

# Pensions news

**Winter  
2016/2017**

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# Welcome

## The Scheme in Brief

Every year we summarise the financial position of the Scheme. The Scheme remains in a very healthy position, with assets of over £8.6 billion, and the continued support of the Government Guarantee. Details can be found in the tables on pages 4 and 5.

## Scheme updates

### BCSSS Pensions Increase

Two increases have been applied to BCSSS pensions from 1 January 2017:

- The RPI increase of 2.2%, which was offset by a corresponding reduction to your reducing bonus, plus
- A bonus pension of 2% of your Guaranteed Pension at 31 December 2016. This is the first of the three bonuses secured by the Trustees as part of the Scheme changes in 2015.



The Scheme Rules provide that Guaranteed Pensions are increased each January in line with the Retail Prices Index (RPI) measured over the year to the previous November. Therefore Guaranteed Pensions were increased by 2.2% from January 2017.

Please remember that the RPI increase in your Guaranteed Pension is offset by a corresponding reduction to your reducing bonus. You will have, however, received an additional bonus equivalent to 2% of your Guaranteed Pension, in January 2017. This was secured by the Trustees as part of the Scheme changes in 2015, so your total pension has increased.

Letters detailing each pensioner's individual increase in benefits are being issued with January 2017 payslips. Deferred members will be notified in the summer on their deferred benefit statement.

### Introducing your new Scheme administrator

The Scheme's administration contract with Aon Hewitt was up for review at the end of 2016. The Trustees carried out a benchmarking exercise to compare the service Aon Hewitt offers and the fees they charge with that of other providers.

Following this exercise the Trustees have decided to transfer the Scheme's administration to Capita Employee Benefits, a well-established and highly regarded pensions administrator based in Sheffield. The process of moving services has started and the transition is expected to be completed on 1 August 2017.

The Trustees will continue to work hard with Capita and Aon Hewitt to ensure that there is no disruption to the service members receive during the transfer. Letters containing the new contact details for Capita will be issued to members in July to be used from 1 August 2017.

This was a difficult decision as Aon Hewitt have administered the Scheme since 1995 and have worked closely with the Trustees throughout that period. However, the Trustees have a duty to ensure that the service to members remains cost effective as well as efficient and were satisfied that Capita was best placed to provide the administration service in future.

The Trustees wish to thank all of the staff at Aon Hewitt for the high level of service they have provided to Scheme members over the years.



Capita Employee Benefits' Sheffield office.

## Summary of actuarial review

An actuarial review of the Scheme is carried out by the Scheme's actuary every three years. The most recent review was as at 31 March 2015.

As you may remember from the special edition of Pensions News we sent in early 2015, the triennial actuarial valuation results no longer affect members' benefits following the changes made to the Scheme in 2015.

The actuarial valuation now provides two figures. The first is the future rate of return that the Scheme will need to earn in order to pay the pensions promised to members. The second is the rate of return needed in order to be able to pay both the pension promised to members and the investment reserve to the Government in 2033.

As at 31 March 2015 the actuary estimated that the Scheme would need to earn 1.8% annual real returns in order to pay the pension promise to members. An annual real return of 2.8% would be needed in order to pay both the pension promise to members and the Investment Reserve to the Government in 2033.

## Payslips

On reviewing the Scheme administration costs we found that the provision of monthly payslips is a significant cost. The Trustees have decided that from 1 August 2017 we will stop providing monthly payslips. This will deliver a cost saving of nearly £400,000 a year. We will still send pensioners three payslips a year (in January, for pension increases, in March, as a P60, and in April to confirm any tax code change).

For most people the information on the payslips only changes at these three times, so members will still have the relevant information.

Pensioners will still be able to access monthly payslips online through the 'mypensiononline' website and the administration office will be able to send a letter containing payslip details on request.

## The UK referendum on European Union membership

On 23 June 2016 the UK voted to leave the European Union. This decision is likely to have an impact on future economic activity, both in Britain and further afield, over the coming years and this might also affect the future investment returns on the Scheme's assets.

It is too early to assess with any certainty what impact the decision will have on investment markets. However, it is important to remember that your BCSSS pension is protected by a UK Government guarantee, so you need not be concerned about the non-payment of your benefits as a result of the EU referendum.

