

Chair's DC Compliance Statement

Annual statement by the Chair of the Trustee for the year to 31 March 2021

What is this Statement for?

This statement has been prepared by the Trustee of the Fund in order to comply with the governance requirements of certain Regulations. It provides details of the Fund's Money Purchase Underpin ("MPU") and Additional Voluntary Contribution ("AVC") arrangements and is intended to be incorporated into the Trustee's Annual Report and Accounts. This Statement applies to the year ending 31 March 2021.

It is important that you can feel confident that your savings in the Fund are being looked after and give good value.

This Statement sets out how the Trustee has managed the Fund in the last year and what they aim to do in the coming year.

A copy of this Statement, together with other key Statements about how the Fund is managed are available by contacting the Scheme Administrator using the details shown at the end of this statement.

What's in this Statement?

We have included information on the following areas in this Statement:

1. How we manage your Fund – who the Trustee is and what guides our decision-making;
2. Investment options – what we have done to check the performance and suitability of the Fund's investment options;
3. Investment performance - what returns have the investment options given over the last year;
4. The Fund's Money Purchase Underpin – how this was calculated and how the calculation methodology has changed during the year;
5. Cost and charges – what costs and charges you have paid in the last year and how these might impact the size of a typical member's savings in the Fund over time;
6. Value for members - how the quality of the Fund's services that you pay for compare to other pension schemes (including investment returns on your savings);
7. Administration – how well the Fund has been administered, including how promptly and accurately key transactions, such as the investment of your contributions, have been processed;
8. Trustee knowledge – what we as the Trustee have done to maintain our level of knowledge and obtain the professional advice we need to look after the Fund for you; and
9. Our key actions last year and plans for the next year – what key actions the Trustee took in the last year and what we aim to do in the coming year to continue to improve the Fund for all our members.

How we manage your Fund

The Allied Domecq Pension Fund continued to be managed by Allied Domecq First Pension Trust Limited ('the Trustee') throughout the course of the year.

The Statement of Investment Principles ('SIP') was updated on 3 September 2020, mainly in the light of new regulations requiring the Trustee to state its policy on setting appropriate targets for the Fund's investment managers, including setting appropriate incentives and monitoring turnover and costs.

Additional Voluntary Contribution (“AVC”) Investment options

We completed a review of the Fund’s AVC arrangements on 2 July 2020. We are satisfied that the lifestyle arrangement has performed in-line with our objectives and remains suitable for most members because it offers good value for money and is aligned with member requirements – see section 2 for more details. The next full review of the investment options is due to be carried out in the second calendar quarter of 2021.

There have been no changes to the investment options offered by the Fund’s main AVC provider in the last year.

Following the sale of Equitable Life to Utmost Life & Pensions, members invested in Equitable Life With-profits AVCs received an uplift to their policy value and were transferred to a Secure Cash Fund at Utmost. The Trustee subsequently decided to transfer members’ policies to the Fund’s main AVC provider, Aegon, which took place in July 2020. Further detail can be found in Section 5.

Investment performance

Over the year to 31 March 2021, the funds used in the Fund’s lifestyle arrangement saw investment returns between a rise in value by the following amounts:

- By 32.7% or, put another way, a rise of £327 for every £1,000 invested, for those members invested in the BlackRock Aquila (50/50) Global Equity Fund;
- By 14.1%, or a rise of £141 for every £1,000 invested, for those members invested in the BlackRock Aquila Life Market Advantage Fund; and
- By 0.1%, or a rise of £1 for every £1,000 invested, for those members invested in the BlackRock Aquila Life Cash Fund.

The investment returns across the AVC fund range were generally in line with each fund’s objectives except for the Aquila Life Market Advantage fund which outperformed its cash-based target. Further detail can be found in Section 3.

Costs and charges

Members pay for the Fund’s AVC and MPU investment costs while the Fund pays for the Fund’s administration, communications, retirement and governance costs.

We monitored the costs and charges going out of members’ pension pots during the last year:

The charges for the core lifestyle strategy offered to members with AVCs range from 0.125% at retirement to 0.27% for members at the point of the glidepath which invests in the ALMA Fund, or, put another way, in a range of £1.25 to £2.70 per £1,000 invested. We have also looked at how the costs and charges taken out of a typical member’s pension pot each year might affect its future size when they come to retire. Over a 10-year period, our modelling estimates that the current level of costs and charges for the Fund’s lifestyle arrangement could reduce the size of a £8,000 pension pot by £429 at retirement age.

