



The Cranswick plc Retirement Benefits Scheme

Chair's Statement

1 May 2020 to 30 April 2021

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Disclaimers, confidentiality and non-disclosure

This note has been commissioned by the Trustees of The Cranswick plc Retirement Benefits Scheme. The intended users of this note are the members. Its scope and purpose is to provide the Trustees with a report for members do demonstrate the governance of the scheme in line with legislation to publish an annual Chair's statement. In preparing this Statement and illustrations, the Trustees have had regard to relevant legislation including:

>The Occupational Pension Schemes (Scheme Administration) Regulations 1996;

>The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018;

>The Pensions Regulator's Code of Practice number 13 on 'Governance and administration of occupational trust-based schemes providing money purchase benefits'; and

>The Pensions Regulator's quick guide to the Chair's Statement and the Technical Appendix.

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01 Introduction

£5.45m

Total defined
contribution funds
in the Scheme.

This is the Chair's Statement for the Cranswick plc Retirement Benefits Scheme ('the Scheme') covering the period 1 May 2020 to 30 April 2021.

As the Chair of the Trustees, I provide you with a yearly statement which explains what steps have been taken by the Trustees, with help from our professional advisers, to meet the Pensions Regulator's governance standards. The law sets out what information has to be included in my Statement and this is designed to help members achieve a good outcome from their pension savings.

The Scheme is a Defined Contribution (DC) Scheme which is made up of:

- A with-profits arrangement with Phoenix Life; and
- A pooled Investment Vehicle with ReAssure.

The Scheme is not being used as a qualifying scheme for automatic enrolment purposes in relation to the Scheme's members and as such the Trustees have excluded any commentary on the 'default arrangement' sections of the regulations, on the basis that no members use the DC Section of the Scheme to meet automatic-enrolment requirements and so no such default arrangement (for that purpose) exists. The Scheme was closed on 31st October 2013, and contributions are no longer paid into it.

01.01 Governance and Queries

The Scheme was established by Declaration of Trust dated 17th November 1981 with the scheme commencing on the 1st May 1983 for the purpose of providing retirement benefits to employees of the Cranswick Mill Ltd.

If you have any questions or require any further information please contact the Secretary to the Trustees: Graham Burgess, XPS Pensions Group, 1 City Square, Leeds, LS1 2ES, Graham.Burgess@xpsgroup.com.

Set out below are the items that must be covered by this Statement and which relate to the two sections of DC benefits within the Scheme.

I, Mark Bottomley, was appointed as the Chair of the Trustees and I am signing this Statement in that capacity.

01.02 The default investment option

As previously mentioned the Scheme is closed to future contributions and is not used to supply benefits in respect of auto enrolment legislation. Accordingly the scheme is not required to provide a default fund arrangement and as the Scheme has fewer than 100 members there is no requirement to produce a Statement of Investment Principles, in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005.

02 Charges and transaction costs

Members self-select their investment strategy, investing in any of these funds in whatever proportions they choose

02.01 Investment Manager Charges

The Trustees regularly monitor the level of charges borne by members through the funds. These charges comprise:

- Express explicit charges, such as the Annual Management Charge (AMC), and additional expenses that are disclosed by the fund manager as part of the Total Expense Ratio (TER); and
- Implicit charges, such as the costs borne within the fund for activities such as buying and selling of particular securities within the fund's portfolio.

02.01.01 Legal & General Section

For the Scheme's unit-linked funds provided by ReAssure, the AMCs over the period were a flat rate of 0.50% pa on the first £50,000 of the member's account value, then 0.3% on any value over £50,000. These AMCs cover all explicit charges, so in most cases these are in effect the annual TERs.

