

Dalriada. *A better way*

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# **Talton Management Ltd Pension Trust**

**Unaudited Statement of Net Assets  
For the period 3 February 2013 to 31 May  
2018**

Registration number: 12007043

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**Talton Management Ltd Pension Trust**  
**Principal Employer and Advisers to the Scheme**

**Trustees**

Trainor Management Services Limited (dissolved: 21 March 2017)  
Summit House  
4 - 5 Mitchell Street  
Edinburgh, EH6 7BD

Dalriada Trustees Limited  
Linen Loft  
27 - 37 Adelaide Street  
Belfast  
BT2 8FE

**Principal Employer**

Talton Management Ltd (dissolved: 3 January 2017)  
The Meridian  
4 Copthall House  
Station Square  
Conventry, CV1 2FL

**Administrator**

Dalriada Trustees Limited (appointed: 8 May 2013)  
Linen Loft  
27-37 Adelaide Street  
Belfast  
BT2 8FE

**Legal Adviser**

Pinsent Masons LLP (appointed: 8 May 2013)  
30 Crown Place  
Earl Street  
London  
EC2A 4ES

**Bankers**

Barclay Bank PLC (opened: 26 February 2016)  
Donegall House  
Donegall Square North  
Belfast  
BT1 5GB

Santander (closed: 11 April 2016)  
Customer Services Centre  
Bootle  
Merseyside  
L30 4GB

**Talton Management Ltd Pension Trust  
Trustees' Report**

**Introduction**

The Trustees of the Talton Management Ltd Pension Trust ("the Scheme") present their report together with the unaudited financial statements for the period ended 31 May 2018. The Scheme is a defined contribution scheme.

The Scheme was established on 3 February 2013, and is currently governed by the trust deed and rules dated the same date. In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme is a registered pension scheme under Chapter 2 of part 4 of the Finance Act 2004. Members of the Scheme were contracted-out of the State Second Pension (previously known as the State Earnings-Related Pension Scheme) under a certificate issued by the Secretary of State for Work and Pensions.

These financial statements are for the period from 3 February 2013 to 31 May 2018, and have not been independently audited due to limited Scheme funds. The accounting period of these financial statements is in excess of the maximum 18 month accounting period permitted under the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. The Pensions Regulator has been made aware of this and has raised no objection.

The Compliance Statement set out on page 12 and the Annual Governance Statement for year ended 31 May 2018 included as Appendix 1 form part of this report.

**Scheme management**

The Trustees who served during the period were:  
Trainor Management Services Limited (dissolved 21 March 2017)  
Dalriada Trustees Limited (appointed: 8 May 2013).

The directors of Dalriada Trustees Limited are D N Copeland (appointed 18 August 2014), C M Johnstone, A B Kennett (appointed 9 September 2013), T Lukic (appointed 2 October 2017), C J McGruer (resigned 24 July 2014) and B D Spence. The directors of Dalriada Trustees Limited were appointed in accordance with that company's Memorandum and Articles of Association.

In accordance with the provisions of the Pensions Act 1995 as amended, the Pensions Regulator has the power to appoint an independent trustee. Dalriada Trustees Limited was so appointed, with exclusive powers, on 8 May 2013 under section 7 of the Pensions Act 1995, and may only be removed by the Pensions Regulator.

Dalriada Trustees Limited has appointed external specialists to advise on legal and accounting matters.

**Internal Dispute Resolution Procedure (IDRP)**

It is a requirement of the Pensions Act 1995 that all occupational pension schemes must have a dispute resolution procedure in place for dealing with any disputes between the Trustees and the Scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustees, details of which can be obtained by writing to Dalriada Trustees Limited, Linen Loft, 27-37 Adelaide Street, Belfast, BT2 8FE. Email: [mail@dalriadatrustees.co.uk](mailto:mail@dalriadatrustees.co.uk).

**Financial development of the Scheme**

The financial statements of the Scheme for the period ended 31 May 2018 are set out on pages 7 to 11. They show that the value of the fund was £211,622 at 31 May 2018.