The charges for the Fund’s lifestyle arrangement were less than the government’s charge cap for pension schemes used for auto-enrolment. Further detail can be found in Section 7.

Value for Members

Each year we look at the costs and charges you pay as well as the range and quality of the services you receive and see how they compare with similar pension schemes. We believe that the arrangements in place continue to offer you good value.

Following the approval of a sale of Equitable Life to Utmost Life & Pensions at the end of 2019, one of the main projects during 2020 was the transfer of affected members' policies to Aegon Asset Management. We made this decision because we believed that the lifestyle strategy and fund choices on the Aegon platform were more appropriate and offered better value for money for members. See section 8 for more details.

Administration

We check that the administration of the Fund is going smoothly at our quarterly meetings and found that:

- Key financial transactions were processed promptly and accurately; and
- The wider administration of the Fund was completed predominantly within the agreed service standards. See section 9 for more details.

When the transfer of member's Utmost policies to Aegon took place in July 2020, we worked closely with our advisers to ensure this took place smoothly.

Trustee knowledge

It is important that we as a Trustee keep our knowledge of pension and investment matters up to date and have access to sound professional advice.

All Trustee Directors attended training sessions during the year – see section 10 for more details.

During the year, just one adviser appointment was changed – responsibility for the Fund's secretarial and governance support transferred from Mercer to Hymans Robertson LLP. Overall, the Trustee Directors believe that they have the right skills and expertise together with access to good quality professional advice so that they can run your Fund properly.

Our plans for the next year

During the last year the Trustee undertook the following (to assess or improve value for members):

- Assessed fund fees, suitability and performance of the AVC funds.
- Considered the suitability of the lifestyle strategy.
- Concluded that the range of AVC funds remained appropriate for the majority of members.
- Completed a transfer of Utmost (ex-Equitable Life) policies to the Fund's main AVC provider, Aegon.

In the coming year (which will be covered by the next Statement), the Trustee's focus will be on ensuring that the current AVC arrangements remain suitable for the majority of members.

The rest of this Statement goes into more detail - please read on if you want to find out more about how we have managed your Fund in the last year.

We hope this Statement is of help to you planning for your future. If you have any questions, please contact: the Fund's Administrator, as follows:

By Post: Allied Domecq Pension Fund
c/o Barnett Waddingham
PO Box 3402
Bristol, BS1 9NF

By Phone: 0344 264 3586 (or +44 117 313 7233 if you are calling from outside the UK)

Lines are open between 9am and 5.15pm, Monday to Friday

Detailed Chair's Statement

Introduction

Governance requirements apply to pension arrangements like the Fund, to help members achieve a good outcome from their pension savings. The Trustee is required to produce a yearly statement describing how these governance requirements have been met.

This Statement covers the period from 1 April 2020 to 31 March 2021.

For the record this Annual Statement regarding governance has been prepared in accordance with:
Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715) as amended by subsequent Regulations.

L Arnold

24-Jun-2021 | 09:58 BST

Date: _____

Signed by the Chair of the Trustee of Allied Domecq Pension Fund

1 How we manage your Fund

At 31 March 2021, the Trustee of the Fund was Allied Domecq First Pension Trust Limited ('the Trustee'). The Trust Deed and Rules, which govern the Fund, were last amended on 11 September 2014. The Trustee maintains a Statement of Investment Principles ('SIP'), which sets out the Trustee's investment policies. The Trustee, with the help of its professional advisers, reviews the SIP at least every three years. The last review was carried out in September 2020 to reflect updated regulations.

An implementation statement setting out how the Trustee complied with the Statement of Investment Principles during the year to 31 March 2021 will be published alongside the 2021 Report & Accounts.

2 AVC investment options

Default arrangement

The Fund does not have a default arrangement, as no new contributions have been permitted for some years.

Other investment options

The Fund offers members a choice of investment options including a lifestyle option and a range of self-select funds. The main objectives of these investment options are to:

- cater for the likely needs of a wide range of members;
- offer a wide range of asset classes, levels of risk and return and different investment approaches; and
- support members who want to take a more active part in how their savings are invested.

In keeping with the Pensions Regulator's guidance, the Trustee also carries out an annual review of the performance and suitability of these other investment options. We remained comfortable with these investment options last year and our next review is due to be completed in the second calendar quarter of 2021. The investment performance of these funds during the last year is shown in section 3.

