

"Beyond Parsimony"

Bulletin No. 35



September Update from BPPG

Bulletin Highlights

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Welcome to Bulletin 35

The wheels turn slowly...

Since our last full bulletin in May, the campaign has been active on several fronts.

- Ombudsman

As you know, the Pension Ombudsman requires us to maintain strict confidentiality (under threat of

“contempt of court and subject to penalties imposed by the court”). What we can say is that we are in a dialogue with his office as they seek to clarify certain aspects of our submission and, in particular, to agree a ‘Lead Case’ approach.

The Ombudsman describes a lead case approach as: *“When we identify an industry-wide issue, or a scheme-specific issue affecting multiple members, we select a representative ‘lead case’ to accelerate through our processes. This allows us to set out our position clearly and quickly in a comprehensive determination, which in turn supports the timely resolution of other complaints.”*

We will do our utmost to share what we can, when we can – but we expect it will be the Ombudsman who leads the timing in this regard. Once again we ask for your patience.

- BP’s new Chairman

It is a similar story in regard to our meeting with BP’s (then) interim Chairman Ian Tyler and CEO Meg O’Neill. We are pleased that Ian has just been confirmed in the role of Chairman and we hope this is the beginning of a more settled period in and around the Company leadership so that our dispute can get the time and attention it deserves.

It is worth noting that virtually all of the key players who made the original decision to block the Trustee recommendations are no longer in role. We hope this provides an opportunity for a ‘clean sheet’ in which bp’s new leadership looks afresh at the pensioner case.

- Pension Schemes Act Regulations

We recently submitted a BPPG paper in response to the Government’s consultation on the draft regulations proposed to accompany the new Pensions Scheme Act. It’s fair to say that we are extremely disappointed with the scope of the regulations insofar as their ability to promote and protect the member interest. More will need to be done if Government assurances are to be met to ensure that members will benefit from surplus release. We have recently made representations to the Pensions Minister, Torsten Bell and to The Pensions Regulator, Nausicca Delfas

- Trustee Surplus Policy

We’ve exchanged letters with the Trustee on how and when it expects to develop a Fund Policy guiding the potential release of surplus under a power of the new Act. The Trustee estimates the earliest a release (if there is a release) could occur is the end of 2027. We are encouraged by its assurance that “any policy adopted by the Trustee will take account of possible outcomes to the complaints made to the Pensions Ombudsman in relation to the discretionary pensions increase process.”

- RPI vs CPIH

We’ve also heard back from the Trustee in response to several questions we put regarding its use of CPIH rather than RPI in assessing the inflationary impact on BP pensions and informing its recommendations for discretionary increases in line with the Pension Increase Policy (PIP). This is a matter of critical importance – and one we raised in the submission to the Ombudsman. Despite our questions, we do not have reassurance from the Trustee that it recognises the shortfall in pension since 2021/22 is 11-12% as measured by RPI and not 2.4% as measured by CPIH. We intend to write to the Trustee again to seek further clarification.

- Social Media

The Bulletin reports on the social media work of a BP Pension Fund member, Murray Mclean, whose use of AI tools to draw attention to the pension dispute has been particularly eye-catching this year. Do take a look at Murray’s highly creative work and give it a ‘Like’ or supportive comment.

- An Appeal

Finally, we make a personal request from the five of us on the Steering Group to every BPPG member. It's important to keep adding to our membership base and we ask your support for this if only to demonstrate to us that our efforts on your behalf are recognised and appreciated. Please make the effort to sign up one new member each so we can extend the reach of our campaign among the 56,000 members of the BP Fund – something the Trustee has blocked to date.

Thank you

We hope you find this a useful update.

