

**Mineworkers' Pension Scheme**  
**Report and Accounts**  
**2024**

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**MEMBERSHIP OF COMMITTEES  
as at 30 September 2024**

**Trustees of the Mineworkers' Pension Scheme Limited (the Trustee)**

**Committee of Management (the Committee)**

The Appointed and Elected Pensioner Representative Trustee Directors are shown below.

**Appointed Trustee Directors**

P Hay-Plumb  
J McAleenan  
J McLaughlin  
G Saunders <sup>1</sup>  
P Sagoo

**Elected Pensioner Representative Trustee Directors**

K Capstick <sup>2</sup> - Yorkshire & North Lincolnshire  
R Clelland - Scotland, North West England & North Wales  
A Gascoyne – Derbyshire, Nottinghamshire & Lincolnshire <sup>3</sup>  
AW Jones - Central & Southern England & South Wales  
A Young - North East England & Overseas

**Investment Sub-committee (ISC)**

J McLaughlin (Chair)  
R Clelland  
P Sagoo  
A Young

**Risk and Assurance Sub-committee (RASC)**

J McAleenan (Chair)  
K Capstick <sup>2</sup>  
AW Jones  
P Sagoo

**Member Experience Sub-committee (MESC)**

P Hay-Plumb (Chair)  
R Clelland  
A Gascoyne  
J McAleenan

**Discretions and Appeals Sub-committee (DASC)**

P Hay-Plumb (Chair)  
R Clelland  
A Gascoyne  
J McAleenan

<sup>1</sup> Gary Saunders was appointed as a Trustee Director and Chair of the Committee on 1 May 2024. Gary replaced Ian Maybury who retired as a Trustee Director on 30 April 2024.

- <sup>2</sup> Ken Capstick, Elected Pensioner Representative Trustee Director for the Yorkshire and North Lincolnshire constituency and member of the Risk and Assurance Sub-committee, sadly passed away on 18 January 2025. It is expected that a new Elected Pensioner Representative to replace Ken will be in situ by 1 July 2025.
- <sup>3</sup> Alan Gascoyne was re-elected as a Pensioner Representative Trustee Director for a five-year term with effect from 1 October 2024.

**Appointments  
as at 30 September 2024**

**Trustee Company** - Trustees of the Mineworkers' Pension Scheme Limited

**Executive - Coal Pension Trustees Services Limited (CPT)**

D Whincup, Chief Executive <sup>1</sup>

M Lees, Chief Finance and Risk Officer

J Unsworth Deckerova, Chief Operating Officer

M Walker, Chief Investment Officer

K Barton, Chief Pensions Officer <sup>2</sup>

A Gibbons, Scheme Secretary

**Principal Investment Adviser** - Coal Pension Trustees Investment Limited (CPTI)

**Principal Investment Managers** <sup>3</sup>

BlackRock Investment Management (UK)

Delancey

Ninety One

Wellington Management International

**Actuary** - F Dunsire, Government Actuary <sup>4</sup>

**Principal Legal Adviser** - Linklaters LLP

**Pensions Administrator** - Capita Pension Solutions Limited <sup>5</sup>

**Auditor** – Deloitte LLP

**Bankers** – Lloyds Bank plc

NatWest Group plc

The Northern Trust Company

**Custodian** – The Northern Trust Company

**Investment Advisers** – D Adam

G Steinberg

**Medical Adviser** - RPS Occupational Health Limited

The Scheme's registration number with The Pensions Regulator is 10058240.

<sup>1</sup> Dan Whincup was appointed as Chief Executive of CPT on 1 January 2024. Dan replaced Geoff Mellor who retired on 31 March 2024. Dan resigned as Chief Executive on 16 January 2025, was appointed as Chief Projects Officer with effect from 17 January 2025 and remains a member of the Executive. Steven Dicker was appointed as Executive Director on 17 January 2025. John Dunn was appointed as Chief Integrated Funding Officer on 1 January 2025. The chief executive responsibilities are split between Steven Dicker, John Dunn and Michelle Lees with effect from 17 January 2025.

<sup>2</sup> Karen Barton was appointed as Chief Pensions Officer on 1 January 2024 to replace Dan Whincup. Karen was a member of the Executive from 1 January 2024 until 16 January 2025.

- <sup>3</sup> Principal Investment Managers are defined as those managing at least 5% of the Scheme's Net Assets by market value as at 30 September 2024.
- <sup>4</sup> Fiona Dunsire was appointed as the Government Actuary on 1 November 2023. Fiona replaced Martin Clarke CB who retired on 31 October 2023.
- <sup>5</sup> On 13 January 2025, following the transfer of the administration services contract, the Pensions Administrator function is being carried out by BT Pension Scheme Management Limited (trading as Brightwell).

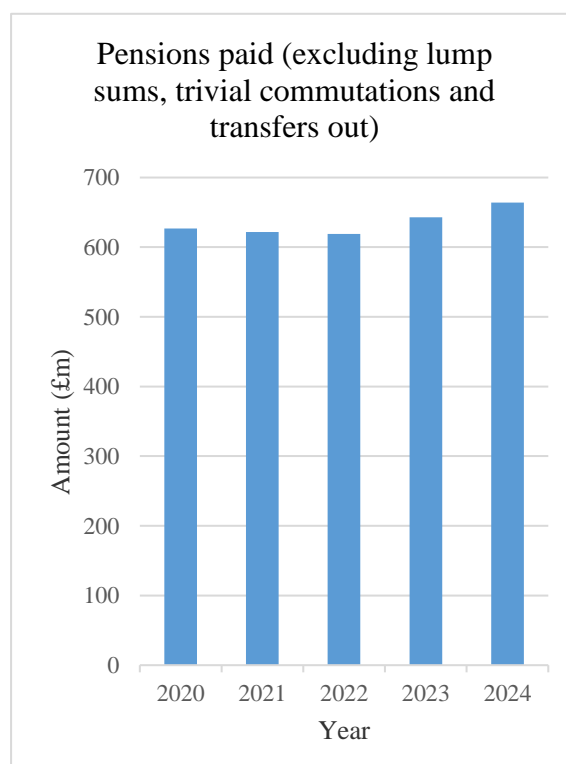
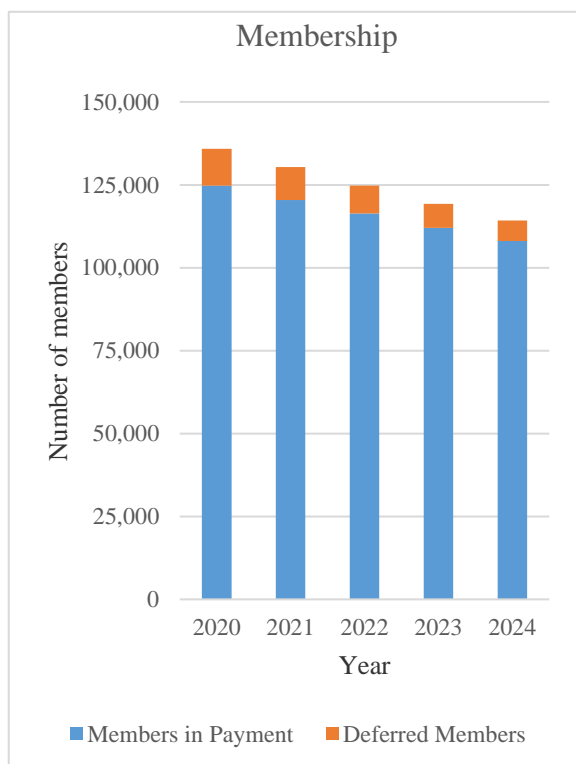
## Key Statistics

### Key Statistics for 2024

Total number of pensioner members at 30 September	<b>108,117</b>
Total number of deferred members at 30 September	<b>6,082</b>
Total benefits paid and transfers out during the year	<b>£733m</b>
Net <b>decrease</b> in the Fund during the year	<b>£66m</b>
Net assets of the Scheme at 30 September	<b>£10,513m</b>

### Five Year Summary of the Fund Account

	2020	2021	2022	2023	2024
	£m	£m	£m	£m	£m
<b>Benefits and payments out of the Scheme</b>					
Benefits and transfers out of Scheme	(700)	(694)	(686)	(709)	(733)
Payments to the Guarantor	(142)	(142)	(142)	(142)	(142)
Administrative expenses	(6)	(6)	(7)	(6)	(8)
<b>Net withdrawals from the Scheme</b>	<b>(848)</b>	<b>(842)</b>	<b>(835)</b>	<b>(857)</b>	<b>(883)</b>
<b>Returns on investments</b>					
Investment income	278	235	300	300	324
Change in market value of investments	175	1,967	(341)	(472)	519
Investment management expenses	(38)	(39)	(27)	(30)	(26)
<b>Net returns on investments</b>	<b>415</b>	<b>2,163</b>	<b>(68)</b>	<b>(202)</b>	<b>817</b>
<b>Net (decrease)/increase in the Fund during the year</b>	<b>(433)</b>	<b>1,321</b>	<b>(903)</b>	<b>(1,059)</b>	<b>(66)</b>
<b>Net assets of the Scheme at 30 September</b>	<b>11,220</b>	<b>12,541</b>	<b>11,638</b>	<b>10,579</b>	<b>10,513</b>



## **Report of the Committee of Management**

**The Committee is pleased to present the Annual Report and Accounts of the Mineworkers' Pension Scheme (the Scheme) for the year ended 30 September 2024.**

**The Investment Report on pages 17 to 22 and the Compliance Statement on page 52 form part of this Annual Report.**

### **Management of the Scheme**

The Trustee has ten directors who form the Scheme's Committee. Of the ten members of the Committee, five are appointed, and may be removed, by the Committee. When there is an appointed Trustee Director vacancy, the Nomination Group recommends a suitable candidate to the Committee. The term of office for an appointed Trustee Director is three years. The maximum number of terms served is three, although this can be extended with the agreement of the Secretary of State for Energy Security and Net Zero (the Guarantor).

The remaining five members of the Committee are Pensioner Representatives elected by Scheme members from five geographical constituencies. The term of office for an elected Pensioner Representative Trustee Director is five years, after which the Pensioner Representative will be eligible for re-election.

Ian Maybury, who had served as a Trustee Director since 21 September 2014, resigned as a member of the Committee of Management on 30 April 2024. The committee wishes to put on record its appreciation for the work carried out by Mr Maybury during his period of service.

Ken Capstick, Elected Pensioner Representative for the Yorkshire and North Lincolnshire constituency died on 18 January 2025. Ken was a dedicated representative of the Scheme and all of its members. The Committee wishes to put on record its appreciation for the work carried out for the Scheme by Mr Capstick during his period of office.

An election is being held to elect an Elected Pensioner Representative to replace Ken. The new Trustee Director will take office from 1 July 2025.

### **Attendance at Meetings**

During the year there were four meetings of the Committee. Trustee Directors are notified of all meetings in advance. For decisions to be valid, a minimum of four Trustee Directors must be present (of whom two must be appointed directors and two Pensioner Representatives). In the case of an equality of votes, the Chair of the meeting has a second or casting vote.

### **Sub-committees**

To help perform its duties and to streamline decision making, the Committee has established, and delegated some of its powers, to four Sub-committees. Each Sub-committee has its own written Terms of Reference agreed by the Committee. The membership of each Sub-committee is shown on page 3. Sub-committee meetings are open to all members of the Committee to attend.

