# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Update on Mineworkers’ Pensions** |
| **DATE** | **05 March 2019** |
| **BY** | **Mark Drakeford AM, First Minister** |

The central role of coal mining to Wales’ history, and the legacy it has left behind, are not new to the National Assembly. That legacy includes mineworkers’ pensions, and the question of how surpluses generated by the pension schemes are distributed. Though this is not devolved, and is a matter for the UK Government, the welfare of those who depend on the Mineworkers’ Pension Scheme (MPS) is undoubtedly our concern. The previous First Minister wrote to the UK Government about this in 2016 and again in 2017.

I recently met the National Union of Mineworkers to discuss their progress in looking after the approximately 22,000 people in Wales who are among the scheme’s nearly 140,000 current and future beneficiaries across the UK.

Since the privatisation of the Scheme in 1995, the UK Government has guaranteed that ‘core pensions’ would never be lost to the coal miners or their widows. In exchange for this guarantee, it has received 50% of any surpluses generated by the Fund.

When this arrangement was put in place, it was envisaged the UK Government would receive around £2 billion over a twenty-five year period. In fact, I understand that the total return, to all Governments since then from the MPS, has been approximately £4.5 billion, creating a windfall to the UK Government at the expense of those who rely on the Scheme.

The unfairness of that position has resulted in campaigns for reform in many parts of the United Kingdom, including here in Wales.

I recognise the need for proper, safe and well-managed arrangements for this pension scheme, and the important role that the UK Government plays in guaranteeing core pensions. But the level of return from surpluses generated by the scheme should be proportionate to the risk and mindful of the wider needs of the scheme beneficiaries.

The National Union of Mineworkers has commissioned a detailed financial report, from two separate Pensions Actuaries, which examined the history and operation of the Scheme. The report identifies practical actions to remedy the unfairness of the current arrangements. I agree with the report’s analysis that the current approach to distributing surpluses is unfair and should be reviewed as a matter of urgency.

I have therefore written to the UK Government and to the Scheme Trustees to ask them once again to review this scheme, and to consider revising the approach to the division of surpluses, to agree a new and fairer distribution of those surpluses and thus improve pensioners’ benefits and reflect the true level of risk the guarantee represents.

I hope the UK Government will respond to the issues raised in the report, and undertake to work with the NUM to deliver a positive outcome for the scheme’s dependents. I have asked the UK Government to recognise the urgency of this review, as many of the beneficiaries are elderly and cannot wait for a protracted bureaucratic process to take place.