

# The annual newsletter of the Sopra Steria Retirement Benefits Scheme

October 2021



# Contents

---

Welcome	Pages 3-4
Scheme Merger	Page 5
Management of the Scheme	Page 6
Scheme investment strategy	Pages 7-8
Pension scams	Page 9
Complaints and disputes	Page 9
Guaranteed Minimum Pensions (GMPs)	Page 10
COVID-19 pandemic	Page 10
Brexit	Page 11
Pension Schemes Act 2021	Page 11
Increases to pensions in payment	Page 11
Expression of Wish forms	Page 12
Scheme contact and adviser details	Page 12
Feedback	Page 12

Sopra Steria (Retirement Benefits Scheme) Trustees Limited  
Three Cherry Trees Lane  
Hemel Hempstead  
Hertfordshire  
HP2 7AH

October 2021

Dear Member

It is with great pleasure that I present the Scheme's first annual newsletter following the merger of the Steria Retirement Plan (SRP), Steria Management Plan (SMP) and Steria Pension Plan (SPP) (together the Plans).

The newsletter has been redesigned and streamlined to reflect that certain static information such as the board structure and Scheme contact details which have previously been included in the newsletter are now on the Sopra Steria Retirement Benefits Scheme (SSRBS) website. In recent years pension schemes have been required to provide increasing amounts of information on a wide range of topics and the Trustee Directors believe that providing this information via the website will allow members to access the latest up-to-date information about the Scheme at any time.

We have been increasing the amount of information that we provide to you via the website, and after careful consideration the Trustee Directors have decided that this is the final year that a hard copy of the newsletter will be issued automatically to those members for whom we do not hold an email address. Future editions will be posted on the SSRBS website found at [www.ssrbs.co.uk](http://www.ssrbs.co.uk) and we will either write or email to advise you when it is available.

Members will continue to have the option to request documents from Capita, the Scheme's administrators, if they do not have access to the internet.

This has been a particularly busy time for the Scheme and a time of change on the Trustee Board. I was delighted to be appointed as Chair of the Scheme's Trustee Board following the retirement in April 2021 of my predecessor David Woods.

Charles Morgan, the longstanding Law Debenture representative on the Trustee Board also retired at the end of June 2021 to be replaced by his colleague Keith Scott.

We have a new Company Nominated Director, Siva Niranjana, who was appointed to the Trustee Board in June 2021. Siva is Group Head of Environmental Sustainability and UK Head of Sustainability at Sopra Steria. The Company has the power to appoint a further two Trustee Directors to the Trustee Board and we expect further appointments to be made in due course. We will also be running another Member Nominated Director (MND) process later this year.

I would like to thank all the retiring Trustee Directors for the substantial contribution they made to the successful management and development of the Scheme and the predecessor Plans during their respective tenures, and in particular David Woods for his leadership as Chair over many years.

The newly appointed Trustee Directors join our existing Trustee Directors on the Board: Hilary Robertson, Jan Pye, David Best, John Rice and Beverley Wilson, who have a wealth of knowledge about the Scheme and with whom the new appointees look forward to working closely.

The changes to the Trustee Board come at a time of renewal for the Scheme following the successful merger of the Plans into the Scheme.

I am looking forward very much to working with the latest iteration of the Trustee Board. I am confident that we have in place an experienced and diverse team of Trustee Directors and advisers whose complementary skill sets mean we are well placed to help the Scheme meet any challenges which may lie ahead, and ensure our members' interests are safeguarded.

Looking forward, the first valuation of each section of the Scheme, which has an effective date of 31 December 2020, is already well underway and we are now discussing the outcome with the Company and anticipate reporting further on this in next year's newsletter.

As in previous years, may I encourage you to provide us with or update your email address to help us save paper and to ensure that electronic communications are addressed correctly. Details on how to do this are in this newsletter – the easiest way being by using the Keep in Touch button on the SSRBS website. In particular this request is to those of you who received this newsletter by post. Members for whom we hold a current email address will have received the notification for this newsletter electronically.

It is important that our records are kept up to date, so the Scheme Administrator should also be advised of any other significant changes in your circumstances.

I do hope that you find this newsletter interesting and informative. As always, we are interested in hearing any ideas for how we can further enhance the communication of Scheme matters and information.

