

# BACB DC RETIREMENT PLAN CHAIR'S STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2022 – 31 MARCH 2023

This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. This Statement covers the period from 1 April 2022 to 31 March 2023 and explains how the BACB DC Retirement Plan (“the Plan”) is meeting the governance standards that apply to occupational pension schemes that provide money purchase benefits (i.e. Defined Contribution Plans – DC). This Statement has been prepared with reference to statutory guidance. During the Plan Year, the Plan changed its name, it was previously known as the BACB Retirement and Death Benefits Plan.

This Statement does not contain advice in respect of actions that members should take and is not intended to be used for that purpose. If members need advice, they can get help finding a regulated financial adviser through the Government's Money Helper website at: [www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser](http://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser).

The BACB DC Retirement Plan (the “Plan”) is a wholly-insured scheme as defined in Regulation 8 (2) of The Occupational Pension Schemes (Investment) Regulations 2005. As a result, the assets held by the Trustees of the Plan is the Policy of Insurance held with Standard Life Assurance Limited (the “Provider”). A wholly-insured scheme is where all the assets (excluding cash held in the Trustees bank account) are held in one or more qualifying insurance policies

## **Default arrangement**

Members of the Plan who do not make an explicit choice regarding the investment of their funds will be invested in the Provider's default strategy arrangement. The Trustees receive advice from their Investment Consultant with regard to its suitability.

During the year, the Plan's default arrangement was reviewed and changed to the Sustainable Multi Asset Universal (PP 10 Year) Strategic Lifestyle Profile in September 2022 and gradually implemented by Standard Life via a gradual change in asset allocation. In the default strategy, members are fully invested in the Standard Life Sustainable Multi Asset (PP) Pension Fund up until 10 years away from retirement, with the aim to deliver long-term growth. The Fund invests around 70% in equities and 30% in bonds. This is a significant change from the previous default that invested around 50% of the fund in equities.

A significant change within the new approach is that the default strategy now has a focus on environmental, social and governance (“ESG”) factors when considering its investments. Standard Life explains this approach as:

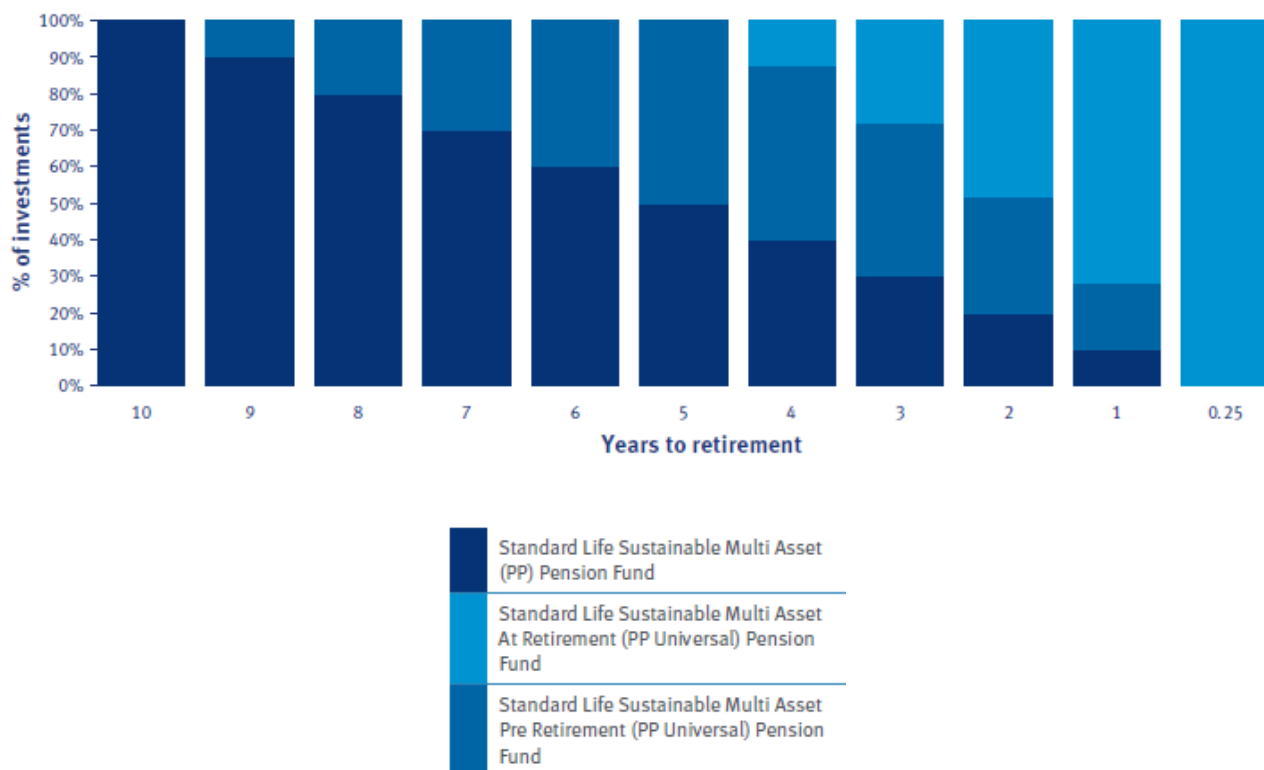
- ‘Avoid the Bad’ – excluding investments that do not meet their sustainability criteria;
- ‘Improve the Good’ – tilting investments toward those investments that do meet sustainability criteria; and
- ‘Drive Change for the Better’ – engaging with companies to improve sustainable outcomes and practices.