The Trustees continue to work closely with their professional advisers to monitor the situation so that, as further details emerge, the Scheme is ready to respond. We will keep you informed in future issues of Pensions News as details become clearer.



# Summary of the Scheme's Report & Accounts

## In safe hands

The BCSSS is a mature Scheme, with annual pension payments currently amounting to 7.5% of the Fund. We work hard to manage the Scheme's assets and cash-flows to ensure that the Scheme will continue to be able to meet all pension payments as they fall due, both now and in the future. In addition, the Scheme does benefit from the Government Guarantee so all members can be confident that their pensions will always be paid.

The summary for the Scheme year ended 31 March 2016 is provided below. If you would like to know more about the Scheme's financial position over the period, further details are included in the BCSSS Report and Accounts. A copy of the Scheme's 2016 Report and Accounts can be found on the publications section of the Scheme's website, and is available on request to the Scheme Secretary.

## Fund Account as at 31 March 2016

	2016 £ million	2015 £ million
Benefits	(646)	(656)
Payments to and on account of leavers	(2)	(3)
Payments due to Guarantor	(500)	(37)
Administrative expenses	(4)	(7)
<b>Net withdrawals from dealings with members and Guarantor</b>	<b>(1,152)</b>	<b>(703)</b>
Investment income	172	143
Change in market value of investments	92	1,183
Investment management expenses	(36)	(25)
<b>Net Returns on Investments</b>	<b>228</b>	<b>1,301</b>
<b>Net (Decrease) / Increase in the Fund During the Year</b>	<b>(924)</b>	<b>598</b>
<b>Net Assets of the Scheme as at 1 April</b>	<b>9,571</b>	<b>8,973</b>
<b>Net Assets of the Scheme as at 31 March</b>	<b>8,647</b>	<b>9,571</b>

We work hard to manage the Scheme's assets and cash-flows to ensure that the Scheme will continue to be able to meet all pension payments as they fall due, both now and in the future.

As you can see from the table above, as at 31 March 2016 the Fund stood at £8,647 million. The largest expense related to pension payments to members and dependants from the Scheme, which amounted to £648 million. In addition, a one-off payment of £500 million was paid to the Guarantor which relates to the changes to the Scheme structure implemented in 2015. Details of those changes were provided in the special edition of Pensions News, which was sent to Scheme members in early 2015. No further payments to the Guarantor are projected until 2033.

The net return on the Scheme's investments over the year was £228 million, made up of investment income (less investment management expenses) of £136 million and the change in market value of £92 million.

The net effect of these movements was a decrease in the overall fund value of £924 million, giving a total value of the Scheme's assets of £8.647 billion.

Over the year to March 2016, the return on the Fund, net of investment costs, was 2.73%. The average annual returns over the last three years and five years were 8.16% and 8.04% respectively.

## Annualised return on investment assets to 31 March 2016

	Trailing 1 Year		Trailing 3 Year		Trailing 5 Year	
	Scheme %	Benchmark %	Scheme %	Benchmark %	Scheme %	Benchmark %
Fixed income	-5.10	-4.10	-7.52	-6.13	-1.66	-0.73
Private debt	1.50	7.18	-	-	-	-
Special situations debt	5.42	10.03	-	-	-	-
Equities*	3.35	-0.50	10.61	8.13	9.64	8.05
Private equity	16.79	-0.50	19.05	8.53	15.65	8.78
Property	7.95	6.52	10.76	8.37	8.95	6.73
Infrastructure	10.49	1.56	19.50	1.64	15.73	2.35
Global macro	-12.77	-0.50	0.95	8.13	6.52	8.05
<b>Total investments</b>	<b>2.73</b>	<b>0.54</b>	<b>8.16</b>	<b>6.96</b>	<b>8.04</b>	<b>7.02</b>

\*Equities include the composite returns from both public and private equities.

This table shows the actual and target allocations as at 31 March 2016.

