13 December 2017

Mr Frank Field MP  
Chair of the Work and Pensions Committee  
House of Commons  
London  
SW1A 0AA

Dear Chair

I would like to comment on the suggestion at today’s hearing that the British Steel Pension Scheme’s membership records are in some way incomplete or inadequate and to explain why the Trustee is confident that members’ benefits have been and will continue to be paid correctly.

The trustee does all it can to ensure that it has all the information it needs to calculate and pay members’ benefits correctly. Throughout its history, the Scheme has always been administered to the highest standards with external audit of the implementation of changes to the Scheme or administrative processes. The data has been regularly tested to ensure it complies with the Pensions Regulator’s principles of good record-keeping for both common and conditional data in defined benefit pension schemes and it comfortably meets those requirements.

The trustee has not lost any information.

The Scheme holds detailed electronic records for all pensions in payment and for the vast majority of deferred pensions.

However, some information is in manual records inherited from other schemes that have been transferred into the BSPS over the years.

At the moment, the administration systems allow benefits and pension increases to be calculated in accordance with the Scheme Rules. If the Scheme had not been going into the Pension Protection Fund (PPF), it would not have been necessary to know how much of each pension was earned before or after 1997 and 2005. It is now necessary to split pensions into these tranches because each tranche will have different increases in the new scheme or the PPF.

The trustee has digitised 14.3 million pages of manual records to facilitate this retraction exercise. This will help to ensure that the new scheme will be able to calculate and pay the correct benefits for switching members from 28 March 2018 and that the old scheme will be able to restrict benefits to PPF compensation levels when it goes into a PPF assessment period on 29 March 2018.

It was not possible to give all members information packs with a full breakdown of their retracted pensions. Some 4,000 members were given information packs without this information. However, the Trustee believes that these members had enough information and guidance in their packs and in benefit statements previously issued to them to make sound decisions (and further copies of those benefit statements have been made available). These members were also supported by additional generic examples in their information packs, information on the trustee’s website, the 40 member meetings held at 11 locations over 5 weeks, and by the Helpline.

A firm of specialist pensions administrators has carried out a due diligence and data verification exercise to check that benefits have been calculated and are being paid in accordance with the Scheme’s rules and the law. This is work that would normally be done during a PPF assessment period. No material systemic issues relating to membership records have been identified.
Before embarking on the Time to Choose communication exercise, the trustee redoubled its efforts to contact members who had lost touch with the Scheme and engaged another specialist firm to help with this tracing exercise. Nevertheless, there were still some members for whom the trustee had no current address. The trustee was unable to send information packs to these members in early October but did try again to make contact using old addresses. As these members have been getting in touch, the trustee has been putting these members' benefits into payment and providing information packs for them to make their choices.

Yours sincerely

Allan J. Johnston
Chairman
B.S. Pension Fund Trustee Limited