

# UK schemes opting for 'Easyjet' business model on administration

## ADMINISTRATION

By Jack Jones

UK pension schemes must break with the "Easyjet" model of administration if they want to deliver world class service levels to members, a consultant says.

CEM Benchmarking vice-president John Simmonds said administration costs were consistently lower for UK schemes than their counterparts abroad and service levels were also worse.

However, Simmonds – whose firm evaluates schemes against domestic and international peers – stressed that this low

cost, basic service option was a valid model.

"The important thing is whether the administration team delivers value for money - if costs are higher then are members experiencing higher service as a result?" he said.

He added that schemes needed an administration strategy that aligned the needs of members with the scheme budget and acknowledged it was difficult to argue for more investment at present.

"But if we want to provide world class service, someone has to break free of the no frills

paradigm and get past the herd mentality," said Simmonds.

He identified structured education programmes, including one-to-one meetings, and website functionality as areas where overseas schemes spent more money and achieved better outcomes.

Independent consultant Kim Gubler said this was motivated in part by fear in the UK that sessions with individual members would be seen as giving financial advice – a concern highlighted by Pensions Administration Standards Association chairman Margaret

Snowdon last month (*PP Online, 26 September – www.professionalpensions.com/2112007*).

But Gubler, senior partner at Kim Gubler Consulting, added that schemes could add a lot of value through group presentations without having to spend heavily.

"It's not necessarily expensive, because you can leverage a lot of goodwill from providers, but you have to make sure that you get a good turn out for presentations and you need to have the will to spend some time on it," she said.