Yours sincerely



Frank Oldham  
ITS Limited  
Chair, Sopra Steria (Retirement Benefits Scheme) Trustees Limited

# Scheme merger

---

## The merger process

On 31 January 2020, the Trustees of each of the Plans entered into a Merger Deed with the Trustee of the Scheme to transfer the relevant Plan's assets into the Scheme, in exchange for the Scheme taking on the liabilities of the Plans.

As previously advised, there will be no adverse effect on the amount or security of members' benefits (payable to or in respect of members) as a result of the merger.

The first transfer, which included the vast majority of members, was completed on 30 September 2020 and the final transfer of the few remaining members was completed on 2 August 2021. All liabilities and assets from the Plans have now been transferred to the Scheme or otherwise dealt with.

The Plans are currently in the process of being wound-up, as they are no longer required following the sectionalised merger, with a final set of accounts being prepared and audited for each with effect from 30 September 2021.

The assets and liabilities from the Plans have been allocated to the following respective sections within the Scheme (the Sections):

- Steria Retirement Plan to the SRP Section of the Scheme (SRP Section)
- Steria Management Plan to the SMP Section of the Scheme (SMP Section)
- Steria Pension Plan to the SPP Section of the Scheme (SPP Section)

By retaining each of the Plans' assets and liabilities in a separate section, those assets and liabilities are ring-fenced and the financial position of each of the Plans immediately after the merger is the same as immediately prior to it.

As previously advised, revised Q&A documents relating to the Scheme providing additional information have been prepared. These Q&A documents can be found at [www.ssrbs.co.uk](http://www.ssrbs.co.uk)

## SSRBS member nominated director (MND) selection process

As noted in the Chair's introductory letter, a second MND selection process is scheduled to be completed in the first quarter of 2022. By law, at least one-third of a pension scheme's trustees/trustee directors must be member nominated. As set out in the MND policy and the MND communication, it is intended that the SSRBS will ultimately have three MNDs.

Requests for nominations for the third and final MND will be issued later in the year to those members who are eligible to be, or to nominate, an MND – i.e. pensioner members, active members and deferred members who are still employed by the Company. We expect the process to have been completed and a new MND to have been appointed by March 2022. The full MND policy can be found on the SSRBS website at [www.ssrbs.co.uk](http://www.ssrbs.co.uk)

# Management of the Scheme

Details of the current Trustee Directors can be found on the SSRBS website [www.ssrbs.co.uk](http://www.ssrbs.co.uk)

## Scheme membership

At 31 December 2020, the closing membership by Section was as follows:

	Actives	Deferreds	Pensioners	Dependant Pensioners	Total
SPP Section	-	1,840	1,188	89	3,117
SRP Section	120	1,739	1,266	169	3,294
SMP Section	-	48	284	51	383
<b>Scheme Total</b>	<b>120</b>	<b>3,627</b>	<b>2,738</b>	<b>309</b>	<b>6,794</b>

At 31 December 2020, 302 deferred members were employed by the Company.

## Financial development of the Scheme

The first post-merger Annual Report and Accounts have been prepared for the 11-month period from 31 January 2020 to 31 December 2020.

Some very limited funds were held in the Scheme for technical reasons prior to the merger being effected, most assets at that time being retained within the SRP, SMP and SPP.

The financial movement in the Scheme's Account during the period was as follows:

	£'000
Net assets at the start of the period	42
Contributions and other income	6,542
Group transfers in	1,420,746
Benefits and expenses	(10,201)
Net returns on investments	59,112
<b>Net assets at the end of the period</b>	<b>1,476,241</b>

A copy of the full Annual Report and Accounts as at 31 December 2020, which provides much more detailed information on the financial position of the Scheme, is available on the SSRBS website [www.ssrbs.co.uk](http://www.ssrbs.co.uk)

## How is the Scheme funded?

The Scheme's ability to meet its liabilities (principally paying members' pensions) is reviewed through the formal actuarial valuation. The valuation confirms the Scheme's funding position. We are required by law to have a full formal actuarial valuation at least every three years.

## The Scheme's initial post-merger actuarial valuation as at 31 December 2020

The Scheme's initial post-merger actuarial valuation as at 31 December 2020 is currently under way. The actuarial valuation is carried out by a qualified, independent professional known as the Scheme Actuary.

