

Perceptions Tracker - 2007

**A report of the main findings
March 2008**

Acknowledgement

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About the survey

Currently in its fourth wave, the 2007 survey provides the Regulator with comparative tracking data. Based on the questionnaire of the 2006 survey, minimal changes were made, enabling the establishment of meaningful insight.

As in 2006, to retain independence and ensure each respondent's anonymity, the survey was conducted by an independent third party thereby ensuring integrity and accuracy of the responses.

Included in the survey were private sector occupational pension schemes that are open, closed and frozen with 12+ members i.e.:

- DB schemes
- DC schemes
- Hybrid / mixed benefit schemes
- Insured or self-administered schemes
- Schemes in wind-up
- Trust based and contract-based schemes

The following were excluded:

- Public sector schemes
- Untraceable schemes
- Schemes that have been wound up
- Schemes that are in the process of merging/recently merged with another scheme
- Schemes currently under investigation (initiated and conducted by The Regulator)
- Occupational schemes with fewer than 12 members
- Personal pensions and designated stakeholder pensions not taken out through the workplace
- 'Death in service' cover only

Sample for the survey was provided by the Regulator. The sampling approach was consistent with that of the 2006 research and great care was taken to ensure comparability of results between the two years. The sample was divided into ten audiences, split in to two broad categories, namely in-house audiences and external audiences.

In-house audiences included:

- Lay trustees (that is, either member-nominated or employer nominated non-professional trustees)
- In-house pension scheme managers (scheme managers employed by the employer or the scheme, not by a third party providing administration services)
- In-house administrators (staff other than the scheme manager involved in the administration of the scheme and employed by the employer or the scheme and not by a third party)
- Employer (a senior decision-maker from the sponsoring employer with responsibility for pensions issues)

External audiences included:

- Professional trustees
- Third party administrators or scheme managers
- Pension scheme lawyers
- Pension scheme auditors
- Pension scheme actuaries
- Independent financial advisers or executive benefits consultants

The sample was not designed to provide a representative picture of the pensions landscape. It used a quota sample, built such that each audience type with whom the Regulator works is well represented. Individual audiences surveyed, and the number of interviews conducted, are shown in Table 1.

Table 1
Distribution of interviews

Category	Small schemes	Medium schemes	Large schemes	Total
<i>In-house audiences</i>				
Lay trustees	50	50	50	150
In-house Administrators	25	25	25	75
In-house Pension Scheme Managers	25	25	25	75
Employers	50	50	50	150
<i>External audiences</i>				
Professional trustees				50
3 rd party administrators/ scheme managers				50
Pension scheme lawyers				50
Pension scheme auditors				50
Pension scheme actuaries				50
IFAs/EBCs				50
TOTAL				750

Small, medium and large schemes were defined as those with 12 – 99 members, 100 – 999 members and 1,000+ members respectively. The distribution of interviews exactly matched that achieved in 2006.

The telephone interviews were conducted between September 12th and November 9th 2007 using a structured questionnaire. The average interview length was 27 minutes. All interviews were conducted by Critical 2, which is part of the Critical Group. All of the interviewers at Critical are experienced financial researchers, many of whom have worked on numerous pension scheme surveys.

Within this report changes between the 2006 and 2007 surveys are shown in *italics* for ease of identification. Information in normal font relates to the 2007 survey.

Where reference is made to results being statistically significant this has been measured at the 95 per cent level for changes in the 2006 and 2007 findings or

differences between audiences within the 2007 results. For the key driver analysis (chapter 6) most of the correlations found have been significant at the 99 per cent level; although two were significant at the 95 per cent level.

Executive summary

1. Tracking the Regulator's Performance Indicators

- The Regulator uses the perceptions survey to monitor its progress against nine performance indicators, namely:
 - How would you rate your understanding of new funding arrangements for Defined Benefit schemes
 - How would you rate your understanding of the Regulator's powers and stance in relation to clearance and anti-avoidance powers
 - How would you rate your understanding of the risk to Defined Contribution schemes
 - To what extent do you agree the Regulator is a trusted source of information
 - To what extent do you agree the Regulator's actions are proportionate to the risk posed
 - To what extent do you agree the Regulator is focused on the most important risks to members' benefits
 - To what extent do you agree the Regulator explains clearly why decisions affecting occupational pension schemes have been made
 - To what extent do you agree that the Regulator is consistent in its approach to pension scheme regulation
 - To what extent do you agree that the Regulator is proactive in reducing serious risks to members' benefits
- On two of the performance indicators, targets have been set for four specific audience groups (lay trustees, professional trustees, employers, actuaries); on the remaining seven performance indicators targets were set only for the total survey sample. In total, therefore, the survey provides 15 measures of how the Regulator has performed against its targets
- In the 2007 survey 11 of the performance indicators improved, 3 indicators went down and 1 remained static. Despite these developments only one target was achieved from those set in the 2007/08 Business Plan. This measure was that over 90 per cent of professional trustees described their 'understanding of the new funding arrangements for defined benefit schemes' as either 'very good' or 'good'.
- Of the eleven improvements found, four were statistically significant (at the 95 per cent level). These were:
 - Understanding the new funding arrangements for defined benefit schemes
 - Considering the Regulator a trusted information source
 - Agreeing that the Regulator acts proportionately
 - Agreeing that the Regulator acts in a consistent manner

2. Survey participants' perspective on themselves and the Regulator

- Around three-quarters of lay trustees and employers with occupational schemes felt their general understanding of pensions issues was 'very good' or 'good'. This differed in line with scheme size and was appreciably lower (just over half) from those with small schemes. Those involved with GPPs or stakeholder schemes were less confident with around half overall describing their knowledge as 'very good' or 'good'
- However, nearly all groups of respondents were very confident that they had a 'very good' or 'good' understanding of their own role and also of the role of the employer – in both instances about nine in ten did so
- Over half of respondents (**60** per cent) said their knowledge of the Regulator and what it does was either 'very good' or 'good'. However, external audiences at 90 per cent were much more confident than internal ones (**46** per cent). *These figures represented a decline from 2006 overall (64 per cent in 2006) and specifically among in-house audiences (54 per cent in 2006).*
- About two-thirds of respondents felt they had 'good' or 'very good' understanding of the Regulator's role and broadly the same proportion echoed that in respect of the Regulator's role specifically on governance. Again, on both of these, understanding was more widespread among the external as opposed to in-house audiences
- Three-quarters of respondents gave a positive response when asked about their understanding of the new funding arrangements for defined benefit schemes (one of the Regulator's performance indicators). *This represented a statistically significant improvement on the 2006 level of 69 per cent.* However, in 2007 lay trustees and employers are lagging behind in understanding and, as in many areas, those involved with small schemes are appreciably less well informed
- Just under two-thirds felt they had a 'good' or 'very good' understanding of the Regulator's power and stance in relation to clearance and anti-avoidance; another of the Regulator's performance indicators
- On the final 'understanding' performance indicator, regarding appreciation of the risks to defined contribution schemes, overall three quarters felt their knowledge was 'very good' or 'good'
- When survey participants were asked to rate how important it was that the Regulator undertook thirteen specific functions, three stood out as being considered easily the most important, being described as 'very important' by around three-quarters:
 - Investigates and prevents pension scheme misconduct or breaches and takes disciplinary action as appropriate
 - Ensures employers fulfil their obligations to scheme members
 - Protect scheme members' benefits
- A high degree of consensus emerged when participants were also asked to identify important 'behaviours and characteristics' of the Regulator. The top priorities, each described as 'very important' by more than four out of five were
 - Have well-informed staff
 - Provide a clear, easy to understand response to enquiries
 - Be open in its dealings

3. Survey participants' contact with the Regulator

- Around nine in ten participants had had some contact with the Regulator in the past twelve months; *this was essentially the same level as recorded in 2006*
- The most widely used communications channels were the website (71 per cent), email or letter correspondence (65 per cent) the trustee toolkit (50 per cent) and by telephone (48 per cent)
- *Compared with 2006, two statistically significant changes had occurred:*
 - *Use of the trustee toolkit was up from 42 per cent to 50 per cent*
 - *The proportion having visited a stand run by the Regulator at an exhibition or conference was down from 12 per cent to nine per cent*
- Among those who had been in contact by telephone the median number of calls in the year was three. However, almost a third of those making contact by telephone made six or more calls in the year. *Both the median number of calls made and the proportion of callers making six or more calls in the year were virtually unchanged from 2006.*
- The team or department spoken to by the greatest proportion of callers was 'scheme return'; *however, the only statistically significant change compared with 2006 was an increase in the proportion contacting the scheme specific funding team*
- The proportion that had been in contact in the previous three months was approximately half (49 per cent); *again this was virtually unchanged from the findings in 2006. There were, however, some statistically significant changes in the reasons for contact. These were:*
 - *An increase in calls for 'advice on scheme return'*
 - *A decrease in 'scheme return query'*
 - *A decrease in calls regarding the trustee toolkit*

4. Evaluation of the Regulator's performance

- Eight per cent described their overall evaluation of the Regulator as 'very good' but 53 per cent felt it was 'good' making a total of 61 per cent having a positive opinion
 - *This was statistically significantly better than in 2006 when seven per cent had said 'very good' and 45 per cent 'good' for a positive rating from 52 per cent in total*
 - *The statistically significant improvement covered both in-house audiences (from 47 per cent to 55 per cent) and external audiences (from 60 per cent to 70 per cent)*
- When participants were asked directly how they felt the Regulator's performance had changed over the past year a third (33 per cent) said it had improved compared with only three percent who felt there had been deterioration. Lay trustees from large and medium schemes, professional trustees and lawyers were most positive in terms of feeling there had been an improvement in the past year
- Confidence in the Regulator and its impact was shown by four fifths of respondents stating that if the Regulator did not exist the risks to members' benefits would increase; only three per cent felt that the risks would actually decrease
- On thirteen functions on which participants were asked about the effectiveness of the Regulator, the proportion giving a positive evaluation (either 'very effective' or 'fairly effective') ranged between almost one in ten, 88 per cent, on 'provides codes of practice' and around half, 52 per cent, on 'address the risks to defined contribution schemes'
 - *Compared with 2006 there had been an improvement on all but one of the thirteen functions, seven of which were statistically significant. The one which failed to improve was 'ensure employers fulfil their obligations to scheme members'*
- Combining information on stated importance and performance, three functions emerged as ones which may be considered priorities for action:
 - Work with government to ensure that regulation is appropriate (4th in importance; 11th on effective performance)
 - Ensure employers fulfil their obligations to scheme members (2nd and 9th)
 - Investigate and prevent pension scheme misconduct or breaches and take disciplinary action as required (1st and 7th)
- On the nine 'behaviours and characteristics' positive evaluations of the Regulator's effectiveness ranged between three-quarters (79 per cent) on 'provide good quality on-line learning material' and just under half (48 per cent) on each of 'consult you on issues before taking action' and 'be pro-active in addressing underlying problems'. *No statistically significant changes had occurred since 2006*
- Again based on reviewing the combination of stated importance and perceived effectiveness, it emerged that the Regulator was performing well on the three areas of key importance, namely 'have well-informed staff'; provide a clear and easy to understand response to your enquiry' and 'be open in its dealings with you'. However, a possible priority for action might be 'consult you on issues before taking action' which was fourth in importance but eighth on effectiveness

- When participants were asked whether they agreed or disagreed with a battery of 15 statements about the Regulator, its perceived real strengths and achievements lay in the areas of information provider and impact and effectiveness. The statements gaining the greatest agreement were:
 - Is a trusted source of information
 - I would recommend the Regulator as a source of information to others
 - Has sufficient powers to make a difference
 - Is able to influence improvements in governance and the administration of pension schemes
- At the other end of the scale fewer than half agreed with three statements although this may reflect lack of knowledge of the Regulator's activities (or perceived lack of relevance to individual respondents) as much as criticism or disagreement. These statements were:
 - The Regulator explains clearly why decisions affecting GPPs and stakeholder pensions have been made
 - The Regulator works well with government to ensure that regulation is appropriate
 - The Regulator explains clearly why decisions affecting occupational pension schemes have been made
- The results on one statement are difficult to interpret. Unlike all the others, the statement 'the Regulator needs to raise its profile' is not in the format that agreement can be seen as a positive evaluation or endorsement. In the event, results were very mixed with half (48 per cent) agreeing while a quarter (23 per cent) disagreed. In-house audiences tended to think work was needed in this area while the external ones were either evenly split or, in the case of lawyers and actuaries, actually strongly opposed to the Regulator seeking to increase its profile further
- Generally very positive results emerged when respondents were asked whether they agreed with nine single word descriptors of the Regulator. The most frequent associations (in each case by more than three-quarters) were that the Regulator is 'professional', 'credible', 'informative' and 'educative'. However, fewer than half agreed that the Regulator was 'transparent' or that it 'had a light touch'
 - *The only statistically significant change compared with 2006 was an increase in the proportion viewing the Regulator as 'educative'*

5. Evaluation of the Regulator's communications

- Almost two-thirds of those who had been in contact with the Regulator had been 'very satisfied' or 'satisfied' compared with only eight per cent who were 'not satisfied' or 'not at all satisfied'. *This result was essentially the same as that recorded in 2006*
- The proportion finding the information provided to them as 'very useful' or 'quite useful' ranged from three quarters when letter or email correspondence had been involved to more than nine out of ten in the case of the trustee toolkit. *These proportions were better almost across the board than in 2006 but the changes were not statistically significant.*
- Separate measures of the usefulness of information obtained by telephone were gathered for each of the teams or departments contacted. All showed between two-thirds and four-fifths describing the information provided in

positive terms; there were differences between teams but these were not statistically significant