During the year: DASC met on four occasions; ISC met on four occasions; MESC met on ten occasions and RASC met on four occasions.



## Remuneration

Members of the Committee are entitled to remuneration for the work they undertake for the Scheme. The rates of remuneration are set by the Guarantor for all Committee posts other than the Chair, the Chair of ISC, the Chair of RASC and the Chair of MESC which are set by the Committee, after showing that the pay rates have been benchmarked to the satisfaction of the Guarantor.

Remuneration rates are reviewed annually. Previously, Trustee Director remuneration was increased with effect from 1 April, based on the increase in the Retail Prices Index (RPI) over the year to March. At its meeting of 29 September 2023, the Committee of Management agreed that it wished to better align the review of Trustee Director remuneration with the annual increase to members' guaranteed pensions by:

- i) Increasing Trustee remuneration by the change in RPI over the year to June (the figure used to increase members' guaranteed pensions); and
- ii) Increasing Trustee remuneration with effect from 1 October, as the annual member pension increase date normally falls in September or October.

The Committee of Management agreed that it wished the above changes to take effect from 2024. The above changes were agreed by the Guarantor on 2 October 2023. There was, therefore, no change in Trustee Director remuneration rates during the Scheme year.

The total remuneration paid in the year to the members of the Committee was £359,041. (2023: £368,175)

From 1 October 2024, the rates of remuneration for most members of the Committee increased by 2.9% to £94,200 per year for the Chair, to £74,800 per year for the Chair of ISC, to £51,650 per year for the Chair of RASC, to £42,550 for the Chair of MESC and to £24,900 per year for other members of the Committee.

## Appointments

A list of the key appointments made by the Committee is on page 5. These appointments are periodically reviewed by the Committee. The principal investment managers and custodian are also listed on page 5 and a further list of the investment managers is included in the investment report on page 19.

## Actuarial Valuation as at 30 September 2023

The results of the Scheme's actuarial valuation, as at 30 September 2023, were published during the year. Details of the valuation can be found in the Report on the 2023 Valuation on page 13 and the Summary of the Actuarial Review on page 51. The results of the 2023 actuarial valuation showed that there was a surplus of nearly £1.1 billion in the Guaranteed Fund. This enabled a new bonus pension to be awarded in September 2024, equal to 19% of the Guaranteed Fund pension. The new bonus pension is not protected and could be reduced if there is a deficit in the Scheme at a future valuation.

## Investment Reserve Transfer

The Investment Reserve originally represented the Guarantor's share of surpluses present in the Scheme at the time of restructuring in 1994 and was due to be paid to the Guarantor by 2029. However, on 22 October 2024, the Guarantor agreed with the Committee that, with effect from 30 June 2024, the full value of the Investment Reserve should be transferred to members. This

was achieved by transferring the balance from the Investment Reserve to the Bonus Augmentation Fund. Following the payment of the Investment Reserve to the Bonus Augmentation Fund, a further new bonus pension in addition to the one described above was awarded in November 2024 equal to 32% of the Guaranteed Fund pension. And like the above bonus, it is not protected, which means it could be reduced if there is a deficit in the Scheme at a future valuation.

### **Pensions Administrator**

The Scheme's benefits administration contract with Capita Pension Solutions Limited (Capita) was due for renewal at the end of 2024. The Committee undertook a market benchmarking exercise to compare the services that Capita offered and the fees they charge with those of other providers. Following that exercise and after further extensive due diligence reviews, the Committee decided to transfer the Scheme's benefits administration to BT Pension Scheme Management Limited (Brightwell). Following close monitoring by the trustees of the transition process to Brightwell, the change became effective on 13 January 2025. Members have been informed by post of the new administrator's contact details and these can also be found on page 54 of this report.

### **Coal Pension Trustees Services Limited**

Coal Pension Trustees Services Limited (CPT), a company owned jointly by the Scheme and the British Coal Staff Superannuation Scheme (BCSSS), acts as the Scheme's Executive. Up to four members of the Committee sit on the Board of Directors of CPT. At the year-end, there were four appointees, Mr Jones, Mr McAleenan, Mr Capstick and Mr Saunders, who was appointed effective 1 May 2024. The Board met four times during the year.

A subsidiary company of CPT, Coal Pension Trustees Investment Limited (CPTI) provides investment advice to the Committee. CPTI is authorised by the Financial Conduct Authority (FCA).

### **Further Information**

Enquiries about the Scheme should be sent to the Scheme Secretary at the address shown below.

### **Internal Dispute Resolution Procedure**

It is expected that most queries about pension benefits can be resolved by the Scheme Administrator. In the event that a complaint cannot be resolved, Scheme members can lodge a formal complaint using the Scheme's Internal Dispute Resolution Procedure (IDRP).

The Scheme's IDRP complies with the requirements of Section 50 of the Pensions Act 1995 and The Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008. The IDRP is the route under which any disputes between the Committee and Scheme beneficiaries may be resolved.

Details of the IDRP can be obtained from the Scheme Secretary at:

**Coal Pension Trustees Services Limited**  
Ventana House, 2 Concourse Way, Sheaf Street, Sheffield, S1 2BJ.

IDRP forms can also be downloaded from the 'Resolve a dispute' section of the Scheme's website.

Complainants have recourse to The Pensions Ombudsman (TPO) to assist them in taking their complaint through the dispute process. TPO is appointed by the Government and can be contacted at:

10 South Colonnade, Canary Wharf, London, E14 4PU  
[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

### **Transfers out of the Scheme**

Transfer values paid during the year in respect of transfers to other pension schemes have been calculated on a basis decided by the Committee following advice from the Actuary. The Committee has directed the Actuary not to take discretionary pension increases into account in the calculation of transfer payments.

### **Guaranteed Minimum Pensions (GMP) Equalisation**

On the basis that the additional liability arising from GMP equalisation is not expected to have a material impact upon the Scheme, the Committee has decided not to include a specific provision for GMP Equalisation in these financial statements. As soon as the impact of the ruling on the Scheme is finalised and any related Scheme liability quantified, a liability will be included in the Scheme financial statements.

### **Statement of Investment Principles**

Under Clause 9A of the Scheme and Rules of the Scheme (Scheme and Rules) the Committee is required to prepare and maintain a written statement of the principles governing decisions about investments for the purposes of the Scheme. The Statement is reviewed at least every three years and immediately after any significant change in investment policy. The latest Statement can be viewed on the Scheme website ([www.mps-pension.org.uk/about-mps/responsible-investing/](http://www.mps-pension.org.uk/about-mps/responsible-investing/)) and on application to the Scheme Secretary.

### **Discretionary Benefits**

The Committee may, in certain circumstances, pay discretionary benefits where Scheme benefits are not yet in payment. The Committee currently has a discretionary power to grant early payment of unreduced Scheme benefits in extreme and exceptional circumstances, whatever a member's age. For example, discretionary benefits may be paid where a deferred member provides medical evidence to show that they would be unable to undertake any form of employment due to physical or mental deterioration in their health before the age of sixty.

### **Conflicts of Interest Policy**

The Committee has a conflicts of interest policy which sets out its principles for identifying, managing and monitoring any Trustee Director, Scheme Executive or Scheme adviser's actual or potential conflicts of interest which may arise in the conduct of Committee business and decision making. The policy is reviewed regularly.

### **Evaluation of Trustee Director Performance**

The Committee evaluates formally its performance and the performance of its Sub-committees on a periodic basis.

**Membership of the Scheme**

Details of changes in the numbers of pensioners and deferred pensioners during the year are shown below.

<b>Deferred members at 30 September 2023</b>	<b>7,187</b>
<b>Additions:</b>	
Pension sharing credits	4
Reinstatements	5
<b>Reductions:</b>	
Retirements	850
Deaths	96
Transfers	9
Commutations paid	95
Adjustments*	64
<b>Deferred members as at 30 September 2024</b>	<b>6,082</b>
<b>Pensioners in payment at 30 September 2023</b>	<b>112,057</b>
<b>Additions:</b>	
Retirements	850
Dependants' pensions	1,500
Children's pensions	23
Adjustments**	21
<b>Reductions:</b>	
Deaths	5,889
Commutations paid	396
Children's pensions	34
Adjustments***	15
<b>Pensioners in payment at 30 September 2024</b>	<b>108,117</b>

\* Records archived for deferred members over age 70 where Scheme are unable to trace the member.

\*\* New pension records, including pensions awarded to former spouses following divorce.

\*\*\* Includes members whose pension has been suspended for over two years and subsequently archived as a result of loss of contact.

### **Report on the 2023 Valuation**

The Scheme is exempt from the statutory scheme funding requirements for occupational pension schemes (Part 3 of the Pensions Act 2004). The funding requirements for the Scheme are instead set out in the Scheme and Rules as established by 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.

Clause 17 of the Scheme and Rules requires that the Government Actuary carries out an Actuarial Valuation of the assets and liabilities of the Scheme at least every three years.

The Scheme is split into four notional sub-funds known as the Guaranteed Fund, the Bonus Augmentation Fund, the Guarantor's Fund and the Investment Reserve. More details on the operation of these sub-funds is set out in notes 1 and 21 of these accounts.

The last Actuarial Valuation was carried out as at 30 September 2023. A summary of the Actuary's report of the 2023 Actuarial Valuation is on page 51 and includes details of the outcome of the valuation of each of the notional sub-funds.

A summary of the valuation results is given below:

- the surplus of £1,089 million in the Guaranteed Fund was divided equally between the Bonus Augmentation Fund and the Guarantor's Fund;
- the surplus in the Bonus Augmentation Fund was £839 million following the transfer of £545 million surplus from the Guaranteed Fund. With the agreement of the Guarantor, £834.4 million of this surplus was allocated to pay a bonus pension in 2024. In addition, an allocation of £4.3million was made for the award of discretionary benefits for deferred members in serious ill health;
- the surplus in the Guarantor's Fund was £613 million following the transfer of £545 million surplus from the Guaranteed Fund;
- the Investment Reserve has no quantifiable liabilities, is not subject to a valuation and had a market value at 30 September 2023 of £1,438 million.

The new bonus pension awarded in September 2024 is equal to 19% of the Guaranteed Fund pension.

The surplus in the Guarantor's Fund of £613 million is available to increase future payments to the Guarantor. A payment of £142.4 million was made from the Guarantor's Fund to the Guarantor on 2 October 2023. The future payments from the Guarantor's Fund is subject to consultation and the Committee's agreement to any new payment schedule proposed by the Guarantor. This consultation is ongoing.

**Method and Significant Assumptions Adopted at the 2023 Actuarial Valuation**

The Scheme’s financial position is measured by comparing the current value of its assets with the Actuary’s estimate of the current value of the Scheme’s liabilities. The current value of the Scheme’s assets can be determined at the valuation date. There are uncertainties inherent in estimating the current value of the liabilities, for example, the length of time for which a future pension might be paid, the possibility that a survivor’s benefit might be paid, and the future rate of return on assets. Estimates of all these factors are used to determine the amount of assets that would be required today in order to meet, in full, the benefits members have already earned up to the date of the valuation.