To recap, the purpose of the actuarial valuation is to compare the Scheme's liabilities to the Scheme's assets on an ongoing basis:

- If the value of the assets is less than the value of the liabilities, the Scheme is said to have a "deficit".
- If the value of the assets is more than the value of the liabilities, the Scheme is said to have a "surplus".

The value placed on the Scheme's liabilities is very sensitive to changes in conditions in the financial markets, such as future expectations for price inflation and long-term interest rates. Where a deficit is identified the Trustee and the Company are required to agree a plan to fund the deficit over a reasonable timescale taking account of the Company's ability to make contributions at a particular level, known as the "Recovery Plan".

Whilst the Company and the Trustee are agreeing any necessary changes to the contributions required to fund the deficit, the Company continues to make deficit contributions to the Scheme under the terms of the Recovery Plans agreed with the Trustees of the SRP, the SMP and the SPP in 2020.

The Trustee and the Company must complete the 2020 valuation process by 31 March 2022 at the latest and the outcome of the valuation, and any changes to the Recovery Plan, will be notified to members following its completion. As a result, no summary funding statement will be included with this year's newsletter.

Nonetheless, it is clear at the time of writing that the investment strategies adopted for each of the Sections have, so far, managed the impact of the market movements seen over the period of the COVID-19 pandemic well and protected the funding positions of the Sections overall.

## Scheme investment strategy

The Trustee's general objective is to invest the assets of the Scheme prudently with a view to ensuring that the benefits promised to members are provided by each Section.

The Trustee needs to balance a number of competing risks when setting the investment strategies for each Section, particularly balancing the need to obtain a reasonable level of overall return on the Scheme's assets, whilst protecting the funding position of the Scheme from downside events. The funding position of each Section is sensitive to a variety of factors including long-term interest rates and inflation expectations. The Trustee also needs to have regard to the fact that each of the Transferring Plans were at different stages of their life cycles prior to the merger with, for example, differing proportions of deferred and retired members and differing membership profiles, factors which also influence the most appropriate investment strategy for a particular Section. Many of these factors also change over time, so it is important that any strategy adopted in respect of a Section can also evolve over time to reflect such changes.



The Trustee has worked with its investment advisor, Aon, to develop, in consultation with the Company, an investment strategy which is intended to meet the general objective. The Trustee has agreed to allocate the Scheme's assets to three portfolios for each Section; a Growth portfolio, a Credit portfolio and a Liability Matching portfolio (designed to move in line with changes to a proportion of the Scheme's liabilities), and aiming to manage some of the competing risks mentioned above.

The fund managers of the Growth and Credit portfolios are mandated to out-perform various investment performance benchmarks, which themselves are expected to out-perform the Scheme's liabilities.

As at 31 December 2020, the target and actual allocation of each Section's portfolio was as follows:

Portfolio	Strategic target	Range	Actual (as at 31 Dec 2020)
<b>SMP Section</b>			
Growth	30.0%	+/- 5%	32.8%
Credit	25.0%	+/- 5%	24.2%
Liability Matching	45.0%	+/- 5%	43.0%
<b>SPP Section</b>			
Growth	40.0%	+/- 5%	39.0%
Credit	27.5%	+/- 5%	25.2%
Liability Matching	32.5%	+/- 5%	35.8%
<b>SRP Section</b>			
Growth	40.0%	+/- 5%	39.8%
Credit	27.5%	+/- 5%	24.2%
Liability Matching	32.5%	+/- 5%	36.0%

## Development of the investment strategies

As noted above the investment strategies for each Section will need to evolve over time. It is the Trustee's intention, in consultation with the Company, to reduce the Scheme's allocation to return-seeking assets in the longer term, with a view to further reducing investment risk and to maintain the proportion of the Scheme's assets protected against interest rate and inflation risks at 90%. Setting the target as a percentage of assets ensures that as the funding levels of the Sections increase, the risk posed to the Scheme by interest rates and inflation is also reduced relative to the liabilities.



## Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, the Trustee has produced a Statement of Investment Principles (SIP), dated September 2020 and adopted by the Trustee at their meeting on 23 September 2020.

