and a review of the performance of the Scheme's investment consultants against their strategic objectives. Trustee directors are generally satisfied with the standards of service provided and the Scheme advisers were reappointed accordingly. High-level strategic objectives for the Scheme's investment consultants were agreed alongside a framework for their future review

Trustee knowledge and understanding

The Pensions Act 2004 requires individual trustee directors to have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of the assets and to be conversant with the Scheme's governing documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter. The Trustees have agreed a training plan to enable them to meet these requirements.

During the year the Trustee board received training on investment strategy, longevity hedging, sustainable investments and on developing the Scheme's investment beliefs.

Data Protection

The General Data Protection Regulation (***GDPR***) imposes obligations on those who hold and process personal data and provides data subjects with certain rights. The Trustee is the data controller for the Scheme and is required to hold personal data relating to Scheme members, who are data subjects, in order to administer and pay benefits. The GDPR applies to the Trustee in respect of such data.

The Trustee is committed to protecting and respecting the privacy of members' personal data and has put in place agreements with relevant third parties to ensure that data is protected and used properly. The Trustee will only share the information necessary to administer and operate the Scheme or if required to do so by law.

A Privacy Statement, which describes how the Scheme obtains, holds, and uses personal data can be found on the scheme website. The Privacy Statement was reviewed and updated during the year.

Statement of Trustee's responsibilities

The audited financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to scheme members, beneficiaries, and certain other parties, audited financial statements for each scheme year which:

(i) show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustee has supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to wind up the Scheme, or have no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which they should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustee is also responsible for the maintenance and integrity of the www.bspspensions.com website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Company and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records of contributions received and for procuring that contributions are made to the Scheme in accordance with the Schedule.

The most recent actuarial valuation of the Scheme was carried out as at 31 March 2018 and a Schedule of Contributions was thereafter agreed between the Trustee and the Company and certified by the Scheme Actuary on 11 April 2019. No contributions were payable during the Year. A copy of the Scheme Actuary's certificate in respect of the Schedule of Contributions is included on page 38 of this annual report.

Further information

The Scheme operates an Internal Dispute Resolution Procedure (***IDRP***) and members should raise any disputes with the Trustee in the first instance. Details of the IDRP can be found on the scheme website.

The Money and Pensions Service (***MAPS***) is an independent voluntary organisation that provides free, impartial guidance to members and beneficiaries of pension schemes. MAPS can be contacted at 120 Holborn London EC1N 2TD.

The Pensions Ombudsman (***TPO***) can investigate and determine any complaint or dispute of fact or law in relation to occupational pension schemes. TPO can be contacted at 10 South Colonnade Canary Wharf London E14 4PU.

The Pension tracing Service has been established to help individuals to keep track of benefits they may have as a result of service with former employers. The Pension Tracing Service can be contacted at The Pension Service 9 Mail Handling Site A Wolverhampton WV98 1LU.

The Pensions Regulator (***tPR***) is responsible for the regulation of UK workplace pension schemes. In accordance with regulatory requirements the Scheme submits an annual scheme return to tPR. The Trustee is also required to provide certain information to tPR for the purposes of maintaining a record of the addresses and other basic details of all UK occupational pension plans in operation. TPR can be contacted at Napier House, Trafalgar Place, Brighton BN1 4DW

General enquiries about the Scheme, or about an individual's entitlement to benefits, should be addressed to the Administrator. Alternatively, enquiries may be made by e-mail to pension.enquiries@bspspensions.com or via the Scheme website (*www.bspspensions.com*) or by telephone on 0330 440 0844.

Signed for and on behalf of the Trustee of the British Steel Pension Scheme on 26 August 2021.

K Greenfield
Chairman

Independent Auditor's report to the Trustee of the British Steel Pension Scheme

Opinion

We have audited the financial statements of British Steel Pension Scheme (***the Scheme***) for the year ended 31 March 2021 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the scheme year ended 31 March 2021 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- contain the information specified in Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (***ISAs (UK)***) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the scheme in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Scheme, and as it has concluded that the Scheme's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (***the going concern period***).

