

Value for Member assessment

Introduction

This paper is addressed to the Trustee of the Virgin Money Retirement Savings Plan (the “Plan”).

Regulations (Regulation 25(1) Occupational Pension Schemes (Scheme Administration) Regulations 1996) require the Trustee to annually assess the “Value for Members” of a Scheme’s money purchase benefits. This paper gives our assessment of the Scheme’s Value for Members (“VFM”) for the year to 30 September 2024 (the Plan Year) for approval by the Trustee.

A summary of the VFM assessment must be included in the Chair’s Statement, which is then posted online. The Pensions Regulator may also ask to see the assessment and so it is important that the approval of this assessment is minuted by the Trustee and a copy of this paper kept in the Trustee’s records.

This paper has been based on our understanding of the Regulations and the Pensions Regulator’s current guidance. It includes:

- A summary for inclusion in the Chair’s Statement;
- The agreed approach to assessing Value for Members and details on missing information / limitations (see appendix); and
- The rationale for the ratings given and an action plan for the next year.

Results for the year ending 30 September 2024

The Plan provided **GOOD Value for Members** in the year ending 30 September 2024 (using the strict assessment of services for which members pay or share the cost). The Trustee also assesses all the services members use, the “overall value for money” assessment which also includes services for which members do not pay. The Plan provided **GOOD to EXCELLENT overall value for money** in the year ending 30 September 2024.

| Category | Value for Members weighting | Overall value for money weighting | Rating |
|----------------|-----------------------------|-----------------------------------|-----------|
| Investment | 100% | 55% | Good |
| Administration | 0% | 10% | Excellent |
| Communications | 0% | 15% | Good |
| Governance | 0% | 20% | Excellent |

Action plan

During the next 12 months we propose that the Trustee undertakes the following action to improve Value for Members:

- Conduct the triennial review of strategy.

Progress should be regularly monitored over the next 12 months in readiness for next year’s assessment and Chair’s Statement.

We would be happy to discuss this paper with you.

Mark Jaffray, Partner

January 2025

David Millar, DC Investment Consultant

For and on behalf of Hymans Robertson LLP

1 Summary for inclusion in the Chair's Statement

Each year, with the help of their advisers, the Trustee carries out an assessment of whether the charges and transaction costs for the default arrangement and other investment options, which are borne in full or in part by members, represent good Value for Members (VFM). Value is not simply about low cost – the Trustee also consider the quality and scope of provision compared against similar schemes and available external benchmarks.

For the purposes of the Chair's Statement, the Trustee only needs to consider the investment options (as they are the services members pay for) but the Trustee has also assessed other aspects of the Plan (Administration, Communications and Governance) in their Overall Value for Money Assessment.

Approach

The Trustee adopted the following approach to assessing Value for Members for the last year:

- Services – considered the services where members bear or share the costs.
- Outcomes – weighted each service according to its likely impact on outcomes for members at retirement.
- Comparison – compared the cost and quality of each service against similar schemes and available external comparisons.
- Rating – rated each service from poor to excellent.

Results for the year 30 September 2024

The Plan gave GOOD Value for Members in the year ending 30 September 2024 (this is based on the assessment of services for which members pay the cost – which are the Investment options only and excludes other services for which members do not pay the cost).

The Trustee also assesses all the services members use (Investment for which members pay the cost and the other services for which members do not pay the cost, Administration, Communications and Governance). The Plan gave Good to Excellent overall value for money in the year ending 30 September 2024 when considering all these services.

Value for Members

The rationale for the rating of each service was in outline:

| Category | Weighting | VFM rating | Rationale |
|------------|-----------|------------|--|
| Investment | 100% | 4 | <p>Charges for the default and alternative lifestyle strategies in which 98% of the members' assets are invested were less than those of comparable schemes.</p> <p>Transaction costs were similar to those of comparable schemes.</p> <p>Transition activity during the Plan Year was carried out efficiently and with costs minimised.</p> <p>The Trustee is satisfied that the investment options are suitable for the Plan's membership as it believes that most members will want to take their retirement benefits by drawdown or by a relatively short period of cash withdrawals following retirement. The Trustee is therefore satisfied that the default and alternative lifestyle options remain broadly appropriate for the majority of members (providing lifestyle options suitable for drawdown, cash withdrawal and annuity purchase) and the self-select options retain an appropriate breadth of choice across asset classes for members and includes sustainable funds.</p> <p>Investment performance for the lifestyle options has been broadly in line with objectives performing similarly to wider pension scheme arrangements. Plan performance has been reflective of investment markets over the Plan Year with strong returns from equity-based funds and also from bond and diversified funds.</p> <p>Within the self-select range, the performance of most funds has been in line with expectations within the current market environment and has been strong ranging from 5.3% to 27.4%.</p> <p>The Plan's investment options take responsible investment (including climate change) into account and incorporate sustainable funds in the Plan's default investment strategy and self-select fund range.</p> <p>The Trustee has established excellent governance procedures including an Investment Sub Committee to focus on investment matters.</p> |

The Trustee has agreed an action plan for the following year to improve value where necessary and obtain any missing information. This action plan, along with details of the missing information and value assessment limitations, is detailed in other sections of this Chair's Statement. Full details of the approach used to assess value can be found in the Value for Members assessment.

2 Assessment and rationale

The tables below show our assessment of value for members for each of the relevant categories. Note that the cost assessment for the wider market is primarily based on the 2020 DWP pension charge survey and, unless otherwise stated, all measures relate to the year ending 30 September 2024.