3 Investment Performance

Over the year to 31 March 2021, the funds used in the Fund's lifestyle arrangement saw investment returns between a rise in value by the following amounts:

- By 32.7% or, put another way, a rise of £327 for every £1,000 invested, for those members invested in the BlackRock Aquila (50/50) Global Equity Fund;
- By 14.1%, or a rise of £141 for every £1,000 invested, for those members invested in the BlackRock Aquila Life Market Advantage Fund; and
- By 0.1%, or a rise of £1 for every £1,000 invested, for those members invested in the BlackRock Aquila Life Cash Fund.

The investment performance of the funds used in the Fund's arrangement expressed as a percentage were:

Fund	1 Year returns		3 Year returns		5 Year returns	
	Fund %	Benchmark %	Fund % p.a.	Benchmark % p.a.	Fund % p.a.	Benchmark % p.a.
Aquila Life UK Equity Index Fund	27.2	26.7	3.2	3.2	6.3	6.3
Aquila Life (50:50) Global Equity Fund	32.7	32.6	7.4	7.4	10.0	10.0
Aquila Life World (ex-UK) Equity Index Fund	39.7	40.0	14.2	14.2	15.2	15.1
Aquila Life Consensus Fund	20.8	20.9	7.0	6.6	8.5	8.3
Aquila Life Market Advantage	14.0	3.7	3.0	4.0	4.1	3.8
Aquila Life >5 Years Index Linked Gilt Index Fund	-1.6	2.6	3.5	3.6	6.4	6.4
Aquila Life >15 Years UK Gilt Index Fund	-10.6	-10.4	3.5	3.3	5.0	4.9
Aquila Life Cash Fund	0.1	-0.1	0.5	0.3	0.4	0.3

Source: Aegon, figures quoted gross of fees. ALMA benchmark shown is LIBOR+3.5% p.a.

When looking at these figures it should be borne in mind that major stock markets rose by 39.6% over the same period.

The Trustee is satisfied that investment returns across the AVC fund range were generally in line with each of the fund's objectives except for the Aquila Life Market Advantage fund which outperformed its cash-based target.

The 12 month performance of the Aquila Life Over 5Y Index-Linked Gilt Fund was reported as out of line with the underlying benchmark return, despite being a passively managed fund. However, this was due to a timing mismatch between the AVC fund pricing and the benchmark pricing. The Trustee is satisfied that the underlying BlackRock fund performed in line with its benchmark, as expected.

4 Unit-Linked AVC costs and charges

The charges and costs borne by members for the Fund's services are:

Service	By members	Shared	By the Fund
Investment management	100%	0%	0%
Investment transactions	100%	0%	0%
Administration	0%	0%	100%
Governance	0%	0%	100%
Communications	0%	0%	100%

This presentation of charges and costs, together with the projections of the impact of charges and costs later in this statement, takes into account the statutory guidance issued by the Department for Work and Pensions.

Charges

The charges quoted in this Statement are the AVC funds' Total Expense Ratios ("TERs"). The TER consists of a fund's Annual Management Charge ("AMC") and its Operating Costs and Expenses ("OCE"). OCEs include, for example, the fund's custodian costs. While the AMC is usually fixed, the OCE, and hence the TER, can vary slightly from day to day.

Transaction costs

An AVC funds' transaction costs are in addition to its TERs and can arise when:

- The fund manager buys or sells part of a fund's portfolio of assets; or
- The platform provider or fund manager buys or sells units in an underlying fund.

Transaction costs vary from day to day depending on where each fund is invested and stock market conditions at the time. Transaction costs can include custodian fees on trades, stockbroker commissions and stamp duty (or other withholding taxes).

Transaction costs are deducted before the funds' unit prices are calculated. This means that transaction costs are not readily visible, but these costs will be reflected in a fund's investment performance.

The Financial Conduct Authority ("FCA") requires fund managers and providers to calculate transaction costs using the "slippage method", which compares the value of assets immediately before and after a transaction has taken place. This can give rise to negative transaction costs where favourable stock market movements during a transaction offset the rest of the trading costs (such as stockbroker commission).

