Riverside

Riverside Group Pension Scheme

Report to Members 2022

Transforming **lives**
Revitalising **neighbourhoods**

Even if you don’t read anything else…

Expression of Wish Form

You can nominate who you would like to receive any lump sum benefit from the Scheme payable on your death using an Expression of Wish Form. It is important that you keep your Expression of Wish Form up to date if your personal circumstances have changed. The Trustee has discretion as to whom any lump sum should be paid, but they will normally respect your wishes. You can download a new form from the RGPS member website: **https://www.riversidepensions.co.uk/**

Changing address?

Please let the Scheme Administrator know of any change of address, email or change of name. Failure to do so may delay setting up your pension when you reach retirement age. The Scheme Administrator’s contact details are on the back page of this report.

Member website

Register for the Riverside pensions website to view you benefits online and receive pension news via email: **https://riversidepensions.co.uk/Account/Register**

Chair’s introduction

Welcome to the 2022 Riverside Group Pension Scheme newsletter. In this newsletter, we explain the important pension developments that have taken place over the last 12 months and inform you of the progress and current position of the Scheme.

Formally this report is based on the position of the Scheme and its activity during the year to 31 March 2022, although we also seek to cover more recent events.

General pensions news

I am pleased to say that, once again, the Scheme has continued to be run and managed as normal during the year to 31 March 2022 and subsequently. This is despite the ongoing financial and economic turbulence caused initially by the aftermath of the Covid-19 pandemic, then the resurgence of inflation fuelled by rising energy costs following the Russian invasion of Ukraine.

Investment markets have been extremely volatile during 2022, exacerbated by a series of political crises in the UK. All the main investment markets have fallen during the year, with particularly dramatic falls in gilt-edged stocks and corporate bonds, normally assets that are reasonably stable in value. Although, at the time of writing, there are signs of some recovery with the change of government in October, asset values remain well below their levels twelve months ago and further turbulence is likely.

Whilst recent rises in interest rates have been very worrying for a lot of people, they have been positive for the Scheme’s funding position. Assets have fallen in value, but the Scheme’s liabilities have fallen by more, and this has created a further opportunity for the Scheme to de-risk. De-risking involves moving some of the Scheme’s growth assets, such as equities, into matching assets, such as gilts and liability-driven investments (LDI). This means that, at least in part, the Scheme is able to lock in the improvement in its funding position.

More details on the Scheme’s investment strategy can be found in the section “Investment update”.

Annual pension increases

The Trustees recognise the importance of annual pension increases, particularly when inflation is high. Your pension is made up of different elements depending on your service dates in the Scheme. Different increase rules apply to the different elements of your pension.

If you had service in the Scheme before 6 April 1997, then you will almost certainly have a Guaranteed Minimum Pension (GMP) element of your pension. Once in payment, the GMP element of your pension earned after 5 April 1988 increases each year in April in line with CPI inflation up to a maximum of 3%. The rest of your pension, known as the non-GMP or 'excess' pension, increases each year in October in line with RPI inflation up to a maximum of 5% (for pension earned before 6 April 2006) or 2.5% (for pension earned after 5 April 2006). The Scheme will write to you before each increase date with full details of the increase to be applied and how it is calculated.

If you are currently a deferred member of the Scheme, your pension is revalued between the date you left the Scheme and your retirement date. The non-GMP part of your pension revalues in line with CPI inflation (up to a maximum of 5% per annum) up to your retirement date. The GMP is subject to fixed increases in accordance with legislation. We will be issuing updated benefit statements to all deferred members of the Scheme within the next year.

Annual actuarial update

As required by law, an annual actuarial update of the Scheme's funding position was carried out as at 31 March 2022. A Summary Funding Statement, which summarises the outcome of the actuarial update, can be found in the section "Update on Scheme's financial position" on page 6.

Pension scams

Pensions continue to be a very attractive target for scammers. To help keep yourself safe, please read the article on page 11 of this newsletter.

Member website

The member website can be accessed from: **https://www.riversidepensions.co.uk/**

Online pensioner payslips

If you are a pensioner, you can elect to receive your monthly payslip online and the Trustee encourages members who still receive paper payslips to sign up to this option. All new pensioners are automatically set up for online payslips.

The Trustee Board

Welcome to Barbara Houghton

In August 2022, the Trustee welcomed a new member-nominated director to the board. Barbara has already proved herself to be an active and informed Trustee, and we look forward to continuing to work with her in future.