Investment

Objective: Provide suitable investment options that strike a balance between risk and return appropriate to the member profile as well as reflecting members' benefit choices at retirement, whilst minimising charges to help members achieve a good outcome at retirement.

| Investment | | | | | |
|-----------------------------|------------------------|---|------------|------------------------|--|
| Weighting | 100% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| Default - charges and costs | Charges and charge cap | <p>Default arrangement is under the 0.75% p.a. charge cap requirement.</p> <p>Charges range from 0.19% p.a. to a maximum of 0.40% p.a. depending on where members currently sit in the investment glide path.</p> <p>Over a 40-year period the average charge is 0.23% p.a.</p> | 4 | | |

| Investment | | | | | |
|--------------------|----------------------------------|--|------------|------------------------|--|
| Weighting | 100% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Charges compared to wider market | <p>Average charge in the 2020 DWP Pensions Charge Survey (latest date of survey) for a default was 0.28% p.a. for a trust based qualifying scheme with more than 1,000 members.</p> <p>The Plan's charges are better than this average figure. The Plan's Investment Advisers believe that the charges are competitive given their understanding of charges for similar Schemes.</p> | 5 | - | |

| Investment | | | | | |
|--------------------|-------------------|---|------------|--|--|
| Weighting | 100% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Transaction costs | <p>Range from 0.06%p.a. to 0.44% p.a. The weighted average transaction costs of the funds making up the default arrangement is 0.09%.</p> <p>The 2020 DWP Pension Charge Survey found that the average fund-weighted transaction costs for members was 0.069%, including funds with zero or negative charges. When funds with zero or negative charges were excluded, the average transaction cost rose to 0.080%.</p> <p>The Plan's Investment advisers believe that the transaction costs on the funds offered to members appear reasonable given their understanding of likely costs of those types of funds and they are broadly comparable with those for similar funds used by other schemes.</p> | 4 | <p>Our advisers believe that the transaction costs on the funds offered to members appear reasonable given their understanding of likely costs of those types of funds and they are broadly comparable with those for similar funds used by other schemes.</p> | |
| | Transition costs | <p>There were 2 transition exercises during the Plan Year which incurred transition costs which were in line with or below expectations. Costs were minimised as far as possible by means of unit switches where available and maintaining market exposure as far as possible.</p> <p>Further details are provided in the section below.</p> | 5 | | |

| Investment | | | | |
|--------------------|----------------------|--|------------|------------------------|
| Weighting | 100% | | | |
| Overall VFM rating | 4 | | | |
| Value | Good | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions |
| | Inadvertent defaults | The Plan has 2 alternative lifestyle strategies which are also classified as default arrangements and are discussed below. A further alternative lifestyle strategy was closed during the Plan Year and members moved to other investment options. | 4 | |

| Investment | | | | | |
|--|---------|---|------------|------------------------|--|
| Weighting | 100% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| Other investment options - charges and costs | Charges | <p>Two alternative lifestyle strategies are available (and a further alternative lifestyle, was closed during the Plan year and all members in it moved to other investment options).</p> <p>Charges for the Cash Withdrawal lifestyle strategy range from 0.19% p.a. to a maximum of 0.31% p.a. depending on where a member currently sits in the investment glide path.</p> <p>Over a 40-year period the average charge is 0.22% p.a.</p> <p>Charges for the Annuity lifestyle strategy range from 0.12% p.a. to a maximum of 0.29% p.a. depending on where a member currently sits in the investment glide path.</p> <p>Over a 40-year period the average charge is 0.21% p.a.</p> <p>Charges for the Legacy Annuity lifestyle strategy (closed) ranged from 0.10% p.a. to a maximum of 0.13% p.a. depending on where a member sat in the investment glide path.</p> <p>Over a 40-year period the average charge was 0.13% p.a.</p> <p>The Plan also offers a wide range of funds which members can select. Charges range from 0.09% p.a. to a maximum of 0.67% p.a.</p> | 4 | | |

| Investment | | | | | |
|--------------------|----------------------------------|---|------------|------------------------|--|
| Weighting | 100% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Charges compared to wider market | <p>Average charge in the 2020 DWP Pensions Charge Survey for a default was 0.28% p.a. for a trust based qualifying scheme with more than 1,000 members.</p> <p>The Plan's charges are better than this average figure.</p> <p>The charges for alternative lifestyle strategies (which are also deemed as default arrangements) are less than the 0.75% p.a. charge cap requirement.</p> <p>For self-select funds, overall, the fees are generally viewed as representing good value for money when measured against other similar arrangements (i.e. pension schemes of a similar size and membership).</p> | 5 | | |
| | Transaction costs | <p>The transaction costs for the self-select funds (which includes the funds used in the alternative lifestyle options) range from -0.56% p.a. to 0.44% p.a.</p> <p>The 2020 DWP Pension Charge Survey found that the average fund-weighted transaction costs for members was 0.069%, including funds with zero or negative charges. When funds with zero or negative charges were excluded, the average transaction cost rose to 0.080%.</p> | 4 | | |

| Investment | | | | | |
|--------------------|------------------|---|------------|------------------------|--|
| Weighting | 100% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Transition costs | <p>There were two transition exercises during the Plan Year which incurred transition costs which were in line with or below expectations. Costs were minimised by making the transitions using unit switches where possible and by maintaining market exposure as far as possible.</p> <p>The annual sweep transition (of deferred members to the Fidelity Master Trust) was carried out on 16 July 2024. Trading costs were very low at c.£134 out of £22.4m of assets with only £0.5m transferred by sales and repurchases, and £21.9m by re-registering remaining units. For the sales and repurchases, costs were 0.03%. These costs are borne by members but can be considered low and in line with expectations and with overall costs very low due to the substantial proportion of assets transferred by re-registration.</p> <p>The other transition involved fund restructures (changes to the underlying component funds due to removal of Baillie Gifford funds, completed in two tranches) and the closure of the Legacy Annuity Lifestyle and 5 self-select funds. The transitions were beneficial in removing some component funds where the Trustee, with advice from the investment adviser, had reduced confidence in those managers and to rationalise the fund options.</p> <p>This transition was carried out on 21 May 2024 and 30 May 2024. Costs for the fund restructures were borne by members but trading costs were overall low, at c.£284k or 0.28% of the c£101m of assets that were transitioned. Costs for the closure of the Legacy Annuity Lifestyle and 5 self-select funds were reimbursed to members and were overall very low at c£14k or 0.13% of the c£11m of assets involved. Market conditions were reviewed prior to making the change.</p> | 5 | | |