Best wishes

[Suzie Baverstock](#)

[Colum Doyle](#)

[Mike Hennessy](#)

[Paul Satchell](#)

[Adrienne Tallents](#)

BPPG Steering Group

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1. Pensions Schemes Act 2026: Consultation on Draft Regulations

In the previous Bulletin, we outlined BPPG activities to protect Fund members' interests by lobbying for changes to the Pension Schemes Act and submitting a response to the Government's consultation on 'Trustees and Governance, Building a Stronger Future'.

With the Act receiving royal assent on 29 April 2026, attention moved to the supporting Regulations: 'The Occupational Pension Schemes (Payments to Employer) Regulations 2027 ', which were published on 10 June 2026.

The Government launched its consultation on these draft regulations in a paper entitled: 'Surplus Flexibilities for Defined Benefit Pension Schemes: Unlocking Value for Employers and Scheme Members'.

[Link to their paper.](#)

We make two key points in our response to the draft regulations:

1. Pension Scheme Trustees have a duty not to fetter their discretion. In practical terms, as the surplus is now defined, there is no headroom for any discretionary award. This would create a fetter on the exercise of the Trustee's discretion for the future. Any payment of surplus to the employer diminishes (fetter) the ability of the trustee to exercise its discretionary powers as set out in the scheme Deed and Rules, but especially if the entire surplus is extracted as the Regulator's examples [LINK](#) contemplate. For example, pension schemes typically provide discretionary powers for a range of Trustee awards such as child pensions to those in full-time education over the age of 18 inter alia.

2. Notification of members at least three months before the target date is inadequate. We consider that members should be consulted on any proposed payment to the employer and, in the cases of mistakes and/or omissions, have sufficient time to organise and intervene before payment is made. In addition, notification of such an important issue should be required to be made to each individual member in writing and not be satisfied by simply posting on a website.

We have shared the BPPG submission with the Pensions Minister as well as The Pensions Regulator. The Government proposes that these Regulations will come into force on 6 April 2027. In the meantime, they will be subject to scrutiny and amendment by the House of Commons and the House of Lords.

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2. Pensions Schemes Act 2026: Trustee Surplus Release Policy

The new Pension Schemes Act 2026 allows the BP Pension Fund Trustee to introduce a power to distribute surplus to BP while the Fund is ongoing. Prior to the Act becoming law, there was no such power for the Trustee to distribute surplus to BP while the Fund is ongoing – only to Fund members with BP agreement.

Surplus release where the Fund winds-up

The position regarding surplus disposition on Fund ‘wind up’ is unchanged by the new legislation. According to the BP Fund Trust Deed, should BP decide to terminate the Fund and the Trustee decides to ‘wind up’ then:

“If any assets remain after all benefits have been paid in full, the Trustee may, with the consent of the principal company (BP), use them to increase all or any of the benefits or provide additional benefits to any extent that it considers appropriate. Any assets then remaining will be paid to one or more of the Employers in such shares as the Trustee considers appropriate, after having consulted the Principal Company.”

Surplus release where the Fund is 'ongoing'

For an ‘ongoing’ Fund like BP’s, the new legislation brings a host of questions – not least of which are whether the Trustee will elect to introduce such a power to allow it to release surplus to BP and what this would mean for members. The new regulations to accompany the Act (discussed above) will have to be taken into account, as well as new guidelines by The Pensions Regulator, which are to be published in draft form and consulted upon shortly. The Pensions Regulator has already stated that it expects each Trustee board to produce a surplus release policy and BPPG wrote to the Trustee inviting its views on the development of this policy. Their reply can be found at this [link](#).

In short, the Trustee:

- estimates the earliest a surplus release could be effected would be end 2027
- expects to have a policy in place by end 2027/early 2028
- indicates factors that might be taken into account in the policy
- confirms that “BP has not, as at this time, approached the Trustee about surplus distribution”
- assures that “any policy adopted by the Trustee will take account of possible outcomes to the complaints made to the Pensions Ombudsman in relation to the discretionary pensions increase -----”

The best interests of the Fund members

We are encouraged by this response – and in particular what appears to be a recognition that any plans to release surplus to BP must take proper account of – and we would expect to prioritise – the significant impact on the value of pensions paid by the failures identified in our submission to the Pension Ombudsman.