We would also like to thank Dave Bullock, who stood down as a Trustee director during the year, on behalf of the whole Trustee board for his service to the Scheme.

We hope you find this letter informative. If you have any comments about it, or about any of the other communications you receive as a member of the Scheme, please contact either the Scheme Administrator or the People Services team at Riverside.

William Medlicott
Chair of Riverside Group Pension Trustees Limited

Appointment of the Trustee board

The full Trustee board comprises six Trustee directors, four of whom are appointed by Riverside and two are nominated by Scheme members. The Trustee directors have a duty to run the Scheme in accordance with its trust deed and rules, and within that to act in the best interests of members. There is no difference in the role or responsibilities of the directors appointed by Riverside and those nominated by Scheme members.

Here is some information on the current Trustee directors and a bit about their backgrounds.

William Medlicott:
William is the representative of Capital Cranfield Pension Trustees Limited (CCPTL), an independent professional firm of trustees which acts as Chair of the Trustee board.

Maxine Cousens:
Maxine is Director of People and Culture at Riverside, and joined the Trustee board in May 2018.

John Wood:
John was appointed as a member-nominated director in February 2020. John retired in April 2018, having worked at Riverside for more than 30 years, much of that operating at senior executive level.

Simon Edwards:
Simon is an Investment Manager for the West Yorkshire Pension Fund, and joined the RGPS Trustee board in April 2018. Simon is a Chartered Financial Analyst (CFA) charterholder and an associate member of the UK Society of Investment Professionals (UKSIP).

Barbara Houghton:
Barbara joined the Trustee Board as a member-nominated Trustee director on 1 August 2022. Barbara completed 38 years' service with Riverside in a wide range of front-line and managerial roles before retiring in 2017.

Emma Turner:
Emma is a Company-nominated Trustee who joined the Board in March 2021. Emma is Riverside's Group Head of Treasury and Corporate Finance.

Management of the Riverside Scheme

The management of the Scheme is the responsibility of the directors of the Trustee, Riverside Group Pension Trustees Limited. In managing the Scheme, the Trustee is supported by the following key advisers:

First Actuarial LLP – the Scheme's advisers on actuarial, investment and general pensions matters. First Actuarial are also the Scheme Administrator, which means they hold records for each member of the Scheme, and calculate and pay members' benefits when they leave or retire.

CMS – a professional law firm that provides legal advice to the Trustee as required.

Assure UK – a firm of chartered accountants that audits the Scheme's annual accounts (appointed from 4 November 2021).

Investment managers – the Trustee engages a number of external professional fund managers to manage the day-to-day investment of the Scheme's assets on their behalf.

Further information about some of the key advisers at First Actuarial that you may have contact with is on the Scheme website: **https://www.riversidepensions.co.uk/**

Glossary of terms

Here we explain a few of the terms used in this newsletter:

Actuarial valuation: A financial investigation of the Scheme carried out by the Scheme Actuary, an independent professional appointed by the Trustees, normally every three years. The purpose of the actuarial valuation is to identify whether the Scheme has sufficient assets to meet its liabilities, and to enable an appropriate level of future contributions to be set.

Bonds: These are loans typically to a company, governments or other bodies (such as the European Investment Bank). Loans to the UK government are known as 'gilts'. Bonds generally pay a fixed rate of interest to the investor, and at the end of their term, the investor receives the capital back. Some UK government bonds pay a rate of interest linked to inflation ('index-linked gilts')

Discount rate: This is an assumed rate of future investment return which is used to convert the Scheme's future benefit payments into a single value, so that it can be compared with the value of the Scheme's assets at each actuarial valuation. The higher the discount rate, the lower the value of the Scheme's liabilities, because less money would need to be invested now in order to provide for the future benefit payments.

Update on Scheme's financial position

The last triennial actuarial valuation was completed at 31 March 2020 and showed that the assets of the Scheme were less than the amount needed to pay all benefits to members.

To correct this deficit, a recovery plan was agreed, under which Riverside agreed to contribute £3 million per year for a period of 6 years, payable in monthly instalments and commencing from 1 April 2021. Riverside also meets the Scheme's running costs, including professional fees and levies but excluding investment management fees.

Between triennial actuarial valuations, the Trustee obtains annual actuarial reports on the Scheme's funding position. The Summary Funding Statement on page 7 gives you an update on the improved financial position of the Scheme as at 31 March 2022. The next full actuarial valuation is due at 31 March 2023, following which the recovery plan will be reviewed.

Summary Funding Statement as at 31 March 2022

How the Scheme operates

The Scheme is a defined benefit scheme. This means that it provides you with a predictable income for life in retirement.

