

## Assessing Value for Members – detailed assessment

The 2015 Regulations require Trustees to annually assess the “Value for Members” of a scheme’s money purchase benefits including Additional Voluntary Contributions (“AVCs”). This paper gives our assessment of the Scheme’s Value for Members (“VfM”) for approval by the Trustees.

A summary of the VfM assessment must be included in the Chair’s Statement for a “relevant scheme”. The Pensions Regulator may also ask to see the assessment and so it is important that the approval of this assessment is minuted by the Trustees and a copy of this paper kept in the Trustees’ records.

This paper has been based on our understanding of the Regulations and the Pensions Regulator’s current guidance. It includes:

- A summary for inclusion in the Chair’s Statement;
- The agreed approach to assessing VfM, and details on missing information / limitations;
- The rationale for the ratings given, and an action plan for the next year; and
- Supporting Scheme costs and charges disclosure information along with investment performance in the appendix.

We would be happy to discuss this paper with you.

Kirsty Moffat, Senior DC Investment Consultant

For and on behalf of Hymans Robertson LLP

November 2024

**Disclosure, reliance and limitations**

This paper should not be released or otherwise disclosed to any third party except as required by law or regulatory obligation or without our written consent. We accept no liability where the paper is used by or released or otherwise disclosed to a third party unless we have expressly accepted such liability in writing. In preparing this paper we have relied upon information supplied by the providers.

**General Risk Warning**

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investments in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an overseas investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

**With Profits Warning**

The performance of a with-profit policy is dependent on the bonuses declared by the insurance company and the manner in which these are distributed. Surrender of a policy during the early years may reflect the higher incidence of charges during this initial period. In addition, surrender or contractual termination may trigger an adjustment (“market value adjustment”) to the amount payable in certain market conditions. This adjustment is applied at the discretion of the insurance company to protect the interests of continuing policyholders.

# 1 Summary for inclusion in Chair's Statement

Each year, with the help of their advisers, the Trustees carry out an assessment of whether the Scheme represents good Value for Members.

## Approach

The Scheme is a “specified scheme” as described by The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 (‘the 2021 Regulations’) which means that the Trustees must carry out a more detailed assessment of Value for Members.

The Trustees adopted the following approach to assessing Value for Members for the last year:

- Costs and charges – considered the costs and charges of the Scheme’s investment funds and compared these with 3 other “comparator schemes”
- Net investment returns – considered the net investment returns of the Scheme’s investment arrangements and funds, and compared these with 3 other “comparator schemes”
- Scheme governance and administration – assessed the Scheme on an absolute basis against 7 key governance and administration criteria
- Rating – each factor was rated on the below basis

## Results for the year ending 30 April 2024

**The Scheme provided AVERAGE Value for Members in the year ending 30 April 2024.**

The rating criteria used in the assessment were:

Rating	Definition
Good	The Trustees consider the Scheme offers good value for members overall, with returns and costs & charges that are better than the average of the 3 comparator schemes, as well as providing administration and governance services that are of sufficient / good / excellent quality.
Average	The Trustees considers the Scheme offers average value for members overall, with returns that are similar to the average of the 3 comparator schemes (and there are no mitigating factors). The Scheme’s costs & charges are similar to the average of the 3 comparator schemes (and there are no mitigating factors). The Scheme meets the majority of the administration and governance metrics.
Poor	The Trustees considers the Scheme offers poor value for members overall, with returns and costs & charges that are worse than the average of the 3 comparator schemes with no mitigating factors, and the Scheme does not meet all administration and governance metrics.

- The rationale for the rating of each service was in outline:

Factor and weighting	Rating	Rationale
Costs and charges 30%	Average	<p>The total charges and transaction costs in the default arrangement are higher than that of the comparator schemes' average, although, it should be re-iterated that the charge structure for the Scheme's default fund (being a With Profits fund) is markedly different to those of the comparators, and this has been taken into account.</p> <p>Transaction costs were higher than that of the average of the comparator schemes.</p>
Net investment returns 35%	Average	<p>The overall yield in the default arrangement is in line with the net investment returns of the comparator schemes' average. The default arrangement is a With Profits Fund and therefore offers bonuses to members that would not be applicable from other fund types.</p> <p>The net investment returns for funds in which members of the Scheme have self-invested have shown a mixed performance with some faring better, and others faring worse, than the average for comparator funds. It should be noted, however, that the comparator schemes do not all offer like-for-like funds within their arrangements and in some instances, we have followed the regulatory guidance in showing the comparison against the relevant default.</p> <p>Overall, it is therefore reasonable to deduce that the Scheme offers investments that represent average value for members from the standpoint of investment returns.</p>
Scheme governance and administration 35%	Good	<p>All the metrics for administration and governance are satisfied.</p> <ul style="list-style-type: none"> <li>Core financial transactions have mostly been processed promptly and accurately.</li> <li>The Scheme holds reliable, accurate and secure data.</li> <li>Documented investment governance procedures are in place and are adhered to.</li> <li>The Trustee board as a whole has the necessary knowledge, understanding and skill to operate the pension scheme effectively.</li> <li>Communication with Scheme members is clear, accurate, timely and of good quality.</li> </ul>

