

Pensions News

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**Winter
2021/22**



Chairman's Message



The last couple of years have been challenging as the Covid-19 pandemic has affected us all. We all know people who have been ill, or sadly died, and many of our Scheme members have been affected. On behalf of all the Trustees, I would like to offer our sincere sympathies to everyone who has suffered a loss over this period.

After such a difficult period it has been pleasing to return to some sort of normality as the second half of 2021 progressed. We started to have face-to-face Trustee meetings again and our Scheme officials returned to more office working after an extended period of working from home. We continue to strive to ensure that members are receiving a good service, both from the Scheme Trustees and from Capita, our pension administrator. To that end, I believe the changes we had to make to ensure a continued high level of service during the pandemic will stand the Scheme in good stead going forward.

I was pleased that we were able to hold the Pensioner Representative Trustee elections this year (both the postponed election from last year and the scheduled one for this – details of the results can be found on page 22). It was also good to be able to meet some of you in person at the AGM in Nottingham. If you weren't able to attend you can watch on our YouTube channel (details of how to do this, as well as a written report back from the AGM, can be found on page 18). We've received positive feedback about also hosting the AGM on YouTube so we hope more members will join us online next year.

Chairman's Message

Our primary objective must be to ensure that every member receives the pension they are due both now and in the future. To achieve this objective, the Trustees pay significant attention to the Scheme's investment strategy, seeking to find a range of investments that collectively deliver the high levels of return needed. Although we continue to remain cautious about the future investment market outlook, I am happy to report that over the year to 31 March 2021 the Scheme's assets performed strongly after a very difficult start due to the pandemic. Further details about how the Scheme's assets have performed can be found within the Report & Accounts summary on pages 4 to 13.

On behalf of all the Trustees, I would like to wish you a Merry Christmas and a Happy New Year.

Dame Kate Barker
(BCSSS Chairman)

Summary of the Scheme's Report & Accounts to 31 March 2021

Key Statistics as at 31 March 2021

Total number of pensioner members	44,744
Total number of deferred members	1,886
Total benefits paid and transfers out	£588m
Net increase in the Fund during the year	£837m
Net assets of the Scheme at the year-end	£9,597m



Summary of the Scheme's Report & Accounts to 31 March 2021

Five Year Summary of the Fund Account

	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m
Benefits and payments out of the Scheme					
Benefits and transfers out of Scheme	(638)	(624)	(614)	(603)	(588)
Administrative expenses	(6)	(5)	(3)	(3)	(3)
Net withdrawals from the Scheme	(644)	(629)	(617)	(606)	(591)
Returns on investments					
Investment income	235	251	286	278	229
Change in market value of investments	1,152	421	378	(262)	1,232
Investment management expenses	(34)	(32)	(33)	(31)	(33)
Net returns on investments	1,353	640	631	(15)	1,428
Net increase/(decrease) in the Fund during the year	709	11	14	(621)	837
Net assets of the Scheme at 31 March	9,356	9,367	9,381	8,760	9,597

Summary of the Scheme's Report & Accounts to 31 March 2021

Funding and Investment

The Trustees' primary funding aim is to ensure that all future benefits can be paid to members as they fall due, without needing funding from the Guarantor. In order to achieve this goal, a high level of return on the Scheme's assets is required over the future. This means that we need to invest in assets that seek a significantly higher return than can be achieved with 'low risk' assets. The Scheme is mature, meaning that the annual benefit payments of around £600 million are more than the income that is received from the assets. So, we also need to sell assets to pay the pensions. In our funding strategy, we therefore need to invest in assets that will generate income and assets that we can sell to pay benefits, whilst also achieving the return target.

This need to generate cash to pay pensions is reflected in our high allocation to income-producing assets, including property, infrastructure and fixed income assets. All the income received from the assets is collected and used to pay pensions. However, as mentioned above, we also need to sell assets regularly in addition. When asset prices are rising, we will generally sell equities and other growth assets, but also hold sufficient assets in lower risk and readily realisable low-risk liquid assets that can be sold when equity prices are low.

