

The British Safety Council Pension Scheme Statement of Investment Principles

1. Introduction

This Statement details the principles governing the investment policy of The British Safety Council Pension Scheme (the 'Scheme').

This statement is drawn up in order to comply with section 35 of The Pensions Act 1995 (as amended by the Pensions Act 2004) and the Occupational Pension Schemes (Investment) Regulations 2005 (S12005, No 3378).

The Scheme is a Defined Benefit Occupational Scheme which has been a "closed" Scheme since October 2007 that is closed to new entrants and future accrual of benefits for existing members. As at 31st May 2017 there were 54 preserved members remaining in the Scheme and 6 pensioners paid from the Scheme assets.

The Scheme Trustees will review this Statement after consultation with their professional adviser and the Employer every three years and immediately after any significant change in the Scheme Investment Policy.

In preparing this Statement the Scheme Trustees have:

- a) Received written advice from Bill Green of H & D Wealth Ltd, a professional who the Trustees believe is fully qualified by his ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension schemes; and
- b) Consulted with the sponsoring employer, British Safety Council.

A copy of the Statement, as amended from time to time, will be sent to the sponsoring employer and to each of the investment managers employed to manage the assets of the Scheme.

2. Funding objective

The principal objective is to ensure that all times the assets and returns thereon are sufficient to meet liabilities of the scheme as they fall due.

3. Management

The day to day management of the funds have been delegated by the Scheme Trustees to professional fund managers. The Scheme Trustees are satisfied that the professional fund managers have the appropriate knowledge and experience for managing the scheme investments in accordance with the investment mandate provided to them by the Trustees and they will carry out the work competitively. The assets of the Scheme will therefore be invested in tranches with a range of carefully chosen fund managers to cover short, medium and longer-term scheme liabilities. The selection of specific investments will be delegated to the appointed fund managers within a suitable range of asset classes.

4. Asset allocation

The Trustee's policy is that:

- a) The Scheme should invest in assets that exhibit similar characteristics to the nature and timing of the liabilities; and
- b) There should be sufficient investments in liquid or readily realisable assets to meet cash flow requirements in the majority of foreseeable circumstances.

The liabilities of the Scheme broadly represent a commitment to make a defined series of regular payments to members in their retirement and one-off Tax Free Cash lump sum payments at commencement of retirement. These payments have been identified as having the following profile.

5. Scheme liability profile

- The benefit payment timescale could be up to 70 years (2077)
- There is a clearly defined steady increase in benefit payments over the next 20 years, the peak being in 2037 (£400,000 in that year). During this period other notable years are 2021 (£190,000), 2022 (£250,000), 2029 (£225,000) and 2033 (£300,000)
- From 2037 onwards there is a steady regular year on year decrease from £300,000 in 2038 to £20,000 in 2077.
- The benefit payment outgo is relatively modest over the next 4 years (£50,000 p.a. approx.).

The lowest risk approach to asset allocation would be to select a series of investments which exactly match the profile (i.e. size and duration) of the liabilities. However, exact matching for the Scheme as a whole, and in particular for members not in retirement, can be very difficult to achieve and expensive. A more balanced approach would be to: a) allow for greater investment flexibility in respect of younger members, where the Scheme Trustees are looking at investment over a potentially longer period before settlement, and b) choose to invest in assets, such as fixed interest and index-linked bonds, which produce an income stream similar to that of members pensions in payment and show less investment volatility than equities, in respect of older members.

The Trustees have decided that this balanced approach of broadly matching the Scheme's asset mix to the profile of the Scheme's liabilities, when combined with the on-going financial support provided by the British Safety Council, would give the Trustees the best chance of securing the benefits of the member's.

6. Risks

The Trustees recognise that the Scheme's assets are exposed to both investment and operational risks. In particular, the Trustees have identified the following types of risks:

- The risk that cash-flows and investment returns generated fail to meet the liabilities.
- The Trustees will diversify investments across and within asset classes, to avoid over-exposure to any one market, and monitor the performance of the Scheme's investments on a regular basis.
- The risk is the sponsor of the Scheme is unable to provide future support to the Scheme.
- The Trustees believe that the sponsoring employer's covenant remains relatively strong and will monitor the covenant on a regular basis.

A copy of the Statement of Investment Principles is available for inspection by contacting Bill Green, H&D Wealth Ltd, The Oast, Maidstone Road, Sutton Valence, Maidstone, Kent ME17 3LQ.

Signed.....

Martin Singfield
On behalf of the Scheme Trustees

Date: 2 January 2018