

The Chairman's statement regarding DC governance

For the year ending 31 December 2022

This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It has been prepared on behalf of Minova Pension Trustee Limited (the Trustee) and explains how BMS Harris & Dixon Insurance Brokers Limited Pension and Life Assurance Scheme (the Scheme) is meeting the governance standards that apply to occupational pension schemes that provide money purchase benefits (i.e. Defined Contribution schemes – DC). The DC Section of the Scheme is known as The Retirement Account Plan (RAP) and was established in 2007.

Governance of the DC Investments

As at 31 December 2022, the DC funds under management were as follows:

Fund	£
Standard Life Money Market	£4,134
Standard Life Multi Asset Managed (20-60% Shares)	£2,224
Total	£6,358

Default Investment Arrangement

There is no default investment arrangement in place for the DC Section. There are only two members with DC Section assets, and each made an explicit choice regarding the investment of their funds, based on guidance provided at the time of investment. The DC Section is neither used for auto-enrolment purposes nor receives any current employer or employee contributions; it relates to legacy assets only.

Charges and transaction costs

The law requires the Trustee to disclose the charges and transaction costs borne by DC scheme members and to assess the extent to which those charges and costs represent good value for money for members. These transaction costs are not limited to the ongoing charges on member funds but should also include trading costs incurred within such funds. We have taken account of statutory guidance when preparing this section of the report.

Investment fees in relation to the self-select funds are built into the unit prices and, therefore, are met by members. All other costs in relation to running the Scheme, such as governance and administration, are met by the Scheme.

The Trustee has made available a range of funds which may be chosen by members and this range was last reviewed in March 2017. Given the time now elapsed, a review will be considered in 2023. These funds allow members to take a more tailored approach to managing their own pension investments and attract annual charges and transaction costs as follows.

Fund	Total Expenses	Transaction Cost (%)
Standard Life Money Market	0.71%	0.00%
Standard Life Multi Asset Managed (20-60% Shares)	0.72%	0.17%

The Standard Life charges include a scheme discount of 0.30%.

The Chairman's statement (Cont)

The 0.75% charge cap only applies to default funds for qualifying auto enrolment arrangements; hence the funds may exceed this amount.

We have shown only those funds currently invested in by members, a number of additional funds are available for members to select through Standard Life.

Cumulative costs and charges

The Trustee has conducted an analysis of the cumulative impact of the member-borne costs and charges within the various investment funds for typical members of the DC Section, which is set out in the Appendix.

Net investment returns for the DC Section

The following table reflects the performance of each fund over varying periods based on investment returns after charges have been deducted and has taken account the statutory guidance when preparing this section of the statement. They have been calculated on a geometric basis, assume a £10,000 investment fund and are to 31 December 2022.

Fund	Net Annualised Investment Returns					
	1 year	5 years	10 years	15 years	20 years	Since Inception
Standard Life Money Market	0.59%	0.03%	0.01%	0.52%	1.38%	0.93%
Standard Life Multi Asset Managed (20-60% Shares)	-8.58%	1.03%	4.22%	4.37%	5.84%	4.46%

Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions relating to the DC section are processed promptly and accurately. These include the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members.

These transactions are undertaken on the Trustee's behalf by the Scheme administrator, Barnett Waddingham and its investment manager, Standard Life. The Trustee periodically reviews the processes and controls implemented by those organisations and considers them to be suitably designed to achieve these objectives. The Trustee has a service level agreement (SLA) in place with the Scheme administrator which covers the accuracy and timeliness of all core transactions and receives regular reports to monitor the performance against those service levels. The processes adopted by the Scheme administrator to help meet the SLA include dynamics checklists and checking of investment and banking transactions.

During the period covered by this statement, there were no contribution transactions as no regular contributions are made to the DC section. Performance against the SLA continues to be monitored on a regular basis and the Trustee receives an annual Assurance Report on Internal Controls (AAF 01/06) from Barnett Waddingham.

We will also perform periodic assessments of the methods and efficiency of the Scheme's administrators and will challenge them in terms of efficiency using available facilities including technological functionality.

The Chairman's statement (Cont)

In light of the above, the Trustee considers that the requirements for processing core financial transactions specified in the Administrations Regulations (The Occupational Pensions Schemes (Scheme Administration) Regulations 1996) have been met.

Trustee's knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustee Directors to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as Trustee Directors properly. This requirement is underpinned by guidance in The Pension Regulator's Codes of Practice 07 and 13.

The Trustee has put in place arrangements for ensuring that we, the Trustee Directors, take personal responsibility for keeping ourselves up to date with relevant developments and carry out a self-assessment of training needs to help identify any knowledge gaps. The Secretary to the Trustee reviews the self-assessments and arranges for training to be made available to individual Trustee Directors or to the Trustee body as appropriate. All training is recorded in Trustee meeting minutes.

A number of existing Trustee Directors have completed The Pension Regulator's Trustee Toolkit and new Trustee Directors are required to complete this in its entirety within six months of taking up office. All the Trustee Directors are also required to familiarise themselves with the Scheme's Trust Deed and Rules as well as the Statement of Investment Principles.

The Trustee Directors, at Board meetings, routinely receive formal training, guidance and updates on current pension issues from their advisors. This relates to business under discussion, to matters in consultations, legislative changes and industry initiatives. The Trustee also includes legislative updates and Trustee Knowledge and Understanding on the agenda for each of its meetings as required. However, during the scheme year there was no training which was specific to DC matters.

While most schemes simply focus on Trustee training and use of advisers, we believe that knowledge and understanding should also be extended to awareness of member demographics and member behaviour otherwise the Trustee cannot be certain that a scheme remains fit for purpose.

Given the extent of the training above, the Trustee is comfortable that we have demonstrated sufficient knowledge of the law relating to pension schemes and trusts and the principles relating to the funding and investment of pension schemes. I am also satisfied that the Trustee has demonstrated a working knowledge of the Scheme's Trust Deed and Rules, Statement of Investment Principles and all other documents setting out the Trustee's current policies.

Value for Members

Under the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021, trustees of schemes providing DC benefits are required to carry out an assessment of their scheme's value for members from their first scheme year end after 30 December 2021.

Following The Pensions Regulator's ('TPR's') guidance, an assessment of value for members has been carried out for the DC Section which considered the following aspects:

- Costs and charges
- Net investment performance
- Governance and administration

Looking at the costs and charges, the DC Section performs worse than the comparator schemes with charges higher than those proposed by other providers. 4

The Chairman's statement (Cont)

The net investment returns of the two funds show under-performance against the comparator funds when reviewing sector specific returns.

There are several areas of the governance and administration assessment that have been met, however there are still some areas of improvement to meet TPR's minimum standards.

Overall, the assessment concluded that the DC Section does not meet the requirements laid down by The Pensions Regulator.

Feedback

The Scheme encourages feedback from members by asking for their views annually in the member's newsletter.

If members have any queries regarding their DC benefits in the Scheme, they should contact the Scheme administrators: bms@barnett-waddingham.co.uk

This Chairman's Statement will be published at the following address:

<https://www.bmsgroup.com/pensions-statements>

The Chairman's statement regarding DC governance was approved by the Trustee Directors and signed on their behalf by:

D.B. Larsen

Mr D Larsen

Chairman of the Trustees

Date:19/07/2023.....