The regulations require the assumptions for the Actuarial Valuation to be decided by the Actuary after consultation with the Committee and the Guarantor. The key assumptions used for the 30 September 2023 Actuarial Valuation were as follows:

Discount rate	7.00% pa nominal for three years from 30 September 2023 then 6.50% pa thereafter
RPI inflation	
2024	2.75%
2025 to 2029	3.00% pa
2030	2.50%
2031 onwards	2.10% pa
CPI inflation	
2024	6.70% pa
2025 onwards	2.00% pa
Pension increases	These are derived from the inflation assumptions above in line with the Scheme and Rules
Mortality rates	Baseline mortality rates are assumed to be in line with standard tables, adjusted to reflect recent Scheme membership experience, with future improvements projected to be in line with those underlying the Office of National Statistics 2021-based principal UK population projections.

## **Risk Management**

The Committee is responsible for the Scheme's Risk Management Framework, which includes the system of internal control, and for reviewing its effectiveness.

The Risk Management Framework is designed to manage the risk of failure to achieve the Committee's objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss.

The RASC reviews and monitors the Risk Management Framework and makes recommendations to the Committee, where appropriate, for improvement. It assists the Committee and other Sub-committees in discharging their responsibilities in relation to financial reporting, risk management and internal controls.

A risk register is maintained by the Committee which records the assessment of applicable risks facing the Scheme together with the effectiveness of controls in place to mitigate each risk. Each Sub-committee has responsibility for ensuring that the specific risks that fall within its remit are being adequately managed. The risk register is reviewed and updated regularly.

Key risks are prioritised to enable attention to be focussed appropriately. Risk appetite measures have been established and compliance with these is monitored by the Committee.

Controls are designed to provide reasonable assurance that the assets are safeguarded against loss from unauthorised use and that benefits are paid in accordance with the Scheme and Rules.

The Committee receives assurance over the operation of the system of internal controls from internal audit and other assurance reviews, according to a programme approved and overseen by the RASC.

## **Statement of Trustee's Responsibilities in Respect of the Accounts**

The Mineworkers' Pension Scheme is governed by the Scheme and Rules set out in the Schedule to the Mineworkers' Pension Scheme (Modification) Regulations 1994 and as subsequently amended. Under the Definitive Scheme and Rules, the Committee is required to obtain audited accounts. The Committee applies the accounting principles in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 (FRS 102) and makes available certain other information about the Scheme in the form of an Annual Report.

The financial statements, which comprise the Fund Account, the Statement of Net Assets and the Notes to the Accounts, are the responsibility of the Committee. The Scheme and Rules require, and the Committee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- include a statement that the financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice including FRS 102, and as required by the Scheme and Rules include specific disclosures in respect of the sub-funds.

In discharging the above responsibilities, the Committee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Committee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

**Trustee Statement on Going Concern**

In accordance with Financial Reporting Standard 102 and the Statement of Recommended Practice, Financial Reports of Pension Schemes (2018), the Committee has considered whether the financial statements can be prepared on a going concern basis. The Scheme will only cease to be a going concern in a situation whereby the Trustee and the Guarantor have agreed to a winding up of the Scheme.

The Committee considers it appropriate to prepare the financial statements on a going concern basis as the Scheme benefits from the Government Guarantee, which ensures the payment of the guaranteed member benefits and, in addition, they have not entered into any discussion with the Guarantor regarding winding up of the Scheme.



## **Investment Report**

### **Policy**

The responsibility for setting the investment policy of the Scheme lies with the Committee. Decisions concerning the establishment of investment objectives, risk parameters and formulation of an investment strategy which seeks to achieve the objectives are made by the Committee. The ISC is responsible for overseeing the efficient implementation of the investment strategy and deciding on the most appropriate investment structure within delegated parameters. Decisions are made after consideration of advice from CPTI, the Scheme's investment adviser. Day-to-day investment decisions are delegated to the Scheme's investment managers who are required to follow specific guidelines.

### **Investment Review and Performance**

The year to September 2024 was generally positive for financial markets amid an increasingly supportive macroeconomic backdrop. Inflation continued to moderate in most countries. In the UK, for instance, the Retail Price Index registered 2.7% year-on-year in September 2024, a significant decrease from 8.9% in September 2023. Both the Bank of England (BoE) and the US Federal Reserve (Fed) held rates at 5.25% and 5.25% - 5.5%, respectively, for most of the year but cut for the first time in August (BoE) and September (Fed) to 5% and 4.75% - 5%, respectively. In addition, the UK and Eurozone economies gradually recovered as lower inflation boosted real income growth and private consumption. That said, geopolitical risks remain elevated as the Middle East witnessed a wider conflict stemming from the war in Gaza.

Global equity markets performed well over the year. The US and Asia Pacific (excluding Japan) were the standouts, as the US markets benefitted from exposure to mega-cap tech stocks such as Nvidia, Apple and Microsoft, while Asia Pacific stocks benefitted from strong returns from Taiwanese and Indian equities.

Monetary easing boosted government bond prices, with the FTSE UK Conventional Gilts Total Return Index up 7.9% in the year. In addition, slowing inflation and tightening spreads had a positive effect on global credit, as the Bloomberg Global Aggregate Corporate Total Return Index returned 12.6% in hedged Sterling terms. UK property, as measured by the MSCI/AREF UK Quarterly Property Fund Index, rose by 1.7% over the same period.

Sterling rose over the year by 9%, 4% and 5% against the US dollar, Euro and Yen respectively albeit with significant intra-year volatility. The strengthening of Sterling would have resulted in small negative impacts to returns on any assets denominated in the US dollar, Euro or Yen on an unhedged basis.

During the year, the main positive cash flows from private assets came from distribution of Private Debt and Private Equity, as well as sales of UK Private Infrastructure assets. Changes were made in the Scheme's growth portfolio such as new public equity investments in listed infrastructure and healthcare, while some of the public equity exposure was diversified into higher-yielding credit and commodities.

The Committee uses its custodian, The Northern Trust Company ("Northern Trust") to independently calculate Scheme performance over one, three and five-year periods as shown below.

	<b>Scheme Return</b>	<b>Benchmark</b>
	<b>%</b>	<b>%</b>
1 Year	<b>8.2</b>	<b>15.3</b>
3 Years	<b>1.9</b>	<b>5.7</b>
5 Years	<b>5.7</b>	<b>7.7</b>

The benchmark is a composite of individual asset class benchmarks, weighted in accordance with the investment strategy agreed by the Committee. It provides an indication of how effectively the Scheme's investment strategy has been implemented in the period under review. It should be noted that the Scheme uses relevant public market equivalent benchmarks to assess private market asset classes with significant variation possible over shorter time periods such as one year.

The Scheme has underperformed the composite benchmark over the periods shown, driven by the realised return in the last 12 months. Over the last year, the biggest negative impacts were from private equity, infrastructure and public equities. Private equity valuations fell relative to strong performance from the public market asset class benchmark whilst sales of some challenged infrastructure assets also had a negative effect (although proceeds are being invested in higher future expected returning assets). Public equities returned 19% in currency hedged terms but relative performance was impacted by thematic positions and some active manager underperformance. In a reverse of last year, property was the strongest relative performer.

The Committee invests the assets across different asset classes, regions and sectors spanning many different return drivers, seeking to deliver high returns whilst also managing risk. This diversified investment approach is long-term focussed and, over short periods, the Scheme's returns can differ quite markedly from benchmark returns. Over longer periods, the differences should be smaller and the risk of failing to achieve objectives better managed.

The Scheme's investment managers and values of investment assets held at market value at the year-end are shown on the next page:

			<b>Total net assets 2024 £m</b>	<b>Total net assets 2023 £m</b>
<b>Cash</b>	Cash		<b>77</b>	<b>180</b>
<b>Government Bonds</b>	BlackRock		<b>351</b>	<b>632</b>
<b>Investment Grade Credit</b>	BlackRock		<b>397</b>	<b>502</b>
<b>Private Debt</b>	Various		<b>390</b>	<b>579</b>
<b>Special Situations Debt</b>	Various		<b>836</b>	<b>832</b>
<b>Public Equity</b>	BlackRock	2,681		
	Wellington	553		
	Ninety One	351		
	Genesis	244	<b>3,829</b>	<b>3,871</b>
<b>Commodities</b>	Wellington		<b>370</b>	<b>135</b>
<b>High Yield Credit</b>	Schroders	420		
	Ninety One	525	<b>945</b>	<b>-</b>
<b>Private Equity</b>	Various		<b>1,576</b>	<b>1,781</b>
<b>Property</b>	Delancey	899		
	LaSalle	159	<b>1,058</b>	<b>1,157</b>
<b>UK Infrastructure</b>	Dalmore	152		
	Aviva	83		
	Greencoat Solar	75	<b>310</b>	<b>596</b>
<b>Hedge Funds and Other Liquid Assets</b>	Brevan Howard		<b>174</b>	<b>288</b>
<b>Shipping</b>	Tufton Oceanic		<b>12</b>	<b>15</b>
<b>Foreign exchange derivatives</b>	Northern Trust		<b>29</b>	<b>38</b>
<b>Residual cash, assets and liabilities</b>			<b>159</b>	<b>(27)</b>
<b>Total net assets as at 30 September</b>			<b>10,513</b>	<b>10,579</b>

The manager totals include investment debtors, creditors and investment cash.

The analysis shown in the table above is based on underlying investments. These differ from the classification used in note 7 to the accounts which have been presented in line with accounting standards.

The ten largest public equity holdings at 30 September 2024 were:

	<b>Market Value £m</b>	<b>% of Total Scheme Net Assets</b>
Taiwan Semiconductor	66.6	0.63%
Tencent	57.7	0.55%
Apple	47.3	0.45%
Iberdrola	34.9	0.33%
Schneider	33.3	0.32%
Nvidia	28.5	0.27%
Autodesk	27.1	0.26%
Orsted	27.0	0.26%
Abbott Laboratories	24.2	0.23%
NextEra Energy	23.4	0.22%
	<b>370.0</b>	<b>3.52%</b>

### **Custodial and Cash Arrangements**

The Scheme's quoted securities are held by a custodian, Northern Trust, who also provides investment accounting, investment performance measurement, securities lending, derivatives valuations, alternative assets administration, passive currency overlay and other fund services.

Northern Trust manages most Sterling, US dollar and Euro cash balances within its money market funds. The remaining cash is either deposited with Northern Trust or placed on deposit in the name of the Scheme.

The Committee's approval is required for any borrowings in excess of agreed short-term facilities with Northern Trust.

Public equities and bonds are registered in the name of nominee companies controlled by the Scheme's custodian or sub-custodians.

Property investments are primarily registered in the name of Coal Pension Properties Ltd (CPPL) or Crucible Residential Properties Ltd (CRPL) which are nominee companies controlled jointly by the Scheme and BCSSS and incorporated for the purpose of holding title to the Scheme properties. Title deeds are held by firms of solicitors. Trust deeds between the nominee companies and the Schemes establish that the properties are held on behalf of the Schemes and which Scheme holds which property.

Special situations debt, private equity, shipping, private debt, commodities, hedge funds and UK infrastructure investments are held in the name of the Mineworkers' Private Equity Trust or the Trustees of the Mineworkers' Pension Scheme Limited on behalf of the Scheme.

Regular reconciliations are carried out to evidence the title and value held by the custodian with records maintained by the Scheme's investment managers.

### **Responsible Investing**

The Committee has agreed a Responsible Investment Policy, which covers long-term sustainability, the strategic consideration and integration of environmental, social and

governance (“ESG”) factors, and stewardship of the Scheme’s investments into investment decision making.

