

# The People's Pension Scheme

## Value for Members Trustee

### Statement 2022/23

As the Trustee of The People's Pension, we act on your behalf to ensure the Scheme represents good value for its members. We assess its value every year and report on our findings in the Chair's Statement.

This statement summarises the findings of our assessment for the Scheme year 2022/23.

#### Our principles

We have agreed a set of guiding principles to help assess Value for Members (VfM):

#### Members are at the heart of the Value for Members assessment

Savings are **secure** and **well managed**

Charges are **competitive**, being **consistent** with comparable master trusts and **proportionate** to the cost of delivering the services

Core financial transactions are completed **accurately** and **on time**

The administration service delivers a **positive experience** and meets members' needs

The investment solution delivers **responsible long-term outcomes** that are appropriate for and understandable to our members

Member communications are **accessible, clear and engaging** and hit the mark

Given the growth of the Scheme, the Trustee, working with People's Partnership, is focused on enhancing and sustaining good value across all areas.

We see VfM as being a blend of cost, quality, investment performance and service issues. We do not work on the principle that offering the best VfM equates to being the cheapest. We believe – given the Scheme's extremely large and diverse membership – it's important the assessment follows a sensible and balanced approach to determining members' needs and recognises the people participating in the Scheme.

#### The assessment

There is no 'one size fits all' approach to VfM assessments. Our view is that assessing value requires an assessment of the benefits to members in each of the following 5 areas:

- Costs and charges
- Administration
- Investment performance
- Governance
- Communications

## The results

**We believe that The People's Pension, with its broad range of member services provided at a competitive cost, delivers good outcomes for its members. So we believe the Scheme offers good value for members.**

**The Trustee and People's Partnership are committed to continue working together to further enhance member value.**

We considered the following points to reach this decision:

**Member-borne costs and charges** are in line with (and for many members marginally lower than) the alternative pension schemes considered. So we think, the costs and charges are considered both competitive and fair.

The following changes are either planned or in progress, and are expected to enhance our value offering further:

1. There are industry developments and future plans to enhance pension schemes aimed at encouraging members to combine their pots – known as consolidation. Most notably, a new pensions dashboard will allow members to view their defined contribution pensions on a single website. Looking after multiple pots is generally inefficient for the pensions industry. Therefore, members could benefit from reduced costs and charges by consolidating their pots within the Scheme.
2. The Scheme's charging structure was changed in 2021 to remove the annual charge of £2.50 for pots with a value of £102.50 or less. This was to align to the Department for Work and Pensions' response to the 'Review of the default cap and standardised cost disclosure' consultation and to further support our members.

**Investment performance** – the value added to date through investment performance has been significant.

Focus on responsible investment is an area that has improved considerably in recent years – something we believe is increasingly viewed as an area of strength.

The following is planned to further increase value:

1. Further investment into growing People's Partnership's Investment Team. This is expected to increase value and enable improvement in the quality of our investment offering through greater control and governance.
2. Continued progress on socially responsible investing. This means investing members' money in activities that align with our views on environmental, social and governance issues. We'll do this by seeking investment and engagement opportunities with companies to improve financial outcomes for our Scheme members. We'll also work more closely with our investment managers to increase the value of the partnerships we have, while prioritising and setting engagement priorities.

**Scheme administration** continues to be a challenge because of the volume of calls and queries received by the team. Due to recent global events, we believe the Administrator performed well given the circumstances and need to protect staff health and safety. This is evident by exceptionally low complaint volumes.

Despite these challenges, the Administrator ensured that core financial transactions (contributions, transfers, claims, etc.) continued to be processed accurately and in a timely manner.

We believe the Administrator's structure brings a level of flexibility in how it serves Scheme members, as well as providing potential for growth in the benefits it can provide for members over the coming years. However, there will be a need for continued innovation and investment in administration technology.

Resourcing was also improved to help People's Partnership deliver on their programme of continued development and enhancement (such as a web-chat service) which will ultimately improve customer outcomes.

**Scheme governance and management** – the Scheme has strong governance standards. This is supported by professional advice received via the Trustees' third-party advisers and continues to meet the requirements around Trustees' 'knowledge and understanding'.

Since the last statement, the Trustee Board expanded from 5 to 6 Trustee Directors. It has since expanded further to 7 Trustees, along with the addition of a Chair of the Trustee. This has strengthened the overall skills and experience on the Board.

Further evidence the Scheme is well run is provided by the audit of the Scheme's controls covering its system and processes (the AAF 05/20 Master Trust Assurance Framework Report), with no exceptions noted by the Independent Auditor. This demonstrates the Scheme not only has robust processes appropriate to its needs, but also these processes are being closely followed.

IT security is critical for all pension schemes. The Trustee recognises that cyber security requires continuous improvement. Identifying and fixing vulnerabilities and improving the Scheme position will continue into the future.

**Scheme communications** – the Scheme offers a wide variety of high-quality services and communications for members, employers and advisers. This has been clearly demonstrated over the last Scheme year, with the Administrator's contact centre and digital services seeing significant spikes in activity – including a huge number of requests for information. From a communications perspective, we responded with targeted, clear, and supportive communication materials.

There are some areas which require further improvement and development. This includes the breadth and flexibility of the options available to members when they access their accounts at retirement, and the member digital experience.

It should be noted that demand for options – outside of what is already available – has been, and still is, limited. However, this is starting to change as membership ages and pot sizes grow, and there will be increasing demand for greater flexibility in the way members access their money going forward. There are plans to make enhancements in these parts of the Scheme and we look forward to sharing updates on our progress in the next statement.

We always welcome feedback from our members. If you'd like to share your thoughts, please contact us directly at [CoSec@peoplespartnership.co.uk](mailto:CoSec@peoplespartnership.co.uk).