

Willsher & Quick Pension Scheme ("the Scheme")

Chair's statement regarding the governance of defined contribution arrangements

Scheme year - 6 April 2023 to 5 April 2024

1. Introduction

- 1.1. This statement has been prepared by Ross Trustees Services Limited, the Professional Corporate Sole Trustee of the of the Willsher & Quick Staff Pension Scheme ("the Scheme"), to report on compliance with governance standards.
- 1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.
- 1.3. This statement covers the scheme year 6 April 2023 to 5 April 2024. Prior to July 2024 and during the scheme year, the Trustee of the Scheme was Cooper Pensions Limited ("the Trustee").

2. The Scheme's DC arrangements

- 2.1. The Scheme's DC arrangements comprise:
 - 2.1.1. Benefit provision after 6 April 1997 on a DC basis ("the DC Section"). The Scheme closed to future contributions on 30 September 2006.
 - 2.1.2. AVCs paid to the Scheme which have been invested in line with the investment funds available in the DC Section, although there are no longer any uncrystallised AVC funds.
 - 2.1.3. Prior to 6 April 1997 members accrued benefits on a defined benefit ("DB") basis. Between 4 June 1988 and 5 April 1997 these DB benefits were subject to a DC underpin. During the reporting period, all benefits for this period of pensionable service were settled on a DB basis (i.e. the DC underpin did not apply).

3. Default investment arrangements

- 3.1. The Scheme has no default investment arrangements.
- 3.2. The Scheme is not and has never been used by the sponsoring employer to meet its auto-enrolment obligations.
- 3.3. For completeness, a copy of the Scheme's SIP dated July 2024 is appended to this statement, detailing the Scheme's investment arrangements and their aims and objectives during the reporting period. This covers the whole of the Scheme, so is not a statement prepared in accordance with regulation 2A of the Occupational Pension Scheme (Investment) Regulations 2005. The SIP does however, set out the Trustee's investment policy that includes the investment of DC members' funds.

4. Core financial transactions

- 4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. The DC Section's core financial transactions comprise the following:
 - 4.2.1. Investment switches within the DC Section
 - 4.2.2. Transfer payments out of the Scheme
 - 4.2.3. Payments out of the Scheme

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- 4.3. Core financial transactions for the DC Section are undertaken by the Scheme's administrator, Barnett Waddingham LLP ("Barnett Waddingham") on behalf of the Trustee. These transactions involve liaison between Barnett Waddingham and the DC Section's investment manager to ensure core financial transactions are made in a timely and accurate manner.

Controls and monitoring arrangements

- 4.4. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:

- 4.4.1. The Trustee has Service Level Agreements (SLAs) in place with Barnett Waddingham. Barnett Waddingham aims to ensure a minimum of 95% of core financial transactions are processed within the SLAs set out below:

Core financial transaction	Service Level Agreement
Transfer out payments	10 working days to provide transfer value details and 3 working days to arrange payment
Investment switches	5 working days
Deaths	2 days on notification and 5 days for each stage
Retirement	5 working days

- 4.4.2. In order to monitor Barnett Waddingham's performance against SLAs, the Trustee receives quarterly administration reports from Barnett Waddingham. These reports include cash flow monitoring, summaries of member transactions, reporting of service performance against the SLAs and identifying any issues arising regarding administration timeliness and/or accuracy. Reports are considered at each Trustee Meeting.
- 4.4.3. Internal checking procedures are applied to all processes by Barnett Waddingham to monitor the accuracy of core financial transactions.
- 4.4.4. Monitoring of accuracy is undertaken via the auditing of the Scheme's annual report and accounts and periodic auditing of the Scheme's membership data. In addition, the administrator's processes are subject to internal controls procedures.
- 4.4.5. Barnett Waddingham operates a pooled banking facility. The Barnett Waddingham pension administration system is updated daily to show reconciled balances to the pooled banking system.
- 4.4.6. Additional measures that help to monitor the accuracy of core financial transactions are the external audit of the Scheme's annual report and accounts.
- 4.4.7. Barnett Waddingham also publishes an annual Assurance Report on Internal Controls which is externally audited. No concerns have been raised by the audit which have been brought to the Trustee's attention.

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- 4.4.8. Any material issues uncovered regarding inaccuracies with core financial transactions are included within the administrator's quarterly reporting to the Trustee.
- 4.5. The Trustee is satisfied that the Scheme's administrator and investment managers have sufficient processes and controls in place to process core financial transactions promptly and accurately.

