

The Robin Mills Properties Retirement Benefits Scheme

Chair's Statement

1 August 2023 to 31 July 2024

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01 Introduction

£4.53m

Total defined contribution funds in the Scheme.

This is the Chair's Statement for The Robin Mills Properties Retirement Benefits Scheme (the "Scheme") covering the period 1 August 2023 to 31 July 2024.

As the Chair of the Trustees, I provide you with a yearly statement which explains what steps have been taken by the Trustees, with help from our professional advisers, to meet the governance standards. The law sets out what information must be included in my Statement, and this is designed to help members achieve a good outcome from their pension savings.

The Scheme is a Hybrid arrangement providing benefits to members depending on their membership category the majority of which is on a Defined Contribution ('DC') basis.

There are three sections of the Scheme (sub-types 2, 3, and 4). Sub-type 3 provides only DC benefits. Sub-type 2 provides DC benefits, but with an underpin that the benefit will not be less than a member's Guaranteed Minimum Pension (GMP) which is Defined Benefit (DB) in nature. Sub-type 4 is similar to sub-type 2, with the difference being that members with funds in sub-type 4 have been calculated as being unlikely to have a Personal Account value greater than their GMP and so have been placed in less risky funds. This is discussed in more detail below. The Scheme has a default investment option, and this is explained further in Section 2.

01.01 Governance and Queries

The Trustees are committed to having high governance standards and meet regularly to monitor the controls and processes in place in connection with the Scheme's investments and administration.

The Trustees have reviewed and assessed that our systems, processes, and controls across key governance functions are consistent with those set out in:

- Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018
- The Pensions Regulator's Code of Practice 13, titled "Governance and administration of occupational DC trust-based schemes", and
- The most recent regulatory guidance for DC schemes.

The Scheme is closed to accrual and so it not used as a qualifying scheme to comply with the automatic enrolment legislation in the UK, in relation to current employees. However, the Scheme does operate a default investment option, and this is explained further in the section below.

The Scheme was established under a trust deed dated 28 April 1988 by Storey Evans and Company Limited for the benefit of its directors and employees.

The Scheme initially provided members with pension benefits in line with contributions paid into the Scheme on their behalf and the net investment returns achieved on the funds invested. Underlying benefits included Guaranteed Minimum Pension (GMP) rights.

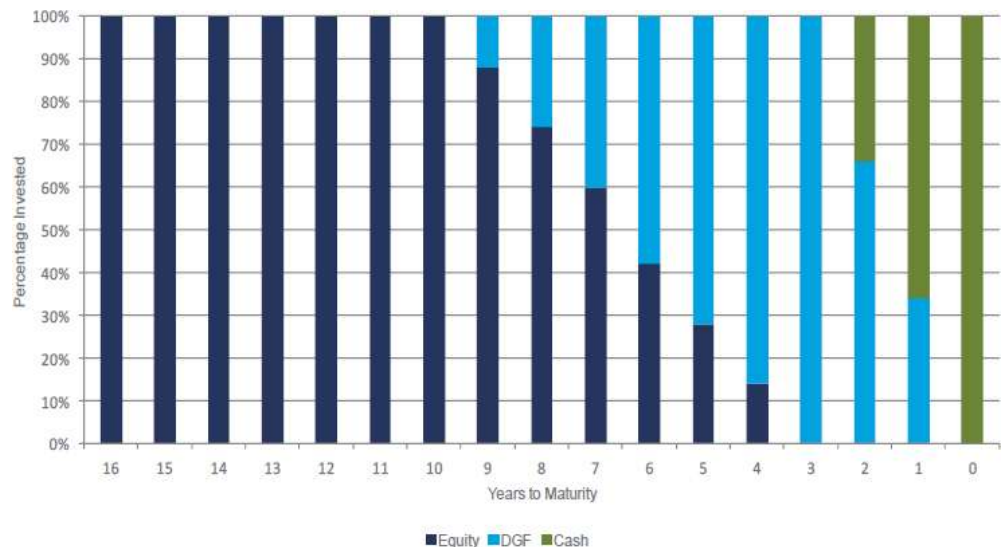
Guaranteed Minimum Pension (GMP) is the minimum pension entitlement for members who were contracted out of occupational pension schemes, salary related pension schemes (COSRs) and State Earnings Related Pension Schemes (SERPS) prior to April 1997.