The Committee has put in place a governance framework for managing climate risks and opportunities in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations as required by new legislation. This legislation requires the Committee to have the relevant processes, knowledge, metrics and targets to consider the investment risks and opportunities associated with climate change. It also requires the Committee to report on this publicly. The legislation does not require any change to how pension schemes invest, but requires the Committee to consider these risks and opportunities and demonstrate that they are doing so. The Committee believes climate transition and change to be a material financial factor and as such has made changes to its investments to incorporate this.

The Scheme is a signatory to the Financial Reporting Council’s (FRC) UK Stewardship Code. This sets out a number of areas of good practice in terms of asset stewardship to which the FRC believes institutional investors should aspire. The Scheme believes stewardship of its assets is an effective risk management tool and as such seeks to be an effective steward of its assets.

The Scheme’s Responsible Investment Policy, Stewardship Reports, Reports of Voting and Engagement Activity and the TCFD report can be accessed via the Scheme website (<http://www.mps-pension.org.uk/about-mps/responsible-investing>). It should be noted that these reports do not form part of this report and fall outside of the scope of the annual audit.

### **Securities Lending**

The Scheme participates in securities lending through its custodian, Northern Trust. Approved borrowers are required to provide collateral valued in excess of securities on loan. Additional controls include limits on lending to borrowers and restrictions on acceptable collateral. The Scheme also benefits from an indemnity from Northern Trust against losses on borrower default.

### **Investment management fees, operating and transaction costs**

Investment management fees including fees deducted at source and other operating costs are monitored closely to determine whether the Scheme is getting value for money from its investment managers. The management of transaction costs and the obligation to seek best execution is the responsibility of each investment manager, with whom there is regular dialogue. During transitions of assets between managers, the responsibility for the management of transaction costs sits with the transition manager or the respective investment manager.

### **Derivatives**

The Committee has authorised the use of equity, foreign exchange and bond index futures, credit default swaps, currency, interest rate, inflation and total return swaps. These are used by the Scheme’s investment managers to contribute to the reduction of risk and to facilitate efficient portfolio management (including the reduction of cost or the generation of additional capital or income with an acceptable level of risk). Controls in place include authorisation of permitted instruments, limits on market exposures, tracking error and collateral requirements. Northern Trust also provides an independent valuation for derivatives.

### Currency Hedge

At year-end exposure to all non-sterling currencies within global government bonds, global investment grade credit and private debt was 100% hedged and exposure to commodities was 75% hedged. Exposure to US dollars and Euros was 75% hedged and Yen was 50% hedged in relation to developed market public equity.

For and on behalf of the Committee of Management:

Signed by:  
*Gary Saunders*  
..... Chair

Signed by:  
*Alan Gascoyne*  
..... Committee Member

25 March 2025

**FUND ACCOUNT**  
**YEAR ENDED 30 SEPTEMBER 2024**

	<b>Note</b>	<b>2024</b> <b>£m</b>	<b>2023</b> <b>£m</b>
<b>Contributions and benefits</b>			
Benefits paid and payable	2	(732)	(707)
Payments to and on account of leavers	3	(1)	(2)
Payments due to the Guarantor	4	(142)	(142)
Administrative expenses	5	(8)	(6)
<b>Net withdrawals from dealings with members and the Guarantor</b>		<b>(883)</b>	<b>(857)</b>
<b>Returns on Investments</b>			
Investment income	6	324	300
Change in market value of investments	7	519	(472)
Investment management expenses	8	(26)	(30)
<b>Net Returns on Investments</b>		<b>817</b>	<b>(202)</b>
<b>Net decrease in the fund during the year</b>		<b>(66)</b>	<b>(1,059)</b>
<b>Net assets of the Scheme at the beginning of the year</b>		<b>10,579</b>	<b>11,638</b>
<b>Net assets of the Scheme at the end of the year</b>		<b>10,513</b>	<b>10,579</b>

## STATEMENT OF NET ASSETS

AS AT 30 SEPTEMBER 2024


	Note	2024 £m	2023 £m
<b>Investment assets:</b>	7		
Equities		3,763	3,650
Fixed income securities	9	1,837	1,504
Property	10	1,019	1,142
Pooled investment vehicles	11	3,068	3,780
Derivatives	12	81	58
Shipping	13	12	15
Cash and cash equivalents		589	467
Other financial assets	14	403	139
		10,772	10,755
<b>Investment liabilities:</b>			
Derivatives	12	(9)	(126)
Other financial liabilities	14	(219)	(21)
		10,544	10,608
<b>Net investment assets</b>			
<b>Current assets</b>	18	3	4
<b>Current liabilities</b>	19	(34)	(33)
		10,513	10,579
<b>Net assets of the Scheme at 30 September</b>			

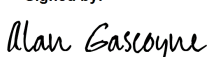
The accounts summarise the transactions of the Scheme and deal with the net assets at the disposition of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take into account such obligations, is dealt with in the Report on the 2023 Actuarial Valuation included on page 51 and these accounts should be read in conjunction with that Report.

The notes on pages 25 to 46 form part of these financial statements.

These accounts were approved by the Committee on 25 March 2025.

Signed on behalf of the Committee of Management:

Signed by:  .....Chair

Signed by:  .....Committee Member

Scheme Registration Number: 10058240



## Notes to the Accounts

### 1. Accounting policies

#### Basis of preparation

The accounts have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) - the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidelines set out in the Statement of Recommended Practice – Financial Reports of Pension Schemes (2018) (SORP), and, as required by the Scheme and Rules include specific disclosure in respect of the sub-funds. The principal accounting policies applied in the preparation of these accounts are set out below.

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the compliance statement on page 52.

#### Basis of accounting

The accounts include the assets and liabilities, excluding obligations to pay pensions and benefits after the end of the Scheme year, together with the net income arising during the year. The majority of assets and liabilities are held through nominee, Trustee or subsidiary companies, limited partnerships and other pooling arrangements.

In accordance with FRS 102 and the SORP, the Trustee is not required to prepare consolidated accounts which includes subsidiary undertakings and has chosen not to do so in these financial statements, because the entities are held for investment purposes only and not as operating subsidiaries. The net assets held within these entities are included in the underlying asset class line to which they relate on the statement of net assets and a summary of those assets is shown in note 7.

#### Investment income

Income is recognised when the Scheme's right to receive payment is established as follows:

Income from equity investments is included in the accounts on the date when the securities are quoted ex-dividend, or where no ex-dividend date is quoted, when the Scheme's right to receive payment is established.

Income from fixed income securities, property, shipping and cash is taken into account on an accruals basis. Income from property and shipping is stated net of any expenses which relate directly to the income against which it has been incurred.

Income arising from the underlying investments of the pooled investment vehicles that is reinvested within the pooled investment vehicles is reflected in the unit price and is reported within the change in market value. Where income is distributed it is included in investment income when the Scheme's right to receive payment is established. Distributions from pooled investment vehicles which are not split between income and realised gains are included in change in market value.

#### Individual transfers

Individual transfers from the Scheme during the year are recognised in the accounts on the basis of when the member liability is accepted by a registered pension arrangement.

### **Benefits**

Benefits payable are included in the accounts on an accruals basis when the member notifies the Trustee as to the type or amount of benefit to be taken or, where there is no choice, on the date of retirement or leaving.

### **Administrative expenses and investment management expenses**

Administrative expenses and investment management expenses, where they are invoiced directly, are accounted for on an accruals basis. The invoiced amounts expensed, exclude recoverable value added tax. Some investment managers deduct their fees directly from the Fund and these are reflected within the change in market value. Investment management fees which are accounted for through subsidiary undertakings are reflected in change in market value. Irrecoverable VAT is reflected within the appropriate expense heading. The Scheme bears all the costs of administration and investment management.

### **Foreign currencies**

Transactions in foreign currencies during the period, including purchases and sales of securities, investment income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Amounts denominated in foreign currencies at the year-end are translated into Sterling, the Scheme's functional currency, at the rate of exchange ruling at the year-end date. Gains and losses on foreign currency denominated investments are shown in aggregate within the change in market value of investments to which they relate in the Fund Account. Gains and losses relating to cash are included in investment income.

### **Change in market value**

The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

### **Investment assets and liabilities**

The Statement of Net Assets includes investments at fair value and details of the valuation techniques involved in estimating fair values of certain investments are included below and in note 17.

### **Taxation**

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

### **Fair value measurement**

The Committee measures all of its investments at fair value at each reporting date.

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. FRS 102 and the SORP require the use of a three-level hierarchy to describe the way the estimate was carried out as shown in note 17.

The methods of determining fair value for the principal classes of investments are detailed on the next page.

- Equities and fixed income securities which are traded in an active market are included at the quoted price, which is normally the bid price. Transaction costs arising on all investment purchases and sales are charged to the Fund Account within change in market value by adding to purchase costs and netting against sale proceeds, as appropriate for all investment types.
- The fair value of fixed income securities which comprise various types of debt instruments which are unquoted or not actively traded on a quoted market are either based on advice from the respective investment manager or are evaluated by pricing vendors using financial models and comparable security data.
- The value of shipping and pooled investment vehicles which are unquoted or not actively traded on a quoted market, are valued by the respective investment manager. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value. Where the net realisable value is considered to be lower than the net asset value, the investments are valued at this lower amount. Where the last valuation provided by the investment manager is prior to the year-end, the valuation is adjusted for cash flows in the intervening period.
- Unitised pooled investment vehicles comprising unit linked insurance policies which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are substantially traded on all pricing days, are included at the last price provided by the manager at or before year-end.
- Property is valued at open market value as at 30 September 2024, determined in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards and the Practice Statement contained therein. The properties have been valued by Knight Frank, Chartered Surveyors, on behalf of Delancey managed properties and Cushman and Wakefield, Chartered Surveyors, on behalf of LaSalle managed properties, external independent valuers with recognised and relevant professional qualifications who have recent experience of the locations and types of properties held by the Scheme, taking account of, amongst other things, the current estimate of rental values and market yield.
- Futures are contractual arrangements to buy or sell a specified financial instrument at a specific price at a predetermined future date, are traded in standardised amounts on regulated exchanges, and are subject to daily cash margin requirements. They are valued at the fair value as determined by the closing exchange price as at the year-end.
- Forward foreign exchange contracts are customised contracts transacted in the over-the-counter (OTC) market. They are valued by determining the gain or loss that would arise from closing out the contract at the year-end by entering into an equal or opposite contract at that date.
- Proceeds receivable from the sale of investments are recognised at their transaction price when the entity becomes a party to the contractual provisions. Receivables due

in more than 12 months are discounted appropriately to reflect both the time value of money and the credit risk associated with the receivables.

### Other investment arrangements

The Committee continues to recognise assets it has lent under securities lending arrangements to reflect its ongoing interest in those securities. Collateral received in respect of these arrangements is disclosed in note 16 but not recognised as a Scheme asset.

Collateral payments in respect of OTC derivative contracts and initial margin deposits in respect of futures contracts are reported within cash.

### Sub-funds

The Scheme is notionally split into four sub-funds; Guaranteed Fund, Bonus Augmentation Fund, Guarantor's Fund and Investment Reserve, in accordance with the Scheme and Rules as established by the Mineworkers' Pension Scheme (Modification) Regulations 1994. Movements between the sub-funds, as calculated by the Actuary, are recognised following completion of the latest Actuarial Valuation as required by the Scheme and Rules. The payment made from the Investment Reserve to the Bonus Augmentation Fund effective from 30 June 2024 is also recognised. Each of the sub-funds is allocated annually a proportional share of income, expenses and movements in asset values. The transfers and allocations are shown in note 21.

