

The Alan Nuttall Partnership Limited

Chairs Statement in relation to the Alan Nuttall Limited (Dudley) Employee Retirement Benefits Scheme for the year ending 5 April 2020.

As the Chair of Trustees, I am required to provide a yearly statement which explains what steps have been taken by the Trustees, with help from our professional advisers, to meet the relevant governance standards. The law sets out what information has to be included within the statement and this is covered below.

The Alan Nuttall Limited (Dudley) Employee Retirement Benefit Scheme is a Money Purchase Scheme under which there is a minimum defined benefit guarantee. This guarantee takes the form of Guaranteed Minimum Pensions (GMP's) and Reference Scheme Test (RST) benefits.

"GMP members" have entitlements in respect of contracted-out service before 6 April 1997 and monies are held in the members' individual account to provide for these liabilities. Similarly, "RST members" have (RST) benefit entitlements in respect of contracted-out service between 6 April 1997 and 6 June 1999. Monies are held in the members' individual account to provide for these liabilities. "GMP & RST members" are members with both GMP and RST benefits. Some of these members may also have benefits on a pure money purchase basis in addition to their defined benefits.

The Alan Nuttall Limited (Dudley) Employee Retirement Benefits Scheme ceased to be contracted out of the State Earnings Related Pension Scheme (SERPS) with effect from 6th June 1999, and contributions into the Scheme ended on 30th June 2009.

Based on our assessment we believe that we have adopted the standards of practice set out in the DC Code and DC regulatory guidance published by The Pensions Regulator. These help demonstrate the presence of DC quality features, which we believe help deliver good outcomes for members at retirement.

Default Investment arrangement – Balanced Retirement Investment Strategy (BRIS)

The Default Investment Strategy agreed with the Trustee is Royal London's Balanced Retirement Investment Strategy (BRIS). This fund aims to be well diversified between asset classes and return drivers. This fund does not require members to make their own investment decisions and is designed to be suitable for members' own individual expected retirement date.

Starting at a given date before the Schemes selected retirement age, existing funds are switched annually. This strategy initially invests in the Royal London Pension UK Equity Fund. Investments are then gradually switched into the Royal London Pension Managed fund which gives a wider mix of markets, including property. In the latter years, investments are switched into the Royal London Pension Fixed Interest and Deposit Funds.

For those members who wish to make their own investment decisions, Royal London offer a total of 19 funds under the Crest Money Purchase Scheme.

The main risk is that the investment returns over the life of the funds fail to meet their fund-specific performance objective. For the Crest Growth funds, this is expressed as an investment return in excess of inflation and is measured by the Consumer Price Index (CPI).

Royal London's Investment Manager seeks to dampen the impact of short-term market movements by adjusting the asset allocation tactically. Over the life of the fund the strategic asset allocation shifts so that as a member approaches retirement the exposure to Growth assets is reduced in favor of more defensive, less volatile assets. The self-select funds are chosen by members who bear the risks associated with their chosen fund(S).

The strategy for each scheme is reviewed at least every three years to ensure that it remains appropriate.

Setting and reviewing an appropriate investment strategy

The Trustees are responsible for responsible for investment governance. This includes setting and regularly reviewing the investment strategy for the Scheme's default arrangement. Details of the investment strategy and the investment objectives of the default arrangement are recorded in a document called the **Statement of Investment Principles (SIP)**. The Trustees review this document in outline annually and in detail every 3 years.

Administration Standards & Core Scheme Transactions

The Trustees asset consists of an insurance policy purchased from The Royal London Mutual Insurance Society. The underlying market investments are owned by the Royal London Mutual Insurance Society.

The assets held with Royal London are in the form of pooled investment vehicles i.e. there is no direct investment in equity, bonds etc.

Under the Crest Growth Plans contributions are invested in units of the Pension Investment Funds which participate in the investment performance of Royal London.

Alternatively, the Trustees may invest in a With Profits fund where the price of the unit grows at a rate declared by Royal London. This fund is invested in a mixed portfolio of assets which includes Government and other bonds (both UK and Overseas). The aim of the investment strategy is to maximise the long-term return on investments for with profits members. Royal London reduce the impact of ups and downs in investment markets, by holding back some gains in good times so that they can return these when things aren't so good, which they call smoothing.

The governance standards require the Trustees to ensure that "core financial transactions" are processed promptly and accurately.

