Selected emails received by the Business, Energy and Industrial Strategy Committee as part of the inquiry into *Mineworkers' Pension Scheme*

Received 26 March to 8 April 2021

Message 1

Just letting you know that sometimes I have to skip certain meals as I cannot afford to have heating on and eat. £323 the lords can claim EVERY DAY I don't get that much pension per month.

Time to look at it and change the percentages in miner's favour.

Message 2

I am an disabled ex miner who worked at [………….] for some 20+ years until a serious underground accident forced me into injury retirement in the 1990s and please note I still suffer from my mining injury's which include constant pain and COPD caused by breathing in horrendous amounts of coal dust for 12 hours a day! Meaning I need breathing aids and pain relief until death.

It also makes me and thousands of my mining colleagues extremely vulnerable to the effects of COVID, thus having to isolate for nearly a year this brings associated extra costs heating, food medications utilities and the like, HMG deemed to give most disabled/sick people, those on Universal credit and extra £20 per week to cater for this, it's noticeable that the government or our Mineworkers pension trustees could not see fit to increase our already low private Mineworkers pension income either which I find shameful because as a group, miners would be more than double the chance of catching COVID and dying because of our already compromised lungs, which were permanently damage working to keep industry and peoples home lit for a lifetime before the government shut the pits in the 1990s - the majority closed.

At this time it seems HMG and the Mineworkers trustees were doing a new deal with my Mineworkers pension and it should be noted I had a contract of employment with British Coal which included holidays pay, sick/injury pay rest days payments to CISWO and others and a large chunk of money from my wage to go to my private pension and British Coal would also put there part of money to my pension as per the agreement and this would be invested professionally to give me and my loved ones a substantial pension when I retired!

Unfortunately, because of my serious injuries sustained whilst working at […………….] I was FORCED into taking injury retirement, the inquiry needs to know that I and others at [……………..] area which I represent was not privy to any details of the new negotiations over our Mineworkers pension scheme on privatisation or the politics of the deal we had a right to believe that our union the NUM and HMG should obviously look after us pension wise given that the NUM trustees and HMG didn't own our pension fund! We did! those who toiled in horrendous conditions for it!!

Can I also draw the Committee's attention to the words miners' retirement fund. Miners especially underground miners can't really "retire" in the true sense of the word like yourself and politicians and most work disciplines nurse police for example my colleague of many years from the colliery has passed away […………], his cause of death was pneumoconiosis, his lungs destroyed by mining he [………..] had to "retire" early on ill health, his years of retirement were spent visiting hospitals for specialist chest consultations at […………] and [……………] for tests, scans and his oxygen kit yes [……….] (RIP).

He spent all his retirement trying to get through each and every day by taking his oxygen treatment, inhalers, nebulisers and constant GP visits because of chest infections caused by his coal mining disease COPB and pneumoconiosis and he was furious when he found out the trustees of the MPS and HMG had agreed to take billions of our hard won pension fund for a suspicious "guarantee" and left him with about £50 a week MPS pension when he and I and every retired miner is entitled to ALL our pension monies.

The Committee should also note that being crippled in this way isn't a retirement it's hell waiting for your last day and it's more expensive and then COVID on top!!! We as owners of every penny of the MPS fund feel let down and persecuted no one from the government or MPS trustees asked our permission to remove fasts amounts of our own money we earned for our retirement for a guarantee that will never be used! We had no letters of explanation certainly NO VOTE even now we don't have an annual meeting!

If you ask the trustees a question about you own pension fund monies it takes them all their time to respond to queries and questions! I would like to make a point to the Committee in the strongest possible terms over the term members of parliament use when we ask them to stop taking our cash "for the benefit of taxpayers for what they put in"??

There is no tax payer money in our pension fund all monies in our fund are earned monies as per contract of employment!! It is our opinion now that no more monies be removed from our pension ever! Any money's in sub-funds should be used immediately to increase our pension given our dire need as there isn't many of us left! I can remember like […………] said in the past when there was a surplus in the fund they would pay us an above RPI rise which would still be the right thing to do, why was it changed to these complex bonuses that can and have been removed ??

