

Case study:

# Coastline housing



## Tell us a bit about Coastline Housing

Coastline Housing is an independent Cornish charitable housing association owning and managing 5,000 homes. It is one of the fastest growing landlords in the country and we are proud to be a key provider of housing and support in Cornwall. That includes social housing for thousands of people across Cornwall, plus shared ownership and rent to buy homes as part of our wider offering to help people get a home of their own.

Our Extra Care scheme in Redruth houses older people, and our services for anyone experiencing homelessness help hundreds each year who were rough sleeping. Our ambition is to end the housing crisis in Cornwall.



## Why did you sign up to the Living Pension?

As a charity providing social housing and support services, we see first-hand how low wages can contribute to housing inequality. It is important for us to set out our stall as a fair and equitable employer and that is one of the reasons why we are a Living Wage accredited employer.

When we took our values and reviewed our pension data, we saw that our defined contribution scheme was not working as well as we wanted it to for younger and lower paid colleagues. We read the Living Pension research and saw that traditional contribution matching doesn't always work and isn't always fair. That really resonated with us, and we wanted to do something about it.

We're outwardly focused and are always looking for new ideas as a business, so we signed up to be part of the Living Pension pilot. The process with the Living Wage Foundation was collaborative and that was really important because it gave us space to own the process. We had an agreement that there was a problem, and we all worked together to come up with a solution that addressed the key elements of providing effective pensions with something tailored to the issues we were seeing at Coastline.



## What did you have to do to become accredited as a Living Pension Employer?

As we were part of the initial pilot testing, we spent a lot of time talking to our colleagues to understand what they knew about pensions and to see if there was a better way to talk about them. This coincided with a new approach we were taking to colleague engagement, trying new ways of talking to colleagues about benefits and wellbeing, and that really shaped the approach we took.

We looked at the Living Pension with our advisers, Isio, as part of a holistic review of our overall employee benefits offering. Once our Board of Trustees reviewed our recommendations and approved the planned approach, we worked with the Living Wage Foundation to complete the licence agreement and communicate the change to colleagues. We did this in a number of ways and ran sessions with colleagues to really get them thinking about their retirement plans and how they were saving for this.



## What made you choose the cash benchmark for accreditation?

We ran the numbers on different approaches and the cost of each, then considered these against our values as an organisation and who would benefit most. We looked at enrolling everyone on 12% as the default contribution (our existing matching structure meant employees could already opt up to this if they paid 6%), but it costed more and would have largely benefited those earning the most.

Of our 380 employees, 60 did not pay into the pension at all. The thing they all had in common was that they were young and lower paid. It was clear that our percentage based matching contribution wasn't the solution for them. We looked at what it would cost to target those not in the pension and those in the pension but not at the Living Pension cash target. It was costly, but much less so than the other approach, which would have mostly benefited those who were already provided for.

We moved our auto enrolment minimum level from 8% (4% matching) to 10% (5% matching) and introduced a non-contributory cash floor for everyone of £1,488. We're trying to move everyone to a point where they start at a higher matching level, but still with the cash floor there in case people cannot afford it. We also introduced a Lifetime ISA as an option for younger colleagues under 40, which made the benefit much more appealing to them, as the Living Pension research highlighted the importance of housing costs in retirement planning.



## What were the benefits of becoming a Living Pension Employer?

The biggest benefit that's come out of doing this work was the thinking around how best to target changes for the younger and lower paid in our workforce. The fact that the standard was flexible and allowed us to use a Lifetime ISA as a qualifying product meant we could do something innovative, and really engage our younger colleagues. It also fits with what we do as an organisation, being able to support colleagues to own their own home and reduce their future costs in retirement.

Signing up to Living Pension has really helped us hone our messaging to show that we do more for our employees than just their headline salary. We can demonstrate that we look after our colleagues today and in the future, and that enables us to attract and retain talent.

It has improved our ability to communicate about how pensions work and financial wellbeing generally and we have had better engagement from colleagues. The simplicity of the messaging around Living Pension helped us build our narrative and demonstrate that we think savings and retirement are important, so much so that we will put money in even if employees don't.



## What feedback have you had from your employees?

It has been really positive and a lot of employees think it has been a great idea. Some have said it is lovely to work for an employer that is looking after their future. There is a real appreciation that this is a benefit for now, but that actually it's about looking after employees in later life as well.

Our messaging has brought pensions to life in our discussions with people. What has been really heartening is that those in the organisation who were not engaged, particularly younger people, now engage with their pension benefits much more, and are asking a lot more questions about where they can view their retirement savings and make any changes they want to make.

Engagement on pensions is clearly the big win, but it has been more than that. Colleagues are talking about financial literacy generally and there has been a willingness to talk about financial problems because this has provided a platform to talk in a simple and meaningful way.

Even those that have not made a gain from the changes, because they are on higher salaries and were maximising the matching already, have been positive as there is a recognition that we are putting the money where it matters.



## What were the biggest challenges?

It has been challenging to administer the cash standard on our pension platform. We were able to set it up easily on our payroll systems, but it was not as straightforward as anticipated to send cash top ups to our pension provider. The standard does allow that any cash top ups above the standard matching can be done annually though, so this is the option we will be using, to tie it in with annual payments to the new Lifetime ISA option for younger colleagues.

The hardest part has been third party suppliers. Due to the nature of our business, we do not outsource very much, but where we do, we have a plan in place to work with those suppliers to look at how we bring the Living Pension to those workers as well. It is a harder piece to deliver as it is less within our control, but we are working with them and the Living Wage Foundation to find a way in the next few years.





## What advice would you give to employers considering the Living Pension?

Gather the data and work out what the answer is for you, because pension is nuanced and inevitably differs from business to business. The most important thing though is ensuring that your pension provision is fair.

The experience has been really positive for us, and it has been easy to work with the Living Wage Foundation. They provided lots of information, support and guidance all the way through. It can be hard when you're trying to do the right thing but that doesn't mean it's not massively important to do it, and it will make a massive difference to those that follow.