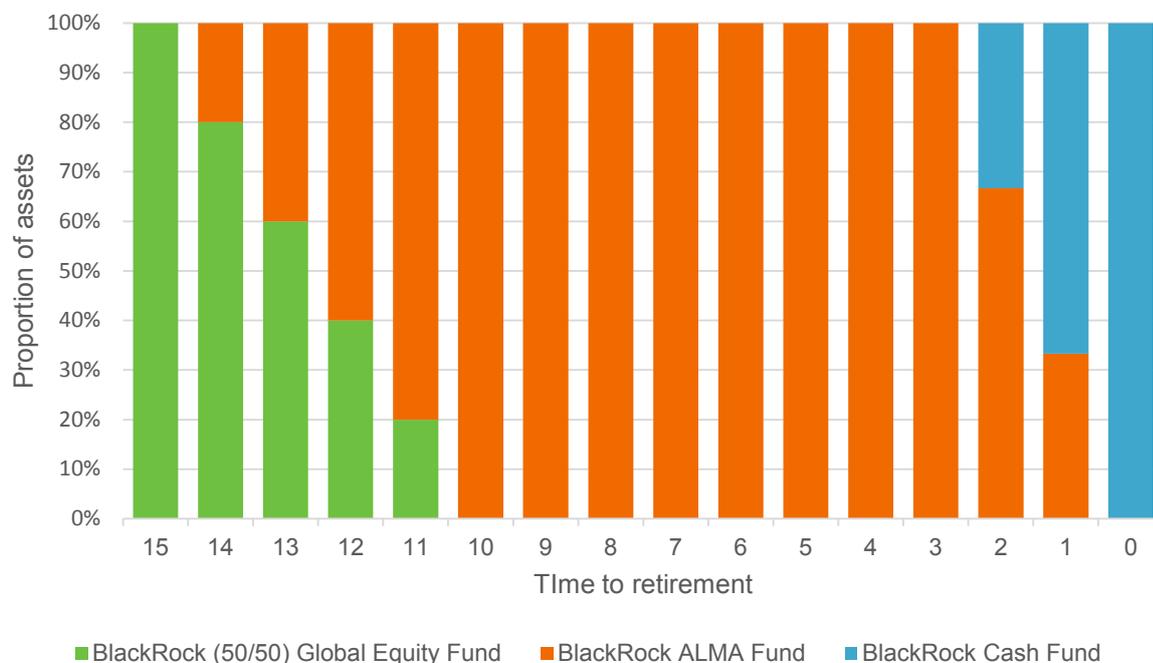
The transaction costs shown in this statement are those taken from AVC funds while members are invested in them. The transaction costs shown here do not include any costs members may incur from time to time when buying or selling units in certain funds caused by the unit price for a particular fund moving from a "bid" to "offer" basis (or vice versa) or any other "dilution levy" when units in that fund are bought or sold to protect the value of the fund for other investors.

Member-borne charges and transaction costs

The charges and transaction costs have been supplied by the Fund’s AVC Provider.

Lifestyle option

The lifestyle option is available to members with AVC funds and invests contributions in different Aegon funds according to how far each member is from retirement. The charges borne by each member can also vary from one year to the next.



The charges for the core lifestyle strategy offered to members with AVCs range from 0.125% at retirement to 0.27% for members at the point of the glidepath which invests in the ALMA Fund, or, put another way, in a range of £1.25 to £2.70 per £1,000 invested. The table below sets out how the fees of the lifestyle arrangement vary depending on the period until retirement.

The annual charges for the lifestyle option during the period covered by this Statement were:

Period to retirement	Charge		Transaction costs	
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
Over 15 years	0.16	1.60	0.03	0.25
14 years	0.18	1.84	0.06	0.62
13 years	0.21	2.08	0.10	0.99
12 years	0.23	2.32	0.14	1.35
11 years	0.26	2.56	0.17	1.72
3-10 years	0.28	2.80	0.21	2.09
2 years	0.23	2.23	0.14	1.44
1 year	0.18	1.77	0.08	0.79
Retirement	0.13	1.25	0.01	0.14

Source: Hymans Robertson

The table in Appendix 2 gives the charges and transaction costs for each fund used in the lifestyle option.

Self-select funds

Self-select funds are also available to members with AVC funds and the level of charges for each of them (including those used in the lifestyle arrangement) and the transaction costs over the period covered by this Statement are:

Fund	Charge		Transaction costs	
	% p.a.	£ per £1,000	% p.a.	£ per £1,000
Aegon BlackRock Consensus Index Class S3	0.16	1.60	0.04	0.37
Aegon BLK Aquila Life Over 5 Yr UK I/L Gilt Class S3	0.11	1.10	-0.00	-0.04
Aegon BLK Aquila Life Over 15 Yr UK Gilt Class S3	0.11	1.10	-0.04	-0.40
Aegon BLK Aquila Life UK Equity Class S4	0.11	1.10	0.05	0.54
Aegon BLK Aquila Life World ExUK Eq Idx Class S7	0.21	2.10	0.03	0.31
Aegon BLK Aquila Life 50:50 Global Equity Class S3	0.16	1.60	0.03	0.25
Aegon BlackRock Market Advantage Class S3	0.27	2.70	0.21	2.09
Aegon BlackRock Cash Class S4	0.125	1.25	0.01	0.14

Source: Aegon

The transaction costs borne by members in the self-select funds during the year were in a range from -0.04% to 0.21% of the amount invested or, put another way, in a range from -£0.40 to £2.09 per £1,000 invested.