We all thought the trustees would move heaven and earth to get the best returns for our pensions, that idea went out the window many many years ago! Us that earned the fund have been used and abused by all sides in this horror story how can any caring society or human being keep signing cheques for billions earned by a once respected workforce to a government whom should have no right to a single penny and then from the same Sheffield pension office send weekly payments to crippled pensioners for less than £18 a week for 25% of us and £65 a week for 50% of us!

And to add insult to injury we found out that the MPS also paid nearly £50 million in PAYE tax last year so HMG removed 50% of my pension surplus plus 20%+ PAYE tax making 70%+ in other words they all but took our entire pension! This hasn't happened to any other industrial group I see these as persecution!

The Committee should not be afraid to give what's left of us some justice and I would suggest if the taxpayers new the true facts there would be public outrage! Please do the right thing before death takes us all. This is [............] this was his retirement with COPD and pneumoconiosis. Please treat this with respect RIP [............] and thank you.

From Michael F Aspinall

Message 3

Dear Sirs,

I, as an eighteen year old, in 1966 joined the NCB. Being young you did not think about the future of a life in retirement so pensions were never on your mind.

It's not until I married it became a thought of the future.
From 1966 to 1975 I paid into a pittance of a retirement scheme, whilst the management and pit officials were in a pension scheme of which they were always pleased to refer to whenever money and wages were mentioned.

In 1976 I became a member of the Mineworkers' Pension Scheme paying my dues along with a contribution from the NCB, to help with my future retirement. So for eleven years up to 1987 payment was made by both parties until the NCB took a payment holiday.

The NCB after 1987 never paid in another penny to the scheme, and also at a certain point in time the Government became the Guarantor of our Pension Scheme.

The government decided that a 50% 50% would take place through means of what can only be described as a take it or leave it attitude.

Since the 50/50 split an enormous amount of money estimates of between £4 to £8 billion have been taken from the scheme, at the original outset of the guarantor idea it was estimated that over a 25 year period it would yield £2 billion for the government.

The government has had more than enough from the scheme of which they only paid into for 11 years.

If the government had continued to pay into the scheme up until privatisation we as beneficiaries would be in receipt of a healthier pension payment.

The scheme has never cost the government or the taxpayers of this country a one penny piece, and will never ever cost them anything.

Can you please consider these facts along with why was the government ever needed as a guarantor? Is it guarantor for any other ex-nationalised industry?

Message 4

My name is [………..] I worked for British Coal from 1977 to 1993, I was a coal face worker and also a member of the Mines Rescue. This email is with regard to the Mineworkers' Pension Scheme.

If the scheme was in deficit in the past the government has put no money in, we have been allowed to borrow from the schemes investment reserve fund, however when the fund recovers we have to pay back the money plus interest. Can you explain how it is fair that the government don't have to cover the deficit? Is this not what the guarantee is for?

The government want 50% of any surplus funds however, from 1987 to 1994 British Coal paid no contribution to the pension fund, they took a pension holiday, I paid contributions from 1977 to 1993 when I was forced to leave the industry through redundancy. So that is 7 years that I, and many other mine workers, paid contribution but there was no contribution from British Coal. Again please explain how this is fair?

At some point it will come up that the 50% was agreed by the Mineworkers' Pension Trustees, however I would like to strongly challenge this and state that the trustees were forced to take this deal as no other deal was available and they had a duty of care to ensure that the scheme was safe and viable. The government did not seek actuarial advice that was available at the time, the only reason the government would not seek this advice, especially with such large sums of money involved, is if it was clear that this would prove unfavourably for them and in favour of the mine workers.

In 1994 we were told that our pensions were guaranteed and would rise in line with the Retail Price Index however, now we are told that that is not the case and the Guaranteed Minimum Pension is not included. I was also opted out of the State Earnings Related Pension Scheme by British Coal which meant that they paid a lower national insurance contribution. That will now mean that when I draw my state pension I will not receive the full amount despite working 41 years and paying full tax. I believe the government are planning to change from using the Retail Price Index to Consumer Prices Index (H) which results in a lower pension increase in the future. It seems to me that the guarantee is very one sided. Would you agree?

The government state that we have "done well" out of the guarantee, 33% better off, however during this time most final salary pensions have increased anyway. Is this 33% on top of what other well run final salary schemes have achieved?

From the same guarantee the government have "done well", the Government/British Coal have not put a penny into this scheme since 1987 but have received over £4 billion from the scheme.