- In order, the website, email, telephone contact with the customer support team and the trustee toolkit were considered the most useful contact points for getting information
- Very high satisfaction levels were recorded from those who had dealt with the Regulator on specific topics in the previous three months. The highest satisfaction levels were with 'learning support via the trustee toolkit', 'general news updates' and 'technical guidance documents updates'. The lowest levels of satisfaction were from those involved with an investigation or having a scheme return query. Satisfaction levels had mainly improved since 2006 but not to an extent that was statistically significant

6. Key driver analysis

- Key driver analysis is based on identifying correlations between survey participants' overall satisfaction with the Regulator and their assessment of performance in specific areas. It is used to identify the derived rather than stated importance of improving performance in particular areas by highlighting where improvement in service provision or image can be expected to have the greatest impact on users' views of the Regulator. It identifies high priority improvement areas – those where performance is below average on aspects which are important in determining overall satisfaction
- Among the in-house audiences the analysis did not identify any high priority improvement areas on the 14 surveyed functions since the Regulator was performing well on all the most influential functions. Lower priority improvement areas were identified as:
 - Reduce the risk of claims to the PPF
 - Strengthen the funding of defined benefit schemes
 - Work with the government to ensure that regulation is appropriate
 - Address the risks to defined contribution schemes
- Similar analysis on the one word descriptors again found no high priorities for action but secondary priorities were:
 - Transparent
 - Has a light touch
- Among the external audiences, high priority improvement areas in respect of the 14 functions were:
 - Ensure employers fulfil their obligations to scheme members
 - Work with the government to ensure that regulation is appropriate
- The only high priority improvement area amongst the one word descriptors was 'transparent' although 'has a light touch' was a lower priority improvement area
- Finally on key driver analysis, priorities for action on the surveyed 'behaviours and characteristics' were analysed for in-house and external audiences combined. This identified two high priority improvement areas, 'consult you on issues before taking action' and 'understand the requirements of your scheme'. A lesser priority was 'be open in its dealings with you'

- Comparing these derived priorities with those deduced from stated importance shows that all but one of the areas highlighted for action based on stated importance are confirmed by the key driver analysis. The one area that is highlighted for action based on stated importance but does not emerge from the key driver analysis is to 'investigate and prevent pension scheme misconduct or breaches and take disciplinary action as required'. The three over which the two analysis approaches are agreed in identifying for action are:
 - Work with government to ensure regulation is appropriate
 - Ensure employers fulfil their obligations to scheme members
 - The Regulator consults you on issues before taking action

7. Looking to the future

- Two priorities emerged when respondents were given an open-ended opportunity to say what they felt the Regulator's priorities should be for the next year. These were:
 - Provide guidance and training for trustees
 - Protect members' rights and benefits

Report of findings

1 Tracking the Regulator's Performance Indicators

1.1 *Targets set in the Business Plan*

The Regulator's Business Plan for 2007-08 set out its key objectives, aligned to the themes identified in the Medium term strategy. These objectives were derived from the strategy's three-year key performance indicators. Performance measures were established for each objective including several derived from this perceptions tracker.

The individual performance indicators being measured via the results of the survey are summarised in the following table. This identifies the Medium term strategy theme to which each is related; the relevant perceptions tracker question; whether targets in the 2007-08 Business Plan were set overall or among specific audiences; and the individual targets set which were to be measured by the 2007 Perceptions tracker in comparison with the 2006 results. In all cases the targets were set at the level of the proportion of respondents who answered the relevant tracker question with either of the top two responses from a five point scale.

Table 2

Performance indicators specified in the Business Plan 2007-08 to be measured via the perceptions tracker

Medium term strategy theme	Perceptions tracker question	Relevant audience	2006 result	2007 target
Theme 1: Strengthen DB scheme funding	How would you rate your understanding of new funding arrangements for Defined Benefit schemes	Lay trustees	61%	70%
		Professional trustees	76%	90%
		Employers	63%	75%
		Actuaries	98%	98%
	How would you rate your understanding of the Pension Regulator's powers and stance in relation to clearance and anti-avoidance powers	Lay trustees	55%	65%
		Professional trustees	79%	85%
		Employers	52%	65%
		Actuaries	69%	75%
Theme 3: Address risks to DC scheme members	How would you rate your understanding of the risk to Defined Contribution schemes	Overall	70%	80%
Theme 4: Deliver effective risk-based regulation	To what extent do you agree the regulator is a trusted source of information	Overall	78%	85%
	To what extent do you agree the regulator's actions are proportionate to the risk posed	Overall	43%	55%
	To what extent do you agree the Regulator is focused on the most important risks to members' benefits	Overall	61%	70%
	To what extent do you agree the Regulator explains clearly why decisions affecting occupational pension schemes have been made	Overall	49%	60%
	To what extent do you agree that the Regulator is consistent in its approach to pension scheme regulation	Overall	51%	60%
	To what extent do you agree that the Regulator is proactive in reducing serious risks to members' benefits	Overall	55%	65%

Thus, the Regulator had included nine Performance Indicators in its Business Plan which were to be measured in the Perceptions tracking study. Due to the setting of performance targets at the level of individual audiences on two of the indicators, a total of 15 separate measurements were to be monitored for the purposes of tracking the Regulator's performance against the Plan.

As shown in Table 2, the Regulator had set aggressive targets and was aiming to achieve improvements on 14 of the targets and to maintain already extremely high performance on the remaining one, namely the level of understanding among actuaries of new funding arrangements for Defined Benefit schemes.

1.2 Performance against the Business Plan targets

Against these targets, the 2007 Perceptions tracker recorded the outcomes shown in Table 3. In aggregate, performance improved in 11 instances, was unchanged once and declined three times. However, despite the large number of improvements recorded the target was only reached in one instance.

Table 3

Outcomes against Performance Indicator targets

Outcome	Number of measurements on which achieved
Performance improved, target achieved	1
Performance improved, target not yet achieved	10
Performance unchanged, target not yet achieved	1
Performance deteriorated, target not yet achieved	3

Table 4 provides a detailed comparison of the 2007 results against performance in 2006 and against the Business Plan target.

Table 4

Performance on indicators specified in the Business Plan 2007-08 measured via the perceptions tracker

Perceptions tracker question	Relevant audience	2006 result	2007 target	2007 result	Change
How would you rate your understanding of new funding arrangements for Defined Benefit schemes	Lay trustees	61%	70%	65%	IMPROVED
	Professional trustees	76%	90%	91%	IMPROVED
	Employers	63%	75%	68%	IMPROVED
	Actuaries	98%	98%	94%	DECLINED
How would you rate your understanding of the Pension Regulator's powers and stance in relation to clearance and anti-avoidance powers	Lay trustees	55%	65%	50%	DECLINED
	Professional trustees	79%	85%	84%	IMPROVED
	Employers	52%	65%	53%	IMPROVED
	Actuaries	69%	75%	63%	DECLINED
How would you rate your understanding of the risk to Defined Contribution schemes	Overall	70%	80%	75%	IMPROVED
To what extent do you agree the regulator is a trusted source of information	Overall	78%	85%	84%	IMPROVED
To what extent do you agree the regulator's actions are proportionate to the risk posed	Overall	43%	55%	51%	IMPROVED
To what extent do you agree the Regulator is focused on the most important risks to members' benefits	Overall	61%	70%	63%	IMPROVED
To what extent do you agree the Regulator explains clearly why decisions affecting occupational pension schemes have been made	Overall	49%	60%	49%	NO CHANGE
To what extent do you agree that the Regulator is consistent in its approach to pension scheme regulation	Overall	51%	60%	57%	IMPROVED
To what extent do you agree that the Regulator is proactive in reducing serious risks to members' benefits	Overall	55%	65%	57%	IMPROVED

Table 5 focuses specifically on the amount of change between the 2006 and 2007 surveys and lists the 15 Performance Indicator/ Audience combinations in rank order according to the scale of change recorded. Changes which were statistically significant were:

- *Respondents' understanding of new funding arrangements for Defined Benefit schemes*
- *Agree the Regulator is a trusted source of information*
- *Agree the Regulator's actions are proportionate to the risk posed*
- *Agree the Regulator is consistent in its approach to pension scheme regulation*

Table 5*Ratings on Performance indicators: 2006 vs. 2007*

Performance indicator	Audience	2006 result	2007 result	Change
Respondents' understanding of new funding arrangements for Defined Benefit schemes	Professional trustees	76%	91%	+15
Agree the Regulator's actions are proportionate to the risk posed	Overall	43%	51%	+8
Agree the Regulator is consistent in its approach to pension scheme regulation	Overall	51%	57%	+6
Agree the Regulator is a trusted source of information	Overall	78%	84%	+6
Respondents' understanding of the Regulator's powers and stance in relation to clearance and anti-avoidance powers	Professional trustees	79%	84%	+5
Respondents' understanding of the risk to Defined Contribution schemes	Overall	70%	75%	+5
Respondents' understanding of new funding arrangements for Defined Benefit schemes	Employers	63%	68%	+5
Respondents' understanding of new funding arrangements for Defined Benefit schemes	Lay trustees	61%	65%	+4
Agree the Regulator is focused on the most important risks to members' benefits	Overall	61%	63%	+2
Agree that the Regulator is proactive in reducing serious risks to members' benefits	Overall	55%	57%	+2
Respondents' understanding of the Regulator's powers and stance in relation to clearance and anti-avoidance powers	Employers	52%	53%	+1
Agree the Regulator explains clearly why decisions affecting occupational pension schemes have been made	Overall	49%	49%	0
Respondents' understanding of new funding arrangements for Defined Benefit schemes	Actuaries	98%	94%	-4
Respondents' understanding of the Regulator's powers and stance in relation to clearance and anti-avoidance powers	Lay trustees	55%	50%	-5
Respondents' understanding of the Regulator's powers and stance in relation to clearance and anti-avoidance powers	Actuaries	69%	63%	-6

2 Survey participants' perspective on themselves and the Regulator

This chapter firstly explores participants' knowledge of the regulator and, among internal audiences, of issues relevant to the type of pension scheme with which they are involved. It then explores how they rate their own understanding of specific issues, three of which are included in the performance indicators reported in chapter 1. Lastly, it explores participants' views on what is important regarding how the Regulator behaves and what it does.

Participants' assessments of the Regulator's performance are detailed in chapter 4.

2.1 Participants' knowledge

2.1.1 General understanding of pensions matters

Participants provided an assessment of their own level of general understanding of matters relating to their type of scheme; separate questions were asked of in-house groups involved with occupational schemes, GPPs and stakeholders.

Looking first at occupational schemes, among lay trustees almost three-quarters (72 per cent) described themselves as having 'very good' or 'good' understanding of matters relating to such schemes. Trustees from small schemes were less confident (54 per cent) compared with 78 per cent for those from medium schemes and 83 per cent for trustees from large schemes.

Employers showed almost identical levels of confidence overall; in total 76 per cent described themselves as having a 'very good' or 'good' understanding. Again there was a clear difference by size; among those with small schemes 56 per cent claimed a 'very good' or 'good' level of understanding which increased to 79 per cent from those with medium sized schemes and 86 per cent from those with large schemes.

The same question was asked of employers in respect of GPP schemes and issues. Across the 46 employers who qualified to be asked, the level of confidence about their knowledge was lower than from those with occupational schemes. Thus, less than half (44 per cent) said their understanding of issues relevant to GPPs was 'very good' or 'good'. The same pattern was shown by size of scheme although sample sizes are too small for the findings to be definitive. However, among 20 participants with small schemes the proportion saying 'very good' or 'good' was 25 per cent, compared with 47 per cent of those with medium schemes (17 respondents) and 78 per cent of those with large schemes (nine respondents).

Finally, forty employers with stakeholder schemes were also asked about their understanding of matters relating to stakeholder pensions. Overall a slightly higher proportion gave a positive response than among the employers with GPPs. Overall, 58 per cent felt their understanding was 'very good' or 'good'. Variations by size were: those with small schemes 47 per cent (17 respondents); with medium schemes 46 per cent (13 respondents); and with large schemes 70 per cent (10 respondents).

2.1.2 Understanding of own role and that of the employer

Nearly all groups of respondents were very confident that they had a 'very good' or 'good' understanding of their own role. Overall, 90 per cent (92 per cent in 2006) said that they had. There were some groups, however, expressing less certainty. The ones with the greatest proportions giving less confident answers are shown in Table 6. All of these are in-house rather than external audiences.

Table 6

Groups with the greatest proportions lacking in confidence regarding understanding of their own role

Group	Proportion <u>not</u> saying 'very good' or 'good'
Small in-house administrators	32%
Small Employers	28%
Small lay trustees	22%
Medium in-house administrators	16%

Groups who lacked knowledge of the Regulator were more likely to be uncertain regarding their own role, as were those who were critical of the Regulator's performance. Thus, among those describing their knowledge of the Regulator as 'poor' 41 per cent gave low ratings to their understanding of their own role. Also, among those describing the Regulator's performance as 'poor' the comparable figure was 18 per cent.

When asked how well they thought they understood the role of 'their employer' again nearly nine in ten of participants (86 per cent) described their knowledge as 'very good' or 'good'. Groups who were less positive are shown in Table 7.

Table 7

Groups with greatest proportions lacking in confidence regarding understanding of their employer's role

Group	Proportion <u>not</u> saying 'very good' or 'good'
Small in-house administrators	32%
Small Employers	27%
Small lay trustees	24%
Small schemes	22%
IFAs/Benefit consultants	18%
Small pension scheme managers	17%
Medium lay trustees	16%
Pension scheme lawyers	16%

Again, those who knew less about the Regulator, or who were critical of the Regulator's performance, were less likely to express confidence in their knowledge of the employer's role.

2.1.3 Knowledge of the Pensions Regulator and what it does

Over half of participants (60 per cent) rated their knowledge of 'the Pensions Regulator and what it does' as either 'very good' (15 per cent) or 'good' (44 per cent). External audiences (80 per cent) were significantly more knowledgeable than were internal audiences (47 per cent).

