

Annual Governance Statement for the Scheme Year Ending 5 April 2022

This statement has been prepared by the Trustee of the Lane Group PLC Pension Scheme (the “Scheme”) to demonstrate how the Scheme has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The governance standards referred to above cover the following key aspects of the operation and administration of the Scheme:

- The investment options available to members;
- The processing of the Scheme's core financial transactions;
- The charges and transaction costs incurred by members and the extent to which they provide value to members;
- The investment performance, net of all charges, achieved by each of the investment options;
- How the Trustee maintains sufficient knowledge and understanding so it can undertake its duties and responsibilities in relation to the Scheme.

This statement covers the Scheme's year from 6 April 2021 to 5 April 2022.

Default arrangement

There is no default investment strategy in place for the Scheme as it is not being used to meet the sponsoring employer's auto-enrolment duties. All members of the Scheme make their own investment choices from the range of investment funds available under the Scheme.

Financial transactions

All Scheme members are deferred and as such no contributions were received during the Scheme year covered by this statement. As a result, financial transaction under the Scheme are limited to switches between investment funds and the payment of benefits to or in respect of members when they retire or leave, which includes the transfer of benefits to an alternative pension scheme or policy.

The Scheme's administrator, ReAssure, has agreed service standards in place for all its processes, which include transfers out of the Scheme and when members take their benefits at retirement. ReAssure has a governance framework in place to ensure the appropriate monitoring of these service standards. Any breaches in service standards due to delays or incorrect administration are logged and dealt with in agreed timescales. The identification, tracking and rectification of issues is done through a well governed process, including the establishment of root causes to help prevent future breaches. This is managed by ReAssure's Compliance function with appropriate monitoring and escalation in place, as necessary.

During the Scheme year to 5 April 2022, no financial transactions were undertaken.

Charges and transaction costs

The level of charges and costs

The annual charges incurred by members in the Scheme are shown in the table below. These are expressed as a percentage and are applied to the value of each member's account. For example, an annual charge of 0.3990% broadly means that for every £1,000 invested, an annual charge of £3.99 is paid by a member.

In addition to the annual charges, members incur transaction costs, such as those that arise as a result of buying or selling the investments held by each investment fund. Again, these are expressed as a percentage of the value of a member's account.

The tables below also show the total transaction costs incurred by each investment fund during the year to 5 April 2022.

Note: There is no standard way of calculating transaction costs. The FCA has stipulated that a calculation methodology called 'slippage cost' should be used. This calculates the difference between the expected price of buying an underlying investment in a fund, such as a company share, at the time the order is placed by the investment manager and the final price at which the trade is executed. One consequence of this calculation method is that, rather than generating a cost, it can result in a profit that in turn results in a negative transaction cost being reported. This can happen, for example, if the price paid when buying an investment is lower than the expected price.

Fund	Annual Management Charge (AMC)	Investment Management Charge (IMC)	Transaction costs 6 April 2020 to 5 April 2022 (latest available)
Managed Pension Fund (Standard Units)	0.3990%	0.0000%	0.0233%

In addition to the above, members generally pay:

- A monthly policy fee of £1 or £0.11 for those members aged 55 or over.
- A 5% bid-offer spread is also applied upon disinvestment.

The impact of charges and costs

Over time, the annual charges and transaction costs that are taken out of a member's account reduce the amount available to them at retirement. The Trustee has therefore provided below representative illustrations showing the potential impact of these charges and transaction costs using different investment options available to members. The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes".

As each member has a different amount of savings within their account and the amount of any future investment growth, together with future costs and charges, cannot be known in advance, a number of assumptions have been made when preparing the illustrations. These assumptions are:

- (i) The value of a member's account is £5,000, being the median fund value of the Scheme membership (rounded to the nearest £1,000).
- (ii) No further contributions will be paid.
- (iii) The length of time to a member's retirement is 10 years or less.
- (iv) Projected pension account values are shown in today's money by assuming inflation of 2% each year.
- (v) The future real investment growth for the Managed Pension Fund will be 2.1% each year before charges, based on the intermediate returns as shown in the latest ReAssure benefit statements for members.

- (vi) Total annual charges (AMC + IMC) will be 0.3990% each year for standard units in the Managed Pension Fund. In addition, illustrations account for an average annual transaction cost of 0.0428% (the average transaction cost over the latest four year period)

Managed Pension Fund (Standard Units)		
End of year	Projected value in today's money assuming no charges and transaction costs are taken	Projected value in today's money after charges and transaction costs are taken
0	£5,000	£5,000
1	£5,050	£5,040
3	£5,270	£5,210
5	£5,490	£5,380
10	£6,090	£5,850

Net investment (NIR) returns

When preparing this statement, the Trustee has been unable to fully take account of the guidance issued by the Department for Work and Pensions (DWP) titled 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns' dated October 2021. This is due to the Trustee being unable to obtain NIR information from ReAssure as at 5 April 2022.

However, the Trustee has assessed investment performance for the Scheme on a total return basis, derived using ReAssure factsheets and this is shown below:

Managed Pension Fund (Standard Units) Total Return to 31 March 2022	
1 year – %	5 years – Annualised (%pa)
7.4%	5.7%

Value for members

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members. Whilst there is no precise legal definition of “good value”, the Trustee considers it broadly means that the combination of costs paid by members, and the quality of the services provided to members in return for those costs, is appropriate for and meets the needs of the Scheme's members.

The Trustee recognises that good value for members does not necessarily mean the lowest charges. Instead, the overall quality and appropriateness of the service received by members (in return for the charges incurred) must also be considered along with any other benefits from their membership of the Scheme for which they do not meet the cost.

Whilst the Trustee has not undertaken a formal value for member assessment due to the very small size of the Scheme, it considers that the Scheme offers fair value for members for the following reasons:

- All Scheme assets are now held as standard units, with charges significantly below the charge cap of 0.75% pa.
- Members have access to a wide range of investments funds, including passively managed options with lower charges.
- In addition to annual benefit statements, members have access to some online services (for example, fund switches can be made via an online form) and they are also provided with a member helpline operated by ReAssure.

Trustee's knowledge and understanding (TKU)

Due to the nature of the Scheme and the very limited activity, the Trustee did not undertake any formal pensions training during the Scheme year.

The current Trustee Chair, Ms L Colloff, is an associate of the Chartered Insurance Institute and has completed continued professional development in line with the requirements of that institution.

Further, as noted in previous statements, the Trustee intends to wind-up the Scheme in the future.



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Lyn Colloff
Chair of the Trustee (Lane Group plc)

Date.....07/11/22.....