When members are 10 years away from retirement, their holdings start to be gradually transferred to the Standard Life Sustainable Multi-Asset Pre-Retirement (Universal 10 year) Pension Fund. This is a lower risk multi-asset fund which Standard Life (SL) considers to be appropriate for members who are yet to decide on which outcome they would like at retirement. Again this fund does not target a specific outcome, but rather aims to continue to provide investment growth at a lower level of risk than the Sustainable Multi Asset Fund.

4 years prior to retirement, assets begin to move into the SL Sustainable Multi-Asset At-Retirement (Universal) Pension Fund so that upon reaching retirement a member is 100% invested in this fund. At retirement, the types of assets held are similar to those invested in during the growth phase although there is a greater focus on capital protection but maintaining some growth assets to achieve a moderate level of growth.

By investing in this manner, the Trustees expect to deliver growth over the member's lifetime within the Plan without excessive risk taking, with an increased focus in the final ten years of reducing volatility to enable members approaching retirement to make financial plans for the period after retirement.

The strategy is illustrated as follows:



The Plan's investment strategy was last formally reviewed in September 2022 in relation to the introduction of this strategy and is described further in the Plan's updated Statement of Investment Principles (SIP) dated September 2022, a copy of which is submitted alongside this governance statement.

### Legacy default

In addition to the current default arrangement, some members remain invested in a legacy default lifestyle arrangement. Up until 5 years from retirement, savings are fully invested in the Standard Life BlackRock Managed (50:50) Global Equity Pension Fund, a passively managed equity fund which invests approximately 50% of assets into UK equities and the remaining 50% to overseas equities. Once a member is 5 years from retirement, their savings begin to move into the Standard Life At-Retirement (Multi-Asset Universal) Pension Fund. In the final 3 years before retirement, some savings are moved in the Standard Life Deposit and Treasury Pension Fund, a cash fund. The strategy leaves members invested in the Standard Life At-Retirement (Multi-Asset Universal) Pension Fund (75%) and the Standard Life Deposit and Treasury Fund (25%) upon reaching retirement. Whilst a small proportion of the Plan's members remain invested in this arrangement, it remains a default strategy under the Plan and is appropriately monitored and dealt with accordingly.

The Trustees monitor the performance of the Plan's investments using reporting provided by Standard Life. We are happy with the performance of the default arrangements over the period covered by this statement and we believe the Plan's investment strategy remains on track to meet our aims and objectives. The Trustees note that the long-term performance of the funds in the default arrangement are slightly behind their performance target.

The Trustees also monitor the performance of self-select funds as part of this process.