These results were not as positive as those recorded in 2006 when 64 per cent had rated their knowledge as 'very good' or 'good'. Among external audiences the figure was also 80 per cent but for those in-house it had been 54 per cent. The overall decline, and that among the in-house audiences, were each statistically significant.

Amongst the external audiences in 2007, the highest levels of knowledge were recorded by professional trustees (90 per cent; 78 per cent in 2006) and pension scheme lawyers (also 90 per cent; 94 per cent in 2006). The lowest levels were reported by third party administrators (64 per cent; 58 per cent in 2006) and auditors (70 per cent; 74 per cent in 2006).

Turning to the different internal audiences, pension scheme managers showed the greatest knowledge (65 per cent; 64 per cent in 2006) followed by lay trustees (43 per cent; 58 per cent in 2006), employers (42 per cent; 46 per cent in 2006), and finally in-house administrators (40 per cent; 50 per cent in 2006).

However, as elsewhere, major differences were found by size of scheme. The lowest recorded levels of knowledge among the internal audiences were lay trustees from small schemes (28 per cent), employers with small schemes (28 per cent), in-house administrators from small schemes (32 per cent), and in-house administrators from medium schemes (33 per cent). The exception to this was pension scheme managers; even among small schemes over half of these managers (52 per cent) said their knowledge was either 'very good' or 'good'.

2.1.4 Understanding the Pensions Regulator's role

When asked how well they understood the Pensions Regulator's role almost two-thirds (63 per cent) felt their understanding was 'very good' or 'good'. Again there was a clear difference between external (82 per cent) and in-house respondents (50 per cent).

None of these results represented statistically significant changes from the previous survey. Then, overall, 67 per cent had answered 'very good' or 'good' made up of 83 per cent from external groups and 57 per cent from in-house respondents.

In 2007, the lowest proportion among external audiences was 70 per cent (Third party administrators and auditors). Among internal audiences, fewer than half felt their understanding was 'very good' or 'good' among in-house administrators (37 per cent) and lay trustees (47 per cent). Less than a quarter (24%) of in-house administrators from small schemes has a very good or good understanding of the Pension Regulator's role.

2.1.5 Understanding the Pensions Regulator's role on governance

On this specific aspect of the Regulator's role over two-thirds (68 per cent) said their understanding was 'very good' or 'good'; the proportions were 81 per cent among external audiences and 60 per cent of internal ones.

The only groups where the proportion saying 'very good' or 'good' fell below 50 per cent were:

- In-house administrators from small schemes (29 per cent)
- Lay trustees from small schemes (40 per cent)
- Employers with small schemes (43 per cent)

2.1.6 Understanding the new funding arrangements for Defined Benefit schemes (Performance indicator)

The Regulator has set Performance Indicator targets on this topic to improve understanding specifically among lay trustees, professional trustees, employers and actuaries. Performance and progress on these is reported in chapter 1.

Overall, three-quarters of participants (76 per cent) described their knowledge as 'very good' or 'good'. *This represented a statistically significant improvement over the 2006 figure of 69 per cent.* The 2007 figures also show a significant difference between the levels of knowledge felt by external audiences (83 per cent) compared with those in-house (70 per cent).

Table 8 provides the full breakdown of the 2007 results across each of the different audiences covered in the survey. This shows lay trustees and employers lagging behind in understanding and also a clear trend for understanding to be higher in larger rather than smaller schemes.

Table 8

Proportion rating their understanding of new funding arrangements for DB schemes as 'very good' or 'good'

How well do you rate your understanding of			
Top 2 boxes (Very good or Good)			
Overall	76%	Employers	68%
All internal audiences	70%	<i>Small</i>	50%
Lay trustees	65%	<i>Medium</i>	59%
<i>Small</i>	39%	<i>Large</i>	83%
<i>Medium</i>	76%	All external audiences	84%
<i>Large</i>	76%	Professional trustees	91%
Scheme managers	82%	3rd party administrators/ scheme managers	67%
<i>Small</i>	69%	Pension scheme lawyers	86%
<i>Medium</i>	76%	Pension scheme auditors	72%
<i>Large</i>	96%	Pension scheme actuaries	94%
Administrators	68%	IFAs/EBCs	87%
<i>Small</i>	56%	All small scheme participants	56%
<i>Medium</i>	67%	All medium scheme participants	78%
<i>Large</i>	74%	All large scheme participants	84%

2.1.7 Understanding of the Pensions Regulator's power and stance in relation to clearance and anti-avoidance (Performance indicator)

As with the preceding section, the Regulator has set Performance Indicator targets to improve understanding specifically among lay trustees, professional trustees, employers and actuaries. Performance and progress on these is reported in chapter 1.

Overall, 63 per cent (61 per cent in 2006) described their understanding as 'very good' or 'good'. Among all external audiences the figure was 74 per cent compared with 54 per cent of in-house audiences.

Table 9 provides the full breakdown of the 2007 results across each of the different audiences covered in the survey. Again this shows a clear pattern by scheme size. Also, of the 'target' audiences, professional trustees have a high level of understanding while lay trustees and employers are lagging behind and actuaries are below average for external audiences.

Table 9

Proportion rating their understanding of the Pensions Regulator's power and stance in relation to clearance and anti-avoidance as 'very good' or 'good'

How well do you rate your understanding of			
Top 2 boxes (Very good or Good)			
Overall	63%	Employers	53%
All internal audiences	54%	<i>Small</i>	40%
Lay trustees	50%	<i>Medium</i>	48%
<i>Small</i>	41%	<i>Large</i>	63%
<i>Medium</i>	50%	All external audiences	74%
<i>Large</i>	59%	Professional trustees	84%
Scheme managers	67%	3rd party administrators/ scheme managers	64%
<i>Small</i>	53%	Pension scheme lawyers	88%
<i>Medium</i>	63%	Pension scheme auditors	75%
<i>Large</i>	80%	Pension scheme actuaries	63%
Administrators	46%	IFAs/EBCs	69%
<i>Small</i>	25%	All small scheme participants	50%
<i>Medium</i>	43%	All medium scheme participants	64%
<i>Large</i>	58%	All large scheme participants	70%

2.1.8 Understanding of the risks to Defined Contribution schemes (Performance indicator)

This is another 'understanding' topic on which the Regulator has set Performance Indicator targets to improve understanding among lay trustees, professional trustees, employers and actuaries. As with the other performance indicators, performance and progress on these is reported in chapter 1.

Overall, 75 per cent (75 per cent also in 2006) described their understanding as 'very good' or 'good'. Among all external audiences the figure was 84 per cent compared with 69 per cent of in-house audiences.

Table 10 provides the breakdown of the 2007 results across each of the different audiences covered in the survey. The familiar patterns emerge of external audiences being significantly more likely to feel they understand the issue and a clear relationship with size of scheme.

Table 10

Proportion rating their understanding of the risks to Defined Contribution schemes as 'very good' or 'good'

How well do you rate your understanding of			
Top 2 boxes (Very good or Good)			
Overall	75%	Employers	69%
All internal audiences	69%	<i>Small</i>	61%
Lay trustees	70%	<i>Medium</i>	72%
<i>Small</i>	52%	<i>Large</i>	74%
<i>Medium</i>	68%	All external audiences	84%
<i>Large</i>	84%	Professional trustees	90%
Scheme managers	74%	3rd party administrators/ scheme managers	68%
<i>Small</i>	53%	Pension scheme lawyers	81%
<i>Medium</i>	78%	Pension scheme auditors	81%
<i>Large</i>	93%	Pension scheme actuaries	88%
Administrators	61%	IFAs/EBCs	98%
<i>Small</i>	47%	All small scheme participants	64%
<i>Medium</i>	60%	All medium scheme participants	78%
<i>Large</i>	75%	All large scheme participants	82%

2.2 *Participants' views on what is important*

2.2.1 Importance of different functions undertaken by the Regulator

Participants were asked to rate how important they considered it to be that the Regulator undertook each of a prompted list of functions. A total of thirteen functions were reviewed on which there was a relatively high degree of consensus as to which were the most important.

Taking all respondents together, three functions emerged as the most important with between 72 per cent and 75 per cent describing them as 'very important'. These were that the Regulator:

- Investigates and prevents pension scheme misconduct or breaches and takes disciplinary action as appropriate (75 per cent)
- Ensures employers fulfil their obligations to scheme members (74 per cent)
- Protect scheme members' benefits (72 per cent)

These were followed by a further four functions which were considered 'very important' by between 58 per cent and 65 per cent. These were:

- Provides codes of practice (65 per cent)
- Work with the government to ensure regulation is appropriate (65 per cent)
- Provide guidance, e.g. The Pensions Regulator Notes, at a glance guide, news by email (63 per cent)
- Improve trustee knowledge and understanding (58 per cent)

The remaining functions were rated as 'very important' by 50 per cent or fewer of the participants. Full details are shown in Table 11. This also reveals that, generally speaking, there was little difference in the rank order of importance between external and in-house respondents; however, the exception to this was the function to 'provide guidance' which was ranked third in importance among external audiences compared with seventh for those in-house.

Table 11*Rating of importance of different Pensions Regulator functions*

Functions (prompted)	Proportion describing function as 'very important'	Rank order among external audiences	Rank order amongst in-house audiences
Investigate and prevent pension scheme misconduct or breaches and take disciplinary action as appropriate	75%	1st =	2nd =
Ensure employers fulfil their obligations to scheme members	74%	2nd	1st
Protect scheme members' benefits	72%	3rd	4th =
Provide codes of practice	65%	1st =	3rd
Work with the Government to ensure that regulation is appropriate	65%	4th	4th =
Provide guidance (e.g. The Pensions Regulator Notes, at a glance guide, news by email etc)	63%	1st =	2nd =
Improve trustee knowledge and understanding	58%	3rd	2nd =
Enable effective and timely clearance of corporate transactions	50%	5th =	7th
Improve standards in scheme governance & administration	45%	5th =	5th
Reduce the risks of claims to the PPF / Pension Protection fund	44%	7th =	8th
Provide expert help and guidance on pensions matters generally	39%	7th =	6th
Strengthen the funding of defined benefit schemes (Final Salary schemes)	39%	6th	10th
Address the risks to defined contribution schemes (Money purchase schemes)	32%	8th	9th

Table 12 identifies where particular audiences placed significantly greater or less importance on individual functions.

Table 12

Variations in rating of importance of Pensions Regulator functions by individual audiences

Functions (prompted)	Above average proportion describing function as 'very important'	Below average proportion describing function as 'very important'
Investigate and prevent pension scheme misconduct or breaches and take disciplinary action as appropriate	Lay trustees	Actuaries
Ensure employers fulfil their obligations to scheme members	Lay trustees Auditors	Lawyers Actuaries
Protect scheme members' benefits	In-house administrators	Actuaries
Provide codes of practice	Lay trustees – medium Auditors	Lay trustees - small
Work with the Government to ensure that regulation is appropriate		Employers - small
Provide guidance (e.g. The Pensions Regulator Notes, at a glance guide, news by email etc)		Employers – small & medium
Improve trustee knowledge and understanding		Lawyers Actuaries
Enable effective and timely clearance of corporate transactions	Professional trustees	Pension scheme managers Employers
Improve standards in scheme governance & administration	In-house administrators	Actuaries
Reduce the risks of claims to the PPF / Pension Protection fund	Lay trustees	Actuaries
Provide expert help and guidance on pensions matters generally	In-house administrators	Actuaries
Strengthen the funding of defined benefit schemes (Final Salary schemes)		
Address the risks to defined contribution schemes (Money purchase schemes)	In-house administrators	

2.2.2 Importance of different behaviours and characteristics

A high degree of consensus emerged regarding which prompted behaviours and characteristics of the Regulator were considered the most important. Three stood out clearly ahead of all others, based on the proportion describing them as ‘very important’:

- Have well-informed staff (85 per cent)
- Provide a clear, easy to understand response to your enquiry (83 per cent)
- Be open in its dealings with you (81 per cent)

All the other attributes tested fell into a relatively narrow range of between 56 per cent and 43 per cent describing them as ‘very important’. There was also little variation in the views of external and in-house audiences although the latter were more interested in pro-activity on behalf of the Regulator. Full results are shown in Table 13.

Table 13

Rating of importance of different Pensions Regulator behaviours and characteristics

Behaviours and characteristics (prompted)	Proportion describing as ‘very important’	Rank order among external audiences	Rank order amongst in-house audiences
Have well-informed staff	85%	1 st	2 nd
Provide a clear, easy to understand response to your enquiry	83%	2 nd	1 st
Be open in its dealings with you	81%	3 rd	3 rd
Consult you on issues before taking action	56%	4 th	4 th =
Understand the requirements of your scheme	52%	5 th =	6 th
Be easy to contact on a day to day basis	51%	5 th =	8 th =
Provide a prompt service	51%	7 th	7 th
Be proactive in addressing underlying problems	50%	8 th	4 th =
Provide good quality on-line learning material	43%	9 th	8 th =

Examples of individual audiences who placed well above average importance on specific behaviours and characteristics are summarised in Table 14. This demonstrates that the overall rating of ‘provide good quality on-line learning material’ has been pulled down in part by indifference among expert external audiences; it is significantly more highly rated among its key target audiences.

Table 14

Variations in rating of importance of Pensions Regulator behaviours and characteristics

Behaviours and characteristics (prompted)	Above average proportion describing as 'very important'	Proportion describing as 'very important'
Consult you on issues before taking action	Professional trustees	78%
Have well-informed staff	Lay trustees – Large schemes	96%
	Third party administrators	94%
Understand the requirements of your scheme	Auditors	72%
Provide a prompt service	Lawyers	70%
Be proactive in addressing underlying problems	Lay trustees – small and medium schemes	64%
Provide good quality on-line learning materials	Lay trustees	51%
	In-house administrators	59%

3 Survey participants' contact with the Regulator

This chapter explores in detail how much contact participants have had with the Regulator in the past year and then more specifically in the previous three months.