The risk that was taken on in 1994 is not the same as the risk now, as it is a closed scheme, with decreasing numbers of members every year and therefore less people to pay out every year and no new members to replace. Do you believe that any impartial person would believe that the way we have being treated is fair?

Why do the mine workers have to pay for the guarantee when other nationalised industries were awarded the Crown Guarantee?

Message 5

My name is [...........] like my father before me and his father before him I thought I had a career in mining, but the government closed the mines and my career was cut short. I have 19 years' service and 18 years in the miners' pension so the small pension I have has been made smaller by the actions of our governments, the removal of funds on no less than three occasions.

Millions of pounds taken every time at a cost to me and my pension and the surplus share agreement changed from 70/30 in my favour to a 50/50 share in exchange for a guarantee. Why did the trustees and the government agree to this and on whose advise? There must have been a third party or an advisory of sort. I paid in to my MPS so I could have a decent standard of living in my retirement and not give extra help to the exchequer.

I honestly feel aggrieved. when I count out my pension and try to make ends meet seeing council tax rises and other things, everything goes up they've taken billions at no cost to them. All these years on there can't be that many miners left drawing full pensions miners are dying on average at a rate of 7000 a year.

Please tell the government to put back the money taken and return the surplus share in our favour so we can see a better standard of living in the short time we have left. Our pension is made up of two parts pension and bonus this year's bonus letters came out with our rise showing miners were getting rises from between 1 pence to 11 pence a week I didn't receive a letter so I take it the pension I'm drawing didn't qualify so I along with thousands of others didn't get a pay rise this year. It must have cost our pension thousands to inform the members.

Dear me more than the rise itself we have to remember once the miners and their widows have past the money that's left goes to the government. We have paid in my opinion for the guarantee over and over and its cost the government nothing.

Message 6

To whom it may concern, in these days of need it is of great need to reverse the share 50/50 split in the mineworkers pension.

This to me was carried out to be less beneficial to the men who paid into those that did not.

The reports that were done prior to split was in more favour to the members who paid in. Two reports one of a 70/30 split and another of 85/15 in members favours were ignored, and a take it or leave it offer was put on table at last minute.

Miners are now on average of £65 per week with a £19 bonus. This is a travesty for the men who worked in terrible conditions to keep the lights on.

There are between 7-10,000 miners dying each year and life expectancies are very low, with only less than 170,000 members left it won't be long before they are none.

To which the government takes the lot and benefits once again.

Surely now is the time for this injustice to be righted. These members need to be renumerated with the money they need and put in a position where many of them could have a better end to life.

There's money in pension reserves and in surpluses that could be given out immediately to help out.

Could you please respond to this email in receipt of and pass on to the enquiry that is going on.

Very concerned member of the pension fund.

Message 7

To whom it may concern

As an ex miner who is in receipt of his MPS pension I fully support those people who have campaigned to get to the point where we now have an inquiry into how the surplus from the scheme is shared between the UK government and the ex-miners and their dependents .

Were the pensions of other nationalized industries victims of such an unfair agreement? I am pretty sure that they weren't, and it is time that the money from the MPS was given to those who actually paid into the scheme while working in the mining industry.

UK governments, both Labour and Conservative, have benefited to the reported sum of 8 billion pounds thus far from the MPS surplus under the guise of providing a "guarantee" but have never actually paid a penny into the fund while some, indeed many, scheme members including myself are receiving pension payments which should be much more favourable.

The current 50/50 split of the surplus has been nothing short of daylight robbery for far too many years and I would like to see this inquiry recognize this and recommend that the surplus share agreement is changed so that those in receipt of MPS pensions , and those yet to start to receive ,get 100% of the surplus which after all is their own money.

Finally I would like each of the members of the inquiry to take a moment to consider how they would feel if when they come to take their retirement pension that they have been paying into for a number of years only to be told that as well as potentially being taxed on the pension another portion of it will be taken from them and given to someone who has never, ever, paid a single penny into the "pot".

It is time for this totally unfair agreement to be sorted out once and for all before we get to the point where there are no ex miners left and the government of the day benefits from whatever is left in the scheme Then and ONLY then would it be deemed acceptable.

ex miner , and proud of it , […………..]