This strategy worked well during the immediate challenges thrown up by the Covid-19 pandemic in the early part of the Scheme year. During that period of market volatility, we did not need to sell any equities or growth assets, when we considered the sale prices of those assets were too low.

Summary of the Scheme's Report & Accounts to 31 March 2021

Despite the very bumpy start caused by the Covid-19 pandemic and the resulting economic shutdowns, overall the year to March 2021 was positive for financial markets and the Scheme's investments were well positioned to take advantage of this. As such, the assets of the Scheme increased by nearly £840 million over the year after allowing for the payment of nearly £600 million in benefits.

An important part of the Trustees' investment focus relates to environmental, social and governance (ESG) considerations, recognising that these factors can have a significant impact on long-term returns and risks. ESG factors, such as climate change or poor corporate governance can impact investment outcomes and the Trustees therefore ensure that they are considered in all investment decisions.

Summary of the Scheme's Report & Accounts to 31 March 2021

The annualised investment returns over one, three and five-year periods are shown below.

	Scheme Return %	Benchmark %
1 Year	16.64	16.62
3 Year	7.50	8.36
5 Year	9.12	9.53

The benchmark is a composite of individual asset class benchmarks, weighted in accordance with the investment strategy agreed by the Trustees. It provides an indication of how effectively the Scheme's investment strategy has been executed in the period under review.

The total returns have been strong over all the above periods, reflecting the strong asset markets, particularly equity markets. The Scheme has marginally underperformed the benchmark over three and five years. The underperformance has been largely driven by a below benchmark allocation to US stocks and to highly priced US technology stocks in particular. A small number of these technology stocks make up a large part of the US equity market and the Trustees chose to spread the holdings more evenly to avoid potential over-exposure to this sector of the market. In addition, changes in the markets have meant that absolute return benchmarks, which we use for measuring the performance of a variety of assets including private debt, property and shipping, have become less accurate indicators of returns. The Trustees intend to review the benchmarks used to measure performance, to ensure they remain meaningful comparators in future.



Summary of the Scheme's Report & Accounts to 31 March 2021

Scheme Assets

The actual investment assets held at market value at 31 March 2021 are shown below:

Cash	£169m
Fixed Income	£2,204m
Global Government Bonds, investment grade securities	
Private Debt	£817m
Secured loans to private companies	
Special Situations Debt	£708m
Providing capital to debt and credit markets	
Public Equity	£2,419m
Stocks / shares in companies listed on public markets	
Private Equity	£1,363m
Equity / security in privately owned companies	
Property	£1,024m
UK commercial real estate, student & private rental accommodation	
Global Infrastructure	£14m
Renewable energy, social infrastructure, regulated utilities	
UK Infrastructure	£505m
Renewable energy, social infrastructure, regulated utilities	
Global Macro	£217m
Multi-strategy investments including derivatives	
Other (new) Opportunities	£66m
Shipping	£105m
Tankers, container ships, bulk carriers	
Residual cash, assets and liabilities	(£14m)
Net Assets as at 31 March 2021	£9,597m

Summary of the Scheme's Report & Accounts to 31 March 2021

Actuarial Valuation

The Government Actuary is in the process of conducting a three-yearly Actuarial Valuation of the Scheme as at 31 March 2021. This is an important exercise as it gives an up-to-date assessment of how well the Scheme is doing against its funding objectives, to help the Trustees understand whether their funding or investment strategy should change. We expect the results of the valuation will be available in the first half of 2022.