Assets as at 31 March 2016	Actual %	Target asset allocation %
<b>Cash &amp; fixed income</b>		
Cash	0.9	0
Developed global government bonds & investment grade credit	11.8	17.5
Emerging market global government bonds & credit	6.2	0.0
Private debt	9.2	13.5
Special situations debt	3.5	7.5
<b>Equities</b>		
Public equity	36.7	30.0
Private equity	14.2	12.5
<b>Property</b>		
UK property	12.7	13.0
Infrastructure	2.2	2.0
<b>Global macro</b>	2.2	2.5
<b>Shipping</b>	0.4	1.5
<b>Total Assets</b>	<b>100.0</b>	<b>100.0</b>

	As at 31 March 2016	As at 31 March 2015
<b>Deferred pensioners</b>	<b>3,682</b>	<b>4,184</b>
<b>Pensioners in payment</b>		
Former contributors	38,300	39,321
Widows/widowers	15,114	15,608
Children	154	169
<b>Total pensions in payment</b>	<b>53,568</b>	<b>55,098</b>
<b>Total Membership</b>	<b>57,250</b>	<b>59,282</b>

The total number of members has reduced by 2,032 between March 2015 and March 2016.

# Trustee news

## Pensioner representative election results

The election for the appointment of a BCSSS pensioner representative ended on 21 September 2016 with Bleddyn Hancock receiving the majority of votes. This election was for the North West England, West Midlands, Wales and Northern Ireland Constituency.

Out of **12,412** eligible voters, there was an excellent **37%** turnout and the result was as follows:

**Bleddyn Hancock 3,425 (elected)**

**Malcolm North 687**

**Barry Mander 477**

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

## Changes to our appointed Trustees

Ray Proctor finished his term as Trustee and Chairman of both the Risk and Assurance Sub-committee and the Discretions and Appeals Sub-committee on 30 April 2016. Ray had been a member of the Committee of Management for 14 years. The Committee of Management would like to thank Ray for his very significant contribution during his time as a Trustee of the Scheme.

Ray's replacement is Jim Shearer. Jim was formerly Commercial Services Director at British Coal, having worked in several coalfields as a Deputy Area Director and Staff Manager. Jim brings a wealth of experience having served as a Trustee of The Coal Industry Social Welfare Organisation (CISWO) for 25 years and as a Trustee of several organisations including 12 years as Chairman of the Legal Services Commission Pension Scheme.

### Sub-committee membership review

Following Jim's appointment the Trustees reviewed the membership of the Sub-committees to ensure that Trustees' skills were put to the best use for the Scheme. As a result, Jim Shearer has been appointed as Chairman of both the Administration and Benefits Sub-committee and the Discretions and Appeals Sub-committee. Alan Whalley is now Chairman of the Risk and Assurance Sub-committee.

## 2017 Election notice

A ballot will be held during August and September 2017 for the election of a Pensioner Representative Trustee in the Scotland and North East England Constituency. The current Pensioner Representative Trustee for this constituency, Allen Clark, is eligible to stand for re-election.

### Standing for election

Letters inviting members to request a nomination pack if they are interested in standing for election will be sent to members resident in the constituency in early June. The closing date for the receipt of completed nominations will be 8 August 2017.

You are able to stand for election, nominate a candidate and vote in the election if you are:

- a Scheme pensioner resident in the constituency on 1 June 2017 including those in receipt of a widow's or widower's pension
- aged over 18 and in receipt of a child's pension from the Scheme
- a deferred pensioner resident in the constituency on 1 June 2017 whose address is held by the administration office.

### The ballot process

As usual it will be a postal ballot process. Members will have the option to cast their vote online, should they wish to do so. Details of how to do this will be included in the ballot pack issued in August.

We encourage all eligible Scheme members to use their right to vote and choose the candidate who they feel will best serve the Scheme.

### The election

The successful candidate will be elected by simple majority in a ballot that will take place in late August and September 2017.

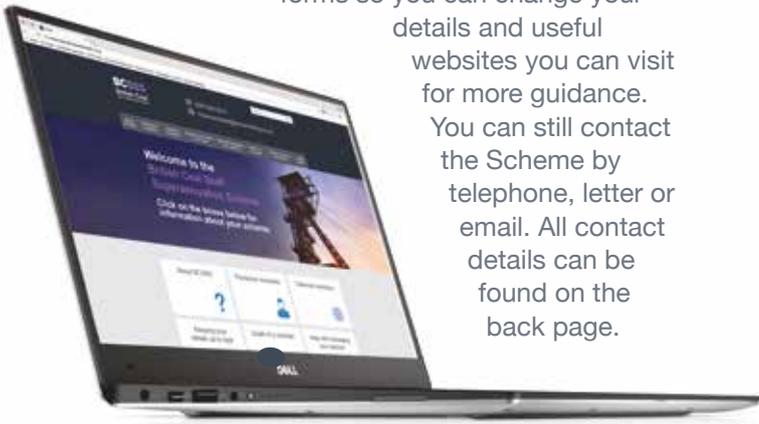
### The results

The ballot will close at noon on 20 September 2017. The successful candidate will take office from 1 October 2017 for a period of four years. The results will be published in the next edition of Pension News.

