

Ofgem Pension Principles Seminar: Industrial Consumers' Perspective

Jeremy Nicholson
Director – Energy Intensive Users Group

Energy Intensive Users Group

British Ceramic Confederation
Chemical Industries Association
British Cement Association
Major Energy Users Council
UK Steel

British Glass Manufacturers Confederation
John Hall Associates; Utilyx
Confederation of Paper Industries
Alcan; Anglesey Aluminium
BOC; Air Products

jnicholson@eef.org.uk

www.eiug.org.uk

T 020 7654 1536

M 07785 280568

EEF/CPH Consulting Employment Survey 2009

Table 1 Survey respondents by company size

	Number of respondents	Percentage of total respondents (%)
Small (1 to 100 employees)	221	44.3
Medium (101 to 250 employees)	171	34.3
Large (251 and more employees)	107	21.4

EEF/CPH Consulting Employment Survey 2009

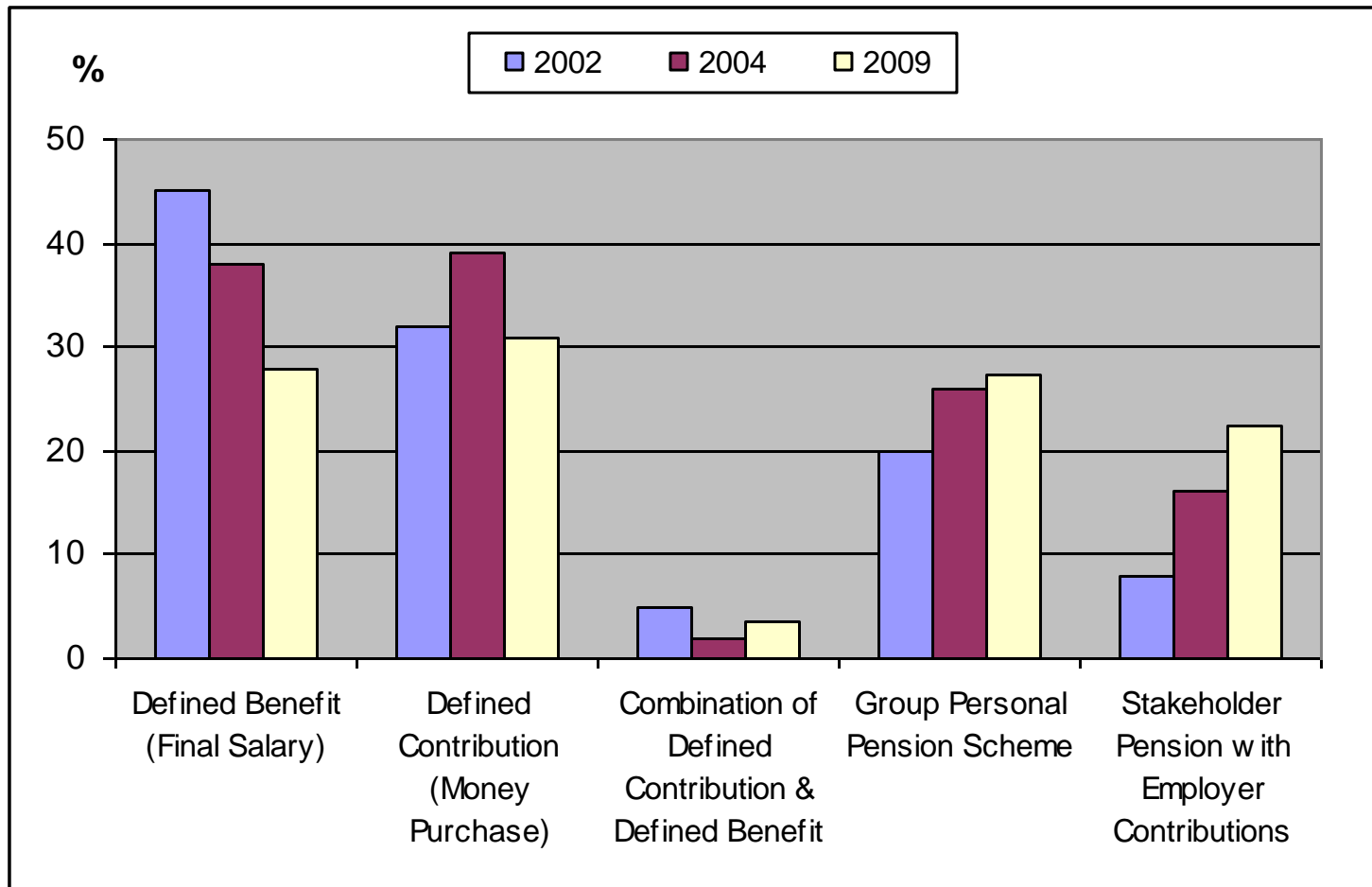
**Table 2 Type of pension arrangements for different categories of employees
% of firms**