Performance during the Scheme year

- 4.6. There were no issues in connection with either the promptness or accuracy of core financial transactions processed during the period covered by this statement.

Assessment

- 4.7. In view of the controls and monitoring arrangements in place, and the lack of issues experienced during the scheme year, the Trustee believes that core financial transactions have been processed promptly and accurately.

5. Member-borne charges and transaction costs

- 5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:
- 5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).
- 5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the DC Section

- 5.2. The following table provides details of the charges and transaction costs for each of the investment options provided through the DC Section over the scheme year (data sourced from LGIM):

Investment option	TER (p.a.)	Transaction costs 2023/24**	Average transaction costs (p.a.)***
LGIM Lifestyle Strategy*	0.1349% - 0.3775%	-0.1032% - 0.0042%	-0.0687% - -0.0083%
LGIM Diversified Fund	0.3775%	0.0039%	-0.0083%
LGIM Sterling Liquidity Fund	0.1349%	-0.1032%	-0.0687%

* The quoted charges and transaction costs for lifestyle strategies are calculated as a composite of the underlying fund charges and transaction costs. These fund holdings and therefore also charges will vary depending upon each member's term to retirement age.

** In certain circumstances, the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes down the price of the asset being traded, whilst the transaction was in progress, resulting in the asset being purchased for a lower price than when the trade was initiated.

*** Average transaction costs over a five-year period up to 31 March 2024

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Impact of costs and charges

- 5.3. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustee has produced illustrations and these are set out in the Appendix.

6. Disclosure of net investment returns

- 6.1. The Trustee is required to disclose returns, net of charges and transaction costs, for each investment strategy and fund that members are able, or were previously able, to select and in which members' assets were invested during the Scheme year. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.
- 6.2. For the LGIM Lifestyle Strategy, the underlying funds used and therefore the net returns changes over time. Net returns are shown over various periods to the end of the Scheme year for a member aged 25, 45 and 55 at the start of the period and assuming a retirement age of 65:

LGIM Lifestyle Strategy

Age of member at start of period	Annualised Return – 1 year to 31 March 2024	Annualised Return – 3 years to 31 March 2024	Annualised Return – 5 years to 31 March 2024
25			
45	8.28%	2.81%	4.35%
55			
60	7.64%	2.73%	3.80%

Self-select funds

Investment fund	Annualised Return –1 year to 31 March 2024	Annualised Return – 3 years to 31 March 2024	Annualised Return – 5 years to 31 March 2024
LGIM Diversified Fund	8.28%	2.81%	4.35%
LGIM Sterling Liquidity Fund	5.07%	2.39%	1.59%

7. Value for members

- 7.1. Regulations require the Trustee to assess the extent to which the Scheme provides value for members.
- 7.2. The method to be used for this assessment changed for schemes with assets of less than £100m that have been operating for three years or more, effective for scheme years ending after 31 December 2021. The Scheme fits these criteria.
- 7.3. The assessment comprises three components:
- 7.3.1. An assessment of costs and charges relative to the average costs and charges for three comparator schemes.
- 7.3.2. An assessment of net investment returns relative to the average net investment returns for three comparator schemes.

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- 7.3.3 A self-assessment across seven key metrics of scheme administration and governance.
- 7.4. For the relative assessments, costs and charges and net returns for default arrangements should be compared with those for the default arrangements of the comparator schemes. In addition, costs and charges and net returns for popular self-select funds should be compared with those for the nearest comparable funds in the comparator schemes (or, where there is no comparable fund, a comparator scheme's default arrangement).
- 7.5. The value for members assessment was undertaken in accordance with the statutory guidance for the Scheme year. Analysis was undertaken by Barnett Waddingham LLP and the findings considered and the outcome confirmed.
- 7.6. The following comparator schemes were used for the relative components of the assessment: the People's Pension, the Smart Pension Master Trust and an own trust hybrid scheme with over £100m in assets under management.
- 7.7. The outcomes of the three components of the assessment were:
- 7.7.1. Giving greater weight to the LGIM Lifestyle Strategy, costs and charges for the Scheme were significantly lower than the average for the comparator schemes. The Trustee therefore concluded that the Scheme provides good value for members in relation to costs and charges.
- 7.7.2. Again, giving greater weight to the LGIM Lifestyle Strategy, net returns for the Scheme were significantly lower than the average for the comparator schemes. The Trustee therefore concluded that the Scheme provides significantly less value for members in relation to net investment returns.
- 7.7.3. The Trustee considered all seven metrics across scheme administration and governance. The Trustee concluded that the Scheme provides good value for members in relation to administration and governance and no areas for concern were noted.
- 7.8. Taking the three components into account, the Trustee concluded that overall, the Scheme provides moderate value for members.