		<ul style="list-style-type: none"> <li>• Robust conflicts of interest policies and controls are in place.</li> </ul> <p>We would expect all the metrics for administration and governance to be satisfied for a pension scheme to be able to demonstrate satisfactory Value for Members.</p>
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The Trustees have agreed an action plan for the following year to improve value where necessary and obtain any missing information.

During the last year the Trustees undertook the following (over and above “business as usual”):

- continued to regularly review funds and monitor performance.

In the coming year (which will be covered by the next Statement), the Trustees intend to carry out the following:

- receive DC specific training covering topical issues in the DC industry;
- update the annual training plan; and
- review and update the risk register.

## 2 Detailed approach to assessing Value for Members

Each year the Trustees must carry out an assessment of the extent to which the Scheme offers good “Value for Members”.

The Higgins Group Plc Pension and Life Assurance Scheme (“the Scheme”) has been operating for three or more years and, as at 30 April 2024 the Scheme’s total assets were less than £100m. The Scheme therefore meets the definition of a “specified scheme” as described by The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 (‘the 2021 Regulations’). The Trustees must therefore carry out a detailed assessment of Value for Members.

### 2.1 Areas to consider

The Trustees should be able to explain how their Scheme delivers on all three overall areas of the detailed Value for Member assessment:

- costs and charges - which are assessed relatively, based on comparison with other pension schemes;
- net investment returns - which are assessed relatively, based on comparison with other pension schemes; and
- governance and administration - which are assessed on an absolute basis within the Scheme itself using 7 key criteria.

### 2.2 Factor weightings

We have suggested the following weights are applied to each of the factors underlying the detailed Value for Member assessment. This is on the basis that the statutory guidance notes that;

- trustees should not give excessive weighting to costs and charges in their assessment; and
- more weight is expected to be given to net investment returns and the ability to properly manage the scheme over the long term, as evidenced by the performance on governance and administration criteria.

Factor	Value for Members weighting	Rating	Rationale
Costs and charges	30%	Average	Suitable investment options that strike a balance between risk and return appropriate to the member profile as well as reflecting members’ benefit choices at retirement, whilst minimising charges are important to members achieving a good outcome at retirement.

Net investment returns	35%	Average	Investment returns are the key driver of the growth of retirement savings for members within the Scheme. It is important that returns net of investment fees are considered to ensure that members are experiencing returns consistent with alternative schemes and delivery vehicles.
Governance and administration	35%	Good	<p>The efficient processing of core financial transactions, good record keeping and providing suitable quality administration support at an appropriate cost ensures members are informed and instructions carried out within appropriate timeframes.</p> <p>The default investment strategy should reflect an appropriate amount of risk relative to the demographics of the Scheme overall, and it should target an appropriate retirement outcome in light of Pension Freedoms. The default strategy should reflect the objectives outlined in the Scheme's Statement of Investment Principles with regular investment reviews and performance monitoring to ensure ongoing suitability and consistency with objectives is maintained for each stage of the member journey. Incorporation of policies on ESG integration and climate change should be reflected within the default arrangement.</p> <p>The Trustees provide effective, independent oversight and management of the Scheme to ensure regulatory compliance and members interests are looked after. An effective conflicts of interest policy should be in place to identify, manage and regularly review potential conflicts of interest efficiently.</p> <p>Providing easy-to-understand, relevant and attractive communications at appropriate stages of membership are important in enhancing pension's confidence / engagement and drive appropriate pensions behaviour.</p> <p><b><i>We would expect all the metrics for administration and governance to be satisfied for a pension plan to be able to demonstrate satisfactory Value for Members.</i></b></p>

### 2.3 Comparator schemes

For the purposes of assessing costs & charges and net investment returns, the Scheme must compare itself with 3 comparator schemes. The 2021 Regulations also require that the Trustees must 'have had discussions' with at least one of the comparator schemes about a transfer of the member's rights if the Scheme is wound up. TPR expects the Trustees to have a clear rationale for the schemes chosen to use as comparators. For the year ending 30 April 2024, the Trustees have chosen the following 3 comparator schemes:

Comparator	Rationale	Have the Trustees “had discussions” with this comparator
Comparator A – Master Trust 1	<ul style="list-style-type: none"> <li>The Trustees have selected this Master Trust as a comparator as they charge a fixed cost and will accept schemes on any basis.</li> <li>Given the nature of the Scheme being closed with no further contributions made, a number of Master Trusts would not accept the Scheme into their Master Trust.</li> </ul>	No
Comparator B – Master Trust 2	<ul style="list-style-type: none"> <li>The Trustees have selected Master Trust 2 as a comparator as this is an example of a provider with a different target market to Master Trust 1.</li> <li>This Master Trust typically focuses on clients with smaller asset sizes and the self-employed and is also not for profit, being subsidised by the UK Government.</li> </ul>	No
Comparator C – Hymans Robertson LLP client (Bundled trust-based scheme)	<ul style="list-style-type: none"> <li>One of the requirements of the detailed VFM assessment is for the Trustees to compare the Scheme against alternative delivery vehicles. This comparator scheme has assets a significant level above the Scheme.</li> <li>This comparator makes use of has alternative lifestyle strategies which is different to that of the Scheme.</li> </ul>	No

Costs & charges and net investment returns are given a rating according to the following:

Rating	Definition
<b>Good</b>	The Scheme’s costs & charges, and net investment returns are better than the average of the 3 comparator schemes.
<b>Average</b>	The Scheme’s costs & charges are similar to / worse than the average of the 3 comparator schemes (and there are no mitigating factors). The Scheme’s net investment returns are similar to / worse than the average of the 3 comparator schemes (and there are no mitigating factors).
<b>Poor</b>	The Scheme’s costs & charges, and net investment returns are worse than the average of the 3 comparator schemes with no mitigating factors.



## 2.4 Governance and administration

The Trustees must assess the value delivered by their governance and administration offering as part of their assessment of Value for Members. Effective scheme governance is essential for the operational and financial sustainability of pension schemes, for good outcomes from investment, and for the trust and confidence of scheme members.

There are 7 key metrics of administration and governance which must be considered and assessed:

- 1 Promptness and accuracy of core financial transactions
- 2 Quality of record keeping
- 3 Appropriateness of the default investment strategy
- 4 Quality of investment governance
- 5 Level of trustee knowledge, understanding and skills to operate the pension scheme effectively
- 6 Quality of communication with scheme members
- 7 Effectiveness of management of conflicts of interest

Each governance and administration metric is given a rating according to the following:

Rating	Definition
Good	The Trustees consider that all the criteria underlying the relevant administration and governance metric is met.
Poor	The Trustees consider that all the criteria underlying the relevant administration and governance metric is not met.

## 2.5 Action plan

The Trustees need to agree an action plan for the following year with clear timescales and deliverables where the Trustees believe the Scheme is not providing good value for members, information is missing, or where there are other areas which should be improved.

The Trustees have agreed the following action plan for the year ahead:

- receive DC specific training covering topical issues in the DC industry;
- update the annual training plan; and
- review and update the risk register.

Progress should be regularly monitored over the next 12 months in readiness for next year's assessment and Chair's Statement.

## 2.6 Communication

The outcome of this detailed Value for Member assessment must be reported in the annual Chair's Statement and published on a publicly accessible website. The outcome must also be reported to the Pension Regulator via the annual scheme return. Please see the Appendix for a summary of the questions that will need to be answered on the scheme return, and our proposed responses for the Trustees to approve.

## Missing information and limitations

The following limitations and / or missing information apply to our assessment, and this should be stated in any publication:

- The majority of performance data provided is to 31 March 2024 and not Scheme year end date of 30 April 2024.
- Some transaction costs are to 31 March 2024, instead of 30 April 2024.
- The Scheme Charges provided are to July 2024, instead of 30 April 2024.

The Trustees will continue to work with their investment adviser to request this information from Prudential, the Scheme's fund manager.

## Regulation

This assessment has been based upon our current understanding of the Regulations and the Pensions Regulator's guidance.

# 3 Assessment and rationale

## 3.1 Costs and charges

This section provides an overview of the costs and charges incurred in the Scheme and benchmarks these against the three comparator Schemes (denoted A, B and C). The Scheme's default invests in a With Profits fund. The charges and transactions costs for With-Profits Funds are deducted from the overall fund before bonus rates are set for all policyholders. There is currently an implicit member-borne charge of approximately 0.65% p.a. and additional expenses of 0.24% p.a. of the fund value, which is made through the declared bonus. In addition, there is an explicit scheme charge which is paid by the Company of £500 p.a. It should be noted that the implicit costs and charges for the With-Profits Fund cover the cost of guarantees and reserving as well as investment management and administration. Due to the

nature of a With Profits fund, the provider can levy a penalty for early termination, with no such penalty on death or retirement. The charge is made to protect other members of the With Profits fund from losing out where the termination value (including bonuses) would otherwise be higher than the real value of the underlying investments. These charges are set by the provider and are not within the control of the Trustees. Similarly, a charge would apply if the Trustees were to move the investment to another investment product or provider. On the counter side, additional (terminal) bonuses can be added when the value of the With Profits fund would otherwise be lower than the value of the underlying investments.