Summary of the Scheme's Report & Accounts to 31 March 2021

Benefits Administration and Member Communications

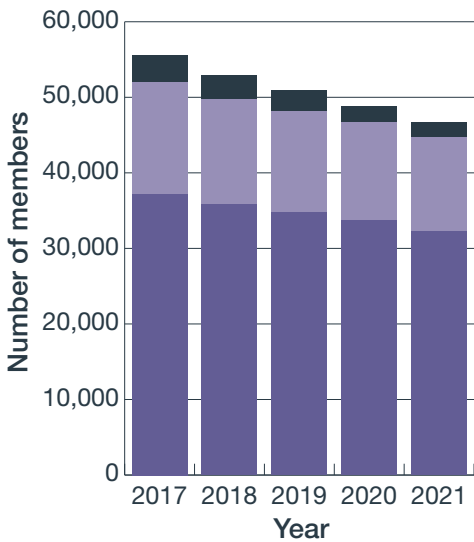
The benefits administration continued to operate successfully in line with required performance targets, despite the restrictions / problems resulting from Covid-19. The robust plans and processes in place ensured that all pensions could be paid on time and the needs of members could continue to be served, especially on the high priority areas of ensuring that pensions continue to be paid when due, deferred members taking their pensions for the first time and in handling notification of member deaths.

Some of the planned improvements in member communications were delayed due to Covid-19. However, we were pleased to be able to launch the new secure member website earlier this year.

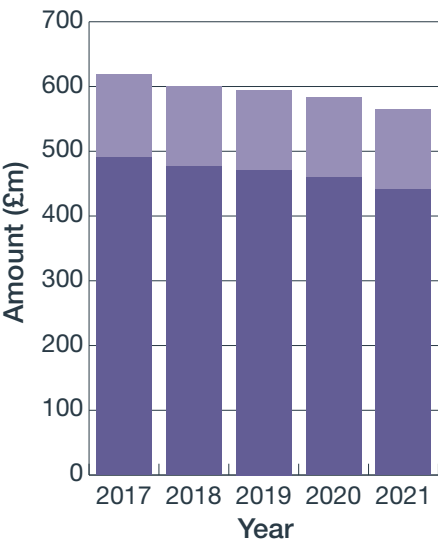
As at 31 March 2021, the Scheme membership was 46,630. This comprised 1,886 deferred members and 44,744 pensioners (made up of 32,229 retired members and 12,515 widow(ers) and dependants).

Summary of the Scheme's Report & Accounts to 31 March 2021

Membership



Pensions in payment



- Retired pensioners
- Widow(er)s/Dependants
- Deferred pensioners

The full Report & Accounts can be found on the Scheme Publications section of the Scheme's website: www.bcsss-pension.org.uk/scheme-publications or can be posted to you, on request to the Scheme Secretary (see contact us section).

Keeping the Scheme up to date with your personal circumstances

It is really important that you keep the Scheme up to date with your personal circumstances. Do we have the right details for contacting you? Remember to notify the administration office if you move house or your personal circumstances change.

Did you know that we also send communications by email? If we don't have your email address or you have recently changed your email address and you would like to receive communication by email, please let the administration office know.

The administration office also holds vital information which helps the Trustees in deciding how your death benefits are distributed.

- Death Benefit Nomination Form – sets out the person/persons that you would like the Trustees to consider paying any lump sum due. A lump sum is payable if you die before taking your pension, or before receiving five years' pension payments after retiring.
- Letter of intent – you can write to the Scheme and let us know about your personal circumstances. This is particularly important if you are not legally married or in a civil partnership but do have someone who is financially dependent on you.

Scheme News

We appreciate that it's easy to forget to update us when your personal circumstances change but here are a few good reasons to take action now to make sure the Trustees know your current wishes:

- The Lump Sum Death Benefit payable will not form part of your estate so it can be paid without any inheritance tax deduction.
- If you leave a spouse or civil partner when you die, they will be automatically entitled to a pension from the Scheme.
- If you are living with a partner and are not legally married or in a civil partnership, then they do not have an automatic right to a pension. You can, however, tell the Scheme Administrator about them so that the Trustees can consider whether to pay them a pension in the event of your death.
- The Trustees can settle your death benefits much more quickly and easily.

Failure to keep the Trustees up to date with your wishes, either through your nomination or by letter, risks benefits being paid to the wrong person or paid to your estate and incurring tax penalties.

You can download the death benefit nomination form from the Scheme's website www.bcsss-pension.org.uk/useful-sources-of-information/useful-forms or write to the administration office at the address on page 31.