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Scheme will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (***fraud risks***) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Scheme management, Trustee and inspection of policy documentation, including the conflicts of interest register, as to the Scheme's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board and Audit and Risk Committee minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or its delegates) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as properties. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there were no contributions in the year.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee (as required by auditing standards), and from inspection of the Scheme's regulatory and legal correspondence and discussed with the Trustee the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme 's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report (including the report on actuarial liabilities and the summary of contributions) and the actuarial certification of the schedule of contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in its statement set out on page 15, the scheme Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to wind up the scheme, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the scheme trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the scheme trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme trustee, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

26 August 2021

BRITISH STEEL PENSION SCHEME

Independent Auditor’s Statement about Contributions to the Trustee

Statement about contributions

We have examined the summary of contributions payable under the Scheme rules and on the recommendation of the actuary to the British Steel Pension Scheme in respect of the scheme year ended 31 March 2021 which is set out on page 37.

In our opinion contributions for the scheme year ended 31 March 2021 as reported in the summary of contributions and payable under the Scheme rules and the recommendation of the actuary have been paid in accordance with the Scheme rules and the recommendation of the actuary to 10 April 2019 and subsequently in accordance with the Schedule of contributions certified by the actuary on 11 April 2019.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid in accordance with the Scheme rules and the recommendation of the actuary. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the Scheme rules and the recommendation of the actuary.

Respective responsibilities of trustee and auditor

As explained more fully in the Statement of Trustee’s Responsibilities set out on page 15, the Scheme’s trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the scheme. The trustee is also responsible for keeping records in respect of contributions received in respect of active members of the scheme and for monitoring whether contributions are made to the scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Scheme rules and the recommendation of the actuary to the scheme and, subsequently under the schedule of contributions and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the scheme’s trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the scheme’s trustee those matters we are required to state to it in an auditor’s statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme’s trustee, for our work, for this statement, or for the opinions we have formed.

Jatin Patel
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
26 August 2021

BRITISH STEEL PENSION SCHEME

Fund Account for the year ended 31 March 2021

	Notes	***Total*** ***Year to 31 March 2021*** ***£'000***	*Total* *Year to 31 March 2020* *£'000*
Contributions and Benefits			
Contributions		**-**	-
Benefits payable	*4*	***(472,796)***	*(486,238)*
Payments to and on account of leavers	*5*	***(13,396)***	*(14,130)*
Administrative expenses	*6*	***(3,180)***	*(2,815)*
Strategy and Risk Management expenses	*7*	***(3,504)***	*(5,602)*
Governance expenses	*8*	***(587)***	*(619)*
Levies	*9*	***(7,240)***	*(3,786)*
Net (payments) from dealings with members		***(500,703)***	*(513,190)*
Return on Investments			
Investment income less taxation	*10*	***301,839***	*309,568*
Change in market value of investments	*15*	***(85,673)***	*271,176*
Interest payable	*12*	***(5,579)***	*(7,862)*
Investment management and administration expenses	*19*	***(8,837)***	*(8,611)*
Net return on investments		***201,750***	*564,271*
Net (decrease) / increase in the fund during the year		***(298,954)***	*51,081*
Net Assets of the Scheme			
At beginning of year		***10,632,228***	*10,581,147*
At end of year		***10,333,274***	*10,632,228*

The notes on pages 24 to 36 form part of these financial statements.

BRITISH STEEL PENSION SCHEME

Statement of Net Assets (available for benefits) as at 31 March 2021

	Notes	Total Year to 31 March 2021 £'000	Total Year to 31 March 2020 £'000
Investment assets	15		
Equities		***358,273***	*344,328*
Bonds		***9,822,993***	*8,372,156*
Bonds - Insurance Portfolio II		***-***	*2,082,051*
Properties		***1,205,315***	*1,187,844*
Pooled investment vehicles	13	***89,344***	*98,668*
Other investments		***11***	*11*
Cash		***116,968***	*169,707*
Other investment balances		***112,973***	*78,753*
		11,705,877	*12,333,518*
Investment liabilities			
Derivatives	14	***(95,911)***	*(202,102)*
Repo		***(1,305,078)***	*(1,516,622)*
Other investment balances		***(3,168)***	*(3,586)*
		(1,404,157)	*(1,722,310)*
Total net investments		***10,301,720***	*10,611,208*
Current assets	21	***49,910***	*51,097*
Current liabilities	22	***(18,356)***	*(30,077)*
		31,554	*(21,020)*
Net Assets of the Scheme		***10,333,274***	*10,632,228*

The notes on pages 24 to 36 form part of these Financial Statements. The Financial Statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme period.

