

# The People's Pension Scheme

## Value for Members

### Trustee Statement 2023/24

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 2023/24.

#### 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

We see Value for Members as being a blend of cost, quality, and service issues, so we are not working on the principle that offering the best VFM simply equates to being the cheapest. We believe, given the Scheme's extremely large and diverse membership, that it is important that the assessment follows a sensible and balanced approach to determining member needs and recognises the broad population participating in the Scheme.

#### The assessment

There is no 'one size fits all' approach to Value for Member assessments. Our view is that assessing value requires an assessment of the benefits of the Scheme to members in each of the following five criteria:

- Costs and charges
- Governance and management
- Administration
- Investment governance & performance
- Communications

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

## The results

**We believe that The People's Pension, with its broad range of member services provided at a competitive cost, is designed to deliver good outcomes for members. We therefore 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.**

In reaching this view, we considered the following points:

### Member-borne costs and charges

Member-borne costs and charges are reviewed regularly to make sure members are getting value for money. Independent external benchmarking analysis during the year shows that the Scheme's charges are competitive overall and that member-borne costs are in line with comparable schemes. We also confirm that the Scheme's annual management charge is comfortably within the Government charge cap.

Effective from 1 April 2023, the fixed element of the member charge increased from £2.50 to £4.50 per annum. This change followed a comprehensive review in response to rising regulatory fees and general costs necessary to administer the Scheme and manage member investments effectively, to continue to deliver value to members.

Several new and enhanced member services have been introduced which will improve members' experience in managing their retirement pot in the Scheme.

The Scheme's new member App, the Retirement Planning tools, and the Financial Wellbeing Hub are highlighted as key developments. In addition, The People's Pension is currently working on the delivery phase to allow regular income withdrawals after retirement from a member's Flexi-Access Drawdown Account. Members using this proposition will be supported by a new planning tool helping them to estimate how long their required level of income will last for, or how much income would be available for a given period.

### Scheme governance and management

The core strength of the Scheme lies in the governance structure, which is designed with the best interests of our members at heart.

The Trustee Board is made up of seven highly skilled Directors, each bringing a wealth of knowledge and experience, particularly in workplace pensions. Trustee Directors ensure their collective expertise is continuously assessed and enhanced, with regular reviews and engagement with external advisers. During the year, the Trustee Directors undertook a full programme of training on regulatory, legal, investment and industry issues to develop their knowledge and understanding.

Recognising the importance of keeping your data safe, we have placed a strong focus on IT and cyber security. This is to ensure protection of members' retirement savings in a rapidly changing environment. The Trustee welcomed a new member to the Trustee Board, with Dr Sheila Doyle joining on 1 April 2024 who brings a wealth of experience, particularly in the areas of technology and cyber security. The decision was recognised positively by the Pensions Regulator as a proactive step that helps to support the Scheme's resilience, while maintaining the safeguarding of member's interests.

Service performance against agreed targets is regularly reviewed, and we work with the Administration department to make sure there's a forward-looking plan to continually improve service levels and member experience. Over the past year, we have collaborated with the Investment team on developing a new Responsible Investment Policy which outlines specific criteria for assessing Environmental, Social and Governance factors, the goals for responsible investment within the Scheme, and the strategy for monitoring and managing investments to align with these goals. We continue to work with our Risk Management team to evolve our risk management framework.

More evidence that the Scheme is well run comes from the audit of the Scheme's controls, covering its systems and processes (called the TECH 05/20 AAF Master Trust Assurance Framework Report). As part of the supervisory return made to the Pensions Regulator each year, authorised master trusts must demonstrate that their Trustee Board has oversight of, and monitors, certain governance activities, arrangements, and relevant systems and processes. The audit results confirm that controls and oversight are in place to help provide stability and protection to members, with no major exceptions noted by the independent auditor.

## **Scheme administration**

We recognise Scheme administration should be as efficient and effective as possible to enhance members' experience which in turn contributes towards achieving good member outcomes. Service levels are agreed between the Trustee Board and the business, and meetings are held regularly to ensure that performance is to an acceptable high standard. Where issues are identified, short- and long-term recovery plans are set in place to improve services provided.