| Investment | | | | |
|--|---|--|------------|------------------------|
| Weighting | 100% | | | |
| Overall VFM rating | 4 | | | |
| Value | Good | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions |
| Suitability of default and other investment options | Trustee assessment given membership profile | <p>High-level annual review of the default arrangement, with a formal review every 3 years or following significant changes to governance requirements or scheme membership characteristics.</p> <p>The last full review of the investment strategy and fund range was concluded on 6 December 2022 with advice provided by the Plan's investment adviser. Changes were implemented between 25th April 2023 and 23 May 2023.</p> <p>An interim high-level review took place on 3 June 2024. The Investment sub-committee reviewed lifestyle design, compared the default strategy with Target Date Funds, reviewed pre-retirement volatility and the member's journey to retirement and also considered the role of illiquid investments. The committee specifically considered the length of the de-risking period in lifestyles with a view to shortening this to improve potential member outcomes and agreed that this would be considered further at the next formal review of strategy in 2025 and to be implemented with any other changes at that time.</p> <p>In choosing what is felt to be an appropriate default, the Trustee has taken into account a number of factors including: members' projected pot sizes at retirement, age profile of the membership, contribution levels, the appropriate level of risk and return at various stages to retirement and the likely return on investment after the deduction of charges payable on the funds used by the default strategy.</p> <p>Based on this analysis, the Trustee believes that most members will want to take their retirement benefits by drawdown or by a relatively short period of cash withdrawals following retirement. The Trustee is therefore satisfied that the default option remains broadly appropriate for the majority of members.</p> | 5 | |

| Investment | | | | | |
|--------------------|-----------------------------|---|------------|------------------------|--|
| Weighting | 100% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Usage of investment options | <p>The Plan also offers alternative lifestyle strategies taking differing levels of risk/targeting different benefits at retirement (e.g. annuity purchase or cash withdrawal).</p> <p>The Plan also currently provides 11 self-select funds for members including Sustainable and Shariah compliant funds. Five self-select funds which were little used by members and which represented an overlap of choice for members have been closed as was the Legacy Annuity Lifestyle. The Trustee believes that the range of fund retains an appropriate breadth of choice across asset classes for members, reduces the complexity and potential confusion and with sustainable funds offered. The Trustee considers that this represents a suitable range of self-select funds given membership characteristics. The Trustee notes that 93% of members are in the default strategy; with 5% choosing alternative lifestyle strategies and 2% choosing to self-select.</p> | 5 | | |

| Investment | | | | | |
|------------------------|--|--|------------|------------------------|--|
| Weighting | 100% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| Investment performance | Comparison against benchmarks over 3 and 5 years | <p>Plan performance has been reflective of investment markets over the Plan Year with strong returns from equity-based funds and also from bond and diversified funds. Over 3 years and since inception of the Plan (November 2020), returns have been strong from equity funds but weaker for bond and diversified funds.</p> <p>Performance of two of the funds in the lifestyle strategies (Virgin Money Growth Fund and Virgin Money Diversified Fund) has been below benchmark over the longer term, the former due to underperformance from one of the underlying funds managers. Therefore, the Trustee, with advice from the investment adviser took action to restructure these funds in the Plan year (removing underlying Baillie Gifford funds in May). Performance of both the Virgin Money Growth Fund and Virgin Money Diversified Fund has been ahead of benchmark over the Plan year. The Trustee has noted that performance of the various lifestyle strategies has been broadly in-line with that of other pension schemes (when compared against the universe of Master Trust arrangements).</p> <p>The Trustee continues to monitor the risk adjusted returns of the default arrangements and also the projected outcomes for members. Over longer periods, returns for all phases of the default Drawdown Lifestyle, in which 93% of the membership are invested, remain positive in absolute terms.</p> <p>Within the self-select range, the performance of most funds has been in line with expectations within the current market environment. The Trustee monitors the performance of all funds on a quarterly basis. The Trustee has been closely monitoring and reviewing Baillie Gifford, particularly in respect of the Baillie Gifford Sustainable Growth Fund which represented c17% of the Virgin Money Growth Fund (Virgin Money</p> | 3 | | |

| Investment | | | | | |
|--------------------|--------|---|------------|------------------------|--|
| Weighting | 100% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | | Growth Fund represents £369m or 70% of Plan assets). The Trustee decided to replace this Baillie Gifford fund within the Virgin Money Growth and Active Sustainable Equity funds. The Trustee also decided to replace the Baillie Gifford Multi-asset Growth Fund which represented c33% of the VM Diversified Fund (Virgin Money Diversified Fund represents £126m or 24% of Plan Assets) following a rating downgrade by the investment adviser. Over the Plan Year performance across the range of funds has been strong ranging from 5.3% to 27.4%. | | | |

| Investment | | | | | |
|--------------------------------|--|--|------------|------------------------|--|
| Weighting | 100% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| ESG factors and climate change | Approach to ESG factors and climate change risks | <p>The Trustee has considered Environmental, Social and Governance (ESG) issues and formulated a set of Investment Beliefs incorporating ESG Investment Beliefs.</p> <p>The Plan makes use of funds whose objectives include reducing exposure to companies who score poorly from an ESG perspective and increasing exposure to companies who score well, excluding certain companies e.g. those involved in the making of controversial weapons and investing in companies that support a move to a low carbon economy.</p> <p>The Trustee selects fund managers with a clear approach to integrating ESG considerations including a policy of engaging with the companies in which they invest seeking to reduce exposure to ESG and climate risks.</p> <p>The whole of the Virgin Money Growth Fund (c70% of Plan assets) is invested in underlying funds managed on a sustainable basis. The Virgin Money Diversified Fund which represents c24% of Plan also now has all of its allocation in an underlying fund managed on a sustainable basis. c.96% of Plan assets are invested in investment funds which are managed on a sustainable basis.</p> <p>The Trustee receives reports on the implementation of the fund managers' ESG policies.</p> <p>The Trustee invites managers to Trustee meetings to present their ESG policies and provide an update on their funds. During the year Schroders and L&G were invited to present to the Trustee.</p> <p>During the year, the Trustee received training from the investment adviser regarding recent developments in ESG and Sustainable investing including investing for Biodiversity / Nature and Impact.</p> | 5 | | |