# Scheme website

## Your new BCSSS website will go live in the spring

The BCSSS website is being updated so you can find all the information you need about your pension quickly and easily. The new website has clearer navigation and key resources on the main page. On the new site you can find important information about your Scheme, helpful forms so you can change your details and useful websites you can visit for more guidance. You can still contact the Scheme by telephone, letter or email. All contact details can be found on the back page.



We have also taken this as an opportunity to update the BCSSS logo, modernising it and making it more recognisable.

The website address remains unchanged. You can visit the website any time at [www.bcsss-pension.org.uk](http://www.bcsss-pension.org.uk)

We encourage you to have a look around your new website and we'd love to know what you think.

Please contact us at [bcsss.enquiries@coal-pension.org.uk](mailto:bcsss.enquiries@coal-pension.org.uk) with your thoughts.

## Electronic data matching

Members will be aware from previous articles in Pensions News that the Trustees regularly run a check of the pensioner database against the national register of reported deaths. This is primarily to ensure that only people who are entitled to benefits from the BCSSS are receiving benefits from the Scheme and ensures that the Scheme's funds are used only for those who should rightfully receive them.

The Trustees currently have the data checked each month in respect of pensioners living in the UK. For pensioners living overseas the process has to be slightly different. They use a service run by Western Union which involves a selection of pensioners living overseas being invited to attend either their local Western Union office or post office in person with photographic identification to verify they are still entitled to the pension. This is a more robust check and less open to fraud than other verification methods.

If you are a pensioner living overseas and receive a letter from Western Union all you need do is follow the instructions in the letter and no change will be made to the payment of your pension.

## Pension paydays for 2017

Tuesday January 31  
Tuesday February 28  
**Friday March 31**  
Friday April 28  
Wednesday May 31  
**Friday June 30**  
Monday July 31  
Thursday August 31  
**Friday September 29**  
Tuesday October 31  
Thursday November 30  
**Friday December 22**

Note: paydays highlighted in **bold** are also quarterly paydays.





## 2016 Annual General Meeting

The 2016 Annual General Meeting (AGM) was held in Sheffield on 6 October 2016. The AGM was attended by 62 Scheme members who joined the Committee of Management, Scheme officials and guests to hear presentations from the Scheme Chairman, Dame Kate Barker, the Chairman of the Investment Sub-committee, Dick Barfield and the Scheme Secretary, Jon Heathfield.

The presentations included:

- an update on Scheme funding and changes to the Scheme administration and Scheme communications;
- a summary of investment strategy and performance; 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 from the floor.

A transcript of the open forum session and copies of the speeches and presentation slides made on the day are available on the publications page of the Scheme website.

In addition, hard copies of all of these documents, including the full transcript of the open forum session, are also available on request to the Scheme Secretary; contact details can be found on the back page of this newsletter.

## 2017 AGM Notice

This year marks the 70th anniversary of the Scheme and the Annual General Meeting of members will be held in Liverpool. The AGM is your opportunity to find out more about how the Scheme is run.

### **Business:**

To receive the Report and Accounts for the year to 31 March 2017 and to debate and vote on any member resolutions. Resolutions and written questions must be received no later than 22 September 2017.

- You will hear reports from the Scheme Chairman, Dame Kate Barker, the Chairman of the Investment Sub-committee and from Scheme staff.
- You will have the opportunity to ask questions and to meet Trustees and staff informally before and after the main business of the meeting.

The meeting is open to pensioners, deferred pensioners, the Committee and its guests. Scheme advisers and officials also attend. A sandwich lunch will be available from 1.00pm.