As a result, it is not possible to determine the exact charges and costs borne by members, and therefore it is not possible to directly compare costs and charges against the comparators. In addition, the comparators all use a lifestyling approach for their respective default investment strategies, meaning different funds are used throughout members' savings journeys. As such, the charges vary over time. We have therefore taken a pragmatic approach in our comparison by showing the comparators' costs and charges at 10 years to a member's retirement as the majority of Scheme members fall into this category. The sources for all the below tables are: Scheme Provider - Prudential and Anonymous Comparator Schemes.

Scheme	Charge	Transaction costs	Total of charges and costs
<b>Default</b>	<b>0.92%</b>	<b>0.20%</b>	<b>1.12%</b>
Comparator A (flat rate)	0.27%	0.08%	0.35%
Comparator B (flat rate)	0.18%	n/a*	0.18%*
Comparator C	0.26%	0.07%	0.33%
<b>Comparator average</b>	<b>0.24%</b>	<b>0.08%</b>	<b>0.29%</b>

All transaction costs provided are to 31 March 2024. \*Transaction costs not provided, the Trustees will continue to work with their adviser to obtain these. Charges are to 31 July 2024. Transaction costs for Comparators A and B are to 31 March 2024.

Self-Select Fund 1	Charge	Transaction costs	Total of charges and costs
<b>All Stocks Corporate Bond Fund</b>	<b>0.76%</b>	<b>0.04%</b>	<b>0.80%</b>

Comparator A Fund*	0.27%	0.08%	0.35%
Comparator B Fund*	0.18%	n/a**	0.18%**
Comparator C Fund	0.59%	0.05%	0.64%
<b>Comparator average</b>	<b>0.35%</b>	<b>0.07%</b>	<b>0.39%</b>

\*Comparators A & B do not have a comparable fund in their range, therefore we have shown the comparison against their respective defaults, as recommended by the regulations.

\*\*Transaction costs not provided, the Trustee will continue to work with their adviser to obtain these.

Self-Select Fund 2	Charge	Transaction costs	Total of charges and costs
<b>Discretionary Fund</b>	<b>0.77%</b>	<b>0.16%</b>	<b>0.93%</b>
Comparator A Fund*	0.27%	0.08%	0.35%
Comparator B Fund*	0.18%	n/a**	0.18%**
Comparator C Fund*	0.26%	0.07%	0.33%
<b>Comparator average</b>	<b>0.24%</b>	<b>0.08%</b>	<b>0.29%</b>

\*Comparators A, B & C do not have a comparable fund in their range, therefore we have shown the comparison against their default, as recommended by the regulations.

\*\*Transaction costs not provided, the Trustee will continue to work with their adviser to obtain these.

Self-Select Fund 3	Charge	Transaction costs	Total of charges and costs
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<b>International Equity Fund</b>	<b>0.78%</b>	<b>0.19%</b>	<b>0.97%</b>
Comparator A Fund*	0.27%	0.08%	0.35%
Comparator B Fund*	0.18%	n/a**	0.18%**
Comparator C Fund	0.85%	0.08%	0.93%
<b>Comparator average</b>	<b>0.43%</b>	<b>0.08%</b>	<b>0.49%</b>

\*Comparators A & B do not have a comparable fund in their range, therefore we have shown the comparison against their default, as recommended by the regulations.

\*\*Transaction costs not provided, the Trustee will continue to work with their adviser to obtain these.

<b>Self-Select Fund 4</b>	<b>Charge</b>	<b>Transaction costs</b>	<b>Total of charges and costs</b>
<b>Long Term Bond Fund</b>	<b>0.66%</b>	<b>0.05%</b>	<b>0.71%</b>
Comparator A Fund*	0.27%	0.08%	0.35%
Comparator B Fund*	0.18%	n/a**	0.18%**
Comparator C Fund	0.16%	-0.01%	0.15%
<b>Comparator average</b>	<b>0.20%</b>	<b>0.04%</b>	<b>0.23%</b>

\*Comparators A & B do not have a comparable fund in their range, therefore we have shown the comparison against their default, as recommended by the regulations.

\*\*Transaction costs not provided, the Trustee will continue to work with their adviser to obtain these.