| Investment | | | | |
|-----------------------|---|--|------------|------------------------|
| Weighting | 100% | | | |
| Overall VFM rating | 4 | | | |
| Value | Good | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions |
| Investment governance | Assessment of investment governance process | <p>No charge is made to members for Plan management and governance.</p> <p>There is a documented investment governance process including objectives, role, responsibilities and reporting, which is reviewed annually by the Trustee.</p> <p>The Trustee Board (and Investment sub-Committee) each have at least 4 meetings each year and are confident that they have established and maintained procedures and controls to ensure the effectiveness and performance of the Plan and its service providers.</p> <p>The Trustee receives quarterly reports that include investment performance monitoring (including underlying funds in blended funds) and ratings (including ESG ratings) for all funds as well as the likely outcomes and levels of risk for the lifestyle strategies.</p> <p>The Trustee ensures that members are regularly made aware of their current investment strategy providing access to regular fund fact sheets and an investment guide for members.</p> <p>There is an appointed secretary in place. Agendas are agreed ahead of meetings and have dedicated time to cover key areas of investment; governance; administration; communication and retirement support with a clear focus on member outcomes. Minutes are produced and action points from meetings are monitored, resolved, and show clear roles and responsibilities.</p> <p>The Trustee Directors review the performance and effectiveness of the Trustee board as part of a governance working group and any areas identified as weaknesses are addressed via training where necessary. Trustee Directors undertake this review biannually and it is included in the Trustee's business plan. The last review was completed in Q4 of the Plan Year 2022/23.</p> | 5 | |

| Investment | | | | |
|--------------------|--------|---|------------|------------------------|
| Weighting | 100% | | | |
| Overall VFM rating | 4 | | | |
| Value | Good | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions |
| | | <p>A risk register is in place and regularly reviewed and updated.</p> <p>The Trustee operates a conflicts policy and the conflicts register is regularly reviewed and updated.</p> <p>Specialist sub-committees have been established including Audit, Risk and Administration and an Investment Sub-Committee.</p> <p>The Investment Sub-Committee has an independent professional trustee (as Chair) who is a member of the Association of Professional Pension Trustees (APPT) and complies in full with requirements for Continuing Professional Development, and brings additional skills and experience to the Board. There is a structured induction process in place for new Trustee Directors, coordinated by the Group Pensions Department.</p> <p>Trustee Directors set themselves objectives to measure their performance throughout the year and consider their progress towards meeting these objectives on a quarterly basis. The Trustee keeps these objectives under review and adds new objectives at suitable points. Each of the Trustee Directors holds the Pensions Regulator's Trustee toolkit certificate at the Plan year end.</p> <p>The Trustee Directors undertake appropriate training and a training schedule is agreed. Training is provided to committees and to the Trustee Board.</p> <p>The Trustee has appointed the required advisers according to section 47 Pensions Act 1995. The Trustee regularly reviews the effectiveness and costs of its advisers and their performance.</p> <p>The Trustee has put in place objectives for its investment advisers in line with the Competition and Markets Authority ("CMA") Order and will review these regularly. The Trustee last reviewed the investment consultant against these objectives in November 2024.</p> | | |

| Investment | | | | |
|--------------------|--------|--|------------|------------------------|
| Weighting | 100% | | | |
| Overall VFM rating | 4 | | | |
| Value | Good | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions |
| | | <p>The Trustee completes an Annual Chairs' Statement for inclusion in the Plan Annual Report.</p> <p>The Statement of Investment Principles is regularly reviewed by the Trustee. The date of completion of the last review was 22 July 2024. The Trustee has published on-line the annual implementation statement describing compliance with the Statement of Investment Principles.</p> | | |

| Investment | | | | | |
|--------------------|---|--|------------|------------------------|--|
| Weighting | 100% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Monitoring of voting, engagement and stock turnover | The Trustee receives reports on the fund managers exercise of shareholder voting rights. The Trustee receives regular reports on charges, transaction costs and portfolio turnover. | 4 | | |
| | Security of assets | The Trustees understand the security of assets and levels of financial protection available to members. | 4 | | |

Administration

Objective: Ensure members are informed and instructions are carried out within appropriate timeframes via efficient processing of core financial transactions, good record keeping and providing suitable quality administration support at an appropriate cost.

| Administration | | | | | |
|-----------------------------------|----------------------------------|---|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 5 | | | | |
| Value | Excellent | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| Admin charges and competitiveness | Costs compared with wider market | <p>No charge is made to members for administration services.</p> <p>The Plan has appointed the in-house Pensions Team to provide Administration Services.</p> <p>The Trustee conducted a review of the administration in 2019 as part of an overall provider review and, as part of the merger of the Yorkshire and Clydesdale Bank Defined Contribution Scheme and Virgin Money Retirement Savings Scheme, a decision was made to move administration to the in-house Virgin Money provider (implemented in November 2020).</p> <p>The Trustee will assess its administration provider against other providers to ensure its charges and services remain competitive with other providers.</p> | 5 | | |
| Quality of Service | Service standards | There is a service level agreement in place between the Trustee and the administration provider. | 5 | | |

