



Social Housing Pension Scheme

Annual Review for the year to 30 September 2002



Chairman's Statement

The Social Housing Pension Scheme (SHPS) is the leading UK pension scheme for the social housing sector. Welcome to our review of the year to 30 September 2002.

These are undoubtedly difficult and challenging times for pension schemes. Media attention has focused heavily on scheme closures, withdrawal of final salary pension benefits and significant investment losses. Against this trend SHPS, your scheme, has continued to develop and your Committee has sought positively to address and manage the key issues of the day.

Main features of the year included:

- An 11% growth in membership, bringing total membership to 38,679
- A slightly below average investment return for the year, but a stronger medium and long-term performance
- Important developments in the administration of the Scheme
- An increase of 10.9% in contributions.

Significant progress has been made in promoting a customer-led approach in the administration of the Scheme. Almost 36,000 items of work received were completed in the year. Customer surveys indicate a growing confidence among members and employers that this work is being undertaken efficiently and effectively whilst retaining an important personal element. The dedicated SHPS team will continue their strong commitment further to develop the quality of service provided.

In the year ahead we shall complete the Scheme's triennial valuation (three-yearly measurement of assets and liabilities). The future success of the Scheme, and the maintenance of a strong range of benefits, is ultimately the shared responsibility of members and employers. Your Committee will consult on the main options, working together with you to achieve continued strength and sustainability for SHPS.

Alister Green
Chair, SHPS Pensions Committee

“A leading Scheme offering high quality benefits and good value”

Service Improvements

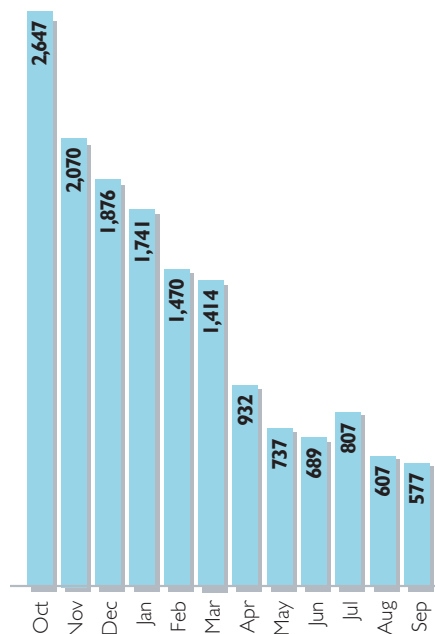
Our aim is to continually improve the quality of service provided by the administration teams for all members of the Social Housing Pension Scheme.

We have considered the results of our customer surveys together with regular member feedback and comments. This has enabled us to understand better the real and perceived needs of members and to focus our efforts in a co-ordinated manner. As a result improvements have been made in a number of key areas including:

- Reduction in the volume of outstanding items of work from 2,647 to 577
- Significant improvement in turnaround times
- Completion of over 99% of cases within the agreed service levels for the final quarter of the year (July 2002 to September 2002).

Whilst we do recognise that the agreed service levels are now being met, there are areas where improvements can be made. We are continuing to assess and monitor our performance and are working towards consistently performing above industry standards.

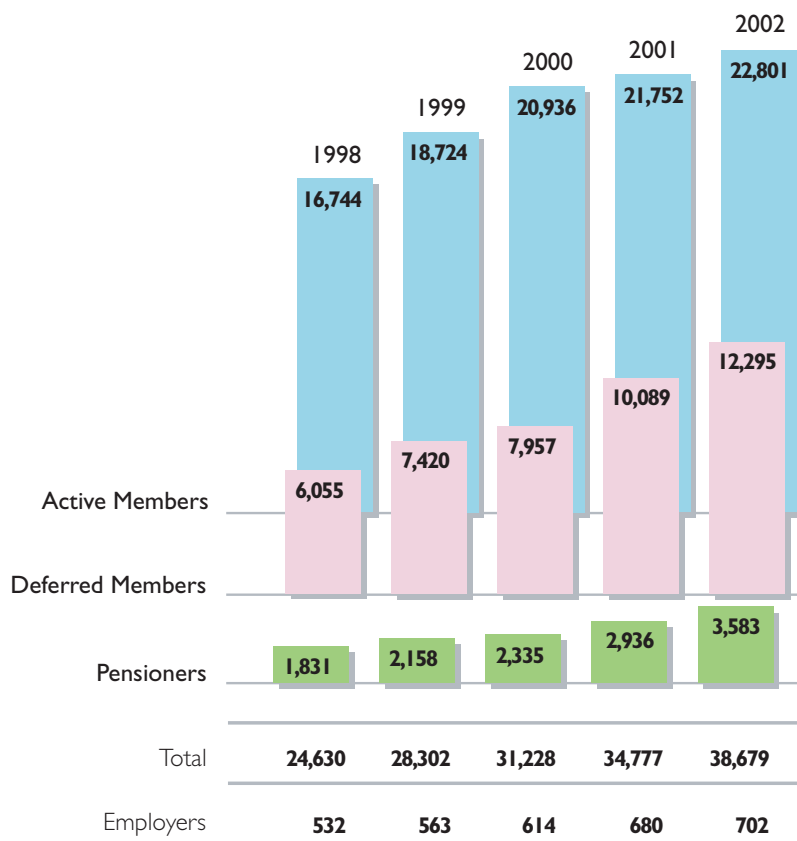
Outstanding Items of Work
October 2001 to September 2002



Benefits of the Scheme

As a contributing member of the Social Housing Pension Scheme, you will benefit from the following:

