Pulling together

Macmillan Cancer Support Pension Scheme adviser, Emma Moscrop, meets Francesca Fabrizi to discuss how hard work and commitment by the scheme, its trustees and its advisers have led to governance, funding and communications success

What is the history of the Macmillan Cancer Support Pension Scheme?
Macmillan Cancer Support was founded 110 years ago. We are a UK charity that has grown to be the UK's leading source of cancer support, helping more and more people living with cancer. We provide emotional, physical and financial support from the moment of diagnosis.

The charity set up the final salary pension scheme 47 years ago to provide retirement benefits for its hard-working employees. The contracted-in scheme remained open to new Macmillan employees until 30 April 2004 and closed to future accrual on 30 June 2010. Currently, the scheme has 471 deferred and pensioner members, and assets worth over £63 million.

The scheme is governed by a board of five trustees, including professional trustee Dan Richards of PTL as chair. Clare Julien, Vikki Varsanyi and Jamal Uddin are current employees of Macmillan and Roger Matthews is an ex-employee. They are supported by me as scheme secretary and adviser to the trustees, a post I have held for 17 years. The trustees have a strong working relationship with Macmillan. The sponsor attends every trustees' meeting and has other regular meetings with the scheme chair and myself. The trustees' advisers include First Actuarial as administrator, Declan Keohane of First Actuarial as actuary, Kempen Capital Management as fiduciary manager, PiRho Investment Consulting as fiduciary oversight, Pinsent Masons as lawyers and BDO as auditors.

What are your aims/priorities for the scheme?
Alongside my appointment as scheme secretary and adviser to the trustees in 2005 came a new focus on governance and investments. This was reinforced with the appointment of the scheme's first professional trustee in 2007, a thorough investment strategy review in 2008 and the appointment of a fiduciary manager in 2010 to improve performance and manage risk. Since then, the scheme has been on a journey improving all aspects of governance, decision making, strategy, investment, valuations, funding, risk management, ESG, administration, data quality, trustee knowledge and training, member communications, interaction with the sponsor, and understanding and monitoring the sponsor covenant. We are extremely proud of what we have achieved through the dedication of the trustees (past and present) and the support of our advisers. We now have a very well-governed and run scheme, which communicates efficiently and effectively with both members and sponsor. Our assets are performing well, and we have dramatically reduced risk and volatility whilst ensuring our investments reflect our ESG beliefs. The scheme's funding level was 102 per cent at its latest actuarial valuation as at 31 December 2019 and has been steadily improving ever since.

Going forward, the trustees intend to continue ensuring the assets work to provide members' benefits in a very low-risk manner without requiring Macmillan to make any further contributions. By doing so, we ensure that Macmillan is spending its hard-earned funds on supporting those affected by cancer, rather than on funding pensions. If an opportunity arises to remove the scheme from Macmillan's balance sheet cost-effectively whilst ensuring members' benefits are secured, we will seriously consider that with Macmillan. In the meantime, the scheme's continuing operation is not a major cause for concern due to the hard work and improvements in recent years.

How much has Covid affected the running of the scheme?
The trustees were very quick to put in place measures to effectively monitor, and respond to, the impact of Covid on the scheme. We instituted a trustee and adviser committee, which met remotely on a regular basis during the early stages of the Covid pandemic and we communicated with Macmillan. Macmillan itself was adversely impacted by the pandemic. The organisation faced a reduction in fundraising and some difficult decisions around staff redundancies, as well as a rise in demand for certain services. Due to our strong and transparent relationship with Macmillan, this was all communicated in a timely and frank way. Thankfully,

as 2021 progressed, Macmillan saw a recovery in its fundraising and a corresponding recovery in the employer covenant. Even without this, the scheme was fortunate to only need to place minimum reliance on the covenant due to its strong funding level. The move out of equities by the scheme prior to Covid and the focus of the scheme's investment strategy on taking a long-term view and having built in resilience to withstand short-term fluctuations also contributed to the funding level being minimally impacted by Covid.

In terms of day-to-day scheme work, Covid gave us an opportunity to trial our ability to work remotely and test all the processes, procedures and systems we had put in place. They passed with flying colours and everyone adapted very quickly. Our advisers and our trustees have in many ways benefitted from remote working and trustee meetings have become even more efficient.

Aside from Covid, what have been your biggest challenges in recent years?

The scheme's membership is generally decreasing, and more members are transitioning from being deferred members to pensioners. As such, every year we think the scheme's workload will reduce, but this never transpires. Partly, this is due to the increasingly regulated environment pension schemes operate in. Whilst simplification is promised, complication ensues. We changed our focus to investments and funding over a decade ago but, even so, we still spend increasing amounts of time on these issues. In recent years, we have been refining our long-term objectives and our strategic investment objectives – something that needs constant oversight and consideration to ensure they remain appropriate and that everything we do contributes to their achievement. Last year we had to get our heads around what information to present in the new Implementation Statement so that members could understand how we are in practice acting on our investment strategy, as set out in our newly designed Statement of Investment Principles (SIP). With The Pensions Regulator wanting more transparency and accountability, a key challenge is translating technical pensions documents into easy-to-navigate and understand documents that are appealing to members. To help us in that task, we employed the services (paid and pro bono) of Like Minds, a creative communication agency specialising in employee engagement. With their excellent assistance, we've converted our long, staid SIP that was written for experienced investors and advisers into an interactive electronic document to be read by the public and accessible on Macmillan's website.

The scheme was recently shortlisted for a European Pensions Award. Please tell us more.

We were delighted to be shortlisted for the work we put into re-writing and re-designing the SIP. We had the easy option of placing our existing long, detailed and technical SIP which was not written for members on Macmillan's website and accepting that members would not engage with it. However, we felt that was not in the spirit of the new regulations. Instead, the trustees took the bolder decision that, despite limited resources, members deserved a readable document that would help them understand (and possibly challenge) the scheme's investment strategy. Our aim was to engage members in what most of them would consider to be a fairly dull topic, while ensuring it remained an effective functional document for our use and that of our stakeholders. Through the re-write, we hoped to help members view their pension not just as something that would provide for them in years to come, but as something that is a force for good in the world right now. We also hoped to help them understand just how crucial funding and investment is to make their retirement savings sustainable for the long term. This meant giving members confidence that the scheme will have sufficient funds to pay their DB benefits when they retire, and confidence in our investment framework and governance for the scheme's investments and their AVC investments. We were also aware that our SIP in its current format would not hold true to Macmillan's brand. Both the wording and the look and feel needed to reflect the Macmillan brand, and it needed to be simple to navigate and accessible to all. LikeMinds listened to our requirements and exceeded our expectations with what they produced.

What was the feedback from members? What impact has that had?

We did not anticipate a high level of interest in this document due to the nature of the content and lack of personalisation for members – it's a pure information-led document. The new SIP has received greater interest than we expected with a lot of members accessing it and some even contacting us to express their positive views on it. This feedback demonstrates that our new SIP is a useful document for members, is easy to use and helps members understand some of the complexity around investment of the scheme's assets. As a result, we intend to continue with this new style of communicating with members for other aspects of the scheme.

Whilst the measure of the success of our scheme is its ability to pay members' benefits without Macmillan having to provide further funding from charitable resources, it is an endorsement of all our trustees and advisers when we are nominated for an award like the European Pensions Communications Award. We are a small scheme with very limited resources, which relies a lot on the goodwill of trustees and advisers alike, and occasionally it is great to have external recognition of the job we are doing. It makes it all worthwhile.

Written by Francesca Fabrizi