As the Scheme is closed to new entrants and future contributions, for this purpose, the relevant core financial transactions are:

- Payments of transfers in and out of the Scheme's
- Investment switches
- Payment of benefits to members

There are no regular payments being paid into this scheme. Royal London's Service Standards for switches are next working day, however they have advised that there have been no ad-hoc switches over the 2019/2020 Scheme Year.

Royal London have also advised that for disinvestments, they aim to complete 95% within 5 – 10 working days from the date the last piece of information is received, and they met this standard for the 2019/2020 Scheme Year.

Royal London's Service Standards for switches are next working day. However, they have confirmed that there have been no ad-hoc switches over the 2019/2020 Scheme Year.

Service Levels are monitored on a daily basis to ensure that they adhere to these timescales. All administration of the Scheme is dealt with by one central team and work relating to the Schemes are checked by a second person.

In addition, Royal London have confirmed that their work is regularly monitored by a separate Quality Assurance team and that they are also internally monitored from time to time.

In accordance with regulation 24 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), The Trustees have reviewed the core financial transactions to ensure that they continue to be processed promptly and accurately and is satisfied that there have been no breaches of the requirements on these core financial transactions during the 2019/2020 Scheme year. In addition, there were no member complaints or issues that required the Trustees to take actions during the Scheme year.

Monitoring of accuracy is undertaken by periodic checking of the Fund's membership data. The Trustees have reviewed all its data management procedures and has updated its data protection policies post 25th May 2018 to ensure compliance with the General Data Protection Regulation.

Costs and Charges borne by members

In accordance with the Regulations, The Trustees are required to calculate the charges and transaction costs paid by members and assess the extent these charges paid by members represent good value for money.

The assets held with Royal London are in the form of pooled investment vehicles i.e. there is no direct investment in equity, bonds etc.

There are no direct transaction costs for the scheme. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

Members of the fund pay Annual Management Charges (AMC's), which cover Royal London's costs of administering the Fund and the costs of managing the underlying funds.

The Total Expense Ratio borne by members who are invested in Royal London's Balanced Retirement Investment Strategy fund is around 1% per annum which is deducted daily and reflected in the Fund price.

There may also be additional Transactional Costs incurred by investment managers as a result of buying, selling, lending or borrowing investments and these are Balanced Retirement Investment Strategy 0.05%, RLP Managed 0.09%, Crest Unitised With Profit 0.00%, RLP Fixed Interest -0.28%.

All other administration costs are met separately by the Employer. Although Members do not directly cover the costs associated with the Fund, the Trustees carefully consider the other costs incurred and monitors these to ensure the Employer receives good value too.

There are currently 19 funds available to members under Royal London's Crest Money Purchase Schemes. The charges and transaction costs applicable to the default arrangement are 1% per annum. A member may elect to Opt-Out of the Default Funds and invest in external funds. Currently all members are invested in the Default Fund. The Scheme is not a qualifying scheme for the purpose of automatic enrolment legislation.

The impact of costs and charges

The Trustees are required to provide members with information on the effect of costs and charges on their pension account. The Trustee has illustrated the cumulative effect of charges over time for the Balanced Retirement Investment Strategy that all members are currently invested in.

This table shows the projected value of a typical member's plan in the current scheme as at 01/04/2020 in today's terms.

		Default Fund	Balanced Retirement Investment Strategy
Years	Value of payments made, no investment	Before Charges	After all charges + costs deducted
1	£17,458	£17,458	£17,274
3	£16,617	£18,220	£17,650
5	£15,816	£19,014	£18,033
10	£13,979	£21,156	£19,029
15	£12,356	£23,539	£20,080
20	£10,921	£26,190	£21,188
25	£9,652	£29,140	£22,358
30	£8,531	£34,222	£23,593
35	£7,540	£36,074	£24,895
40	£6,665	£40,138	£26,270

This table shows the projected growth rate for the Balanced Retirement Investment Strategy as at 01/04/20

Fund choice	Investment name	Investment growth rate	Plans with this investment	AMC	Transaction Costs*
Default fund:	Balanced Retirement Investment Strategy	4.71%	315	1.00%	0.05%

*Transaction costs are incurred by asset managers as a result of buying, selling, lending or borrowing investments. These costs are taken into account via the daily unit price for each Royal London fund your policy is invested in.

Transactions costs are not available for all funds because the information has not been provided by all of our external fund management partners.