The Trustee uses the assets of the Scheme to pay benefits to Scheme members, including future benefits to members who have not yet retired. The assets are held separately from Riverside (the Employer).

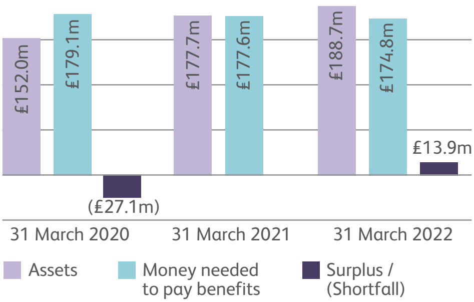
Your Scheme's finances

Working out how much money is needed today to pay all the promised pensions is not an exact science. It depends on several things, including future inflation, future investment returns and how long members will live.

A full actuarial valuation of the Scheme is carried out every three years. As part of the valuation, the Scheme Actuary calculates whether the assets are sufficient to meet the future benefit payments. If that is not the case, then the Trustee and Riverside will agree what action needs to be taken.

Between actuarial valuations, the Trustee is obliged to obtain annual actuarial reports which provide an approximate update on any changes to the Scheme's funding position. The results of the annual update as at 31 March 2022, together with the corresponding results of the triennial actuarial valuation as at 31 March 2020, and the annual update carried out as at 31 March 2021 are shown below.

Funding Position



The funding update as at 31 March 2022 showed that, assuming the Scheme continues to run as a going concern, the assets of the Scheme are currently sufficient to meet all future benefit payments to members.

Under the recovery plan put in place following the actuarial valuation as at 31 March 2020, the funding position was expected to be around 93% at 31 March 2022. The approximate update as at 31 March 2022 showed a funding level of 108% and the funding plan is therefore ahead of target. The main reasons for the better-than-expected improvement in the funding position since 31 March 2020, and since the previous annual update as at 31 March 2021, were strong investment returns over the period, combined with an increase in the discount rate due to rises in gilt yields, which reduced the value of the liabilities. These factors were partially offset by a rise in future inflation expectations.

The buy-out position

There is no current intention to wind up the Scheme. However, if Riverside wanted to let go of its responsibility for the Scheme, or were unable to support the Scheme, the Scheme would be "wound up". This means that Riverside would be liable to pay a one-off contribution to the Scheme to cover the extra cost of getting an insurance company to take on the responsibility for paying all Scheme benefits. If this had happened at 31 March 2020, the contribution required from Riverside would have been an estimated £117m.

Additional protection

If an employer becomes insolvent, the Pension Protection Fund can pay compensation to its pension scheme members in certain circumstances. Further details are available at **www.pensionprotectionfund.co.uk.**

The Pensions Regulator looks after work-based pension schemes and has certain powers it can use if it has concerns about a scheme. It has not used any of these powers in relation to this Scheme.

By law, assets can only be returned to Riverside if the value of the Scheme's assets were more than needed to arrange for an insurance company to take over the payment of all Scheme benefits. No such return to Riverside has been made since the date of the last summary funding statement, or previously.

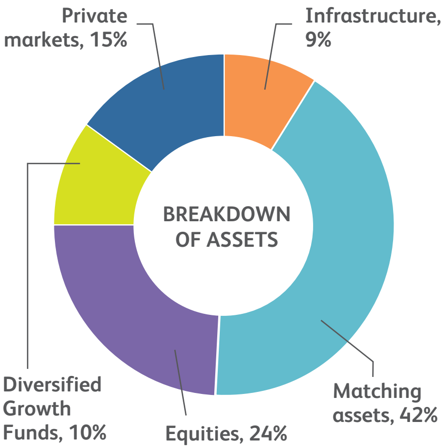
Investment update

The Trustee sets a long-term investment strategy for the Scheme, after consulting Riverside and taking advice from its investment advisers. The Trustee's investment strategy is described in the Scheme's Statement of Investment Principles, which is available to view through the member website: **https://www.riversidepensions.co.uk/**

The Trustee aims to invest the Scheme's assets so as to generate an appropriate level of investment return over the long term, while limiting the scope for adverse performance in the short term. To achieve this aim, the Trustee invests in a combination of 'growth assets' and 'matching assets'. Growth assets are those that are expected to perform well over the longer term but may involve a higher risk in the short term. For example, company shares or 'equities' should provide income and capital growth in the long term, but over the short term are exposed to the ups and downs of stock markets.