Signed for and on behalf of the Trustee of the British Steel Pension Scheme on 26 August 2021.

K Greenfield
Chairman

C Claydon
Director

1. General information

The British Steel Pension Scheme (***the Scheme***) is an occupational pension scheme established under trust. The Scheme was established to provide retirement benefits to former members of the Old British Steel Pension Scheme who elected to switch into the Scheme in preference to entering a Pension Protection Fund assessment period. The scheme is not open to new members.

The address of the Scheme's principal office is 125 Old Broad Street, London, EC2N 1AR. B.S. Pension Fund Trustee Limited is the corporate managing trustee and its six directors are the owner of the company shares on equal basis and they hold these shares on trust for the membership.

The Scheme is a registered pension scheme under the Chapter 2, Part 4 of the Finance Act 2004. This means that income and capital gains earned by the Scheme receive preferential tax treatment.

2. Basis of Preparation

The Financial Statements have been prepared in accordance with Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidance set out in the Statement of Recommended Practice (SORP) (Revised November 2014). The Financial Statements have been prepared on a going concern basis.

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Scheme has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs (continue to operate) for at least the next twelve months. In reaching this conclusion, the Trustee considered the impact of the COVID-19 outbreak and has taken into account the impact on investments, portfolio liquidity, cashflow requirements and the employer covenant. This assessment, together with income and capital growth from its assets, gives the Trustee confidence to prepare the financial statements on a going concern basis.

3. Accounting policies

a) Investments

The principal accounting policies of the Scheme are as follows:

i. Investments are included at fair value.

ii. Most listed investments are stated at bid price at the date of the Statement of Net Assets.

iii. Accrued income is accounted for within investment income. Where applicable, fixed interest and index linked securities have their respective sinking factors and indexation factors applied to the valuation.

iv. From 1 April 2020, Insurance Portfolio II has been merged with the Main Portfolio.

v. Unquoted securities are included at fair value estimated by the Trustees based on advice from the investment manager.

vi. The private equity portfolio, infrastructure funds and the high return fixed interest funds have been valued using the latest company or limited partnership financial statements available as at 31 March 2021, or at fair value if lower, as determined by the Trustee Board on behalf of the Trustee, based on advice from the investment manager.

vii. Maturity properties portfolio tend to share certain characteristics, namely long lease terms, good tenant covenants and rent reviews subject to inflation linked or fixed uplifts. These properties are valued on the same basis as the properties held in the Growth portfolio to Fair value as defined by the RICS Red Book.

viii. The net income related to the properties has been separately disclosed. The Scheme holds income strip assets amounting to £115 million (2020: £116.5 million). These valuations are provided by JLL and have great regard to the Initial Yield long dated income. The overall valuation takes into account various attributes including, the property location, property use, property condition, tenant covenant, property tenure, rent passing, lease breaks, lease expiries and underlying residual value of the property.

ix. Property development costs are valued as per the contractual agreement at the balance sheet date and are held at cost until completion.

x. Annuities purchased in the name of the Trustee have been included at nil value in the Financial Statements on the grounds of materiality.

xi. Derivatives are stated at fair value as at 31 March 2021.

- Exchange traded derivatives are stated at fair value determined by using market quoted prices.
- Swaps are valued taking the current value of future cash flows arising from the swap determined by using discounted cash flow models and market data on 31 March 2021.
- All gains and losses arising on derivative contracts are reported within "Change in Market Value".
- Receipts and payments arising from derivative instruments are reported as sale proceeds or purchase of investments.

xii. Repurchase and Reverse Repurchase arrangement.