**Transfers at less than cash equivalent**

No cash equivalent transfers were paid during the period.

**Talton Management Ltd Pension Trust  
Trustees' Report**

**Membership**

As at 31 May 2018, 4 members were entitled to benefits from the Scheme.

Changes to the membership of the Scheme during the period are set out in the following table.

	<b>Active</b>	<b>Deferred</b>	<b>Pensioner</b>
Membership at 03/02/2013	-	-	-
New Members	-	7	-
Transfers Out	-	(3)	-
<b>Membership at 31/05/2018</b>	<b>-</b>	<b>4</b>	<b>-</b>

**Pension increases**

No pensions were paid during the period.

**Changes to the Scheme rules**

There were no changes made to the Scheme rules during the period

**Governance and Risk Management**

Following their appointment, Dalriada Trustees Limited identified a number of concerns surrounding the administration of the Scheme.

No agreements appeared to be in place with Conder Administration Ltd, the company previously employed to provide administration services. Similarly, no proper accounting records appeared to have been kept. Dalriada has now put in place more robust administration processes and created proper accounting records.

Dalriada has developed and will continue to develop its business plan which set out its objectives in various key areas and, alongside the business plan, a risk register has been put in place, setting out the key risks to which the Scheme is subject and the controls in place to mitigate these.

**Investment Report**

Dalriada Trustees Limited was appointed as Trustee to the Scheme by the Pensions Regulator amid concerns that the Scheme was being used as a vehicle for pension liberation. This has presented Dalriada Trustees Limited with a number of challenges around governance.

The Scheme was established to act as a feeder scheme for the Lincoln Pension Umbrella Trust (LPUT). Individuals ultimately destined for the LPUT would first transfer into the Scheme before transferring out shortly afterwards to LPUT.

The current membership of the Scheme consists of members who transferred into, but who did not subsequently transfer out of, the Scheme prior to the Pensions Regulator's intervention.

The Scheme did not make any investments.

**Trustee knowledge and understanding**

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective from 6 April 2006 and was updated with effect from November 2009. As a professional trustee, Dalriada Trustees Limited maintains an ongoing training programme for all of its staff.

**Talton Management Ltd Pension Trust  
Trustees' Report**

**Further information**

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries.

If members have any complaints or queries regarding the Scheme, or wish to obtain further information, they should contact Dalriada Trustees Limited, Linen Loft, 27-37 Adelaide Street, Belfast, BT2 8FE. Email: [mail@dalriadatrustees.co.uk](mailto:mail@dalriadatrustees.co.uk).

The General Data Protection Regulations 2016/679 (Regulations) cover information which is held electronically, i.e. computer based information and extend data protection laws to cover paper-based records held for individuals. The Regulations contain restrictions on the processing of special categories of data as defined in the Regulations, to which individuals must give their consent. This category of data can include information on, for example, the health of a member or marital status.

Members' personal data will be used by the Scheme's advisers to administer the Scheme, and may be passed to other professional providers or advisers.

The Trustees and the Scheme's advisers each have a legal obligation and a legitimate interest to process data relating to members for the purposes of administering and operating the Scheme, which includes passing on data to third parties, as mentioned above.

**Investment principles**

The Trustees of the Scheme are exempt from the requirement to produce a Statement of Investment Principles as the Scheme has less than 100 members.

**Employer related investments**

There were no employer related investments at any time during the year within the meaning of section 40(2) of the Pensions Act 1995.

The Scheme's investments comply with the restrictions prescribed by regulations made under section 40 of the Pensions Act 1995.

