

Employee Benefits Board of Trustees Report 2021

Prepared for:
Hendre Housing Association RBS

Prepared in:
**September 2021 for the scheme year 1st April 2020 to
31st March 2021**

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Importance of Scheme Governance

This report is designed to help employers who want to oversee and review the pension arrangements they provide for their employees.

This report is written for those who are familiar with pensions and is not a full Management Committee report but an aide memoire to assist in complying with auto enrolment duties. This report along with any calls to action highlighted remains the responsibility of the employer to take the appropriate action. Origen Corporate Solutions as your consultants will work with you to help ensure that the pension scheme is of maximum value, to you, your employees and your shareholder/stakeholders.

The Regulator's Code of Practice

The Pension Regulator has established a detailed code of practice to assist Trustees to ensure that schemes are governed and administered correctly, as well as ensuring good member outcomes through prudent investment decisions, reasonable scheme charges and effective communication. These will help to ensure the workplace pension provided remains fit for purpose and delivers good member outcomes.

From the Code of Practice, Origen has identified six key assessment areas, which should ideally be reviewed regularly and any issues identified acted on.



Understanding the six key areas

Each of the assessment areas are designed to cover key aspects of a pension scheme to ensure it is governed and administered correctly. Listed below are the underlying main aspects each area is focussed on with Origen's own interpretation of the standard that is trying to be achieved.

Value For Money – Looking at the characteristics of the scheme to ensure it is designed to be durable, fair and deliver good member outcomes for members

This looks at the scheme design to ensure it is fit for purpose, has a competitive charging structure and provides members with the necessary features to help your employees realise their retirement aspirations.

Administration – To ensure the scheme is administered correctly

The scheme is administered and serviced correctly by the employer and the pension provider. Contributions are reviewed to ensure they are deducted correctly and made within regulatory timeframes.

Investment Performance – Review of the Scheme's default investment fund

This aspect considers the suitability of your selected default fund and whether the fund is achieving a satisfactory level of investment return for the members. To support this Origen will provide an independent view of the investment performance of the default fund.

Communication – Ensuring effective communication to members

A suitable communication structure should be in place throughout the members' lifetime in the scheme to help ensure good member outcomes. Communication provided should meet minimum regulatory standards.

People – Establishing the Scheme review team

To have the correct framework in place with clear lines of responsibility and accountability to action any issues highlighted.

Risk – Ensuring the necessary controls are in place

To ensure any risk relating to the scheme's effectiveness and protection of member information is reviewed and acted upon.

How Origen measures your Workplace Pension scheme

In this report, Origen has provided information on the scheme established in terms of its design, its features, charges and the information provided to members either directly from the pension provider or any additional communication exercises you provide.

In addition, Origen has reviewed and commented on the investment performance of the default investment fund along with an assessment of the pension provider.

After reviewing and discussing the information provided, comments will be given on how the Scheme provided performs against the six key areas identified previously. Origen has adopted a RAG status to help establish where action or changes are identified on the Workplace Pension Scheme. The rating structure is as follows:

Rating Given	Explanation
Green	No, or very minor concerns on the reviewed feature
Orange	Whilst no immediate action is recommended on the reviewed feature, it does warrant closer attention in the future or within a fixed timeframe. Further consideration required
Red	Immediate action is required to address the identified issue. Failure to act could have serious implications on members' benefits
Grey	Insufficient information available to apply rating

Workplace pension scheme overview

The main features of your workplace pension are listed below.

Scheme Details and Features	
Scheme provider:	Scottish Widows
Scheme number:	ML98
Staging date:	1 st October 2013
Scheme retirement age:	65 for males 60 for females
Contribution basis*:	Employer: 10% Employee: 2% After 5 years pensionable membership Employer: 12% Employee: 0%
Scheme annual management charge:	Member charges are not explicitly expressed but are accounted for in the With Profits bonus calculations Further information on the impact of the costs and charges on a member's retirement savings can be found in the Chairs Statement Unit linked funds: 0.875% Annual Management Charge (AMC) plus a 5% bid/offer spread on all funds apart from the Unit Linked With Profits Fund
Investment fund:	With Profits
Retirement freedoms:	Not directly from the Scheme
On-line features:	Not available

ML98 contributions are paid to the Conventional With-Profits Fund at the pre-1999 levels in order to continue to secure the Guaranteed Annuity Rates.