Our view is that the Trustee must first consider its fiduciary duty to act in the best interests of the members before agreeing to any release of Pension Fund surplus to BP as a ‘beneficiary’. That fiduciary duty includes restoring the value of the pension in line with the longstanding Pension Increase Policy put in place in good faith by BP’s executive leadership in agreement with earlier Trustee boards.

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3. A Brief History of the BP Pension Fund Surplus

In February 2024, BP informed pension fund members listening to a webcast that: *“Current surplus exists because of a couple of things. Regular funding from BP, but also because of what’s happening in the environment. As a company, as I look back, we’ve contributed £3.8 billion to the scheme since it closed to new hires in 2010, and the trustees have thoughtfully managed investments and risks over time.”*

It’s important to note that £2.9 billion of that £3.8bn contribution was what the Fund actuary terms ‘normal contributions’ made in respect to the accrual of pension benefits by ‘active’ (employee) members of the Fund. £0.9bn was attributed to ‘deficit contributions’.

Had BP chosen to “look back” before 2010, it would show a more nuanced picture.

Since the Pension Increase Policy (PIP) was put in place in 1989 and in the years up to its closure to new benefit accrual in 2021, the Company made full annual contributions to the Fund in line with the cost of benefit accrual in just 11 of those 33 years. Of the other 22 years, the Company enjoyed either full ‘contribution holidays’ (11 years) or partial contribution holidays (11 years). This was primarily due to the successful investment of the Fund assets and changes to the Fund liabilities. The regular Company contribution holidays significantly reduced the surpluses built up in the Fund each year while benefiting BP’s business cash flow and business aims.

Reducing surpluses by taking contribution holidays is standard practice for a ‘balance of cost’ Defined Benefit pension scheme such as the BP scheme. In the same way, making ‘deficit contributions’ to correct shortfalls is a legal requirement that falls upon the scheme sponsor.

As well as improving its cash flow, the Company used the surplus to pay for pension scheme enhancements that were closely aligned to its business agenda. For example, during major redundancy exercises, pension fund surplus was used to fund and encourage earlier retirement.

Importantly – and to its considerable credit – over the years, the Company also sought to share surplus with Fund members by increasing or topping up pensions, improving death benefits and enhancing arrangements for dependent children, etc. It was an honourable ‘win-win’ approach when pension fund surpluses arose.

It is no coincidence that one of the most important Company initiatives aimed at using Fund surpluses - as and when they arose - was the introduction of the Pension Increase Policy in 1989 – a year when the Fund reported a surplus of £372 million and a Funding Level of 110%.