The charges and transaction costs applicable to the funds that members are currently invested in; through the Scheme, in respect of the ReAssure section are shown below:

Fund Name	Annual Management Charges (AMC)	Other expenses	Total Expense Ratio
Self-Select Funds			
L&G Cash Fund	0.50%	0.00%	0.50%
L&G Ethical Fund	0.51%	0.08%	0.59%
L&G Fixed Interest Fund	0.50%	0.00%	0.50%
L&G Global Equity 70:30 Index Fund	0.50%	0.03%	0.53%
L&G Global Equity Fixed Weights 60:40 Index Fund	0.50%	0.03%	0.53%

(Source: Source: ReAssure)

Members may select any of the funds above and switch between these options should they wish. The ReAssure - Cranswick Plc Retirement Benefit Scheme: GF73035001 (CPS) has a total of 98 Funds available.

02.01.02 Phoenix Life Section

The charges and transaction costs applied to the Phoenix Life ([Former Alba Life ex life association of Scotland UK business traditional](#)) With Profits fund during the scheme year are inherent within the bonus declarations and as such it has not been possible to ascertain the extent of any charges levied by the providers.

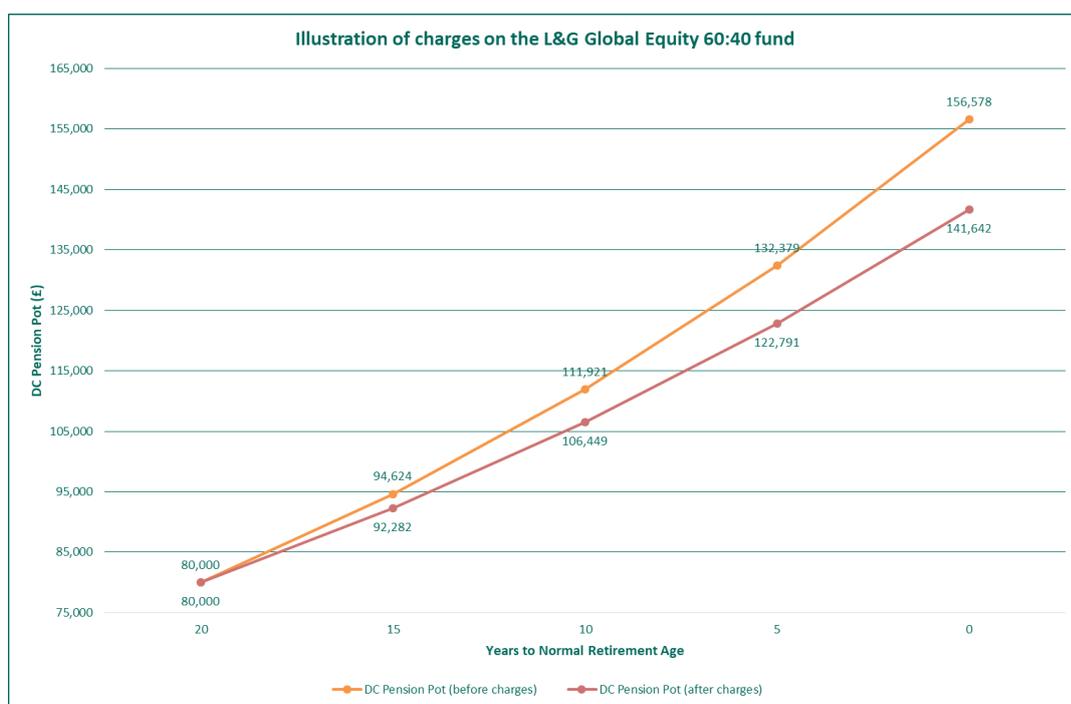
Further details of how this is calculated and applied have been requested, but this information has not been provided by Phoenix Life. This has been raised again to ascertain the extent of charges members may be subject to. However, the Bonus rate applied for 2021 was Nil but Phoenix have stated that a Terminal Bonus applied upon death or retirement will apply.

Charges and transaction costs

continued

02.02 An illustration of the charges levied on members

Below you can find an illustration of the effect of the Total Expense Ratio and transaction costs met by members on an example pension pot over time. This is for illustration only. The actual returns received are likely to differ over time as will individual member's Pension Pot sizes.