The contribution levels to the employers Qualifying Workplace Pension Scheme (QWPS) with Aegon must satisfy at least the legislative minimums required.

Scheme Administration

Scheme administration and auto-enrolment duties	
Contribution method:	Employer schedule and direct debit
What is the contribution basis? Net pay or Relief at source:	Employee contributions are deducted from gross pay (net pay arrangement)
Is Salary Sacrifice available?	No
New member enrolment:	No
Scheme used to auto-enrol employees:	This scheme is not used for auto enrolment. An arrangement with NEST is used to auto enrol eligible jobholders; contributions are calculated on Qualifying Earnings. An Aegon Group Personal Pension Plan is used for contractually enrolling members who qualify for a higher pension contribution entitlement
Auto enrolment schemes meet qualifying criteria:	Yes
Next re-enrolment date:	1 st October 2022 (NEST only)

Contribution History

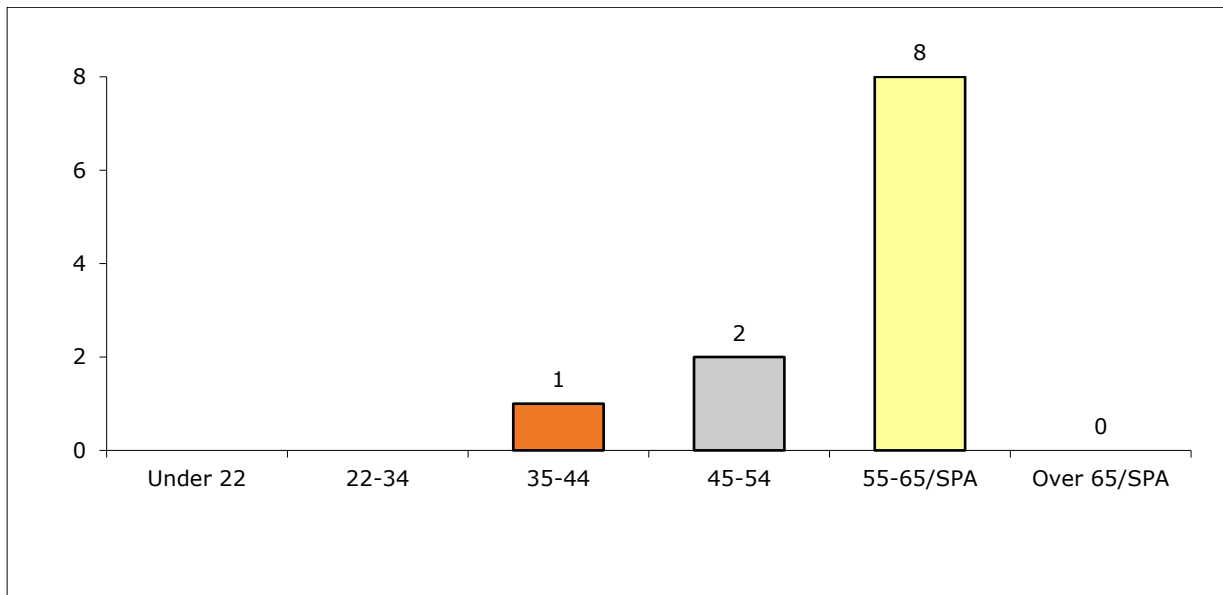
Payroll Month	Due Date	Amount (£)
March 2021	22/04/2021	2,073.61
February	22/03/2021	2,073.61
January	22/02/2021	2,073.61
December 2020	22/01/2021	2,167.38
November	22/12/2020	2,088.87
October	22/11/2020	2,167.38
September	22/10/2020	816.20
August	22/09/2020	2,183.26
July	22/08/2020	2,183.26
June	22/07/2020	2,186.62
May	22/06/2020	2,006.15
April	22/05/2020	2,222.09

IMPORTANT

It is the employer's responsibility to deduct and pay contributions in line with the scheme structure and according to their regulatory duties under the Pensions Act 2004. The law requires that when employers deduct contributions from their employee's pay they must pay these across into the pension scheme no later than the 22nd day (19th if you pay by cheque) of the next month.