5 AVCs invested in With Profits

During the year, some members' AVCs were invested in a Secure Cash Fund at Utmost. These members were previously invested in the Equitable Life With-Profits before its sale to Utmost during the previous year.

The Trustee decided to transfer all members' AVC funds from Utmost to Aegon Asset Management, who act as the Fund's main AVC provider. This transition took place in July 2020.

Prior to the transfer the Utmost Secure Cash Fund applied fees of 0.5% p.a.. The charges and costs borne by members for the Fund's services were:

Service	By members	Shared	By the Fund
Investment management	100%	0%	0%
Investment transactions	100%	0%	0%
Administration	100%	0%	0%
Governance	0%	0%	100%
Communications	0%	0%	100%

6 Money Purchase Underpin

The Fund's Money Purchase Underpin ("MPU") arrangements arise in respect of members' Post 1997 Protected Rights Contracting Out benefits ("Post 1997 benefits"). The Money Purchase Underpin was triggered in respect of some members during the period covered by this Statement.

For members that have Post 1997 benefits, a notional MPU fund value is calculated and upon retirement, death or transfer out this is compared to the value of the member's accrued Post 1997 benefits. The pension then paid is the higher of the member's Post 1997 benefits or the MPU fund value divided by an MPU conversion factor.

The investment return applied to the MPU is based upon the return earned on the Fund's assets as disclosed in each year's Annual Report and Accounts. This is based on the gross return before manager fees but after allowing for transaction costs. This approach has been in place for several years and is in line with the Fund Rules.

The Fund invests in a bulk purchase annuity that represents a significant portion of the Fund's assets (broadly 93% of total assets). To take account of this, the MPU to the year ending 31 March is calculated as the combined weighted return of the bulk purchase annuity (calculated notionally by the Fund Actuary) and the investment return on those assets not transferred to the insurer, between 1 April 2020 and 31 March 2021.

We consider that using the return earned on the Fund to be appropriate and suitable method for determining members' notional MPU fund values.

7 Impact of costs and charges - illustration of charges and transaction costs

The following tables show the potential impact of the costs and charges borne by a typical member on projected values in today's money at several times up to retirement for a selection of funds and a range of contribution levels. Please note the Fund is closed to contributions.

For the Lifestyle;

The table below shows how the AVC pot for a 55 year-old member might grow over time up to their retirement allowing for investment returns and contributions, including what effect the charges for these investment options could have:

Years to retirement	Lifestyle Strategy			
	After costs and charges £	Before costs and charges £	After inflation, costs and charges £	After inflation, before costs and charges £
10	8,000	8,000	8,000	8,000
7	8,747	8,870	8,122	8,236
5	9,283	9,501	8,205	8,398
3	9,852	10,178	8,288	8,563
1	10,340	10,746	8,279	8,604
0	10,532	10,961	8,228	8,562

Source: Hymans Robertson

For the most popular AVC funds:

The table below shows how the AVC pot for a 55 year-old member might grow over time up to their retirement allowing for investment returns and contributions, including what effect the charges for these investment options could have:

Years to retirement	Consensus Fund			
	After costs and charges £	Before costs and charges £	After inflation, costs and charges £	After inflation, before costs and charges £
10	8,000	8,000	8,000	8,000
7	9,077	9,129	8,429	8,477
5	9,874	9,969	8,728	8,812
3	10,742	10,887	9,037	9,159
1	11,686	11,889	9,357	9,520
0	12,188	12,424	9,521	9,705

Source: Hymans Robertson

For the cheapest AVC funds:

The table below shows how the AVC pot for a 55 year-old member might grow over time up to their retirement allowing for investment returns and contributions, including what effect the charges for these investment options could have:

Years to retirement	UK Equity Fund			
	After costs and charges £	Before costs and charges £	After inflation, costs and charges £	After inflation, before costs and charges £
10	8,000	8,000	8,000	8,000
7	9,485	9,528	8,808	8,848
5	10,625	10,706	9,391	9,462
3	11,903	12,029	10,013	10,120
1	13,333	13,516	10,676	10,823
0	14,112	14,327	11,024	11,192