This illustration is based on:

- The Legal & General Global Equity 60:40 Fund – which is the most commonly used fund option with c.73% of members holding investments in this option;
- An initial Pension Pot of £80,000 (a mean average of pension pot)
- Nil Contributions as the Scheme is closed to new contributions
- Investment Returns (after inflation) are estimated as 6.00% p.a. for the Legal & General Global Equity 60:40 Fund.
- Inflation of 2.5% p.a.

Illustrations for all of the funds available that members are currently invested in within the Scheme are shown in Appendix A of this Statement.

02.01 What are the assumptions based on?

In preparing these illustrations, the Trustees have had regard to:

The Department for Work and Pensions' 'Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes'.

Actuarial Standards Technical Memorandum 1 (AS TM1 v4.2) issued by the Financial Reporting Council and

The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20.

03 Core financial transactions

03.01 Assessing Core Transactions

During the year, the Trustees ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Scheme's core financial transactions were processed promptly and accurately by:

- having an agreement in place with ReAssure and Phoenix Life (as Scheme administrator(s)) committing them to defined service level agreements ("SLAs"). This covers, amongst other matters, the accuracy and timelines of all core financial transactions; and

The core financial transactions include:

- the transfer of assets relating to members into and out of the Scheme;
- the transfer of assets relating to members between different investments within the Scheme; and payments from the Scheme to, or in respect of members;
- monitoring of bank accounts – checking investment and banking transactions;
- Payments to members – All payments out of the Scheme in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Scheme rules and legislation and also complies with HMRC rules and guidance. In addition, every effort is made to check for possible pension scams.

These transactions are undertaken and managed on behalf of the Trustees by XPS, the Scheme administrator, who work directly with the Scheme's DC fund managers.

The Trustees consider that with regards to ReAssure, the procedures and timescales have been adhered to; over the period covered by this statement.

The Trustees have concerns over the poor service delivered by Phoenix Life. In February 2016 Phoenix Life reviewed the cash commutation factors applied to benefits accrued post January 2002, which resulted in an increase to the factors. XPS (on behalf of the Trustees) raised concerns with Phoenix Life over the calculation of transfer and retirement payments between 2002 and 2016, and has asked that all benefit settlements made during this period are revisited. Phoenix Life has refused to recalculate the benefits, and this issue remains unresolved. The Trustees have not received a satisfactory resolution or response to the service levels provided to members from the queries and concerns raised with Phoenix Life, and the issue was subsequently raised with the Pensions Ombudsman.

This matter will continue to be monitored until resolved or an alternative solution can be found to move members away from Phoenix Life without any detriment or real reduction in benefits.

03.02 Transfer to ReAssure - 2021 update

In December 2017 Legal and General Assurance Society, announced the sale of its insured business to ReAssure. The Trustee wrote to all members in July 2019 to inform them that the proposed sale was to proceed and that this included benefits in the Cranswick Scheme.

On 7 September 2020 the transfer of Legal & General policies to ReAssure was completed. From that date ReAssure will pay future policy benefits and service the Cranswick Scheme.

The Trustee has tracked the transfer carefully and agree the options available remain in the best interests of the members.

Proposed Sale of ReAssure to Phoenix Life

As an aside to the Transfer of Legal & General to ReAssure, on the 6th December 2019 the parent company of ReAssure, Swiss Re, announced that it intended to sell the ReAssure arm of its business to the Phoenix Group.

The sale was approved on 22 July 2020.

The Trustee has monitored the transfer and do not expect the sale to have any direct impact on policyholders, or to the terms and conditions of their policies. In addition, although all policies would then be held with the same parent company, these will still be held in separate parts of the business and would not be combined.

However, the Trustees continue to have concerns over Phoenix Life's poor service levels and continue to monitor their performance, along with alternative options, to ensure members are receiving value.