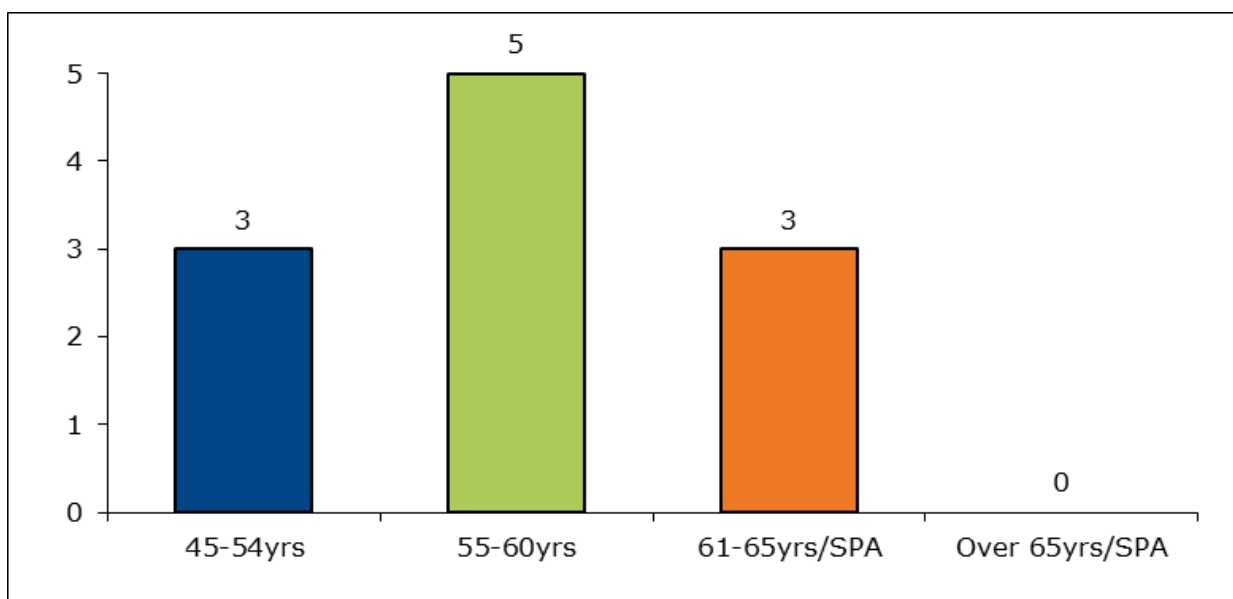
Membership Profile

As at 31st March 2021 there were 11 active members of the Scheme. The chart below shows the age profile of these members:



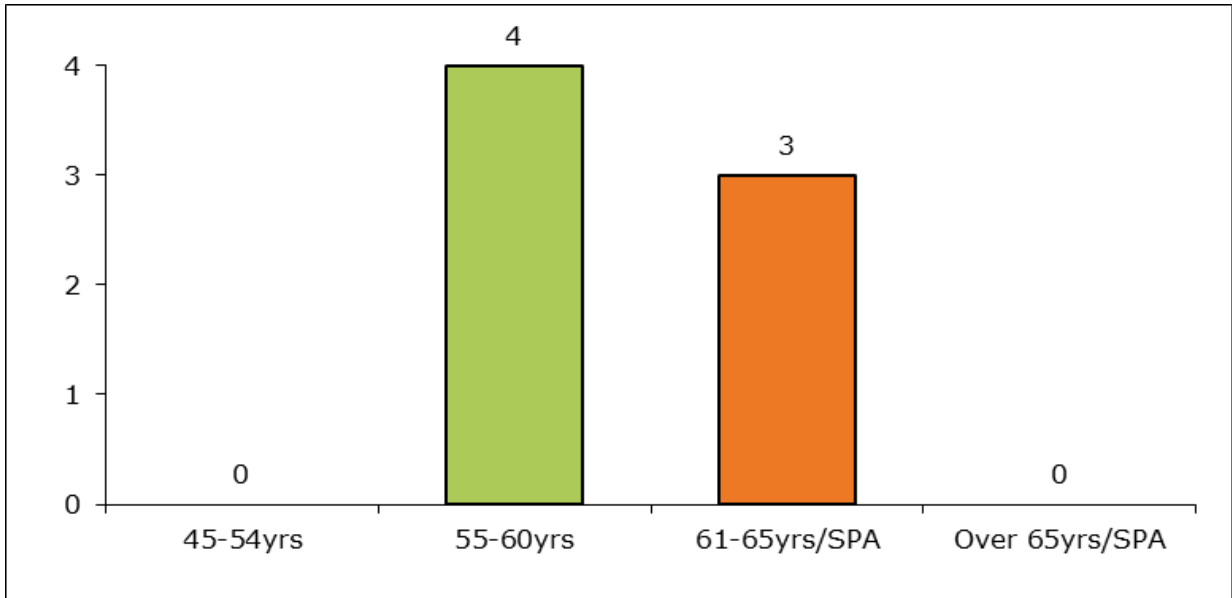
The following chart shows those members approaching the minimum age at which benefits can be taken and those beyond this.