Matching assets are those that are expected to go up and down in value in line with the Scheme's liabilities, for example government or corporate bonds. Matching assets therefore help protect the funding position of the Scheme, because the value of these assets and the value of the liabilities move in a similar way. Matching assets are generally expected to produce lower returns than growth assets over the long term.

The breakdown of the Scheme's assets as at 30 September 2022 is shown in the chart above right.



Investment strategy and long-term target

The Pensions Regulator expects schemes to set a long-term funding target (LTFT). At the point the LTFT is reached, the scheme should have a low-risk investment policy and a funding level that places minimal further reliance on further support from the employer. While setting a LTFT is not yet a legal requirement, the Trustee and Riverside have already agreed such a target and the Scheme is well progressed towards achieving it. As the Scheme gets closer to the target, it will de-risk the investment strategy. As an example, in light of the progress made in the last few months, the Scheme switched around £20m of assets from growth to lower-risk matching assets in October 2022.

Liability-driven investments (LDI)

You may be aware that, at the end of September and in October, there was a lot of press comment about LDI, some of which was well informed and some of which was not. LDI is a technique that the Scheme (like many others) employed as part of its matching assets. We use borrowing and derivatives to increase our exposure to gilts in order that the value of our matching assets moves more closely in line with the value of our liabilities. This is sometimes referred to as hedging.

The amounts borrowed are secured against the assets of the Scheme. At the end of September, very sharp rises in interest rates caused the value of the security to fall and a sudden increase in the need for liquidity in order to provide additional security and support this hedging activity. As a result, some schemes were forced to sell assets at a significant loss. The Scheme was able to maintain its hedging throughout this period and ensured that there was sufficient liquidity to meet all its obligations. The funding level of the Scheme has therefore been protected. The Trustee is satisfied that, when well-managed, LDI remains a useful risk-reduction tool and an important part of the Scheme's strategy.

Amounts from accounts

The Trustee prepares an audited Trustee's Report and Financial Statements (TR&FS) each year, which provides a detailed analysis of the Scheme's income and expenditure, the value of its assets and any other financial transactions that have taken place during the year. This table (overleaf) provides a summary from the TR&FS for the year ending 31 March 2022:

Income and expenditure	Year to 31 March 2022
Income:	
Employer contributions	£3,000,000
Investment income	£3,174,724
Other income	£1,470
Total income	**£6,176,194**
Expenditure	
Pensions, transfers-out and lump sum benefits	£4,280,381
Administration expenses paid by the Scheme	£195 (see note)
Investment management expenses	£450,647
Total expenditure	**£4,731,223**
Summary position:	
Value of assets at 31 March 2021	**£177,769,938**
Add income	£6,176,194
Subtract expenditure	(£4,731,223)
Add/(subtract) change in the value of investments	£11,428,377
Value of assets at 31 March 2022	**£190,643,286**

Note: The large majority of the Scheme's expenses, for example professional advisers' fees, are met by Riverside on the Scheme's behalf.

Membership profile

At 31 March 2022, the Scheme had 1,305 members (compared to 1,319 at 31 March 2021). Of these members, 481 were pensioners (469 at 31 March 2021) and 824 were deferred members (850 at 31 March 2021) whose benefits from the Scheme have not yet commenced.

Points of interest

RGPS member website – your first port of call for information about the Scheme
The RGPS member website gives you access to a wide range of information about the Scheme. You can also log in and see your member details. The website can be found here: **www.riversidepensions.co.uk**

Guaranteed Minimum Pensions (GMPs) – equalisation
If you earned benefits in the Scheme before 6 April 1997, part of your pension entitlement will almost certainly include a right to a Guaranteed Minimum Pension (GMP).
The GMP is the minimum pension that the Scheme must provide you with because it was contracted-out of the State Earnings Related Pension Scheme before April 1997.

Following a ruling by the High Court, it has been clarified that pension scheme benefits that accrued on or after 17 May 1990 should be equal for men and women, including where differences arise due to GMPs. The Trustee will be discussing, and taking advice on, how best to equalise GMPs within the Scheme over the coming year, and you will be notified if there is to be any change to your pension entitlement once this process has been completed. It is expected that any adjustments will be small.

Check your State pension
From April 2016, the Government introduced a new State pension, replacing the previous basic State pension and State additional pension. The new State pension for 2022/23 is £185.15 per week, but you may not be eligible for the full entitlement because you were contracted-out as a member of the Scheme. To obtain an estimate of your new State pension, go to **https://www.gov.uk/check-state-pension**

State pension age is also set to rise, depending on your date of birth. If you were born after 5 March 1961 but before 6 April 1977, your State pension age is currently 67.