	Executive	Management	Manual	Non-Manual
Defined benefit	28	30	26	27
Defined contribution	30	33	28	29
Combination of defined benefit and defined contribution	4	4	4	4
Group private pension scheme	27	31	30	29
Stakeholder with employer contribution	22	30	33	31

Source: EEF/CPH Consulting Employment Survey 2009

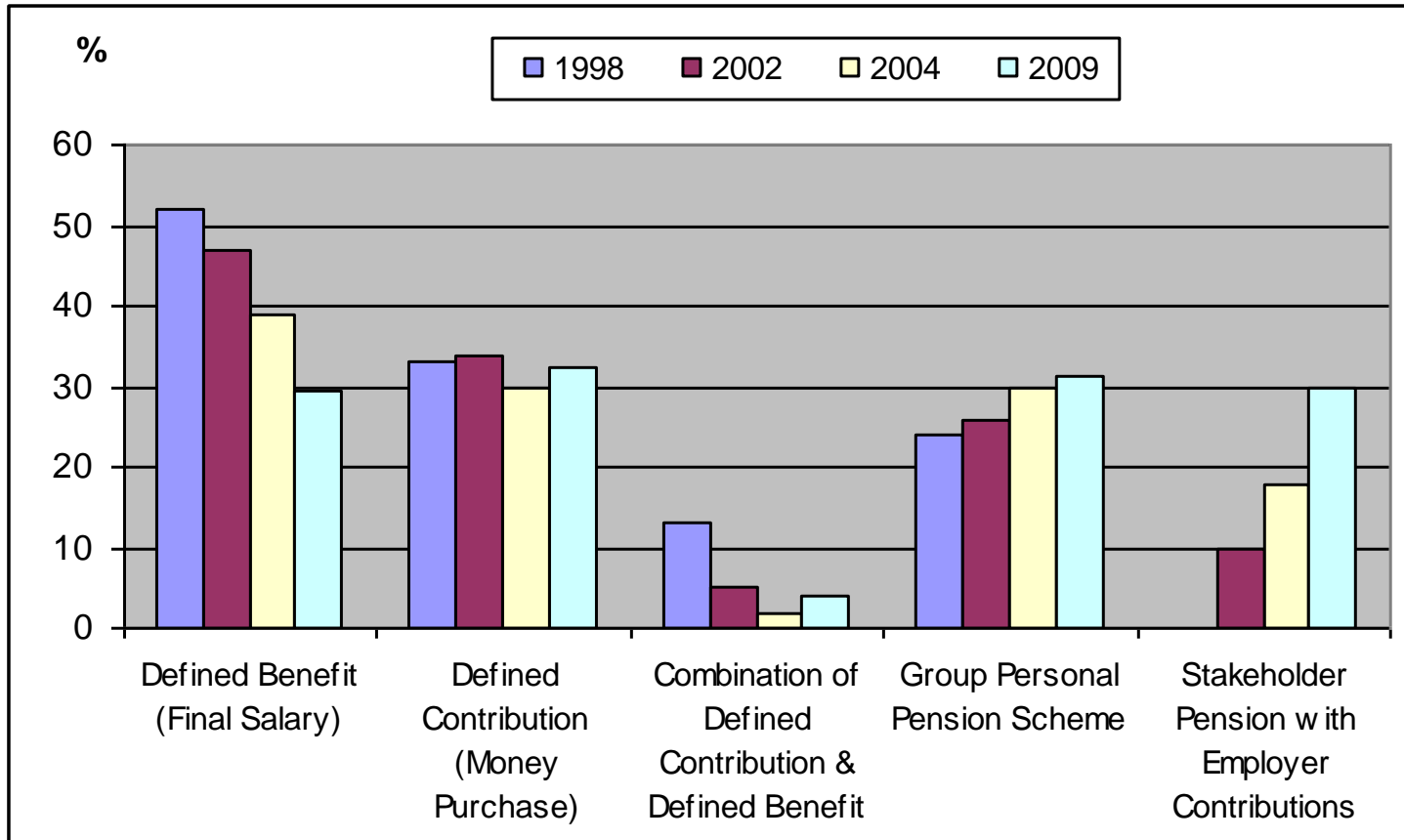
EEF/CPH Consulting Employment Survey 2009

Chart 1 Defined benefit schemes in decline for executives ...
% of firms offering type of pension scheme



