



Riverside Group Pension Scheme Report to Members 2023

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



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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 2023 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 2023, 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 2023 and subsequently. The Scheme's administrator, First Actuarial, continued to meet its performance targets in the large majority of cases. However, we welcome feedback from members about their own experience if you have had contact with us recently.

In last year's newsletter, we reported the extreme market volatility during 2022, set against the background of the war in Ukraine and a series of political crises in the UK. During 2023, investment markets have stabilised, with equities recovering much of their losses during 2022. However, stubbornly high inflation has brought about further rises in interest rates, and led to bond markets remaining depressed. Although this has reduced the value of the Scheme's assets very considerably, the overall impact on the Scheme's funding position has been positive, as the amount the Scheme needs to hold to pay benefits has also reduced considerably. The Trustee is delighted to see this improvement reflected in the outcome of the triennial actuarial valuation of the Scheme as at 31 March 2023. Further information on the valuation is included in this newsletter.

The pension scheme LDI (liability-driven investments) crisis in September 2022 was heavily reported in the media. Although the Scheme was able to maintain its interest rate and inflation protection throughout this period, the crisis sparked a regulatory review of the way LDI is managed. As a result, LDI now operates

on a much more prudent basis, and the Scheme has had to invest a larger proportion of its assets in LDI in order to maintain its protection levels. Fortunately, the improvement in the Scheme's funding position has allowed the Trustee to further de-risk the investment portfolio, in other words, to sell higher-risk growth assets (such as equities) and buy lower-risk matching assets (such as LDI). This helps to lock in the funding level improvements achieved over the last couple of years.

Annual pension increases

The Trustee recognises 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 GMP element of your pension earned before 6 April 1988 does not increase in payment. 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 have just recently issued updated benefit statements to all deferred members of the Scheme.

Triennial actuarial valuation

The Scheme's triennial actuarial valuation at 31 March 2023 was completed in good time and with excellent co-operation and communication between Riverside and the Trustee. In brief, the Scheme now has a surplus compared to its ongoing funding liabilities, although there is still a shortfall relative to the Trustee's long-term funding objective of reaching 'self-sufficiency'.

A fuller summary of the results of the actuarial valuation can be found in the section "Summary Funding Statement as at 31 March 2023".

Updated Member Booklet

The Trustee has recently completed an update of the existing Member Booklet. The Member Booklet aims to provide details about your pension benefits and options in the Scheme.

You can find the updated Member Booklet on the member website:

<https://www.riversidepensions.co.uk/>

Pension scams

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

Member website

The RGPS member website continues to be a valuable tool for keeping members updated. The latest RGPS news and documents are posted on the website, and you can log in through the website to see details of your benefits.

The Trustee has also started to publish brief summaries of each of their meetings, so you can see the main issues that are being discussed. These summaries are available under the 'Documents' section of the website.

If you are a pensioner, you can elect to receive your monthly payslips 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 member website can be accessed from: <https://www.riversidepensions.co.uk>

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 Medicott

**Chair of Riverside Group
Pension Trustees Limited**

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 Medicott:

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 as a Riverside-nominated director.



John Wood:

John was appointed as a member-nominated director of the Trustee board 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 Trustee board in April 2018 as a Riverside-nominated director. Simon has been both a Chartered Financial Analyst (CFA) charterholder and an associate member of the UK Society of Investment Professionals (UKSIP).



Barbara Houghton:

Barbara was appointed as a member-nominated director of the Trustee board in 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 Riverside-nominated director who joined the Trustee 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.

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 Trustee, 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.

Equities: Equities are shareholdings in companies. Effectively, owning shares means being a part-owner of a company and being entitled to a proportion of profits paid out (in the form of dividends). The value of equities can be volatile, as the value reflects the market’s view of both the future prospects of an individual company’s profitability, and any wider economic uncertainty in which that company operates.

Summary Funding Statement as at 31 March 2023

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.

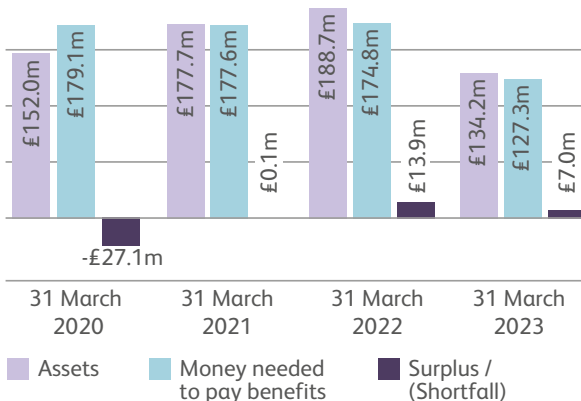
The Trustee (which is responsible for managing the Scheme) uses the assets of the Scheme to pay benefits to Scheme members, including future benefits to members who have not yet retired. The assets are held separately from Riverside (the Employer).