### 2. Benefits paid and payable

	2024	2023
	£m	£m
Pensions	550	530
Dependant benefits	156	154
Lump sum retirement benefits	26	23
	<u>732</u>	<u>707</u>

### 3. Payments to and on account of leavers

	2024	2023
	£m	£m
Individual transfers to other schemes	<u>1</u>	<u>2</u>

### 4. Payments to the Guarantor

	2024	2023
	£m	£m
Payments to the Guarantor	<u>142</u>	<u>142</u>

Details of the above payments and future payments to be made to the Guarantor are shown in notes 20, 21 and 22.

### 5. Administrative expenses

	2024	2023
	£m	£m
Pension administration	6	5
Legal, actuarial and other fees	2	1
	<u>8</u>	<u>6</u>

**6. Investment income**

	<b>2024</b>	2023
	<b>£m</b>	£m
Dividends from equities	<b>83</b>	72
Income from fixed income securities	<b>85</b>	62
Property rents (net of expenses)	<b>56</b>	61
Income from pooled investment vehicles	<b>67</b>	90
Income from shipping (net of expenses)	<b>3</b>	4
Interest on cash deposits and margin accounts	<b>30</b>	11
	<b>324</b>	300

Property expenses of £26 million (2023: £9 million) were deducted from property income. Shipping expenses in the year were negligible (2023: £11 million).

**7. Investments**

	<b>Value brought forward at 1 October 2023</b>	<b>Purchases at cost and derivative payments</b>	<b>Sale proceeds and derivative receipts</b>	<b>Change in market value</b>	<b>Value carried forward at 30 September 2024</b>
	£m	£m	£m	£m	£m
Equities	3,650	3,030	(3,411)	494	3,763
Fixed income securities	1,504	1,234	(847)	(54)	1,837
Property	1,142	17	(155)	15	1,019
Pooled investment vehicles	3,780	542	(1,119)	(135)	3,068
Derivatives	(68)	301	(392)	231	72
Shipping	15	-	-	(3)	12
	<b>10,023</b>	<b>5,124</b>	<b>(5,924)</b>	<b>548</b>	<b>9,771</b>
Cash and cash equivalents	467			(32)	589
Other financial assets and liabilities	118			3	184
	<b>10,608</b>			<b>519</b>	<b>10,544</b>

Included within other financial assets and liabilities is a debtor of £184m relating to a deferred payment for the sale of the Dalmore Co-Invest Infrastructure investment which will be received by December 2025.

The net assets of subsidiary undertakings included in the table above at year-end, through which the scheme holds investments are summarised in aggregate below.

	<b>2024</b>	2023
	<b>£m</b>	£m
Fixed income securities	<b>176</b>	281
Pooled investment vehicles	<b>353</b>	380
Shipping	<b>12</b>	15
	<b>541</b>	676

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty.

Transaction costs analysed by main asset class and type of costs are as follows:

	<b>Commissions</b>	<b>Fees</b>	<b>Total</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>2024</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Equities	1	2	3	2
Property	-	2	2	-
Shipping	-	-	-	3
	<b>1</b>	<b>4</b>	<b>5</b>	<b>5</b>

In addition to the transaction costs disclosed above, the Scheme also incurs indirect transaction costs through the bid-offer spread on investments.

### 8. Investment management expenses

	<b>2024</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>
Administration, management and custody	20	25
Other advisory fees	6	5
	<b>26</b>	<b>30</b>

Other advisory fees include £2.0 million (2023: £1.9 million) of costs relating to CPTI, the Scheme's investment adviser. Also included in other advisory fees are £3.7 million (2023: £2.1 million) of legal and other third-party adviser costs.

### 9. Fixed income securities

	<b>2024</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>
Bonds	1,583	1,088
Loans	254	416
	<b>1,837</b>	<b>1,504</b>

Loans comprise secured loans made direct to entities through four investment managers, principally to businesses based in the UK, continental Europe and the US. Loans are not traded on an active market which may restrict the ability of the Scheme to realise them at short notice.

### 10. Property

	<b>2024</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>
UK property	1,019	1,142

**11. Pooled investment vehicles**

	<b>2024</b>	2023
	<b>£m</b>	£m
Equities	<b>31</b>	114
Debt	<b>953</b>	995
Private equity	<b>1,587</b>	1,928
Infrastructure	<b>310</b>	596
Hedge funds	<b>174</b>	138
Insurance	<b>-</b>	1
Commodities	<b>13</b>	8
	<b>3,068</b>	3,780

Pooled investment vehicles include holdings in equities, bonds, commodities, loans, derivatives, infrastructure, insurance, and hedge funds. The underlying investments of the debt investments are principally loans made to companies in Europe and the US. Global and UK infrastructure, private equity, debt, hedge funds and insurance investments are not traded on an active market which may restrict the ability of the Scheme to realise them at short notice.

The Scheme is sole investor in one UK infrastructure pooled arrangement valued at £83 million in aggregate (2023: two arrangements valued at £353 million). The underlying assets and liabilities of these arrangements are as follows:

	<b>2024</b>	2023
	<b>£m</b>	£m
Non-current assets	<b>79</b>	348
Current assets	<b>9</b>	10
Current liabilities	<b>(5)</b>	(5)
	<b>83</b>	353

The Scheme is also sole investor in two special situation debt funds valued at £41 million in aggregate (2023: £68 million).

**12. Derivative contracts**

	<b>2024</b>	2023
	<b>£m</b>	£m
<b>Assets</b>		
Forward foreign exchange	<b>62</b>	16
Futures	<b>19</b>	1
Options	<b>-</b>	41
<b>Liabilities</b>		
Forward foreign exchange	<b>(5)</b>	(102)
Futures	<b>(4)</b>	(9)
Options	<b>-</b>	(15)
<b>Net derivative contracts</b>	<b>72</b>	(68)

## Objectives and policies for holding derivatives

The Committee has authorised the use of derivative financial instruments by its investment managers as follows:

- Forward foreign exchange contracts are used to provide the Scheme with protection against changes in exchange rates which may adversely affect the value of overseas investments in foreign currencies.
- Futures contracts are used to provide the Scheme with exposure to the equity and commodities markets.
- Option contracts are entered into in order to provide protection for the Scheme's exposure to equities should adverse market movements arise.

<b>Forward foreign exchange contracts</b>	<b>Bought £m</b>	<b>Sold £m</b>	<b>Asset £m</b>	<b>Liability £m</b>
Euro	14	(609)	7	-
Sterling	4,386	(544)	-	-
US dollar	517	(3,537)	54	(3)
Yen	10	(188)	1	(2)
Other	10	(2)	-	-
	<b>4,937</b>	<b>(4,880)</b>	<b>62</b>	<b>(5)</b>

The table above aggregates the exposures to currencies acquired or sold through over the counter forward foreign exchange contracts at year-end Sterling values. The majority of the contracts settle within three months of the year-end.

### Futures

The Scheme holds long and short futures contracts with economic exposure of £418 million (2023: £314 million). They expire within 3 years of year-end and are held on various global market indices. The market values of these positions are an asset of £19 million (2023: £1 million) and a liability of £4 million (2023: £9 million) giving a net asset position of £15 million (2023: net liability £8 million).

### 13. Shipping

	<b>2024</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>
Shipping	<b>12</b>	<b>15</b>

The Scheme's shipping investments are held through wholly owned subsidiary undertakings.



#### 14. Other financial assets and liabilities

	2024	2023
	£m	£m
Amounts due from brokers	186	113
Other debtors	184	2
Outstanding income and withholding tax	33	24
Amounts due to brokers	(219)	(8)
Other creditors	-	(13)
	184	118

#### 15. AVC investments

Members' additional voluntary contributions (AVCs) are invested separately from the Scheme in investments administered by the Prudential Assurance Company Limited. The value of the AVC fund is included in other financial assets, and movements in the AVC fund value are included in the Fund Account. The AVC fund value at 30 September 2024 was £77,364 (2023: £87,100).

#### 16. Securities Lending

The Scheme participates in public equity and fixed income securities lending through its custodian, Northern Trust. Approved borrowers are required to provide collateral valued in excess of securities on loan. The value of securities on loan and the collateral provided is shown in the table below.

	Securities on loan	Collateral provided	Securities on loan	Collateral provided
	2024	2024	2023	2023
	£m	£m	£m	£m
Equities	192	205	287	301
Fixed income securities	230	249	275	296
	422	454	562	597

#### 17. Fair value hierarchy of assets and liabilities

FRS 102 requires the disclosure of financial instruments held at fair value by class under the following hierarchy:

- Level 1 - the unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the measurement date;
- Level 2 - inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly;
- Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

**Fair value hierarchy of investment assets and liabilities 2024**

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Equities	3,763	-	-	<b>3,763</b>
Fixed income securities	-	1,583	254	<b>1,837</b>
Property	-	-	1,019	<b>1,019</b>
Pooled investment vehicles	-	44	3,024	<b>3,068</b>
Derivatives	16	56	-	<b>72</b>
Shipping	-	-	12	<b>12</b>
Cash and cash equivalents	578	11	-	<b>589</b>
Other financial assets and liabilities	184	-	-	<b>184</b>
	<b>4,541</b>	<b>1,694</b>	<b>4,309</b>	<b>10,544</b>

**Fair value hierarchy of investment assets and liabilities 2023**

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Equities	3,650	-	-	<b>3,650</b>
Fixed income securities	-	1,088	416	<b>1,504</b>
Property	-	-	1,142	<b>1,142</b>
Pooled investment vehicles	-	121	3,659	<b>3,780</b>
Derivatives	(8)	(60)	-	<b>(68)</b>
Shipping	-	-	15	<b>15</b>
Cash and cash equivalents	257	210	-	<b>467</b>
Other financial assets and liabilities	118	-	-	<b>118</b>
	<b>4,017</b>	<b>1,359</b>	<b>5,232</b>	<b>10,608</b>

**Valuation techniques****Equities**

Equities are normally quoted at bid prices which are readily available and regularly occurring in active markets from relevant securities exchanges. These are included at level 1 in the fair value hierarchy.

**Fixed income securities**

The Committee invests in fixed income securities (bonds) which are traded regularly on an active market. They are included at level 2 in the fair value hierarchy. In the absence of a quoted price in an active market, bonds which are investment grade, are valued on a 'clean' basis which excludes accrued interest using observable market data such as recently executed transaction prices of securities of the issuer or comparable issuers. They are included at level 2 in the fair value hierarchy.

Secured loans described in note 9 are valued by the investment managers using discounted cash flow techniques for which significant inputs are the amount and timing of future expected cash flows, market yields, current performance and recovery assumptions and applicable publicly available comparable company valuations. These are included at level 3 within the fair value hierarchy.

**Property**

The valuation of investment property at the Scheme's year end is performed by Knight Frank on behalf of Delancey managed properties and Cushman & Wakefield on behalf of LaSalle managed properties, who are external, independent valuers with current knowledge of the relevant markets and the skills and understanding to undertake the valuations competently.

For properties in the course of development, construction and associated costs in respect of both the work completed and the work necessary for completion together with a completion date have been considered. Valuations of completed buildings have been based on an assumption that all works of construction have been carried out in accordance with the building contract and specifications, current British standards and any relevant codes of practice.

The properties have been valued at market value which is primarily derived using comparable recent market transactions on arm's length terms and has taken account of current and estimated annual rents receivable and market yields such as net initial yield, nominal equivalent yield and true equivalent yield. Property investments are included at level 3 in the fair value hierarchy.

