

## Maybourne Hotels Group Pensions and Life Assurance Scheme (the "Scheme")

# Chair's annual governance statement

## 1 Introduction

- 1.1 This statement has been prepared by the trustees of the Scheme (the "**Trustees**") in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended) ("the Administration Regulations"). It describes how the Trustees have met the statutory governance standards in relation to:

- any default arrangement(s)
- requirements for processing financial transactions
- assessment of charges and transaction costs
- the requirement for trustee knowledge and understanding

between 1 April 2023 and 31 March 2024, the 2023/24 Scheme year ("**the Scheme Year**").

## 2 Background

- 2.1 The Scheme has always primarily been a defined benefit arrangement. There were certain legacy defined contribution ("**DC**") benefits within the Scheme, including additional voluntary contributions ("**AVCs**") that formed a small proportion of the total Scheme benefits.
- 2.2 The Trustees decided in 2019 that it was in members' best interests to transfer the DC benefits out of the Scheme to a more suitable arrangement. During the 2019/20 Scheme year:
- an insurance policy for members who had AVCs with a guaranteed annuity rate was assigned into individual policies with Scottish Widows in members' names; and
  - all other DC and AVC benefits that the Trustees were aware of at the time were bought-out by means of an insurance contract with Scottish Widows;
- (the "**DC Discontinuance Project**").
- 2.3 As part of the transition to a new Scheme administrator it came to light that the Trustees hold a small number of DC annuity policies in respect of certain legacy DC members that were not assigned as part of the DC Discontinuance Project (the "**DC annuities**").

- 2.4 During the Scheme Year, the Trustees reviewed the position with respect to the DC annuities and have been liaising with Scottish Widows to arrange for the assignment of these policies into member's names. This exercise is ongoing and expected to be completed during the next Scheme Year.
- 2.5 There are no other money purchase benefits in the Scheme for the purposes of the Administration Regulations.

### 3 Default arrangement

- 3.1 The last review of the strategy and performance of a default arrangement was conducted in March 2019 (the **"2019 Review"**). Following the 2019 Review, the Trustees decided to undertake the DC Discontinuance Project. Following the completion of the DC Discontinuance Project, there are and have been no benefits invested in a default arrangement.
- 3.2 The Scheme has no default arrangement and therefore, the requirements of section 2A of the Occupational Pension Schemes (Investment) Regulations 2005 do not apply.
- 3.3 There is no default Statement of Investment Principles. The Scheme is not being used as a qualifying scheme for automatic enrolment purposes.

### 4 Net investment returns

- 4.1 The Trustees have taken account of the statutory guidance, *"Completing the annual Value for Members assessment and Reporting of Net Investment Returns"*, when preparing this section of the statement.
- 4.2 As noted above, the Scheme does not have a default arrangement and there are no DC investment funds. All of the members' DC benefits are held in the form of annuity policies in the name of the Trustees. As a result, there is no investment return.

### 5 Requirements for processing financial transactions

- 5.1 "Core financial transactions" include (but are not limited to):
- investment of contributions in the Scheme
  - transfers of assets relating to members into and out of the Scheme
  - transfers of assets relating to members between different investments within the Scheme
  - payments from the Scheme to, or in respect of, members.
- 5.2 As the Scheme is closed and only holds DC benefits in the form of annuity policies, the Trustees do not process many core financial transactions in relation to the Scheme.
- 5.3 Throughout the Scheme Year, the Trustees have ensured that payments from the Scheme to, or in respect of, members who have DC benefits are processed promptly and accurately by the Scheme administrator by having a service level

agreement in place which covers the accuracy and timeliness of payment of benefits (which must be paid by their due date) and responding to any queries raised by members (which must be done within 10 working days). The Trustees continue to monitor the service levels provided via regular reporting.

## 6 Assessment of member-borne charges and transaction costs

### Level of member-borne charges and transaction costs

- 6.1 As explained above, the Scheme does not have a default arrangement and there are no DC investment funds.
- 6.2 The only DC benefits held by the Scheme are annuity policies. There are no member-borne charges or transaction costs in respect of these policies. Consequently, the requirement for the Trustees to undertake a value assessment for the purposes of regulation 25((1)(b) and 25 (1A) of the Administration Regulations, and to include an illustrative example of the cumulative effect over time of those charges and transaction costs under regulation 23(1)(ca) of the Administration Regulations, do not apply.
- 6.3 Under regulations 25(1)(b) and 25(1A) of the Administration Regulations, the Trustees are required to assess the extent to which the charges and transaction costs incurred by the Scheme represent good value for members.
- 6.4 However, as set out above, the Scheme has not incurred any member-borne charges, transaction costs or specified performance-based fees. Therefore the value for members assessment does not apply.
- 6.5 As noted above, the Trustees are intending to **assign** the DC annuities into members' own names, consistent with the approach taken in the DC Discontinuance Project. The Trustees consider that this would streamline the process for the member and improve efficiency by having the insurer make payments directly to the member.