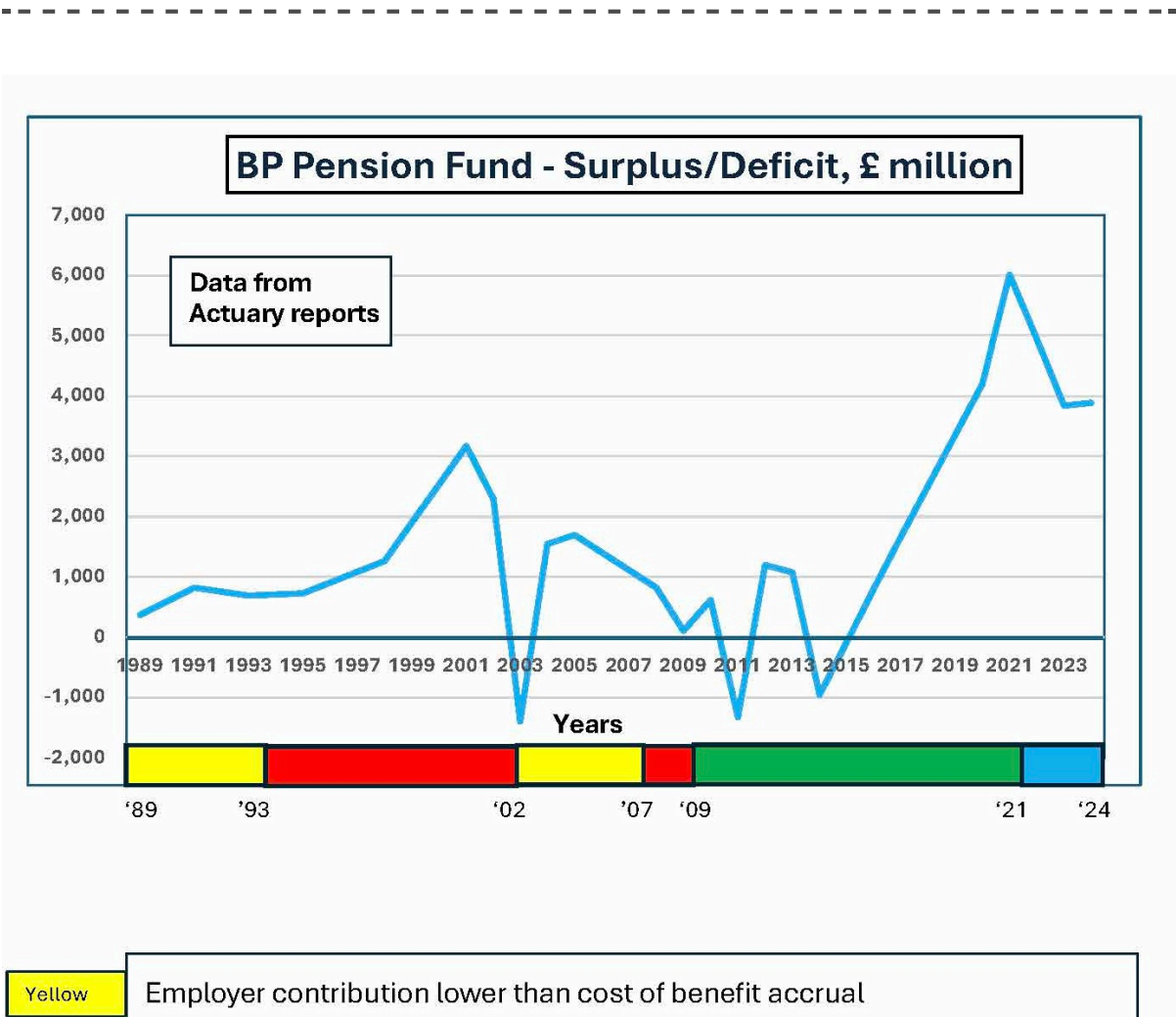
The new Policy was clear in its intent to fully protect staff pensions from inflation whenever the Fund had “sufficient resources”.

In 2022, the Fund had a £5,000 million surplus of assets over liabilities and a Funding Level of 124%. It had closed to new joiners and new accruals. It had moved a large majority of its assets out of riskier equities and into government securities and other bonds. It had been hedged against movements in inflation and interest rates. It was in record shape.

Despite all this – the notion of sharing surplus in order to honour the longstanding Pension Increase Policy and protect the purchasing power of the pensions for which the Fund was established was lost or dismissed.

That is the more nuanced record of Fund contributions, surplus and surplus sharing that we hope and expect BP's new leaders and our Trustee board will take fully into account as they consider an honourable settlement of this unnecessary dispute.

Below is a chart illustrating the history of Contributions and Surplus/Deficits for the BP Pension Fund.



Red	Employer full contribution holiday
Green	Employer contribution matching cost of benefit accrual and reducing deficit
Blue	Employer Contribution nil

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4. Measuring Pensioner Inflation: RPI vs CPIH

In July, the Steering Group wrote to the Trustee asking several questions about the Trustee 'Update' bulletin issued in April this year, which explained the pension increase to be made in May 2026.