Scan me

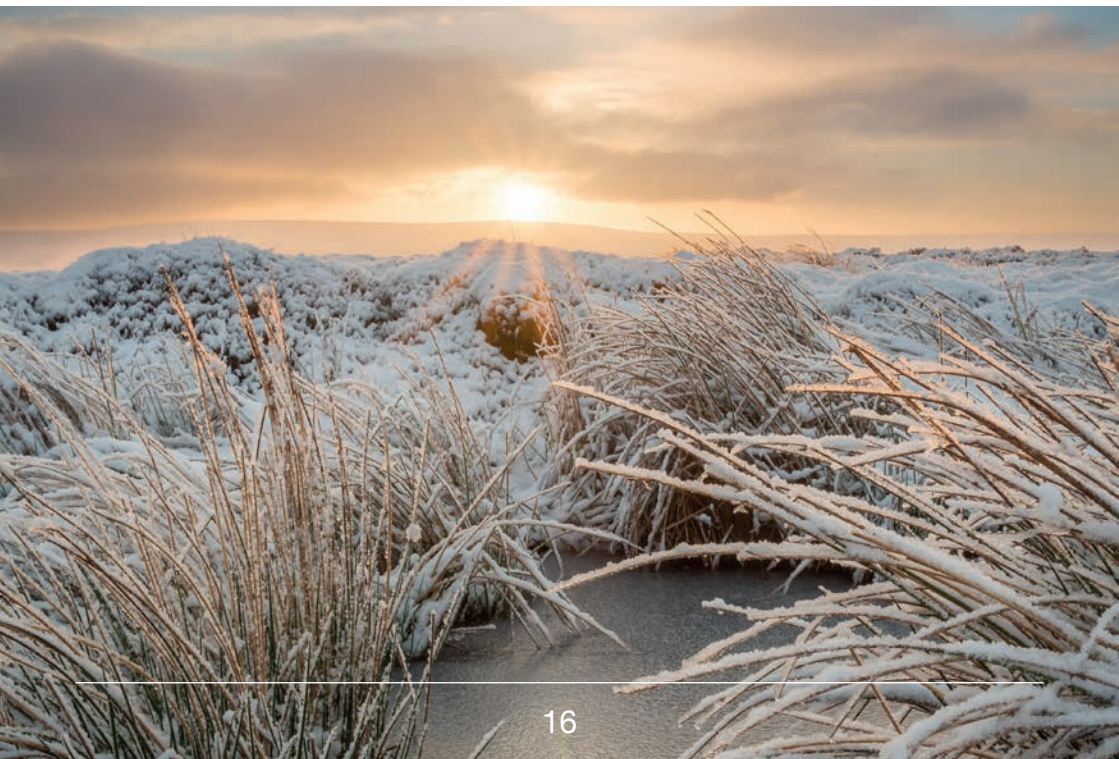
Unfortunately, one benefit that is not available from the Scheme on death is help towards any funeral costs.

Scheme News

RPI Change

The Chairman wrote in January to let you know about the proposed changes to how the Retail Prices Index (RPI) will be calculated from 2030 onwards. The proposal would mean that RPI will be calculated in the same way as the Consumer Prices Index including owner occupiers' housing costs (CPIH). This change would be expected to result in RPI inflation being lower, which would mean lower increases to members' pensions from 2030 onwards.

The proposal is now subject to a judicial review and we are waiting to see the outcome of this review. Until then, there is little we can do. However, if this change goes ahead, the Trustees will discuss possible measures to mitigate the impact on our members with the Guarantor, noting that Trustees do not have the authority to make changes to the Scheme without the agreement of the Guarantor.



Scheme News

GMP Equalisation

You may have heard in the media about something called “GMP equalisation”. We therefore wanted to give you some information about it from a BCSSS perspective.

By way of background there used to be two State pensions, the main one and an extra one called the State Earnings Related Pension Scheme (SERPS). Some employers, such as British Coal, opted out of SERPS and instead agreed to provide a minimum amount of pension that was at least as good as SERPS in exchange for paying lower National Insurance contributions. This minimum amount of pension is known as the Guaranteed Minimum Pension (GMP). If you were employed by British Coal after 1978 it is likely that part of your BCSSS pension will be GMP. Because GMPs were designed to replace part of a member’s State Pension, they reflected the fact that the State Pension was calculated differently for men and women. This means that a BCSSS pension paid to a male and female member will be different because the GMP is calculated differently for male and female members.