04 Value for Members

04.01 Assessment of Value

When assessing the charges and transaction costs which are payable by members, the Trustees are required to consider the extent to which the investment options and the benefits offered by the Scheme represent good value for members when compared to other options available in the market.

The Trustees have concluded that the charges and transaction costs shown in this Statement represent good value for members having considered the following elements:

- > the **processes that are in place** to ensure the efficient administration and governance of the Scheme (which include those explained in the 'Core financial transactions' and the 'Knowledge and understanding of the Trustee' sections of this Statement);
- > the **returns achieved by the investment funds** compared to the charges and transaction costs that are met by members (as set out in this Statement); and
- > the **type and range of investment options** that are offered, providing a range of self-select funds, covering a broad range of asset types, are available. The Trustees regularly monitor both the performance and appropriateness of the funds and can take action to make changes when required.

In terms of the benefits of membership the Trustees have identified what they believe their members value most, given the nature of the DC arrangements within the Scheme. These are:

- *Scheme Governance: Good governance is key to ensuring that a framework exists and is actively in use to help deliver better member outcomes.*
- *Investments: A well-designed investment portfolio that is subject to regular monitoring will play a large part in delivering good member outcomes.*
- *Administration: Good administration and record keeping play a crucial role in ensuring that scheme members receive the pension pot or income that is due to them. In addition, the type and quality of service experienced by members has a bearing on the level of member engagement.*

Following a review, the Trustees have concluded that in addition to the Annual Management Charges and transaction costs shown in this statement the Scheme does represent good Value for Money ("VfM") for members for the following reasons:

- > the processes that are in place to ensure the efficient administration and governance of the Scheme (which include those explained in the 'Core financial transactions' and the 'Knowledge and understanding of the Trustees');
- > the returns achieved by the investment funds compared to the expenses levied that are met by members (as set out in this Statement) are VfM;
- > the investment options available which give members various options and asset types in which to invest;
- > the support of XPS in dealing with benefits that span both sections of the Scheme; and
- > Cranswick plc (company) pays the expenses of running the Scheme over and above the charges noted as met by members in this Statement, which is of benefit to the members.

Value for Members

Continued

The level of charges provided sit below many modern arrangements and well below the charges cap that would apply to an auto enrolment pension scheme. Therefore, the Trustees are content that the member borne charges and transaction costs deliver good value for Members.

In relation to the ReAssure section, the Trustees' assessment concludes that the costs and charges represent good Value for Members but as detailed above the performance of Phoenix Life and the lack of detail of the charges the Trustees feel that currently they are unable to conclude that members are receiving good value and are actively working with XPS to address this with Phoenix Life and the Ombudsman to establish a clearer picture to the level of charges or costs within the With Profit fund along with the overall administration performance.

It has been noted however, that this section is a With Profit Deferred Annuity Contract which has in place various aspects that could impact members choices:

- > Guaranteed Annuity Rates of 10% applicable at the Scheme's NRA of 60. Members have the freedom to defer taking their benefits beyond age 60 without loss of the Guaranteed Annuity Rates. In deferment, the Fund Value rolls up at 3% per annum compound but the Guaranteed Annuity Rates decrease by 0.2% per annum so reducing from 10% at NRA 60 to 9.8% at 61, 9.6% at 62, 9.4% at 63 and so on.
- > Death before retirement benefits payable are "Return of Contributions No Interest" and not "Return of Fund".

Covid-19 Pandemic

Throughout 2020 the development of the global pandemic caused by the Covid-19 virus has had significant impact on members benefits. This has had more impact on equity type investment as proposed to those held in with profit or fixed interest type funds.

In the period the Trustee ensured that they could still effectively carry out their duties to govern the Scheme. This included seeking assurance that all providers were able to maintain their services while in lockdown.

The Trustees have a checklist as recommended by the Regulator to check that all services are maintained along with increased awareness of cases of Pension Liberation and making members aware of the impact.

