

Mr. H Baines
Chairman
Lloyds Banking Group Pensions Trustee Limited
25 Gresham Street
London
EC2V 7HN

15th April, 2021

Dear Mr. Baines

Lloyds Banking Group – Inflation Changes

We are the largest independent trade union in Lloyds Banking Group representing members in all of the Group's pension schemes.

You will be aware that on the 25th November 2020, HM Treasury and the UK Statistics Authority published their response to the consultation on the reform of the retail price index (RPI).

As proposed in the consultation, the methods and data resources of the consumer price index including housing costs (CPIH) will be brought into RPI. RPI and CPIH will continue to be calculated separately and will be published as separate indices and growth rates. Given the affect of the change on the holders of index-linked gilts, the wider index-linked guilt market and any consequences for public finances, the Chancellor confirmed that the change would be effective from February 2030.

It is estimated that over ten million pension scheme members will be adversely affected by this change either from lower payments or lower transfer values. A significant number of those will be members of one of Lloyds Banking Banking Group's final salary pension schemes. Women will suffer the most from this change as they typically live longer.

The Trustee of the Ford, BT and Marks and Spencer pension schemes are seeking a judicial review of the decision to replace RPI with CPIH. We would urge Lloyds Banking Group Pensions Trustees Limited to join this legal action on behalf of those tens of thousands of pension scheme members who are going to be adversely affected by the change to the calculation of inflation. I should be grateful if you could confirm whether you were approached to join the legal action before it was started. If you decide not to join the action, I should be grateful if you could provide us with an explanation of your decision so that we can communicate that to our members.

A copy of my letter and your response will be placed on the Union's website in due course

I look forward to receiving your response.

Yours sincerely



Mark V Brown
General Secretary