Recent changes in the law require all pension schemes that have GMPs to review the benefits members have built up after 17 May 1990 and correct them, where necessary, so men and women are treated the same. This process is known as “GMP equalisation”. This means that for all members who built up benefits in the Scheme after 17 May 1990, BCSSS has to calculate the male and female versions of their pension and then pay the higher of the two amounts. GMP equalisation is a complex subject, is likely to take some time to complete and it is not yet possible to say exactly who will be affected. We will be writing to all those members who are affected in due course. However, any increase to members’ pensions as a result of GMP equalisation are expected to be relatively small and most members will probably not be affected at all, for example if your employment with British Coal ceased before 17 May 1990.

Scheme News

2021 Annual General Meeting

The 2021 Annual General Meeting (AGM) was held in Nottingham on Thursday 30 September 2021. The AGM was attended on the day by 30 Scheme members in person and 28 members online, who joined the Trustees, Scheme officials and guests to hear presentations from the Scheme Chairman, Dame Kate Barker, the Co-Chief Executive Officer at Coal Pension Trustees, Geoff Mellor and the Scheme Secretary, Jon Heathfield.

The presentations included:

- an update on the Scheme;
- a summary of the Scheme funding and investment strategy; and
- an update on the Scheme's key financial information.

The presentations were followed by an open forum session where members were able to raise questions either online or from the floor.

A transcript of the open forum session, together with a copy of the speeches and presentation slides, are available on the publications page of the Scheme website. Hard copies of all of these documents are also available on request to the Scheme Secretary; contact details can be found on the back page of this newsletter.

As previously explained, a recording of this year's AGM is available by following this link:

https://youtu.be/Oo-a1o_c-YU

We would encourage members to watch the proceedings.



Scan me

Notice of the 2022 AGM

Notice of the Meeting:

Notice is hereby given that the Seventy-fourth Annual General Meeting of the Scheme will be held at:

DoubleTree by Hilton Hotel Edinburgh Airport
100 Eastfield Rd
Ingliston
Edinburgh

on Thursday 29 September 2022 at 2.00 pm.

Business:

To receive the Report & Accounts for the year to 31 March 2022 and to debate and vote on any member resolutions. Resolutions to be received no later than 19 September 2022. The meeting is open to pensioners and deferred pensioners, the Trustees and their guests.

By Order of the Committee of Management

Further information about how to apply for a ticket to attend in person, or online, will be sent to members later in 2022.

Protect your Pension - Pension Scams Warning

It's estimated that over five million people in the UK are currently at risk of pension fraud and sadly thousands have already lost their pension savings after falling for a pension scam. Not all scams are reported, but it's thought that up to £14.6 billion has been lost to pension fraud since 2017 with victims losing up to £500,000. Even if you're financially savvy it can be extremely hard to spot scammers; they can seem financially knowledgeable and even appear to have reputable businesses, with websites including testimonials. Warning signs to look out for include:

- being contacted out of the blue
- the offer of a free pension review
- the promise of high / guaranteed returns
- full access to your pension before age 50
- pressure to act quickly



Our pledge to
combat pension scams

The BCSSS has pledged to help stop pension scams. For more information about pension scams and how to avoid them, please see:

Scheme's website www.bcsss-pension.org.uk/useful-sources-of-information/pension-scams

