



Hendre Housing Association RBS Board of Trustees Report 2022

Prepared in September 2022 for the scheme year
1st April 2021 to 31st March 2022

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Contents

The Regulator’s Code of Practice	1
Areas of Responsibility	3
How Origen measures your Workplace Pension scheme.....	4
Pension Scheme overview	5
Scheme Administration and Contribution History	6
Contribution history.....	7
Membership Profile and Activity	8
Investment Performance.....	10
Annuity Comparison	11
Review of the Pension Provider	12
How does your scheme perform against the six key areas for good scheme governance?	13
Scheme Summary	18
Planning Actions.....	19

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Our Registered Office is: Ascent 4, 2 Gladiator Way, Farnborough, Hampshire GU14 6XN

The Regulator's Code of Practice

The Pension Regulator has established a detailed Code of Practice to assist Trustees of Occupational Defined Contribution (Money Purchase) Schemes to ensure the schemes are governed and administered correctly, as well as ensuring good member outcomes through prudent investment decisions, reasonable scheme charges and effective communication.

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



Understanding the six key areas

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

A review of the scheme design to ensure it is fit for purpose, has a competitive charging structure and offers features to help members realise their retirement objectives

Administration – To ensure the scheme is administered correctly

The scheme should be administered and serviced correctly by the employer and the pension provider. A review that contributions are deducted correctly and made within regulatory timeframes

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

Is the selected default fund suitable and is the fund achieving a satisfactory level of investment return for the members? 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

The scheme should 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 managed, reviewed and where necessary, action is taken.

Areas of Responsibility

The table below shows the members of the management committee responsible for reviewing the workplace pension scheme with Scottish Widows and their accountabilities.

Name	Organisation	Responsibility
Allan Jones Neil Davies David Michael Teresa Beggs	Hendre Housing Association RBS Board of Trustees	To act on any issues highlighted in this report
Phil Thomas	Hendre Housing Association	Scheme Administrator
Lorraine Blackstock	Origen Financial Services	To provide information on the scheme and to review the effectiveness of the scheme
Steven Chudley	Origen Financial Services	To provide information on the scheme and to review the effectiveness of the scheme

How Origen measures your pension scheme

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

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

Origen will review and discuss the information provided, and then provide comments on how the Scheme performs against the six key areas identified. Origen has adopted a RAG (Red, Amber, Green) status to establish where action or changes are needed for the Workplace Pension Scheme. The rating structure is as follows:

Rating	Explanation
Green	No action required, or very minor concerns.
Amber	No immediate action is recommended; it may warrant closer attention in the future or further consideration is required.
Red	Immediate action is required. Failure to act could have serious implications on members' benefits.
Grey	Insufficient information available to apply rating.

Pension Scheme Overview

The main features of your 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 and Contribution History

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

Contribution history

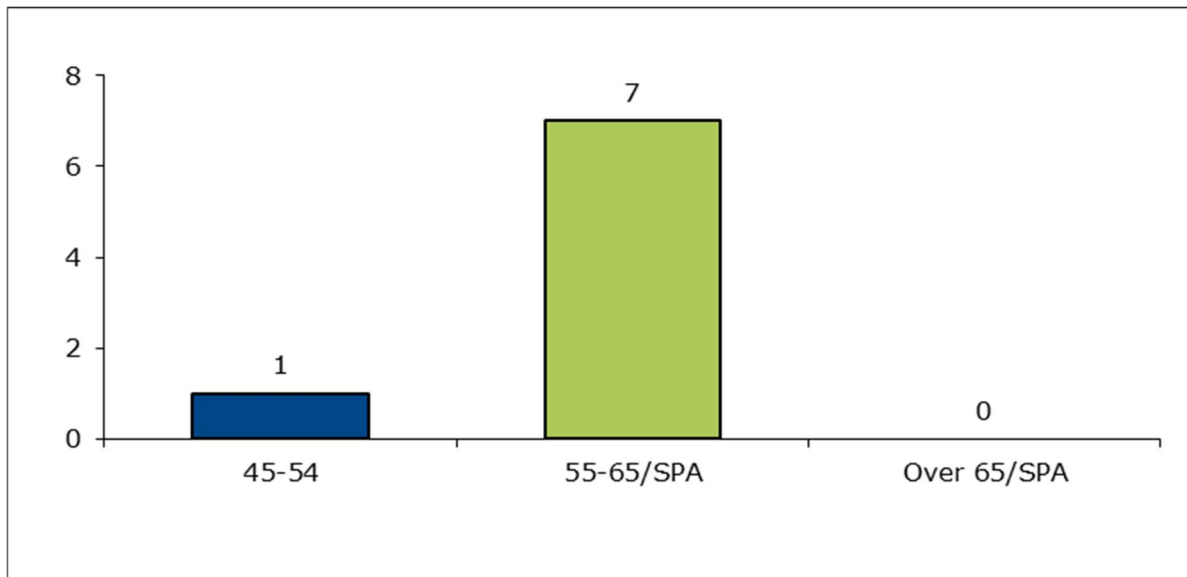
Payroll month	Employee	Employer	Total
April 2021	57.66	1,979.36	2,037.02
May 2021	99.44	1,397.12	1,496.56
June 2021	78.55	1,397.12	1,475.67
July 2021	78.55	1,397.12	1,475.67
August 2021	78.55	1,397.12	1,475.67
September 2021	41.79	1,286.84	1,328.63
October 2021	41.79	1,286.84	1,328.63
November 2021	41.79	1,286.84	1,328.63
December 2021	41.79	1,286.84	1,328.63
January 2022	41.79	1,286.84	1,328.63
February 202	41.79	1,017.82	1,059.61
March 2022	41.79	1,017.82	1,059.61
Total	685.28	16,037.68	16,722.95