I, Phillip Howden, was appointed as the Chair of the Trustees and I am signing this Statement in that capacity.

02 Default Investment Strategy

02.01 The default investment option

If members do not make their own investment choices in the Scheme, their funds are invested in the “default investment option”.



The Trustees are responsible for the Scheme’s investment governance, which includes setting and monitoring the investment strategy for the Scheme’s default arrangement option which is what’s known as a “lifestyle” strategy, which seeks to switch investments gradually into lower risk funds as members approach retirement.

For sub-type 3 members (DC only) the investment strategy’s ‘lifestyle’ transitions the assets held based on the individual member’s time to retirement as follows:

- 100% invested in a global equity pooled fund, for members a long way from retirement.
- Switching out of global equity and into a multi-asset fund for members within 10 years of retirement.
- Finishing with 100% of assets being held in a cash fund for members close to their target retirement age.

The Trustees wanted to offer members (who meet prescribed conditions under legislation) the option to take their benefits in whichever way suits member’s needs. Therefore, the default investment strategy for sub-type 3 members, suits those who wish to transfer their funds to access Flexi-Access Drawdown, aimed at allowing members the freedom to flexibly access their funds how and when they need to. This hasn’t been formally reviewed within the year, with the last review taking place on 30 November 2018, however the Trustees believe this remains appropriate for the member’s needs and will be reviewing the strategy in the 2024/25 Scheme year.

The attached Statement of Investment Principles (SIP) as at November 2023 reflects the above default investment strategy, as well as other funds offered by the Scheme. During the period covered by the Statement, the Trustees reviewed the performance of the underlying funds in the default investment option against the aims and objectives set out in the Statement of Investment Principles (SIP). The Trustees believe they continue to meet these aims. The Trustees updated their SIP post year-end to comply with legislative requirements, but this did not affect any DC investment related strategy or implementation.

Statement of Investment Principles (SIP)

A copy of the SIP, which sets out the objectives for the Scheme’s investment strategy, can be found in Appendix A

Members in Sub-Type 2 are permitted to self-select their investment strategy in any proportions they choose. The investment strategy is set by the Trustees for members in Sub-Type 2 and 4. In addition to the funds used within the default strategies, members have access to an ethically invested global equity fund, as well as a pre-retirement fund, intended to protect volatility in a member's annuity purchasing potential in the run up to retirement. No member has yet chosen the self-select option and therefore all are in the default investment strategy. Given the nature of the membership this is neither a surprise nor a concern to the Trustees. Members are routinely advised of their options and encouraged to seek financial advice as appropriate.

02.02 Net investment returns

Changes to legislation introduced in October 2021 require trustees of relevant occupational pension schemes to report on the net investment returns for the default arrangement and for each fund which scheme members are, or have been able to, select, and in which scheme members are invested during the scheme year.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in this statement is intended to help members understand how their investments are performing.

02.03 Fund performance

The table below shows how the Default Fund has performed for members at three different ages, over the last one, three and five years based on a target retirement date of 65.

	5 years (01/08/2019 – 31/07/2024)	3 years (01/08/2021 – 31/07/2024)	1 year (01/08/2023 – 31/07/2024)
Lifestyle profile	%	%	%
Age 45	15.76	8.50	8.78
Age 55	15.76	8.50	6.67

Source: LGIM. Figures are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest

Figures are net of fees but members should be aware the Level of charges and transaction costs paid by members on the default strategies. The TER applicable to the default strategies may vary throughout a member's lifetime as a result of the changing investment mix.