Financial Conduct Authority (FCA) ScamSmart website
www.fca.org.uk/scamsmart

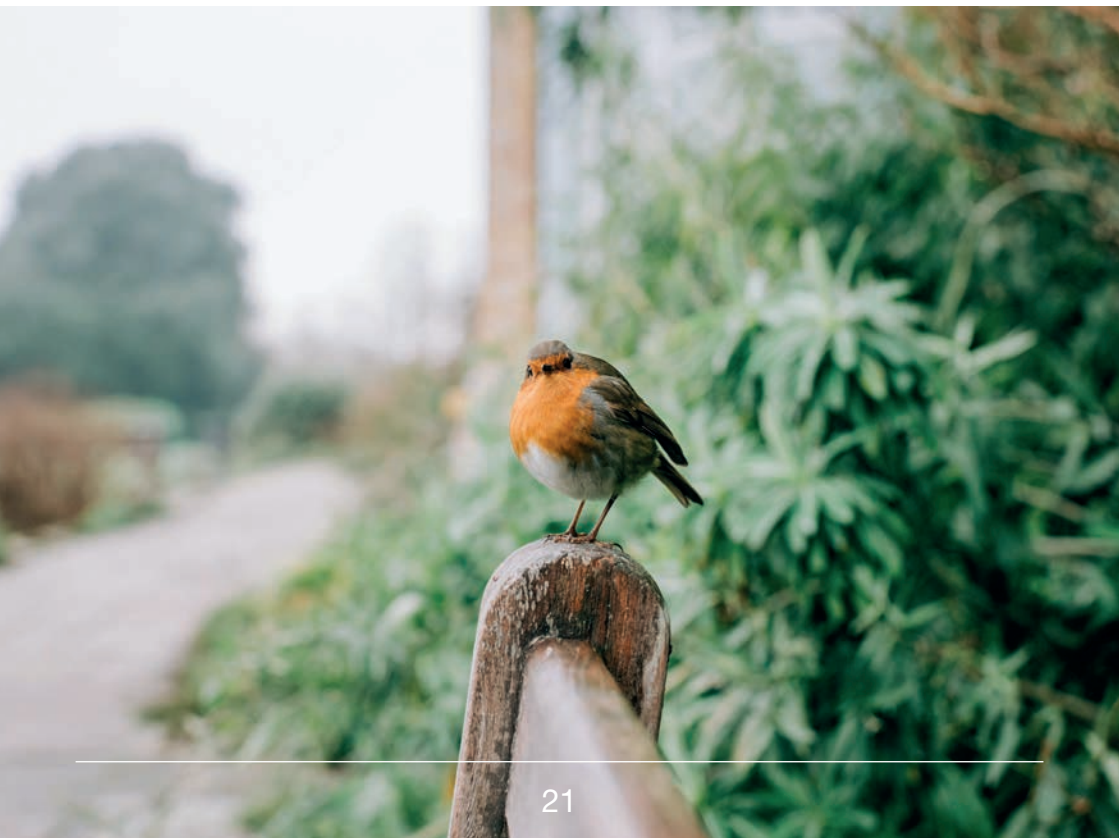


**Scheme's
website**

Scheme News

Protect your pension and retirement savings. If you are thinking about transferring your pension out of the Scheme please seek guidance from a specialist in this area. Make sure your adviser is on the FCA approved register <https://register.fca.org.uk/s>

We know that making financial decisions about your retirement can seem complex, and in some cases, these are irreversible. To help our members through this process we teamed up with **WEALTH at Work** (a specialist provider of financial guidance in the workplace) to provide Scheme members who have not yet taken their BCSSS pension with a free guidance service, paid for by the Scheme. See the Scheme's website for more information about how you can access this service: www.bcsss-pension.org.uk/deferred-members/free-financial-guidance



2021 Pensioner Representative Trustee Elections - Results

Pensioner Representative Trustees are elected from each BCSSS constituency usually for a period of four years. Bleddyn Hancock's term of office as Pensioner Representative for the North West England, West Midlands, Wales and Northern Ireland constituency came to an end on 30 September 2020. However, as a result of the Covid-19 pandemic the election last year was postponed and Bleddyn remained in the post for a further year.

James Grant's term of office as Pensioner Representative for the Scotland and North East England constituency also came to an end on 30 September 2021.

Elections were held in both of these constituencies during summer 2021 and both Bleddyn and James were re-elected. Bleddyn will now serve for a further three-year period, to 30 September 2024 and James will serve for a further four-year period to 30 September 2025.

Results in detail

North West England, West Midlands, Wales and Northern Ireland constituency

- **Nine candidates** stood for election
- **2,890** valid votes were received, just under **29%** of the **9,979** who were eligible to vote
- **Bleddyn Hancock**, the successful candidate, received **59.7%** of the votes cast.