Three Questions:

We asked: "In the light of the Trustee's specific reference to CPIH (Consumer Price Index incl. Housing) in the March 2026 Update, could you please clarify:

- Why the Trustee considers CPIH to be the most appropriate measure of pensioner inflation?
- Why did this not form one of the reasons the Trustee gave to members when explaining the DI recommendations made to bp in 2023, 2024 and 2025 in the Trustee updates?
- Whether, if BP had agreed to 2.4% in 2026, the Trustee would – as a result - consider the shortfall in pension recorded since 2021/2022 to be fully restored? "

Our concern is that by now 'adopting' CPIH in place of RPI, the Trustee has 'reset' the long-established practice of using RPI as the appropriate measure of member inflation. If that is the case, the Trustee has determined that the loss of pension value to be restored since 2022 is not 11-12% but only 2.4%.

Trustee Response

From the Trustee's response ([Link](#)), we are concerned that its choice of what it considers to be the appropriate measure of pensioner inflation for discretionary increases is based primarily on what it believes BP might accept.

This leaves the impression that instead of considering and arguing the case for the most appropriate measure of pensioner inflation to inform its DI recommendation to BP, the Trustee has accepted - without proper challenge - BP's own business preference for CPI/CPIH.

That strikes us as inconsistent with the Trustee's fiduciary duty to represent the best interests of the membership. Moreover, even this approach has clearly failed as BP has rejected the past four DI requests which we understand were based upon CPIH and not RPI.

In answer to our second question, the Trustee says that the Internal Dispute Resolution Procedure (IDRP) lodged by five Steering Group members established that CPIH was a point of reference for the Trustee decision in 2023. Yet it doesn't acknowledge that it failed to share this key information with more than 56,000 Fund members when it wrote to them about the discretionary increases that it recommended to BP in 2023, 2024, and 2025.

If the adoption of CPIH was a key factor in determining the DI requested in those years and that decision

was not contentious – there was no reason for the Trustee not to share that information with all members in its bulletin when explaining the decision.

We have not received an answer to our third question. This should be relatively straightforward and it is of critical importance to members of the BP Pension Fund as to whether the Trustee now considers that a 2.4% DI recommendation fully ‘catches up’ the inflation impact on members incurred in 2022 and 2023.

The Trustee says that it “does not have a policy of preferring one index over another or treating a particular index as the most appropriate measure of pensioner inflation.” It is hard to see how the Trustee's decision to switch from recommending a DI based on RPI in 2021/22 to using CPIH in four subsequent years of recommendations to BP can be anything other than a clear switch of policy.

The Deed and PIP

Members will know that their BP pension is guaranteed to increase each year by reference to changes in the Retail Price Index (RPI) up to 5% as recorded in the 12 months prior to December of each year. The Deed also gives a power to the Trustee to make larger discretionary increases “as it determines to be appropriate” with the agreement of BP. The adoption of this clause in the Deed was accompanied by BP and the Trustee putting in place the Pension Increase Policy (PIP) to provide guidance on how and when to exercise this ‘discretion’.

History of RPI and Discretionary Increases

In the past, whenever RPI exceeded 5% in December, a Discretionary Increase was always awarded, fully in line with RPI.

In 1989, BP wrote to all UK staff declaring: *“It is the Trustees’ and Company’s intention to maintain this policy of increasing pensions to ensure that, wherever possible and subject to the resources of the Fund, they closely reflect changes in the Retail Prices Index”*. This was the origin of the Pension Increase Policy subsequently formalised in the 1992 Pension Guide.

Over the years, BP and the Trustee made various assurances regarding the use of RPI in communications, including for example: *“It is important to remember that the BP Scheme guarantees pension increases equivalent to the annual increase in the RPI up to 5% and the Trustees, with the agreement of the Company, have stated that they intend to follow a policy of increasing pensions in line with RPI wherever possible even when this exceeds 5%, so long as the BP Pension Fund has sufficient resources to permit this.”* (Pension Highlights Newsletter, Dec.1996).

