

Annual statement regarding governance of the Kent Frozen Foods Pension Scheme (the "Scheme")

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustees of the Scheme to prepare an annual statement regarding governance, which should be published on an appropriate public website. The governance requirements apply to most defined contribution ("DC") pension arrangements with two or more members and aim to help members achieve a good outcome from their pension savings.

This statement issued by the Trustees covers the period from 1 April 2021 to 31 March 2022 and is signed on behalf of the Trustees by the Chair.

This statement covers governance and charge disclosures in relation to the following:

1. The Default Arrangement
2. Processing of core financial transactions
3. Member borne charges and transaction costs
 - i. Default arrangement
 - ii. Illustrations of the cumulative effect of these costs and charges
4. Net investment returns
5. Value for Members assessment
6. Trustees' knowledge and understanding

Scheme Update

The Trustees and Company have decided to wind-up the Scheme. The wind-up process formally commenced on 13 July 2022. The wind-up of a pension scheme sees its assets secured with an alternative pension arrangement. The Trustees have issued a letter to all members to inform them about the commencement of the wind-up. Further details regarding the wind-up will be issued shortly.

1. The Default Arrangement

The Scheme is not used as a Qualifying Workplace Scheme for auto-enrolment purposes. The Scheme has never been used for this purpose and no contributions have been paid to it since August 2001. As such there is no default arrangement for the purposes of automatic enrolment legislation.

The Trustees are not required to maintain a Statement of Investment Principles (a document setting out the Trustees' investment objectives and policies) because the Scheme has fewer than 100 members so, as there is no default arrangement, the Trustees do not have such a Statement.

The Scheme offers a range of unit-linked funds managed by Utmost Life & Pensions (Utmost). As there is no default arrangement there has never been a review of the default so there is no date for the last review.

2. Processing of Core Financial Transactions

All core financial transactions are undertaken on behalf of the Trustees by the Scheme administrator and insurer, Utmost. As the Scheme has been paid-up for over 20 years there are no ongoing contributions or transfers-in. Therefore, the only financial transactions are payments out at retirement or on death or where a member requests a transfer to another pension arrangement or asks to switch investment funds.

There are very few core financial transactions on the Scheme. For example, over the period of this statement there was only one core financial transaction which was a transfer to another registered pension scheme. This transaction was processed within SLA and there were no issues of note.

Over the period of this statement there were no complaints made to Utmost or the Trustees nor any reported errors that required the Trustees' attention.

Utmost has provided the data below in relation to administration tasks. This covers Utmost's book of business as a whole rather than specifically relating to the Scheme. Scheme-specific data is not available. It also covers the 2021 calendar year so does not align with the period covered by this statement. Data for alternative periods is not available from Utmost.

Service Level Agreements during 2021 were measured as follows:

- 95% of payments out made within 5 days
- 95% of illustrations completed within 10 days
- 90% of general servicing completed within 10 days

Whilst still dealing with the impact of the Covid pandemic, the results for all heritage Equitable Life business for 2021 were as follows:

- 96% of payments were made within SLA
- 84% of illustrations were completed within SLA
- 90% of general servicing was completed within SLA

Utmost Life and Pensions Limited is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA). As part of the annual returns made to these regulators, the directors of Utmost certify there are appropriate systems of control over Utmost's transactions and records.

The Trustees understand the quality of data held is important to run the Scheme effectively. This is particularly important when winding up a Scheme to ensure the correct benefits are secured, and members are contacted with relevant information. Therefore, during the year the Trustees carried out a review of the data held and the only gaps identified related to missing addresses. The Trustees undertook tracing of the missing addresses and can advise they have up to date addresses for all members, following this exercise.

When monitoring the administration of the Scheme the Trustees take a risk-based approach. Due to the low number of transactions, Utmost's good SLA performance and the experience around no complaints or issues arising, the Trustees are comfortable with reviewing SLAs annually.

Overall the Trustees are satisfied with the processing of Core Financial Transactions over the period covered by this statement.

3. Member Borne Charges and Transaction costs

The Trustees are required to assess the costs associated with the Scheme, which are paid by the members. These costs are comprised of charges and transaction costs.

Charges, such as the Annual Management Charge ("AMC" – the annual fee charged by the investment manager for investing in a fund), as well as additional expenses together comprise the Total Expense Ratio (TER), which is the total cost of investing in the fund.

Members are invested in traditional unit-linked funds. Utmost has confirmed the AMCs for the funds available in the Scheme range from 0.50% per year to 0.75% per year.

Transaction costs are costs which are incurred within the day to day management of the assets by the fund manager. This covers such things as the cost of buying and selling securities/ assets within the fund. Transaction costs are incurred on an ongoing basis and will impact on the net return received on the underlying assets.

(i) Charge information for the funds used by Scheme members in the period covered by this statement

The TERs and transaction costs for the funds used by Scheme members are below:

Fund	TER (per year)	Transaction costs (per year)	Total member-borne cost (per year)
Utmost Investing by Age Strategy with component funds:			
Multi-Asset Moderate Pension Fund	0.75%	0.18%	0.93%
Multi-Asset Cautious Pension Fund	0.75%	0.13%	0.88%
Money Market Pension Fund	0.50%	0.01%	0.51%

(ii) Illustrations of the cumulative effect of costs and charges

In order to help members understand the impact costs and charges can have on their retirement savings, the Trustees have provided an illustration of their cumulative effect on the value of typical scheme members savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on several assumptions about the future which are set out after the illustrations.