The responsibility for running the Scheme rests with the Committee. Whilst member resolutions can be submitted to the AGM for debate and Scheme pensioners, deferred pensioners



Notice is hereby given that the **70th AGM** of the Scheme will be held in Liverpool

**The date:**

Thursday 5 October 2017 from 1.00pm; formal business starting at 2.00pm

**The venue:**

Crowne Plaza, Liverpool City Centre, Princes Dock, Pier Head, Liverpool, L3 1QW

**By Order of the Committee of Management.**

and members of the Committee can vote, resolutions do not have any power conferred upon them. Nevertheless, the Committee listens closely to members' views and this is one way of making sure they are aware of an issue.

Questions can be asked from the floor but it helps to have them in advance. Answers to the written questions received in advance will be provided to the meeting. It would be inappropriate for questions about an individual's benefits to be dealt with at the open meeting, so only questions about Trustee policy or Scheme management will be taken at the AGM.

Please note, AGM tickets will be posted to members who have requested a ticket in late August, together with a printed copy of the Scheme's Report and Accounts for the year to 31 March 2017.

**We look forward to seeing as many of you as possible at this year's AGM.**

# Miners' memorial garden

The miners' memorial garden at the National Coal Mining Museum for England is housed beside the museum on the Caphouse Colliery site near Wakefield. The garden celebrates and commemorates the courage and camaraderie of miners, and the close-knit families and communities that supported them.



*Miners' memorial garden: near Wakefield.*

The garden allows all who visit to share the memories of what coal mining has meant to them over many generations.

At the centre of the garden is the piece of artwork called 'Lives Lived, Lives Lost' by artist Stephen Broadbent. The sculpture stands almost three metres high and curves in a sweeping arc. It holds coal mining memories in the form of colourful glass checks.

## A personal memorial

A donation of £40 is required to dedicate a glass check. These are individually handcrafted in a variety of colours by glass artists Gary and Annette McMillan. The layers of glass are kiln-formed, fusing your chosen words into the personalised check. There are many ways to remember and personalise a glass check; you may wish to remember a loved one, or share a memory of the community.



For more information online:  
**[www.ncm.org.uk/garden](http://www.ncm.org.uk/garden)**



Write to: The National Coal Mining Museum for England, Caphouse Colliery, New Road, Overton, Wakefield, West Yorkshire, WF4 4RH.



Telephone: **01924 848806**

# Member Survey

Earlier this year the Trustees carried out a survey of Scheme members. Of the 1,000 questionnaires that were issued, 410 were returned. The aim of the survey was to obtain the opinions of members on different aspects of the Scheme:

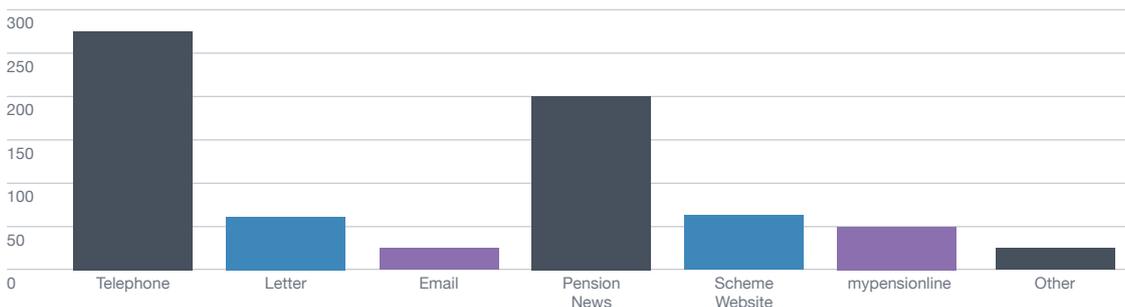
- the help you receive when calling or writing to the administration team;
- the quality of service; and
- what you think about Pensions News and other material issued by the Trustees.

We thank you for your participation. The survey provides us with invaluable information from our members. We are delighted that the majority of those responding were satisfied with the service they had received.

