

[View in browser](#)

# "Beyond Parsimony"

Bulletin No. 28



## Trustee Decisions Next Month

### *Bulletin highlights*

- *Trustee indicates it will provide final response in July to:*
  - *Seeking a Beddoe Order from the High Court (Route 1)*
  - *Internal Dispute Resolution Procedure Complaint (Route 2)*
- *The Government publishes legislative proposals on pension fund surplus release*

---

## Welcome to Bulletin 28

We have two important things on our minds as we go to press on this June bulletin.

### 1. **Trustee Response to Route 1 and Route 2**

On the 9th June, the Trustee wrote to advise us that it intends to complete its investigations and discussions and provide its response to our formal Internal Dispute Resolution Procedure (IDRP) complaint (Route 2) next month (July). It will also provide its response to the legal arguments and request made by our lawyers that the Trustee should seek a Beddoe Order from the High Court to determine important legal questions (Route 1).

Since we submitted these papers to the Trustee (and to BP) last December, we have worked diligently in answering their questions and requests for further information and evidence. To illustrate, over the past 4 months alone, we have issued letters and emails to the Trustee on 15 separate occasions. In addition, we have also supported several of our members in submitting individual IDRPs complaints that provide the Trustee with clear documented evidence of the critical life decisions that members made based on the pension representations and communications of BP and the Trustee over many years.

Throughout, we have repeatedly reminded the Trustee of the importance to Pension Fund members that they serve - more than 10,000 of whom are in their 80s and 90s - that these matters must be dealt with urgently given it is now more than two years since the BPPG first drew their attention to these issues. To emphasise this, we have ensured the Pension Ombudsman has been copied on this correspondence so that they may intervene if they consider the Trustee response to be dilatory or otherwise unacceptable.

Once we have the Trustee's response next month, the Steering Group will carefully consider how to proceed and we will provide BPPG members with an update. We ask your patience while we assess matters. As you know, we have already made a detailed submission to the Pensions Ombudsman regarding both the Trustee and BP including the submission of 49 supporting evidence documents. That submission is currently 'stayed' and will be activated dependent on the outcome of the Trustee response. BP has already rejected our formal complaint. This means we are well prepared to move swiftly as deemed necessary.

## **2. Government plans for pension fund surplus extraction**

You have probably seen much commentary in the media concerning the Government's intention to introduce new pensions legislation. One element of the proposals has particular relevance for our current dispute - measures to make it easier for Trustees to override Pension Fund Trust Deed & Rules which currently prevent them from releasing surplus funds to Employers.

The BPPG has already made a detailed submission to the Government during its initial consultation and we will be monitoring the progress of the Bill and later the development of new regulations. Given BP's recent behaviour and decisions in blocking cost of living increases to the pension, it is not unreasonable to assume that they have a beady eye on these developments in respect to extracting pension fund surplus.

You can read more in the following section.

We hope you find this bulletin update informative.

**Many thanks and best regards**

[Suzie Baverstock](#)

[Colum Doyle](#)

[Mike Hennessy](#)

[Jonathan Popper](#)

[Mike Slingsby](#)

[Adrienne Tallents](#)

**BPPG Steering Group**

[Back to top](#)

---

# **The Government's Pension Surplus Extraction Proposals**

It's been a long wait since former **Chancellor Hunt** kicked off a consultation exercise on Pension Fund Surpluses early in 2024, and since BPPG provided a detailed submission to that consultation. At the very end of May, the Government finally responded and set out its approach to surplus extraction for Defined Benefit Pension Funds, like our BP Pension Fund. Its aim is to help boost investment and growth in the UK economy.

## Our Fund Deed & Rules Today

**Before describing the Government's new proposals, it's important to be clear that the BP Pension Fund Deed & Rules currently permit the release of surplus funds to an Employer (BP) only if the Fund has been terminated by BP and the Trustee decides to 'wind up' the Fund.**

In those circumstances the Trustee may arrange a 'Buy Out' with an insurer using the Fund's assets such that the Insurance company will provide the pension going forward. If there are surplus funds remaining after that then the Deed & Rules explicitly advise that the Trustee may first enhance the benefits of the pension fund members with the consent of BP and any remaining surplus then goes to BP.