Administration performance has improved over this last year, helped by new enhancements and automation to processes with a 95% target and low complaint volumes met on most case types. The time it takes to answer calls has fallen from over three minutes to just over one minute on average, while the team answers 97% of emails within three days. This was despite the contact centre and digital services seeing increases in activity, including high numbers of requests for information, as well as processing many transactions and claims. However, with rising volumes of retirement claims and transfers in and out of the Scheme, there is still a considerable amount of work to be done. Continued development of capabilities and resources is essential to meet these demands effectively.

In addition, we are committed to supporting vulnerable customers. We will be doing more work to address the needs of vulnerable customers and will continue to refine and enhance our policies and processes to assist them.

## **Scheme investment governance & performance**

We work with the business towards ensuring that all members' savings are effectively invested and protected. We carefully set investment objectives, along with an appropriate investment strategy for the default investment approach and other self-select options available to members.

In 2023/24, investment conditions have been more favourable compared to previous years. A positive investment environment directly enhances the value of members' funds, providing increased growth opportunities. Default fund performance was good and broadly in line with the Scheme's peer group.

As part of our Responsible Investment Strategy, The People's Pension has transitioned over £15 billion of developed market equities into climate-aware index funds. This shift has resulted in a 30% reduction in the carbon intensity of the investment portfolio. The Scheme's commitment to sustainability is a core part of our investment approach, and this ongoing reduction in carbon intensity, targeted at 7% per annum, places The People's Pension amongst some of the most environmentally responsible master trusts in the UK. Alongside this, a new, market-leading Responsible Investment policy has been developed and published, setting higher standards and expectations for the Scheme's investment managers.

Future enhancements will focus on refining the Scheme's investment glidepath proposition, aligning fund allocations more closely to member needs in the years approaching retirement.

These efforts will ensure that members' pension investments contribute to a more sustainable future while delivering short and long-term returns.

## **Scheme communications**

We recognize that effective communication is essential to providing value for members. People's Partnership uses various communication methods to reach as much of the Scheme's large membership as possible in a format which members prefer. The 2023 Pensions Management Institute Pinnacle Awards recognised the Scheme's high standards in this area, awarding The People's Pension Trustee and the Administrator with the 'Sharing Pension Knowledge' Award.

Throughout the year, People's Partnership conducts ongoing research and analysis to better understand how to communicate with members and support them in making informed decisions. Our communication strategy focuses on explaining the benefits of the Scheme in clear, jargon-free language, making it easy for members to stay informed and engaged.

This year, the business communicated with members on a number of fronts, including:

- People's Partnership Trustee videos about taking your pension savings, how we invest your money, combining your pension pots and how to save when times are tough.
- Supporting members and employers through the cost-of-living crisis.
- Explaining our management charge rebate and highlighting a campaign for transparent transfer charges.
- Explaining how members' pensions work and encouraging them to engage with their savings.
- Warning against financial scams.
- Updating members on the Scheme's performance.
- To meet the needs of our vulnerable customers, key information is also provided in alternative formats (including braille, large print, translations to other languages, bitesize videos, audio and EasyRead).

Over the last Scheme year, the business has introduced new initiatives such as the financial wellbeing hub on the TPP website. This free to use resource provides members with access to varied materials aimed at improving financial literacy and helping members make informed decisions about their retirement planning. Pension and retirement planning videos also help to improve knowledge and avoid unnecessary risks.

During the period, the digital proposition was further improved with the launch of a member App, allowing easier and more flexible engagement with retirement savings. Moving forward, this new portal will modernise and expand the capabilities we are able to offer our members through their online account.

Looking ahead, we are dedicated to delivering improved transparency of information provided to support pension transfers and raising awareness of the key metrics when considering consolidating pension pots.

## Conclusion

In summary, the Trustee believes The People's Pension gives members a good quality scheme and services at a competitive cost that will deliver good member outcomes. Enhancements are planned across many parts of the Scheme, and these will be made as straightforward as possible for all members to understand and engage with.

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