| Administration | | | | | |
|--------------------|---|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 5 | | | | |
| Value | Excellent | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Efficient handling of core transactions | Quarterly administration reports demonstrate core financial transactions were processed within regulatory requirements. The Trustee has received information on the levels of experience and knowledge of those working on the Plan's administration. | 5 | | |
| | Level of errors / complaints | None (one complaint, see later, but which did not relate to administration) | 5 | | |
| | Breaches | None | 5 | | |
| | Adherence to SLAs | The Trustee receives quarterly administration reports on service standards and member activity. These demonstrate that in the year to 30 September 2024 the administrator achieved, on average, quarterly performance against SLAs as follows: Q4 2023 – 100% (1,879 member queries/requests) Q1 2024 – 100% (1,383 member queries/requests) Q2 2024 – 100% (1,522 member queries/requests) Q3 2024 – 100% (1,162 member queries/requests) Over this period all service levels were met in respect of Contributions, Banking, Transfer In and Transfer Out (365 activities). Of 124 calls received, 124 (100%) were answered. | 5 | | |
| | | | | | |

| Administration | | | | | |
|---|--|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 5 | | | | |
| Value | Excellent | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| Suitability, flexibility, and availability | Straight through processing capabilities | <p>The Trustee considers the in-house team to be an experienced DC administration team and that up-to-date technology is used. The Trustee believes systems are robust and the use of "Straight through Processing Technology" minimises the risk of manual error.</p> <p>In the year ending 30 September 2024 (excluding the annual sweep), 100% of tasks were completed on a straight-through basis.</p> | 5 | | |

| Administration | | | | | |
|--------------------|---------------------|---|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 5 | | | | |
| Value | Excellent | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Online capabilities | <p>Members are able to view fund values, fund choices/details and instigate switches of funds via the My Retirement site provided by the bank. From this site members can also access fund factsheets and all Plan documentation including the member's Booklet and Investment Guide. Members can also access "Pension Planner" from this site, an online modelling tool using member specific data (from the Plan Administration system). Members can also view all transaction history on the My Retirement site and can message the Pensions Team from it. This site is for all members (active and deferred) to manage and view their Plan details online.</p> <p>Members are also able to adjust their contribution rates via the My Benefits site provided by the Bank.</p> <p>Information and other modelling tools are also available on the microsite provided by Fidelity (the Plan's fund platform provider)</p> <p>For the Plan Year October 2023 to September 2024, 3,274 members (39% of members) accessed the My Retirement site. The most popular pages visited were Pension Planner (2,510 members), "How much is my account worth" (2,067 members), "How much I am saving" (1,617 members). 1,255 and 1,247 members visited pages showing records of how much they had paid in and units bought. 66 members made a contribution allocation and 68 made switch requests. 122 members have used the site to contact the Pensions Team directly.</p> | 5 | | |

| Administration | | | | | |
|--------------------------|---------------------|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 5 | | | | |
| Value | Excellent | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| Reliability and security | Data quality audits | <p>Data quality is reviewed on a regular basis including regular data checking and validation as part of annual activity such as the annual sweep, production of annual benefit statements and address tracing exercises. Exercises also validate pensions data held on the pensions administration system by reference to the employer HR system.</p> <p>The last data quality audit was undertaken in October 2024 (and is undertaken annually). This showed that common data was present for 98% of membership data as at October 2024 – compared to 96% in the previous year.</p> <p>98% common data present at October 2024 (vs. 96% at October 2023). 98% conditional data present at October 2024 (vs. 96% at October 2023).</p> | 5 | | |

| Administration | | | | | |
|--------------------|-----------------------------|---|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 5 | | | | |
| Value | Excellent | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Cyber security arrangements | <p>The Pensions Team maintains the confidentiality, integrity and availability of information, while ensuring information is only accessible by those who are entitled to access it.</p> <p>The Pensions Team protects information assets consistently to a high standard to prevent compromise by external and internal threats, both deliberate and accidental.</p> <p>One of the Plan Trustee Directors is a member of the Bank cyber security team.</p> | 4 | | |
| | Internal and external audit | <p>The appointed auditor independently reviews the unit reconciliations to check that the allocation of members' investments according to the administration system agree to the total units held by the investment managers.</p> | 4 | | |
| | Provider financial strength | <p>Provider (FIL) rated Baa1 (stable) Moody's and BBB+ (stable) Standard & Poor's</p> <p>Plan's contract with FIL covered by the Financial Services Compensation Scheme (FSCS).</p> <p>Investments in funds managed by other managers are not covered by the FSCS, although regulation of these funds provides a degree of protection.</p> | 5 | | |

Communication

Objective: Provide easy-to-understand, relevant and attractive communications at appropriate stages of membership to enhance pension's confidence / engagement and drive appropriate pensions behaviour.

| Communication | | | | |
|------------------------|-----------------|--|------------|------------------------|
| Weighting | 0% | | | |
| Overall VFM rating | 4 | | | |
| Value | Good | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions |
| Quality and timeliness | Member feedback | <p>The Trustee has practices in place to encourage member feedback including Focus Groups. Members are also able to provide feedback direct to the internal pension team through email and other channels. No charge is made to members for communications.</p> <p>The Plan is externally accredited with the Pension Quality Mark Plus demonstrating that Plan communications are clear and easy to understand. Representatives from the in-house team attend monthly welcome events for all new joiners to the employer which includes the welcome video for the Plan and opportunity for questions and answers.</p> <p>The Trustee monitors any complaints and trends through reporting on a quarterly basis.</p> <p>There was 1 complaint in the Plan Year. This was taken to Independent Dispute Resolution Process Stage 2. The nature of the complaint was that a member did not find the timings and offering of the investment changes to be suitable. The Trustee's decision was to offer an extended deadline and the complaint was not upheld at Stage 2 decision.</p> <p>Member feedback remains positive following the member sessions and members appreciate the team sharing further information on the Plan. Members particularly like that sessions are recorded and where to get further support and guidance on their pensions and retirement planning. Initial feedback on new video benefit statements positive.</p> | 4 | |

