



25TH ANNIVERSARY

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25 years of SIPS

On 6 April 2011 SIPS reaches its 25th anniversary and to celebrate this occasion we have produced this commemorative brochure. Much has happened during the last 25 years and the following articles show how SIPS has evolved over the years.

We hope you'll enjoy looking back on the last quarter century of SIPS.

In the beginning

On 6 April 1986, SIPS was established as a centralised pension scheme. Any employer who was working in shipbuilding, ship repair, or allied industries could join SIPS. The Scheme was designed to replace the British Shipbuilders Pension Scheme which had been established in 1981 so that, following privatisation, employers could continue to provide a cost effective pension arrangement. On 6 April 1986, Hadrian Trustees Limited was appointed as the Independent Trustee of the Scheme. A Trustee Board of 15 Trustee Directors was set up, comprising 7 Directors appointed by the employers, 7 Directors nominated by the Confederation of Shipbuilding & Engineering Unions (CSEU), together with an independent Managing Director. This meant that the Scheme could truly represent and act in the best interests of all members and beneficiaries. Throughout the years the various Trustee Directors have contributed significantly to SIPS and in this brochure you will see further details about the individuals involved and their respective contributions.

SIPS began with the following participating companies:

- AMARC (Training, Education & Safety) Limited
- British Shipbuilders
- Energy & Marine Industries plc
- Falmouth Ship Repair Limited
- Hadrian Trustees Limited
- Hall Russell Limited
- Vickers Shipbuilding & Engineering Limited
- Vosper Ship Repairers Limited
- Vosper Thornycroft (UK) Limited

Joining SIPS meant that the individual employers could participate in their own stand-alone section within the Scheme, but benefit from having access to a common investment pool and various advisers.

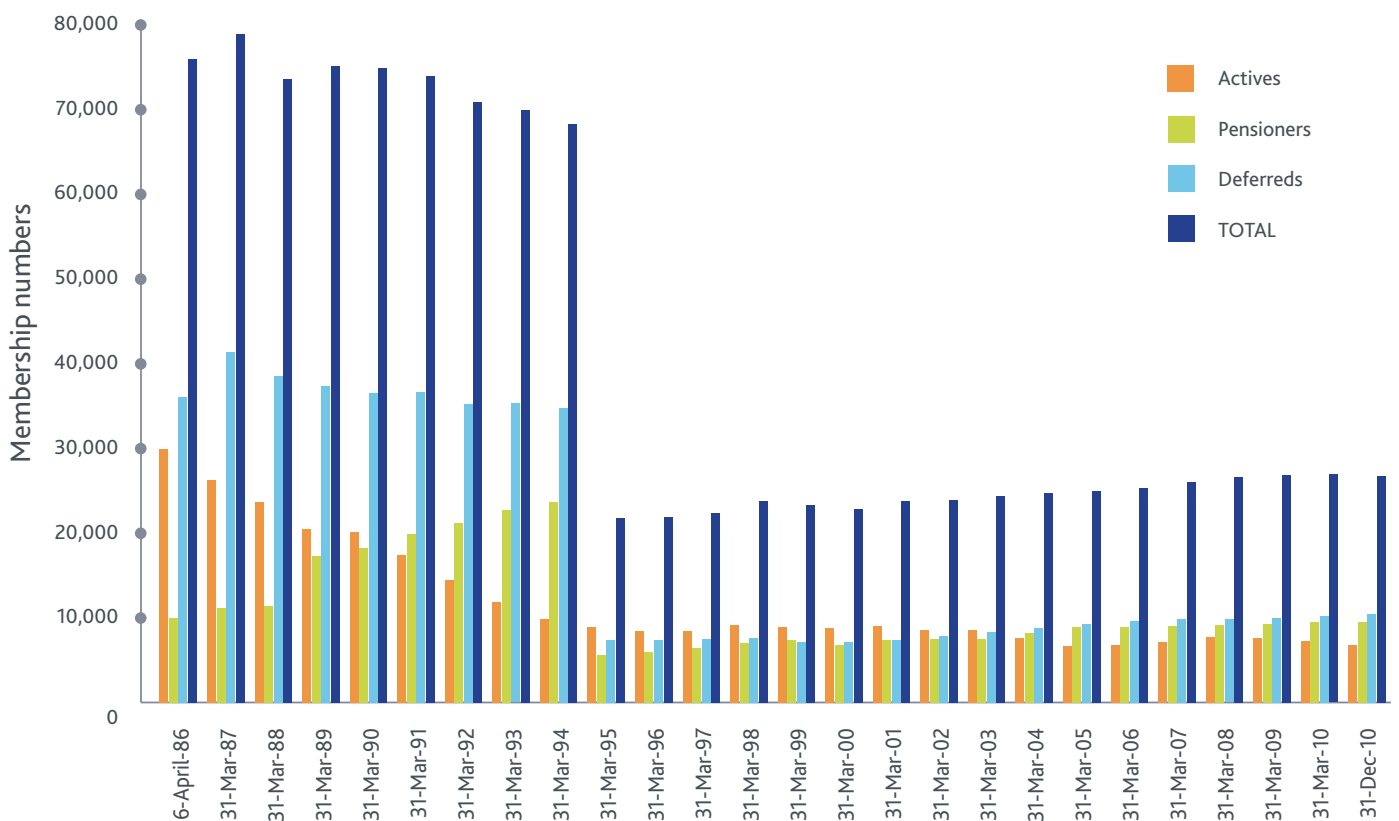
Over the years, there have been various changes of ownership in many of the participating employers and, as a reflection of the decline in the shipbuilding industry in the UK, several employers have gone out of business. In such circumstances, SIPS has been ideally positioned to take the required actions arising from these types of events. Over more recent times one of the key issues facing the Trustee has been liaising with employers regarding the ongoing affordability of a defined benefit pension arrangement. In several cases the cost of providing a defined benefit scheme has proved too much for certain employers and their sections have been closed to future benefit accrual. As an alternative, the SIPS Money Purchase Plan was introduced in 1996 to provide a defined contribution arrangement for a number of employers.