The Trustees have set up processes to publish relevant information on the default arrangement online, and notify members about this in the Annual Benefit Statement.

## **Processing Plan transactions**

The Trustees have a specific duty to ensure that core financial transactions are processed promptly and accurately. These include the investment of contributions, transfer of member assets into and out of the Plan, switches between different investments within the Plan and payments to and in respect of members.

These transactions are undertaken on the Trustees' behalf by the Plan administrator, Standard Life.

The Trustees have a service level agreement (SLA) in place with the Plan administrator which covers the accuracy and timeliness of all core transactions. To support their oversight of the Plan the Trustees asked Standard Life to provide quarterly monitoring reports and this is the first Plan year that these reports have been received each quarter.

During the period covered by this statement, 97% of work was completed within the agreed service level of 10 working days and there were no issues relating to the processing of Plan transactions. For additional context, there were six tasks that needed more than ten working days to complete. All of these related to updating member records or providing scheme information.

Contributions are also promptly paid across to the Plan by the employer in a timely manner. The employer's payroll date is the 20<sup>th</sup> of the month and in eleven of the twelve months contributions were paid to the Plan before the end of the month. In the remaining case they were paid early in the following month so always significantly ahead of the statutory deadline.

The processes adopted by the Plan administrator to help meet the SLA include a central financial control team separate to the admin team, daily monitoring of bank accounts, a client oversight team who monitor the service levels in both telephony and written requests, a resource planning centre to ensure they have the right resource to cover the work across all areas of administration/servicing and a dedicated relationship manager to hold internal teams to account and to ensure smooth running of the pension plan.

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

## **Net Investment Returns**

From 1 October 2021 trustees of all relevant pension schemes are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. This information must be recorded in the annual Chair's Statement and published on a publicly accessible website. Members are notified of its availability via the Annual Benefit Statement.

The following table shows performance, net of all charges and transaction costs, of all funds available to members during the Plan year following statutory guidance as provided by the Department for Work and Pensions.

<b>Annualised net returns to 31 March 2023</b>		
<b>Fund Name</b>	<b>1 Year %</b>	<b>5 Years (% p.a.)</b>
Standard Life Sustainable Multi Asset Pension Fund	-2.61	3.51
Standard Life Sustainable Multi Asset Pre Retirement (PP Universal) Pension Fund	-3.45	2.26
Standard Life Sustainable Multi Asset At Retirement (PP Universal) Pension Fund	-1.71	1.97
SL BlackRock Managed (50:50) Global Equity Pension Fund	0.73	6.62
Standard Life At Retirement (Multi Asset Universal) Pension Fund	-4.02	2.33
Standard Life Deposit and Treasury Pension Fund	1.84	0.43
SL ASI MyFolio Managed III Pension Fund	-6.28	2.01
SL ASI MyFolio Managed IV Pension Fund	-5.82	2.77
SL ASI UK Smaller Companies Pension Fund	-24.90	1.33
SL BNY Mellon Multi-Asset Growth Pension Fund	0.24	9.57
SL Baillie Gifford UK and Worldwide Equity Pension Fund	-6.36	5.39
SL BlackRock ACS World ex UK Equity Tracker Pension Fund	-4.20	10.82
SL BlackRock Ascent Life US Equity Pension Fund	-6.09	12.75
SL Blackrock ACS Japan Equity Tracker Pension Fund	1.20	3.93
SL Schroders Global Emerging Markets Pension Fund	-6.04	1.91
SL Schroders US Mid Cap Pension Fund	-0.91	9.15
SL Vanguard ESG Developed World All Cap Equity Index Fund	-6.12	9.14
SL Vanguard FTSE UK All Share Index Pension Fund	2.62	4.64
SL iShares Corporate Bond Index Pension Fund	-10.96	-1.25
Standard Life Asia Pacific ex Japan Equity Pension Fund	-2.83	3.81
Standard Life Global Equity 50:50 Pension Fund	-0.78	5.98
Standard Life Global Equity 50:50 Tracker Pension Fund	-0.64	7.89
Standard Life Mixed Bond Pension Fund	-12.75	-1.72
Standard Life Overseas Equity Pension Fund	-2.91	8.37
Standard Life North American Equity Pension Fund	-9.34	12.25
SL abrdn UK Income Unconstrained Equity Pension Fund	-7.73	-1.15
SL Vanguard Global Bond Index Hedged Pension Fund	-6.56	-0.74

Source: Standard Life. All returns shown are cumulative performance using an annual geometric average, with gross income reinvested unless otherwise stated. Fund returns are net of all transaction costs and charges, adjusted for any scheme specific rebates or employer variations. These figures are based on performance figures as at 31/03/2023. Remember that past performance is not a guide to future returns.