| Communication | | | | | |
|---|---|---|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Trustee / external assessment of key features | The Plan is externally accredited with the Pension Quality Mark Plus (PQM+) demonstrating that Plan communications are clear and easy to understand. The Plan has been re assessed for the accreditation of PQM+ which has been retained for a further 2 years to 31 May 2025. | 4 | | |
| Media channel and information suitability | Choice of media channels | <p>A range of media is used including postal and electronic communications, seminars and webinars.</p> <p>Members use the My Retirement site and can access a microsite via Fidelity. Members accessed the latter for fund factsheets and performance, a drawdown calculator, a retirement budgeting calendar and a retirement calculator.</p> <p>Members have access to "Pension Planner" from the My Retirement site - an online modelling tool using member specific data.</p> <p>The Chair's Statement, Statement of Investment Principles and annual statement of compliance are posted on-line.</p> | 4 | | |

| Communication | | | | | |
|--------------------|---------|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | % usage | <p>An average of 3,812 members (unique logins) accessed the My Retirement site each quarter of the Plan year. An average of 425 members (unique logins) accessed the Fidelity Microsite each quarter of the Plan Year (an average of 425 per quarter for fund factsheets and performance, an average of 14 per quarter for the drawdown calculator, an average of 7 per quarter for the retirement budgeting calculator and an average of 56 per quarter for the retirement calculator).</p> <p>4,883 members currently actively using the My Retirement site.</p> | 4 | | |

| Communication | | | | | |
|--------------------|--------------|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Segmentation | <p>My Retirement website provides a range of appropriate guides and information to support member segments including new joiners, members building their benefits and those close to retirement.</p> <p>Various communication and engagement activities are utilised to support member segments including monthly new joiner welcome events; Pensions Awareness sessions (201 attendees) plus 92 members also attending a “Path to Retirement” webinar from Hymans Robertson via a link provided in Pensions Awareness sessions; targeted pre-retirement communications; Pre-Retirement webinars with Close Brothers; targeted communications to members affected by the Annual Allowance; and in conjunction with Annual Benefit Statements, 1-2-1 sessions aimed at various member segments with Hymans Robertson on understanding options at retirement, actions to help achieve retirement goals and understanding the cost of retirement.</p> | 4 | | |

| Communication | | | | | |
|--------------------|-------------------|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| Member engagement | Level of feedback | <p>The Trustee has practices in place to encourage member feedback including Focus Groups. Members are also able to provide feedback direct to the internal pension team through email and other channels.</p> <p>Representatives from the in-house team attend monthly welcome events for all new joiners to the employer which includes the welcome video for the Plan and opportunity for questions and answers.</p> <p>The Trustee monitors complaints and trends through reporting on a quarterly basis. There was one complaint in the Plan Year which was not upheld at Independent Dispute Resolution Process Stage 2.</p> <p>Member feedback remains positive following the member sessions and members appreciate the team sharing further information on the Plan.</p> <p>Members particularly like that sessions are recorded and where to get further support and guidance on their pensions and retirement planning.</p> <p>Initial feedback on new video benefit statements positive.</p> | 4 | | |

| Communication | | | | | |
|---|---------------------------------|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| Modelling provision availability and effectiveness | Availability of modelling tools | A modelling tool ("Pension Planner") is available for members to model contribution rate and investment choices and their impact on the value of their funds at retirement. Various calculators (drawdown, retirement budgeting and retirement) are available on the Fidelity microsite. | 4 | | |

| Communication | | | | | |
|--------------------|--------------------|---|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | % usage and impact | <p>For the Plan year October 2023 to September 2024, 3,274 members (39% of members) accessed the My Retirement site. The most popular pages visited were Pension Planner (2,510 members), "How much is my account worth" (2,067 members), "How much I am saving" (1,617 members). 1,255 and 1,247 members visited pages showing records of how much they had paid in and units bought. 66 members made a contribution allocation and 68 made switch requests. 122 members have used the site to contact the Pensions Team directly.</p> <p>An average of 425 members (unique logins) accessed the Fidelity Microsite each quarter of the Plan year (an average of 425 per quarter for fund factsheets and performance, an average of 14 per quarter for the drawdown calculator, an average of 7 per quarter for the retirement budgeting calculator and an average of 56 per quarter for the retirement calculator).</p> | 4 | | |

| Communication | | | | | |
|--|----------------------|---|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| Member pension 'education' effectiveness | % usage of provision | <p>Communications were issued to members who were 10 years, 5 years and 12 months from retirement providing information on their funds and considerations for their planned retirement date. Members were invited to join a session with Close Brothers providing further detail on options available.</p> <p>The in-house team attend the Welcome Event for all new joiners to the bank monthly, sharing the Welcome video for My Retirement and a short session of Q&A.</p> <p>Members affected by the annual sweep received communications and information on this exercise.</p> <p>Members affected by the closure of self-select funds and legacy annuity lifestyle received communications and information on this exercise. In respect of changes to some of the underlying funds making up the Virgin Money Growth and Diversified Funds, communication was issued via the My Retirement site.</p> <p>One page benefit statements developed to be simpler and shorter were issued. Additional information was provided to members when issuing Benefit Statements to help explain market performance (and consequent impact on member pots). This information was tailored to explain how market performance would have affected different age groupings.</p> <p>Additionally, statements have provided members with how their projected fund value would look should they pay an extra 1%. Benefit statements issued this year by online via My Retirement website (instead of a pdf attachment to an e-mail) and video statements issued to all active members. Initial feedback from members is positive on video statements as a quick and easy way to view key pension information.</p> <p>Members potentially impacted by Annual Allowance received a communication and factsheet to help them with their calculations and considerations.</p> <p>201 members joined Pensions Awareness webinars.</p> <p>Retirement options with Fidelity whereby members wishing to transfer to the Fidelity Master Trust can do so have been taken up by 2 members.</p> <p>Virtual benefits roadshows attended by over 200 members and also made available to all members to view.</p> <p>The Trustee provides a range of appropriate guides and information.</p> | 4 | | |

| Communication | | | | | |
|--------------------|--------|---|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | | <p>The My Retirement website includes a range of appropriate guides including an “approaching retirement” section providing information on retirement options, considerations and steps. Information is also available to members to explain investment options and contribution choices.</p> <p>The Trustee participates in the TPR initiative to help combat pension scams.</p> <p>An average of 3,812 members (unique logins) accessed the My Retirement site each quarter of the Plan year. An average of 425 members (unique logins) accessed the Fidelity Microsite each quarter of the Plan Year</p> | | | |

| Communication | | | | | |
|--------------------|-----------------|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 4 | | | | |
| Value | Good | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Member feedback | Member feedback remains positive following the member sessions and members appreciate the team sharing further information on the Plan. Members particularly like that sessions are recorded and where to get further support and guidance on their pensions and retirement planning. Initial feedback on new video benefit statements positive. | 4 | | |