One can envisage another set of legal arguments as to what was intended by the original drafters of this clause in the Deed. If any and all surplus was intended to be returned solely to BP on the wind up of the Fund, it's not unreasonable to ask why wasn't the Deed drafted in such a way as to simply spell that out?

**At the end of 2024, our Fund surplus was approaching US\$ 6 Billion with a funding ratio of 134%; something that will not have escaped the attention of BP's current leadership.**

## Pension Surplus Extraction Proposals

The Government executive summary reads as follows:-

*19. We will amend the existing framework for surplus extraction from Defined Benefit (DB) schemes to remove barriers to extraction, while maintaining stringent funding safeguards to protect member benefits. First, we will introduce a statutory resolution power for trustees of schemes to modify their scheme rules. Use of this power will be at the discretion of the trustees, who remain best placed to make decisions in the context of their individual scheme circumstances and their duties to scheme beneficiaries.*

*20. We are minded to amend the threshold at which trustees are entitled to share surplus with the sponsoring employer from the current buyout threshold to a threshold set at full funding on the low dependency funding basis. Further detail will be set out in draft regulations, on which we will consult. Extraction of surplus will remain subject to trustee discretion and actuarial certification. This brings additional scheme surplus into scope for extraction, while maintaining a sufficiently prudent approach.*

*21. The Occupational Pension Schemes (Funding and Investment Strategy and Amendment) Regulations 2024, which were laid last year, provide a greater emphasis on long term planning, so schemes are required to have a funding and investment strategy, and to reach low dependency on the sponsor by the time they are significantly mature. Low dependency is a robust and prudent measure of funding strength. If a scheme is fully funded on this basis, it is expected that there will be enough resources to pay the member benefits in full without any further support being required from the sponsoring employer.*

*22. There is a lack of clarity as to whether the requirement in section 37 of the Pensions Act 1995, that trustees be satisfied that surplus extraction is "in the interests" of members, is additional to trustees' underlying duties to scheme beneficiaries, which safeguards member interests across all decisions.*

23. We will amend section 37 to clarify that trustees must act in accordance with their overarching duties to scheme beneficiaries, which will remain unchanged. This provides robust protection to scheme members and is the most important safeguard for member interests. The rate of taxation applicable to surplus extracted from DB schemes will remain at 25% and we are continuing to consider the wider tax regime for surplus extraction. We will work with TPR to develop guidance with respect to DB surplus extraction, reflecting feedback that guidance is required in this area to facilitate trustee comfort with extraction.

TPR = The Pension Regulator

You may see some alarmist comments (particularly in media hostile to the Government) about the proposed pension surplus reforms but set against these are voices in the pension industry and financial media which suggest the measures may be rather limited in effect.

These measures allow trustees of DB schemes to modify their schemes to provide for payment of surplus to the employer, both where the scheme has an existing power to pay surplus and where it does not. However this provides no guarantee to an employer that they will receive a single penny. Trustees seem likely to be ultra cautious and so will the actuaries who will be required to sign off on any extraction. If you were a Trustee, would you be prepared to take any risk on this?

Indeed, the Department of Work and Pensions estimate of how much of the £160Bn surplus currently sitting in UK DB Funds will be actually released over the next decade is a bare £8.4Bn, which they assume might be split equally between sponsors and beneficiaries. Companies determined to get their hands on surplus seem much more likely to focus on selling their Funds to insurance companies - aka 'Buy Outs'.

So in practice, the reforms may give the Trustee power to negotiate a better outcome for beneficiaries by allowing them to demand that a share of surplus goes to beneficiaries in exchange for any £ extraction by employers - which is a good outcome.

## The Challenge for Trustees

**All of this then raises the issue of the role of company nominated Trustees. Will they do the right thing?**

Perhaps the Government is being a little naïve about the pressures an employer could put on Trustees. The BPPG warned the Select Committee hearing on this aspect as well as in our representations to the Department of Work & Pensions.

On the other hand, Trustees and employers will be well aware of the provisions of the **2021 Pensions Act which states that** "A criminal offence will be committed where a person does an act or omission or engages in a course of conduct that detrimentally affects, in any material way, the likelihood of accrued benefits being received, where the person knew or ought to have known that their conduct would have that effect, and has no reasonable excuse".

