

Willsher & Quick Pension Scheme (“the Scheme”)

Chair’s statement regarding the governance of defined contribution arrangements

Scheme year - 6 April 2024 to 5 April 2025

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 2024 to 5 April 2025. Ross Trustees Services Limited were appointed as the Professional Corporate Sole Trustee (“the Trustee”) of the Scheme effective 18 July 2024.
- 1.4. Prior to 18 July 2024 and during the Scheme year, the Trustee of the Scheme was Cooper Pensions Limited.
- 1.5. The Scheme is not and has never been used by the sponsoring employer to meet its auto-enrolment obligations.

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. All members are invested in the Legal & General Investment Management (LGIM) Lifestyle Strategy (“the Default”).
- 3.2. The key features of the Default are:
 - 3.2.1. The Default uses a ‘lifestyle’ strategy to automatically reduce risk/volatility in the years approaching retirement age.
 - 3.2.2. Up until 8 years before a member’s retirement age, the Default wholly invests in the LGIM Diversified Fund before automatically and gradually switching into the LGIM Sterling Liquidity Fund until at a member’s retirement age, the Default invests solely in the LGIM Sterling Liquidity Fund.

Asset allocation of the default

- 3.3. We have provided further details in the table below of the underlying asset allocation of the Default. We have provided this information in line with statutory guidance.

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- 3.4. Within the Default, the underlying assets change over time. Asset allocations are shown for members aged 25, 45, 55 and 1 day before retirement age, all assuming retirement at age 65.

Asset Class	Allocation (%) Under 57 years old	Allocation (%) 1 day before retirement age (65)
Cash	0	100
Bonds	22	0
Listed Equities	35	0
Private Equity	2	0
Infrastructure	6	0
Property/Real Estate	6	0
Private Debt/Credit	2	0
Other	27	0

Aims and objectives of the Default

- 3.5. The Default aims to invest in medium to higher risk funds (i.e. investment largely in growth assets) in search of long-term inflation-protected growth whilst members are a long way from accessing their retirement savings, switching progressively to cash over the years preceding the member's selected retirement date.
- 3.6. The Trustee expects that the majority of members' DC benefits will be used to provide cash lump sums at retirement, allowing for the interaction between the Scheme's DB and DC benefits.

Review of the Default

- 3.7. No formal review of the Default was undertaken in the Scheme year. The strategy and performance of the default were last formally reviewed as at July 2018.
- 3.8. The Trustee monitors the performance of all investment options, including the Default, on a quarterly basis. These quarterly reviews are part of the regular governance of the Scheme and do not constitute a formal review of the default.
- 3.9. Due to the period of time since the previous trustee reviewed the Default, the Trustee expects to carry out a review during the 2025/26 Scheme year.

Further information on the Default

- 3.10. Details of the Default are set out in the attached 'statement of investment principles' (SIP) dated July 2024, detailing the Scheme's investment arrangements and their aims and objectives for the whole Scheme during the reporting period.

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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
- 4.3. Core financial transactions for the DC Section are undertaken by 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.

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- 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.
- 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. During the reporting period covered by this statement, all core financial transactions applicable to the Scheme had at least one quarter whereby SLAs were missed. However, the overall volume of core financial transactions that weren't completed within agreed SLAs remained low over the Scheme year. The Trustee will continue to monitor the performance of Barnett Waddingham with a view to ensuring such short-term dips in performance do not continue in the long-term.

Assessment

- 4.7. In view of the controls and monitoring arrangements in place, and the volume 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 the Default and underlying investment funds provided through the DC Section over the Scheme year (data sourced from LGIM):

Investment option	TER (p.a.)	Transaction costs 2024/25**	Average transaction costs (p.a.)***
Default*	0.1446% - 0.3963%	-0.0097% - 0.0275%	-0.0631% - 0.0006%
LGIM Diversified Fund	0.3964%	0.0275%	0.0006%
LGIM Sterling Liquidity Fund	0.1446%	-0.0097%	-0.0631%

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- * 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 2025

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 Default, 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:

Age of member at start of period	Annualised Return – 1 year to 31 March 2025	Annualised Return – 3 years to 31 March 2025	Annualised Return – 5 years to 31 March 2025	Annualised Return – 10 years to 31 March 2025
25				
45	4.53%	2.40%	6.53%	5.34%
55				
60	4.63%	2.73%	5.71%	4.56%

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.
 - 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

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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, L&G Target Date Funds and the Smart Pension Master Trust.
- 7.7. The outcomes of the three components of the assessment were:
 - 7.7.1. The costs and charges for the Scheme were moderately 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. Net returns for the Scheme were moderately lower than the average for the comparator schemes. The Trustee therefore concluded that the Scheme provides moderately 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 moderate 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. Until 18 July 2024, 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. Following this, Cooper Pensions Limited ceased to be the Trustee of the Scheme and was replaced by Ross Trustees (part of the Independent Governance Group) as the Professional Corporate Sole Trustee 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.
- 8.4. Grant Suckling, Andrew Hitchcock and Dominic Thurlow, are 'fully accredited' as 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.

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Trustee knowledge and understanding requirements

8.5. The Trustee is 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 aims 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 aims 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. As noted in 8.3 & 8.4 above, as per the Trustee's responsibility as a Professional Corporate Sole Trustee, the Trustee maintains a log of training undertaken and complies with the Continuous Professional Development ("CPD") requirements of the APPT.

8.9. The Trustee is represented by Grant Suckling, Andrew Hitchcock and Dominic Thurlow, who have access to and the support of a broad multi-disciplinary team at by Ross Trustees (part of the Independent Governance Group) who meet regularly to discuss topical pension issues, and as members of the APPT are required to undertake a minimum of 25 hours CPD each year which is monitored by Ross Trustees and the APPT.

8.10. The Trustee consults 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 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

8.11. The Trustee reviewed the following Scheme documents:

8.11.1. The risk register

8.11.2. Annual report and accounts

8.11.3. Conflicts of interest policy

8.11.4. Business plan

8.11.5. Internal disputes resolution procedure (IDRP)

8.11.6. Statement of investment principles (SIP)

8.11.7. Cyber security policy

8.11.8. Remuneration policy

8.12. Four Trustee Directors departed during the Scheme year due to the cessation of Cooper Pensions Limited acting as the Trustee and the appointment of Ross Trustees as Professional Corporate Sole Trustee. As Ross

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Trustees were already a Director of Cooper Pensions Limited prior to its subsequent appointment, an induction process was not required.

8.13. The Trustee received training over the Scheme year on:

8.13.1. The Pensions Regulator's General Code of Practice

8.13.2. Cyber security and business continuity planning

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

8.14.1. Undertaking the annual value for members assessment

8.14.2. Disclosure of costs, charges and investments

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

8.14.4. Compliance with the new general Code of Practice via producing a new Effective System of Governance (ESOG).

Assessment

8.15. The Trustee considers that its combined knowledge and understanding, together with its access to professional advice, enables them to properly and effectively exercise their trustee functions in the following ways:

8.15.1. The Trustee is able to challenge and question advisers, service providers and other parties effectively

8.15.2. Trustee decisions are made in accordance with the Scheme rules and in line with trust law duties

8.15.3. The Trustee's decisions are not compromised by such things as conflicts or hospitality arrangements

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Grant Suckling, Chair of the Trustee

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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 median 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 option selected for the illustrations include the Default which is the only investment option available through the DC Section.

Investment option	Rationale for inclusion	Assumed return above inflation	TER	Average Transaction cost*
Default	Default and only investment option for the DC Section	1.75% - 4.00%	0.1446% - 0.3963%	-0.0631% - 0.0006%

* 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.

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 2025.
- A1.11. The illustrations are presented in two different ways:
- A1.11.1. For the Default, 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.

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The Default

A1.12. This is the default investment arrangement (and sole investment option) for the DC Section.

Illustration basis	Years of membership	Starting pot size £20,000	
		Before charges	After charges
	0	£20,000	£20,000
Deferred member	1	£20,780	£20,703
	3	£22,434	£22,184
	5	£24,219	£23,771
No contributions	10	£29,235	£28,176
	15	£33,606	£32,018

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 £32,018 with charges applied.