EEF/CPH Consulting Employment Survey 2009

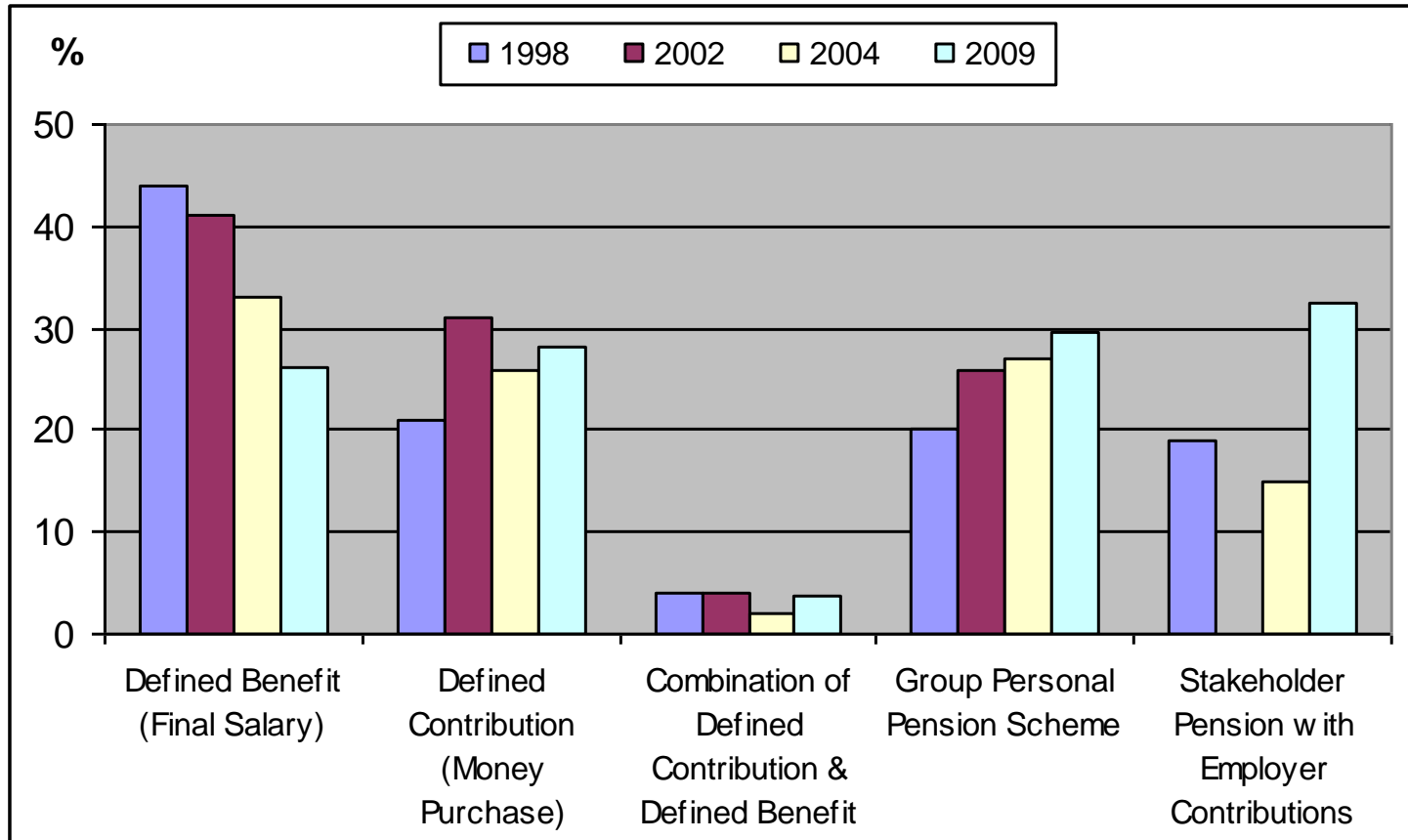
Chart 2 ... and for management
 % of firms offering type of pension scheme