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 employers who deduct contributions from their employee's pay, must pay these into the pension scheme no later than the 22nd (19th if you pay by cheque) of the next month.

Membership Profile and Activity

As at 31st March 2022 there were eight active members of the Scheme. The chart below shows the age profile of these members:

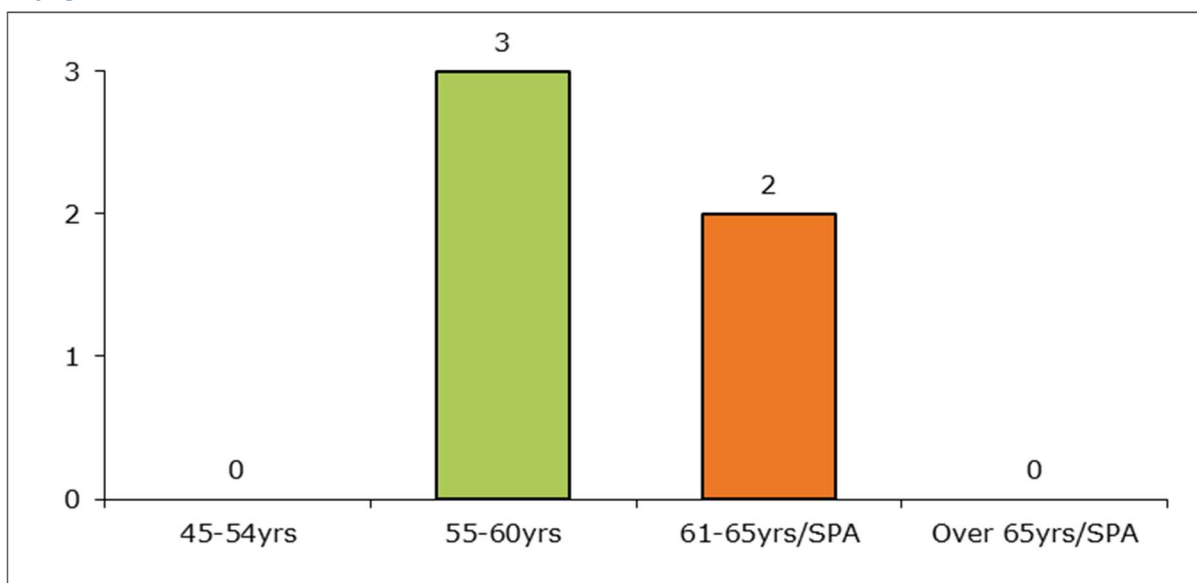


Source: Scottish Widows

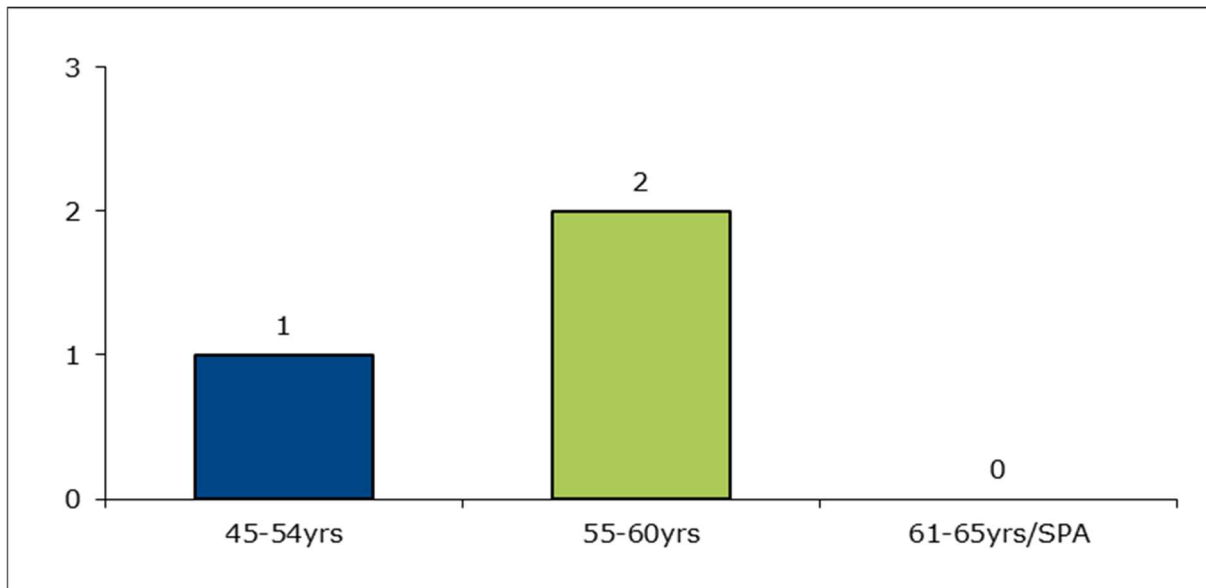
Members do not generally take benefits early from this scheme due to the Guaranteed Annuity Rates provided by the Conventional With-Profits investment which apply for women at age 60 and for men at age 65. Therefore, this scheme is likely to continue until the youngest member achieves age 60/65 and withdraws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

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

Male:



Source: Scottish Widows

Female:

Source: Scottish Widows

Membership Activity

Six members settled their benefits during the reporting period:

Member	Date Settled	Value
A Byard	22/03/2022	£60,763.27
D Lewis	09/03/2022	£597,159.62
C Patel	28/05/2021	£380,976.50
C Simpson	08/05/2021	£154,614.24
A Stokes	27/01/2022	£50,313.38
I Williams	06/08/2021	£860,213.56

Funds Under Management

At the scheme year end date of 31st March 2022, there were total funds under management of £3,379,586.12 split as follows:

Member Status	Value
Active members	£1,438,274.65
Paid up members	£2,478,129.40
Total	£3,916,404.05

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 £3,734 (Scottish Widows)

Male, age 65, £45,000 fund value	
Guaranteed Annuity Rate £4,999.50	Open Market Annuity Rate £2,761 (Scottish Widows)

Female, age 60, £60,000 fund value	
Guaranteed Annuity Rate £5,454.60	Open Market Annuity Rate £3,304 (L&G)

Female, age 60, £45,000 fund value	
Guaranteed Annuity Rate £4,090.50	Open Market Annuity Rate £2,303 (L&G)