As we look to the future there will be many challenges ahead of us. The Trustee Directors of SIPS are committed to liaising with the different employers, and helping to protect the interests of all SIPS' members.

Scheme membership fast facts

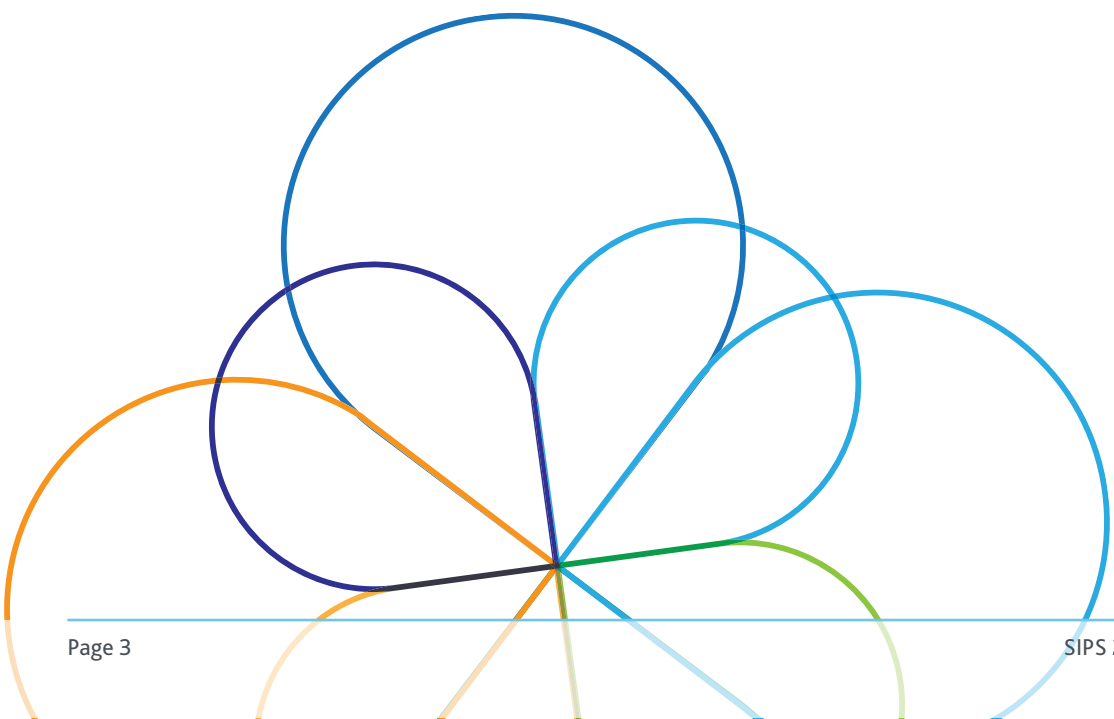
- When SIPS first opened its doors to members there were some 76,000 members consisting of:
 - 30,000 active members
 - 10,000 pensioners
 - 36,000 deferred members
- On 6 April 1986, British Shipbuilders assumed responsibility for all of the deferred members at that time. This was due to the privatisation of the British shipbuilding industry - one of the first industries to be privatised following the changes introduced by the government at that time.
- The largest employer of active members was Vickers Shipbuilding & Engineering Limited with over 13,000 members.
- The biggest change in membership was during the Scheme year ended 31 March 1995 when the British Shipbuilders Section wound up – reducing membership by 46,000.
- In 2010, BAE Systems was the largest employer of active members in the defined benefit scheme with over 3,000 members out of 4,700 active members.
- Scheme membership has grown slightly in recent years as a result of several bulk transfers-in, and more members participating in the Money Purchase Plan (over 3,000 active members at 31 December 2010).

The chart below shows the changing membership over the last 25 years.



Show me the money

SIPS started with assets of £546 million in 1986; 25 years later this has grown to around £1,700 million! The chart below shows the growth in the Scheme's assets over the last 25 years.



Changing times

25 years of SIPS means that the Scheme has seen a lot of changes.

PERIOD ENDED 31 MARCH 1987

- Wallsend Boilers Limited joins SIPS.
- Clay & Partners are appointed as the Scheme Actuary. An initial actuarial valuation is carried out to apportion the Scheme's assets between the different sections.
- Linklaters & Paines are appointed as the Trustee's legal advisers (the firm continues to carry out this role over the next 25 years).

YEAR ENDED 31 MARCH 1988

- Compact Orbital Gears Limited and Brooke Yachts International Limited join SIPS.
- Vosper Shiprepairers Limited falls into liquidation.
- A restructuring of the Scheme's investments was carried out in July 1987 with County NatWest Investment Management, Fidelity Pension Fund Management, Henderson Pension Fund Management and Murray Johnstone being appointed as investment managers. Despite a stock market crash in October 1987, the funds returned 5.3% over the calendar year 1987.

YEAR ENDED 31 MARCH 1989

- Under the continuing programme to privatise British Shipbuilders, Govan Shipbuilders Limited was sold to Kvaerner Industries of Norway and Kvaerner Govan Limited. Kvaerner Industries of Norway and Kvaerner Govan Limited join SIPS.
- HLD Group Limited buys Clark Kincaid. Appledore Shipbuilders Limited is acquired by Langham Industries Limited. Both companies join SIPS.
- Hall Russell Limited and Compact Orbital Gears Limited both went into receivership; the assets of Hall Russell were brought by A&P Appledore (Aberdeen) and ITCA Limited and both companies join the Scheme.
- Compact Orbital Gears (1989) Limited joins SIPS.
- Energy & Marine Industries plc falls into liquidation.

YEAR ENDED 31 MARCH 1990

- Sadly the Trustee Board's Chairman, Barry Turton, dies in April 1989.