8. Trustee knowledge and understanding

The Trustee Board

- 8.1. During the Scheme year, the Trustee Board comprised three Trustee Directors, one of whom was nominated by the members and two of whom were appointed by the Company, including a professional trustee, Ross Trustees Services Limited ("Ross Trustees"), that acted as Chair of the Trustee Board.
- 8.2. Outside the reporting period of this Statement, in July 2024 Cooper Pensions Limited ceased to be the Trustee of the Scheme and was replaced by Ross Trustees as the Professional Corporate Sole Trustee ("the PCST") of the Scheme. Whilst the Statement has been prepared by Ross Trustees, the below references activity during the scheme year whereby Cooper Pensions Limited was the Trustee of the Scheme.
- 8.3. Ross Trustees is represented by Grant Suckling, Andrew Hitchcock and Dominic Thurlow, who have the requisite qualifications, knowledge, skills and support from Ross Trustees to undertake a trustee role effectively.

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- 8.4. Grant Suckling, Andrew Hitchcock and Dominic Thurlow, are 'fully accredited' as a professional Trustees by the Association of Professional Pension Trustees ("APPT") through its official accreditation programme. The official accreditation framework, which is overseen by the APPT, is designed to promote and maintain the highest possible standards across the professional trustee industry. In order to become accredited, professional trustees need to demonstrate their competency through passing exams covering technical and soft skills, as well as demonstrating that they are fit and proper, through criminal record and professional reference checks.

Trustee knowledge and understanding requirements

- 8.5. Trustee Directors are required to be conversant with a scheme's main documents, and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

- 8.6. The Trustee Directors aim to remain conversant with the Scheme's trust deed and rules as well as all other Scheme documents such as the SIP, risk register and current policies, e.g. conflicts of interest. They do so through their experience in governing the Scheme, as well as specific activities over the Scheme year and access to professional advice.
- 8.7. The Trustee Directors aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training and taking professional advice.
- 8.8. There is a training programme in place that includes an annual review by the Trustee Directors to identify knowledge gaps and training needs in relation to emerging legislation, Scheme changes and upcoming matters in the Scheme's Business Plan. The training programme also includes completion of the Pensions Regulator's trustee toolkit. A training log is maintained in relation to training undertaken and is reviewed at each Trustee meeting.
- 8.9. The training programme is supplemented with training activities such as attending seminars and conferences, and reading pensions-related articles.
- 8.10. An induction process is in place for newly appointed Trustee Directors, which involves the provision of an induction pack, a half-day initial training session with the Trustee's legal advisers, an initial knowledge assessment and a plan to address gaps identified.
- 8.11. The Trustee Directors consult with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustee Directors on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Scheme's documents, attending trustee meetings and often in the delivery of training at these meetings.

Activities over the Scheme year

- 8.12. The Trustee Directors reviewed the following Scheme documents:
- 8.12.1. the risk register
 - 8.12.2. annual report and accounts
 - 8.12.3. conflicts of interest policy

8.12.4. hospitality log

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8.12.5. business plan

8.12.6. Internal disputes resolution procedure (IDRP)

8.12.7. Trustee training log

8.12.8. overpayment policy

8.12.9. statement of investment principles (SIP)

8.12.10. cyber policy

8.13. Three Trustee Directors have departed during the Scheme year with one Trustee Director being appointed. The induction process was followed.

8.14. The structured training programme was followed during the Scheme year with annual self-assessments completed by all Trustee Directors following one-to-one discussions with the Chair. The training log was reviewed and updated.

8.15. The Trustee Directors received training over the Scheme year on:

8.15.1. The Pensions Regulator's General Code of Practice

8.15.2. Insurance buyouts

8.15.3. Potential uses of Defined Benefit surplus

8.16. During the Scheme year, the Trustee Directors took professional advice on:

8.16.1. undertaking the annual value for members assessment

8.16.2. disclosure of costs, charges and investments

8.16.3. cyber security and business continuity planning

8.16.4. updating the Scheme's SIP

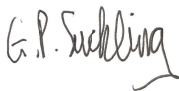
8.16.5. Members' rights to commute DC pension for a lump sum from their DC Section benefits

8.16.6. Compliance with the new general Code of Practice via conducting a gap analysis against requirements for a new Effective System of Governance (ESOG).