Their assessments of the usefulness of these contacts are provided in chapter 5 which covers evaluations of the Regulator's performance in terms of communications.

3.1 Contact with the Regulator in the past 12 months

3.1.1 Any contact with the Regulator

Nearly all the survey participants (91 per cent; *88 per cent in 2006*) had some contact with the regulator in the previous 12 months. However, groups where fewer than nine in ten had any contact were:

- Employers with small schemes (72 per cent)
- Pension scheme managers of small schemes (76 per cent)
- Lay trustees of medium schemes (84 per cent)
- In-house administrators of small and medium schemes (both 84 per cent)
- Employers with medium sized schemes (84 per cent)

3.1.2 Proportions having used individual communications channels

The most widely used communications channel was via the website which had been used by 71 per cent of survey participants, followed by through letter or email correspondence (65 per cent), via the Trustee toolkit e-learning programme (50 per cent), by telephone (48 per cent) and by receiving the Regulator's email news service or email alerts (46 per cent).

Use by external audiences was generally much wider than by in-house ones. Overall 95 percent of external participants had been in contact with the Regulator compared with 88 per cent of those in-house. Use of all channels was greater by external survey participants except use of the Trustee Toolkit where in-house audiences made slightly greater usage. Full details are shown in Table 15.

Table 15*Contact with the Regulator over the past 12 months via different channels*

Channels used (prompted)	Proportion having used	Proportion among external audiences having used	Proportion among in-house audiences having used
Via website	71%	82%	63%
Letter or email correspondence	65%	75%	59%
Trustee Toolkit	50%	48%	51%
Telephone	48%	64%	37%
Email news service or alerts	46%	57%	38%
Seminars or workshops run by the Regulator	16%	27%	9%
Consultation events	15%	22%	10%
Face to face meetings	10%	19%	4%
Pensions Regulator stands at exhibitions or conferences	9%	13%	7%

Compared with 2006, only two statistically significant changes have occurred. Use of the trustee toolkit has climbed from 42 per cent to 50 per cent while the proportion having visited a Regulator's stand at an exhibition or conference has fallen from 14 per cent to nine per cent. Details are in Table 16.

Table 16

Contact with the Regulator over the past 12 months via different channels: 2006 vs. 2007

Channels used (prompted)	Proportion having used 2006	Proportion having used 2007
Via website	70%	71%
Letter or email correspondence	67%	65%
Trustee Toolkit	42%	50%
Telephone	48%	48%
Email news service or alerts	46%	46%
Seminars or workshops run by the Regulator	17%	16%
Consultation events	17%	15%
Face to face meetings	10%	10%
Pensions Regulator stands at exhibitions or conferences	14%	9%

Significantly above average use of specific channels in 2007 was recorded by the audiences detailed in Table 17.

Table 17*Above average use of communications channels by individual audiences*

Communications channels (prompted)	Above average proportion having used in past 12 months	Proportion having used in past 12 months
Via website (71%)	Professional trustees	88%
	Lawyers	84%
	Actuaries	84%
Letter or email correspondence (65%)	Actuaries	84%
	Professional trustees	80%
	Lawyers	80%
	IFA/ Benefit consultants	80%
Trustee Toolkit (50%)	Third party administrators	78%
	Lay trustees from large schemes	82%
Telephone (48%)	Professional trustees	66%
	Lawyers	82%
	Professional trustees	76%
	IFA/Benefit consultants	72%
Email news service or alerts (46%)	Actuaries	72%
	Actuaries	72%
	Professional trustees	68%
Seminars or workshops (16%)	Auditors	62%
	Professional trustees	46%
	Actuaries	40%
Consultation events (15%)	Lawyers	34%
	Professional trustees	38%
	Actuaries	28%
Face to face meetings (10%)	Professional trustees	36%
	Lawyers	28%
	Actuaries	22%

3.1.3 Pattern of exposure to the Trustee Toolkit

As already shown, overall half of survey participants had made use of the Trustee Toolkit in the preceding year, especially lay trustees from large schemes (82 per cent) and professional trustees (66 per cent) whose usage was statistically significantly higher than the average.

Other groups where 60 per cent or more had used the toolkit (although sample sizes were insufficient to confirm a statistically significant difference from the average) were:

- Pension scheme managers in large schemes (80 per cent)
- Pension scheme managers in medium sized schemes (64 per cent)
- Employers with large schemes (62 per cent)
- In-house administrators from large schemes (60 per cent)

Although use was high from lay trustees in large schemes (82 per cent) it did not vary significantly from the average among lay trustees from small schemes (54 per cent) or medium schemes (42 per cent), based on 95% confidence levels.

3.1.4 Frequency of telephone contact and department or team last spoken to

Among the almost half (48 per cent; *unchanged from 2006*) of survey participants who had been in telephone contact with the Regulator the median number of calls made in the year was three. *This also was unchanged from 2006*. As would be expected, the median volume was higher for external audiences (median = five calls) than for those in-house (median = two calls).

Looking at individual audiences the ones calling most regularly were Lawyers (median = seven calls); Professional trustees (median = six calls); Third party administrators (median = five calls); and IFA/Benefit Consultants (median = four calls). A number of groups had a median of three calls in the past year, namely: Lay trustees from medium sized schemes, actuaries, pension scheme managers from small and from large sized schemes and employers with large schemes.

Almost a third of participants (33 per cent) were in quite regular telephone contact with the Regulator with six or more calls in the year. *This too was virtually unchanged from 2006 (33 per cent)*.

When participants were asked about the department or team they had spoken to in their most recent call in 2007 the Scheme return team was mentioned more than any other (28 per cent), followed by customer support services (22 per cent) and the clearance team (or corporate transactions team) with 20 per cent. The full distribution is shown in Table 18, *which also shows the comparable results for 2006*. The only statistically significant change is the increase in calls to the scheme specific funding team.

Table 18

Team or department spoken to on last telephone call to the Regulator: 2006 vs. 2007

Team or department	Proportion 2006	Proportion 2007
Scheme return	34%	28%
Customer support services	25%	22%
Clearance (or corporate transactions) team	18%	20%
Scheme specific funding team	7%	15%
Registration and levy services	14%	14%
Other	8%	9%
Pensions administration & governance	4%	4%

These overall figures are made up of a number of different patterns from the various survey audiences. Table 19 shows the top three teams or departments (where these accounted for at least 15 per cent of most recent calls made) contacted by a number of specific audiences.

Table 19

Team or department spoken to on last telephone call to the Regulator by audience

	Lay trustees	Professional trustees	Lawyers	Actuaries	Auditors	IFAs	TPAs	Pension scheme managers	In-house admin	Employers
Scheme return	32%			21%		41%	19%	50%	50%	31%
Customer support services		28%	15%		58%	24%	41%	24%	21%	
Clearance (or corporate transactions) team	16%		74%	15%						27%
Scheme specific funding team		25%		56%						
Registration and levy services						21%	26%	21%		20%
Other		25%			17%				17%	

3.2 Contact with the Regulator in the previous 3 months

3.2.1 Contact initiated either by the Regulator or the survey participant

Half of the survey respondents (49 per cent) had had contact with the Regulator, initiated by the Regulator or themselves, in the previous three months. *This is virtually identical to 2006 when the proportion was 48 per cent.* For in-house audiences the 2007 proportion was 38 per cent, compared with 64 per cent among external groups.

The most frequently mentioned reasons for contact were general news updates (40 per cent), advice on the survey participant's scheme (39 per cent) and queries about scheme returns (33 per cent). The full distribution is shown in Table 20 which also identifies the rank order of reasons for contact for external and in-house audiences. Between the two audience groups there were only two significant differences; in-house participants were more likely (35 per cent compared with 16 per cent) to give the Trustee Toolkit as their reason for communications while external audiences were more likely to mention advice for the scheme with which they were involved (52 per cent compared with 23 per cent).

Table 20

Reasons for communication in past three months

Reasons for communication in past three months (prompted)	Proportion mentioning	Rank order among external audiences	Rank order amongst in-house audiences
General news updates	40%	2 nd	1 st
Advice on own scheme	39%	1 st	5 th
Scheme return query	33%	3 rd	2 nd =
General guidance documents updates	27%	4 th =	4 th =
Levy query	27%	4 th =	3 rd
Learning support via Trustee toolkit	25%	8 th	2 nd =
Technical guidance document updates	24%	6 th	4 th =
Reporting a notifiable event	23%	5 th	7 th
Codes of Practice	21%	7 th =	6 th
General advice	18%	7 th =	8 th
Reporting a breach	11%	9 th	9 th
Other	10%	10 th	10 th
Investigation	3%	11 th	11 th

Table 21 compares the frequency of reasons for contact in 2007 with the same data from 2006. There are three significant differences; an increase in 'advice on scheme return' (from 30 per cent to 39 per cent) and decreases on 'scheme return query' from 50 per cent to 33 per cent and on 'Trustee toolkit' from 35 per cent to 25 per cent.

Table 21*Reasons for communication in past three months: 2006 vs 2007*

Reasons for communication in past three months (prompted)	Proportion mentioning 2006	Proportion mentioning 2007
General news updates	42%	40%
Advice on own scheme	30%	39%
Scheme return query	50%	33%
General guidance documents updates	30%	27%
Levy query	39%	27%
Learning support via Trustee toolkit	35%	25%
Technical guidance document updates	28%	24%
Reporting a notifiable event	20%	23%
Codes of Practice	26%	21%
General advice	22%	18%
Reporting a breach	8%	11%

3.2.2 Recall of PR or articles in the media about the Regulator in last 3 months

Overall 60 per cent recalled seeing PR or media articles in the previous three months. Within this there was a significant difference between external audiences (75 per cent) and their in-house counterparts (50 per cent).

The individual groups most likely to recall PR activity or media coverage were lawyers (88 per cent), actuaries (84 per cent), IFAs/benefit consultants (78 per cent) and professional trustees (76 per cent).

At the other end of the scale, those significantly less likely to recall were in-house administrators (41 per cent), lay trustees (45 per cent) and employers (49 per cent).

4 Evaluation of the Regulator's performance

This chapter reports firstly on participants' overall evaluation of the Regulator's performance, how that has changed in the past year and the nature of the Regulator's 'brand image'. It then looks in detail at the Regulator's performance on functions and behaviours and characteristics and the extent to which participants agree with a series of positive statements about the Regulator and with favourable descriptions of it.

The performance of the Regulator specifically with respect to communications and handling enquiries is covered in chapter 5.

4.1 Top line rating of the Regulator as a regulatory body

4.1.1 Rating of current performance

Only eight per cent of participants described the Regulator's overall performance as 'very good'. However, over half (53 per cent) felt it was 'good', making a total of 61 per cent with a favourable opinion. A third (33 per cent) were more cautious and described performance as 'fair' but only six per cent said that it was 'poor' (five per cent) or 'very poor' (one per cent).

This result was statistically significantly better than that achieved in 2006 when seven per cent said 'very good' and 45 per cent said 'good' making a total of 52 per cent giving a favourable opinion. Results from the two years are compared in Table 22.

Table 22

Rating of the Regulator's overall performance as a regulatory body: 2007 vs. 2006

Rating given (prompted)	2006	2007
Very good	7%	8%
Good	45%	53%
Fair	40%	33%
Poor	6%	5%
Very poor	2%	1%

Evaluations from external audiences in 2007 were appreciably more positive than those given by in-house participants, as shown in Table 23.

Table 23

Rating of the Regulator's overall performance as a regulatory body: External vs. In-house

Rating given (prompted)	Proportion giving rating	Proportion among external audiences giving rating	Proportion among in-house audiences giving rating
Very good	8%	11%	6%
Good	53%	59%	49%
Fair	33%	28%	36%
Poor	5%	1%	8%
Very poor	1%	1%	1%

These 2007 ratings were also significantly better than those recorded in 2006 in both audience groups. Among external audiences the proportion giving a positive rating increased from 60 per cent to 70 per cent and from in-house audiences from 47 per cent to 55 per cent. The results are compared in Table 24.

Table 24

Rating of the Regulator's overall performance as a regulatory body: External vs. In-house (2006 vs.2007)

Rating given (prompted)	Proportion among external audiences giving rating		Proportion among in-house audiences giving rating	
	2006	2007	2006	2007
Very good	11%	11%	5%	6%
Good	49%	59%	42%	49%
Fair	33%	28%	45%	36%
Poor	6%	1%	6%	8%
Very poor	1%	1%	2%	1%

Encouragingly, evaluations in 2007 were also clearly more positive from those who felt they knew the Regulator well. Among those describing their knowledge as 'very good' a total of 84 per cent felt the Regulator's performance was 'very good' or 'good'. This fell to 65 per cent among those whose knowledge was 'good' and 48 per cent among those whose knowledge was only 'fair'.

The most favourable groups in 2007 were IFAs/Benefit consultants (77 per cent saying 'very good' or 'good'), actuaries (78 per cent), and lawyers (73 per cent). Conversely, the least favourable were employers with medium sized schemes (38 per cent), lay trustees from small schemes (43 per cent), in-house administrators from small schemes (45 per cent), employers with small schemes (47 per cent) and in-house administrators from medium schemes (47 per cent).

As well as in-house administrators from small and medium schemes giving below average evaluations it also emerged that third party administrators gave the lowest proportion of positive ratings among all the external audiences (57 per cent).