**Talton Management Ltd Pension Trust  
Financial Statements**

**For the period 3 February 2013 to 31 May 2018**

<b>Fund Account</b>	<b>03/02/2013 to 31/05/2018</b>
	<b>£</b>
<b>Contributions and benefits</b>	Note
Transfers in	3
	<u>882,564</u>
	<u>882,564</u>
Payments to and on account of leavers	4
Administrative expenses	5
	(495,510)
	<u>(179,481)</u>
	<u>(674,991)</u>
<b>Net additions from dealings with members</b>	<u>207,573</u>
<b>Returns on investments</b>	
Investment income	6
<b>Net returns on investments</b>	<u>4,049</u>
	<u>4,049</u>
<b>Net increase in the fund during the period</b>	211,622
<b>Net assets at 3 February 2013</b>	-
<b>Net assets at 31 May 2018</b>	<u><u>211,622</u></u>

The notes on pages 9 to 11 form an integral part of these financial statements.

**Talton Management Ltd Pension Trust  
Financial Statements**

**Statement of Net Assets  
(available for benefits) as at 31 May 2018**

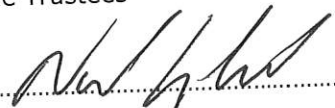
	Note	31/05/2018 £
<b>Current assets</b>	7	213,848
<b>Current liabilities</b>	8	(2,226)
<b>Net assets at 31 May 2018</b>		<u><u>211,622</u></u>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme period.

The notes on pages 9 to 11 form an integral part of these financial statements.

These financial statements were approved by the Trustees and authorised for issue on 07/01/2019

Signed for and on behalf of the Trustees

For Dalriada Trustees Limited...  .....



**Talton Management Ltd Pension Trust  
Compliance Statement**

**1. Basis of preparation**

The unaudited financial statements have been prepared in accordance with Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (revised 25 November 2014), published by the Pensions Research Accountants Group.

**2. Accounting policies**

**Functional currency**

The functional currency used in the financial statements is Sterling and all figures have been rounded to the nearest pound.

**Investment Income**

Interest on bank deposits is accounted for as it accrues.

**Transfers**

Individual transfers to and from the Scheme during the period are included in the financial statements on the basis of when the member liability is accepted or discharged which is normally when the transfer amount is paid or received.

**Benefits**

Benefits payable are included in the accounts on an accruals basis when the member notifies the Trustees as to the type or amount of benefit to be taken, or where there is no choice, on the date of retirement or leaving. Currently Dalriada Trustees Limited is not able to identify benefits payable.

**Administrative expenses and investment management expenses**

Administrative expenses are accounted for on an accruals basis.

**3. Transfers In**

Individual transfers in from other schemes

<b>03/02/2013</b>
to
<b>31/05/2018</b>
£
882,564
<u>882,564</u>

**4. Payments to and on account of leavers**

Individual transfers to other schemes

<b>03/02/2013</b>
to
<b>31/05/2018</b>
£
495,510
<u>495,510</u>

**Talton Management Ltd Pension Trust  
Compliance Statement**

**5. Administrative expenses**

	03/02/2013 to 31/05/2018 £
Legal fees	79,592
Pensions Regulator Levy	151
Trustee fees	97,711
Other professional fees	2,027
	179,481

**6. Investment income**

	03/02/2013 to 31/05/2018 £
Interest on cash deposits	4,049
	4,049

**7. Current assets**

	31/05/2018 £
Sundry debtors	2,650
Cash balances	211,198
	213,848

Included in the bank balance is £211,198 which is not allocated to members.

The sundry debtor relates to expenses paid on behalf of other Schemes. During the period the total fees paid on behalf of other Schemes amounted to £2,650. These fees comprised legal fees of £919 and Trustee fees of £1,731. Where Dalriada is appointed to a number of schemes at the same time (a bulk appointment), much of the work it carries out is common to all the schemes covered by the appointment but could equally be carried out for any one scheme in isolation. All things being equal the costs incurred in respect of these common tasks would be proportioned appropriately across each of the schemes but this isn't always possible due to different schemes having differing amounts of available assets (or, occasionally, no assets). Where Dalriada is looking at recovery action on these other schemes, it keeps a record of the costs incurred by one scheme on behalf of another (or others) as, if and when any recoveries are made from the other Schemes' investments, these shared costs will be reimbursed to the Scheme in the first instance.