- MI Technologies Limited and Marine Design Consultants Limited join SIPS shortly ahead of the completion of the British Shipbuilders privatisation programme.

YEAR ENDED 31 MARCH 1991

- The judgement of the European Court of Justice in the case of Barber vs GRE leads to the need for pension schemes to equalise pension ages for men and women; however, the judgement gives rise to areas of uncertainty and this has severe implications for the timing of the winding-up of the British Shipbuilders Section.
- Under the Social Security Act 1990, the Government introduces a Pensions Ombudsman and a Pensions Registry to enable deferred members to trace their pension scheme.

YEAR ENDED 31 MARCH 1992

- In respect of the British Shipbuilders Section, an initial payment of £255 million was made to Legal & General. The winding-up continues to be delayed due to uncertainty over equalisation of retirement age requirements.
- The winding-up of the A&P Appledore (Aberdeen) Limited Section commences.
- Phillips & Drew and Schroders are appointed as investment managers from 1 July 1991, replacing Fidelity and Henderson.
- The Maxwell saga dominates the pensions news.



Report & Accounts,
1992

YEAR ENDED 31 MARCH 1999

- Kvaerner Govan Limited ceases to participate in the Scheme from 1 April 1998.
- During the year, Anthony Davey (Managing Director) retires after serving on the Board since its inception in 1986. Roger Buttery is appointed as the ongoing Managing Director.
- Fleet Support Limited joins SIPS.

YEAR ENDED 31 MARCH 2000

- The active members previously employed by Kvaerner Govan Limited are given the opportunity to transfer their benefits back into SIPS within the BAE Systems (VSEL) Section.

YEAR ENDED 31 MARCH 2001

- NNC Holdings Limited joins SIPS from 1 April 2000.
- Stamford Associates are appointed as the Trustee's investment adviser in July 2000. Following this, a fundamental review of the investment management arrangements is carried out. This results in a multi-manager approach being adopted where specialist fund managers are used for different asset classes. The bulk of the investment restructuring is implemented as at 1 March 2001.

- Northern Trust is appointed as the global custodian in February 2001.
- The winding-up of the A&P Appledore (Aberdeen) Section is completed.
- In December 2000, Equitable Life announces that it has closed to new business. The ongoing AVC arrangements for SIPS are switched to Clerical Medical.

YEAR ENDED 31 MARCH 2002

- The events of 11 September 2001 lead to extreme volatility in the world's stock markets.
- SIPS collects an award from Professional Pensions for being the "Best Industry-Wide Scheme" in 2001.
- General developments include the issuing of a document titled "Institutional Investment in the UK: a Review" by Paul Myners; in this he sets out 10 principles to be adopted by trustees in management of a pension scheme.

YEAR ENDED 31 MARCH 2003

- The winding-up of the GEL (Rhayader) Section is completed.

YEAR ENDED 31 MARCH 2004

- 30 September 2003, Appledore Shipbuilders Limited goes into receivership. The company's participation in SIPS is terminated in December 2003.



Viewpoint, 2004

YEAR ENDED 31 MARCH 2005

- The Pensions Act receives Royal Assent on 18 November 2004, key provisions include:
 - The establishment of a Pension Protection Fund (PPF).
 - The establishment of a new Pensions Regulator to replace OPRA.
 - The establishment of Scheme Specific Funding requirements to replace the Government's previous measure of the Minimum Funding Requirement.
- The Finance Act 2004 receives Royal Assent in July 2004; the Act includes provision for the introduction of the Inland Revenue's new taxation regime for pension schemes. These changes come into effect on 6 April 2006.

YEAR ENDED 31 MARCH 2006

- Hymans Robertson are appointed as the Trustee's actuarial consultants.

YEAR ENDED 31 MARCH 2007

- A major update of the Scheme Rules is carried out to incorporate changes arising from the Finance Act 2004, the Pensions Act 2006 and the new anti-age discrimination legislation.