04.02 Conclusion

Assessment of value for members is an ongoing process and the Trustees undertakes a review each year to ensure the Scheme continues to offer reasonable value, and that any changes in legislation, market conditions or member views are reflected for benefits of members.

05 Trustee Knowledge and understanding

05.01 Knowledge and understanding of the Trustees

The Trustees are satisfied that they have complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004.

The Trustees have knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension scheme. This is evidenced by the Board's interaction with its advisers as shown in the Trustee Meeting minutes, and the governance framework established by the Trustees (including a dedicated subcommittee to devote more time to administration and governance) to review the performance of the Scheme.

The Trustees are also fully conversant with the Scheme's documentation and has copies of these documents for reference in order to carry out their duties as trustees of the Scheme along with meeting minutes held with key scheme documentation through a central portal.

The Trustees have exercised their discretions and powers in line with the Trust Deed and Rules, current legislation and, where required, legal advice has been taken, demonstrating its working knowledge of the Scheme's Trust Deed and Rules.

05.02 Trustee Training

In-house training is offered, use of the Pensions Regulator's (TPR's) online Trustee Toolkit is encouraged, and trustees attend external seminars and updates. Any new trustee would be expected to carry out this training and be fully conversant with the Scheme's documentation within 6 months. A log of trustee participation in training is maintained by the Scheme Secretary, and trustees are regularly polled regarding the training that they would find most valuable and to identify any gaps in knowledge. The Scheme's advisors provide in-meeting training on new legislation and literature published by TPR relating to its Codes of Practice, in particular Code of Practice no 13.

Each Trustee ensures that they take personal responsibility for keeping themselves up-to-date with relevant developments and training needs. A formal training log is maintained by the Secretary to the Trustees to record the training undertaken.

In addition to their own knowledge and skills the Trustees also engage with appointed professional advisers regularly to ensure that the Scheme is run and functions are exercised properly. Regular meetings are held where advice is provided, discussions are held and decisions are taken in relation to any matters material to the Scheme's running. The wider knowledge and background of the Trustees from each individual's 'day job', which include positions in the Company's finance and HR departments, also assist in the Trustees functioning as an effective body.

05.03 Conclusion

As a result of the training activities which have been completed by the Trustees individually and collectively, and taking into account the professional advice available to the Trustees, the Trustees are confident that they have met the legislative requirements for knowledge and understanding and that the combined knowledge and understanding of the Trustees enables them to properly exercise their duties as Trustees. Examples of the training activities in the year include General data Protection Regulation training provided by the Scheme's legal advisors.

06 Conclusion

“Overall, the conclusion is that the Scheme is continuing to deliver value for money to the members”

The annual production of this Statement provides members with a narrative of how the Trustees look after members’ interests, especially in the areas of the 5 key elements within this Statement listed below.

- > Default investment strategy
- > Charges and transaction costs
- > Core financial transactions
- > Providing value for members
- > Trustee Knowledge and understanding

The Trustees will continue to monitor these key areas and report to members both via the annual Chair’s Statement and other communications as appropriate. In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the Chair’s Statement requirements, in the belief that the Scheme was operated and governed appropriately during the reporting period.

Signature

Date



3/12/21

Name

Mark Bottomley

Qualification

**Chairman of the Trustees of the
Cranswick plc Retirement Benefits
Scheme**

Appendix A Projections

The chart shows in money terms the accumulative effect of charges taken from a member's fund over time.

	L&G Cash Fund		L&G Ethical Fund		L&G Fixed Interest F
Inv Rtn	2.50%	2.50%	5.50%	5.50%	3.00
Charges	0.00%	0.50%	0.00%	0.59%	
Years to Normal Retirement Age	DC Pension Pot (before charges)	DC Pension Pot (after charges)	DC Pension Pot (before char	DC P	
20	£80,000	£80,000			
15	£80,000	£78,0			
10	£80,000				
5	£8				
0					



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