Members do not generally take benefits early from this scheme due to the Guaranteed Annuity Rates provided by the Conventional With-Profits investment which apply for women at age 60 and for men at age 65. Therefore, this scheme is likely to continue until the youngest member achieves age 60/65 and withdraws their pension.

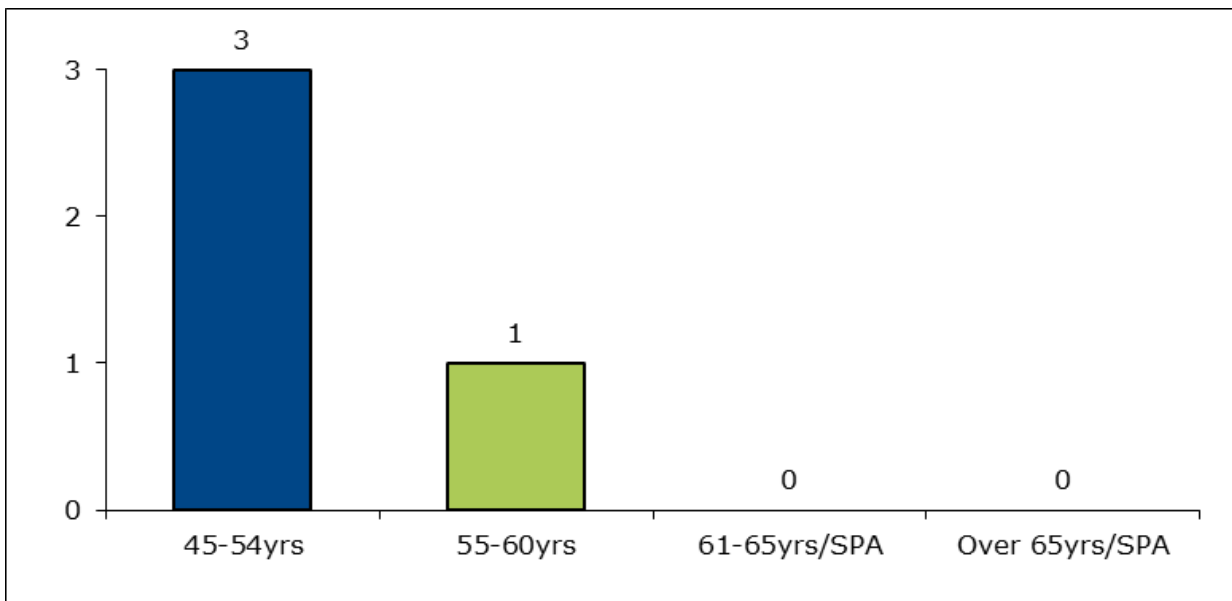


As the GAR applies at different ages for females and males, the below charts show those approaching retirement split by gender:

Male:



Female:



Membership Activity

Three members settled their benefits during the reporting period:

Member	Date Settled
Member A	31 st March 2021
Member B	27 th October 2020
Member C	7th July 2020

Funds Under Management

At the scheme year end date of 31st March 2021, there were total funds under management of £5,611.432.81 split as follows:

Member Status	Value
Active members	£2,293,371.10
Paid up members	£3,318,061.71
Total	£5,611.432.81

Investment Performance

Information concerning the performance of the Scheme's With Profits fund has been circulated separately.