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.

The last actuarial valuation of the Scheme was carried out as at 31 March 2023. The results of this valuation are shown in the table below, along with the results of the previous valuation as at 31 March 2020 and the positions at each approximate annual update.



The funding position materially improved between 31 March 2020 and 31 March 2023. Over the period since 31 March 2022, the funding level (ie the ratio of assets to the money needed to pay benefits) rose slightly, although the surplus fell because both the assets and the money needed to pay benefits reduced due to the significant rise in interest rates. The valuation as at 31 March 2023 showed that, assuming the Scheme continues to run as a going concern and provided that the assumptions made are borne out in practice, the assets of the Scheme are expected to be sufficient to meet all future benefit payments to members.

The buy-out position

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 2023, the contribution required from Riverside would have been an estimated £20m. We are required by legislation to provide you with this information - there is no current intention to wind up the Scheme.

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

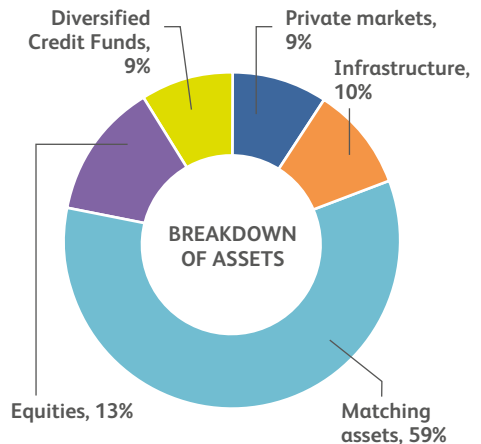
The Trustee sets a long-term investment strategy for the Scheme, after consulting Riverside and taking advice from its investment advisers. The Trustee's investment strategy is described in the Scheme's Statement of Investment Principles, which is available to view through the member website: <https://www.riversidepensions.co.uk/>

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 and liability-driven investments (LDI). 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, but are expected to be lower risk investments due to their matching characteristics.

The breakdown of the Scheme's assets as at 30 September 2023 is shown in the chart below.



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 provides a summary from the TR&FS for the year ending 31 March 2023:

Income and expenditure	Year to 31 March 2023
Income:	
Employer contributions	£3,000,000
Investment income	£2,180,423
Total income	£5,180,423
Expenditure	
Pensions, transfers-out and lump sum benefits	£3,826,223
Administration expenses paid by the Scheme	£143,991 (see note 1)
Investment management expenses	£251,848
Total expenditure	£4,222,062
Summary position:	
Value of assets at 31 March 2022	£190,643,286
Add income	£5,180,423
Subtract expenditure	£4,222,062
Add/(subtract) change in the value of investments	£(57,362,835) (see note 2)
Value of assets at 31 March 2023	£134,238,812

Notes:

- 1) The Employer met the administrative costs of running the Scheme until 31 December 2022. From 1 January 2023, the Scheme meets these costs.*
- 2) The significant fall in the value of investments was in large part attributable to the Scheme's LDI holdings. These investments are designed to move in value in a similar way to the Scheme's liabilities, which also reduced by a similar amount during the year.*

Membership profile

At 31 March 2023, the Scheme had 1,286 members (compared to 1,305 at 31 March 2022). Of these members, 498 were pensioners (481 at 31 March 2022) and

788 were deferred members (824 at 31 March 2022) 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: <https://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 is discussing, and taking advice on, how best to equalise GMPs within the Scheme, 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 2023/24 is £203.85 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 (2023/24), Pension Credit tops up your weekly income to £201.05 if you're single or your joint weekly income to £306.85 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 from an authorised pensions adviser. 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 2023
- The latest full actuarial valuation report
- The Scheme booklet – also on member website.

The Riverside Group Limited

Registered office: 2 Estuary Boulevard,
Estuary Commerce Park, Liverpool L24 8RF

A charitable Registered Society under the Co-operative
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www.riverside.org.uk

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