YEAR ENDED 31 MARCH 2008

- Prudential are appointed as the Scheme's AVC provider from 1 April 2008.
- The total assets of the Scheme reach the £1,500 million level; at the year end the fund value is £1,549 million.

YEAR ENDED 31 MARCH 2009

- On 1 July 2008, BVT Surface Fleet, a Shipbuilding Joint Venture, combining the shipbuilding and naval support businesses of BAE Systems and VT starts operations. The shipbuilding members of the VT Group Section are transferred to a new Segregated Section (the BVT Sub-Section) within the BAE Systems (VSEL) Section.
- The liabilities in respect of the Rathbone Community Industry Section are secured in full through Legal & General in July.
- Stock markets suffer in the early part of 2009 as most world economies go into recession.

YEAR ENDED 31 MARCH 2010

- The Trustee launches a new investment platform for the SIPS Money Purchase Plan from April 2010, using the services of Standard Life.
- In the latter part of 2009 and early 2010, the global stock markets see a remarkable recovery.
- On 30 March 2010, it is announced that Babcock International Group plc has agreed to acquire the VT Group.

1 APRIL 2010 TO DATE

- The total assets of SIPS as at 31 December are £1,706 million; an all-time high for the Scheme.
- A new website is launched for members of the Money Purchase Plan.
- The winding-up of the Appledore Shipbuilders and Rathbone Community Industry Sections moves towards completion.



Viewpoint, 2010

Thanks to the team at the top

The Chairmen and Deputy Chairmen of the SIPS Trustee Board have played a key role over the life of SIPS, having responsibility for overseeing the Trustee Board. The Scheme has been fortunate to have a dedicated group of individuals carrying out this role and the Trustee Board has benefited from having continuity of service amongst these individuals. In the Scheme, the position of Chairman and Deputy Chairman alternates every two years between an Employer Director and Employee Director.

The Trustee Board has also benefited considerably by having an independent Managing Director in office throughout. For the first 12½ years of SIPS this role was carried out by Anthony Davey who was previously the Managing Director of British Shipbuilders Pension Trustee Limited. Sadly over the Christmas period of 2010, Anthony passed away at the age of 77. In September 1998, Roger Buttery replaced Anthony as Managing Director, and has maintained the role to date. Prior to his appointment, Roger was Managing Director of Capita Hartshead.

Below is a list of individuals who have carried out these key positions on the Trustee Board:

Chairmen and Deputy Chairmen

Nigel Tinsley *	Peter Dawes *	Ray Davies *	Barry Turton	Bill Wilson
Dave Cole *	Mike Docker *	David Foulis *	Hamish Rennie	Bill Latham

*have served in both the Chairman and the Deputy Chairman position on the Trustee Board

Note: Hamish Rennie was employed by Swan Hunter Shipbuilders and was previously the Chairman of British Shipbuilders Pension Trustee Limited. Barry Turton was a Members' Representative from Vickers Shipbuilding & Engineering Limited, who sadly passed away on 7 April 1989. Mike Docker has also passed away subsequent to his retirement. Bill Latham and Bill Wilson were Members' Representatives from Vickers Shipbuilding & Engineering Limited.

Some facts about your Trustee Directors:

- Since the Scheme began 79 individuals have served as Trustee Directors.
- With the exception of the Managing Director, all Trustee Directors serve without pay.
- There have only been 2 managing directors of SIPS, Roger Buttery (since September 1998) and Anthony Davey (April 1986 to September 1998).



The Trustee Board and its advisers at a meeting on
19th March 1987

Finally we would like to say a big thank you to all those who have served on the Trustee Board over the last 25 years.

Space does not allow us to show all names, but below we have listed those Trustee Directors who have served on the Board for more than 5 years.