BP also made these assurances in pensions presentations to staff when joining BP, including: *“Trustee has stated its intention to follow a policy of increasing pensions in line with RPI subject to sufficient resources.”*

In a 2007 letter to members by the Fund CEO, he noted members had asked about the appropriateness of RPI versus other indices. He explained that other indices use different baskets of goods but that “in the longer term, a particular measure like RPI can be expected to give a reasonable reflection of cost of living increases.”

As recently as 2021, the Pension Fund Trustee Chairman reassured members by letter that while RPI would be replaced by CPIH in 2030, “RPI will continue to be used to set pension increases payable.”

In 2022, when RPI reached 7.5%, the Trustee decided to recommend to BP a 2.5% discretionary increase based on RPI as the “appropriate” index when considering the inflationary impact on its members.

In the past, the Trustee has acknowledged that no one index is perfect, has rejected arguments to move to a different index such as the Pensioner Price Index (PPI) and directed pensioners to note the reference to RPI in the Fund's Trust Deed & Rules.

For example, in 2008 RPI inflation tracked between 4 and 5% for the first 10 months of the year but collapsed to just 0.9% in December. Pensioner Liaison Officers pointed out that December inflation measured by CPI was 3.1% (CPIH equivalent 3.0%) and suggested that a discretionary increase might be made to recognise the disparity. This was rejected on the grounds that “the Trustee undertook an extensive exercise each year to review the RPI with other indices, such as the Consumer Prices Index and the Pensioner Prices Index” and that “as the Rules clearly state that pension increases are calculated in line with the RPI.”

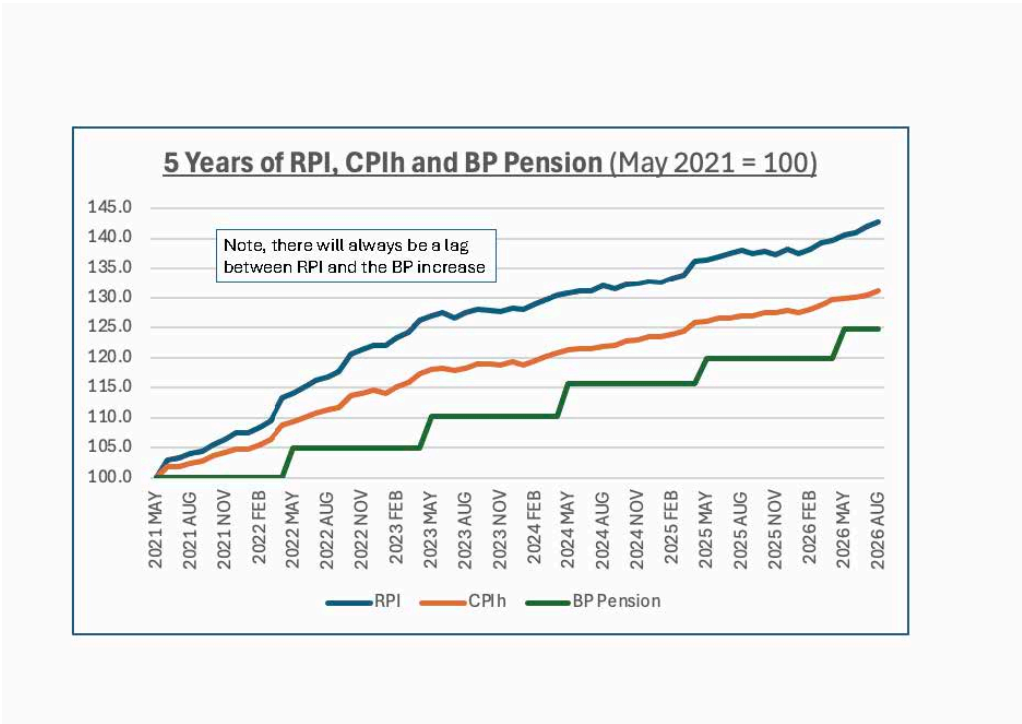
Pensioner Inflation

Periods of exceptional inflation are often characterised by particularly sharp increases in staple goods such as energy and food, which in the case of pensioners represent a disproportionate share of their spending. This was the case during the most recent period of high inflation in 2021-2023.