Under repurchase (repo) arrangements, the Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the Financial Statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a liability.

Under reverse repurchase (reverse repo) arrangements, the Scheme does not recognise the collateral securities received as assets in its Financial Statements. The Scheme does recognise the cash delivered to the counterparty as a receivable in Financial Statements.

b) Investment income

i. Dividends from quoted securities are accounted for when the security is declared ex-dividend.

ii. Fixed interest income and index linked interest income have indexation and sinking factors applied to the income receivable where applicable.

iii. Interest is accrued daily.

iv. Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.

v. Rents from properties are recognised in accordance with the terms of the underlying leases and stated net of expenses.

vi. Income from reverse repurchase agreements is accrued daily dependent on the market rate prevailing on the day.

vii. Receipts from annuity policies held by the Trustees to fund benefits payable to Scheme members are included within investment income on an accruals basis.

c) Foreign currencies

The functional and presentational currency of the Scheme is sterling. Balances denominated in foreign currencies are translated into sterling at the rate prevailing on 31 March 2021. Asset and liability balances are translated at the bid and offer rates, respectively. Transactions denominated in foreign currencies are translated at the rate ruling on the date of the transaction. Differences arising on investment balance translation are accounted for in "Change of market value" in the Fund Account.

d) Contributions

There is no further accrual of benefits in the Scheme and no ordinary contributions from employees or employer are payable. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are being paid.

e) Payments to members

Benefits are accounted for in the year in which they fall due for payment. Where there is a choice, benefits are accounted for in the year in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving. Pensions in payment are accounted for in the period to which they relate.

Individual transfers out are accounted for when paid which is normally when member liability is discharged. Group transfers are accounted for in accordance with the terms of the transfer agreement.

f) Expenses

Expenses are accounted for on an accruals basis. The Scheme bears all the direct costs of administration.

4. Benefits payable

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Pensions	***(458,831)***	*(467,442)*
Commutations	***(1,184)***	*(1,138)*
Lump sum retirement benefits	***(12,032)***	*(16,366)*
Lump sum death benefits	***(630)***	*(1,292)*
Taxation	***(119)***	-
	(472,796)	*(486,238)*

5. Payments to and on account of leavers

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Transfers to other pension schemes	***(121)***	*(130)*
Transfers to personal pensions	***(13,275)***	*(14,000)*
	(13,396)	*(14,130)*

6. Administrative expenses

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Staff costs	***(908)***	*(928)*
Establishment costs	***(470)***	*(477)*
Professional fees	***(1,152)***	*(637)*
Computer system costs	***(443)***	*(525)*
Communication costs	***(120)***	*(143)*
Other costs	***(87)***	*(105)*
	(3,180)	*(2,815)*

7. Strategy and risk management expenses

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Professional fees	***(3,504)***	*(5,602)*
	(3,504)	*(5,602)*

8. Governance expenses

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Professional fees	***(333)***	*(322)*
Directors' fees	***(111)***	*(118)*
Trade subscriptions	***(10)***	*(10)*
Insurances	***(133)***	*(169)*
	(587)	*(619)*

9. Levies

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
PPF levy	***(7,240)***	*(3,786)*
	(7,240)	*(3,786)*

10. Investment income

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Net dividends from equities	***15,102***	*20,905*
Net income from bonds	***225,469***	*201,718*
Net income from bonds held in Insurance Portfolio II	***-***	*22,235*
Net rental income	***58,939***	*60,034*
Income from PIVs	***2,482***	*5,096*
Net income from class actions	***38***	*19*
Income from annuities	***50***	*16*
Income from reverse repo	***37***	*828*
Income from cash	***5***	*191*
Income before taxation	***302,122***	*311,046*
Taxation	***(283)***	*(1,474)*
Net income	***301,839***	*309,568*

11. Taxes on investment income

The British Steel Pension Scheme is a registered pension scheme for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

12. Interest payable

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Cash deposits – foreign currency	***(12)***	*(39)*
Interest payable on repurchase agreements	***(5,567)***	*(7,823)*
	(5,579)	*(7,862)*

Interest payable is due to interest charges for holding foreign currencies and interest payable on repo agreements accruing daily on borrowings of £1,305,078,000 (31 March 2020: £1,516,622,000).