02.04 Self-Select Funds

As self-select funds are constant profiles and unlike the Pre-selects do not lifestyle funds in line with age or time to retirement they can be shown as a single value for each fund. To help members understand how this changes over time, fund performance has been shown for 5 years, 3 years and the last Scheme Year.

	5 years (01/08/2019 – 31/07/2024)	3 years (01/08/2021 – 31/07/2024)	1 year (01/08/2023 – 31/07/2024)
Self-Select Funds	%	%	%
LGIM Global Equity Fixed Weights (50:50) Index	8.78	8.50	15.76
LGIM Sterling Liquidity	1.88	2.99	5.37
LGIM Diversified Fund	3.45	1.82	8.70

Source: Legal & General Investment Management (LGIM). Figures are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest.

03 Charges and transaction costs

Members may self-select their investment strategy, investing in any of these funds in whatever proportions they choose

03.01 Investment Manager Charges

The annual management charge (AMC) for members' DC investments is a maximum of 0.36%. The Trustees consider this to be good value for money for members, especially given the small size of the Scheme. This compares to the maximum AMC of 0.75% on schemes used for auto-enrolment.

The Trustees regularly monitor the level of charges borne by members through the funds. These charges comprise:

- Express explicit charges, such as the Annual Management Charge (AMC), and additional expenses that are disclosed by the fund manager as part of the Total Expense Ratio (TER); and
- Implicit charges, such as the costs borne within the fund for activities such as buying and selling of particular securities within the fund's portfolio.

The charges and transaction costs applicable to the funds that members are currently invested in; through the Scheme, in respect of the Legal & General section are shown in the table below.

Fund Name	Ongoing charges (%)	Other costs (%)	Transaction costs (%)	Total charges (%)
Default Investment Option				
Lifestyle Profile	0.24		0.020	0.26
Self-Select Funds				
Legal & General Diversified Fund	0.33	0.05	0.000	0.38
Legal & General Sterling Liquidity Fund	0.13	0.00	0.000	0.13
Legal & General Global Equity Fixed Weights 50:50 Index Fund	0.22	0.04	0.045	0.26
Legal & General Over 15 Year Index Fund	0.15	0.00	0.000	0.15

(Source: Legal & General Investment Management (LGIM))

All members during the period are invested within the default investment strategy. Members are reminded that they may select any of the funds listed above and switch between these options should they wish.

All the funds available to members on the LGIM platform are passively managed, with the exception of the Sterling Liquidity Fund which is actively managed. The Trustees regularly compares the performance of the funds and charges to make sure they remain competitive. This includes monitoring and benchmarking by the Scheme's investment advisors XPS and regular reporting and attendance by LGIM at Trustee meetings to answer questions and to discuss their strategic aims for the funds used by the Scheme.

03.02 Administration Charge

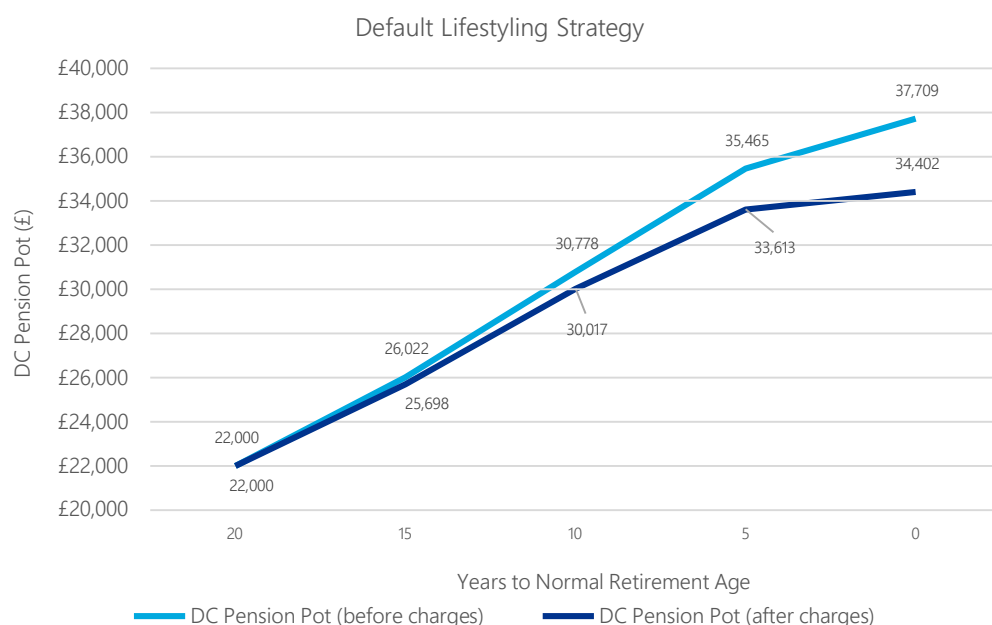
The Employer meets all administrative expenses for the scheme with the exception of annual investment management charges.