Amongst other things the SIP summarises how the Trustee:

- sets its investment policy and chooses the most suitable types of investments for each Section,
- delegates buying and selling investments to the Scheme's investment managers,
- monitors the performance of the Scheme's investments, and
- takes account of environmental, social and governance (ESG) issues when making investment decisions.

A copy of the SIP is available on the SSRBS website [www.ssrbs.co.uk](http://www.ssrbs.co.uk)

## Accounts for SRP, SMP and SPP

As the Plans are winding up the accounting period has been extended to cover an 18-month period ending on 30 September 2021, at which date a final set of accounts for each of the Plans will be produced and audited.

These accounts will be published on the SSRBS website once signed, which is likely to be in early 2022.

### Pension scams

Unfortunately, pension scams remain a **topic of significant concern** for the Trustee and members of the Scheme. Indeed the Pensions Regulator (TPR) has flagged particular concerns that scammers may see COVID-19 as an opportunity to target pension savers. The key features to be aware of and look out for in relation to pension scams are set out on the SSRBS website [www.ssrbs.co.uk](http://www.ssrbs.co.uk). Always be extremely wary of unsolicited communications and ensure you take advice from a regulated independent financial adviser.

## Complaints and disputes

Details of how you can raise an issue in relation to the administration of your pension can be found on the SSRBS website [www.ssrbs.co.uk](http://www.ssrbs.co.uk)

## Guaranteed Minimum Pensions (GMPs)

As noted in previous newsletters there has been lots of discussion in relation to the reconciliation/rectification and equalisation of GMPs. The Trustee has a project under way that is looking at this for all members of the Scheme. This work can be broken down into two elements:

### GMP Reconciliation and Rectification

Separate GMP records were kept by both the Scheme itself and HMRC. In common with other affected pension schemes, the Trustee is in the process of ensuring that the Scheme's GMP records match those held by HMRC in order to ensure that all members receive the correct benefits from the Scheme. This may result in some benefit adjustments where differences are identified.

This project is well under way but the results will not be finalised until, at least, later in 2021. If any benefit adjustments are required in relation to your Scheme benefits following this exercise, we hope to be able to advise you of this at some point next year.

### GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that pension schemes should be amended to equalise pension benefits for men and women in order to address the inequalities inherent in GMP benefits earned from 17 May 1990.

The Department for Work and Pensions, HMRC and an industry working group have been producing regularly updated guidance on how this will work in practice. There have also been further High Court judgments that have provided additional clarity for pension schemes on how to deal with related issues.

The Trustee and the Company are working together to understand the impact of these developments on the Scheme and will consider this in greater detail once the GMP reconciliation and rectification project is completed. The equalisation of individual GMP benefits is a complex matter and it is likely that it will take considerable time to identify and update members who may be impacted.

## COVID-19 pandemic

The outbreak of the Novel Coronavirus ("COVID-19"), declared by the World Health Organisation as a global health emergency on 30 January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global financial markets. The Trustee continues to monitor developments relating to COVID-19 in conjunction with its advisers and service providers, based on business continuity planning and taking into account guidance from global health organisations and the UK government and general pandemic response best practice.

As a result of COVID-19, the Board of Directors of the Trustee have adapted well to a new virtual way of working. Board and Committee meetings have taken place online. Trustees have also participated in a number of strategy and training sessions online. The Audit and Risk Committee updated its risk register in light of the evolving situation, amending some processes, and increasing oversight to take account of the changed working and risk landscape. It continues to monitor this situation closely.

Global financial markets have been subject to volatility as a result of the effects of the COVID-19 pandemic although the impact on the Scheme has been substantially mitigated due to the Trustee's liability matching and hedging strategies. The long-term impact on investment and liabilities values is, of course, currently unknown and the Trustee continues to monitor the position closely.

As previously advised the Trustee also has in place advisers, Ernst & Young LLP (EY), who monitor the financial strength, or "covenant", of the Company and the wider Sopra Steria Group. EY's remit has assisted the Trustee monitoring and understanding the impact and potential impact of COVID-19 on the strength of the Company and the wider group. The Trustee is continuing to work with its covenant advisers to monitor the situation and a detailed consideration of the financial strength of the Company will help inform the Trustee's discussions with the Company in relation to the actuarial valuation as at 31 December 2020. The Trustee also continues to engage directly with the Company and maintains an open and collaborative approach to the management of the Scheme with senior members of the Company's management team.