EEF/CPH Consulting Employment Survey 2009

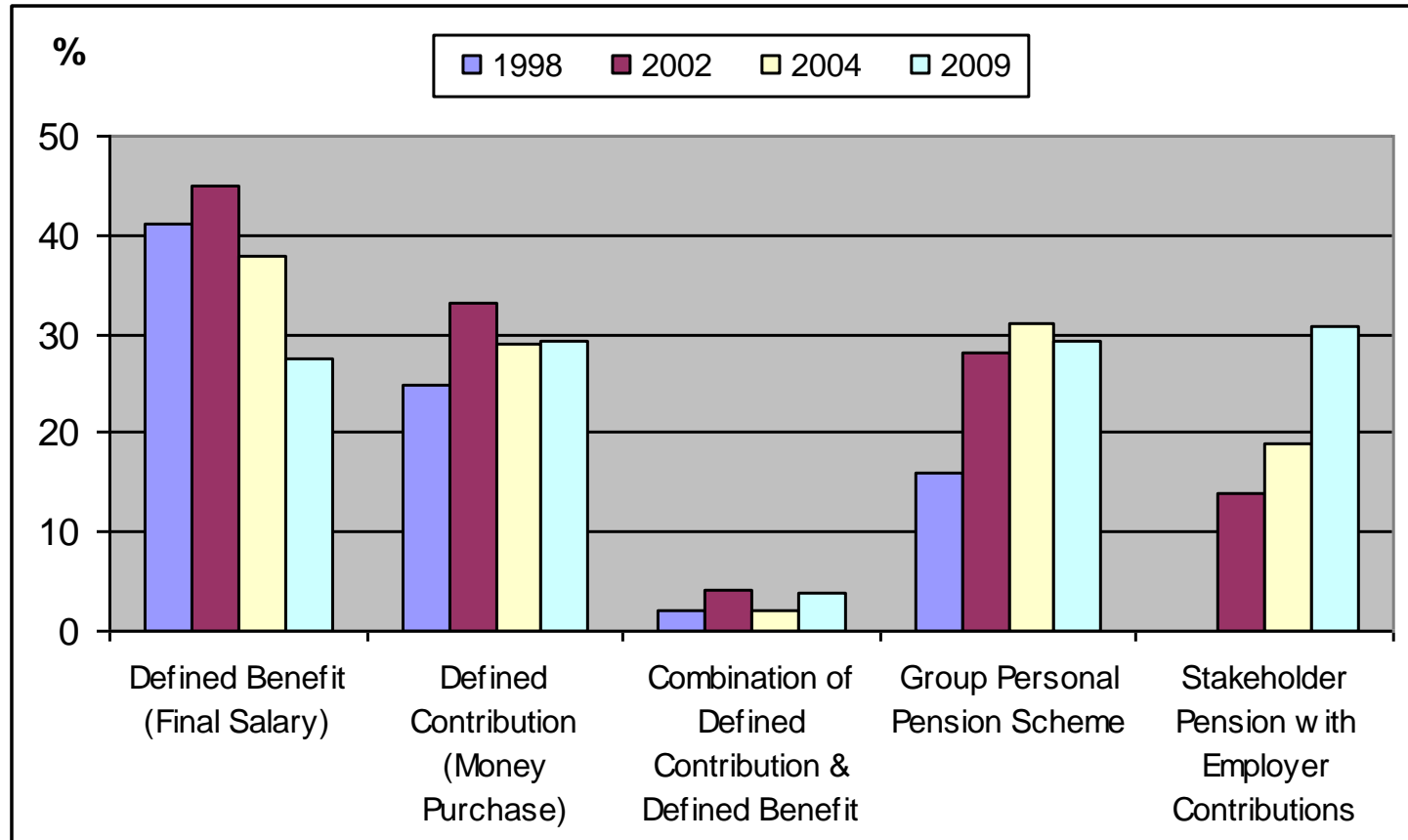
Chart 3 Stakeholder pensions increasingly common for manual employees ...

% of firms offering type of pension scheme



EEF/CPH Consulting Employment Survey 2009

Chart 4 ... and for non-manual staff % of firms offering type of pension scheme



EEF/CPH Consulting Employment Survey 2009

Table 3 Changes in DB pension provision

% of firms providing DB pension by category of employee

	1998	2002	2004	2009
Executives	N/A	45	38	28
Management	52	47	39	30
Non-manual employees	44	45	38	26
Manual employees	41	41	33	27

Sources: EEF/CPH Employment Survey 2009,
EEF/Aon Consulting Pensions Surveys 1998, 2002 and 2004

EEF/CPH Consulting Employment Survey 2009

Table 4 Investment returns and legislation are biggest company concerns
% of firms

	All companies	Companies with defined benefit schemes
Reduced investment returns	67	75
Increased legislative requirements	56	63
Current administrative costs	30	46
Greater trustee involvement	15	19
Other	11	13

Source: EEF/CPH Consulting Employment Survey 2009

EEF/CPH Consulting Employment Survey 2009

Selected observations:

“a significant proportion (62%) of DB schemes are now closed to new members while a further 14% are closed for future service to existing members”

“Association of Consulting Actuaries ... reported that 87% of private sector DB schemes are now closed to new members and that 18% of them are no longer taking contributions from existing members”

“As more and more companies go down this road, the closure of DB schemes will start to become something of a self-fulfilling prophecy. In our view, the endgame for DB schemes for employees in the private sector is now rapidly approaching”

Source: EEF/CPH Consulting Employment Survey 2009