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 through the Scheme is higher than that available on the open market.


However, Scottish Widows do not offer pension freedom options directly from the Scheme 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


Credit rating	<p>A2 from Moody's (March 2021) AA- from Fitch (March 2021) B+ from AKG (March 2021)</p> <p>These ratings reflect strong/very strong financial stability.</p>
Assets under management	£68bn (February 2021)
Data security	<ul style="list-style-type: none"> • Member information complies with current storage and security protocols. • Security checks are conducted on in-bound calls. • Sensitive member information requests issued via post or by encrypted email. <p>Data Privacy Notice: https://www.scottishwidows.co.uk/employer/dpn/privacy-notice/</p> <p>Scottish Widows Bank Privacy Notice https://adviser.scottishwidows.co.uk/assets/literature/docs/52125.pdf#</p>


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	Green
Flexible contribution structures available	Contributions are updated at the annual review date but can be changed mid-year	Green
Default investment fund suitability	The only available fund is the With Profits fund	Orange
On-line functionality	Scottish Widows offer no on-line functionality for either the company or members	Red
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	Green
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>	Green


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		
	Concern	No Concern

People		
Feature	Comment	Rating
Committee or points of contact remain fit and proper to carry out duties	The Board of Trustees members are deemed fit and proper to conduct their roles	
Any conflicts of interests are identified	We are not aware of any conflicts of interest	

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 required 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 available is the With-Profits fund

*Any fees quoted are net of VAT

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