13. Pooled Investment Vehicles (PIVs)

The Scheme's holdings of PIVs are analysed below:

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
UK equity funds	***4,920***	*4,571*
Global equity funds	***2,282***	*4,290*
Global property funds	***32,087***	*33,270*
UK private equity funds	***26,877***	*28,778*
Global private equity funds	***23,178***	*27,759*
	89,344	*98,668*

14. Derivatives

Objectives and policies

The Trustee has authorised the use of derivatives in a controlled manner to facilitate the timely implementation of significant asset allocation moves, for the purpose of efficient portfolio management, to reduce investment risk and to facilitate closer asset/liability management. The use of derivative contracts for such purposes is subject to prior approval by the Trustee Board.

Swaps

The Trustee's aim is to match, as far as possible, the fixed income portfolio to the Scheme's long-term liabilities, particularly in relation to their sensitivities to inflation rate movements.

Inflation swaps are used as "overlays" in conjunction with the increased non-government fixed interest bond holdings to match liabilities and to improve potential returns. The Scheme has inflation swap contracts outstanding as at 31 March 2021 relating to its fixed interest investment portfolio and these contracts are traded Over The Counter (***OTC***). The details are:

	Year to 31 March 2021		*Year to 31 March 2020*	
	Assets	***Liabilities***	*Assets*	*Liabilities*
	£'000	***£'000***	*£'000*	*£'000*
Swaps – inflation	***-***	***(95,911)***	*-*	*(202,102)*
	-	***(95,911)***	*-*	*(202,102)*

Under the OTC contracts for inflation rate contracts, the Scheme had deposited £99,428,000 and received £Nil of Gilts as collateral for the fair value with the various market counterparties as at 31 March 2021. The Scheme held collateral against the contracts showing unrealised gains and posted collateral for unrealised losses. The deposited collateral is reported within the Scheme's net assets.

Type of swap	Number of contracts	Expiration	Nature of swap	Notional amount of outstanding contracts	Aggregate assets	Aggregate liabilities
				£'000 / $'000	**£'000**	**£'000**
Within 5 years						
Inflation swap	1	February 2024	Pay 2.35% for US CPI	0 / 50,000	-	(3,208))
Within 5 to 10 years						
Inflation swap	12	June 2028 – January 2029	Pay 1.95% - 2.89% for US CPI	0 / 50,000	-	(89,279)
Within 40 years						
Inflation swap	1	January 2059	Pay 3.33% for UK RPI	10,000 / 0	-	(3,424)
					-	**(95,911)**

During the year there were no redemptions of inflation rate swaps.

15. Investments reconciliation

Reconciliation of investments held at the beginning and the end of the year.

	Opening Value	Purchase Costs	Sale Proceeds	Transfers	Change in Market Value	Closing Value
	£'000	£'000	£'000	£'000	£'000	£'000
Equities	**344,328**	51,645	(70,680)	-	32,980	**358,273**
Bonds	**8,372,156**	881,721	(1,252,993)	2,091,531	(269,422)	**9,822,993**
Bonds Insurance Portfolio II	**2,082,051**	-	-	(2,091,531)	9,480	**-**
Properties	**1,187,844**	3	(16,231)	-	33,699	**1,205,315**
Pooled Investment Vehicles	**98,668**	2,306	(13,029)	-	1,399	**89,344**
Derivatives	**(202,102)**	-	-	-	106,191	**(95,911)**
Other investments	**11**	-	-	-	-	**11**
	11,882,956	935,675	(1,352,933)	-	(85,673)	**11,380,025**
Cash deposits	**169,707**	-	-	-	-	**116,968**
Other investments balances	**78,753**	-	-	-	-	**112,973**
Repo	**(1,516,622)**	-	-	-	-	**(1,305,078)**
Other investment balances	**(3,586)**	-	-	-	-	**(3,168)**
Net current investments	**21,020**	-	-	-	-	**31,554**
Total net investment assets	**10,632,228**	**-**	**-**	**-**	**-**	**10,333,274**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