Since the outbreak of COVID-19, the Trustee's key objective has been to continue to maintain a full service to Scheme members. Throughout the pandemic, Capita, the Scheme Administrator, has taken the necessary steps to ensure that its Administration Team continues to work effectively to deliver its services to the members and the Trustee.

The Capita helpline is equipped to answer any queries about your pension. However, we would like to encourage members to submit queries via email rather than by phone or post.

## **Brexit**

The UK's membership of the European Union (EU) has ended. During the transition period, work was undertaken by the Trustee to understand how the UK leaving the EU might impact the Scheme with focus on areas such as investment, employer covenant and administration.

The transition period ended on 31 December 2020 with no impact on the Scheme. However, the Trustee will continue to focus on the areas mentioned above as the post Brexit relationship between the UK and the EU continues to develop, as well as seeking to identify and manage any Scheme specific issues which may arise.

## **Pension Schemes Act 2021**

The Pension Schemes Bill received Royal Assent on 11 February 2021 to become the Pension Schemes Act 2021. The Act includes a package of measures aimed at strengthening the powers of the Pensions Regulator (TPR) as well as some fundamental changes to the scheme funding regime and new obligations for trustees in relation to climate change risk. Although the measures do not come into force immediately, the Trustee is reviewing the changes and considering the impact on the Scheme.

## **Increases to pensions in payment**

Following an increase in the Retail Price Index (RPI) of 1.1% and an increase in the Consumer Price Index (CPI) of 0.5% during the 12 months to September 2020, pensions were increased as required by the Rules. Different elements of the Scheme's pensions in payment may be subject to different rates of increase. Pensioner members have been notified of increases in their payments as from April 2021 for the SMP Section and the SRP Section and as from May 2021 for the SPP Section.

## Expression of Wish forms

Members can name the person or persons to whom they would like the Trustee to consider paying any cash sum which may be payable on their death by completing an Expression of Wish form.

The Trustee has a discretionary power, in most circumstances, to pay any cash sum on death to a beneficiary nominated by you rather than to your estate. Although the Trustee cannot be bound by your nomination, mainly for tax reasons, they will be able to take your wishes into account.

Members can obtain and provide an Expression of Wish form via [www.ssrbs.co.uk](http://www.ssrbs.co.uk) or request a form from Capita.

If you have previously completed an Expression of Wish form, please think about whether your circumstances have changed as it might need to be updated. If you have been in receipt of a pension from the Scheme for more than 5 years you do not need to complete an Expression of Wish form as there are no lump sum death benefits applicable after that period. Please note that if you are still employed by the Company this Expression of Wish form is separate from, and in addition to, any similar forms that you may be asked to complete for the Company.

## Electronic communications – help us to save money for the benefit of the Scheme, its members and the environment

If you are not sure whether we hold an up to date email address for you then please do contact Capita to check this. The easiest way to advise us of your email address is online via the Keep in Touch button on the SSRBS website. Alternatively, you can email Capita. Please include your full name, the Section of the Scheme to which you belong (e.g. the SRP Section), and your unique Member Reference (which has been included on recent communications) or your NI number.

## Scheme contact and adviser details

Contact details for the Scheme and a note of the Trustee's current advisers can be found at [www.ssrbs.co.uk](http://www.ssrbs.co.uk)

For members who do not have access to the internet the Trustee and Scheme Administrator can be contacted by writing to the address below or calling the telephone number noted:

Sopra Steria Retirement Benefits Scheme  
c/o Capita People Solutions  
P O Box 555  
Stead House  
Darlington, DL1 9YT

Telephone No: 0330 3115119

## Feedback

If you have any comments or queries in relation to this newsletter, we shall be happy to hear from you. Please send your comments to the address for enquiries attached.

Whilst every effort has been made to ensure the accuracy of this newsletter, nothing contained in this newsletter should be construed as providing greater or different benefits or other rights than are provided for under the terms of the Trust Deed and Rules of the Scheme, which will in all cases prevail in case of inconsistency. The contents of this newsletter are also subject to the terms of any overriding pensions, tax or other legislation. Nothing in the newsletter should be construed as legal, financial or tax advice.