**8. Current liabilities**

	31/05/2018 £
Accrued expenses	(2,226)
	(2,226)

**Talton Management Ltd Pension Trust  
Compliance Statement**

**9. Related Party Transactions**

During the period the Dalriada Trustees Limited provided professional Trustee services totaling £99,442. At the period end £1,991 was still due to be paid Dalriada Trustees Limited.

During the period the total fees paid on behalf of other Schemes amounted to £2,650. These fees comprised legal fees of £919 and Trustee fees of £1,731.

**10. Subsequent Events**

Since its appointment, Dalriada Trustees Limited has taken the decision to:

Cease to accept new members and/or any further payments into the Scheme, except by way of telegraphic transfers in or additional employee or employer contributions.

To create proper financial records and prepare a Statement of Net Assets.

Appoint a legal adviser to the Scheme.

**11. Taxation**

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains taxes.

**12. Self investment**

There were no known instances of self investment during the period.

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Compliance Statement**

**Changes in and other matters relating to the Scheme advisers**

Any changes to Scheme advisers are listed in the "Principal Employer and Advisers to the Scheme" section on page 3.

**Pension Tracing Service**

The Pension Tracing Service provides a tracing service for members (and their dependants) of previous employers' schemes, who have lost touch with earlier employers and trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

Pension Tracing Service  
The Pension Service 9  
Mail Handling Site A  
Wolverhampton WV98 1LU  
Telephone: 0800 731 0193  
Website: <https://www.gov.uk/find-pension-contact-details>

**The Pensions Advisory Service**

The Pensions Advisory Service (TPAS) offers free and impartial guidance to people with workplace and personal pensions. The Pensions Advisory Service (TPAS) can be contacted at:

11 Belgrave Road  
London, SW1V 1RB  
Telephone: 0800 011 3797  
Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

**The Pensions Ombudsman**

In cases where a complaint or dispute cannot be resolved under the IDRPs, an application can be made to the Pensions Ombudsman to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The Pensions Ombudsman can be contacted at:

10 South Colonnade  
Canary Wharf  
E14 4PU  
Telephone: 0800 917 4487  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)  
E-mail: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

**The Pensions Regulator**

The statutory body that regulates occupational pension schemes is the Pensions Regulator (TPR). TPR can be contacted at:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton BN1 4DW  
Telephone: 0345 600 1011  
Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)  
E-mail: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

**Talton Management Ltd Pension Trust**  
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**Talton Management Limited Pension Trust ("the Scheme")**  
**Annual Governance Statement by the Chair of the Trustee for the Scheme Year Ending on**  
**31 May 2018**

**Introduction and background**

This statement has been prepared in accordance with regulation 23 the Occupational Pension Scheme (Scheme Administration) Regulations 1996, as amended (the "Administration Regulations"), and related Pensions Regulator guidance.

It relates to the Talton Management Limited Pension Trust (the "Scheme").

As you are aware from the Announcements issued to members since its appointment, Dalriada Trustees Limited ("Dalriada") was appointed as trustee to the Scheme by the Pensions Regulator amid concerns that the Scheme was being used as a vehicle for pension liberation. This has presented Dalriada with a number of challenges around governance. Nevertheless this statement is a legal requirement and, as such, can serve as a useful reminder of the issues faced by Dalriada and, where it cannot meet certain governance obligations, I have explained why that it is the case.

The Scheme was established to act as a feeder scheme for the Lincoln Pension Umbrella Trust (LPUT). Individuals ultimately destined for the LPUT would first transfer into the Scheme before transferring out shortly afterwards to LPUT.

The current membership of the Scheme consists of members who transferred into, but who did not subsequently transfer out of, the Scheme prior to the Pensions Regulator's intervention.

The Scheme did not make any investments.

The Pensions Regulator took separate action against the LPUT, the outcome of which meant that the transfers made from the Scheme were arguably 'unauthorised payments' and, consequently, the Scheme was exposed to, potentially significant, tax penalties.

At the end of September 2016, HMRC confirmed that the Scheme would not be subject to tax charges.