Annuity Comparison

In order to demonstrate the value of the scheme's Guaranteed Annuity Rates, we compare these against the best possible rates available through leading annuity providers:

Male, age 65, £60,000 fund value	
Guaranteed Annuity Rate £6,666.66	Open Market Annuity Rate £2,874.60

Male, age 65, £45,000 fund value	
Guaranteed Annuity Rate £4,999.50	Open Market Annuity Rate £2,151.60

Female, age 60, £60,000 fund value	
Guaranteed Annuity Rate £5,454.60	Open Market Annuity Rate £2,462.16

Female, age 60, £45,000 fund value	
Guaranteed Annuity Rate £4,090.50	Open Market Annuity Rate £1,843.56

All figures are based on a level single life annuity with a five year guarantee payable monthly in advance. On this basis, the Guaranteed Annuity Rate for males aged 65 is 11.11% and for females aged 60 is 9.09%. The figures provided are intended to be used for information only and should not be construed as financial advice or guidance.

In each case, we can see that the annuity offered by Scottish Widows is higher than that available on the open market.

However, Scottish Widows do not offer pension freedom options and an annuity may not be most suitable for all, even if it is higher than that available on the open market at the time.

Review of the Pension Provider

Financial strength and risk	
Credit rating (correct as of March 2020):	Moody's: A2 Fitch: A+ AKG: A Superior (correct as of August 2021)
Administration performance:	<p>We are not aware of any day-to-day servicing or administration issues during the reporting period.</p> <p>You will, however, be aware of the issues around the provision of information in relation to the declaration of charges and the impact that this had on the preparation of the Chair's Statement.</p>
Policyholder assets under management:	£170 billion
Data security:	All personal information is held in accordance with the Data Protection Act 1998. Royal London complies with the Information Commissioner's strict security policies for storing and disclosing data to prevent unauthorised access and has adapted to changes implemented by GDPR


Areas of Responsibility

The table below shows the areas of responsibility for the ongoing Scheme administration and governance:


Name	Company	Responsibility
Board of Trustees: Andrew Goss (Chair) Allan Jones Neil Davies David Michael Jayne Meacham* *Although outside of the 2020/21 scheme year, Martin Rees has since retired as a Trustee and was replaced by Jayne Meacham	Hendre Housing Association	To act on issues highlighted by the Governance review
Scheme Administrator: Phil Thomas (Payroll and Pensions Manager)	Hendre Housing Association	To act on issues highlighted by the Governance review
Lorraine Blackstock	Origen Corporate Solutions	To provide information on the scheme and to make comment on the effectiveness of the scheme
Steven Chudley	Origen Corporate Solutions	To provide information on the scheme and to make comment on the effectiveness of the scheme


How your scheme performs against the six key areas identified for good scheme governance

Following the information contained in this report together with supplementary information, each area is now reviewed to give its performance rating.


Value For Money		
Feature	Comment	Rating
Scheme charges	These are detailed within the Chair's Statement which accompanies this report	
Flexible contribution structures available	Contributions are updated at the annual review date but can be changed mid-year	
Default investment fund suitability	The only available fund is the With Profits fund	
On-line functionality	Scottish Widows offer no on-line functionality for either the company or members	
OVERALL RATING		
	Concern	No Concern

Administration		
Feature	Comment	Rating
All contributions have been deducted correctly and as per the scheme rules	To the best of our knowledge, all contributions have been deducted correctly and meet the minimum requirements for a qualifying workplace pension scheme	
Contributions have been submitted within prescribed deadlines	<p>The Scheme operates on a "Due date" basis whereby each contribution is due on the second of the month. Scottish Widows monitor the actual payment date to ensure that contributions are both paid and within the prescribed deadlines but there can be an administrative delay between the payment being received and it being allocated. This can have the effect of it appearing that contributions were paid late when, in fact, they were not and so, for this reason, when payments are allocated this will always use the due date</p> <p>No contributions were reported as being paid late in the reporting period</p>	


