

A.T. Oliver & Sons Ltd Sterling Pension Scheme

Governance statement – 30 June 2024

In accordance with the requirements of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ('the Regulations'), the Trustee is required to provide a statement relating to the governance of the A.T. Oliver & Sons Ltd Sterling Pension Scheme ('the Scheme'). This statement covers the period from 1 July 2023 to 30 June 2024 and has been prepared by the Trustee.

Background

The Scheme is a defined contribution ('DC') arrangement. Investment, administration and member communication services are bundled with Aviva.

The Scheme is closed to new joiners and contributions. No contributions were paid to the Scheme in the reporting period.

On 18 October 2024 the Trustee triggered the wind-up of the Scheme and, at the time this governance statement has been produced, the Trustee is in the process of securing members' benefits outside the Scheme.

Governance of the Default Investment Arrangement

All members are invested in the Deposit Admin Fund, with no other funds available for members to choose. As such, this is the Scheme's default investment arrangement.

The Deposit Admin Fund is a form of With-Profits investment, where premiums are invested and then accrue interest in a similar way to an investment account, with the interest rate being similar to the bonus rate on the With-Profit fund.

The asset allocation of the Deposit Admin Fund is shown in the table below and has taken account of statutory guidance.

Asset Allocation on 30 June 2024	% Allocation
Cash	0.32%
Bonds	24.63%
Listed Equities	51.94%
Private Equities	0.17%
Infrastructure	0.00%
Property	15.74%
Private Debt	0.00%
Other	7.21%
Total	100%

A Statement of Investment Principles which sets out the Trustee's aims and objectives relating to the default investment strategy is not required for the Scheme.

A formal review of the Scheme's investment strategy has not taken place since inception.

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Charges and Transaction Costs

The Deposit Admin Fund is subject to an administration charge of 0.18%.

In addition to this charge, members may also incur transaction costs. Transaction costs are defined in regulations as the costs incurred as a result of buying, selling, lending, or borrowing investments and they can have a significant impact on members' fund values.

Transaction costs are typically categorised as explicit costs or implicit costs. Explicit costs are directly observable e.g., taxes such as stamp duty. Implicit costs cannot be observed in the same way but will result in a reduction in the total amount of money invested e.g., buying and selling spreads and market impact and can have a significant impact on net returns.

The transaction costs for the year to 30 June 2024 were 0.07%, giving a total overall charge of 0.25%.

The above costs for administration services and investment management are met by members through charges levied by Aviva.

There have been no performance-based fees incurred during the Plan year, which would be calculated in accordance with Regulation 25(1)(a) of the Administration Regulations 1996.

Net Investment Returns

The following table reflects the annualised performance of the Deposit Admin Fund over varying periods to 30 June 2024, based on investment after charges have been deducted and taking into account the statutory guidance.

1 year	5 years	10 years	15 years	20 years
0.0%	0.7%	4.1%	5.3%	5.9%

Notes: Returns net of charges for a single investment of £10,000

Cumulative Costs and Charges

The Trustee has conducted an analysis of the cumulative impact of the member-borne costs and charges for a typical member of the Scheme, which is set out in the Appendix.

Value for Members

The Trustee carried out an assessment of the Scheme's value for members for the Scheme year ending 30 June 2023 in line with the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021.

This assessment concluded that the Scheme did not meet the full requirements set by The Pensions Regulator. As a result of this, the Trustee commenced the wind up of the Scheme on 18 October 2024 and have notified The Pensions Regulator under section 62(4) or (5) of the Pensions Act 2004 that the winding up of the Scheme has commenced, through the Exchange system.

As such, the Trustee is not required to complete an assessment under the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 for the Scheme year ending 30 June 2024.

The Trustee has considered the assessment which was undertaken in 2023 and are comfortable that this still reflects the position of the Scheme and that the Scheme does not meet the requirements to provide value to members.

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The charges of 0.25% (0.18% administration charge plus 0.07% transaction costs) are unchanged and remain competitive in the current market. The Trustee is satisfied that the member-borne charges continue to represent good value for members, as highlighted in the 2023 assessment.

The performance of the Deposit Admin Fund is noted on page 2 of this Statement. For reference, the annualised performance of the Mixed Investment 40-85% Sector has been included below, which is deemed suitable based on the asset allocation of the Deposit Admin Fund.