Governance

Objective: Provide effective, independent oversight and management of the [Scheme] to ensure regulatory compliance and that member interests are looked after.

| Governance | | | | |
|--|--|---|-------------------|-------------------------------|
| Weighting | 0% | | | |
| Overall VFM rating | 5 | | | |
| Value | Excellent | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions |
| Effective planning and performance monitoring | Existence of governance documents and monitoring | <p>The Trustee maintains a set of clear objectives and considers member outcomes. These objectives are reviewed and agreed in a Trustee Board meeting and inform the priorities and actions within the annual business plan for the Plan.</p> <p>Trustee Directors review the performance and effectiveness of the Trustee board as part of a governance working group and any areas identified as weaknesses are addressed via training where appropriate. Trustee Directors undertake this review biannually and it is included on the Trustee's business plan. The last review was completed in Q4 of the Plan Year 2022/23.</p> <p>Each year the Trustee reviews value for members, which it considers to be of high importance, with assistance and input from the Investment adviser.</p> | 4 | |

| Governance | | | | | |
|---|--------------------------|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 5 | | | | |
| Value | Excellent | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| Independence, diversity and DC expertise of the Trustee board | Experience and diversity | <p>The Trustee is a corporate body of which (as at 30 September 2024) 2 of the 9 Trustee Directors including the chair of the Trustee are independent of the Employer. One of the Trustee Directors is a professional trustee.</p> <p>The Trustee Board has 22% gender diversity. The Board has 33% of its Trustee Directors under the age of 50.</p> <p>Diversity of the board is considered in relation to core characteristics such as gender, age and ethnicity and mix of skills, experience and cognitive diversity.</p> <p>Where vacancies on the board arise, the Trustee, where it is in their gift, seeks to recruit new Trustee Directors who will enhance the diversity of the board and its overall effectiveness.</p> <p>The Trustee Board has a wide range of diverse professional skills and expertise. There is a structured induction process in place for new Trustee Directors, coordinated by the Group Pensions Department. In addition to the induction and ongoing training, the Trustee Directors have strong combined knowledge of financial services and risk management through their careers, both at the Bank and in some instances previous employers and from professional experience.</p> | 4 | | |

| Governance | | | | | |
|---|-------------------------------|---|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 5 | | | | |
| Value | Excellent | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| Strength of overall governance approach | Trustee meeting effectiveness | <p>The Trustee Board has at least 4 meetings over each 12 months and are confident that it has established and maintained procedures and controls to ensure the effectiveness and performance of the Plan and service providers. The Trustee have established 2 sub-committees which report back at each Trustee meeting.</p> <p>There is an appointed secretary in place.</p> <p>Agendas are agreed ahead of meetings and have dedicated time to cover the key areas of investment; governance; administration; communication and retirement support with a clear focus on member outcomes.</p> <p>Minutes are produced and all action points from meetings show clear roles and responsibilities and are resolved appropriately.</p> <p>The Trustee Directors review the performance and effectiveness of the Trustee board as part of a governance working group and any areas for improvement are addressed via training where appropriate. The Trustee Directors undertake this review biannually and it is included on the Trustee's business plan. The last review was completed in Q4 of the Plan Year 2022/23.</p> | 5 | | |

| Governance | | | | | |
|--------------------|-------------------------------------|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 5 | | | | |
| Value | Excellent | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Use of specialist sub committees | Specialist sub-committees have been established which report back at each Trustee meeting including Audit and Risk, Administration and an Investment Sub-Committee. These sub-committees meet 4 times each year. | | | |
| | Extent Trustees follow DC Code | Each year the Trustees carry out an assessment of the effectiveness of the controls which are in place to manage the risks faced by the Scheme. The Trustees are currently preparing their first Own Risk Assessment (ORA). The Trustee has conducted a Gap Analysis against the General Code and has taken steps to adapt policies to meet all General Code requirements within the timescale required by the General Code. A risk register is in place, updated quarterly and reviewed at each Trustee meeting. | | | |
| | Robust risk and conflict management | The Trustee operates a conflicts policy and a conflicts register is maintained and updated at each Trustee meeting. The Trustee makes use of modelling tools to analyse expected benefit levels (member outcomes) and to monitor the long-term effectiveness of the Plan's default arrangements. | 5 | | |

| Governance | | | | |
|-------------------------------------|---------------------------|--|------------|------------------------|
| Weighting | 0% | | | |
| Overall VFM rating | 5 | | | |
| Value | Excellent | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions |
| Trustee knowledge and understanding | Trustee training approach | <p>As detailed above, the Trustee Directors review the performance and effectiveness of the Trustee board as part of a governance working group and any areas for improvement are addressed via training where appropriate. The Trustee also regularly reviews (at quarterly meetings) Trustee knowledge and understanding needs to identify any gaps in the Trustee knowledge and skills.</p> <p>The Trustee Directors have undertaken formal training in the last year. The Trustee has knowledge of the Plan Rules, pensions legislation, Statement of Investment Principles and investment matters.</p> <p>The Trustee maintains appropriate training logs.</p> <p>The Trustee Board has an independent professional trustee who is a member of the Association of Professional Pension Trustees (APPT), who complies in full with requirements for Continuing Professional Development and brings additional skills and experience to the Board.</p> <p>The Chair of Trustee is an independent Trustee.</p> | 4 | |