Auto-enrolment duties have been complied with	The last triannual re-enrolment took place on 1 st October 2019 and the next one is due in October 2022. Although this scheme is not used for auto enrolment, you must still ensure that your regulatory requirements are met, such as the submission of a re-declaration of compliance	
Valid Self-certification in place	The Board of Trustees need to ensure that self-certification has been documented by the employer (completed as a minimum every 18 months for each of the employer’s Qualifying Workplace Pension Schemes – Aegon, Standard Life and NEST)	
Details of any data breaches	Origen is not aware of any data breaches	
Member records remain up to date	The Board of Trustees may wish to remind pension members that it is their responsibility to update their personal information to include any changes to their home address and beneficiaries	
Customer service levels are adequate	Whilst we are not aware of any servicing or administration issues during the reporting period it is prudent to monitor this	
Details of any member complaints	Origen are not aware of any member complaints	
Overall perception of the pension provider’s performance?	Scottish Widows remain financially strong, as reflected in their credit ratings, and are a leading provider in the industry. Our general perception of them has not changed although the amount of time and effort needed to obtain information relating to the Chair’s Statement was a concern	
OVERALL RATING		
	Concern	No Concern


Investment performance		
Feature	Comment	Rating
Investment performance reviewed over relevant timeframe	Fund performance information has been distributed separately	
Investment fund strategy	<p>Modern default funds will often have a target underpinning the investment strategy. For example, if a fund targets annuity purchase at age 65, it will automatically and gradually move investment into a Deposit fund leading up to the member's selected retirement age.</p> <p>The With-Profits fund does not invest with a targeted outcome and instead aims to achieve sustainable growth over time by investing in a range of asset classes in order to provide an annuity based on GARs at the members normal retirement age.</p>	
OVERALL RATING		
	Concern	No Concern

Communication		
Feature	Comment	Rating
All costs and charges have been disclosed	The impact of the costs and charges for ML98 are included in the Chairs Statement.	
Financial education on making sufficient retirement provision	Scottish Widows offer generic information and online tools but nothing that is specific or, indeed, appropriate for your Scheme. It is very unlikely that this will change	
Information supplied to members upon joining is sufficient	This is not applicable as no new members are being added to the Scheme	
Default investment fund strategy is understood by membership	Scottish Widows publishes information about the With Profits fund and how it invests and this information is available to members. As members are regularly offered an opportunity to meet with the Scheme Adviser it is perceived that members will have a good understanding of the With-Profits Fund and the guarantees associated with this, which only apply at the age 60 for women and 65 for men.	

Importance of reviewing investment choices if opting to invest outside the nominated default fund	<p>The only investment option available is the With Profits fund.</p> <p>The Qualifying Workplace Pension with Aegon provides members with the opportunity to select alternative investment funds from the wide range of funds available.</p>	
Members are aware of retirement options	<p>Origen's Retirement Solutions team can provide independent and personalised pre-retirement reports (Retirement Options Reports) free of charge, for all members of the employer's pension schemes, who are aged 54 and over. A member would need to contact Origen to request a Retirement Options Report, which will provide an annuity comparison and explain the various options for withdrawing pension benefits; covering the advantages and disadvantages of each. Thereafter, if a member wishes to personally appoint Origen to provide advice, this would be at the members personal cost. Members are also aware that they can use their own financial adviser.</p>	
Details of the Open Market Option is disclosed by the pension provider	<p>In accordance with the FCA's (Financial Conduct Authority) Handbook, Scottish Widows will ensure that full details of the options available under the Open Market Option are provided to Scheme members. This forms part of their standard member retirement communications</p>	
OVERALL RATING		

People		
Feature	Comment	Rating
Committee or points of contact remain fit and proper to carry out duties	<p>The Board of Trustees members are deemed fit and proper to conduct their roles</p> <p>Although outside of the scheme year, Martin Rees has since retired as a Trustee and has been replaced by Jayne Meacham</p>	
Any conflicts of interests are identified	<p>We are not aware of any conflicts of interest</p>	
Understanding roles and responsibilities	<p>Board of Trustees members must understand their roles and responsibilities and act accordingly</p>	

	<p>New Trustees must complete the Trustee Toolkit within six months of appointment and all Trustees should complete it annually with evidence of this being kept by the Scheme Administrator</p> <p>Trustees may also consider registering for regular email notifications from professional bodies such as The Pension Regulator or trade publications</p>	
Committee members or points of contact act in the best interests of beneficiaries	There are no issues in this area	
OVERALL RATING		
	Concern	No Concern

Risk		
Feature	Comment	Rating
Point of contact designated to act on issues affecting the scheme	<p>The Board of Trustees address any problems as they arise</p> <p>Annual governance meetings ensure that this Scheme continues to be reviewed and its suitability maintained</p>	
Review of named individuals who have access to the pension scheme	The Company should ensure that there are sufficient people within the business who have authorised employer access to the necessary information in case of sickness or holiday	
Details of any data protection breaches or fraudulent activity	No reported breaches	
OVERALL RATING		
	Concern	No Concern

Origen's summary of your scheme

After reviewing your scheme, it is Origen's view the Scheme provided is fit for purpose and allows members to adequately provide for their retirement.