Charges and transaction costs

continued

03.03 An illustration of the charges levied on members

Below you can find an illustration of the effect of the Total Expense Ratio and transaction costs met by members on an example pension pot in the default investment option over time.



This is for illustration purposes only. The actual returns received are likely to differ over time as will individual member's pension pot sizes. This illustration is based on:

- This illustration is based on:
- The Scheme's default investment option (as detailed above) – 100% of members are invested in the default lifestyle option.
- The lifestyle strategy, namely the Scheme's default investment strategy.
- All members are invested in line with the default investment strategy.
- A pension fund of £22,000 (the average Sub type 3 pot size currently).
- No ongoing contributions from the employer or from members.
- Investment returns are in line with the SMPI assumptions; and
- Inflation is 2.5% pa (which is also in line with the SMPI basis).
- Investment returns are assumed as LGIM Diversified Fund at 4.00%, LGIM Sterling Liquidity Fund 2.00% and LGIM Global Equity Fixed weights 50:50 Index fund at 6.00%.

Illustrations for all of the funds available to members in the Scheme are shown in Appendix B of this Statement.

03.04 What are the assumptions based on?

In preparing these illustrations, the Trustees have had regard to:

- > The Pensions Regulator's Code of Practice 13, titled "Governance and administration of occupational DC trust-based schemes";
- > The Occupational Pension Schemes (Scheme Administration) Regulations 1996;
- > The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018;

- > The Department for Work and Pensions' 'Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes';
- > The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20;
- > The Pensions Regulator's quick guide to the Chair's Statement and the Technical Appendix; and
- > The most recent regulatory guidance for DC schemes.

04 Core financial transactions

04.01 Assessing Core Transactions

During the year, the Trustees ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Scheme's core financial transactions were processed promptly and accurately by having:

- > an agreement in place with XPS Pensions Group (as Scheme administrator), committing them to defined service level agreements ("SLAs"). Amongst other matters, this covers the accuracy and timeliness of all core financial transactions;
- > XPS Pensions Group report on their performance against the SLAs above as a means of monitoring that the SLA requirements are being met and to cover what they do to ensure no issues arise; and
- > the Scheme auditor independently tests a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

Where any error or issue is identified, the Trustees take appropriate steps to resolve and take action as required. We can confirm there were no material issues in the Statement period on which to report. As part of the journey-planning, a risk register is maintained in order to minimise the occurrence of any issues and to understand any root cause.

The core financial transactions include:

- > **The investment of contributions** - The Scheme's administrator monitors the payment of contributions to the Scheme by the Employer, ensuring that these are paid within statutory timescales. Any late payment outside these timescales is reported directly to the Trustees and appropriate action taken. The settlement of all DC funds is actioned promptly by the administrator and the Trustees monitor the service standards of the Scheme's administrator.
- > **The transfer of assets relating to members into and out of the Scheme** - The Scheme's administrator maintains and reconciles comprehensive records of individual member's contributions and fund values. Contributions are invested within 5 working days of receipt. Any investments withdrawn or transferred to another scheme are processed within 10 working days following receipt of all relevant paperwork, subject to any investigations required where there is evidence of a pensions scam.
- > **The transfer of assets relating to members between different investments within the Scheme** - Transfers between Scheme investments take place annually in April and are accomplished as quickly as possible. Changes to where your future contributions are invested are implemented from your April contribution.
- > **Monitoring of bank accounts** - There is a dedicated contribution processing team, checking investment transactions with independent management of the Trustees Bank account and payments.
- > **Payments to members** - All payments out of the Scheme in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Scheme rules and legislation and also complies with HMRC rules and guidance. In addition, every effort is made to check for possible pension scams.

