

Chief Executive's Review



Stephen Nichols has been Chief Executive of The Pensions Trust since May 2007. He is a Fellow of the Pensions Management Institute, a Member of the Institute of Directors and a Fellow of the Royal Society for the Encouragement of Arts.

The current economic turmoil has tested the very viability of many organisations; the stock market volatility and reduced investment returns have increased the financial burden of operating a pension scheme, and the data loss from the offices of one of our suppliers and resulting reputational issues, have all contributed towards the past year being one of the most challenging in The Pensions Trust's history.

However, a rising stock market in the latter part of our financial year has improved the funding positions of our schemes and hopefully we can look forward with some optimism for a continued recovery.

Business Plan

I reported last year that we were in the process of formulating a new five year Business Plan. For the reasons mentioned above and in recognition of the new national system of Personal Accounts (now known as the National Employment Savings Trust (NEST)), due to be launched in 2012, our focus needed to be reviewed.

Our new Business Plan, launched on 1 October 2009, reflects our aims and ambitions to improve the performance of the Trust and deliver real value for our members over the next five financial years.

We have adopted the new mission statement of 'Making membership worthwhile.'

Our plan is centred on offering value to our customers through a focused customer intimate approach. Customer intimacy is based on our ability to become known and accepted as a trusted partner. The more adapted and flexible our products and services are, the happier our customers are, and the stronger the intimacy between us. We earn customers' trust by working with them to understand their needs, bringing an entirely fresh perspective and creating dynamic synergy with customers.

Our customer intimate approach is supported by both product leadership and operational excellence. We aim to anticipate our customers' future needs and find innovative product solutions, whilst delivering operational excellence by combining leadership, teamwork and problem solving to continuously improve our service by focusing on the needs of our customers.

I am looking forward to reporting on our progress next year.



Each canoeist in a tandem has an important and distinct role to play. Co-operation is essential to keep the craft heading in the right direction, with steering and power being supplied from each paddle in turn.

Use of Technology

An increasing number of employers are taking advantage of our eBusiness system to submit monthly contribution data. This system allows employers to reconcile their own data before submission, significantly reducing the error rate and consequently speeding up the processing of contributions. This results in an improved service to members and a reduction in costs, which benefits employers.

All new employers now use the eBusiness system from the outset. Ultimately, our aim is to collect all employer contribution data via our website. To assist existing employers in making the transition we have established a specialist team to introduce, train and enrol employers onto the eBusiness system. During the past year the team has focused on transferring employers in the Scottish Federation of Housing Associations (SFHA) Pension Scheme to the eBusiness system and to date we have supported 71 SFHA Pension Scheme employers in completing the transition.

Service Delivery

We have now concluded the transfer of members' records to the PSPensions administration system. Efficiency gains generated by the new system have

helped us to achieve our Service Level Agreements (SLA) at a lower cost and with greater consistency. Whilst SLA targets are important, it is essential not to lose sight of quality when setting these quantitative targets. Improving quality is a key feature of our customer intimacy strategy. Initiatives in our new Business Plan aim to create a personalised service delivery and convey an aura of understanding and excellence in our service and performance standards.

Customer Relations

More employers are seeking new ways to control pension costs against a background of improved longevity, increasing regulation and continuing market uncertainty. Initially this took the form of closing their defined benefit scheme to new members. However, there is now an increasing trend amongst employers to reduce the future accrual of benefits and even to close the scheme altogether. Whilst the reasons for this are understandable it is a difficult message for employers to convey to their employees. During the year our Customer Relations Team has worked closely with employers who are making changes to their benefit structure to guide them through the process and communicate the implications to members.

Auto-enrolment is now less than three years away. Reforms legislated for in the Pensions Act 2008 will place new duties on employers to automatically enrol all eligible employees into a workplace pension arrangement and make contributions on employees' behalf. Employers that do not have their own scheme will have to participate in the new National Employment Savings Trust. The reforms will be phased in over a period of three years starting with the largest employers who will be expected to comply from October 2012. Whilst there is no doubt that these reforms will improve the retirement prospects of the estimated seven million people who are not currently saving enough to deliver the pension income they are likely to need, the requirements will place a substantial burden on employers. We are already talking to employers about how best they can comply with the auto-enrolment requirements. This includes considering possible amendments to their existing scheme and introducing a new scheme to automatically enrol new members.

The auto-enrolment requirement has been one of the main driving forces behind the Social Housing Pension Scheme (SHPS) Pensions Committee's decision to introduce a defined contribution option, which will be available to employers from 1 October 2010.

People

During the year we also welcomed Mike Scrowston as our new Head of Finance. Before joining the Trust, Mike held the position of Head of Finance at Scarborough Building Society. Mike had previously worked for the Norwich Union Life Group for 20 years in numerous roles which included Director of Corporate Finance and Director of Unit Pricing.

The introduction of the new Business Plan coincides with a number of changes to the Senior Management Team. The work of the Business Improvement Team has been combined with the Customer Services Team in recognition of the fact that the work of these teams is becoming ever more integrated. Phil Bradish is heading up this new combined team.

The skills, talent and know-how of our people are critical to our success. Our aim is to have a truly customer intimate workforce that delights our customers by anticipating their needs and providing solutions before they ask, exceeding their expectations and making every aspect of the relationship a pleasant experience.

I would like to close by thanking all my colleagues for their hard work and commitment throughout what has been a difficult year.



Stephen P Nichols

Chief Executive, The Pensions Trust

19 January 2010



Modern football at the highest levels has become an ultra-professional endeavour, with athletes honed to match fitness by a back-room team of sports scientists, and on-field tactics developed by experienced specialist coaches.