

## **British Steel Pension Scheme**

### **Information Debriefing following May 2023 Trustee Board Meeting:**

#### **Latest Insurance Transaction**

- As part of the Trustee's strategy to manage the risks affecting the Scheme, on 17 May the Trustee transacted a fourth and final buy-in policy with Legal & General (**L&G**), under which the remaining 40% of liabilities were insured. The Trustee is now in the process of transferring the premium to L&G
- The Scheme retains sufficient assets to meet its on-going running costs

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

- The Trustee uses a quarterly IRM "dashboard" to provide ongoing monitoring of the key investment, funding and covenant risks facing the Scheme and to track progress against the Scheme's journey plan and targets set by the Trustee. The aim of this ongoing assessment is to enable the Trustee to take appropriate action promptly if required.
- Two of the key risks addressed via the dashboard, the funding and investment risks, have been materially addressed following completion of the final buy-in transaction with L&G
- The Trustee engages external experts to advise it on the employer covenant (i.e., the sponsoring employer's legal obligation and financial ability to support the Scheme). Understanding the covenant helps the Trustee decide the appropriate level of funding and investment risk the Scheme can take
- Notwithstanding the Trustee having secured insurance in respect of the Scheme liabilities, there remains a regulatory requirement on the Trustee to monitor the strength of the Company covenant.
- Ahead of each insurance transaction, the Trustee's expert external advisers also provide an assessment of the strength of L&G which provides the Trustee with assurance that L&G remains a suitable counterparty for the Scheme based on its recent financial performance, its current capital position, the regulated nature of the industry in which it operates, and its strong approach to risk management.

#### **Tata Steel UK Update**

- The Trustee and its covenant advisers received a helpful and balanced update from the TSUK Chief Financial Officer on the performance of Tata Steel UK Ltd for the financial year and the annual plan projections for 2023/24

#### **Investment Strategy**

- The investment strategy for the Scheme is set out in the Statement of Investment Principles (**SIP**). As part of this strategy, the Trustee has successfully transacted four buy-in policies with L&G under which all of Scheme liabilities have now been insured. Buy-in transactions do not impact the entitlements or security of benefits of any member or group of members and are held as long-term investments of the Scheme.
- The Trustee noted that the Scheme's investment strategy objective to achieve full funding on a solvency or "buyout" basis had now been achieved and instructed Scheme Officers to implement the necessary changes to the SIP to reflect this significant development (following the requisite consultation with the Company)
- A copy of the SIP can be found on the Scheme website [www.bspspensions.com](http://www.bspspensions.com)

#### **Investment Operations**

- The Fund benchmarks the performance of its assets against movements in Scheme liabilities. The Scheme's Investment Managers, LGIM, reported performance against appropriate benchmarks and provided an overview of various individual asset classes
- The Trustee was briefed on recent developments in connection with the Scheme's property portfolios
- Certification in respect of recent property valuation summaries was confirmed to the board and the relevant valuations were approved
- The Scheme's Head of Investments updated the Trustee on various operational matters

#### **Actuarial Update**

- The Scheme Actuary highlighted some of the key considerations to be taken into account in the 2023 funding update process with a view to the results being notified to members in the Autumn newsletter
- The Trustee received an update for the Actuary on the Scheme's Actuarial Factors

### Technical Update

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

### New Operating Model

- Following the decision to transfer the management of the Scheme's non-insured assets to LGIM, and the consequential decommissioning of the London investment office, the Trustee was updated on the actions to transition to the new operating model for Scheme administration and for the interactions between the Trustee, Scheme Officers and LGIM

### Trusteeship

- The Trustee approved the reappointment of Catherine Claydon as an Independent Trustee director (*ITD*) for a further term of three years following the end of her current term of appointment
- The Trustee undertook to consider how insuring the Scheme's liabilities would impact on governance going forward

### Report of the Audit and Risk Committee

- The Audit and Risk Committee (*ARC*) oversees the Scheme's statutory annual audit as well as other aspects of the Scheme's governance regime
- The Chair of the ARC updated the Trustee on progress towards completion of the 2023 Annual report and Financial Statements

### Report of the Remuneration Committee

- The Chairman briefed the Trustee on the work of the Remuneration Committee

### Report of the Data Working Group

- The Data Working Group (*DWG*) oversees issues on behalf of the board relating to the equalisation of Scheme benefits and the reconciliation and rectification of Guaranteed Minimum Pensions (*GMPs*) and benefit analyses arising from de-risking or other activities
- The board was briefed on the recent activities of the DWG

### Report of the Restoration Working Group

- The Trustee had previously approved the Working Group's recommendations in relation to restoration payments following the 2021 Actuarial Valuation (**2021 AV**)
- The Trustee was advised that the 2021 AV restoration exercise was now complete with payments totalling over £57 million distributed to over 48,000 pensioner members with pre 1997 service
- Following completion of the final buy-in transaction with L&G, arrangements are now being progressed in relation to the 103% restoration payment to members, as set out in the Framework Agreement. Further information will be provided in the Newsbrief Newsletter (see below)

### Member Communications

- The Trustee was briefed on the content of the forthcoming Spring 2023 Newsbrief newsletter, due to be issued to members in June
- The Trustee approved an on-line member event, to be held on 11 July 2023, which would provide members with more information on the recently completed buy-in transactions with L&G and arrangements for further restoration awards in due course

### Administration Report

- The Trustee board was briefed on a range of operational and administrative matters
- As at 31 March 2023, Scheme membership was 66,650, comprising 12,569 deferred pensioners and 54,081 members whose benefits were currently in payment
- The Trustee considered administration service standards during the period 1 January to 31 March 2023. One complaint had been received under the Scheme's service standard complaints procedure
- The Trustee was updated on the development of the Trustee business plan for the period to wind-up and briefed on recent malicious attacks on the Scheme's e-mail domain and actions taken to ensure the integrity of Scheme data was not compromised

**Dates and Locations of Scheduled Meetings**

- The Trustee board noted the dates for the next scheduled meetings as being 24 August 2023, 23 November 2023, 29 February 2024, and 30 May 2024
- An on-line member event is due to be hosted on 11 July 2023 and details of how to participate will be circulated in the Spring 2023 Newsletter