**Pooled investment vehicles**

Pooled investment vehicles which are traded regularly are included at levels 2 and 3 of the fair value hierarchy. The prices are published by the pooled investment vehicle manager at bid price on a daily or weekly basis.

Unquoted pooled investment vehicles are reported using the net asset value (NAV) of the fund. The NAV is determined by the pooled investment vehicle manager using fair value principles to value the underlying investments of the pooled arrangement. These investments, which can also be subject to redemption notice periods and are not traded regularly, are included at level 3 of the fair value hierarchy.

**Derivatives**

Exchange traded future contracts are stated at fair value using market quoted prices. These are included at level 1 in the fair value hierarchy.

The investment managers use valuation models which incorporate foreign exchange spot and forward rates and interest rate curves for determining fair values of OTC forward foreign exchange contracts. The valuation techniques include forward pricing using present value calculations and other inputs into these models. These investments are included at level 2 in the fair value hierarchy.

**Shipping**

At year-end there is one vessel remaining in the portfolio which is considered held for sale and has been valued at anticipated net sales price. Shipping investments are included at level 3 in the fair value hierarchy.

**Cash and cash equivalents**

The Committee holds some Scheme cash in Sterling liquidity funds. These funds are pooled investment vehicles which are traded regularly and are included at level 2 in the fair value hierarchy. Cash held in interest bearing bank accounts is included at level 1 in the fair value hierarchy.

**18. Current assets**

	<b>2024</b>	2023
	<b>£m</b>	£m
Cash at bank	2	4
Other debtors	1	-
	<u>3</u>	<u>4</u>

**19. Current liabilities**

	<b>2024</b>	2023
	<b>£m</b>	£m
Tax and VAT	8	8
Other creditors and unpaid benefits	26	25
	<u>34</u>	<u>33</u>

**20. Related party transactions**

The Secretary of State for Energy Security and Net Zero acts as Guarantor to the Scheme. A payment was made to the Guarantor during the year of £142 million from the Guarantor's fund in respect of surpluses in earlier years (2023: £142 million).

The Scheme holds units in a pooled investment fund which invests in UK Government Bonds and is valued at £93 million (2023: £164 million).

During the year the Scheme paid £556,226 (2023: £223,431) to the Government Actuary's Department (GAD) for provision of actuarial services.

Four members of the Committee were in receipt of a pension from the Scheme. The aggregate amount paid was £66,161 (2023: four members, £61,762).

Members of the Committee are entitled to receive remuneration from the Scheme. The total remuneration paid in the year was £359,041 (2023: £368,175) and is detailed in the Report of the Committee of Management.

CPT is jointly owned by the Scheme and BCSSS with each appointing four members of their Committees of Management as directors. CPT costs, which are in respect of support services, are included within pensions administration costs in note 5 and were £2.7 million (2023: £2.3 million). CPTI costs, which are in respect of investment advisory services, are included within other advisory fees in note 8 and were £2.0 million (2023: £1.9 million).

The Scheme and BCSSS jointly invest in properties and partnerships with a value to the Scheme of £189 million (2023: £194 million).

## 21. Market value of sub-funds

The movements on the sub-funds during the year, as confirmed by the Actuary, are set out below:

	Guaranteed Fund £m	Bonus Augmentation Fund £m	Investment Reserve £m	Guarantor's Fund £m	Total Assets £m
<b>Market values at 30 September 2023</b>	<b>7,021</b>	<b>1,612</b>	<b>1,438</b>	<b>508</b>	<b>10,579</b>
Transfers in respect of early retirement factors	(1)	1	-	-	-
Transfers following 30 September 2023 Actuarial Valuation	(1,090)	545	-	545	-
<b>Revised values at 30 September 2023 following Actuarial Valuation</b>	<b>5,930</b>	<b>2,158</b>	<b>1,438</b>	<b>1,053</b>	<b>10,579</b>
Payments to Guarantor	-	-	-	(142)	(142)
Benefits paid from 1/10/23 to 30/06/24	(440)	(109)	-	-	(549)
Allocation of income, expenses and movement in net asset values from 1/10/23 to 30/6/24	355	130	89	56	<b>630</b>
Transfer of the Investment Reserve	-	1,527	(1,527)	-	-
<b>Revised values at 30 June 2024 following the Investment Reserve Transfer</b>	<b>5,845</b>	<b>3,706</b>	<b>-</b>	<b>967</b>	<b>10,518</b>
Benefits paid from 1/7/24 to 30/9/24	(147)	(37)	-	-	(184)
Allocation of income, expenses and movement in net asset values from 1/7/24 to 30/9/24	99	63	-	17	<b>179</b>
<b>Market values at 30 September 2024</b>	<b>5,797</b>	<b>3,732</b>	<b>-</b>	<b>984</b>	<b>10,513</b>

As explained in note 1, the Scheme is notionally split into four sub-funds in accordance with the Scheme and Rules as established by the Mineworkers' Pension Scheme (Modification) Regulations 1994. The basis of each sub-fund is as set out below:

**Guaranteed Fund** - this is used to fund the pensions which accrued before the Scheme was restructured in October 1994, including the benefit improvements which were made immediately prior to restructuring. Such pensions are guaranteed to increase in line with inflation. A deficit in the Guaranteed Fund at any Actuarial Valuation on or after 30 September 2023 is met first by a call on the Investment Reserve. The Committee and Guarantor will then consult on the sub-fund transfers and amounts and timing of payments from the Guarantor required to meet any remaining deficit. If the Committee and Guarantor cannot agree a payment schedule, then the Actuary will decide upon one. Any surplus in the Guaranteed Fund at any Actuarial Valuation on or after 30 September 2023 is first used to repay any previous transfers from the Investment Reserve to the Guaranteed Fund, with any remaining surplus thereafter being split equally between the Bonus Augmentation Fund and the Guarantor's Fund.

**Bonus Augmentation Fund** - this represents the members' share of surpluses arising from Actuarial Valuations since 1994 and is used to fund bonus pensions, and discretionary benefits in extreme and exceptional circumstances. A deficit in this Bonus Augmentation Fund at any Actuarial Valuation after 30 September 2023 would lead to any bonuses awarded after 2023 being restructured and becoming reducing amounts over time. All bonuses in payment on 29 September 2023 are protected from such restructuring and will continue to be paid at the same level following a deficit.

**Investment Reserve** - this originally represented the Guarantor's share of surpluses present in the Scheme at the time of restructuring in 1994. Whilst the Investment Reserve remains in the Scheme it can be used to support the Guaranteed Fund as described above. Prior to 22 October 2024, it was intended that any remaining balance on the Investment Reserve would be paid to the Guarantor by 2029. However, on 22 October 2024, the Guarantor agreed with the Committee that, with effect from 30 June 2024, the full value of the Investment Reserve shall be treated as having been paid from the Investment Reserve to the Bonus Augmentation Fund. Following this payment, the remaining balance of the Investment Reserve is nil.

**Guarantor's Fund** - this represents the Guarantor's share of surpluses arising from Actuarial Valuations since 1994, which prior to 23 September 2020, had to be paid out to the Guarantor over ten years. Following the September 2017 valuation, the Actuary recommended that from 1 October 2018 the six outstanding payments to the Guarantor, arising from the March 2013 interim valuation, should be increased from £30.3 million to £37 million and the seven outstanding payments, arising from the September 2014 valuation, should be increased from £20.7 million to £25.2 million. A new series of ten annual payments of £80.2 million, arising from the September 2017 valuation also commenced from 1 October 2018. A payment of £142.4 million (being £37 million, £25.2 million and £80.2 million) made on 2 October 2023 is shown in the table on the previous page. With effect from 23 September 2020, at each Actuarial Valuation from 30 September 2023 onwards, or at other times requested by the Guarantor, the Committee and the Guarantor will consult on amounts and timings of payments from the Guarantor's Fund. If the Guarantor and the Committee cannot agree a payment schedule, then the Actuary will decide upon one. The Committee and the Guarantor are currently consulting on the future amounts and timings of payments from the Guarantor's Fund following the completion of the September 2023 valuation.

When a member chooses to take early retirement, the Scheme applies a common reduction factor to the benefits payable from the Guaranteed Fund and the Bonus Augmentation Fund. This generally leads to a surplus arising in the Guaranteed Fund and a (broadly) equal deficit in the Bonus Augmentation Fund. A transfer is made from the Guaranteed Fund to the Bonus Augmentation Fund every three years to offset this effect. The transfer of £1 million in the table above covers the period between the 2020 and 2023 valuations.

## **22. Forward commitments and contingent liabilities not provided for in the accounts**

Forward commitments comprise expenditure on investments authorised and contractually committed before the year end which is not provided for in the accounts as it is not yet due. This includes investments in private equity of £311 million (2023: £397 million) and debt funds of £491 million (2023: £646 million) included within the pooled investment vehicles mandate. There were further commitments of £39 million (2023: £42 million) of loans included within the fixed income securities mandate and property and development costs of £2 million (2023 £1 million).

Forward commitments in relation to special situations debt and loan commitments will be paid within two to three years. The timing of private equity funding is uncertain, but it is assumed that £103 million (33%) will fall due in the next twelve months and the remaining £208 million in later years.

The Guarantor's share of any actuarial surplus is distributed in line with an agreed payment schedule, which from 23 September 2020, is subject to review at each actuarial valuation from 30 September 2023 onwards, or at other times requested by the Guarantor. During the financial year the Guarantor received payments of £142.4 million (being £37 million, £25.2 million and £80.2 million as described in note 21). The future payments from the Guarantor's Fund are subject to consultation and the Committee's agreement to any new payment schedule proposed by the Guarantor. This consultation is ongoing.

Prior to 22 October 2024, the remaining balance of the Investment Reserve was due to be repaid to the Guarantor by 2029 unless the Guarantor, after consultation with the Committee, resolves to bring the repayment forward to 2024. However, on 22 October 2024, the Guarantor agreed with the Committee that with effect from 30 June 2024, the full value of the Investment Reserve shall be treated as having been paid from the Investment Reserve to the Bonus Augmentation Fund. Following this payment, the remaining balance of the Investment Reserve is nil.

## **23. GMP equalisation**

The Committee is aware of a potential liability in respect of GMP equalisation and continues to liaise with the Scheme's professional advisers to establish the financial impact on the Scheme. However, on the basis that the additional liability is not expected to have a material impact upon the Scheme, the Committee has decided not to include a specific provision for GMP Equalisation in these financial statements. As soon as the impact of the ruling on the Scheme is finalised and any related Scheme liability quantified, a liability will be included in the Scheme financial statements.

## **24. Investment risk and management objectives and policies**

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

**Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Market risk:** this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments the Committee makes to implement its investment strategy. The Committee seeks to maintain a portfolio of suitable assets with sufficient overall liquidity which will maximise total pensions for all members over the full life of the Scheme. As such the Committee's primary investment objective is to achieve the returns required to do this, subject to risks remaining within tolerances that the Committee establishes from time to time.

The Committee bases its investment views on an assessment of the economic situation, economic scenarios, and the valuation of assets through time. As a result, the actual asset allocation will change through time, as a result of changes to the underlying valuation of different assets, the economic situation and the investment opportunities available. There are control ranges for each asset category to ensure the overall asset portfolio is sufficiently diversified.

Asset liability modelling and other forms of risk analysis are used to estimate the return expectations of the portfolio and the risks that the Committee is taking in seeking to achieve the investment objective.