### Roadmap

The Government has published a roadmap indicating when any changes that are passed by Parliament might come into effect. With new regulations required, this could be 2028/2029 - so much can change in that time.

We expect our Trustee will take the opportunity to provide all Fund members with a brief on the proposed measures and any implications for our Fund and its current Deed & Rules that prevent surplus extraction to the benefit of employers and to provide any assurances should that be required. We will be writing to the Trustee as BPPG to that effect.

Meantime, we will keep a weather eye on the Bill and be proactive in responding to Government consultations where appropriate and necessary.

[Back to top](#)

---

## ***BPPG and BP Society***

We're grateful to the **BP Society** (and the efforts of one of our members [Alex Kent](#)) for recently agreeing to provide a BPPG web and email address on the Society website.

The Society has re-emphasised to us that it is - and must remain - strictly neutral - on the matter of the pensions dispute. As a Steering Group we fully understand and respect the Society's position and we urge our BPPG members to be sensitive to this in any interactions with the Society or its members.

The Society was formed with the objective of enabling retired staff of BP to occasionally meet and to renew and maintain friendships made during their service with the company. It has 11 regions with volunteers who organise around 200 subsidised events each year all over the UK with the financial support of BP.

It is an excellent social organisation - but not a campaigning one!

If you would like to join, the Society is always on the look out for new members and you can read about its activities here: <https://bpsociety.co.uk/about-us/>

[Back to top](#)

---

## **Membership List & WhatsApp Groups - Spring Clean**

We're spring-cleaning the List and the WhatsApp Groups and would ask everyone for your assistance if you receive a request from the team led by [James Murphy](#).

Please note that:

- You should [email us](#) if you need to update your entry. Please only use the BPPG Membership joining form [once](#).
- It's easy to join one of the WhatsApp groups as long as your details are already registered on the BPPG membership list. You can join the BPPG - by completing the web form - click [here](#).
- Please note you can only be a member of one of the 'INFO' or 'CHAT' WhatsApp groups (however you can swap groups at any time, just leave your current group and apply to join the other).

[Back to top](#)

---

Don't forget all the documents mentioned in the bulletin are in [The Library](#) as well as all the previous bulletins if you've missed out.

[click to access all Bulletins](#)

---

## Next Bulletin

July and August will see the campaign **focus** on **reviewing** the Trustee response, **maintaining** pressure on the Trustee to support our campaign, **continued** media & social media action and political pressure. **We will seek to keep you fully informed by bulletin or email.**

Did you receive this bulletin from an ex-colleague, friend etc? Would you like to become a member of the BPPG and receive future bulletins & important news about the campaign? Follow this link to join <https://bppensionergroup.org/join/>

---

## Social Media & WhatsApp groups

You may not be an active user of social media but if you have ideas for useful themes or would like to get involved then please contact the team at [social@bppensionergroup.org](mailto:social@bppensionergroup.org).

There are a few different ways you can stay in touch with the campaign, as well as this Bulletin and our two WhatsApp groups (to join click buttons below), another way to stay in touch is via social media on the [BPPG LinkedIn Group](#) and [BPPG Facebook Group](#). Links to these groups can be found at the end of every Bulletin.

-----  
If you haven't signed up to one of the WhatsApp groups yet - follow the links below and join the melee or just get the critical info!

Join 'Chat' WhatsApp

Join 'Info' WhatsApp

---

## Key Questions & Answers

To help you answer any questions here is an updated key Campaign information guide - "[Member get Member Initiative Questions & Answers](#)"

Feel free to cut and paste it into any of your emails, social media comments and letters!

Click to view Q&As

[Back to top](#)

---

Thanks for getting involved and supporting the campaign.  
You can contact the Steering Group at [contact@bppensionergroup.org](mailto:contact@bppensionergroup.org)

---



## BP Pensioner Group



### BP Pensioner Group

[contact@bppensionergroup.org](mailto:contact@bppensionergroup.org)

This email was sent to [mail@alex-kent.co.uk](mailto:mail@alex-kent.co.uk)  
You've received it because you've subscribed to our newsletter.

[View in browser](#) | [Unsubscribe](#) | [Update contact info](#)