Members should be aware such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the individual and personalised illustrations which are provided to members on an annual basis.

All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.

Example member with 8 years to retirement age of age 65 and starting fund value of £7,500 (shown in current money terms) – this represents the average age and average fund value of Scheme members

Age	Estimated fund value (before charges)	Estimated fund value (after charges)	Effect of charges
8 years to retirement age	£7,500	£7,500	£0
5 years to retirement age	£7,890	£7,680	£210
Retirement age	£8,410	£7,840	£570

Example member with 20 years to retirement age of age 65 and starting fund value of £1,000 (shown in current money terms) – this represents the youngest Scheme member and corresponding fund value

Age	Estimated fund value (before charges)	Estimated fund value (after charges)	Effect of charges
20 years to retirement age	£1,000	£1,000	£0
15 years to retirement age	£1,100	£1,050	£50
10 years to retirement age	£1,220	£1,110	£110
5 years to retirement age	£1,330	£1,160	£170
Retirement age	£1,420	£1,190	£230

Assumptions and data for illustrations

The following assumptions have been made for the purposes of the illustrations:

- Annual inflation is assumed to be 2.5% per year
- The starting fund value and period of investment used in the projections is representative of the membership
- All Scheme members are invested in the Utmost Investing by Age Strategy which has 3 component funds. The assumed projected annual investment returns (net of charges) used in the above projection for the component funds are:

Fund	Assumed investment return net of charges (per year)
Multi-Asset Moderate Pension Fund	3.60%
Multi-Asset Cautious Pension Fund	2.65%
Money Market Pension Fund	0.75%

- Values shown are estimates and are not guaranteed.
- The assumption rates are consistent with those used by Utmost for the projections featuring on Utmost's annual statements.

Members are advised to consider both the level of costs and charges and the expected return on investments (the risk profile of the strategy) in making investment decisions.

4. Net investment returns

The Trustees are required to report on net investment returns for the fund(s) Scheme members were invested in during the year covered by this statement. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges. The net investment returns have been prepared having regard to statutory guidance.

It is important to note past performance is not a guide to future performance.

Utmost's Investing by Age Strategy is made up of 3 different funds which change during the final 10 years before each member's Scheme retirement age with further changes beyond age Scheme retirement age also. The figures in the table below reflect the fund composition at example snapshots as stated.

Performance to 31 March 2022	Annualised returns			
Period to age Scheme retirement age	1 year	5 years	10 years	20 years
10 years or more to Scheme retirement age	5.60%	Not available	Not available	Not available
5 years to age Scheme retirement age	3.00%	Not available	Not available	Not available
At age Scheme retirement age	0.40%	Not available	Not available	Not available

Source: Utmost

Fund performance covering longer periods has not been reported because the funds were not introduced until January 2020.

5. Value for Members assessment

The Trustees have established an assessment framework in order to assess whether the charges and transaction costs paid by members represent Value for Members. Whilst the legislation refers to the benefits the members specifically pay towards (and not the benefits that the Company meets the cost of), it is also sensible to look at the entire benefits members receive by virtue of being a member of the Scheme. In terms of the benefits of membership, the Trustees have identified the following areas where they believe there is a benefit derived by members:

- Member communications and engagement (including support at retirement)
- Investment options
- Sound administration
- The time spent by the Trustees in making sure the Scheme is run in the best interests of its members (known as governance)

These benefits can be financial or non-financial in nature. The assessment is therefore relevant to the current membership.

Having carried out the analysis, due to concerns about the Scheme's ability to offer 'value for money', a decision has been taken by the Trustees and Company to wind-up the Scheme. The wind-up process formally commenced on 13 July 2022 and letters were sent to members to explain this. The wind-up process is expected to be concluded by June 2023 at the latest, after which there will be no assets nor liabilities in the Scheme.

As the Scheme holds less than £100m of assets across all members, the Trustees would usually have to also carry out what is known as a 'prescribed Value for Members assessment'. This compares certain aspects of the Scheme to a group of other appropriate pension schemes to assess value relative to peers. As the Scheme formally commenced wind-up on 13 July 2022 as declared to the Pensions Regulator and to members, the Trustees are not required to carry out the prescribed assessment.

6. Trustees' Knowledge and Understanding

The Regulations require the Trustees to have appropriate knowledge and understanding to run the Scheme effectively. The Trustees do not have formal processes in place to undertake training or keep knowledge up-to-date with relevant developments. However, the Trustees' advisers have provided training and advice to the Trustees regarding the wind-up process, so the Trustees have the necessary knowledge and expertise to enable the wind-up to be successfully completed.

Having reviewed the Scheme against the minimum requirements, the Trustees and Company agreed that the required level of governance required to maintain the Scheme was disproportionate to the size of the Scheme and as such agreed to wind-up the Scheme.

Signed by the Chairman of the Trustees of the Kent Frozen Foods Pension Scheme

Chairman of the Trustees – Daniel Dickinson

Date of signing _____