Consistent with the above objective and investment views, and given the high cash flows that the Scheme has to manage, the Committee's investment strategy is defined below.

1. **Principle:** to maximise future bonus pensions by delivering high growth through
  - a. maximising the price at which assets are sold to meet payments out of the Scheme; and
  - b. investing in assets that grow.
2. **Disinvestment or sales parameters:**
  - a. **Income:** minimum level of income from assets of £250 million per annum.
  - b. **Illiquid assets sales:** minimum of £500m per annum of net cash flows from illiquid asset sales or distributions.
  - c. **Cash flow coverage:** holding sufficient low risk assets that provide options for raising cash to pay at least 12 months of benefit payments out of the Scheme.
3. **Investment parameters and diversification:** reducing illiquidity over time and asset categories to remain within tolerance ranges established from time to time by the Committee.



The strategy is implemented and assets managed under investment management agreements in place with the Scheme's investment managers and monitored by the Committee by regular reviews of the investment portfolios. Further information on the Committee's approach to investment strategy and risk management and the Scheme's exposures to credit and market risks are set out below.

### **Credit risk**

The Scheme is subject to credit risk because it directly invests in fixed income securities, OTC derivatives, holds cash balances and undertakes securities lending activities.

The Committee also invests in pooled investment vehicles and is therefore directly and indirectly exposed to credit risk in relation to the instruments it holds in the pooled fund. This is a result of the Committee being dependent on the pooled investment vehicle manager for delivery of the cash flows and for buying and selling of the shares within the pooled arrangement. The Scheme is also indirectly exposed to credit risks arising on the financial instruments held within the pooled investment vehicles.

A summary of exposures to credit risk is given in the following table, and the notes below, which explain how this risk is managed and mitigated for the different classes:

<b>2024</b>	<b>Investment grade £m</b>	<b>Unrated £m</b>	<b>Total £m</b>
<b>Credit risk</b>			
Fixed income securities	827	1,010	<b>1,837</b>
Pooled investment vehicles		3,068	<b>3,068</b>
Derivatives	57	-	<b>57</b>
Securities lending – collateral cash	44	-	<b>44</b>
Cash and cash equivalents	589	-	<b>589</b>
	<u>1,517</u>	<u>4,078</u>	<u><b>5,595</b></u>
<b>2023</b>	<b>Investment grade £m</b>	<b>Unrated £m</b>	<b>Total £m</b>
<b>Credit risk</b>			
Fixed income securities	926	578	<b>1,504</b>
Pooled investment vehicles	-	3,780	<b>3,780</b>
Securities lending – collateral cash	137	-	<b>137</b>
Cash and cash equivalents	467	-	<b>467</b>
	<u>1,530</u>	<u>4,358</u>	<u><b>5,888</b></u>

Fixed income securities include a broad range of quoted and unquoted securities, including bonds and loans. Credit risk arising on bonds is mitigated by investing in securities which are rated at least investment grade in accordance with those deemed so by the major ratings agencies or investing in a portfolio of securities where the average credit quality of the portfolio is at least investment grade and limiting the net credit exposure to unrated securities and those below investment grade to 10% of the value of the investment manager's portfolio.

Credit risk on secured loans which are unrated is mitigated by the credit analysis and due diligence work undertaken by the respective investment managers. They ensure that there is adequate security covenant against the loans and there are guidelines within their mandate that require diversification within the portfolio by region, sector and issuer. In the event that a loan becomes impaired, and a credit event occurs, the investment managers undertake any restructuring processes necessary to protect the interests of the Scheme.

The Committee also manages the credit risk arising on fixed income securities by requesting the investment managers to diversify the portfolio by sector, industry and issuer and limit investments to any one issuer.

The Scheme is directly exposed to credit risk in relation to the units it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held within the vehicles. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangement being ring-fenced from the pooled manager. The Committee ensures that due diligence checks are undertaken on the appointment of any new pooled investment vehicle managers and any changes to the regulatory and operating environment of the manager is monitored on an ongoing basis. The indirect risk is mitigated by the Committee investing in regulated markets and pooled arrangements where the portfolio of investments is diversified.

As detailed in note 11 the Scheme is sole investor in three pooled investment arrangements and whilst it is indirectly exposed to credit risk in relation to the units held in these financial arrangements, there is further direct exposure to credit risk arising in relation to the underlying investments in the two special situations debt pooled investment vehicles.

Pooled investment vehicles of £3,252 million (2023: £3,780 million) are held through partnership interests.

Credit risk on OTC derivative contracts (which include forward foreign exchange contracts) arises due to them not being traded on a regulated exchange and therefore the Scheme is subject to the risk of failure of the counterparty.

Cash is held with financial institutions which are at least investment grade credit rated.

As explained in the Investment Report the Scheme participates in securities lending to approved borrowers who are required to provide collateral valued in excess of securities on loan. The Committee re-invests cash collateral received into financial institutions which are at least investment grade credit rated.

### **Currency risk**

The Scheme is subject to currency risk because some of the investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). The table on the next page summarises the Scheme's net unhedged exposure by major currency at the year-end.

	<b>2024</b>	2023
	<b>£m</b>	Reanalysed £m
<b>Direct currency risk</b>		
US dollar	<b>543</b>	470
Hong Kong dollar	<b>223</b>	248
Japanese yen	<b>185</b>	155
Indian rupee	<b>165</b>	131
Euro	<b>141</b>	36
Taiwan dollar	<b>140</b>	107
Swiss franc	<b>109</b>	105
Chinese yuan	<b>86</b>	113
Canadian dollar	<b>76</b>	23
Danish krone	<b>76</b>	65
Other currencies	<b>365</b>	313
<b>Indirect currency risk</b>		
Pooled investment vehicles	<b>2,358</b>	2,984
	<b>4,467</b>	4,750

Given the changes in levels of unhedged foreign currency amounts year on year, the table above has been reanalysed to disclose the ten largest balances for the current year and the comparative amounts for the previous year. In the prior year, Australian dollars (£47m) and South Korean won (£45m) were included in the ten largest exposures. These have been noted above and included in the £313m for other currencies.

The Committee receives advice from CPTI regarding the management of currency risk which assists it in agreeing a currency hedging policy for the respective currency and asset class.

The Committee typically limits overseas currency exposure by hedging a proportion of the overseas investments' currency risk within agreed limits using forward foreign exchange contracts. The currency exposures within the bonds and private debt mandates are fully hedged and exposure to commodities is 75% hedged at the reporting date. Within the developed markets public equity mandate, exposure to US dollars and Euros is 75% hedged and exposure to Yen is 50% hedged.

### **Interest rate risk**

The Scheme is subject to interest rate risk because some investments are held in fixed income securities and debt included within pooled investment vehicles. The value of these investments is impacted by changes in interest rates which use valuation techniques where interest rates are an input. Loans included within the fixed income securities mandate and debt within the pooled investment vehicles are all based on floating interest rates and therefore carry negligible interest rate risk.

The table below summarises the Scheme's exposure to interest rate risk at the year-end.

	<b>2024</b>	2023
	<b>£m</b>	£m
<b>Interest rate risk</b>		
Fixed income securities	<b>1,837</b>	1,504
Pooled investment vehicles	<b>953</b>	995
	<b>2,790</b>	2,499

### **Other price risk**

Direct price risk arises principally in relation to equities, property and shipping. Indirect price risk arises in relation to equity, infrastructure and commodities investments held within pooled investment vehicles.

The table below summarises the Scheme's exposure to other price risk at the year-end.

	<b>2024</b>	2023
	<b>£m</b>	£m
<b>Direct price risk</b>		
Equities	<b>3,763</b>	3,650
Property	<b>1,019</b>	1,142
Shipping	<b>12</b>	15
<b>Indirect price risk</b>		
Equity pooled investment vehicles	<b>1,618</b>	2,042
Infrastructure pooled investment vehicles	<b>310</b>	706
Commodities pooled investment vehicles	<b>13</b>	-
	<b>6,735</b>	7,555

The Committee manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

### **25. Related undertakings of Mineworkers' Pension Scheme**

In accordance with The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015, a full list of related undertakings, the country of incorporation and the percentage of share class owned as at 30 September 2024 is disclosed on the next page. All undertakings are indirectly owned by MPS other than those indicated.

<b>Name of undertaking</b>	<b>Country of incorporation</b>	<b>Share class</b>	<b>% held by MPS</b>
Trustees of the Mineworkers' Pension Scheme Ltd <sup>1</sup>	England & Wales	Limited by guarantee	100 <sup>10</sup>
Coal Pension Trustees Services Ltd <sup>1</sup>	England & Wales	£1.00 A Ordinary shares <sup>9</sup>	100
Coal Pension Trustees Investments Ltd <sup>1</sup>	England & Wales	£1.00 Ordinary shares	50
Globe Investments (U.K.) Ltd <sup>1</sup>	England & Wales	£1.00 Ordinary shares	50
Coal Pension (Securities) Nominees Ltd <sup>1</sup>	England & Wales	Limited by guarantee	50
Coal Pension Venture Nominees Ltd <sup>2</sup>	England & Wales	Limited by guarantee	50 <sup>10</sup>
Coal Pension Properties Ltd <sup>3</sup>	England & Wales	Limited by guarantee	50 <sup>10</sup>
Crucible Residential Properties Ltd <sup>3</sup>	England & Wales	£1.00 Ordinary shares	50
MPS Property Holding Ltd <sup>3</sup>	England & Wales	£1.00 Ordinary shares	100
MPS Property GP Ltd <sup>3</sup>	England & Wales	£1.00 Ordinary shares	100
MPS Wembley Limited Partnership <sup>3</sup>	England & Wales	Limited Partnership	100
MPS Norwich Limited Partnership <sup>3</sup>	England & Wales	Limited Partnership	100
Greengate GP Limited Liability Partnership <sup>3</sup>	England & Wales	£1.00 Ordinary shares	54.5
Greengate (Manchester) Limited Partnership <sup>3</sup>	England & Wales	Limited Partnership	54.5
Greengate (Manchester) Nominee Limited <sup>3</sup>	England & Wales	£1.00 Ordinary shares	54.5
Exchange (Birmingham) Limited Partnership <sup>3</sup>	England & Wales	Limited Partnership	55.8
Exchange GP Limited Liability Partnership <sup>3</sup>	England & Wales	£1.00 Ordinary shares	55.8
MPS Property Holding 2 Ltd <sup>4</sup>	England & Wales	£1.00 Ordinary shares	100
Harworth Shipping Ltd <sup>5</sup>	Isle of Man	\$1.00 Ordinary shares	100
HSL MGC Shipping Ltd <sup>5</sup>	Isle of Man	\$1.00 Ordinary shares	100
MPS AAIP Cayman Feeder Ltd <sup>6</sup>	Cayman Islands	\$1.00 Ordinary shares	100
MPS AEPF3 Ltd <sup>6</sup>	Cayman Islands	\$1.00 Ordinary shares	100
MPS AIX Ltd <sup>6</sup>	Cayman Islands	\$1.00 Ordinary shares	100
MPS SSD Ltd <sup>7</sup>	Cayman Islands	\$1.00 Ordinary shares	100
TMPSL Investments Limited <sup>8 and 11</sup>	Jersey	\$1.00 Ordinary shares	100

The registered office addresses of the above undertakings are as follows:

- <sup>1</sup> Ground Floor, Ventana House, 2 Concourse Way, Sheaf Street, Sheffield, S1 2BJ.
- <sup>2</sup> 21 St. James's Square, London, SW1Y 4JZ.
- <sup>3</sup> 100 Avebury Boulevard, Milton Keynes, MK19 1FH.
- <sup>4</sup> 8 Sackville Street, London, W1S 3DG.
- <sup>5</sup> St George's Court, Upper Church Street, Douglas, Isle of Man, IM1 1EE.
- <sup>6</sup> c/o Maples Corporate Services Ltd, PO Box 309, Uglund House, South Church Street, Grand Cayman, KY-1104, Cayman Islands.
- <sup>7</sup> c/o Walkers Corporate Services Ltd, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9001, Cayman Islands.
- <sup>8</sup> Aztec Group House, IFC6, The Esplanade, St Helier, Jersey, JE4 0QH.
- <sup>9</sup> Coal Pension Trustees Services Ltd is a jointly owned entity of the Scheme and BCSSS. MPS holds 100% of the £1.00 A Ordinary shares of Coal Pension Trustees Services Ltd. BCSSS holds 100% of the £1.00 B Ordinary shares of Coal Pension Trustees Services Ltd.
- <sup>10</sup> Entity held directly by the Scheme.
- <sup>11</sup> Formerly MPS Investments S rl; this company was re-domiciled in Jersey and renamed.