For example, analysis by The Office for National Statistics found that “retired households experienced the highest household cost annual inflation rate between October 2021 and June 2023” - peaking at 14.2% (identical to inflation measured by RPI) for the 12 months to October 2022. In contrast, CPIH recorded general inflation for the same period at just 9.6%. These are differences of real import to pensioners on fixed incomes.

We plan to ask the Trustee for further information in regard to these matters in due course.

The chart below shows 5 years of RPI, CPIH and BP Pensions and is generated using the data from the Office for National Statistics



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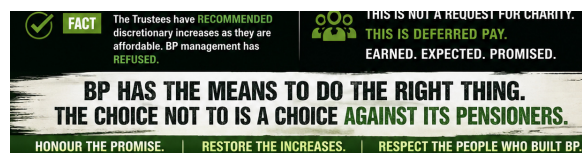
5. Social Media - Murray Mclean

Murray used AI to summarise his Unintentional LinkedIn Obsession; see below.



Below are two examples of his graphics for LinkedIn posts. You can find many more on [LinkedIn](#)





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6. Request to BPPG members

As you will have noticed, our campaign focus has developed but still in line with our objectives to ensure the member voice is heard when it comes to the potential early release of surplus as well as the release of surplus when the Fund is wound up.

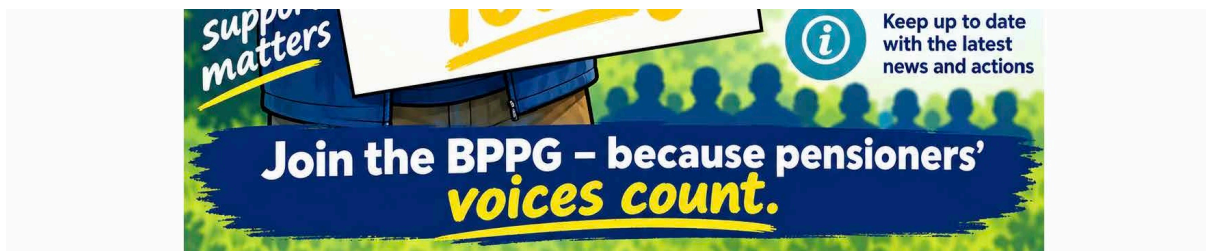
BPPG Objective 4.

- Any surplus assets left after completion of a buy-out to be distributed between member beneficiaries and BP on a fair and equitable basis.
- Any surplus assets extracted under the Pensions Schemes Act, 2026, to be distributed between member beneficiaries and BP on a fair and equitable basis.

We think this represents an opportunity for each of our members to seek to persuade just one former BP colleague to join the BPPG. Our numbers would double if this were to happen. Those colleagues may have been reluctant to join the campaign at the time of the initial dispute about discretionary increases – but the new Act brings a new set of considerations for our Pension Fund and the value of the pension we each receive.

We don't ask much of our members – please make the effort to contact an old BP friend or colleague and persuade them to take the very simple, 'no cost' step of joining. Here is the Joining Page link: <https://bppensionergroup.org/join/>





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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.

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.

[You can find previous bulletins in our library](#)

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](#)

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Thanks for getting involved and supporting the campaign.
You can contact the Steering Group at contact@bppensionergroup.org





BP Pensioner Group



BP Pensioner Group

contact@bppensionergroup.org