For the Plan's default arrangements, the level of investment return varies depending upon a member's period to their target retirement age. The table below shows how returns experienced by members would vary by how far they are from retirement.

*Default arrangement - Sustainable Multi Asset Universal (PP 10 Year) Strategic Lifestyle Profile*

Age of member	1 year return (%)	5 years return (% p.a.)
25	-2.54	3.58
45	-2.54	3.58
55	-2.88	3.22

Source: Standard Life

*Legacy Default arrangement – BlackRock (50:50) Global Equity II Universal Lifestyle Profile*

Age of member	1 year return (%)	5 years return (% p.a.)
25	0.80	6.70
45	0.80	6.70
55	0.80	6.70

Source: Standard Life

**Charges and transaction costs – default arrangements and additional funds**

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

In this context, “charges” means (subject to some specific exemptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs. “Transaction costs” are costs incurred as a result of the buying, selling, lending or borrowing of investments.

Transaction costs have been provided by the Plan's investment manager and they are calculated using slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the Total Expense Ratios (TERs) payable for each fund as well as the transaction costs within the default arrangement for the 1-year period to 31 March 2023 are shown in the tables below.

**Default arrangement - Sustainable Multi Asset Universal (PP 10 Year) Strategic Lifestyle Profile**

Fund	TER (% pa)	Transaction Cost (%)
Standard Life Sustainable Multi Asset (PP) Pension Fund	0.320	0.069
Standard Life Sustainable Multi Asset Pre Retirement (PP Universal) Pension Fund	0.340	0.065
Standard Life Sustainable Multi Asset At Retirement (PP Universal) Pension Fund	0.340	0.098

Source: Standard Life

In practice, within the default arrangement, the level of charges and transaction costs will vary depending on how close a member is to their target retirement age. The table below summarises the charges incurred based on the period to target retirement date.

Years to target retirement date	TER (% pa)	Transaction Cost (%)
10 years or more	0.320	0.069
5 years	0.330	0.067
At retirement	0.340	0.098

This is lower than the maximum TER allowed of 0.75% for default arrangements.

### **Legacy Default arrangement – BlackRock (50:50) Global Equity II Universal Lifestyle Profile**

As discussed in the “Default arrangement” section, some members of the Plan remain invested in a legacy default lifestyle. The TERs and transaction costs for each fund used in this arrangement for the 1-year period to 31 March 2023 are:

Fund	TER (%)	Transaction Cost (%)
SL BlackRock Managed (50:50) Global Equity Pension Fund	0.360	0.036
Standard Life At Retirement (Multi Asset Universal) Pension Fund	0.380	0.215
Standard Life Deposit and Treasury Pension Fund	0.350	0.037

Source: Standard Life

The table below summarises the charges incurred based on the period to target retirement date.

Years to target retirement date	TER (% pa)	Transaction Cost (%)
5 years or more	0.360	0.036
At retirement	0.370	0.171

### **Self-select funds**

The Trustees also make available a range of funds which may be chosen by members as an alternative to the default arrangements, although members are able to invest in all funds that make up the default strategy on a self-select basis. These funds allow members to take a more tailored approach to managing their own pension investments and attract annual charges and transaction costs for the 1-year period to 31 March 2023 as follows:

Fund	TER (%)	Transaction Cost (%)
SL ASI MyFolio Managed III Pension Fund	0.740	0.207
SL ASI MyFolio Managed IV Pension Fund	0.770	0.203
SL ASI UK Smaller Companies Pension Fund	0.840	0.011
SL BNY Mellon Multi-Asset Growth Pension Fund	0.760	0.162
SL Baillie Gifford UK and Worldwide Equity Pension Fund	0.660	0.050
SL BlackRock ACS World ex UK Equity Tracker Pension Fund	0.350	0.020
SL BlackRock Ascent Life US Equity Pension Fund	0.880	0.296
SL Blackrock ACS Japan Equity Tracker Pension Fund	0.360	-0.036
SL Schroders Global Emerging Markets Pension Fund	1.310	0.155

SL Schroders US Mid Cap Pension Fund	1.170	0.183
SL Vanguard ESG Developed World All Cap Equity Index Fund	0.373	-0.065
SL Vanguard FTSE UK All Share Index Pension Fund	0.350	0.111
SL iShares Corporate Bond Index Pension Fund	0.350	0.072
Standard Life Asia Pacific ex Japan Equity Pension Fund	0.460	0.132
Standard Life At Retirement (Multi Asset Universal) Pension Fund	0.380	0.215
Standard Life Global Equity 50:50 Pension Fund	0.350	0.144
Standard Life Global Equity 50:50 Tracker Pension Fund	0.29	0.084
Standard Life Mixed Bond Pension Fund	0.350	0.061
Standard Life Overseas Equity Pension Fund	0.350	0.159
Standard Life North American Equity Pension Fund	0.350	0.183
SL abrdn UK Income Unconstrained Equity Pension Fund	1.140	0.036
SL Vanguard Global Bond Index Hedged Pension Fund	0.35	0.154

Source: Standard Life

The 0.75% fee cap only applies to the default arrangements, hence some of the self-select funds above exceed this amount.

### Cumulative effect of charges

Using the charges and transaction cost data provided by the relevant parties and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustees have prepared illustrations detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance has been considered when providing these examples.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in a selection of significant funds within the Plan. The funds we are required to illustrate are:

- The Plan's default strategies
- The fund with the highest charges (*SL Schroders Global Emerging Markets Pension Fund*)
- The fund with the lowest charges (*Standard Life Deposit and Treasury Pension Fund*)

To illustrate the impact of charges on a typical active member's pension pot, we have provided examples below. The illustrations account for all estimated member costs, including the TER, transaction costs and inflation averaged over the last 5 years. For the purposes of calculating the average transaction cost over the last 5 years, any negative transaction cost in an individual year has been used, rather than assumed to be zero.

**Illustrations for an “Average” member**

(age 42 with a fund value of £35,150 and contributions of £6,305 per year)

	<b>Standard Life Sustainable Multi Asset Strategic Lifestyle Profile (Default Strategy)</b> <i>(most popular option)</i>		<b>SL Schroders Global Emerging Markets Pension Fund</b> <i>(highest charges)</i>		<b>Standard Life Deposit and Treasury Pension Fund</b> <i>(lowest charges)</i>		<b>Standard Life BlackRock Managed (50:50) Global Equity Lifestyle</b> <i>(Legacy Default Strategy)</i>	
<b>Years from now</b>	<b>Before Charges</b>	<b>After Charges and costs deducted</b>	<b>Before charges</b>	<b>After charges and costs deducted</b>	<b>Before Charges</b>	<b>After Charges and costs deducted</b>	<b>Before Charges</b>	<b>After Charges and costs deducted</b>
1	£42,818	£42,646	£43,018	£42,409	£41,663	£41,498	£43,006	£42,818
3	£58,990	£58,358	£59,739	£57,507	£54,796	£54,222	£59,693	£58,999
5	£76,341	£75,082	£77,863	£73,411	£68,073	£66,983	£77,769	£76,375
10	£125,466	£121,754	£130,110	£116,992	£101,906	£99,054	£129,819	£125,635
15	£184,045	£176,295	£194,020	£166,631	£136,674	£131,362	£193,390	£184,497
20	£253,826	£239,939	£272,196	£223,172	£172,402	£163,911	£269,891	£253,349
23 (retirement)	£301,920	£283,090	£327,246	£260,802	£194,312	£183,556	£314,577	£291,973