4.1.2 Current performance compared with 12 months before

The tracking results, comparing 2007 with 2006, were endorsed when participants were asked directly to compare the Regulator's performance with how it had been doing a year earlier. A third (33 per cent; *36 per cent in 2006*) felt that it had improved while nearly all of the remaining two-thirds (64 per cent; *60 per cent in 2006*) felt that it had not changed. Only three per cent (*five percent in 2006*) said it had worsened. Overall, therefore, the 'net' position or score was +30 based on the proportion identifying an improvement less those referring to deterioration. *The net score was identical in 2006.*

External participants were more willing to state they had identified a change; 44 per cent did so, 39 per cent saying there had been an improvement compared with five per cent identifying a worsening (Net score +34). By comparison, only 29 per cent of internal participants referred to a change; however, these divided 28 per cent referring to an improvement and only one per cent saying the Regulator was doing less well now (Net score +28). *Interestingly these 'net scores' for improvement of the past 12 months were very similar to those recorded in the 2006 research; then the 'net score' for external participants had been +36 and that for in-house ones +26.*

Detailed results by individual audience for 2007 reveal that it is mainly trustees who feel there has been a particular improvement by the Regulator in the past 12 months. Against this, the groups who are less confident are administrators and employers. Results from pension scheme managers are very disparate with those from large schemes being very positive (Net score +39) while those from medium sized schemes are barely positive (Net score +5). The detailed rank order by type of audience is shown in Table 25.

Table 25

Net score rating of change in Regulator's performance over past year by specific audiences

Audience	Net score
Lay trustees from large schemes	+50
Professional trustees	+42
Lay trustees from medium sized schemes	+40
Lawyers	+39
IFAs/ Benefit consultants	+39
Pension scheme managers from large schemes	+39
Lay trustees from small schemes	+33
Actuaries	+29
Auditors	+28
TPAs	+27
In-house administrators from medium sized schemes	+25
Pension scheme managers from small schemes	+22
Employers with large schemes	+22
Employers with medium sized schemes	+18
Employers with small schemes	+18
In-house administrators from large schemes	+18
In-house administrators from small schemes	+9
Pension scheme managers from medium schemes	+5

4.1.3 Impact of the Regulator on the level of risk to members' benefits

Survey participants were asked if they felt that if the Regulator 'did not exist' the risks to members' benefits would increase, decrease or stay the same.

Almost four-fifths (79 per cent; 78 per cent in 2006) responded positively by stating that without the Regulator they expected risks to members' benefits would increase. Only three per cent felt risks would actually decrease (two per cent in 2006) while 18 per cent (20 per cent in 2006) felt that there would be no change.

Audiences where fewer than three quarters said that risks to members' benefits would increase without the Regulator were:

- Pension scheme managers from small schemes (60 per cent)
- Lay trustees from small schemes (67 per cent)
- In-house administrators from small schemes (68 per cent)
- Employers with small and medium sized schemes (70 per cent)
- Lawyers (73 per cent)

4.1.4 Key achievements by the Regulator and causes for concern in past year

Two open-ended opportunities were given to survey participants to highlight positive and negative aspects of the Regulator's performance over the past year. Firstly, they were asked to say what, if anything, they considered to be the Regulator's key achievements in the past 12 months. Then they were asked whether the Regulator had given them any cause for concern with regard to pensions over the same period. The most frequently mentioned key achievement was 'provision and improvement of trustee knowledge, education and/ or understanding of codes of practice' mentioned by 90 respondents (14 per cent). Others referred to by more than 50 participants were 'stronger regulation and governance/ using wider powers' (70 references, 11 per cent), general mentions of 'improving scheme funding' (61 references, 10 per cent) and 'raising awareness of regulation and the Regulator itself' (60 references, 9 per cent).

There were few differences in the pattern of topics raised between external and in-house audiences although the former commented on 'improving scheme funding' more widely (13 per cent compared with 7 per cent).

Few reasons for concern were put forward. Those mentioned by more than 15 participants were:

- Pensions levy (disproportionate increase; concerns over calculation) mentioned by 39 respondents (five per cent)
- Inefficient or heavy-handed handling of situations and/ or failure to respond or follow up (19 mentions; three per cent)
- Clarity of communications and/ or inconsistent and conflicting advice (18 mentions; two per cent)

4.2 Effectiveness of the Regulator on specific functions

4.2.1 Comparing effectiveness across all functions

Survey participants were asked how effectively they thought the Regulator was performing on a battery of 13 functions. On each of the 13 areas a majority of respondents gave a positive evaluation ('very effectively' or 'quite effectively'). The rank order of effectiveness evaluations from the total survey is shown in Table 26.

Table 26

Proportion of all survey participants describing the Regulator as 'very effective' or 'quite effective' on specific functions

Function	Proportion giving a positive score
Provide codes of practice	88%
Provide guidance (e.g. The Pensions Regulator Notes, at a glance guides, news by email)	81%
Improve standards in scheme governance and administration	75%
Improve trustee knowledge and understanding	74%
Protect scheme members' benefits	74%
Provide expert help and guidance on pensions matters generally	73%
Investigate and prevent pension scheme misconduct or breaches and take disciplinary action as required	71%
Enable effective and timely clearance of corporate transactions	67%
Ensure employers fulfil their obligations to scheme members	65%
Strengthen the funding of defined benefit schemes	62%
Work with the Government to ensure that regulation is appropriate	61%
Reduce the risks of claims to the PPF	60%
Address the risks to defined contribution schemes	52%

When these results are compared with those obtained in 2006, they represent an improvement on all but one function, in seven cases to a statistically significant extent. The one function on which the rating did not improve was 'ensure employers fulfil their obligations to scheme members. Here there was a slight deterioration but the change was not statistically significant. Results for the two years are compared in Table 27. Statistically significant changes are underlined.

Table 27

Proportion of all survey participants describing the Regulator as 'very effective' or 'quite effective' on specific functions (2006 vs. 2007)

Function	Proportion giving a positive score 2006	Proportion giving a positive score 2007
Provide codes of practice	82%	88%
Provide guidance (e.g. The Pensions Regulator Notes, at a glance guides, news by email)	74%	81%
Improve standards in scheme governance and administration	67%	75%
Improve trustee knowledge and understanding	70%	74%
Protect scheme members' benefits	68%	74%
Provide expert help and guidance on pensions matters generally	64%	73%
Investigate and prevent pension scheme misconduct or breaches and take disciplinary action as required	64%	71%
Enable effective and timely clearance of corporate transactions	66%	67%
Ensure employers fulfil their obligations to scheme members	69%	65%
Strengthen the funding of defined benefit schemes	60%	62%
Work with the Government to ensure that regulation is appropriate	52%	61%
Reduce the risks of claims to the PPF	54%	60%
Address the risks to defined contribution schemes	47%	52%

4.2.2 Comparing effectiveness on functions relative to their importance

Participants' views on the relative importance of the different functions were reported in section 2.2.1. By comparing that information with their assessments of effectiveness in section 4.2.1 above it is possible to identify the extent to which the Regulator is felt to be performing particularly effectively on functions of the greatest stated importance. Table 28 combines this information and, in doing so, enables the list of 13 functions to be segmented into groups:

- Moderate or low effectiveness on functions of high importance (*Priorities for action*)
- High effectiveness on functions of high importance (*Priorities to maintain*)
- Moderate or low effectiveness on functions of moderate or low importance (*Room to improve*)
- High performance on functions of moderate or low importance (*Watching brief*)

Table 28*Comparing effectiveness and importance of functions*

Function	High importance	Effective performance
Priorities for action		
Work with the Government to ensure that regulation is appropriate	65% (5 th)	61% (11 th)
Ensure employers fulfil their obligations to scheme members	74% (2 nd)	65% (9 th)
Investigate and prevent pension scheme misconduct or breaches and take disciplinary action as required	75% (1 st)	71% (7 th)
Priorities to maintain		
Provide codes of practice	65% (4 th)	88% (1 st)
Protect scheme members' benefits	72% (3 rd)	74% (4 th)
Room to improve		
Enable effective and timely clearance of corporate transactions	50% (8 th)	67% (8 th)
Strengthen the funding of defined benefit schemes	39% (11 th)	62% (10 th)
Reduce the risks of claims to the PPF	44% (10 th)	60% (12 th)
Improve trustee knowledge and understanding	58% (7 th)	74% (5 th)
Watching brief		
Provide guidance (e.g. The Pensions Regulator Notes, at a glance guides, news by email)	63% (6 th)	81% (2 nd)
Improve standards in scheme governance and administration	45% (9 th)	75% (3 rd)
Provide expert help and guidance on pensions matters generally	39% (12 th)	73% (6 th)
Address the risks to defined contribution schemes	32% (13 th)	52% (13 th)

4.2.3 Key variations in assessment of effectiveness on individual functions

4.2.3.1 Provide codes of conduct (88 per cent overall)

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
72%	93%	96%	92%	94%	100%	92%	87%	98%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
74%	83%	92%	76%	81%	92%	77%	76%	90%

On providing codes of conduct the ratings of effectiveness showed across the board the typical pattern of more positive ratings from those involved with large rather than medium or small schemes.

External audiences were particularly impressed while the lowest ratings, still involving around three-quarters of respondents giving positive evaluations, came from pension scheme managers of small schemes and employers with small or medium sized schemes.

4.2.3.2 Provide guidance (82 per cent overall)

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
66%	81%	85%	80%	89%	94%	81%	87%	91%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
79%	83%	88%	50%	80%	100%	66%	69%	88%

Again, on providing guidance (e.g. The Pensions Regulator Notes, at a glance guide, news by email) the pattern of increasing evaluations of effectiveness in line with scheme size is repeated. Favourable evaluations are only given by half the respondents among in-house administrators of small schemes and by two thirds of lay trustees of small schemes and employers with small schemes.

The results from in-house administrators vary widely from the 50 per cent favourable from those looking after small schemes to 100 percent of their counterparts in large schemes.

4.2.3.3 Improve standards in scheme governance and administration (75 per cent overall)

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
69%	71%	90%	79%	69%	57%	85%	67%	74%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
73%	79%	92%	80%	85%	83%	70%	70%	72%

On this function the typical trend for ratings to improve with scheme size was largely replicated, although not as dramatically as on several other topics. One area where this function did stand out was that it did not show the usual pattern of better ratings being given by external rather than internal audiences; actuaries and IFAs/Benefits consultants, for example, had well below average proportions giving favourable evaluations.

4.2.3.4 *Improve trustee knowledge and understanding (74 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
66%	74%	81%	82%	74%	83%	67%	72%	82%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
57%	68%	88%	67%	73%	96%	63%	67%	75%

The typical pattern of more favourable evaluation as scheme size increases may indicate that the Regulator's generally successful efforts in the area of TKU are not impacting as much as might be wished on small schemes.

4.2.3.5 *Provide general expert help and guidance (74 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
69%	82%	88%	60%	66%	71%	79%	70%	80%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
82%	83%	80%	74%	76%	87%	62%	62%	70%

The large difference between the evaluations of lay trustees from small and medium sized schemes may suggest that the Regulator's more general guidance and advice is failing to reach small schemes or is not meeting their requirements. Elsewhere the below average rating from professional trustees is notable as are the more positive evaluations from pension scheme managers from schemes of all sizes.

4.2.3.6 *Protect scheme members' benefits (74 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
64%	71%	65%	74%	77%	71%	81%	75%	83%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
73%	79%	96%	69%	85%	83%	63%	68%	70%

Lay trustees and employers from schemes of all sizes each record a below average proportion giving a favourable rating to the Regulator's performance in protecting scheme members' benefits. Pension scheme managers and in-house administrators from medium and large schemes are more convinced.

4.2.3.7 *Investigate and prevent pension scheme misconduct (71 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
58%	65%	59%	68%	74%	60%	81%	81%	81%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
70%	67%	85%	61%	82%	75%	68%	64%	83%

All trustees, lay and professional, record below average ratings, as do employers with small or medium sized schemes.

4.2.3.8 *Enable effective and timely clearance of corporate transactions (68 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
59%	67%	67%	80%	76%	77%	70%	74%	50%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
67%	31%	59%	63%	73%	82%	76%	54%	64%

Above average evaluations are given by each of the audiences most likely to be key players in corporate transactions – professional trustees, lawyers, actuaries and auditors.

4.2.3.9 *Ensure employers fulfil their obligations to scheme members (65 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
75%	76%	67%	62%	61%	54%	63%	61%	53%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
64%	71%	79%	68%	82%	71%	73%	69%	52%

Interestingly, the more typical pattern of above average evaluations being given by those associated with larger schemes is broadly reversed among lay trustees and employers; in both cases those from large schemes are less convinced that the Regulator is ensuring employers fulfil their obligations to scheme members. Generally, professional audiences offer a below average assessment.

4.2.3.10 *Strengthen the funding of defined benefit schemes (61 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
60%	63%	49%	71%	70%	73%	47%	65%	56%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
45%	58%	87%	44%	67%	71%	60%	50%	74%

A mixed pattern of results emerges. Lay trustees from large schemes record an appreciably below average evaluation but, in contrast, pension scheme managers, in-house administrators and employers associated with large schemes all returned above average assessments.

4.2.3.11 *Work with the government to ensure regulation is appropriate (61 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
47%	74%	71%	55%	46%	45%	70%	58%	72%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
60%	61%	62%	58%	69%	61%	74%	59%	59%

The detailed results do not reveal any consistent patterns. Among trustees those associated with small schemes were least supportive of the Regulator’s performance whereas among employers it was those with small schemes who were most supportive. Also, among in-house managers and administrators there was little difference in opinions by scheme size.

4.2.3.12 *Reduce the risk of claims to the PPF (60 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
56%	54%	49%	74%	74%	60%	52%	64%	56%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
60%	45%	62%	44%	64%	82%	61%	56%	64%

On this function there is no clear pattern by scheme size. The evaluation is more positive from external audiences and from professional trustees and lawyers in particular.

4.2.3.13 *Address the risks to defined contribution schemes (52 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
56%	60%	45%	54%	46%	40%	55%	48%	48%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
47%	61%	47%	60%	59%	67%	58%	51%	59%

Again there is no consistent pattern by scheme size and results are broadly similar across all of the audiences. This, combined with the below average rating, may suggest that many people are, as yet, uncertain with regard to the Regulator's actions and performance in this area.