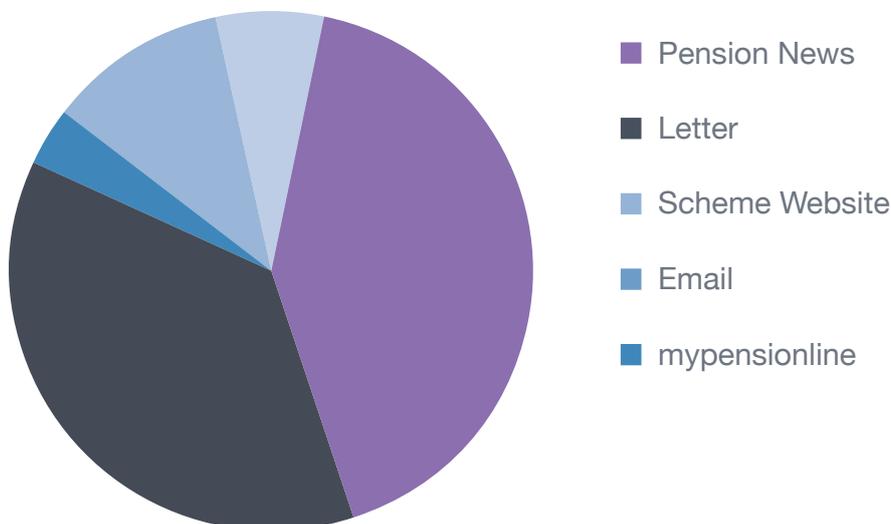
We welcome all feedback, whether positive or not, as we are always looking to understand what we do well and where there may be areas we can improve. A summary of the results of the recent survey is shown in the charts below.

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## When I want to find information about my BCSSS pension or have a question, I use the following sources



## How do you prefer to receive updates from the Scheme?



## How we communicate

In 2015 we used the survey information to assist in making decisions about how we communicate with you. To make sure we are still providing you with the information you need in the way you need it, we asked how many of you read Pensions News. It was pleasing to see that 80% of respondents always read it, 60% of you from cover to cover.

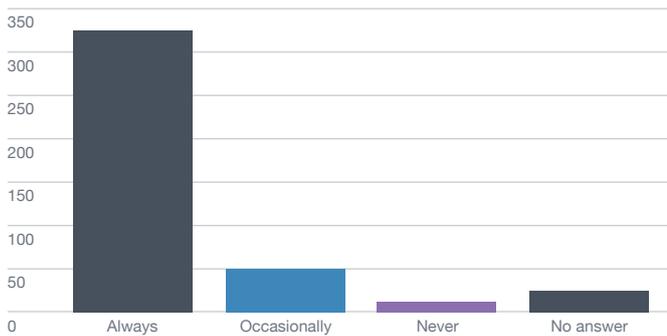
We also asked how many of you attended the Annual General Meeting. Whilst attendance was low amongst survey respondents, those who did attend had a positive experience.

**Overwhelmingly over 70% said the AGM met their needs, 90% would attend in the future and over 80% would recommend to others.**

We always appreciate your feedback. If you are happy with the way we communicate with you and keep you up-to-date or you would like us to improve the service, please let us know by using the contact details on the back page of this newsletter.

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## Do you read Pension News?



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Everyone who returned the latest survey had the opportunity to have their name entered into a prizewinners draw to win one of three £30 high street vouchers.

Our congratulations go to this year's winners who are:

**Mr RJ Pringle from Edinburgh**

**Mrs A Bowen from West Yorkshire**

**Mr JH Riddell from Durham**

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## Have we got the right address for you?

It is important that we know how to contact you. Remember to notify the administration office if you move house.

If you know of any former colleagues who have moved recently, why not remind them to give the administration office their new address.

## Get in touch - we're here to help

For more information about the Scheme visit the Scheme website at: [www.bcsss-pension.org.uk](http://www.bcsss-pension.org.uk)

### For administration enquiries

**Telephone:****Surname A-J**

t. 0345 609 0012  
(UK local no.)  
(+44) 345 609 0012  
(Abroad standard charge no.)

**Surname K-Z**

t. 0345 609 0013  
(UK local no.)  
(+44) 345 609 0013  
(Abroad standard charge no.)

**Write:**

BCSSS,  
PO Box 196,  
Huddersfield,  
HD8 1EG

**email:**

[bcsss.enquiries@aonconsulting.co.uk](mailto:bcsss.enquiries@aonconsulting.co.uk)

Remember to quote your National  
Insurance/Scheme number

**HMRC contact details:**

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

t. 0300 200 3300

Please quote our Scheme tax  
reference 428/NCBP

### For Trustee policy or service enquiries

**Write:**

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

**email:**

[bcsss.enquiries@coal-pension.org.uk](mailto:bcsss.enquiries@coal-pension.org.uk)

Pensions News is also available on CD, please  
contact the Scheme Secretary if you wish to  
receive a copy on CD.