As at 31 March 2021, the borrowings on the Repurchase Agreement were £1,305,078,000 (31 March 2020: £1,516,622,000) plus an interest payable of £5,567,000 (31 March 2020: £7,823,000) as shown in Note 12. The borrowings were collateralised with initial margin of £1,196,46,000 (31 March 2020: £1,088,861,000) from the Scheme and net variation margin posted to Repo counterparties of (£116,402,000) (31 March 2020: £166,432,000). As of 31 March 2021, the collateral posted on Reverse Repo was £Nil (31 March 2020: £86,221,000).

16. Transaction costs

Included within the Scheme purchases, and sales are direct transaction costs of £469,000 (2020: £1,711,000) comprising fees, commissions and stamp duty. These costs are attributable to the key asset classes as follows:

	Fees	***Commissions***	***Stamp duty***	***Total 2021***
	£'000	***£'000***	***£'000***	***£'000***
Equities	***1***	***49***	***4***	***54***
Direct research costs	***187***	***-***	***-***	***187***
Legal fees on Repo	***79***	***-***	***-***	***79***
Property	***149***	***-***	***-***	***149***
	416	***49***	***4***	***469***

	Fees	*Commissions*	*Stamp duty*	*Total 2020*
	£'000	*£'000*	*£'000*	*£'000*
Equities	*4*	*232*	*61*	*297*
Direct research costs	*341*	*-*	*-*	*341*
Legal fees on Repo	*92*	*-*	*-*	*92*
Property	*981*	*-*	*-*	*981*
	1,418	*232*	*61*	*1,711*

Since the introduction of MiFID II (Markets in Financial Instrument Directive) II on 3 January 2018, direct Research Costs have been separately disclosed £187,000 (2020: £341,000). Transaction costs are borne by the Scheme in relation to transactions in pooled investments vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

17. Investment fair value hierarchy

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1: The unadjusted quoted price in active market for an identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the purpose of this analysis, daily priced funds have been included in Level 1, weekly priced funds in Level 2 and monthly and quarterly net asset values for Private Equity funds and Limited Liability Partnerships in Level 3.

The Scheme's investment assets and liabilities have been categorised using the above fair value hierarchy as follows:

As at 31 March 2021	***Level 1 £'000***	***Level 2 £'000***	***Level 3 £'000***	***Total £'000***
Equities	***358,273***	***-***	***-***	***358,273***
Bonds	***4,075,671***	***5,747,322***	***-***	***9,822,993***
Insurance Portfolio II	***-***	***-***	***-***	***-***
Pooled investment vehicles	***39,274***	***-***	***50,060***	***89,334***
Swaps	***-***	***(95,911)***	***-***	***(95,911)***
Properties	***-***	***-***	***1,205,315***	***1,205,315***
Investment in subsidiaries	***-***	***-***	***11***	***11***
Cash	***116,968***	***-***	***-***	***116,968***
Reverse Repo	***-***	***-***	***-***	***-***
Repo Insurance Portfolio II	***(1,305,078)***	***-***	***-***	***(1,305,078)***
Other investment balances	***109,805***	***-***	***-***	***109,805***
	3,392,479	***5,651,411***	***1,255,386***	***10,301,720***

As at 31 March 2020	*Level 1 £'000*	*Level 2 £'000*	*Level 3 £'000*	*Total £'000*
Equities	*343,757*	*571*	*-*	*344,328*
Bonds	*2,402,597*	*5,969,559*	*-*	*8,372,156*
Insurance Portfolio II	*-*	*-*	*-*	*2,082,051*
Pooled investment vehicles	*42,132*	*-*	*56,536*	*98,668*
Swaps	*-*	*(202,102)*	*-*	*(202,102)*
Properties	*-*	*-*	*1,187,844*	*1,187,844*
Investment in subsidiaries	*-*	*-*	*11*	*11*
Cash	*83,707*	*-*	*-*	*83,707*
Reverse Repo	*86,000*	*-*	*-*	*86,000*
Repo Insurance Portfolio II	*(1,516,622)*	*-*	*-*	*(1,516,622)*
Other investment balances	*75,167*	*-*	*-*	*75,167*
	3,598,789	*5,768,028*	*1,244,391*	*10,611,208*

18. Investment risk

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: This comprises currency risk, interest rate risk and other price risk.