Message 8

Dear Committee,

As a former fitter employed by British Coal from June 1980 to March 1992 [..............], I would like to submit the following comments for consideration by the BEIS Committee, for the inquiry into how the surplus-sharing arrangements were agreed, the Government's role as Guarantor of the Scheme, and the issue of the Government's entitlement to receive 50% of any surplus in the Scheme's value.

My comments are addressed in order of the inquiry's terms of reference, viz.

• How was agreement on the surplus sharing arrangement reached at privatisation? What information formed the basis of the decision making at the time the arrangements were agreed?
• How have variations in the terms of the Scheme since 1994 affected pensioners?
• Do the terms of the surplus sharing arrangements remain fair?
• What changes, if any, would the Scheme's beneficiaries like to see to the Scheme?

1) How was agreement on the surplus sharing arrangement reached at privatisation? What information formed the basis of the decision making at the time the arrangements were agreed?
It is widely reported that the 50:50 split for the surplus, agreed in 1994, was not based on actuarial advice and assessment at that time. There is no doubt that actuarial advice, with the best interests of miners benefits at heart, would have advised on a relevant negotiation of additional clauses in the agreement beyond the 50:50 split. The agreement was too narrow for a finite pension scheme which does not give back to the mineworkers their loss, in terms of health conditions, and even premature death due to working conditions. There is no compensation for lost years of pension earning in between being made redundant and securing employment again - if they ever did. There was also the matter that having been made redundant some chose to take early retirement, as a necessity as a means of income, too old to retrain and not skilled in any other occupation. As a result the early retirement gave them a lump sum, but seriously reduced their weekly pension.

2) How have variations in the terms of the Scheme since 1994 affected pensioners?

1) The Four Sub Funds and the Investment Reserve The four sub funds are held for different purposes; the Guaranteed Fund to pay pensions accrued to 1994, the Bonus Augmentation Fund to pay new bonus pensions to members since 1994, the Guarantor's Fund which is the Guarantor's share of the surpluses arising from the actuarial valuation since 1994 – paid over ten years, and finally the Investment Reserve. Any surplus in the Guaranteed Fund is shared 50:50 between the Bonus Augmentation and the Guarantor's Fund. It is intended that the balance on the Investment Reserve, originating from the unapplied surplus allocated to British Coal at the 1993 review, which is used to support the Guaranteed Fund will be returned eventually to the Government. If there is a deficit on the Guaranteed Fund there will be a first call on the Investment Reserve (which has to paid back if there are subsequent surpluses), followed by a call on the Bonus Fund and the Guarantors Fund equally.

There are some concerns with the above as follows:

Under the Mineworkers' Pension Scheme (Modification) Regulations 1994 and the Guarantee Deed relating to the Mineworkers' Pension Scheme under paragraph 2(9) at schedule 5 to the Coal Industry Act 1994 the Investment Reserve is stated as being an asset of the scheme. Did the 1994 agreement state the investment reserve would be returned to the government early? And was the intention, when the 1994 agreement of the 50:50 split made for the Government to withdraw these funds before the end of the life of the scheme?

As I understand if the Investment Reserve is depleted and payments are made to the Government from the Guarantor Fund, a continuing deficit on the Guaranteed Fund would be taken from the Bonus Augmentation Fund to fund this. The Government Guarantee seems to be half a guarantee with borrowings from the Investment Reserve having to be paid back and the share of the members' surplus possibly being called upon.

£700 million was taken from the Investment Reserve in the year ended 30th September 2014. Should this not have been kept in the scheme, particularly if as stated in the Chairman's Introduction to the year end 30th September 2019 Accounts, that the amount needed to pay pensions for the remaining life of the scheme is £18 billion and the fund balance at that point was £11.653 billion, of which £1.182 billion was remaining in the Investment Reserve?
The Investment Reserve does not appear to be being treated as a buffer for the length of the scheme.

The actuary report dated 6th March 2014 details the £700 million paid to the Guarantor, with effect from 28th February 2014. In addition to detailing this payment the actuary report states that the lifetime of the Investment Reserve will be extended from 2019 to 2029 unless the Guarantor wishes to bring that forward until 2024, at which time the buffer of Investment Reserve will be lost.

Does it state in the Coal Industry Act Schedule 5, that the Investment Reserve can be reclaimed before the end of the life of the scheme?

So not only is the Guarantor benefitting from the surplus, they are also benefitting from drawing on the Investment Reserve before the end of the life of the scheme.