Nine candidates stood for election

Candidate	Votes
Bleddyn Hancock	1,726
Charlie Lomax	394
Mark Richards	172
Malcolm North	171
Richard Blamey	142
Alan Boaler	138
Anthony Dean	67
Gwynfor Jackson	44
Carneen Holmes	36

Scotland and North East England constituency

- **Two candidates** stood for election
- **2,430** valid votes were received, just over **30%** of the **8,002** who were eligible to vote
- **James Grant**, the successful candidate, received **50.8%** of the votes cast.



Two candidates stood for election

Candidate	Votes
James Byrne Grant	1,234
Ken Smith	1,196

We would like to thank all of the members who took part in the election process, both standing for election and voting.

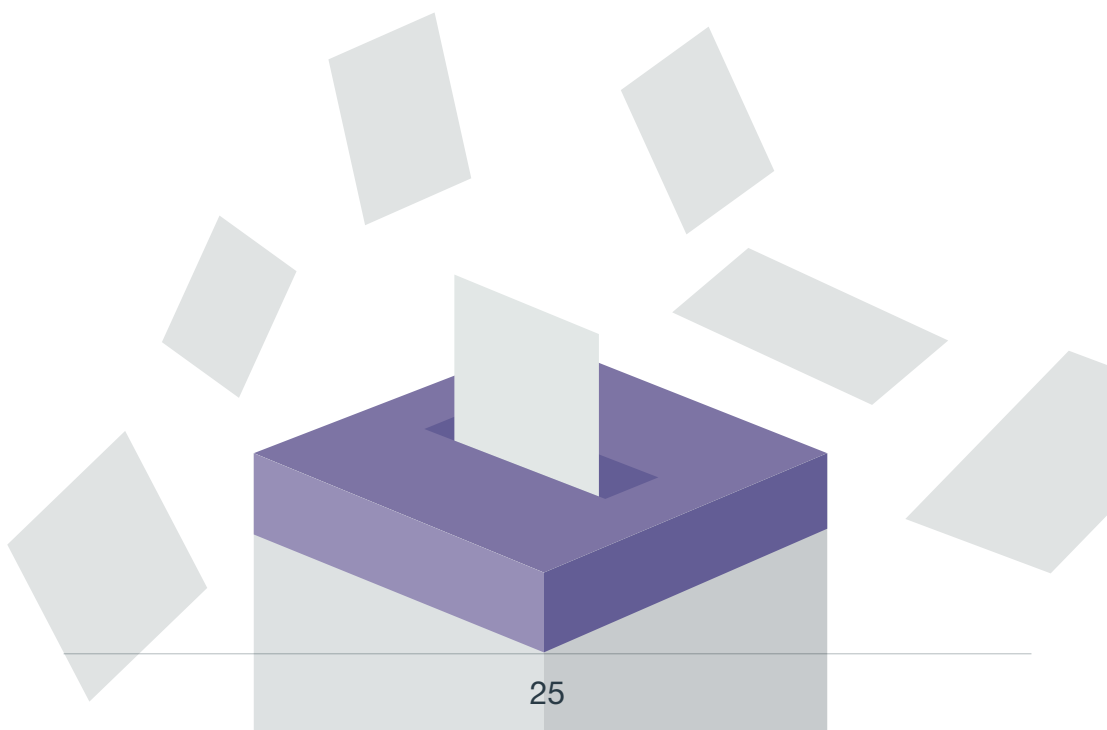
Trustee News

2022 Election Notice

A ballot will be held during August/September 2022 for the election of a Pensioner Representative Trustee in the East Midlands, Southern England and Overseas constituency. The current Pensioner Representative Trustee for this constituency, John Sheldon, will be retiring after his current term of office expires and will not, therefore, stand for re-election.

Changes to the nomination process

Earlier this year changes were made to simplify the election rules by removing the requirement for candidates to be nominated by other Scheme members in order to stand in the election. Scheme members who meet the qualifying criteria and want to stand for election can now simply do so by contacting the Scheme Secretary once they receive their nomination invitation letter.