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Assessment

- 8.17. The Trustee Directors consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions in the following ways:
- 8.17.1. The Trustee Directors are able to challenge and question advisers, service providers and other parties effectively
 - 8.17.2. Trustee decisions are made in accordance with the Scheme rules and in line with trust law duties
 - 8.17.3. The Trustee Directors’ decisions are not compromised by such things as conflicts or hospitality arrangements



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Grant Suckling, Chair of the Trustee

24 October 2024

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Date

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Appendix – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

Parameters used for the illustrations

A1.2. The membership of the DC Section and the investment options offered were analysed in determining the parameters to be used.

A1.3. Pot size: a pot size of £20,000 has been used as it is the mean fund value, rounded to the nearest thousand, and is representative of the Scheme's membership.

A1.4. The Trustee has not included future contributions as the Scheme is closed to contributions.

A1.5. Timeframe: the illustrations are shown over a 15 year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.

A1.6. Investment options: the investment options selected for the illustrations include the most popular by number of members (the LGIM Lifestyle Strategy), the LGIM Diversified Fund and the LGIM Sterling Liquidity fund, as these are the only investment options currently selected by members.

Investment option	Rationale for inclusion	Assumed return above inflation*	TER	Average Transaction cost**
LGIM Lifestyle Strategy	Primary investment option and most popular choice	1.75% - 4.00%	0.1349% - 0.3775%	-0.0687% - -0.0083%
LGIM Diversified Fund	LGIM Lifestyle Growth Fund and investment option	4.00%	0.3775%	-0.0083%
LGIM Sterling Liquidity Fund	LGIM Lifestyle De-risking Fund and investment option	1.75%	0.1349%	-0.0687%

* Projected growth rates, gross of costs and charges, for each investment option are in line with the 2023 Statutory Money Purchase Illustrations (SMPIs).

** The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. Where the average transaction costs are shown as a negative figure, we have assumed these to be zero when considering the funds to be used for the illustrations and when producing the illustrations themselves.

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Guidance to the illustrations

A1.7. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.8. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.

A1.9. Values shown are estimates and not guaranteed.

A1.10. The starting date for the illustrations is 6 April 2024.

A1.11. The illustrations are presented in two different ways:

A1.11.1. For the LGIM Lifestyle Strategy, the illustrations should be read based on the number of years until the member reaches their retirement age. This is because the underlying funds used and therefore the costs and charges changes over time and this is reflected in the illustrations.

A1.11.2. For the self-select fund, the illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

The LGIM Lifestyle Strategy

A1.12. This is the lifestyle strategy for the DC Section and the most popular choice by number of members.

Illustration basis	Years of membership	Starting pot size £20,000	
		Before charges	After charges
Deferred member	0	£20,000	£20,000
	1	£20,407	£20,386
	3	£21,522	£21,416
No contributions	5	£22,990	£22,750
	10	£27,751	£27,001
	15	£33,606	£32,134

Note on how to read this table: If a member had £20,000 invested in this option on 6 April 2024, when they came to retire in 15 years, the savings pot could grow to £33,606 if no charges are applied but to £32,134 with charges applied.

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LGIM Diversified Fund

A1.13. This fund has been included because it is one of two investment funds for members to invest in outside of the LGIM Lifestyle Strategy.

Illustration basis	Years of membership	Starting pot size £20,000	
		Before charges	After charges
Deferred member	0	£20,000	£20,000
	1	£20,780	£20,708
	3	£22,434	£22,202
No contributions	5	£24,219	£23,802
	10	£29,328	£28,327
	15	£35,515	£33,713

Note on how to read this table: If a member had £20,000 invested in this option on 6 April 2024, when they came to retire in 15 years, the savings pot could grow to £35,515 if no charges are applied but to £33,713 with charges applied.

LGIM Sterling Liquidity Fund

A1.14. This fund has been included because it is one of two investment funds for members to invest in outside of the LGIM Lifestyle Strategy.

Illustration basis	Years of membership	Starting pot size £20,000	
		Before charges	After charges
Deferred member	0	£20,000	£20,000
	1	£20,341	£20,329
	3	£21,042	£21,002
No contributions	5	£21,767	£21,698
	10	£23,689	£23,539
	15	£25,782	£25,537

Note on how to read this table: If a member had £20,000 invested in this option on 6 April 2024, when they came to retire in 15 years, the savings pot could grow to £25,782 if no charges are applied but to £25,537 with charges applied.