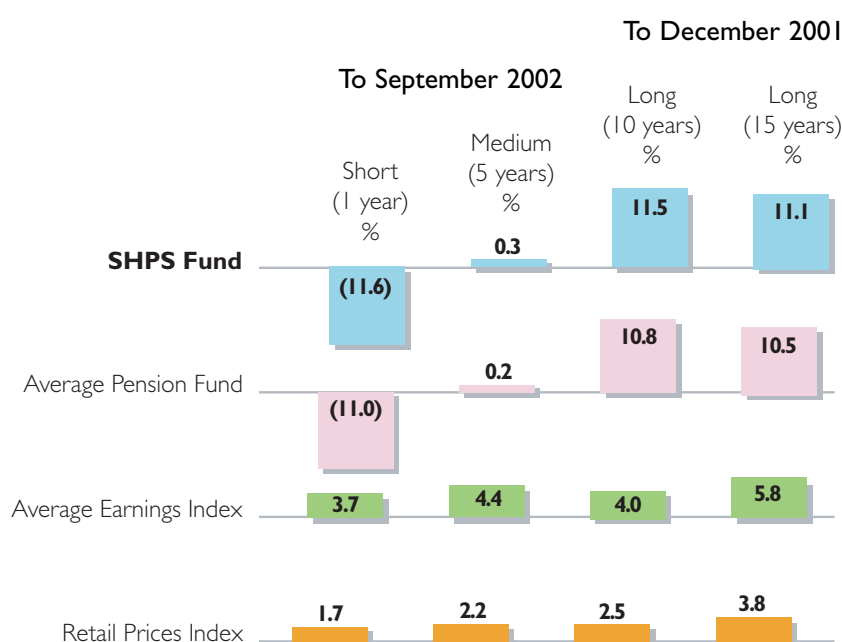
- A pension payable from retirement for the rest of your life, related to your salary at retirement
- Partner's and/or children's pensions if you die before or after retirement
- Life assurance (of three times your pensionable earnings) if you die whilst contributing to the Scheme (not applicable once contributions cease)
- An immediate pension if you retire due to ill health (in defined circumstances)
- Retirement age of 65, with the option to take early retirement from age 50
- The option to exchange some pension for a tax-free lump sum – you may choose the amount (within limits) that best suits your needs
- Pension increases in retirement in line with inflation up to 5%
- A lump sum payment to your nominee(s) if you die after leaving the Scheme but before you start to receive your pension, or if you die within five years of retiring.



Membership of the Scheme

Total membership of the Scheme continues to grow and has increased by 11% to 38,679 members.

Throughout the year many organisations joined the Scheme. These include Weaver Vale Housing Trust, Carr-Gomm Scotland and Dales Housing.



Investment Results

The table shows the investment performance of the Social Housing Pension Scheme over the 12 months to 30 September 2002 and the longer term.

The one-year performance has been below benchmark.

Performance over the medium and long-term continues to compare favourably with the average pension fund.

The Committee will continue to monitor the investment performance of the Scheme.

Fund Statement For the year ended 30 September 2002

The Social Housing Pension Scheme is an integral part of The Pensions Trust. This statement summarises the transactions of the Scheme and its proportionate share of expenses, investment return and investments. The figures shown in the statement have been extracted from the audited accounts of The Pensions Trust which were approved by the Trustees on 12 December 2002. *This summary report is not intended to be a financial statement within the terms defined by SORP (Statement of Recommended Practice for Pension Schemes.)*

	2002	2001
	£000	£000
Contributions paid by members and employers	64,795	58,391
Transfers-in	37,354	8,454
Total money in	102,149	66,845
Benefits paid (pensions and lump sums)	(14,452)	(12,104)
Payments to leavers	(6,951)	(4,674)
Administrative costs	(2,785)	(2,504)
Total money out	(24,188)	(19,282)
Net additions from dealing with members	77,961	47,563
Return on investments		
Investment income (after management expenses)	9,587	9,174
Change in market value of investments	(99,636)	(111,302)
Net returns on investments	(90,049)	(102,128)
Net (decrease) in the Fund during the year	(12,088)	(54,565)
Net assets of the Scheme		
At the beginning of the Scheme year	661,607	716,172
At the end of the Scheme year	649,519	661,607

Transfers-in include £24,234,000 arising from the transfer into the Scheme of Notting Hill Housing Trust.

“The SHPS Fund continues to develop with significant progress being made to improve the quality of service provided”

Looking after your Scheme

The SHPS Pensions Committee

Alister Green

Chief Executive,
Bield Housing Association

Colin Small

Interim Finance Director,
Festival Housing Group

Edward Russell

Pensioner

Hugh Jones

(Nominated by the WFHA)

Ian Wheeler

Care Manager,
Granta Housing Society

Joy Uings

Finance Manager,
People First Housing Association

Nick Horne

Managing Director,
Knightstone Housing Association

Stephen Duckworth

(Nominated by the NHF)

Tiyani Behanzin

Independent Housing Management and
Development Consultant

Professional Advisers & Bankers

**Actuarial and
Investment Consultants**

Watson Wyatt LLP

Mercer Human Resource
Consulting Ltd

Scheme Actuary

Peter Lofthouse of Watson Wyatt LLP

Auditors

KPMG LLP

Solicitors

Mayer, Brown, Rowe and Maw LLP

McGrigor Donald

Bankers

The Royal Bank of Scotland plc

Investment Managers

Barclays Global Investors Ltd

Fidelity Pensions Management Ltd

Capital International Ltd

Henderson Global Investors Ltd

Legal & General Investment
Management Ltd

Pension Consultants

SBJ Benefit Consultants Ltd

Property Managers

Insignia Richard Ellis Ltd and
Atlantic Fund Management Ltd

**Measurers of Investment
Performance**

The WM Company Ltd

Custodians

The Northern Trust Company

Mayer, Brown, Rowe and Maw LLP
(for property deeds)

Administered by



The Pensions Trust

for Charities and Voluntary
Organisations since 1946

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