Name	Period of service
Over 15 years' service	
Dave Cole (Members' Representative, BAE Systems Marine)	1993 to date
Over 10 years' service	
Mike Docker (Members' Representative, Vosper Thornycroft)	1987 to 2000
Roger Buttery (Managing Director)	1998 to date
Anthony Davey (Managing Director)	1986 to 1998
Noel Hogg (Members' Representative, Vosper Thornycroft)	1992 to 2003
Nigel Tinsley (Pensions Director, BAE Systems)	1999 to date
Gary Cook (Members' Representative, Appledore Shipbuilders)	1994 to 2005
Derrick Dewhurst (Members' Representative, BAE Systems Marine)	2000 to date
Over 5 years' service	
Ray Davies (HR Director, VSEL)	1990 to 2000
Peter Dawes (Company Secretary, Vosper Thornycroft)	1996 to 2005
Richard Deane (Finance Director, Ferguson Shipbuilders)	1993 to 2002
David Foulis (Personnel & Industrial Relations Director, Cammell Laird)	1986 to 1994
Tommy Ganley (Members' Representative, British Shipbuilders)	1986 to 1994
Azza Samms (Members' Representative, BAE Systems Marine)	2003 to date
Ray Southall (Members' Representative, VSEL)	1992 to 2000
Sid Boyle (Members' Representative, Kvaerner Govan)	1990 to 1998
Jerry Wells (Commercial Director, Fleet Support)	2001 to 2009
Richard Bonnie (Personnel Director, A&P Group)	2003 to 2010
Alan Clarke (Members' Representative, BAE Systems Surface Ships)	2004 to 2010
Ian Colville (Members' Representative, Ferguson Shipbuilders)	1994 to 2000
Julian Davies (Company Secretary, VSEL)	1986 to 1991
George Middleton (Marketing Director, Vosper Thornycroft)	2002 to 2008
Tony Paull (Members' Representative, A&P Falmouth)	1991 to 1994 and 2005 to 2008
Ian Ronald (Project Manager, VSEL)	1994 to 2000

Note: The employers' names shown above are the names existing at the date of the individual leaving the Trustee Board, or in the case of those individuals still on the Trustee Board, the name of the current employer.

Crossing the t's and dotting the i's

The smooth running of any pension scheme is to a large extent governed by the efficiency of the Scheme Administrators. The SIPS Trustee Board has constantly sought to ensure that the Administrators provide a quality service to the Scheme members.

On the formation of SIPS, the Scheme was administered in-house by Hadrian Trustees Limited, with offices in Farnborough, Glasgow and Newcastle. The day-to-day management of the Scheme was carried out from Hadrian House in Farnborough which also served those participating employers based in the Southern part of England. The Newcastle and Glasgow offices were ideally placed to service the North East and Scottish shipyards respectively.

In 1990 the administration of SIPS was transferred from Hadrian Trustees Limited to Hadrian Solway; Hadrian Solway was a subsidiary of Hadrian Trustees Limited and the reorganisation enabled Hadrian Solway to expand its organisation into non-SIPS related work. During 1990, all staff previously employed by Hadrian Trustees Limited were transferred to Hadrian Solway. The following years saw a significant expansion in Hadrian Solway's activities and the company was acquired from Hadrian Trustees Limited by Hartshead Limited in 1995, the new merged organisation being called Hartshead Solway. The merged organisation continued to prosper and was subsequently acquired in 1998 by Capita.

Capita Hartshead has continued to administer SIPS, with the benefits administration functions carried out from its Glasgow offices. The pensioner payroll and accounting functions are carried out from Capita Hartshead's headquarters in Sheffield, with the Pension Scheme Secretariat functions carried out by Martin Boulton, with support from Sylvia Kearsley, from Capita Hartshead's offices in Basingstoke. Martin Boulton has been the Secretary to the Trustee since October 1988, and prior to that was the Assistant Secretary.

Whilst there have been changes in the ownership of the administration company, a large degree of continuity in terms of the personnel working on SIPS has been maintained. Elaine Darroch has been involved with the administration of SIPS since its formation and continues to attend the various Local Pensions Committees meetings. The current Operations Manager is Murray McDowall who has worked on SIPS since December 1998.