The main aspects of your workplace pension scheme are summarised below.

Feature	Comment	Rating
Contribution structure	The Board of Trustees are satisfied that the contribution levels meet or exceed meet minimum requirements for the WPS with both Aegon, Standard Life and the QWPS with NEST	
Contribution payment	All contributions were paid within the prescribed deadlines	
Charges	The Chairs Statement provides some information regarding the impact of the costs and charges on a member's retirement savings	
Financial strength	Scottish Widows is noted as financially strong	
Brand and market commitment	Scottish Widows remain committed to the corporate pensions market	
Investments	The only investment available is the With Profits fund but other options are available provided by the employer's workplace pensions schemes with Aegon, Standard Life and NEST	
Pension provider administration	Whilst we are not aware of any servicing or administration issues during the reporting period it is prudent to monitor this area	
Auto enrolment administration and duties	The Scottish Widows Scheme is not used for auto enrolment.	
Online services	Scottish Widows offer no online services to either members or the company. However, these services are available at various levels via the employer's workplace pension schemes with Aegon, Standard Life and NEST	
Communications	The Board of Trustees may choose to communicate to members their options at retirement or to provide wider financial education. For example, Origen offer a dedicated Retirement Solutions team who can assist in the lead up to retirement and regulated advisers who can provide individual advice to assist with wider financial planning and deliver group presentations and/or member clinics for guidance purposes	

Planning actions

Feature	Comment
Re-enrolment	<p>Your next re-enrolment date is 1st October 2022.</p> <p>Although this scheme is not used for auto or re-enrolment you should still be confident that your employer duties were completed within the timescales permitted. This will include the employer completing and submitting a re-declaration of compliance via the TPR's online portal.</p> <p>Anyone deemed as an eligible jobholder who needed to be re-enrolled will have joined the NEST arrangement. NEST also requires the completion and submission of a re-declaration of compliance via the TPR's online portal.</p>
Self-certification	The employer must ensure that valid certificates for all pension schemes are held to cover the monitoring periods (minimum of every 18 months), from staging to current date
Communications	<p>Consider member communications in respect of general financial planning</p> <p>Origen is able to provide a range of educational services for employees, to cover the importance of pension savings, an explanation of the default investment fund and ultimately the pension benefit options, this service will incur an additional fee of £1,600* for a full day's consultancy/£950* for ½ a day, the fees ordinarily include the presentation design and compliance approval</p>
Contributions/self-certification	Check that the level of contributions paid complies with the certification basis used for all pension schemes used as either a Qualifying Workplace Pension Scheme (NEST) and the Qualifying Pension Schemes (Aegon & Standard Life)
Value for money	Given the way that charges are declared, it is difficult to benchmark the Scheme against what may be available in the wider pension market. However, it is considered that whilst the Scheme charges are unlikely to be competitive and may exceed the legislative Charge Cap that the value of the GAR will compensate for this, as illustrated in the annuity comparisons
Default fund suitability	As noted, the only investment being actively used is the With-Profits fund

*Any fees quoted are net of VAT

Appendix – Terms of reference

1. Overview

1.1 The Company has a contracted in money purchase scheme known as the Hendre Housing Association RBS (the “Scheme”).

1.2 The Plan is with Scottish Widows (the “Provider”).

1.3 Each a member of the Scheme will have a separate pension policy issued by the Provider into which the worker and Company pay contributions.

2. Terms of reference

2.1 The Board of Trustees and Scheme Administrator have the responsibility for managing the Scheme. In order to ensure that the Scheme is properly administered, the Board of Trustees monitor the Scheme and may make recommendations to the Company. The Company has no legal obligation to implement any recommendations made by the Board of Trustees but will give them due consideration when taking any measure which affects the Plan.