Currency risk: This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

Interest rate risk: This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

Other price risk: This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee manages investment risk, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreement in place with the Scheme's investment manager, Pension Services Limited and monitored by the Trustee with regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Scheme's exposures to credit and market risks are set out below.

Credit risk

The Scheme is subject to credit risk as it invests in bonds, OTC derivatives, has cash balances, and enters into repurchase agreements. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Analysis of direct credit risk

Year to 31 March 2021	***Investment grade £'000***	***Non-investment grade £'000***	***Unrated £'000***	***Total £'000***
Bonds	***9,742,585***	***41,322***	***39,086***	***9,822,993***
Pooled investment vehicles	***-***	***-***	***89,344***	***89,344***
Swaps	***(95,911)***	***-***	***-***	***(95,911)***
Cash	***116,968***	***-***	***-***	***116,968***
	9,763,942	***41,322***	***128,430***	***9,933,394***

Year to 31 March 2020	*Investment grade £'000*	*Non-investment grade £'000*	*Unrated £'000*	*Total £'000*
Bonds	*8,317,931*	*37,877*	*16,348*	*8,372,156*
Bonds Insurance Portfolio II	*2,082,051*	*-*	*-*	*2,082,051*
Pooled investment vehicles	*-*	*-*	*98,668*	*98,668*
Swaps	*(202,102)*	*-*	*-*	*(202,102)*
Reverse Repos	*86,000*	*-*	*-*	*86,000*
Cash	*83,707*	*-*	*-*	*83,707*
	10,367,587	*37,877*	*115,016*	*10,520,480*

Credit risk arising on bonds is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds. The Trustee manages the associated credit risk by requesting the investment manager to diversify the portfolio to minimise the impact of default by any one issuer.

Credit risk arising on other investments is mitigated by investment mandates requiring counterparties to have at least investment grade credit rating. This is the position at the period end.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements (see Note 14).

Cash is held within financial institutions which are at least investment grade credit rated. The Scheme engaged in a Reverse Repurchase agreement during the period, and on 31 March 2021, received £Nil in collateral from the market counterparty.

The Scheme's holdings in pooled investment vehicles are unrated. Direct credit risk from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager.

A summary of pooled investment vehicles by type of arrangement is as follows:

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Authorised unit trusts	***34,369***	*37,562*
Limited liability partnerships	***6,384***	*7,280*
Closed ended funds	***48,591***	*53,826*
	89,344	*98,668*

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee limits overseas currency exposures through a selective currency hedging policy.

The Scheme's total net unhedged exposure by major currency at the year end was as follows:

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
US Dollar	***197,728***	*85,603*
Euro	***20,622***	*19,442*
Japanese Yen	***24,565***	*28,709*
Canadian Dollar	***59,092***	*54,855*
Hong Kong Dollar	***14,251***	*16,189*
Australian Dollar	***2,272***	*4,611*
Other	***11***	*225*
	318,541	*209,634*

Interest rate risk

The Scheme is subject to interest rate risk on the investments comprising bonds held directly or through pooled investment vehicles and cash. At the year end the portfolio comprised of:

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Direct		
Bonds	***9,822,993***	*8,372,156*
Bonds Insurance Portfolio II	**-**	*2,082,051*
Swaps	***(95,911)***	*(202,102)*
	9,727,082	*10,252,105*

Other price risk

Other price risk arises principally in relation to the Scheme's growth portfolio which includes directly held equities, equities held in pooled vehicles, hedge funds, and private equity and investment properties. The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets. At the year end, the Scheme's exposure to investments subject to other price risk was:

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Direct		
Equities	***358,273***	*344,328*
Investment properties	***1,205,315***	*1,187,844*
	1,563,588	*1,532,172*
Indirect		
Equity PIVs	***7,202***	*8,861*
Property PIVs	***32,087***	*33,270*
Private Equity PIVs	***50,055***	*56,537*
	89,344	*98,668*
	1,652,932	*1,630,840*

Other risks

The Scheme's longevity risk is currently borne by means of a prudent financial buffer, which can act to offset any rise in longevity. The Trustee is currently considering whether and how to mitigate longevity risk. The risk that the employer may become insolvent, thus putting the Scheme into a PPF assessment period, or may be unable to meet future financial obligations to the Scheme, is measured by receiving regular financial updates from the Company and by carrying out periodic independent covenant assessments.

19. Investment management and administration expenses

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Staff costs	***(4,723)***	*(4,650)*
Establishment costs	***(270)***	*(423)*
Utilities	***(121)***	*(116)*
IT costs	***(1,218)***	*(1,395)*
IT data costs	***(939)***	*(559)*
Legal and professional fees	***(786)***	*(555)*
Fees paid to custodian	***(297)***	*(327)*
Fees paid to adviser	***(19)***	*(20)*
Audit fees	***(32)***	*(41)*
Other expenses	***(29)***	*(51)*
Non-recoverable VAT	***(403)***	*(474)*
	(8,837)	*(8,611)*

Pension Services Limited is an in-house investment manager with sole responsibility for managing Scheme investments. The legal fees incurred for Repo were £79,000 (31 March 2020: £92,000).

20. Outstanding capital commitments

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Properties		
Commitments in Maturity properties	***150***	*150*
Commitments in Growth properties	***47***	*47*
	197	*197*
Other		
Commitments in infrastructure and alternative investments	***6,915***	*9,137*
	6,915	*9,137*
	7,112	*9,334*

21. Current Assets

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
UK Cash	***3,032***	*2,316*
Pre-paid pensions	***30,396***	*32,212*
Other	***16,482***	*16,569*
	49,910	*51,097*

22. Current liabilities

	Year to 31 March 2021 £'000	*Year to 31 March 2020 £'000*
Other	***(18,356)***	*(30,077)*
Net current assets	***31,554***	*21,020*

23. Related party transactions

At 31 March 2021, the two independent directors were not members of the pension scheme. Of the remaining four directors of the Trustee, three were members of the Scheme and one had transferred their benefit to an external pension provider. The three directors who are Scheme members receive benefits on the same basis as other members of the Scheme. Four Trustee directors received remuneration of £124,000 (2020: three directors - £118,000).

The Scheme bears all costs of administration in the Glasgow and London offices.

24. Employer related investments

The Scheme holds a stake in Tata Steel UK Limited which was granted as a condition of the Regulated Apportionment Arrangement entered into by the Company and the Trustee of the OBSPS in 2018. This stake was apportioned in relation to the asset split in March 2018 and was subsequently reduced to less than 1%. The Trustee values this stake to be £Nil (2020: £Nil).

BRITISH STEEL PENSION SCHEME

Summary of Contributions

Trustee's Summary of Contributions payable under the Schedules in respect of the Scheme year ended 31 March 2021

This Summary of Contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the Employer and Member contributions payable to the Scheme in respect of the Scheme year ended 31 March 2021. The Scheme Auditor reports separately on contributions in the Auditors' Statement about Contributions on page 21.

Contributions payable in respect of the Scheme Year	***£'000***
Employer	-
Members	-
Contributions payable (as reported on by the Scheme Auditor)	-

Reconciliation of Contributions Payable to Total Contributions reported in the Financial Statements

	£'000
Contributions payable (as above)	-
Member Additional Voluntary Contributions	-
Total contributions reported in the Financial Statements	-

BRITISH STEEL PENSION SCHEME

Actuary's Certification of Schedule of Contributions

1. Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have expected on 31 March 2018 to continue to be met for the period for which the Schedule is to be in force.

2. Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 11 April 2019.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

11 April 2019

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