### Illustrations for “Young” member

(age 26 with a fund value of £15,020 and contributions of £3,100 per year)

Years from now	Standard Life Passive Plus III Universal Strategic Lifestyle Profile (Default Strategy) <i>(most popular option)</i>		SL Schroders Global Emerging Markets Pension Fund <i>(highest charges)</i>		Standard Life At Retirement (Passive Plus Universal) Pension Fund <i>(lowest charges)</i>		Standard Life BlackRock Managed (50:50) Global Equity Lifestyle <i>(Legacy Default Strategy)</i>	
	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
1	£18,709	£18,634	£18,796	£18,529	£18,210	£18,138	£18,790	£18,708
3	£26,489	£26,209	£26,819	£25,828	£24,642	£24,387	£26,799	£26,491
5	£34,837	£34,272	£35,516	£33,518	£31,145	£30,655	£35,474	£34,848
10	£58,471	£56,773	£60,587	£54,587	£47,715	£46,406	£60,454	£58,541
15	£86,656	£83,072	£91,254	£78,585	£64,744	£62,274	£90,963	£86,852
20	£120,271	£113,811	£128,767	£105,920	£82,243	£78,260	£128,225	£120,682
25	£160,359	£149,739	£174,653	£137,054	£100,225	£94,365	£173,732	£161,104
30	£208,166	£191,728	£230,782	£172,518	£118,705	£110,590	£229,312	£209,406
35	£265,109	£240,715	£299,440	£212,911	£137,696	£126,935	£296,446	£266,195
39 (retirement)	£318,359	£285,677	£365,247	£249,233	£153,265	£140,099	£349,602	£308,872

#### Assumptions

The above illustrations have been produced for an illustrative “average” member and a “young” member of the Plan. The “Default Strategy” and “Legacy Default Strategy” illustrations assume that the member’s asset allocation remains fully invested in the strategy until retirement. The individual fund illustrations assume 100% of the member’s assets are invested in that fund up to the Plan retirement age. The results are presented in real terms, i.e. in today’s money, to help members have a better understanding of what their pension pot could buy in today’s terms, should they invest in the funds above as shown.

Age	
<ul style="list-style-type: none"> <li>• “Average” member</li> <li>• “Young” member</li> </ul>	<p style="text-align: center;">42</p> <p style="text-align: center;">26</p>
Plan Retirement Age	65
Starting Pot Size	
<ul style="list-style-type: none"> <li>• “Average” member</li> <li>• “Young” member</li> </ul>	<p style="text-align: center;">£35,150</p> <p style="text-align: center;">£15,020</p>

Salary at start of illustration	
<ul style="list-style-type: none"> <li>• “Average” member</li> <li>• “Young” member</li> </ul>	<p>£48,500</p> <p>£31,000</p>
Inflation	2.5% p.a.
Rate of Salary Growth	2.5% p.a.
Total annual contributions	
<ul style="list-style-type: none"> <li>• “Average” member</li> <li>• “Young” member</li> </ul>	<p>13% p.a.</p> <p>10% p.a.</p>
Expected future nominal returns on investment:	
<ul style="list-style-type: none"> <li>• Default Strategy <ul style="list-style-type: none"> <li>○ Standard Life Sustainable Multi Asset</li> <li>○ Standard Life Sustainable Multi Asset (Universal) Pre Retirement</li> <li>○ Standard Life Sustainable Multi Asset (Universal) At Retirement</li> </ul> </li> <li>• Legacy Default Strategy <ul style="list-style-type: none"> <li>○ SL BlackRock Managed (50:50) Global Equity Pension Fund</li> <li>○ Standard Life At Retirement (Multi Asset Universal) Pension Fund</li> <li>○ Standard Life Deposit and Treasury Pension Fund</li> </ul> </li> <li>• SL Schroders Global Emerging Markets Pension Fund</li> <li>• Standard Life Deposit and Treasury Pension Fund</li> </ul>	<p>3.5% above inflation</p> <p>3.5% above inflation</p> <p>3.5% above inflation</p> <p>4.0% above inflation</p> <p>3.5% above inflation</p> <p>0.5% above inflation</p> <p>4.0% above inflation</p> <p>0.5% above inflation</p>

### Value for members

The Trustee is required to assess the extent to which the Scheme delivers value for members across three key areas as set out below.