Notes

1. The projected pension values are shown in today's terms and take into account the effect of future inflation, which we've assumed will be 2.5%.
2. The starting pot size is assumed to be £17,458 and that Contributions are assumed from age 22 to 68 which will increase in line with assumed earning inflation of 2.5% each year.

3. Lifestyle strategies reduce how much exposure is placed upon the retirement savings the closer the member gets to their chosen retirement age. Plans are invested in company stocks and shares in the early years and the closer they are to their retirement, are gradually switched into other assets. And whilst this reduces their exposure to the stock market, the expected growth rate can change depending on how long is left until retirement. Within these projections we've calculated these on a single equivalent growth rate using an average time to retirement over a full projection period.
4. Values shown are estimates and are not guaranteed.
5. Member data, including the fund value and contribution levels were last reviewed on 01 April 2020.
6. TERs and transaction costs provided by Royal London are correct at 01 April 2020.

Source: Royal London

The investment provider's annual management charges are assessed annually as part of the DC review and considered against other providers in the market. The Trustee determined that the fees charged to members were comparable with other occupational pension schemes based on the Department for Work & pensions "Pension Charges survey 2016".

The Trustee considers the level of fees paid by the members in the Fund Year to provide good value. This view is based on the level of fees available on other investments of similar types, the level of service provided and the ability of the funds to meet their objectives.

Value from member borne deductions

It is the Trustees policy to review all member-borne charges on a regular basis on a regular basis to aim to ensure members are obtaining value-for-money given the circumstances of the Fund. The Trustees note that value-for-money does not necessarily mean the lowest fee, and the overall quality of the service received has been taken into account in the value-for-members assessment.

The DC Section of the Fund which accrued when the Scheme was Contracted Out of The State Earnings Related Pension Scheme (SERPS) has a Guaranteed Minimum Pension (GMP) and Reference Test Benefits (RTB). This ensures that all members receive at least the level of the GMP / RTB they have built up in the Fund and any additional funding to meet this promise is ultimately met by the sponsoring employer.

Trustees Knowledge and Understanding

The law requires the Trustees to possess or have access to sufficient knowledge and understanding to run the whole Fund effectively.

There were no changes to the Trustees in 2020 and they are familiar with the law relating to pensions and trusts.

The following actions have been taken by some Trustees to gain the appropriate knowledge and understanding to effectively run the Fund with good governance:

- The Trustees have completed the online Trustee Toolkit and completed new modules or amended modules as they are added or changed.
- The Trustees receive regular training and are encouraged to identify gaps in their knowledge.

- The Trustees are conversant with the Trust Deed and Rules and the powers granted to it, as well as Fund-specific policies and procedures. The Trustees have considered the provisions of the governing documentation when making decisions in relation to the Fund and the payment of benefits from it.
- The Trustees are conversant with the Statement of Investment Principles (SIP) maintained under Section 35 of the Pensions Act 1995 and considers the objectives noted in the SIP when reviewing the performance of the funds.
- The Trustees take regular investment advice from its advisers on matters relating to the Fund's investments.
- The Trustees keep up to date with developments in the DC landscape and new guidance issued by the Pensions Regulator.

During the fund year the Trustees have met the requirements of Section 247 and 248 of the 2004 Act (requirement for knowledge and understanding) by holding regular Trustee meetings, monitoring the Fund governance and ensuring it is run in accordance with the Fund's Rules and in line with the Pensions Regulator's guidance notes..

The Trustees, together with assistance from their professional advisers as well as Royal London's Actuaries, use their combined knowledge and understanding of Pension Law, specific fund documentation, legal requirements and the Pensions Regulator's guidance to ensure that the Fund is run effectively and the member's benefits are paid in accordance with the Fund's Rules and to carry out the fiduciary duties required of them. This combined knowledge helps the Trustees to ensure that good governance is a priority and identify where any improvements can be made to existing procedures and processes.

The Trustees knowledge of the Fund's Rules ensures that they can consider non-standard benefit request options and whether this is permissible under the current rules and whether legal opinion is required and / or a rule change needed.

Ensuring good governance helps the Trustees determine whether the Funds offer good value for money and whether members and beneficiaries are being treated fairly and seeks to safeguard the interests of all members and beneficiaries.

This Chair's statement has been made publicly available and the website address will be made available to members within the annual benefit statements.

Please print name

Signature

Date

Darren Emms



23/11/2020

(Chair of Trustees)