Noting the requirement for accurate member data to process contributions and payments correctly, the Trustees take steps to continually review and where necessary, correct any problems with the member data which is held by the Scheme administrator. This is reported each year to the Pensions Regulator in the online scheme return.

Core financial transactions

continued

04.02 Administration

The Trustees monitor the administration function to ensure the best service possible in order to provide good value for members. XPS are also independently audited under the ISO 9002 and AAF accreditations. The AAF report is published each year and made available to the Trustees.

05 Value for Members

05.01 Assessment of Value

The Trustees have independently reviewed 'Value for Members' considering the latest guidance from the Pensions Regulator and Department for Work & Pensions for relevant schemes such as the Scheme.

The Trustees have independently considered whether the costs and charges of the DC Section provide value for members based on its own criteria.

As a Scheme with less than £100m in assets, the Trustees have considered and been guided by DWP's publication '*Completing the annual Value for Members assessment and Reporting of Net Investment Returns: Guidance for trustees of relevant occupational defined contribution pension schemes*' dated October 2021 and referenced publications within it. They note:

'When carrying out the value for members' assessment, trustees must consider three factors:

- Costs and Charges
- Net investment returns
- Administration and Governance

Costs and charges and net investment returns must be assessed relatively, based on comparison with other pension schemes, having due regard to this guidance.

Administration and Governance is assessed on an absolute basis within the pension scheme itself, having due regard to this guidance.'

Despite the statutory duty for the Trustees to undertake this assessment, there are several Scheme specific factors which the Trustees note.

1. Member-borne costs and charges. Most importantly, the Employer pays all fees, expenses and levies associated with running the Scheme, with the exception of investment manager charges which are taken into account in unit pricing. Therefore, this latter cost is the only charge met by the members and it renders the charges met by them to be exceptional value, relative to other options available. Specifically, from data on TPR's website:

	Qualifying bundled schemes (mean ongoing charge)	Non-qualifying bundled schemes (mean ongoing charge)
2020	0.48%	0.53%

Source: TPR Pension charges survey 2020: charges in defined contribution pension schemes (table 3.1)

As reported in section 03 above (Costs and charges), and by comparison, the total annual management charges payable by the Scheme's DC members is a **maximum** of 0.36% and as little as 0.14%. The composite charge for the Lifestyle arrangement (in which all DC members are invested) has a total annual charge of **0.26%**. This compares very favourably with the **mean** charges in the TPR data.

By virtue of GMP liabilities, the Scheme is hybrid in nature. It is in deficit and the Trustees are not in a position to wind-up. There are some DC only members and transfers or partial wind-up may be an option, albeit expensive, but even the high-level Value for Members analysis in point 1 demonstrates that this would not be in their financial interest.

For comparator purposes the Trustees have considered **Smart Pension** (0.3% amc + £1.25 p.m.), **The People's Pension** (0.5% amc + £2.50 p.a. – although rebates to the amc apply for larger 'pots') and **National Pension Trust (NPT)** (bespoke pricing with about 21 employers or employer groups). As a small scheme, the Trustees believe it would not be possible to procure terms from NPT which would challenge the competitiveness of the Scheme's charges. The sponsoring employer is affiliated to NPT and there have been previous discussions on its use as a low-cost alternative for members. However, the Trustees are satisfied that the Scheme has lower costs and charges than each of these alternatives, courtesy of the administrative expenses paid by the employer. Members have been made aware of their option to transfer to NPT, but are encouraged to take financial advice before considering any transfer.