Assessment area	Type of assessment
Costs and charges	Comparative assessment against three larger DC arrangements, considering the level of ongoing member-borne charges and transaction costs.
Net investment performance	Comparative assessment against three larger DC arrangements, considering investment performance net of all member-borne costs and charges.
Governance and administration	Standalone assessment of the Plan’s governance and administration arrangements, covering: core financial transactions; record keeping; default investment strategy; investment governance; trustee knowledge and understanding; member communications; and management of conflicts of interest.

The Trustee has carried out a value for member's assessment as at 31 March 2023. The conclusions of this assessment are set out in the following table.

Assessment area	Conclusion
Costs and charges	<p>The Trustees have assessed the Plan as offering reasonable value from a costs and charges perspective. This is an improvement from last year where prices were rated as 'poor' which led to the Trustees renegotiating pricing with Standard Life as an action arising from last year's assessment to improve the value offered by the Plan.</p> <p>A significant part of the difference in charges to the comparators this year is the level of transaction costs incurred.</p>
Net investment performance	<p>The Plan's net investment returns across the majority of ages assessed have been higher than those of the comparator arrangements across a one year period. Returns were lower than all comparators over five years.</p> <p>Whilst the longer term performance for the default is below the comparators, this data covers a period when the default arrangement had a significantly lower weighting toward equities which had performed well over this period.</p> <p>Whilst the strategy has also increased its risk, it has also performed well in comparison over the year to 31 March during a challenging 12 months.</p> <p>The Plan's net investment returns across the two most popular self-select options have posted mixed returns compared with those of similar funds within the comparator arrangements.</p> <p>Overall, we believe the performance reflects good value for members. This conclusion is reached by weighting toward the short term performance of the default strategy as this reflects the new approach since the change in September 2022. In light of the higher weighting toward equities in the new strategy, this approach would also have been expected to deliver higher returns over the 5 year period compared to the data in the report which covers the previous default which had a lower weighting toward equities.</p> <p>This represents an improvement in value since last year's assessment. The Trustees should continue monitoring the performance of the strategy to ensure that it continues to deliver value.</p>
Governance and administration	<p>The Trustees have assessed the Plan as offering good value from a governance and administration perspective. It has assessed the following:</p> <p><b>Promptness and accuracy of core financial transactions</b></p> <p>Contributions were paid to the Plan promptly throughout the year. The employer's payroll date is 20<sup>th</sup> of the month and 11 out of 12 contribution payments were made before the end of the same month. The remaining contribution payment was made early the following month. This means in all cases that contributions are received by Standard Life well in advance of the statutory deadline.</p> <p>During the year 97% of all core financial transactions were processed promptly, accurately and within the SLA over the Plan year.</p> <p>The Trustees review a management information report provided by Standard Life each quarter – this is an improvement from the annual reporting following action taken by the Trustee following last year's assessment.</p> <p><b>Quality of record keeping</b></p>