Member funds will be impacted by the costs incurred by Dalriada since its appointment and Dalriada has been investigating, and continues to investigate, options to mitigate at least some of those costs.

**Default arrangement**

A number of requirements of the Administration Regulations, which are referred to in this statement, relate only to a "default arrangement" as defined in the Administration Regulations. The Scheme does not have a default fund for ongoing accrual. It is not a qualifying scheme within the meaning given by section 99 of the Pensions Act 2008. It is not used to meet any auto-enrolment obligations and no contributions are being paid into the Scheme.

The Scheme did not offer a Default Lifestyle Strategy.

The Scheme was not operated with the aim of long term pension savings. It offered no investment choice to members. In the short period prior to any transfer out of the Scheme to the LPUT, member funds were held in cash.

As such, in Dalriada's view, there has never been an appropriate default investment arrangement. There is no life-styling option available.

The previous trustees made investment decisions without seeking appropriate investment advice.

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**Statement of Investment Principles**

Ordinarily, trustees should prepare a statement of investment principles ("SIP") governing decisions about investments. This is a requirement for schemes with membership of 100 members or more.

No Statement of Investment Principles exists for the Scheme as it has fewer than 100 members and as such is not a requirement.

**Review of default strategy and default arrangements**

As noted above, as there is no default arrangement or default strategy in place for the Scheme at the current time then there has been no review of the default arrangement or default strategy in the year in question and no previous review for which a date can be given.

**Core Financial Transactions**

Trustees have a specific duty to ensure that core financial transactions relating to DC schemes are processed promptly and accurately. These include the following:

- investing contributions in the Scheme
- transferring assets related to members into or out of the Scheme
- transferring the assets between different investments within the Scheme
- making payments from the Scheme to or on behalf of the members.

The Scheme does not currently accept contributions or transfers in and is unable to pay any level of benefit, including transfers values, to members at the present time.

The Financial Transactions the Scheme does make are, in the main, in relation to costs. Due to limited funds, Dalriada is not preparing audited Reports and Accounts for the Scheme. The Pensions Regulator is aware of this approach.

Given its inability to carry out routine administrative actions, unsurprisingly, over the reporting period, there have been no material administration service issues which need to be reported here by Dalriada.

Notwithstanding this, Dalriada, as a professional Independent Trustee, has processes and controls in place that are suitably designed to ensure any service objectives can be achieved once the Scheme is in a position to operate in the manner of a normal scheme. Dalriada's administration processes are independently audited and accredited under AAF 01/06 and AAF 02/07.

Once Dalriada is in a position to process member benefit requests these will be managed and monitored in line with Dalriada's standard SLA levels and targets and formally reported on, on a quarterly basis.

**Charges and Transaction Costs**

The new governance rules require the Trustee to make an assessment of investment management charges and transactions costs borne by the Scheme members and the extent to which those charges and costs represent good value for money for members.

The Trustee has calculated the charges and, so far as they were able to do so, the transaction costs, borne by Scheme members for the Scheme Year.

In this context, "charges" means (subject to some specific exceptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs.

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"Transaction costs" are costs incurred as a result of the buying, selling, lending or borrowing of investments.

Dalriada has deviated from the approach set out in the statutory guidance for the reasons set out below.

Since its appointment, there have been no transactions as Dalriada has not accepted any payments into the Scheme, either by way of contribution or transfers in so there have been no transaction costs.

However, under the terms of its appointment, the fees of Dalriada and its advisers are met from Scheme funds. Whilst these costs (or "charges") fall as debt due from the employer (or sponsor), in this case the sponsor was a dormant company with no assets.

Due to the mismanagement of the Scheme by its previous trustees and the subsequent actions taken by Dalriada since appointment, it is inevitable that the Scheme has incurred, and will continue to incur, significantly higher ongoing costs than would be the case for a similarly sized but conventional scheme.

The Scheme has incurred costs (including legal costs) of £10,058 over the year in question and also incurred shared costs of £739 in respect of other schemes to which Dalriada was appointed to under the same bulk appointment. If and when any recoveries are made from the other Scheme's investments, these shared costs will be reimbursed to the Scheme in the first instance.

