

Private & Confidential

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Dear Member

**Bradford & Bingley Staff Pension Scheme (the “Scheme”)
Important news about the Scheme: latest developments**

We wrote to you in March 2020 to update you on the Government’s intention to legislate to transfer the members of the Scheme to a new statutory, public service pension scheme.

Since March 2020, Her Majesty’s Treasury (“**HM Treasury**”) has been drafting clauses for inclusion as part of the Public Service Pensions and Judicial Offices Bill (the “**Bill**”) which, once formally enacted, will become an Act of Parliament and will be the primary legislation under which the powers to establish the new scheme will be set out. The Bill will also provide for other policy measures relating to public service pensions. The Government will use secondary legislation to set out the detailed provisions necessary to establish the new pension arrangements.

The Bill received its first reading in Parliament on 19 July 2021. The Bill and the supporting documents are available on Parliament’s website at <https://bills.parliament.uk/>.

The rest of this letter explains the parliamentary process and other points that are relevant to members in more detail.

In summary

Ever since Bradford & Bingley plc was taken into public ownership and the decision taken to run down its balance sheet, there has been the possibility that, at some point, the Scheme would be moved into government ownership to secure the future of members’ pensions.

The first part of that process took place in summer 2019 when the sponsorship of the Scheme transferred to UK Asset Resolution (**UKAR**). The second part of that process, as announced in the Spring Budget 2020, is to establish a new statutory public service scheme and transfer members into it.

Steps are now being taken to prepare the legislation required to establish the new scheme, but the parliamentary process for the Bill is not expected to be complete until 2022.

The secondary legislation which is anticipated to set out, at least in part, the precise details of the new scheme is not expected to be enacted until 2023 but this timetable could be accelerated or delayed depending on how the drafting work proceeds.

Next steps

The Trustee is working closely with its legal advisers and HM Treasury in relation to the legislative process to facilitate the setting up of the new scheme and documenting Scheme members' existing benefit entitlements. We will continue to communicate with you as the parliamentary process and the other work described in this letter progress to keep you up to date.

Just to reiterate, nothing in this announcement affects the security of your existing benefits or the current administration arrangements for providing your benefits. The Trustee will remain in place until the transfer to the new scheme has been completed. The Trustee will also continue to oversee the administration of benefits by the Scheme's current pension administrators, Deloitte Total Reward & Benefits Limited.

As explained, many of the details are still unknown at this stage, however we have established a new email helpline to help answer any immediate questions you may have. Please do not hesitate to contact BandB-HMTtransfer@mercer.com. Further support will be offered to you in the coming months, as more of the details become available.

Yours sincerely

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Sean Burnard

Chair of the board of directors of the Trustee
For and on behalf of the Trustee of the Scheme

Explanatory notes

What is a bill?

A bill is a proposal for a new law that can be introduced by either the House of Commons or House of Lords for examination, discussion and amendment. The explanatory notes at the end of this letter set out further detail on the parliamentary process by which a bill becomes law.

How does a bill become law?

Bills typically go through approximately 11 stages before they become law. A bill's first reading is usually a formality which takes place without debate. The next stage is the second reading which is the first opportunity for members of Parliament to debate the principles and purpose of the bill. Subsequent committee and report stages, and a third reading, provide opportunities for Parliament to suggest amendments and examine the bill in further detail.

Once the above stages have been completed in one of the Houses of Parliament, i.e. either the House of Lords or the House of Commons, the process is repeated in the other House.

Following this, each House considers the other's amendments until the exact wording of the bill has been agreed. This stage is known as "ping pong".

When both the House of Commons and House of Lords have agreed on the content of a bill it is presented to the reigning monarch for approval, known as Royal Assent. Once Royal Assent is given, a bill becomes an Act of Parliament and is law.

At what stage is the Bill in relation to the Scheme?

The Bill in relation to the Scheme received its first reading in the House of Lords on 19 July 2021, which means it has been announced formally as a bill. No debate has yet taken place in relation to the content of the Bill. A second stage reading is likely to be scheduled to take place following the summer parliamentary recess, which is due to end on 5 September 2021.

The Trustee and its legal advisers will continue to work closely with HM Treasury in relation to the Bill throughout the parliamentary process. HM Treasury has indicated that the Bill may receive Royal Assent some time in 2022, but timings remain subject to completing all of the steps in the process.

Please note that the precise details of the new scheme are likely to be set out, at least in part, in secondary legislation. This is legislation that follows the Bill and it does not form part of the Bill itself. That secondary legislation has not yet been prepared and will be introduced to Parliament after the Bill has received Royal Assent. The Bill requires that the Trustee is consulted in the preparation of the secondary legislation that will establish the new scheme and transfer the Scheme's assets and liabilities.