<b>Self-Select Fund 5</b>	<b>Charge</b>	<b>Transaction costs</b>	<b>Total of charges and costs</b>
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<b>With Profit Cash Accumulation Fund</b>	<b>n/a (additional expenses were quoted as 0.24%)</b>	<b>0.16%</b>	<b>n/a (additional expenses were quoted as 0.24%)</b>
Comparator A Fund	0.27%	0.08%	0.35%
Comparator B Fund	0.18%	n/a**	0.18%**
Comparator C Fund	0.26%	0.07%	0.33%
<b>Comparator average</b>	<b>0.24%</b>	<b>0.08%</b>	<b>0.29%</b>

As this is a With Profits fund, we have shown the comparison against the Comparators' defaults, as recommended by the regulations.

\*\*Transaction costs not provided, the Trustee will continue to work with their adviser to obtain these.

### Assessment of Value for Members – costs and charges

- The total of charges and transaction costs in the default arrangement are broadly comparable, (though higher) than that of the comparator schemes' average, although, as noted above, it should be noted that the charge structure for the Scheme's default fund is markedly different to those of the comparators, and this has been taken into account.
- The majority of the total of charges and transaction costs across the invested self-select funds are slightly higher than the average for similar funds within the comparator schemes. It should be noted, however, that the comparator schemes do not all offer like-for-like funds within their arrangements and in some instances we have followed the regulatory guidance in showing the comparison against the relevant default, and defaults generally tend to have lower charges than self-select funds.
- Taking into account the fact that a higher proportion of members are invested in the default vs. self-select options, and on the basis that the total of the charges and transaction costs for the default are broadly comparable with alternate With Profit schemes, it is reasonable to deduce that the Scheme as a whole represents Average value for members from the standpoint of costs and charges.

### 3.2 Net investment returns

This section provides an overview of the net investment returns of the Scheme and against the three comparator Schemes (denoted A, B and C). As the Scheme's default invests in the Prudential With Profits Investment Only fund, its return value depends on how much profits the fund makes and how the provider decides to distribute that profit. Fund (policy) holders receive a distribution of profits by means of bonuses, of which there are two types; regular (or revisionary) and final (or terminal).

The estimated net investment performance of the assets underlying the with profits fund is shown to 6 April 2024. However, the overall performance for a particular member will vary depending on when they actually invested, and the future value could change by more or less than the underlying investment return of the overall fund. As such, it is difficult to make a direct comparison with the comparator returns and therefore the below should be regarded more for broad illustrative and regulatory disclosure purposes.

In addition, the comparators all use a lifestyling approach for their respective default investment strategies, meaning different funds are used throughout members' savings journeys. As a result, the returns vary over time. We have therefore taken a pragmatic approach in our comparison by showing the comparators' returns at 10 years to a member's retirement as the majority of Scheme members fall into this category.

The sources for all the below tables are: Scheme Provider – Prudential and Anonymous Comparator Schemes. Data to 31 March 2024 unless otherwise stated.

#### Default net investment returns

Scheme	1 year	3 year (p.a.)	5 year (p.a.)
<b>Default*</b>	<b>7.1%</b>	<b>6.8%</b>	<b>6.3%</b>
Comparator A	7.0%	0.9%	1.9%
Comparator B	14.3%	5.7%	7.3%
Comparator C	8.8%	2.2%	-
<b>Comparator average</b>	<b>10.1%</b>	<b>3.0%</b>	<b>4.6%</b>

\*Prudential were unable to provide performance to 31 March 2024, Net performance shown is to 6<sup>th</sup> April 2024.

The following tables show net investment returns for the self-selected funds members are invested in and their nearest comparable funds of the comparator schemes.

Fund	1 year	3 year (p.a.)	5 year (p.a.)
<b>All Stocks Corporate Bond Fund</b>	<b>4.8%</b>	<b>-3.3%</b>	<b>0.5%</b>

Comparator A Fund*	7.0%	0.9%	1.9%
Comparator B Fund*	14.3%	5.7%	7.3%
Comparator C Fund	11.3%	3.0%	-
<b>Comparator Funds' average</b>	<b>10.9%</b>	<b>3.2%</b>	<b>4.6%</b>

\*\*Comparators A & B do not have a comparable fund in their range, therefore we have shown the comparison against their default, as recommended by the regulations.

Fund	1 year	3 year (p.a.)	5 year (p.a.)
<b>Discretionary Fund</b>	<b>7.5%</b>	<b>2.1%</b>	<b>3.9%</b>
Comparator A Fund	7.0%	0.9%	1.9%
Comparator B Fund	14.3%	5.7%	7.3%
Comparator C Fund	8.9%	2.2%	-
<b>Comparator Funds' average</b>	<b>10.1%</b>	<b>3.0%</b>	<b>4.6%</b>

\*Comparator A, B & C do not have a comparable fund in their range, therefore we have shown the comparison against their default, as recommended by the regulations.

Fund	1 year	3 year (p.a.)	5 year (p.a.)
<b>International Equity Fund</b>	<b>14.5%</b>	<b>6.7%</b>	<b>7.9%</b>
Comparator A Fund*	7.0%	0.9%	1.9%
Comparator B Fund*	14.3%	5.7%	7.3%
Comparator C Fund	25.3%	9.7%	-
<b>Comparator Funds' average</b>	<b>15.5%</b>	<b>5.5%</b>	<b>5.6%</b>

\*Comparators A & B do not have a comparable fund in their range, therefore we have shown the comparison against their default, as recommended by the regulations.

Fund	1 year	3 year (p.a.)	5 year (p.a.)
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<b>Long Term Bond Fund</b>	<b>-2.1%</b>	<b>-13.4%</b>	<b>-5.8%</b>
Comparator A Fund*	7.0%	0.9%	1.9%
Comparator B Fund*	14.3%	5.7%	7.3%
Comparator C Fund	-5.1%	-15.2%	-
<b>Comparator Funds' average</b>	<b>5.4%</b>	<b>-2.9%</b>	<b>4.6%</b>

\*Comparators A & B do not have a comparable fund in their range, therefore we have shown the comparison against their default, as recommended by the regulations.

<b>Fund</b>	<b>1 year</b>	<b>3 year (p.a.)</b>	<b>5 year (p.a.)</b>
<b>With Profit Cash Accumulation Fund**</b>	<b>7.8%</b>	<b>3.7%</b>	<b>4.7%</b>
Comparator A Fund*	7.0%	0.9%	1.9%
Comparator B Fund*	14.3%	5.7%	7.3%
Comparator C Fund*	8.9%	2.2%	-
<b>Comparator Funds' average</b>	<b>10.1%</b>	<b>3.0%</b>	<b>4.6%</b>

\*Comparator A, B & C do not have a comparable fund in their range, therefore we have shown the comparison against their default, as recommended by the regulations.

\*\*Gross performance is shown for the With Profit Cash Accumulation Fund.

#### **Assessment of Value for Members - net investment returns**

- The net investment returns in the default arrangement are comparable with that of the comparator schemes' average.
- The net investment returns for funds in which members of the Scheme have self-invested have shown a mixed performance with some faring better than and others faring worse than the average for comparator funds. It should be noted, however, that the comparator schemes do not all offer like-for-like funds within their arrangements and in some instances we have followed the regulatory guidance in showing the comparison against the relevant default.
- It is worth pointing out that all funds, default fund included, have performed according to their objectives.
- Taking into account the fact that a higher proportion of members are invested in the default, and notwithstanding the difficulty in making direct comparisons, it is reasonable to deduce that the Scheme as a whole represents Average value for members from the standpoint of investment returns.

### 3.3 Governance and administration

Criteria	Metric	Rationale	Rating
Promptness and accuracy of core financial transactions	<p>Risk register and internal controls</p> <p>Efficient handling of core financial transactions</p> <p>Results of data quality audits</p> <p>Adherence to SLAs</p> <p>Level of errors/complaints</p>	<p>There is a risk register in place which is regularly updated following Trustee meeting discussions.</p> <p>There is a service level agreement in place between the Trustees and administration provider (Hymans Robertson) which covers the processing of core financial transactions.</p> <p>The Trustees receive biannual administration reports around service standards and member activity. These demonstrate that the administrator in the year to 31 March 2024 completed 97% of standard requests within ten days (the Service Level Agreement is to meet 90% of standard requests within ten days). There were zero upheld complaints in the year to 31 March 2024.</p> <p>Hymans Robertson have carried out an annual internal review in line with AAF 01/20 and ISAE 3402 which is externally audited. Most recently these audits were conducted in September 2023.</p> <p>Hymans Robertson are accredited by the PASA ("The Pensions Administration Standards Association"), which is recognised as an outward demonstration of the quality of service to members.</p>	Good
Quality of record keeping	<p>Internal and external audit (e.g. AAF01/06)</p> <p>Information from administrator/provider</p> <p>Results of data quality audits</p>	<p>The Trustees have outsourced the administration of the Scheme to Hymans Robertson. The Trustees obtained the administrator's AAF 01/20 internal controls report for the year ended 31 December 2023, with no material issues noted.</p> <p>The Trustees review their risk register on an ongoing basis which includes a risk and associated internal controls relating to the security of data.</p> <p>Hymans Robertson are committed to maintaining the confidentiality, integrity and availability of information, while ensuring information is only accessible by those who are entitled to access it.</p> <p>Hymans Robertson protects information assets consistently to a high standard to prevent compromise by external and internal threats, both deliberate and accidental.</p>	Good

		<p>The Trustees have checked and confirmed that they hold all the data they are required to by law including, for example, books and records relating to trustee meetings and certain transactions.</p>	
<p>Appropriateness of the default investment strategy</p>	<p>Assessment of investment governance process</p> <p>Trustees assessment given membership profile</p> <p>Usage of investment options</p> <p>Approach to ESG factors and climate change risks</p>	<p>The Statement of Investment Principles, and compliance with it, is regularly reviewed by the Trustees. The SIP was reviewed and updated in November 2023 to include the Trustees' illiquids policy and other general updates.</p> <p>The Trustees will publish their annual Implementation Statement describing compliance with the SIP online by November 2024.</p> <p>The Trustees have not reviewed the Investment Strategy in the Scheme year, however in April 2022 a review was conducted to ensure the strategy was still appropriate for the Scheme membership. The Trustees were satisfied that the default arrangement has performed in-line with its objectives and remains suitable for most members. The Trustees agreed that the market value reduction applied to members pots should they transfer to an alternative fund is too significant to justify encouragement of members changing their investment strategy. As part of this Value for Members assessment we have enquired on the Trustees behalf whether the market value reduction was still in place and can confirm that it is. The Trustees are therefore satisfied that the default option remains broadly appropriate for the majority of members.</p> <p>The AVC fund range gives members a reasonable choice between different types of funds. Additional asset classes could be added to include passive funds, but from a cost/benefit perspective we do not believe that this would be worthwhile.</p> <p>In choosing what is felt to be an appropriate default, the Trustees have taken into account a number of factors including: members' projected pot sizes at retirement, contribution levels, and the likely return on investment after the deduction of charges payable on the funds used by the default strategy.</p> <p>The Trustees do not currently receive regular reports on the implementation of the fund managers' ESG policies and exercise of shareholder voting rights.</p>	<p>Good</p>

<p>Quality of investment governance</p>	<p>Assessment of investment governance process</p> <p>Monitoring of voting, stock turnover and security of assets</p> <p>Security of assets</p>	<p>The Trustees have appointed a professional DC investment advisor (Hymans Robertson) who have the required knowledge and expertise to perform their role competently in accordance with sections 34 and 36 of the Pensions Act 1995.</p> <p>The Trustee has measures in place to maintain and develop their level of knowledge and understanding of investment matters relating to the Scheme including requiring all Trustees to complete the Regulator’s “Trustee toolkit”, training at Trustee meetings on investment related topics, receiving regular updates from their professional advisors covering technical and legislative/regulatory changes affecting DC and AVC investment matters.</p> <p>Taking into account the knowledge and experience of the Trustees, together with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisors), the Trustees believe that, as a board, they have the knowledge and competence to oversee investment effectively, ensure investment objectives and strategies are understood and followed, and are able to challenge investment advice where necessary.</p> <p>The Statement of Investment Principles, and compliance with it, is regularly reviewed by the Trustees. The last review was completed in November 2023. The Trustees will publish their annual Implementation Statement describing compliance with the SIP online by November 2024.</p> <p>The Trustees receive charges and transaction costs data from the investment manager on an annual basis.</p> <p>The Trustees understand the security of assets and levels of financial protection available to members and carefully considers situations where compensation may not be available.</p>	<p>Good</p>
<p>Level of trustee knowledge, understanding and skills to operate the pension scheme effectively</p>	<p>Trustee meetings</p> <p>Experience and diversity</p> <p>Conflicts policy</p>	<p>Trustee meetings are held throughout the year on a regular basis. In addition, the Trustees are in regular contact with their advisors on matters affecting the pension scheme, as and when the need arises. The Trustee Board has had three meetings over the last 12 months and are confident that they have established and maintained procedures and controls to ensure the effectiveness and performance of the scheme and service providers.</p>	<p>Good</p>

	<p>Approach to assessing Trustee effectiveness</p> <p>Approach to Trustee training</p> <p>Review of key advisors / suppliers</p> <p>Setting and reviewing advisors' objectives</p>	<p>The Trustee board has 3 Trustees. The Trustee Board does not currently have a professional Trustee.</p> <p>The Trustees regularly consider the diversity of the board in relation to core characteristics such as gender, age and ethnicity and to the mix of skills, experience and cognitive diversity. Where vacancies on the board arise, the Trustees, where it is in their gift, seek to recruit new trustees who enhance the diversity of the board and its overall effectiveness.</p> <p>The Trustees operate a conflicts policy and conflicts register which is regularly reviewed and updated.</p> <p>The Trustees last undertook a Trustee effectiveness review in 2018 which coincided with training on Trusteeship and governance.</p> <p>The Trustees self-assess their knowledge of the Scheme Rules, pensions legislation, Statement of Investment Principles and investment matters.</p> <p>The Trustees have a documented process for the appointment of a suitable Chair that considers leadership qualities.</p> <p>The Trustees have appointed the required advisors in accordance with Section 47 Pensions Act 1995.</p> <p>The performance of advisors and providers is reviewed on an ongoing basis.</p> <p>The Trustees have a good working relationship with the employer and the Trustees are in regular contact with the employer which helps maintain a constructive relationship.</p> <p>The Trustees assess annually whether they, in conjunction with their advisers, have the appropriate knowledge and skills to govern the Scheme effectively.</p>	
<p>Quality of communication with scheme members</p>	<p>Member feedback</p>	<p>The Trustees meet their statutory obligations with regards to communicating information to scheme members. This includes ensuring that the administrator encourage members to take up Pension Wise guidance as part of the retirement journey.</p>	<p>Good</p>