Dalriada has set out in its various Announcements to members the actions it has taken since its appointment. Generally, actions undertaken by Dalriada, beyond those considered necessary for the appropriate management of the Scheme, have been centered on the resolution of any tax issues.

**"Good value" assessment of charges and transactions**

Generally, trustees should assess the extent to which the charges described above represent "good value" for members during the scheme year, by considering the level of member borne charges against the benefits attributable to such charges.

Whether something represents "good value" is not capable of being precisely defined, but for these purposes, trustees should consider that charges may be viewed as representing "good value" for members where an optimum combination of cost and quality is achieved for the membership as a whole, relative to other options available in the market.

The characteristics of the Scheme are unusual and there are no readily available comparators to determine whether the costs incurred represent good value.

Dalriada was appointed following a tender exercise by the Pensions Regulator (TPR) and Dalriada is subject to ongoing oversight by TPR.

Dalriada's costs are calculated using a blended charging rate that sits well below its standard market rates. Its legal advisers operate similarly.

As commented above, Dalriada, as a professional Independent Trustee, has processes and controls in place that are suitably designed to ensure any service objectives can be achieved once the Scheme is in a position to operate in the manner of a normal scheme. Dalriada's administration processes are independently audited and accredited under AAF 01/06 and AAF 02/07.

Once Dalriada is in a position to process member benefit requests these will be managed and monitored in line with Dalriada's standard SLA levels and targets and formally reported on, on a quarterly basis.

In relation to the cumulative effect over time of the application of charges and costs on the value of a member's accrued rights to money purchase benefits, due to the nature of Dalriada's

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appointment, both Dalriada's and its adviser's fees are met using Scheme funds. It is not possible to say what the cumulative effect of these costs is, generally, on members' accrued rights.

As soon as Dalriada is in a position to identify each individual's asset allocation, Dalriada will be able to determine the impact of costs on the value of members' benefits.

**Trustee knowledge and understanding**

The Trustee has considered the latest guidance in relation to Chairman's Statements from The Pensions Regulator and has ensured that its practices reflect the requirements set out. I have set out below how the Trustee ensures it currently meets the knowledge and understanding requirements of trustees.

Dalriada is an independent professional trustee, established in 2003, which has been appointed by The Pensions Regulator (TPR) under section 7 of the Pensions Act 1995 to a number of schemes as a result of TPR having concerns about the nature and operation of those schemes and the extent to which the then current trustees understood their statutory and fiduciary duties and responsibilities. Dalriada refers to such schemes as "Regulatory Appointments". The Scheme is a Regulatory Appointment.

Dalriada has established a specialist team drawn from various relevant disciplines within Dalriada to manage the governance of these Regulatory Appointments which we have called the Irregular Schemes Team.

A dedicated committee (the Irregular Schemes Committee - 'the Committee') has been established by the Board of Directors of Dalriada to oversee the activities of the Irregular Schemes Team in its governance of this scheme and other Regulatory Appointments. Care has been taken to ensure that the membership of the Committee is such that there is sufficient knowledge and understanding within the Committee to meet the requirements set out in sections 247 and 248 of the Pensions Act 2004 and The Pensions Regulator's Code of Practice 7 on Trustee Knowledge and Understanding.

I have set out below the membership of the Committee, along with a short note on their skill set and experience. In addition, it is worth noting that three members of the Committee are directors of Dalriada Trustees Limited. Dalriada operates a team based approach which gives the Regulatory Appointments Team access to over 120 pensions and support personnel with a broad skill set suited to identifying and implementing the variety of tasks required to successfully manage the Scheme, including pension administration experts, an in house legal team, fund accountants and investment experts. Whilst the core Irregular Schemes Team deals with the majority of matters arising on the Scheme on a day to day basis, in conjunction with its appointed advisers, it can access the specialist expertise of the wider Dalriada team as and when required.