4.3 **Effectiveness of the Regulator on specific behaviours and characteristics**

4.3.1 **Comparing effectiveness across all behaviours and characteristics**

Survey participants were asked to evaluate the Regulator on nine ‘behaviours and characteristics’. The weakest evaluations were on ‘consult you on issues before taking action’ and ‘be proactive in addressing underlying problems’ on each of which around one half (48 per cent) described the Regulator as either ‘very effective’ or ‘fairly effective’. Also relatively low was the rating on ‘understand the requirements of your scheme’ (53 per cent).

At the other end of the scale over three-quarters gave a positive opinion on ‘provide good quality on-line learning material’ (79 per cent), followed by ‘be open in its dealings with you’ (74 per cent). The rank order of effectiveness evaluations from the total survey is shown in Table 29.

Table 29

Proportion of all survey participants describing the Regulator as ‘very effective’ or ‘quite effective’ on behaviours and characteristics

Behaviour/ Characteristics	Proportion giving a positive score
Provide good quality on-line learning material	79%
Be open in its dealings with you	74%
Be easy to contact on a day to day basis	69%
Have well-informed staff	67%
Provide a clear, easy to understand response to your enquiry	66%
Provide a prompt service	65%
Understand the requirements of your scheme	53%
Consult you on issues before taking action	48%
Be pro-active in addressing underlying problems	48%

Compared with the results in 2006 the proportion giving a positive score had declined in six cases, remained unchanged on one, and improved on two. However, none of these changes was statistically significant. The full comparison is given in Table 30.

Table 30

Proportion of all survey participants describing the Regulator as 'very effective' or 'quite effective' on behaviours and characteristics: 2006 vs. 2007

Behaviour/ Characteristics	Proportion giving a positive score 2006	Proportion giving a positive score 2007
Provide good quality on-line learning material	77%	79%
Be open in its dealings with you	76%	74%
Be easy to contact on a day to day basis	70%	69%
Have well-informed staff	68%	67%
Provide a clear, easy to understand response to your enquiry	66%	66%
Provide a prompt service	66%	65%
Understand the requirements of your scheme	53%	53%
Consult you on issues before taking action	51%	48%
Be pro-active in addressing underlying problems	53%	48%

4.3.2 Comparing effectiveness relative to importance

Participants' views on the relative importance of the different behaviours and characteristics were reported in section 2.2.2. By comparing that information with their assessments of effectiveness in section 4.3.1 above it is possible to identify the extent to which the Regulator is felt to be performing particularly effectively on behaviours and characteristics of the greatest stated importance. In fact, three behaviours and characteristics stood out as being significantly more important than the others, as shown in Table 13 earlier. These were:

- Have well-informed staff (85 per cent described as 'very important')
- Provide a clear, easy to understand response to your enquiry (83 per cent)
- Be open in its dealings with you (81 per cent)

All the other attributes tested fell into a relatively narrow range of between 56 per cent and 43 per cent describing them as 'very important'.

Focusing on the three behaviours and characteristics which are easily the most important, the rank order of performance given in Table 30 above shows that on each of these the Regulator was given a positive evaluation by at least two-thirds of survey participants.

Also, the areas in which the Regulator records the weakest assessments are broadly behaviours and characteristics which are rated as less important. Thus, 'understanding the requirements of your scheme' was said to be 'very important' by 52 per cent, 'consult you on issues before taking action' by 56 per cent and 'be proactive in addressing underlying problems' by 50 per cent. Of these, perhaps the one the Regulator may wish to review carefully is 'consult you on issues before taking action' since this is fourth out of nine in the rank order of importance.

Ironically, the item on which the best performance evaluation is achieved, ‘provide good quality on-line learning material’ (79 per cent) is the one with the lowest proportion describing it as ‘very important’ (48 per cent).

4.3.3 Key variations in assessment of effectiveness on behaviours and characteristics

4.3.3.1 Provide good quality on-line learning material (79 per cent overall)

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
78%	81%	91%	78%	77%	87%	87%	78%	79%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
67%	87%	88%	58%	64%	90%	58%	66%	84%

Favourable opinions of the Regulator in this area are broadly based and especially from trustees from medium and large schemes and from other in-house audiences specifically from large schemes. Ratings from employers and in-house administrators are generally below average.

4.3.3.2 *Be open in its dealings with you (74 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
68%	75%	77%	77%	81%	85%	76%	80%	77%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
59%	77%	77%	75%	55%	81%	54%	58%	79%

It is external audiences, and especially actuaries, lawyers and IFAs/Benefit consultants who feel most strongly that the Regulator is open in its dealings with them. Internal staffs from small schemes are generally those who rate the Regulator less highly in this area. At both extremes, however, these ratings may to some extent reflect the level of confidence of the individual audiences in dealing with the Regulator.

4.3.3.3 *Be easy to contact on a day to day basis (69 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
61%	72%	62%	68%	74%	71%	76%	78%	70%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
53%	77%	77%	70%	79%	78%	54%	60%	67%

These results show a somewhat similar pattern to those for ‘be open in its dealings with you’. Those who find it easiest to get in touch are key external groups, lawyers, auditors, actuaries and IFAs and in-house staff from medium and large sized schemes. Trustees and, to a greater extent, employers are less positive.

4.3.3.4 *Have well informed staff (67 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
70%	77%	88%	56%	66%	63%	79%	79%	72%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
47%	57%	74%	70%	45%	68%	47%	54%	73%

All three groups of lay trustees give above average ratings, in contrast to some of their opinions elsewhere. Professional trustees, employers and scheme managers from small schemes, however, are less impressed.

4.3.3.5 *Provide a clear, easy to understand response to your enquiry (66 per cent overall)*

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
67%	67%	74%	69%	79%	80%	73%	72%	57%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
53%	57%	76%	71%	60%	78%	38%	47%	59%

The lowest ratings are given by employers with trustees offering broadly average assessments. In-house staffs from large schemes and specialist third parties (Lawyers and actuaries) were the most satisfied with the replies they received from contacts with the Regulator.

4.3.3.6 Provide a prompt service (65 per cent overall)

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
69%	75%	65%	58%	75%	62%	63%	78%	70%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
62%	59%	70%	62%	48%	70%	57%	48%	67%

In-house staffs from large schemes give slightly above average ratings to the Regulator for promptness, as do some external specialists, notably IFAs and lawyers.

4.3.3.7 Understand the requirements of your scheme (53 per cent overall)

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
57%	54%	55%	52%	54%	56%	80%	58%	44%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
56%	48%	65%	67%	40%	59%	37%	37%	41%

Easily the lowest ratings come from employers and may reflect a view that the Regulator does not see issues from the employer's perspective. At the other end of the scale, auditors give the highest assessment with four out of five rating the Regulator as 'very effective' or 'fairly effective'

4.3.3.8 Consult you on issues before taking action (48 per cent overall)

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
30%	47%	63%	63%	48%	71%	54%	51%	39%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
33%	55%	65%	47%	15%	48%	28%	29%	54%

Participants were generally happier with the level of consultation by the Regulator the larger the scheme with which they were involved or associated. Employers with small and medium schemes recorded particularly low levels of approval, as did lay trustees and pension scheme managers from small schemes. The lowest rating of all came from in-house administrators from medium-sized schemes; however, this group gave consistently lower ratings across the behaviours and characteristics reviewed and may, therefore, be something of a ‘rogue’ sample.

4.3.3.9 Be proactive in addressing underlying problems (48 per cent overall)

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
39%	53%	71%	49%	40%	50%	57%	47%	43%
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
40%	43%	67%	32%	42%	62%	42%	41%	40%

It is really only among the lay trustees and in-house staffs of large schemes that the Regulator has established a reputation for pro-activity. Lawyers, third party administrators and employers generally do not share this opinion.

4.4 Agreement with different statements about the Regulator

4.4.1 Overall responses

Survey participants were asked whether they 'strongly agreed', 'agreed', 'neither agreed nor disagreed', 'disagreed' or 'strongly disagreed' with a series of 15 statements about the Regulator. Agreement would be regarded as positive or favourable on all of these statements except one ('The Regulator needs to raise its profile'). Table 31 records the full distribution of results. It shows, the proportion giving positive responses ('Agree strongly' or 'Agree'), the proportion replying negatively ('Disagree' or 'Disagree strongly') and the 'net score' which is positive less negative evaluations. Performance indicators have been set in relation to several of these statements and initial reporting on progress on them is provided in chapter 1.

Table 31*Level of agreement with different statements about the Regulator*

Statements	Proportion agreeing	Proportion disagreeing	Net score
The Regulator is a trusted source of information (PI)	84%	4%	+80
I would recommend the Regulator as a source of information to others	77%	7%	+70
The Regulator has sufficient powers to make a difference	72%	6%	+66
The Regulator is able to influence improvements in governance and the administration of pension schemes	67%	8%	+59
The Regulator makes clear what it expects from schemes	64%	9%	+55
The Regulator is focused on the most important risks to members' benefits (PI)	63%	9%	+54
The Regulator puts members first	62%	11%	+51
The Regulator is prepared to use its wider powers	58%	11%	+47
The Regulator is pro-active in reducing serious risks to members' benefits (PI)	57%	11%	+46
The Regulator is consistent in its approach to pension scheme regulation (PI)	57%	9%	+48
The Regulator's actions are proportionate to the risk posed (PI)	51%	11%	+40
The Regulator explains clearly why decisions affecting occupational pension schemes have been made (PI)	49%	11%	+38
The Regulator needs to raise its profile	48%	24%	+24
The Regulator works well with government to ensure that regulation is appropriate	40%	16%	+24
The Regulator explains clearly why decisions affecting GPPs and designated stakeholder pensions have been made	32%	13%	+19

The overall results first of all demonstrate that the Regulator has established a strong reputation as being a useful and trustworthy information source; the two statements related to this achieved the highest net scores. The next highest ratings are achieved on comments which indicate positive views on the Regulator's impact and effectiveness and its transparency.

The statements where less positive results have been achieved are generally ones where participants may have felt less able to comment unless they had had specific experience themselves of the more detailed actions of the Regulator.

Looking at the very bottom of Table 31, arguably one of the bottom three statements can be explained or ignored. As already commented, the statement concerning the Regulator's profile is not in the same format as all the others although the results do seem to imply that there is still work for the Regulator to do in this area. The very bottom statement attracted a considerable number of 'don't know' responses: 31%. However, even if the views only of those with stakeholders or GPPs are considered the 'net score' actually falls to +11 (Positive 29 per cent; negative 18 per cent with over half taking a neutral position). The relatively poor assessment here may, in part,

reflect respondents feeling they do not have sufficiently detailed knowledge of the Regulator's actions in this specific area to comment.

The other statement on which low rankings were received was the issue of working with government to ensure regulation is appropriate. Here views could be in part affected by a general annoyance with increasing regulation rather than with a perceived failure by the Regulator to achieve adequate influence on government. However, this is an important area and it should probably be a priority for the Regulator to seek to improve the views of the different audiences on its performance here.

4.4.2 Variations in responses between different audiences

Table 32 records examples of statistically significant differences in responses between specific audiences on the statements. Employers are generally more negative than average and do not appear in the 'above average' column at all but do so four times in the 'below average' column.

Real differences emerge between in-house and external audiences on five statements. The external audiences are happier to recommend the Regulator as an information source and believe that the Regulator explains its decisions clearly. They are less certain than their in-house counterparts, however, about the Regulator's ability to have a real impact on governance and pension scheme administration or of the Regulator's willingness to use its wider powers.

The greatest disparity of views occurs on the issue of whether or not the Regulator needs to raise its profile. In-house audiences, especially trustees and administrators believe that it needs to do so. By contrast, external audiences are evenly split on the issue and, in particular, lawyers and actuaries are strongly opposed to the idea. The scale of the disparity in views is shown by the difference between the in-house administrator's 'net score' of +51 and the -40 recorded by the lawyers.

Table 32*Variations in net score on statements by specific audience*

Statement	Above average 'net score'	Below average 'net score'
The Regulator is a trusted source of information (+80)		Pension scheme managers (+70) Employers (+70)
I would recommend the Regulator as a source of information to others (+70)	External audiences (+79) Actuaries (+96)	In-house (+65) Employers (+55)
The Regulator has sufficient powers to make a difference (+66)	Lay trustees – large schemes (+84)	
The Regulator is able to influence improvements in governance and the administration of pension schemes (+59)	External audiences (+60)	In-house (+58)
The Regulator makes clear what it expects from schemes (+55)		
The Regulator is focused on the most important risks to members' benefits (+54)		
The Regulator puts members first (+51)	In-house administrators (+65)	Employers (+42)
The Regulator is consistent in its approach to pension scheme regulation (+48)		
The Regulator is prepared to use its wider powers (+47)	In-house (+56) In-house administrators (+73)	External audiences (+38)
The Regulator is pro-active in reducing serious risks to members' benefits (+46)	Lay trustees (+54)	Employers (+35)
The Regulator's actions are proportionate to the risk posed (+40)		
The Regulator explains clearly why decisions affecting occupational pension schemes have been made (+38)		
The Regulator needs to raise its profile (+24)	In-house (+36) Lay trustees (+43) In-house administrators (+51)	External audiences (+7) Lawyers (-40) Actuaries (-12)
The Regulator works well with government to ensure that regulation is appropriate (+24)		
The Regulator explains clearly why decisions affecting GPPs and designated stakeholder pensions have been made (+19)		

4.5 Agreement with different words as descriptors of the Regulator

4.5.1 Overall responses

Generally very positive results emerged when participants were asked whether they agreed with nine words as descriptors of the Regulator. Seven of the nine were agreed to by two-thirds or more of the participants, while in only three cases did more than ten per cent say that they actually disagreed (rather than opting for the neutral 'neither agree nor disagree').