1 year	5 years	10 years	15 years	20 years
11.3%	4.2%	5.5%	7.0%	6.1%

The returns of the Deposit Admin Fund have been lower than the sector over all periods noted. The 2023 value for member assessment concluded that the Scheme failed the test for net investment returns and did not provide broadly comparable returns. Based on the continued underperformance compared to the Mixed Investment 40-85% Sector, the Trustee is comfortable that this conclusion remains valid.

The 2023 value for member assessment noted that improvements were required to the governance and administration of the Scheme in order to provide value to members. The Trustee has since commenced the process to wind up the Scheme and therefore has not explored making improvements to the governance and administration.

Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions relating to the Scheme are processed promptly and accurately. These include the transfer of member assets to and from the Scheme and payments to and in respect of members.

These transactions are undertaken on the Trustee's behalf by Aviva, however the administration of the Scheme has been outsourced to ReAssure. There are service standards in place for all of their processes and this is shown below for the most common demands. Please note this information is only available at platform level and scheme level information is not available. This is the latest information provided by Aviva.

Service Level Agreement	Turnaround Time (days)	Target (as at July 2022)	Monthly Average over last 12 months
Process completion on a per transaction	5	80.0%	79.9%
Calls answered by the contact centres before the customer abandons the call	N/A	95.0%	95.5%
Complaints completed within FCA deadlines	40	98.0%	99.7%

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The Scheme is closed to new members, with no contributions being paid and only a single investment option. As such, the transactions within the Scheme are relatively low.

The Trustee is satisfied that during the period of this statement, the transactions have been completely promptly and accurately. Although it is noted that the target of completing 80% of transactions within 5 days is low for the industry.

Trustee Knowledge & 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 scheme assets and other matters to enable them to exercise their functions as trustees properly. The Trustee Directors are mindful of developing the required level of knowledge and understanding under the Pensions Act 2004.

The Trustee board holds monthly meetings in which matters in relation to the Scheme can be discussed. This enables the Trustee Directors to review any developments in legislation, the default investment arrangement and answer member queries.

All new Trustee Directors are required to undertake training following their appointment, including use of the Pensions Regulator's Trustee Toolkit.

All Trustee Directors have also been provided with and have a working knowledge of the Scheme's documents including the Trust Deed and Rules and other informal policies.

The Trustee Directors are supported by independent and professional advisers. The Trustee Directors have received advice on the wind-up process and have received advice on the provision of the Trust documents in relation to winding up the Scheme. This includes the steps required to discharge members' benefits, the options that can be made available to members on wind-up and the steps required to complete the wind-up of the Trust.

The Trustee Directors believe they have sufficient knowledge and understanding of the law relating to pensions and trusts, as well as sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes.

Overall, the Trustee Directors' combined knowledge and understanding, together with available advice, enables them to properly exercise their functions.

How to Contact the Trustee

If you have any further queries regarding the Scheme, please contact Anna Barnes:

Address: A T Oliver & Sons Ltd, Wandon End Works, Luton, Beds, LU2 8NY

Phone: 07787 194227

Email: Anna.Barnes@ATOliver.co.uk

Signed: A.C. Barnes Date: 27/01/2025

Anna Barnes

Chair of the Trustee of the A.T. Oliver & Sons Ltd Sterling Pension Scheme

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Appendix – Cumulative Impact of Costs and Charges

The table below shows the cumulative impact of costs and charges (as set out in the main body of this Statement). The Trustee has taken account of the statutory guidance when preparing these illustrations.

Years to NRA	Aviva Deposit Admin Fund	
	Before charges	After all costs and charges
1	£19,775	£19,727
3	£20,977	£20,825
5	£22,252	£21,983
10	£25,790	£25,170
15	£29,889	£28,819
20	£34,641	£32,998
25	£40,148	£37,781
30	£46,530	£43,258
33	£50,837	£46,919

Assumptions:

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
2. The starting pot size is assumed to be £19,200
3. Inflation is assumed to be 2.5% each year
4. No further contributions have been assumed
5. Values shown are estimates and are not guaranteed
6. The projected growth rate of the Aviva Deposit Admin Fund is 2.99% above inflation
7. The illustration is based on the youngest member who has 33 years to go until their retirement at age 65.