As far as we are aware, no other professional independent trustee firm has established and developed a specialist team in this difficult and challenging area of trusteeship. The relevant experience developed by the Irregular Schemes Team on such cases is unmatched and unrivalled.

**The Committee**

**Sean Browes**

Sean has been working in the pensions industry since he graduated in 1988. He worked for two major benefit consultancies in both administration management and consultancy roles, before joining Dalriada in 2003. Sean has a broad range of skills and experience suited to all areas of pension scheme management.

Sean leads the Irregular Schemes Team, dealing with Dalriada's appointments by The Pensions Regulator (TPR) to schemes suspected of being involved in pension liberation or thought to be



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scams. He now has a wealth of experience and knowledge with regard to the unique characteristics associated with the administration and management of these types of scheme and the challenges they present.

**Neil Copeland**

Neil is a co-founder and director of Dalriada Trustees Limited. He acts as a trustee representative on some of our most complex and challenging cases, including our regulatory appointments. Neil specialises in schemes with technically challenging governance and covenant issues, as well as having over 25 years of experience in relation to defined benefit, hybrid, defined contribution, multi-employer and sectionalised arrangements.

Neil is the Dalriada Board representative for the Irregular Schemes Team and spends a significant proportion of his time working on Regulatory Appointments. Like Sean, Neil has developed considerable experience of the complex and non-standard issues faced by the Dalriada team in managing the Regulatory Appointments. This has included acting as a witness in high profile litigation in relation to Regulatory Appointments in support of TPR and representing Dalriada in oral hearings before the Determinations Panel where Dalriada's appointment by TPR has been challenged by the incumbent trustees or other directly affected parties.

**Tom Lukic**

Tom is also a director of Dalriada Trustees Limited and leads the Dalriada business across the Midlands. He has broad pensions experience with particular expertise in employer covenant and corporate transactions. He has worked with a range of trustee boards managing scheme assets from c£5 million to more than £1 billion. Similarly, he is experienced in working with a broad spectrum of sponsoring employers from small, owner managed businesses through to much larger and complex groups being either privately owned or fully listed.

Tom's experience, both as an adviser and as a trustee representative, provides particular insight into corporate structures and insolvencies. The Scheme's investments include shares and/or bonds in, or issued by, corporate entities where understanding the accounting and financial structures of these entities is essential.

**Brian Spence**

Brian is a co-founder and director of Dalriada Trustees Limited. He is now involved in the provision of a wide range of advice to pension scheme sponsors and trustees. Brian is well-known in the pensions industry for taking a strategic view in dealing with pension scheme matters and uses his experience to deliver practical solutions which satisfy the needs of the Trustees, the employers and other stakeholders. Brian is recognised by TPR and the pensions industry as an expert in dealing with contentious and/or complex issues. He is a lead contact and "key person" for a number of high profile trustee appointments.

In addition, Brian has practical experience of working as a trustee in all three major legal jurisdictions of the UK and as a trustee and advisor in Ireland. Brian has held a UK Scheme Actuary Practising Certificate since inception of the role in 1997.

Brian has an in depth knowledge of legal processes, particularly around testing points of legal principle related to the operation of pension schemes, often as a result of deficiencies in scheme documentation (a common issue with Regulatory Appointments) and, also, litigation – where it is cost effective to do so, Dalriada will look to take legal action against the perpetrators of a scam with the aim to recover misappropriated assets.

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Dalriada. A better way

***Knowledge of the trust deed and rules and all documents setting out the trustee's current policies***

The Scheme has a dedicated client manager who has an in depth knowledge of the Scheme and its governing documentation. At the point of becoming an Independent Trustee to the Scheme, a prescribed take on process was followed. This included an assimilation and review of all the relevant scheme documentation, including the trust deed and rules. The Committee is made aware of any issues or risks in relation to the Scheme's trust deed and rules as and when they arise and appropriate action agreed in relation to the issue or risk identified. In addition to the knowledge held by the client manager and Lead Trustee Representative, the trustees obtain legal advice in relation to the Scheme's documentation, where necessary.