Using a 'net score' approach of deducting the proportion of negative views from that of positive views, the top two descriptors were that the Regulator was seen as 'professional' (+82) and 'credible' (+75). After this, it was then described as 'informative' (+72), 'educative' (+71) and then 'protective' (+62) and 'respected' (+61).

On three descriptors the results were less favourable. Firstly, the net score for 'independent' was +55, in part as a result of 11 per cent disagreeing that the Regulator was independent. Fewer than half (48 per cent) agreed that the Regulator was 'transparent' resulting in a 'net score' of +36. Finally, nearly one in five (19 per cent) rejected the notion that the Regulator 'has a light-touch' and only around one third agreed resulting in a 'net score' (+17) much lower than on any of the other descriptors.

For ease of reference the full results are recorded in Table 33.

Table 33

Level of agreement with different words as descriptors of the Regulator

Statements	Proportion agreeing	Proportion disagreeing	Net score
Professional	84%	2%	+82
Credible	79%	4%	+75
Informative	78%	6%	+72
Educative	77%	6%	+71
Protective	66%	4%	+62
Respected	67%	6%	+61
Independent	66%	11%	+55
Transparent	47%	12%	+36
Has a light-touch	35%	19%	+17

Comparing the proportions either 'agreeing strongly' or 'agreeing', generally results are little different from those obtained in 2006. The 2007 results are better in eight cases and worse in only one. However, only one of these changes is statistically significant, an improvement from 72 per cent to 77 per cent in the proportion agreeing that the Regulator is 'educative'. Full results are in Table 34.

Table 34

Level of agreement with different words as descriptors of the Regulator: 2006 vs. 2007

Statements	2006	2007
Professional	83%	85%
Credible	76%	79%
Informative	75%	78%
Educative	72%	77%
Protective	63%	66%
Respected	65%	67%
Independent	67%	66%
Transparent	46%	48%
Has a light-touch	32%	35%

4.5.2 Variations in responses between different audiences

Table 35 records examples of statistically significant differences in responses between specific audiences on the word descriptors in 2007. As before, employers are generally more negative than average and do not appear in the 'above average' column at all but do so seven out of nine times in the 'below average' column. Real differences emerge between in-house and external audiences on five descriptors, partly as a result of the consistently lower ratings given by employers who form part of the in-house group but partly also due to above average ratings in particular from auditors and actuaries.

Table 35*Variations in net score on descriptors by specific audience*

Descriptors	Above average 'net score'	Below average 'net score'
Professional (+82)	Auditors (+96)	Employers (+71)
Credible (+75)	Auditors (+86)	
Informative (+72)	External audiences (+80) Actuaries (+94)	In-house (+66) Employers (+59)
Educative (+71)	External audiences (+80) Actuaries (+90) Lay trustees – large (+88)	In-house (+65) Employers (+55)
Protective (+62)	External audiences (+70)	In-house (+57) Employers (+45)
Respected (+61)	External audiences (+69) Auditors (+80)	In-house (+55) Employers (+40)
Independent (+55)		Employers (+42)
Transparent (+36)		
Has a light-touch (+17)	External audiences (+24)	In-house (+11) Employers (+6)

4.6 Key achievements of the Regulator in last 12 months

Survey participants were asked what they considered to be the Regulator’s key achievements in the last 12 months. A wide range of achievements was mentioned, with the most frequently achievement being ‘Provision and improvement of trustee knowledge’ (14 per cent). Achievements mentioned by more than 5% are listed in Table 36.

Table 36
Key achievements in the last 12 months

Priorities for next year	Proportion mentioning
Provision and improvement of trustee knowledge/education/understanding of codes of practice	14%
Stronger regulation and governance/using wider powers	11%
Improving scheme funding	10%
Raising awareness of regulation/the Regulator themselves	9%
Provision of trustee toolkit	7%
Protecting/safeguarding members benefits	7%

4.7 Causes for concern with regards to pensions in the last 12 months

Respondents were asked whether the Regulator had given them any causes for concern with regards to pensions in the last 12 months. The vast majority (79 per cent) of participants said there had been no cause for concern at all in the last 12 months.

The most widely mentioned (5 per cent) cause for concern was related to the pensions levy. Inefficiency on the Regulator’s part was mentioned by 3 per cent.

5 Evaluation of the Regulator's communications

This chapter reports firstly on participants' overall satisfaction with the usefulness of the information provided to them in the past year. It then looks in detail at how useful participants have felt different channels of contact or communications have been and specifically at their experience when they last telephoned the Regulator. This information is then 'pulled together' by asking participants to indicate which contact points with the Regulator they consider to be most useful in their experience.

Lastly, attention is placed on contact in the past three months and how satisfactory that had been.

5.1 ***Satisfaction with the usefulness of information provided by the Regulator***

Those who had been in contact with the Regulator during the previous twelve months were asked how satisfied they were with the usefulness of the information given to them.

Almost two-thirds (64 per cent) were 'satisfied' or 'very satisfied', compared with around a quarter (27 per cent) who gave a neutral opinion and 9 per cent who were 'not satisfied' or 'not at all satisfied'. Deducting the proportion not satisfied from those who were gives a 'net score' of +55.

Taking all the external audiences together the net score was +63 while from the in-house audiences it was +49.

The proportion overall who were 'very satisfied' or 'satisfied' in 2006 was almost identical at 63 per cent. Among in-house audiences 59 per cent were positive in 2006 and 2007. External audiences recorded 68 per cent positive in 2006 against 71 per cent in 2007 although this change was not statistically significant.

Looking at individual audiences in more detail in 2007 a clear pattern emerged of greater satisfaction from those associated with or involved with larger schemes (other than among employers):

Lay trustees - small	Lay trustees – medium	Lay trustees – large	Professional trustees	Lawyers	Actuaries	Auditors	IFAs/Benefit consultants	Third party administrators
+25	+58	+65	+61	+59	+67	+61	+77	+54
Pension scheme managers – small	Pension scheme managers – medium	Pension scheme managers – large	In house admin – small	In-house admin – medium	In-house admin – large	Employers – small	Employers – medium	Employers – large
+47	+54	+72	+42	+45	+86	+52	+29	+46

5.2 Usefulness of information provided by the Regulator by type of contact

All of the communications channels used by the Regulator received very positive feedback. The most widely praised were the trustee toolkit (95 per cent ‘very useful’ or ‘quite useful’ with only 3 per cent ‘not very useful’ or ‘not at all useful’ for a ‘net score’ of +92) and consultation events (93 per cent ‘useful’, two per cent ‘not useful’, ‘net score’ +91).

Correspondence via letter or email received the lowest ratings for usefulness although even here they were 75 per cent ‘useful’, 12 per cent ‘not useful’, ‘net score’ +63.

The full results are summarised in Table 37.

Table 37*Usefulness of information provided by the Regulator via different channels*

Channels	Proportion finding information 'very useful' or 'quite useful'	Proportion finding the information 'not very useful' or 'not at all useful'	Net score
Trustee toolkit	94%	2%	+92
Consultation events	93%	2%	+91
Website	91%	4%	+87
Seminars & workshops	90%	3%	+88
Email news service	89%	2%	+87
Telephone contact	82%	6%	+76
Stands at exhibitions or conferences	80%	6%	+74
Face to face meetings with the Regulator	80%	13%	+67
Correspondence by letter or email	75%	12%	+63

In 2006 the proportion rating the information provided via each of the channels as 'very useful' or 'quite useful' was higher in all cases except for face to face meetings where it was lower. None of the changes, however, were statistically significant. Table 38 gives details.

Table 38*Usefulness of information provided by the Regulator via different channels: 2006 vs. 2007*

Channels	Proportion finding information 'very useful' or 'quite useful' 2006	Proportion finding the information 'very useful' or 'quite useful' 2007
Trustee toolkit	91%	94%
Consultation events	84%	93%
Website	87%	91%
Seminars & workshops	87%	90%
Email news service	84%	89%
Telephone contact	74%	82%
Stands at exhibitions or conferences	68%	80%
Face to face meetings with the Regulator	88%	80%
Correspondence by letter or email	71%	75%

5.3 **Usefulness of information provided by the Regulator in most recent telephone conversation**

The general assessment of the usefulness of information provided by telephone had been a 'net score' of +76. When participants were focussed specifically on their most recent call, 76 per cent described it as 'useful' (2006 = 68 per cent) and 11 per cent as 'not useful' for a 'net score' of +65.

These evaluations were also analysed according to the team or department that had been contacted at the Regulator. The results, shown in Table 39, show that broadly similar levels of approval were achieved by each team; certainly, the differences between the results are not statistically significant.

Table 39

Usefulness of information by department or team provided in the most recent phone call

Department or team	Proportion finding information 'very useful' or 'quite useful'	Proportion finding the information 'not very useful' or 'not at all useful'	Net score
Total	76%	11%	+65
Scheme return	83%	9%	+74
Customer support	82%	11%	+71
Clearance	81%	9%	+72
Registration & levy	76%	11%	+65
Pensions administration & governance	69%	15%	+54
Scheme specific funding	65%	12%	+53

The proportion saying that the information provided by 'Scheme specific funding' team was 'neither useful nor not useful' was 24%.

5.4 Most useful contact points within the Regulator for getting information with regards to pensions

The Regulator’s website was most frequently mentioned as a useful channel for pensions information (86 per cent). Full details of how often different channels were identified as being one of the most useful sources offered by the Regulator are given in Table 40.

Table 40
Proportion of all survey participants describing different information channels as ‘most useful’

Information channel	Proportion mentioning
Website	86%
Email	75%
Telephone – customer support team	65%
Trustee toolkit	63%
Letter	60%
Telephone – other	52%
Seminars or workshops	50%
Face to face meetings with the Regulator’s personnel	39%
Conferences	33%
Consultation events	32%
Regulator’s stands at exhibitions	15%

Table 41 shows the top three channels for each of the in-house audiences and Table 42 repeats this for the external respondent groups.

Table 41

Top three most useful information channels for in-house audiences

Information source	Lay trustees			Pension scheme managers			In-house administrators			Employers		
	Small	Medium	Large	Small	Medium	Large	Small	Medium	Large	Small	Medium	Large
Website	80%	78%	92%	88%	76%	96%	72%	83%	96%	74%	74%	94%
Email	66%	78%	68%	76%	76%	76%	68%	96%	80%	62%	66%	72%
Telephone – customer support team	74%			68%			72%			62%		
Trustee toolkit		70%	86%		72%	84%		79%	76%		58%	74%
Letter							68%			64%	58%	
Telephone – other												
Seminars or workshops												

Table 42

Top three most useful information channels for external audiences

	Professional trustees	Lawyers	Actuaries	Auditors	IFA/ Benefit consultants	Third party administrators
Website	90%	96%	96%	96%	84%	86%
Email	78%	86%	82%	76%	82%	72%
Telephone – customer support team		76%		62%	80%	60%
Trustee toolkit						
Letter						
Telephone – other	74%					
Seminars or workshops			74%			

5.5 **Satisfaction dealing with the Regulator on different topics in the previous three months**

Survey participants were asked if they had dealt with the Regulator in the past three months on any of a prompted list of topics. Those who had done so were asked how satisfied they had been with their dealings with the Regulator.

Evaluations on nearly all topics were highly favourable. The weakest recorded was on dealing with an investigation although care should be taken with this measurement as it is based on only 11 respondents. Full details of positive and negative assessment on all topics are given in Table 43.

Table 43

Satisfaction with dealing with Regulator on different topics in past three months

Channels	Proportion 'very satisfied' or 'fairly satisfied'	Proportion 'not very satisfied' or 'not at all satisfied'	Net score
Learning support via the Trustee toolkit	98%	1%	+97
General news updates	94%	2%	+92
Technical guidance documents updates	92%	1%	+91
General guidance documents updates	87%	1%	+86
Codes of practice	88%	3%	+85
General advice	87%	3%	+84
Reporting a notifiable event	86%	4%	+82
Reporting a breach	83%	11%	+72
Advice on your scheme	81%	12%	+69
Levy query	81%	11%	+70
Scheme return query	78%	15%	+63
Investigation	55%	9%	+46

The satisfaction levels recorded were broadly similar to those found in 2006 with no statistically significant changes emerging in the proportion reporting themselves to be 'very satisfied' or 'satisfied' in the information provided. However, the trend is clearly in the right direction with increases in satisfaction on 11 measures and no change on the twelfth. Table 44 compares the findings for 2006 and 2007.

Table 44

Satisfaction with dealing with Regulator on different topics in past three months: 2006 vs. 2007

Channels	Proportion 'very satisfied' or 'fairly satisfied' 2006	Proportion 'very satisfied' or 'fairly satisfied' 2007
Learning support via the Trustee toolkit	88%	98%
General news updates	88%	94%
Technical guidance documents updates	87%	92%
Codes of practice	88%	88%
General guidance documents updates	86%	87%
General advice	78%	87%
Reporting a notifiable event	82%	86%
Reporting a breach	76%	83%
Levy query	69%	81%
Advice on your scheme	68%	81%
Scheme return query	58%	78%
Investigation	30%	55%

6 Key driver analysis

6.1 *Background to the methodology*

Key Driver Analysis has been employed to identify the strength of the relationship between ratings of the overall performance of the Regulator and the functions, the descriptors and the service features on which opinions had been sought in the survey.

In essence the process has looked for the nature of the relationships between participants' view of the Regulator overall and their assessment of the Regulator on:

- A range of functions for which The Regulator is responsible
- The series of image descriptors that may be associated with The Regulator
- The Regulator's effectiveness on a series of specified service features

In research this is often referred to as **deriving** the importance of specific aspects. Unlike **stated** importance, it seeks to identify what is really driving people's perceptions of overall performance. The analysis produces a score for each aspect of between -1 and +1:

- A score of +1 means there is a perfect positive linear relationship between the rating given on a specific measure and the overall view of performance
- A score of 0 means there is no relationship whatsoever
- A score of -1 means there is a perfect negative linear relationship whereby low performance on a specific aspect is associated with high or very favourable overall evaluation

Plotting these scores against ratings of actual performance, for both In-house and external audiences where possible, enables the identification of key and secondary strengths and also of key and secondary priorities for improvement.