	<p>Common and scheme specific data requirements are almost fully complete. As at 29 September 2023, there are two members with missing address details. Otherwise all common data is complete. This translates to 99.93% of common data being complete. Specific data is 100% complete.</p> <p><b><i>Appropriateness of the default strategy</i></b></p> <p>The suitability of the Plan’s investment strategy was last formally reviewed in September 2022. This led to the adoption of a higher risk approach in the growth phase, whilst still maintaining some diversification and an increased focus on ESG factors in the strategy. The targeting of a universal outcome at retirement was preserved.</p> <p><b><i>Quality of investment governance</i></b></p> <p>As a wholly insured scheme many aspects of investment governance reside with the provider. However the Trustees do monitor investment performance and undertake triennial reviews on the suitability of the strategy, as well as obtaining advice on the suitability of any changes proposed by Standard Life.</p> <p>During the plan year, the Trustees received quarterly reports on performance and have obtained details of the reasons for funds performing poorly from the provider. This is a change from annual reporting in the prior Plan year and represents an improvement since the last assessment.</p> <p><b><i>Level of trustee knowledge, understanding and skills to operate the pension scheme effectively</i></b></p> <p>The Trustees remain competent and compliant on their knowledge and understanding of the Plan and the investment and governance matters surrounding the efficient running of it for members. The Trustees receive training across both DB and DC schemes and document this on a training log.</p> <p><b><i>Quality of communication with scheme members</i></b></p> <p>The Trustees rely on Standard Life for the production of member communications. Although the Trustees have not reviewed the content of these communications recently.</p> <p>During the year, Standard Life improved a number of its communications including the functionality available through its mobile app.</p> <p><b><i>Effectiveness of management of conflicts of interest</i></b></p> <p>Conflicts of interest are effectively managed by the Trustees. The Plan has a conflict of interest register in place which is reviewed at each Trustee meeting.</p>
Overall	<p>Overall, considering all three areas set out above, the Trustees have assessed the Plan as offering reasonable value for members.</p> <p>The Trustees have taken steps during the year to improve value following the outcome of last year’s assessment which rated the Plan as ‘poor’ value. The main changes here have been to renegotiate pricing with Standard life, implement changes to the investment strategy and to receive management information from Standard Life quarterly (instead of annually).</p> <p>The change to investment strategy over the last 12 months has had a positive impact and compares favourably to the other arrangements. Whilst the longer term performance compares less favourably, the Trustees would expect this difference to reduce over time as the level of risk in the default is now more closely aligned to the comparators.</p> <p>This has supported the Trustees in undertaking closer monitoring of investment and administration performance.</p>

	<p>We also note that the Trustees and BACB are discussing the future strategy for the Plan and whether this represents the most effective way of delivering DC pension benefits for current members of the Plan and future employees of BACB. This assessment lends further weight to the Trustees in continuing to investigate this with BACB as one possible way of improving value for members.</p> <p>If the Plan is to continue as an ongoing arrangement, the Trustees need to set out how it is to pursue improving value for members. Based on our assessment, we propose the following actions are taken to help improve the value that the Plan offers to members:</p> <ul style="list-style-type: none"> <li>- Review the member communications issued by Standard Life in addition to continuing to develop the Trustees review of the approach to member communication.</li> <li>- Further consider DC training requirements.</li> </ul>
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### **Trustees' knowledge and understanding**

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Plan assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Codes of Practice 7 and 13.

The Trustees have put in place arrangements for ensuring that they take personal responsibility for keeping themselves up-to-date with relevant developments and periodically carry out a self-assessment of training needs. In addition, the Trustees receive advice from professional advisers, and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers. The Trustees consider Trustee Knowledge and Understanding and also include quarterly training on legislative updates at each trustee meeting.

All new Trustees are required to complete a Trustee Training course as soon as is practicable and training is provided by their professional advisers on a regular basis. All the Trustees are also required to familiarise themselves with the Plan's trust deed, rules and governing documents. Where professional advice on the Trust deed and rules is required, this is obtained from Pinsent Masons LLP. The Trustee board also includes an experienced professional independent trustee who has familiarised themselves with these relevant documents to ensure they have adequate knowledge of the Plan. The independent trustee maintains their own training log.

Aside from the independent trustee, the new Trustees received induction training in relation to trustee duties and the structure of the Plan. Further Trustee Training on the Plan's policy documents and knowledge and understanding is planned to take place in the next Plan year and the Trustee training log will be updated accordingly.

In addition, while most plans simply focus on trustee training and use of advisers, we believe that knowledge and understanding should also be extended to awareness of member demographics and member behaviour otherwise trustees cannot be certain that a plan remains fit for purpose. The Trustees receive regular demographic information from their provider to enable them to assess the needs of the membership and tailor member communications and presentations to meet this.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 and I confirm that the above statement has been produced by the Trustees to the best of my knowledge.

The Chair's statement regarding DC governance was approved by the Trustees and signed on their behalf by:

Andrew Cole, BESTrustees

Chair of the Trustees

Date: 25 October 2023