If you were born after 5 April 1978, your State pension age is currently 68. If you were born between 6 April 1977 and 5 April 1978, your State pension age is between 67 and 68.
To find out your State pension age and see how it might change, go to **https://www.gov.uk/state-pension-age**

Pension Credit
If you are over State Pension age and on a low income, you may be eligible for Pension Credit. This can give you extra money to help with your living costs, including housing costs, council tax discounts, heating costs and hospital appointments.

In the current tax year (2022/23), Pension Credit tops up your weekly income to £182.60 if you're single or your joint weekly income to £278.70 if you have a partner. You may also be eligible for Pension Credit if your income is higher than this.

More information can be found here: **https://www.gov.uk/pension-credit**

Increase in minimum retirement age
The normal minimum pension age, which is the earliest age at which you are permitted by law to take your benefits (except if you are retiring due to ill-health) is due to increase from 55 to 57 with effect from 6 April 2028. However, under the terms of the Scheme's rules, you will retain the right to take your benefits from age 55. This is because you have what is known as a 'protected pension age'.

If you are considering transferring your benefits to another pension arrangement, please check with the receiving scheme that they are willing to continue your protected pension age of 55.

Planning for retirement
Are you saving enough to provide the income you want in retirement? It's never too early to start planning for your retirement and you could begin by collecting information about

all of your pension assets. Further guidance on the steps you can take is available on the member website (under 'Pensions News'): **https://www.riversidepensions.co.uk/**

Keeping your data safe and up to date

The Trustee holds certain personal details about you to enable it to run the Scheme and to make sure you are paid the correct benefits at the right time.

Our data privacy notice is available through the member website: **https://www.riversidepensions.co.uk/**

Lost pensions

If you have lost track of any pension savings built up elsewhere, there is a tracing service available: **https://www.gov.uk/find-pension-contact-details**

Beware of pension scams!

Unfortunately, pension scams continue to be a problem. Scams often start by persuading you to transfer your fund to another pension arrangement, sometimes with the prospect that all or part of it can be released to you as cash. Remember that, if you are under 55, it's illegal for you to access your fund unless you are retiring due to ill-health.

Some of the tell-tale signs of pension scams are:

- Unsolicited contact, or 'cold calling' (which is now illegal)
- An offer of a free pension review
- The promise of guaranteed returns on your investment
- Low tax/tax-free rates, including tax-free lump sums
- Exotic sounding and/or overseas investments
- Pressure to sign up quickly to avoid missing out.

The Government has introduced a ban on 'cold calling' in relation to pensions. If you receive a call about pensions from someone you haven't asked to call you, and with whom you have no existing relationship, then that caller is acting illegally. We urge you to ignore it.

In all cases, you should think very carefully about the guaranteed benefits you will be giving up if you choose to transfer and seek independent financial advice. You should also ensure that you are familiar with the pension arrangement to which the transfer payment is to be made and that you understand why you wish the transfer to proceed.

You can help to protect yourself by staying informed: **https://www.fca.org.uk/scamsmart/how-avoid-pension-scams**

Contacts and enquiries

If you have any questions about your individual benefit entitlement, please contact the **Scheme Administrator**:

By post: First Actuarial LLP, Trafford House,
Chester Road, Manchester, M32 0RS
(please state that your enquiry is about the Riverside Group Pension Scheme)

By phone: 0161 348 7498

By email: Riverside.Pensions@firstactuarial.co.uk

If you have a more general question about Riverside's pension arrangements, you can contact the **People Services team**:

By post: Riverside Group Limited, 2 Estuary Boulevard,
Estuary Commerce Park, Liverpool, L24 8RF

By phone: 0151 295 6118

By email: people.services@riverside.org.uk

RGPS member website: https://www.riversidepensions.co.uk/

Further information

The following documents are available on request:

- The Statement of Funding Principles
- The Statement of Investment Principles – also on member website
- The Recovery Plan and Schedule of Contributions
- The Trustees' Report and Financial Statements to 31 March 2022
- The full actuarial valuation report as at 31 March 2020
- The shorter actuarial report as at 31 March 2022
- The Scheme booklet – also on member website.

The Riverside Group Limited
Registered office: 2 Estuary Boulevard,
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A charitable Registered Society under the Co-operative and Community Benefit Societies Act 2014

www.riverside.org.uk

November 2022_MED
Details correct at time of printing