	<p>Trustee or external assessment of key features</p> <p>Choice of media channels appropriate to membership</p> <p>% usage of website</p> <p>Material segmented by groups of members</p>	<p>The Trustees primarily use postal communications for their communication strategy. They believe this is appropriate given their understanding of the Scheme’s membership profile.</p> <p>The quality of communication materials and is considered to be good in comparison with the wider market for similar schemes.</p> <p>The Trustees have practices in place to encourage member feedback by including requests for feedback with all communication to members. However, no website is available for DC Section members. Due to the limited membership of the Scheme, implementation of a website is impractical.</p> <p>The annual Chair’s Statement and Statement of Investment Principles are posted online.</p> <p>There is scheme specific material available to educate DC Section members. Due to the limited membership of the Scheme, implementation of such a tool is impractical.</p> <p>The Trustees participate in the TPR initiative to help combat pension scams.</p>	
<p>Effectiveness of management of conflicts of interest</p>		<p>The Trustee has a robust conflicts policy and written procedures in place that identify, manage and monitor conflicts of interest effectively.</p> <p>The Trustee has controls in place to ensure that all Trustees are aware of the requirement to declare and discuss any potential conflicts. For example, there is a standing item on each Trustee meeting agenda to cover declare and discuss any potential or perceived conflicts.</p> <p>A conflicts of interest register is in place and is updated as required.</p> <p>The Trustees have conflict of interest policies in place with each of its service providers.</p> <p>Any new Trustees or service providers are asked to declare any conflicts upon appointment, and this is recorded on the conflicts of interest register.</p>	<p>Good</p>

### 3.4 Overall assessment of Value for Members

The following table summarises the overall outcome of the Value for Member assessment.

Factor	Value for Member weighting	Value for Member assessment	Overall assessment of Value for Members
Costs and charges	30%	Average	Average
Net investment returns	35%	Average	
Governance and administration	35%	Good	

## Appendix 1 - Scheme return submission

The annual scheme return submission now includes questions relating to the detailed Value for Members assessment. Below are the questions that will be asked on the scheme return, along with our proposed response.

Scheme return question	Response	Commentary
Have you notified The Pensions Regulator (“TPR”) that the scheme is in the process of winding up?	No	Schemes that are in the process of winding up do not need to complete a more detailed VFM assessment. TPR must have already been notified of the winding up of the scheme at the point you answer this question on the scheme return submission.
Are the scheme’s trustees legally required to carry out a more detailed VFM assessment?	Yes, and the trustees have carried out a more detailed VFM assessment for the past three years.	Trustees must carry out a more detailed VFM assessment (involving comparison with other schemes) where the scheme provides money purchase (DC) benefits, held less than £100 million total assets according to the most recently audited accounts, and on the date those accounts were obtained by the trustees, had been operating for three or more years.
Did the more detailed VFM assessment conclude that the scheme provides good value for members?	No	The VFM assessment concluded that the Scheme provides Average value for members.
Given the outcome of the more detailed VFM assessment, do the trustees intend to transfer the money purchase benefits into another scheme?	No, as the Scheme default is a With Profits fund, members are unlikely to get better value in another arrangement, due to the capital guarantee and non-guaranteed final bonus on retirement.	



<p>Are the trustees also proposing to wind up the scheme?</p>	<p>No</p>	
<p>Explain why the trustees will not be winding up the scheme and what improvements are proposed to make sure the scheme provides good value for members.</p>	<p>The Scheme was found to offer average value for members.</p> <p>As the Scheme default is a With Profits fund, older members will benefit from the capital guarantee and non-guaranteed final bonus when they retire and are unlikely to get better value in another arrangement.</p> <p>Younger members may be able to obtain better long-term investment returns, as well as lower charges, in a traditional unit-linked fund. However, given the number of members and size of the assets involved, the range of providers willing to accept a transfer at an attractive rate is likely to be limited.</p>	