**26. Investment Reserve Transfer**

On 22 October 2024, the Guarantor agreed with the Committee that, with effect from 30 June 2024, the full value of the Investment Reserve should be transferred to members. The balance was transferred from the Investment Reserve to the Bonus Augmentation Fund. This transfer has been recognised in the accounts at note 21.

**27. Pensions Administrator**

On 13 January 2025, following the transfer of the administration services contract, the Pensions Administrator function is being carried out by BT Pension Scheme Management Ltd (trading as Brightwell).

**28. Surplus Sharing Review**

Any surplus in the Guaranteed Fund at any Actuarial Valuation on or after 30 September 2023 is first used to repay any previous transfers from the Investment Reserve to the Guaranteed Fund, with any remaining surplus thereafter being split equally between the Bonus Augmentation Fund and the Guarantor's Fund. The Guarantor has committed to working closely with the Committee to review this surplus sharing arrangement. This review is ongoing. The outcome of the review will be communicated to members as soon as it is known.

## **Independent auditor's report to the Trustee of the Mineworkers' Pension Scheme**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of the Mineworkers' Pension Scheme (the 'Scheme'):

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 September 2024 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- contain the information specified in Clause 14 of the Scheme and Rules in respect of specific disclosure in relation to the sub-funds.

We have audited the financial statements which comprise:

- the fund account;
- the statement of net assets; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of the Trustee**

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed on the next page.



We considered the nature of the Scheme's industry and its control environment, and reviewed the Scheme's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of the Trustee and Coal Pension Trustee Services Ltd about their own identification and assessment of the risks of irregularities including those that are specific to the Scheme's business sector.

We obtained an understanding of the legal and regulatory framework that the Scheme operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Scheme and Rules set out in the Schedule to the Mineworkers' Pension Scheme (Modification) Regulations 1994 and as subsequently amended, Pension Act 1995, the Pensions Act 2004, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Scheme's ability to operate or to avoid a material penalty. These included the Scheme's regulatory requirements.

We discussed among the audit engagement team, including relevant internal specialists such as financial instruments and real estate specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances. In response we have: obtained an understanding of the relevant controls over investment holdings and transactions; agreed investment holdings to independent confirmations; and agreed investment and cash reconciliations to independent sales and purchase reports and bank statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.


In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of the Trustee and Coal Pension Trustees Services Ltd concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

- reading minutes of Trustee and sub-committee meetings and reviewing internal audit reports.

### **Use of our report**

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Scheme and Rules set out in the Schedule to the Mineworkers' Pension Scheme (Modification) Regulations 1994 and as subsequently amended. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
B7CE83ABFD7144D...  
**Deloitte LLP**  
Statutory Auditor  
Reading, United Kingdom  
*Date:* 25 March 2025

## SUMMARY OF THE ACTUARIAL REVIEW AS AT 30 SEPTEMBER 2023

An actuarial review of the Scheme is carried out by the Government Actuary usually once every three years. The latest review was carried out as at 30 September 2023, and is described in my report dated 15 July 2024. A summary of the results of the 2023 review is set out below.

The main purpose of a review is to determine whether there is a surplus or a deficiency in each of the Scheme's sub-funds by comparing the assets to the liabilities. The four sub-funds are:

- the **Guaranteed Fund** which pays the guaranteed pensions that accrued up to 1994. Under the terms of an agreement reached in 1994, any surplus arising in the Guaranteed Fund is shared equally between the members via the Bonus Augmentation Fund and the Guarantor via the Guarantor's Fund
- the **Bonus Augmentation Fund** which finances the award of new bonus pensions to members since 1994
- the **Guarantor's Fund** which finances phased payments to the Guarantor
- the **Investment Reserve** which contains the share of the unapplied surplus which was allocated to British Coal at the 1993 review and acts as a buffer against adverse experience in the Guaranteed Fund

### Sub-fund results at 30 September 2023 (post asset transfers)

	Assets £m	Liabilities £m	Surplus / (Deficit) £m	Comment
Guaranteed Fund	5,931	5,931	-	Guaranteed Fund in balance as the initial £1.1bn surplus is shared equally between the Bonus Augmentation Fund and the Guarantor's Fund
Bonus Augmentation Fund	2,158	1,319	839	The Bonus Augmentation Fund had a surplus of £839m following the transfer of £545m from the Guaranteed Fund, plus the initial surplus of £294m
Guarantor's Fund	1,053	440	613	The Guarantor's Fund had a surplus of £613m following the transfer of £545m from the Guaranteed Fund, plus the initial surplus of £68m
Investment Reserve	1,438	N/a	N/a	Assets in the Investment Reserve increased from £1,227m at the 2020 valuation in line with asset returns

### Outcome of the 2023 actuarial review

The key outcomes of the 2023 actuarial review were:

- **Members:** the surplus in the Bonus Augmentation Fund was utilised by the Trustee to award a bonus equal to 19% of each member's Guaranteed Fund pension at 22 September 2024. Additionally, an allocation of £4.3 million was made to support discretionary benefits.
- **Guarantor:** The surplus in the Guarantor's Fund can be utilised to provide payments to the Guarantor. A new schedule of payments will be determined, subject to consultation with the Trustee.

The valuation results depend on the value of the Scheme assets at the valuation date as well as on the assumptions made; the most important being the assumed rates of investment return and inflation, and the future mortality rates.

Fiona Dunsire, Fellow of the Institute and Faculty of Actuaries  
Government Actuary  
10 February 2025

## **Compliance Statement**

This statement is included to comply with recommendations contained in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (revised 2018), issued by the Pensions Research Accountants Group.

The Pensions Regulator's (TPR) Guidance for Trustees is available on the Pensions Regulator's website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk).

Trustees of the Mineworkers' Pension Scheme Limited is registered with the Information Commissioner's Office under the terms of the Data Protection Act 2018.

The registration number of the Scheme with the Pensions Regulator is 10058240.

The Scheme is a registered pension scheme under the provisions of Schedule 36 of the Finance Act 2004. Accordingly, under the provisions of sections 186 and 187 of the Finance Act 2004 its income and investment gains are free of taxation. However, income from trading activity is not investment income and will be assessed to tax in the normal way.

The investments of the Scheme are made in compliance with the Occupational Pension Schemes (Investment) Regulations 2005.

Cash equivalent transfer values paid during the year were calculated in accordance with the requirements of the Pension Schemes Act 1993.

The Trustee has written agreements in the form of contracts with all major service providers.

## **Changes to the Scheme Constitution, Rules or Basic Information**

### **Constitution of the Scheme**

The Mineworkers' Pension Scheme is governed by the Scheme and Rules set out in the Schedule to the Mineworkers' Pension Scheme (Modification) Regulations 1994 dated October 1994 with subsequent amendments.

### **Amendments to the Scheme and Rules**

The Scheme and Rules were amended effective 29 January 2024 to allow payments on death to be made without the need to see Grant of Probate or Letters of Administration if the value is less than £20,000 (increasing the previous threshold of £5,000). The Scheme and Rules were amended effective 22 October 2024 to document the transfer of the Investment Reserve as at 30 June 2024 to the Bonus Augmentation Fund and to enable the Trustees to provide further discretionary benefits to members from the Bonus Augmentation Fund.

### **Increases to Pensions in Payment**

Guaranteed pensions (in excess of any Guaranteed Minimum Pension (GMP) element) are reviewed annually in line with the percentage change in the Retail Prices Index (RPI) in June. The 2024 increase to guaranteed pensions, effective from 23 September 2024, was 2.9%. This was in addition to the new bonus pension of 19% of guaranteed pensions, effective 23 September 2024.

Following the agreement to bring forward the protection of bonus pensions no corresponding reduction was made to bonus pensions that had previously been in standstill and as a result members received an increase to total pensions equivalent to 2.9% of guaranteed pensions (excluding any GMP entitlement).

Changes to the Guaranteed pension do not apply to the element of the pension in payment representing any GMP which the Scheme is required to provide as a consequence of contracting out of the State pension arrangements. No increase is payable by the Scheme on any GMP in respect of Scheme membership before 5 April 1988. The Scheme will pay the first 3% of any annual cost of living increase due on the GMP for Scheme membership after 5 April 1988.

### **Increases to Benefits in Deferment**

Pensions in deferment are generally increased annually in line with price inflation either under statutory revaluation or the Guarantee arrangements. Deferred pensioners have also been awarded bonus increases following distributions of members' share of surplus declared at previous Actuarial Valuations.

All increases were in accordance with the Scheme and Rules or legislative requirements.

The new bonus pension of 19% will also be applied to deferred pensioners to ensure the increase is applied in a consistent fashion across the whole membership.

### **For more information**

A range of publications is available to members. Requests for copies should be addressed to the Scheme Secretary at:

The Scheme Secretary  
Mineworkers' Pension Scheme  
Coal Pension Trustees Services Limited  
Ventana House, 2 Concourse Way  
Sheaf Street, Sheffield S1 2BJ

This is also the registered office of Trustees of the Mineworkers' Pension Scheme Limited.

The Trustee can be contacted by email using the 'Contact us' facility on the website.

The Scheme Administrator can be contacted:

**By post:** MPS  
Sunderland  
SR43 4LE

**By telephone:** 0333 222 0077

**By email:** [mps@brightwellpensions.com](mailto:mps@brightwellpensions.com)

The Scheme's website, [www.mps-pension.org.uk](http://www.mps-pension.org.uk), gives members access to information about the Scheme, online copies of Scheme publications, and forms which can be printed off and used to notify the Scheme of changes in circumstances.

#### **Other useful addresses and contact details:**

**The Pensions Ombudsman**  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU  
[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

**Money Helper**  
(previously The Pensions Advisory Service)  
Money and Pensions Service  
Borough Hall  
Cauldwell Street  
Bedford  
MK42 9AP  
[www.maps.org.uk](http://www.maps.org.uk)

**The Pension Tracing Service**  
The Lantern  
High Street  
Ilfracombe  
EX34 9QB  
[www.pensiontracingservice.com](http://www.pensiontracingservice.com)

**The Pensions Regulator**  
Telecom House  
125-135 Preston Road  
Brighton  
BN1 6AF  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)