2) Valuation Outcome Period

The 2019 Accounts detail the actuary's report dated 28th November 2018. It states that the results of the 2020 review will not affect the outcomes for members or the Government and that the valuation outcome period for the 2017 review is six years rather than the usual three years.

Is this agreement between the Trustees and the Guarantor not in the best interests of the members, even though the additional protection for benefits earned up to 2023 has been secured?

With a rapidly depleting membership, volatility in the economy which could bounce back after the Covid-19 pandemic or slip into recession, this perhaps is not the time to lengthen valuation outcome periods, rather to shorten them to keep track on the continuing funding of the fund.

Is it not the case that, not to take account of rapidly changing membership figures and total investment required to cover those benefits on a regular basis is not protecting the members. As the scheme is now mature surely the valuations of benefits, investments, surpluses and member numbers should be occurring on a more regular basis.

3) Do the terms of the surplus sharing arrangements remain fair.

Changing the split of surplus to 50:50 which was 70:30 prior to the 1994 agreement without any actuarial advice and without an up to date actuarial valuation is of major concern. The question needs to be asked – was this agreement and the way it was orchestrated outside or not in accordance with the scope of the Trustees duties responsibilities governed by the Trust Deed? With a finite scheme and members who were clearly going to deplete rapidly over future years this split did not appear to be based on any reasoning and was far too simple, with no additional clauses to protect the best interests of the members of the scheme did well. All that has happened is the Guarantor has benefitted by billions and there has been no call on the guarantee. Any monies paid out of the investment reserve following the 2008 actuarial review was paid back.

The fact that this became 50:50 coupled with unallocated surplus, which went into the investment reserve even though there were employer contributions holidays seems wrong. When the members were told what percentage contribution they would make from their wages, were they told what percentage contribution their employer would make? Contribution holidays would have worked against this. The scheme was so well invested that it gave large surpluses over the years. Surely the surpluses that arose at the outset, even though there were payment holidays would have warranted a revision of the fraction applied to final salaries as was applied in 1992.

The rigidity of the 50:50 split, with a scheme with no member contributions and rapidly dwindling members will no doubt eventually result in either, a few members sharing "the pot," after the government have taken more money out without ever contributing anything, or if investment revenue suffers in the future, potentially due to the Covid pandemic (a recession is perhaps on the horizon), only a few members will ever rely on the government guarantee. Whichever it is, the guarantee will not have cost the government a huge amount of money, yet they are still benefiting from members pension contributions.

And although the value of this guarantee is vital to the preservation of members' pensions, an underestimated upsurge in investment returns must warrant a review of the share ratio between the mineworkers and the government.

This current situation is against the spirit of being a guarantor. Although the role of the guarantor is not to benefit from an agreement, in effect it would appear that, due to the government not having to pay one single pound into the fund to preserve benefits since 1994, but at the same time taking billions out, the government have exercised their right of subrogation in advance.

It is the case that, the trustees have worked hard to ensure that the invested fund has given excellent returns, and whilst this has been possible due to the comfort blanket of the guarantee, it is clear that members interests were not best served with the 1994 agreement and if this 50:50 split continues will lead to further injustice and unfairness.

The defence of the government for maintaining that the 50:50 share is appropriate, is that the scheme has been able to invest in higher risk investment strategy. What would have been the return on the invested funds had the scheme instigated a medium or medium to low risk strategy? It is not enough to state that a higher risk strategy has been possible without an estimate of the position that the scheme funds would have been in had this not been the case.

What happens to the surplus at the end of the scheme, i.e. when all mineworkers have passed away? With a high investment strategy that is possible due to the Government guarantee, is it not possible that there is going to be a huge surplus which will then return to the Government pot? If the period from 1994 to now is repeated in terms of investment strategy, is it not the case that the Government is acting as a guarantor and benefitting from a reverse subrogation, which may in fact never be needed?

This is a finite scheme, the members are passing away at a rapid rate and will not be replaced - this is happening at the same time as the Government guarantee is making a high risk strategy possible. As such the 50:50 split must be seen as far too rigid. The purpose of the periodic actuarial valuation prior to 1994 was to ascertain the level of surpluses or deficit and how much of the surplus could be passed back to the mineworkers as bonuses. It also assessed if the employer would be able to take a contribution holiday.