| Governance | | | | | |
|-----------------------------------|------------------------------------|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 5 | | | | |
| Value | Excellent | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Appointment and induction process | <p>There is a structured induction process in place for new Trustee Directors, coordinated by the Group Pensions Department. Trustee Directors set themselves objectives to measure their performance throughout the year and consider their progress towards meeting these objectives on a quarterly basis. The Trustee keeps these objectives under review and adds new objectives at suitable points. Each of the Trustee Directors holds the Pensions Regulator's Trustee toolkit certificates at the Plan year end.</p> | 4 | | |
| Quality of advisers and suppliers | Review of key advisers / suppliers | <p>The Trustee has appointed the required advisers in accordance with Section 47 Pensions Act 1995.</p> <p>The Trustee undertakes a full review of the appointment, roles, objectives and responsibilities of the Plan's service providers and advisers at least every 2 years.</p> | 5 | | |

| Governance | | | | | |
|--------------------|--|--|------------|------------------------|--|
| Weighting | 0% | | | | |
| Overall VFM rating | 5 | | | | |
| Value | Excellent | | | | |
| Criteria | Metric | Rationale | VFM rating | Commentary and actions | |
| | Setting and reviewing advisers' objectives | <p>The Trustee agrees a set of objectives with their investment advisers in accordance with the requirements of the Competition and Markets Authority.</p> <p>The Trustee reviews the performance of their advisers against these criteria and CMA objectives annually.</p> <p>The Trustee assesses annually whether they, in conjunction with their advisers, have the appropriate knowledge and skills to govern the Plan effectively.</p> | 5 | | |

Missing information and limitations

The following limitations and / or missing information apply to our assessment, and this should be stated in any publication:

- The charges and transaction costs for the following investment options which were closed during the Plan Year during the period:
 - Virgin Money World ex UK Equity Fund
 - Virgin Money UK Equity Fund
 - Virgin Money Emerging Markets Fund
 - Virgin Money Long Corporate Bond Fund
 - Virgin Money Long Gilts Fund
 - Virgin Money World ex UK Equity (Currency Hedged) Fund

- Transaction costs for the remaining investment options during the period covered by this Statement (i.e. to 30 September 2024), however, transaction costs have been provided for the period from 1 July 2023 to 30 June 2024 being the latest available information at the time of request and preparation of this document.

Disclosure, reliance and limitations

This paper should not be released or otherwise disclosed to any third party except as required by law or regulatory obligation or without our written consent. We accept no liability where the paper is used by or released or otherwise disclosed to a third party unless we have expressly accepted such liability in writing. In preparing this paper we have relied upon information supplied by the providers.

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.

General risk warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investments in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an overseas investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

Appendix 1 – Methodology

The Scheme's total assets are greater than £100 million, and so is not subject to The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') which set out the requirements for a more detailed assessment for smaller schemes.

1 Services

TPR expects that services in four areas which can impact member outcomes are considered:

- Investment
- Administration
- Communications
- Governance

The Value for Members (VFM) assessment only considers the services where members bear or share the costs.

The costs of each service are borne by:

| Category | Paid for by members | Paid for jointly | Paid for by the employer |
|----------------|---------------------|------------------|--------------------------|
| Investment | Y | | |
| Administration | | | Y |
| Communications | | | Y |
| Governance | | | Y |

Members pay for these services by means of the annual management charge, operating expenses and transaction costs deducted from members' fund values by the provider.

Therefore, the Value for Members assessment considers the Plan's Investment services.

While not required by the Regulations, this assessment also considers the level of contributions paid by members and the employers, which have a major bearing on member outcomes at retirement.

There were also one-off costs borne by members in the last year as a result of the changes to the funds used in the default arrangement and self-select fund range.

In addition, the Trustee also decided to carry out an assessment of the overall value for money, which considers all services which members benefit from regardless of who bears the costs. So, this overall assessment also includes the services for administration/communication/governance.

Information has been gathered and evaluated as to how each service's cost, quality and scope of provision compare against similar schemes and available external benchmarks.

2 Impact on member outcomes

The Plan's membership characteristics including age profile, contribution levels, usage of investment options and benefit choices at retirement have been considered to arrive at a weighting for the likely impact of each service upon member outcomes.

| Category | Value for Members weighting | Overall value weighting | Rationale |
|----------------|-----------------------------|-------------------------|--|
| Investment | 100% | 55% | Suitable investment options that strike a balance between risk and return appropriate to the member profile as well as reflecting members' benefit choices at retirement, whilst minimising charges are important to members achieving a good outcome at retirement. |
| Administration | 0% | 10% | The efficient processing of core financial transactions, good record keeping and providing suitable quality administration support at an appropriate cost ensures members are informed and instructions carried out within appropriate timeframes. |
| Communications | 0% | 15% | Providing easy-to-understand, relevant and attractive communications at appropriate stages of membership are important in enhancing pensions confidence / engagement and drive appropriate pensions behaviour. |
| Governance | 0% | 20% | The Trustee provides effective, independent oversight and management of the Plan to ensure regulatory compliance and members interests are looked after. |

The rating criteria used in the assessment were:

| Scale | Rating | Definition |
|-------|----------------------|---|
| 5 | Excellent | The Trustee considers the Plan offers excellent value for members, providing services within a top 20% quality/cost range compared with typical options for similar arrangements |
| 4 | Good | The Trustee considers the Plan offers good value for members, providing services at better quality/cost compared with typical options for similar arrangements |
| 3 | Average | The Trustee considers the Plan offers average value for members, providing similar services at similar quality/cost compared with typical options for similar arrangements |
| 2 | Below average | The Trustee considers the Plan offers below average value for members, providing similar services at higher cost/lower quality or more limited services for similar cost/quality compared with typical options for similar arrangements |
| 1 | Poor | The Trustee considers the Plan offers poor value for members, providing services within the bottom 20% quality/cost range compared with typical options for similar arrangements |