6.2 *Key driver analysis for in-house audiences*

6.2.1 **Functions drivers**

The analysis looked for the nature of the relationship between the overall rating of the Regulator (covered in section 4.1) and the evaluations given on the specific functions covered in section 4.2.

For the in-house audiences, every one of the functions covered had a highly statistically significant relationship (at the 99 percent confidence level) with the overall rating.

Table 45 shows the rank order of the functions in terms of their impact on the overall performance evaluation. As stated in section 6.1 the closer the correlation figure is to 1.0 the more impact performance on that specific aspect is having on the overall assessment.

Table 45*Derived importance of specific functions for in-house audiences*

Function	Correlation score
Provide guidance (e.g. The Pensions Regulator Notes, at a glance guides, news by email)	0.47
Provide expert help and guidance on pensions matters generally	0.39
Provide codes of practice	0.38
Improve trustee knowledge and understanding	0.38
Investigate and prevent pension scheme misconduct or breaches and take disciplinary action as required	0.36
Reduce the risks of claims to the PPF	0.36
Enable effective and timely clearance of corporate transactions	0.36
Strengthen the funding of defined benefit schemes	0.35
Improve standards in scheme governance and administration	0.34
Work with the Government to ensure that regulation is appropriate	0.31
Ensure employers fulfil their obligations to scheme members	0.29
Protect scheme members' benefits	0.28
Address the risks to defined contribution schemes	0.27

By combining these data with those on the performance of the Regulator detailed in section 4.2 it is possible to derive priorities for action by the Regulator by combining the correlation score from Table 44 with the performance data summarised in section 4.2 to allocate each function to one of four categories:

- Above average performance, above average driver impact (Key strengths)
- Above average performance, below average driver impact (Secondary strengths)
- Below average performance, above average driver impact (High priority improvement)
- Below average performance, below average driver impact (Lower priority improvement areas)

In this analysis the data employed are the mean performance score on each function rather than just the proportion giving a positive score. This is calculated by converting the five point semantic scales into a numerical equivalent (e.g. very effectively = 5; fairly effectively = 4; etc.). This is broadly equivalent to the 'net score' calculation which deducts the proportion of negative evaluations from the proportion of positive ones.

The results of this process are detailed in Table 46 which indicates that there are no high priority improvement areas on functions for the in-house audiences.

Table 46

Derived importance of specific functions combined with performance ratings (in-house audiences)

Function	Correlation score	Performance score
Key strengths		
Provide codes of practice	0.38	4.1
Provide guidance (e.g. The Pensions Regulator Notes, at a glance guides, news by email)	0.47	3.9
Provide expert help and guidance on pensions matters generally	0.39	3.8
Improve trustee knowledge and understanding	0.38	3.7
Secondary strengths		
Investigate and prevent pension scheme misconduct or breaches and take disciplinary action as required	0.36	3.8
Improve standards in scheme governance and administration	0.34	3.8
Enable effective and timely clearance of corporate transactions	0.36	3.7
Ensure employers fulfil their obligations to scheme members	0.29	3.7
Protect scheme members' benefits	0.28	3.7
High priority improvement areas		
Lower priority improvement areas		
Reduce the risks of claims to the PPF	0.36	3.6
Strengthen the funding of defined benefit schemes	0.35	3.6
Work with the Government to ensure that regulation is appropriate	0.31	3.6
Address the risks to defined contribution schemes	0.27	3.5

6.2.2 Image drivers

In a similar manner to the analysis in section 6.2.1, the nature of the relationship between the overall rating of the Regulator (covered in section 4.1) and the evaluations given on the image descriptors covered in section 4.5 was reviewed.

For the in-house audiences, again every one of the descriptors covered had a highly statistically significant relationship (at the 99 percent confidence level) with the overall rating.

Table 47 shows the rank order of the descriptors in terms of their impact on the overall performance evaluation.

Table 47*Derived importance of specific image descriptors for in-house audiences*

Image descriptor	Correlation score
Respected	0.49
Informative	0.45
Educative	0.44
Credible	0.42
Professional	0.42
Protective	0.41
Has a light touch	0.34
Transparent	0.34
Independent	0.33

Combining these data with those on the performance of the Regulator detailed in section 4.5 it is again possible to allocate each function to one of four categories:

- Above average performance, above average driver impact (Key strengths)
- Above average performance, below average driver impact (Secondary strengths)
- Below average performance, above average driver impact (High priority improvement)
- Below average performance, below average driver impact (Lower priority improvement areas)

The results of this process are detailed in Table 48. Again, the performance of the Regulator is such that no high priority improvement areas emerge.

Table 48

Derived importance of image descriptors combined with performance ratings (in-house audiences)

Image descriptor	Correlation score	Performance score
Key strengths		
Professional	0.42	4.1
Credible	0.42	3.9
Informative	0.45	3.8
Educative	0.44	3.8
Protective	0.41	3.7
Secondary strengths		
Independent	0.33	3.7
High priority improvement areas		
Lower priority improvement areas		
Transparent	0.34	3.4
Has a light touch	0.34	3.1

6.3 Key driver analysis for external audiences

6.3.1 Functions drivers

As before, this analysis looked for the nature of the relationship between the overall rating of the Regulator (covered in section 4.1) and the evaluations given on the specific functions covered in section 4.2.

For the external audiences, the majority of functions have a significant positive correlation at the 99 per cent level. However, two functions were significant at the 95 per cent level:

- Improve trustee knowledge and understanding
- Reduce the risks of claims to PPF

Table 48 shows the rank order of the functions in terms of their impact on the overall performance evaluation. The resulting rank order contains several differences from that for the in-house audiences. Compared with in-house audiences the external ones:

- Are more sensitive to:
 - Ensuring employers fulfil their obligations to scheme members
 - Protecting scheme members benefits
- Are less sensitive to:
 - Providing codes of conduct
 - Improving trustee knowledge and understanding
 - Reducing the risk of claims to the PPF

Table 49*Derived importance of specific functions for external audiences*

Function	Correlation score
Ensure employers fulfil their obligations to scheme members	0.36
Investigate and prevent pension scheme misconduct or breaches and take disciplinary action as required	0.33
Provide guidance (e.g. The Pensions Regulator Notes, at a glance guides, news by email)	0.32
Provide expert help and guidance on pensions matters generally	0.32
Enable effective and timely clearance of corporate transactions	0.30
Protect scheme members' benefits	0.30
Work with the Government to ensure that regulation is appropriate	0.26
Improve standards in scheme governance and administration	0.24
Provide codes of practice	0.21
Strengthen the funding of defined benefit schemes	0.20
Address the risks to defined contribution schemes	0.20
Improve trustee knowledge and understanding	0.16
Reduce the risks of claims to the PPF	0.13

By combining these data with those on the performance of the Regulator detailed in section 4.2 it is possible to derive priorities for action by the Regulator by looking together at the correlation score from Table 49 and the performance data summarised in section 4.2 to allocate each function to one of four categories:

- Above average performance, above average driver impact (Key strengths)
- Above average performance, below average driver impact (Secondary strengths)
- Below average performance, above average driver impact (High priority improvement)
- Below average performance, below average driver impact (Lower priority improvement areas)

The results of this process are detailed in Table 50.

Table 50

Derived importance of specific functions combined with performance ratings (external audiences)

Function	Correlation score	Performance score
Key strengths		
Provide guidance (e.g. The Pensions Regulator Notes, at a glance guides, news by email)	0.32	4.2
Enable effective and timely clearance of corporate transactions	0.30	3.9
Investigate and prevent pension scheme misconduct or breaches and take disciplinary action as required	0.33	3.8
Protect scheme members' benefits	0.30	3.8
Provide expert help and guidance on pensions matters generally	0.32	3.7
Secondary strengths		
Provide codes of practice	0.21	4.4
Improve trustee knowledge and understanding	0.16	3.9
Improve standards in scheme governance and administration	0.24	3.7
Strengthen the funding of defined benefit schemes	0.20	3.7
Reduce the risks of claims to the PPF	0.13	3.7
High priority improvement areas		
Ensure employers fulfil their obligations to scheme members	0.36	3.6
Work with the Government to ensure that regulation is appropriate	0.26	3.5
Lower priority improvement areas		
Address the risks to defined contribution schemes	0.20	3.3

6.3.2 Image drivers

The nature of the relationship between the overall rating of the Regulator (covered in section 4.1) and the evaluations given on the image descriptors covered in section 4.5 was also reviewed for external audiences. Every one of the descriptors covered had a highly statistically significant relationship (at the 99 percent confidence level) with the overall rating.

Table 51 shows the rank order of the descriptors in terms of their impact on the overall performance evaluation. Compared with the in-house audiences the external ones appear more sensitive to 'educative' but less to 'credible' and 'transparent'.

Table 51*Derived importance of specific image descriptors for external audiences*

Image descriptor	Correlation score
Credible	0.44
Respected	0.40
Professional	0.34
Informative	0.33
Transparent	0.33
Educative	0.30
Protective	0.28
Has a light touch	0.24
Independent	0.14

Combining these data with those on the performance of the Regulator detailed in section 4.5 it is again possible to allocate each function to one of four categories:

- Above average performance, above average driver impact (Key strengths)
- Above average performance, below average driver impact (Secondary strengths)
- Below average performance, above average driver impact (High priority improvement)
- Below average performance, below average driver impact (Lower priority improvement areas)

The results of this process are detailed in Table 52.

Table 52

Derived importance of image descriptors combined with performance ratings (external audiences)

Image descriptor	Correlation score	Performance score
Key strengths		
Professional	0.34	4.1
Credible	0.44	4.0
Informative	0.33	4.0
Respected	0.40	3.8
Secondary strengths		
Educative	0.30	4.0
Protective	0.28	3.8
Independent	0.14	3.8
High priority improvement areas		
Transparent	0.33	3.4
Lower priority improvement areas		
Has a light touch	0.24	3.3

6.4 Key driver analysis of behaviours and characteristics

This analysis looked for the nature of the relationship between the overall rating of the Regulator (covered in section 4.1) and the evaluations given on the Regulator's perceived behaviours and characteristics covered in section 4.3. In this instance, the analysis has been conducted for the total sample thereby combining in-house and external audiences.

All of the behaviours/ characteristics tested had a significant positive correlation at the 99 per cent level.

Table 53 shows the rank order of the behaviours/ characteristics in terms of their impact on the overall performance evaluation.

Table 53

Derived importance of behaviours and characteristics (in-house and external audiences combined)

Behaviour/ characteristic	Correlation score
Consults you on issues before taking action	0.43
Have well informed staff	0.39
Provide a clear, easy to understand response to your enquiry	0.38
Be proactive in addressing underlying problems	0.38
Be open in its dealings with you	0.36
Be easy to contact on a day to day basis	0.35
Understand the requirements of your scheme	0.34
Provide a prompt service	0.33
Provide good quality on-line learning material	0.32

By combining these data with those on the performance of the Regulator detailed in section 4.3 it is possible to derive priorities for action by the Regulator by looking together at the correlation score from Table 53 and the performance data summarised in section 4.3 to allocate each behaviour/ characteristic to one of four categories:

- Above average performance, above average driver impact (Key strengths)
- Above average performance, below average driver impact (Secondary strengths)
- Below average performance, above average driver impact (High priority improvement)
- Below average performance, below average driver impact (Lower priority improvement areas)

The results of this process are detailed in Table 54. The priorities for action which emerge are:

- Consult on issues before taking action
- Understand the requirements of the specific scheme in question
- (To a lesser extent) Be open in dealings

Table 54

Derived importance of specific behaviours/ characteristics combined with performance ratings (in-house and external audiences)

Behaviour/ characteristics	Correlation score	Performance score
Key strengths		
Have well-informed staff	0.39	3.8
Be proactive in addressing underlying problems	0.38	3.8
Provide a clear, easy to understand response to your enquiry	0.38	3.7
Secondary strengths		
Provide good quality on-line learning material	0.32	4.1
Provide a prompt service	0.33	3.9
Be easy to contact on a day to day basis	0.35	3.7
High priority improvement areas		
Consult you on issues before taking action	0.43	3.4
Understand the requirements of your scheme	0.34	3.4
Lower priority improvement areas		
Be open in its dealings with you	0.36	3.5

7 Looking to the future

Participants were two opportunities, via open-ended questions, to make recommendations for how the Regulator should develop in the future. One was a general question asking what the Regulator's main priorities should be over the next 12 months. The other asked, more specifically, what the Regulator could do to make the information, education and advice it provided more useful to the survey respondent.

Each of these topics is covered in turn.

7.1 *Recommendations for main priorities over the next 12 months*

A diverse range of priorities was mentioned. The most frequently proposed focused protecting members' rights and benefits and guidance and training for trustees. Topics mentioned by at least 10% are listed in Table 55.

Table 55

Priorities identified for the next year

Priorities for next year	Proportion mentioning
Protect members' rights/ benefits	18%
Providing guidance/training for trustees; focus on governance	16%
Carry on/ keep on the good work	11%
Focus on scheme funding/ ensure schemes adequately funded/ monitor covenants	11%
Reduce red tape/ simplify scheme returns/ consolidate regulation	11%
Raise profile/ public awareness/ clarify independent status	10%

7.2 *Ways to improve information, education and advice provided*

The most widely mentioned (21 per cent) topic area covered providing improved information updates, newsletters and summaries.

Next (nine percent) were improvements to the website, including making the navigation more user friendly. Eight per cent called for simple and user friendly language and reference materials while six per cent talked about more tailored and targeted advice, for example aimed at a specific business sector. No other topic was mentioned by more than five percent of participants.