Source: Hymans Robertson

For the most expensive AVC fund offered by the Fund's main AVC provider (AEGON):

The table below shows how the AVC pot for a 55 year-old member might grow over time up to their retirement allowing for investment returns and contributions, including what effect the charges for these investment options could have:

Years to retirement	BlackRock ALMA Fund			
	After costs and charges £	Before costs and charges £	After inflation, costs and charges £	After inflation, before costs and charges £
10	8,000	8,000	8,000	8,000
7	8,747	8,870	8,122	8,236
5	9,283	9,501	8,205	8,398
3	9,852	10,178	8,288	8,563
1	10,456	10,903	8,373	8,730
0	10,772	11,285	8,415	8,816

Source: Hymans Robertson

For the AEGON Cash Fund:

The table below shows how the AVC pot for a 60 year-old member might grow over time up to their retirement allowing for investment returns and contributions, including what effect the charges for these investment options could have:

Years to retirement	Cash Fund			
	After costs and charges £	Before costs and charges £	After inflation, costs and charges £	After inflation, before costs and charges £
5	8,000	8,000	8,000	8,000
3	8,301	8,323	7,901	7,922
1	8,614	8,659	7,804	7,845
0	8,774	8,833	7,755	7,807

Source: Hymans Robertson

Assumptions

The assumptions used in these calculations were;

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Inflation is assumed to be 2.5% p.a.
- For the projections (excluding the cash fund projections), the starting pot size is assumed to be £8,000 at age 55, as this represents a typical member of the Fund.
- For the cash fund projections, the starting pot size is assumed to be £8,000 at age 60. This projection has been included as many members are invested in the cash fund closer to retirement.

The investment return allowing for inflation for each fund above was:

Fund	Return % p.a.
BlackRock (50:50) Global Equity Index Fund	3.5
BlackRock UK Equity Fund	3.5
BlackRock ALMA Fund	1.0
BlackRock Cash Fund	-0.5
BlackRock Consensus Fund	2.0

The assumptions as used in the Statutory Money Purchase Illustrations included with members' benefit statements have otherwise been used.

Please note the following:

- In the absence of transaction cost information which perfectly matches the reporting period (detailed in "Missing Information"), these illustrations use the transaction data from 1 January 2020 to 31 December 2020 as a proxy;
- These estimates use assumed rates of future investment returns and inflation which may not be borne out in practice;
- The assumptions used may differ in the future to reflect changes in regulatory requirements or investment conditions;
- The values may be affected by future, and as yet unknown, changes to the Fund's investment options;
- The values are not guaranteed;

- The values for the lifestyle option depend on how far a member is from retirement, as the funds used change over time;
- The values may not prove to be a good indication of how your own savings might grow; and
- This analysis complies with the Technical Actuarial Standards (TAS) 100: Principles for Technical Actuarial Work.

8 Value for Members

Each year the Trustee carries out an assessment of whether the charges and transaction costs for the lifestyle arrangement and other investment options, which are borne in full or in part by members, represent good value for members.

Value is not simply about low cost – the Trustee also considers the quality of the services which members pay for. With the help of their professional advisers the Trustee compares the charges and costs as well as the quality of the services against other similar schemes.

The Trustee has adopted the following approach to assessing value for members during the last year:

- Suitability of the funds available;
- Costs associated with investing in the funds available; and
- Performance of the funds offered.

The Trustee’s assessment is that, overall, the funds offered provide good value based on a combination of these measures, as measured by the following criteria:

Value category/ feature	Rating	Metric	Comments
Suitability of investment options	Average	Qualitative assessment based upon member profile and use of funds.	The range of funds is predominantly passively managed. The range of funds and the AVC lifestyle arrangement have recently been reviewed. We consider the range of options appropriate and sufficiently wide to meet members’ needs.
Charges for investment options	Above average	Comparison of charges from a Value for Money Database	We believe that the charges are competitive for a Fund of this size, recognising that many funds are passively managed.
Investment performance	Average	Unitised funds: comparison against benchmarks over 3 months, 12 months and 3 years	We monitor and review the performance of the unit-linked funds. All funds have tracked their respective benchmarks within an acceptable range, recognising that many funds are passively managed.
Transition Costs	Average	Compared with wider market	The transaction costs are comparable with those for similar funds used by other schemes. The Trustee acknowledges that at this point, there are limited transaction costs data available to provide industry wide comparisons.
Overall VfM Rating	Average		We consider the fund options to be suitable and performing in line with expectation. We also consider the costs associated with the funds offered to be competitive.