(For these purposes, "charges" means administration charges other than transaction costs, costs relating to certain court orders, charges relating to pension sharing under the Welfare Reform and Pensions Act 1999, winding up costs, costs associated with the provision of death benefits, costs solely attributable to holding physical assets. Transaction costs are those incurred as a result of the buying, selling, lending or borrowing of investments.)

## 7 Trustee knowledge and understanding

- 7.1 The comments in this section relate to the Trustees in dealing with the whole Scheme and are not restricted to the DC benefits.
- 7.2 The Trustees' own knowledge and understanding, together with the advice which is available to them, enables them to properly exercise their functions as trustees of the Scheme.
- 7.3 The Trustees have a working knowledge of the trust deed and rules of the Scheme which is demonstrated by regularly referring to the Trust Deed and Rules as part of decision making, for example, when deciding to make any changes to the Scheme or exercise any discretionary powers.

- 7.4 The Trustees also have a working knowledge of all material relating to their current policies and understand the importance of being conversant with these documents. The Trustees reviewed the following Scheme documents over the year: the risk register, annual report and accounts, annual planner, the conflicts of interest policy and the statement of investment principles. The Trustees finalised the gap analysis of Scheme policies and governance documentation undertaken during the last scheme year and progressed the agreed next steps (see 7.7 below).
- 7.5 The Trustees have appointed suitably qualified and experienced actuaries, legal advisers, investment consultants and benefit consultants to provide advice on the operation of the Scheme in accordance with its Trust Deed and Rules, the Trustees' policies, legislation and regulatory guidance.
- 7.6 During the Scheme Year, the Trustees have met the requirements of sections 247 and 248 of the 2004 Act (requirements for knowledge and understanding) by taking appropriate professional advice, undertaking training at quarterly meetings, attending webinars, and reading pensions-related articles. The Trustees complete training individually, which is recorded in each respective training register. Other training relates to topical items or specific issues as they arise to be considered.
- 7.7 The Trustees themselves have experience through their governance of the Scheme over a number of years, supported by specific activities undertaken over the Scheme Year and access to professional advice. Some of the Trustees have also had (or continue to have) other trustee appointments.
- 7.8 In addition, the Trustees receive advice regularly through the year on investment, funding, legal and other issues from Barnett Waddingham, who provide actuarial and scheme administration services, Sacker & Partners LLP as legal advisers and Broadstone as investment advisers. This advice helps ensure that the Trustees are able to run the Scheme and exercise their functions properly and to improve and reinforce their knowledge and understanding.
- 7.9 The Trustees also receive quarterly "hot topics" and regular legal updates from their legal adviser covering technical and legislative/regulatory changes impacting the Scheme.
- 7.10 On joining the Trustee board, skills and knowledge and understanding are assessed (including those relating to funding and investment).
- 7.11 Induction training is provided by advisers and other providers, and those who have not yet completed the trustee toolkit are asked to do so. The Trustees and the Scheme Secretary monitor knowledge and understanding on a regular basis through the training records, discussion in relation to work in progress and future strategy. The Trustees considered their training needs during the Scheme Year and are also in the process of drafting a Trustee Training Policy.
- 7.12 The Trustees undertake training as a group or individually as appropriate. The following group training was provided over the Scheme Year:
- 12 May 2023 meeting
    - Investment strategy including LDI funds and main risks of LDI
  - 12 July 2023 meeting

- Strategic planning and options
- 7 November 2023 meeting
  - Basis for calculating Cash Equivalent Transfer Values including legislation and regulatory guidance
- 6 February 2024 meeting
  - Training on buy-in/buy-out transactions
  - Follow up training on final version of General Code of Practice
- 22 February 2024 meeting
  - Training on business continuity planning and cyber risk

Signed on behalf of the Trustees

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Chair of the Trustees

Date: