

The People's Pension Scheme

Trustee Statement 2024/25

The objective of The People's Pension Scheme ('TPP' or 'the Scheme') is to contribute to helping people build financial foundations for life through provision of a retirement savings plan to members. Underlying this objective is a need for the Scheme to achieve good outcomes at fair cost, providing good value for members (referred to as 'VFM').

As the Trustee of the Scheme, 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 2024/25.

Our principles

We have agreed a set of guiding principles to help assess 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' need**

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 believe VFM is not just about lowest possible cost; it must also assess the value, quality and relevance of the wider Scheme services. Given the Scheme's extremely large and diverse membership, 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 VFM assessments. We believe the assessment requires consideration against five key criteria, with a focus on enhancing and sustaining good value across all criteria:

- Costs and Charges
- Governance and Management
- Administration
- Investment Governance & Performance
- Communications

The results

We believe that The People's Pension Scheme provides members with a good quality scheme and services at a competitive cost that will deliver good member outcomes and therefore 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. External benchmarking analysis during the year shows that the Scheme's charges are competitive overall and that member-borne costs are in line with, or marginally better than, comparable schemes. We also confirm that the Scheme's annual management charge is comfortably within the Government charge cap.

The Trustee and People's Partnership continue to invest significantly to improve the member experience. Key developments for 2024/25 included implementing changes to claims payments, almost doubling the number that can be paid through an automated process, and new servicing applications enabling People's Partnership to reduce case allocation and call handling times.

The mobile app, launched in May 2024, gives members new ways to access information about their pension, educational content and tools to help them decide how much to save. Further enhancements were made to the app during the Scheme year.

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, 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. The 2024 external review outcomes were positive, and a set of actions were formulated to enhance an already strong set up. The Trustee has benefited from refresher training on a broad range of subjects relevant to the Scheme and is maintaining continued focus on the roadmap to deliver enhancements to administration services and member experience.

The Trustee engaged an external adviser for a strategic review of the Scheme Business Plan and Costs, Assets & Liquidity Plan ('CALP'), which has helped shape its strategic objectives and confirmed the Scheme's financial sustainability and the Funder's financial strength. Through ongoing engagement with several departments across People's Partnership, the Trustee is content with the Funder's direction and security, demonstrating the Trustee's proactive oversight.

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). 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 deliver a user friendly, responsive, high quality and efficient service for members which complies with legislation and achieves good member outcomes. Service levels are agreed between the Trustee Board and People's Partnership, 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.

Service has improved over the year, but there were some delays, especially with retirement and transfer requests. New systems are helping speed things up, and more improvements are coming. The Trustee recognises that rising case volumes and complexity mean continued investment in resources and systems is needed. Phone service was quick and helpful, with high satisfaction scores, although email responses were less well-rated and online member engagement is limited. However more members are using the mobile app, which should help see things improve. Overall, things are getting better, but as the Scheme grows, more support and improvements are needed.

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.

People's Partnership's Investment team expanded following the appointment of a new Chief Investment Officer, bringing in fresh expertise. People's Investments Limited (PIL) was approved to give investment advice and is now the Trustee's main adviser, improving governance and decision-making. £28 billion of default fund assets were moved to segregated portfolios for better control and alignment with responsible investment goals. New managers were appointed to oversee these assets.

Although a full review of the default strategy wasn't carried out due to major asset changes, it remains appropriate for now. However, improvements are needed, especially for members approaching retirement. Performance of the default fund has been strong over one and five years, and competitive compared to peers, though three-year results are slightly behind targets.

The self-select fund range was deliberately kept simple and unchanged, but expansion is being considered. The Trustee set three priorities: 1) develop a decumulation solution, 2) improve the default option, and 3) review the self-select range. Work on these continues, and many other investment initiatives were completed, showing a strong commitment to improving outcomes and preparing for future growth.

Scheme Communications

We recognise 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 Trustee assessed how well the Scheme communicates with members, focusing on clarity, engagement, and relevance throughout their pension journey. Communications now include videos that are easy to understand, and the Scheme website highlights the Trustee Board's role. Member engagement is growing, with more people creating online accounts and downloading the mobile app, though some manual processes still cause frustration. Improvements to the member portal and app are ongoing.

Tools like the retirement modeller and financial wellbeing hub are being used more, helping members plan better and allowing the Trustee to measure success. The Scheme booklet is regularly updated to stay user-friendly. Member research is carried out year-round to guide decisions and is continuously improved.

Retirement planning and pot consolidation are key focus areas, especially in light of Government reforms, and a new Trustee Member Engagement Committee is under consideration. A pilot for video statements exceeded expectations and is being expanded.

Member rewards are now part of the app, and financial education content is regularly updated. The Scheme now focuses more on guiding members to help make informed decisions, rather than just retaining them, with the goal of achieving the best outcomes for members.

Conclusion

The Trustee believes The People's Pension Scheme offers good value for members, with quality services and strong member outcomes. To improve further, changes planned for 2025/26 must be delivered, including better administration, investment performance, and product development. These improvements will enhance the Scheme and increase value for members further.

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 trusteegovernanceservices@peoplespartnership.co.uk