There have been no new trustees introduced in this reporting period. However, it is recognised that an appropriate induction process should be in place to support the addition of new trustees. This is under review and will be put in place within the next reporting period.

***A working knowledge of the current Statement of Investment Principles (SIP)***

As is set out earlier, the Scheme does not have a SIP at this time due to particular circumstances of the Scheme.

***Sufficient knowledge and understanding of the law relating to pensions and trusts and understanding of the principles relating to the funding and investment of occupational schemes***

Those Dalriada staff working on the Scheme, including the lead trustee representative, are obliged to self evaluate their learning and development requirements on an annual basis as part of Dalriada's internal appraisal process. The process identifies how staff can develop their knowledge and understanding, as well as where they can share their expertise in order to best support the Scheme. Dalriada staff are also required to comply with their respective training requirements in order to maintain a required level of continuing professional education (CPE) and to provide evidence of courses, seminars and other types of professional development to satisfy their respective professional bodies' CPE requirements.

Every trustee representative is required to undertake a minimum number of hours training in a year. This is recorded centrally by Dalriada's HR Team and, where appropriate, forms part of staff personal development plans. This training can include internal and external courses and attendance at industry events, as well as a degree of self learning by way of subscriptions to professional publications and electronic information channels.

Further, every trustee representative is required to complete The Pensions Regulator's Trustee Toolkit and subscribes to the updates issued by The Pensions Regulator.

Trustee representatives belong to Dalriada's knowledge management network which keeps them up to date with industry thinking. They also have access to a team of in house pensions experts who inform the team about changes to pensions legislation and practices.

The trustees have access to Pendragon Perspective and Aries - both industry leading tools, giving access to pension legislation.

Dalriada has its own in house legal specialists to provide support and guidance to trustees around legislation and interpretation of scheme documentation. This is further aided by advice from external legal advisers, which is obtained when the trustees feel the reinforcement is necessary to support their own understanding.

Talton Management Ltd Pension Trust  
Appendix 1

Dalriada. A better way

**Combined knowledge and understanding, together with available advice enables the trustees to properly exercise their function**

Dalriada has informally assessed the skill set and experience of each member of the Committee and the client team. It has taken into account the development activities already mentioned, along with the internal resources made available to staff, supplemented, where required, by professional external advice.

Given that the Committee has been recently established, there is a need to more formally assess the skills of its members. This will be done annually using a skills matrix developed for this purpose. Any areas for development flagged during this process will be addressed as part of the individual's personal development plan and reviewed throughout the year.

An evaluation of the effectiveness of the Committee as a whole will also be carried out annually.

I consider that the combined knowledge and understanding of the Committee and the client team enables them to exercise properly their function as trustee of the Scheme. In particular:

- Members of the Committee have the relevant financial knowledge and experience to enable the trustee to comply with its duties in relation to investment of the Scheme's assets. Tom Lukic's experience (see above) in particular is advantageous in this area.
- There is a vast range of pensions experience and knowledge within the Committee and the client team. This is appropriate to deal with the governance of the Scheme in line with the trust deed and rules, along with other scheme documentation. There is also a great deal of experience relevant to dealing with issues which might be thrown up by the Scheme which require the amendment of scheme documentation.
- Sean Browes, Neil Copeland and Brian Spence have a great deal of knowledge and experience in relation to schemes of complex nature, such as this Scheme, where investments made by previous trustees are deemed to be highly inappropriate, their administration has been poor and / or the trustees have not had the sufficient knowledge and understanding to be trustees of an occupational pension scheme.
- Sean Browes and Neil Copeland have many years of experience in the administration of pension schemes, allowing a keen oversight of the administration of the Scheme.

**Member Representation**

Dalriada is aware that members of the Scheme are potential victims of a scam. As such, we look to keep members informed and to facilitate direct access for members to Dalriada by means of a:

- Dedicated member website
- Dedicated contact e-mail address
- Dedicated phone line.

Signed for and on behalf of Dalriada Trustees Limited (the trustee)



Chairman

Date

21 December 2018

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