Full details of the investment funds are shown in the Statement of Investment Principles dated November 2023 (Appendix A). The accumulative effect of charges taken from a member's fund over time is shown in Appendix B.

Investment Performance

Performance for the Scheme is shown in 02 above.

Approximately half of the DC assets are invested in an LGIM global equity index fund which is low-cost and has performed close to its benchmark over 1, 3 and 5 year periods, net of fees.

The LGIM diversified fund (approx. 35%) has underperformed against its comparator for several years net of fees, but is considered a valuable component of the overall strategy. The LGIM sterling fund (approx.. 15%) also performed very close to its benchmark over all periods.

The Trustees routinely monitor investment performance and take advice, as appropriate. The Trustees are satisfied with the fund performance and that it compares reasonably with equivalent offerings from comparator DC pension schemes.

Administration and governance

The Trustees have a detailed contractual service specification in place with the Scheme's administrator, XPS, who provide monthly status reports on member administration (e.g. transfers out and retirements in progress). This is far more frequently than would be the norm and the Trustees are satisfied that this process works well. There have been no complaints from any member on any aspect of the Scheme's running or performance. Queries raised by the Trustees on any aspect of administration are responded to promptly.

The Scheme has had a professional independent Chair of Trustees for a number of years. The relationship and contact with both the sponsoring employer and the administrator is very strong and regular.

Value for Members summary

The Trustees summarise the overall position as follows:

- Costs and Charges – excellent value for members
- Net investment returns – good.
- Administrative and Governance – very good for a small scheme and diligent by any standards.

06 Trustee Knowledge and understanding

06.01 Knowledge and understanding of the Trustees

The Trustees are satisfied that they have complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004.

One of the Trustees is a professional trustee with Pension Rapport. The Trustees have knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme. This is evidenced by the Trustees' interaction with its advisers as shown in the Trustees Meeting minutes, and the governance framework established by the Trustees to review the performance of the Scheme.

The Trustees have access to key scheme documentation.

The Trustees have exercised its discretions and powers in line with the Trust Deed and Rules, current legislation and, where required, legal advice has been taken, demonstrating its working knowledge of the Scheme's Trust Deed and Rules.

06.02 Trustee Training

In-house training is offered, use of the Pensions Regulator's (TPR's) online Trustee Toolkit is encouraged, and Trustees attend external seminars and updates. The Trustees' advisers provide in-meeting training on new legislation and literature published by TPR relating to its Codes of Practice, in particular Code of Practice no 13.

During the period covered by this Statement the Trustees had training sessions, which covered the following areas:

- > GMP equalisation – the session covered methods to achieve equalisation. Including key points from the Lloyds judgement, the make-up of the Robin Mills scheme, illustration of the inequality inherent in GMP, equalisation process, factors to consider for equalisation method, financial and non-financial considerations.

The Trustees also makes use of a team of expert advisers. Investment advisers, representatives from the third-party administrator, and other experts including legal advisers regularly attend meetings of the Trustees.

06.03 Conclusion

As a result of the training activities completed by the Trustees (both individually and collectively), and taking into account the professional advice available, I am confident that the combined knowledge and understanding has enabled the Trustees to exercise its functions properly.

07 Conclusion

“Overall, the conclusion is that the Scheme is continuing to deliver value for money to the members”

The annual production of this Statement provides members with a narrative of how the Trustees look after members’ interests, especially in the areas of the 5 key elements within this Statement listed below.

- > Default investment strategy
- > Charges and transaction costs
- > Core financial transactions
- > Providing value for members
- > Trustee Knowledge and understanding

The Trustees will continue to monitor these key areas and report to members both via the annual Chair’s Statement and other communications as appropriate. In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the Chair’s Statement requirements, in the belief that the Scheme was operated and governed appropriately during the reporting period.

Signature

Date

12 February 2025

Name

Qualification

Phillip Howden
for Pensions Rapport Ltd

Chairman of the Trustees
The Robin Mills Properties
Retirement Benefits Scheme