9 Administration

The Trustee has appointed Barnett Waddingham to administer the Fund's MPU and its AVCs.

Member data is relatively static, reflecting the Fund having been closed to new AVCs for some years and the MPU serving as a benefit underpin, rather than an active fund choice. There is also very limited activity in terms of members switching between AVC funds, notwithstanding the Utmost to Aegon transfer conducted during the year.

Nevertheless, regular member data quality reviews are undertaken by the administrator and reported to the Trustee. In addition, periodic reconciliations of individual members' AVC funds are undertaken between the administrator's records and those held by the AVC fund providers.

Barnett Waddingham liaises with the AVC fund providers and operates within agreed service level standards, which are designed to ensure efficient processing of member data and any associated financial transactions. Performance against those service levels is monitored by the Trustee.

The Trustee has a service level agreement in place with Barnett Waddingham covering:

- Provision of a retirement pack and quotation of benefits within 10 working days;
- Payment of benefits within 5 working days;
- Provision of transfer value quotation within 10 working days;
- Payment of transfer value within 3 working days;
- Provision of leaver option pack within 10 working days;
- Response to members' enquiries within 10 working days;
- Provision of statements upon request within 10 working days; and
- Processing of investment switches within 5 working days.

Barnett Waddingham monitors its performance and reports via quarterly administration reports. Barnett Waddingham also maintains accreditation with the Pensions Administration Standards Association ("PASA") which recognises high quality administration services and maintains ISO certification for information security (ISO27001), and Quality Management (ISO9001).

The Trustee monitored core financial transactions and administration service levels during the year by:

- Receiving quarterly reports from the administrator on the processing of financial transactions and other administration processes against the agreed service levels;
- Considering the reasons for and resolution of any breaches of service standards;
- Receiving reports from the Fund's Auditor, who independently tests sample transactions for accuracy and timeliness; and
- Considering member feedback including any complaints.

The Fund's administrators have confirmed to the Trustee that there are adequate internal controls to ensure that core financial transactions relating to the Fund are processed promptly and accurately.

The Trustee is satisfied that the service standards are competitive because they were benchmarked when Barnett Waddingham was appointed during 2018. It will review them again on a periodic basis.

Bulk transfer of assets

During the year there was a large-scale transfer of members' Utmost Life & Pensions holdings to Aegon. The transfer took effect in July 2020. For those members not wanting to self-select, the Aegon fund that members were invested in depended upon their time to retirement and the Trustee worked with the administrator to implement this. There were no spread costs on the Aegon funds in which members were invested.

As part of this exercise, Barnett Waddingham identified three stranded member pension pots, which were not transferred to Aegon as part of the transfer. These corresponded to two members who had transferred their benefits to another provider and one short service member who should have received their AVC holding as a refund when leaving the Fund. Following an investigation, Barnett Waddingham was able to identify and contact these members and paid out their AVC holdings in January 2021.

Security of assets

There have been a very small number of instances where members of pension schemes such as ours have seen their benefits reduced as a result of a financial failure of a provider or fund manager.

The Trustee has reviewed the structure of the funds used within the AVC funds offered and believe that these are appropriate for members when compared to other possible structures.

The Trustee has received training on the security of members' assets and will continue to keep this under review. The Trustee takes the security of assets into account when selecting and monitoring the funds used by the Fund.

Data quality

Each year the Trustee receives reports from the Fund's administrator to confirm that it has undertaken an audit of the Fund's common data (which is the key data, such as dates of birth, needed by the Fund to calculate members' benefits), to ensure that the records for all members are accurate and up to date.

The last data quality audit was undertaken in January 2021. This showed that common data was present for 51% of membership data as at 1 January 2021– compared to 49% last year so was broadly unchanged.

Cyber Security

The Trustee is conscious of the growing threat of cyber-attacks on pension scheme information.

The Trustee periodically asks the Fund's administrator and providers to confirm that their cyber security arrangements are effective and up to date. The Trustee expects that the Fund's administrator and providers will report any security breach immediately and ensure that members are notified as soon as possible.

10 Trustee knowledge

The Trustee is required to maintain appropriate levels of knowledge and understanding to run the Fund effectively. Section 247 and 248 of the Pensions Act 2004 requires that each Trustee Director must:

- Be conversant with the Trust Deed and Rules of the Fund, the Fund's SIP and any other document recording policy relating to the administration of the Fund generally,
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as a Trustee Director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investing the assets of occupational pension schemes.