2022 Election - Key dates

1 June 2022	Your address on this date determines your constituency for the BCSSS election.
6 June 2022	Letters sent inviting members to request a nomination pack if they are interested in standing for election.
4 August 2022	The closing date for nomination requests.
August and September 2022	Ballot period.
14 September 2022	The ballot closes at noon. The successful candidate will be elected by simple majority.
1 October 2022	The successful candidate will take office for a period of four years.

The results will be posted on the Scheme's website and in the next edition of Pensions News.

Please use your vote. If you live in the East Midlands, Southern England and Overseas constituency and receive a ballot pack please use your vote and choose the candidate who you feel will best serve the Scheme.

Scheme Secretary Changes



Jon Heathfield will be retiring as BCSSS Scheme Secretary at the end of the year. He has worked for Coal Pension Trustees Services for 26 years (becoming Scheme Secretary in 2014) and previously worked for British Coal for 12 years. On behalf of everyone we wish him a long and happy retirement and thank him for support of both the Trustees and BCSSS members over many years.



Karen Barton will replace Jon as BCSSS Scheme Secretary from 1 January 2022. Karen is a pensions actuary with around 20 years' experience of working with a wide range of occupational pension schemes, including spending the last seven years working for Coal Pension Trustees Services.



Notice Board

Free Wills Month

We included an article about Free Wills Month in our last edition of Pensions News – the service offers individuals aged 55 and over the opportunity to have a simple will written or updated free of charge. The next Free Wills Month starts on 1 March 2022.

If you would like to take part, visit <https://freewillsmoth.org.uk> (Please note, this is not being run by the Scheme. It is also an online campaign only; no telephone number is available.)

CISWO



CISWO provides a personal welfare service to former coal industry workers and their dependants who may be experiencing ill-health, disability, social isolation or financial difficulties. They work to improve your individual situation with the aim of enhancing your quality of life.

For more information about their free and confidential service call **01709 728115** or visit their website www.ciswo.org.uk

Audio Pensions News

Pensions News is available in audio format. You can either download the MP3 on the Pensions News publications section of the Scheme's website or request a CD from the Scheme Secretary.

Contact Us

For information about Trustee policies or service enquiries:

Post:

BCSSS Scheme Secretary
Coal Pension Trustees Services Limited
Ventana House, 2 Concourse Way,
Sheaf Street, Sheffield, S1 2BJ

Telephone: 0114 253 6444

Email: bcsss.enquiries@coal-pension.org.uk

For tax enquiries:

Post:

HM Revenue & Customs
Pay As You Earn
PO Box 1970
Liverpool
L75 1WX

Telephone:

0300 200 3300

Please quote reference 428/NCBP

For tax advice:

Tax Help for Older People

Telephone: 0333 207 5659

(dedicated telephone number for BCSSS members only)

Website: <https://taxvol.org.uk>

Contact Us

BCSSS website

For information about the Scheme, including Scheme publications, visit the Scheme's website

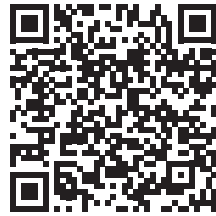
www.bcsss-pension.org.uk



BCSSS website

Remember if you have registered for the secure member website you can see your Scheme record at

<https://portal.hartlinkonline.co.uk/bcsss/hopl.chi/wui/tilepgui.html>



Secure member website

You are also able to use this link to update your address and bank details (the latter only if you are a pensioner) and Expression of Wish nomination form.

For information about your pension please contact the administration office:

Post:

BCSSS
PO Box 555, Stead House
Darlington, DL1 9YT

Telephone:

0333 222 0074

Email:

bcsss@capita.co.uk

Please be ready to provide information to confirm your identity, for example your National Insurance Number and date of birth.

2022 Paydays

January 31	February 28	March 31	April 29
May 31	June 30	July 29	August 31
September 30	October 31	November 30	December 23

BCSSS

British Coal

Staff Superannuation Scheme

www.bcsss-pension.org.uk