2.2 The Board of Trustees shall be responsible for and shall make recommendations to the Company in relation to the following matters:

- monitoring the quality of the Scheme administration
- monitoring and reviewing service providers and advisers
- reviewing communications from the provider
- monitoring and reviewing that all members receive value for money
- monitoring the effectiveness of presentations to Scheme members
- receiving and reviewing Scheme management information reports
- receiving and considering advice and information concerning legislative changes and good modern practice
- considering any member suggestions regarding the Scheme
- making proposals regarding the running of the Scheme to the Company
- monitoring the investment performance of the investment fund

3. Board of Trustees members

3.1 The Board of Trustees shall consist of up to six members who may be appointed and removed at the sole discretion of the Company

3.2 Four members of the Committee shall represent a quorum for the purposes of considering questions in connection with the Scheme

3.3 The Chairman of the Board of Trustees will be appointed by a vote of its members. This should be reviewed at least annually

3.4 The Scheme Administrator will ordinarily act as the Board of Trustees secretary although an alternative may be appointed

4. Meetings

4.1 The Board of Trustees will meet at least annually and normally on a half yearly basis to discuss all relevant issues in connection with the Scheme.

4.2 Unless otherwise resolved by the Company:

- each member of the Board of Trustees shall have one vote on any matter to be determined by them and, in the case of an equality of votes, the Chairman shall have a second vote
- minutes of the meeting shall be kept by the Scheme Administrator and circulated to the members

5. Advice

5.1 The Board of Trustees will only act upon advice from professional advisers appointed by the Company

6. Incurring costs

6.1 The Board of Trustees will only be able to authorise expenditure on behalf of the Company when this has previously been agreed with the Company

7. Booklet

7.1 The Provider will arrange for the preparation and maintenance of an announcement booklet for issue to members on joining. The Board of Trustees will refer such literature to a person authorised to sign off documents as an advertisement within the meaning of the Financial Services and Markets Act 2000

8. Information to members

8.1 The Board of Trustees will arrange for appropriate information regarding the Scheme to be available to all members

8.2 Further consideration will be given to the timing and format of appropriate information provided to members as they approach retirement

9. Maintaining the Payment Schedule

9.1 The Board of Trustees will ensure that a Payment Schedule is prepared annually and maintained detailing member and Company contributions

9.2 The Board of Trustees will monitor the payment of contributions and require the person responsible to ensure that all contributions to the Scheme are paid by the due date

9.3 The Board of Trustees will monitor members' and Company contributions to ensure that they are paid in line with the Payment Schedule

10. Review of contributions and benefits

10.1 Whilst the Company reserves the right to amend the Scheme at any time, any changes would be discussed at a Board of Trustees meeting before being implemented

10.2 Any proposal to change the access or contribution levels would be dependent on the terms of individual contracts of employment

11. Investment and administration of the plan

11.1 Scottish Widows may be invited to present details of investment performance and administration results on an annual basis

11.2 The Board of Trustees will take appropriate advice in considering if and when any change in provider is appropriate. In such circumstances, the Board of Trustees would request the Company's approval to instigate a review and implement a change of provider

11.3 The Company and the Board of Trustees do not assume or accept any responsibility or liability for the investment performance of the Plan

11.4 The Board of Trustees will at no time provide any advice to members

12. Data Protection Legislation

12.1 The Board of Trustees will be mindful of the requirements of Data Protection Legislation and will only handle individual member data when this is essential for the proper fulfilment of the Board of Trustees' Terms of Reference, and when the member's express permission has been granted

13. Complaints

13.1 Complaints or disputes concerning the Scheme should in the first instance be referred to the Company's Human Resources Department for resolution on an informal basis

13.2 Members of the Scheme with a dispute that they are unable to resolve informally may contact the Board of Trustees by writing to the Scheme Administrator. The complaint will be considered by the Scheme Administrator and/or referred to the Board of Trustees for discussion at their next meeting. Additionally, members of the Scheme may complain direct to the Provider

14. Indemnity

14.1 The Company will indemnify and hold the Board of Trustees harmless from and against any and all liabilities which may be incurred arising out of or in connection with the Scheme in the management and administration of the Scheme, other than liabilities arising from fraud or wilful neglect and default on the part of the Board of Trustees member(s) sought to be made liable