The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

- There is an induction process for newly appointed Trustee Directors, who are asked to complete the Pensions Regulator's "Trustee Toolkit" within 6 months of becoming a Trustee Director;
- Training is provided to ensure that Trustee Directors maintain a working knowledge of the Fund's Trust Deed and Rules, the Fund's SIP as well as the investment concepts and principles relevant to the Fund contract documents in relation to administration of the Fund and the law and legislation relating to pension schemes and trusts;
- Trustee Directors are encouraged to undertake further study and qualifications which support their work;
- The Trustee Directors have a plan in place for ongoing training appropriate to their duties;
- The effectiveness of these practices and the training received are reviewed periodically; and
- The Trustee Directors carry out regular assessments to confirm and identify any gaps in their knowledge and skills.

The Trustee, with the help of its professional advisers, regularly considers training requirements to identify any knowledge gaps. The Trustee's advisers raise any changes in governance requirements and other relevant matters as they become aware of them and typically deliver training on such matters at Trustee meetings if they are material.

All of the Trustee Directors have access to copies of, and are familiar with, the current governing documentation for the Fund, including the Trust Deed & Rules (together with any amendments) and the SIP. The Trustee Directors refer to the Trust Deed and Rules as part of deciding to make any changes to the Fund, taking legal advice if necessary, and the SIP is formally reviewed at least every three years and in response to any change to the Fund's investments.

All the Trustee Directors are required to complete the Pensions Regulator's Trustee Toolkit, which is a free online learning programme from The Pensions Regulator aimed at trustees of occupational pension schemes and designed to help trustees meet the minimum level of knowledge and understanding required by law. A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date.

The Trustee also carries out periodic evaluations of the performance and effectiveness of the Trustee Board as a whole, measured against the objectives in the Fund's Objectives.

During the period covered by this Statement, the Trustee received training on topics such as quarterly market updates and periodic regulatory updates. A new Trustee Director was appointed during the year, who received detailed training across various aspects of the Fund, such as the actuarial valuation process, an overview of the Fund's investment arrangements and risk transfer considerations.

The Trustee has appointed suitably qualified and experienced actuaries, legal advisers and investment consultants to provide advice on the operation of the Fund in accordance with its Trust Deed and Rules, legislation and regulatory guidance.

The Trustee regularly reviews the effectiveness of its advisers and periodically reviews their appointment.

The Trustee is satisfied that during the last year it has:

- a) Taken effective steps to maintain and develop its knowledge and understanding; and
- b) Ensured it has received suitable advice.

The Trustee Directors are satisfied that the combination of their knowledge and understanding together with access to suitable advice enabled them to properly exercise their duties during period covered by this Statement.

11 Our key actions last year and plans for the next year

During the last year, the Trustee undertook the following (to assess or improve value for members):

- Assessed fund fees, suitability and performance of the AVC funds.
- Considered the suitability of the lifestyle strategy.
- Concluded that the range of AVC funds remained appropriate for the majority of members.
- Completed a transfer of policies from the Utmost Secure Cash Fund to the Fund's main AVC provider Aegon.

In the coming year (which will be covered by the next Statement), the Trustee's focus will be on ensuring that the current AVC arrangements in place remain suitable for the majority of members.

12 Missing information

Transaction costs included in this Statement, across all AVC funds, are for the period 1 January 2020 to 31 December 2020, rather than for the period 1 April 2020 to 31 March 2021. This means that some information is outside the period covered by this Statement. For the purposes of this Statement (including the illustrations of the impact of costs and charges and the assessment of Value for members), the transaction costs stated are for the 12 months period supplied by providers (as referred to immediately above), without adjustment.

The following steps are being taken to obtain the missing information for the future:

- The Trustee has requested the information from Aegon and is chasing for a response.
- Aegon has indicated that the transaction cost data from 1 April 2020 to 31 March 2021 will not be available until the end of June.

The missing information listed above means that the Trustee has not been able to:

- Compare the funds' costs against other schemes over the relevant period; nor
- Prepare full illustrations of how costs and charges affect the size of typical member's savings over the specific period.

The Trustee also notes the following limitations:

- At this time, limited data is available on industry-wide comparisons of pension schemes and has relied heavily on the market knowledge of its advisers; and
- There is limited transaction costs data available to provide industry-wide comparisons.

The Trustee understands that these issues currently affect many pension schemes and pension providers. The amount of comparative information available should improve over the next few years.