Rolling forward what sort of investment strategy is going to be required, taking into account the rapid rate at which the mineworkers are dwindling, to fund that requirement, and is it achievable without the need for a call on the government guarantee? Does the scheme need the Investment Reserve to be retained until the end of life of the scheme?

4) What changes, if any, would the Scheme’s beneficiaries like to see to the Scheme?

1) A revision to the 50:50 surplus share in favour of the members.

2) 1987 and 1990 surpluses of £1,766 million and £1491 million, even after allowing for employer contribution reductions, enabled the Mineworkers Pension Scheme rules to be adjusted from 1st March 1992. This gave two benefits to members, firstly retirement age was reduced to 60 and secondly the fraction used to calculate pensions was reduced from 1/80 to 1/60, which gave higher pensions.

So, just as the main provisions of the scheme were adjusted following the 1987 and 1990 revaluations, then it would seem appropriate and morally right and fair to have an additional actuarial review to, not only assess what the surplus is now but to assess if the initial investment made by contribution from mineworkers is returning much more in terms of value, from calculated employee contributions than originally thought to ascertain if the fraction applied to salaries is still appropriate.

The position of the mature scheme as it is would warrant more regular actuarial reviews assessment of surpluses, member numbers, and the requirements for future funding.

3) Members who took early retirement, as mentioned in the comments to question (3) above received a much reduced pension. Many had to take their pension early due to unemployment. This reduction caused many to have financial hardship, even though the age of retirement was reduced to 60.

Could there not be some sought of remedy from the surpluses to rectify this substantial reduction?

Members all round, whether they took their pension early, due to necessity or members who waited to claim their pension have not had a great deal, in fact they have had a poor deal.

I hope this inquiry will address these issues in thorough detail and I look forward to receiving news of a positive outcome for the members of the Mineworkers' Pension Scheme.

Message 9

Dear Mr Darren Jones MP

I would like to submit a statement on the 50/50 share arrangement on the MPS.

I live in [……………], a former mining community. Served by Yorkshire [……...] Colliery, the first closure after the 1984-1985 strike. I personally, unlike hundreds of others, transferred to another colliery [……………] in Rotherham. Until it's closure in 1990, I again transferred to another Rotherham pit [……………], and left the industry upon its closure in 2013. The two Rotherham communities are part of one of your Committee's Member's constituency, Mr Stafford, of Rother Valley.

I joined the mining industry from school in 1975. The very year that the MPS started, and incidentally, I was obviously there when privatisation began in 1994, and so therefore had to join a new pension scheme as the MPS was closed, the IWMPS, of which we were told was supposedly a mirror imaged pension scheme, which it was not.

For your information I was and am prominent within the NUM. And my whole adult life has involved me assisting former miners in receiving benefits for the diseases, that their industry inflicted on them. And in stating this I hope that you, and your committee colleagues realise that that for all miners, who were prepared to spend their working life's, toiling miles from the Earth's surface, to excavate a fuel that kept the UK industry turning over, and ensured that the lights stayed on. That these men have to go cap in hand, to beg the state to compensate for illnesses that they inherited from their work.

I make no apologies for being long winded, but the fact that when it comes to the MPS 50/50 share out. It could be argued that when successive governments claimed how wonderful they were in creating compensation schemes for industrial diseases within the mining industry. Of which I know many who, despite being ill, were turned down from receiving anything. And that the monies paid was from the billions that went to successive governments from the MPS share out following every actuarial surplus announcement. So not only did these men have to see their pension scheme robbed! They were paying for their own compensation.

I have listened constantly for years from minister's stating that the share out is fair as it allows aggressive investment strategies. I find this abhorrent, when the very same people state that the average pension is £84/week. So let's be honest averages mean that many are on a lower amount, and hopefully you could ask the MPS just how many thousands of scheme members are below this figure of £84.

If this so called "aggressive investment strategy" allows this kind of figure. I would argue that, and hopefully you and your committee will do the same, that it's not that aggressive, if it was then the miners would and should average over £100/week. And if the MPS did not have to hand over 50% of the surpluses generated, the figure would be!

I can only ask like many others will, for you to attempt to right another injustice in the case of men in the UK poorest areas. In readdressing this issue of a 50/50 share of surpluses. It should be 100% in favour of the miners.