

PENSIONS

# Rentokil closes its final-salary scheme

Honest communication and ensuring equity between management and employees will be essential for Rentokil Initial to gain support for its decision to close its final-salary scheme to existing members.

Charles Cotton, CIPD adviser, reward and employment conditions, told *PM*: "It is important to outline the situation to employees so they are clear about the financial pressures the company is facing. To avoid resentment they must ensure both directors and employees receive the same treatment."

Cotton said HR's role would be to examine data on turnover and

average earnings to work out the best pension alternatives and then set up a communications exercise to explain options to staff. "A final-salary scheme may not even be the best option for employees, depending on turnover and salary."

The business services group's decision to close the scheme means employees' guaranteed benefits in the defined benefit scheme will be frozen at current levels, regardless of how long they work for the firm.

The move, aimed at controlling escalating pension costs, is the first time a FTSE-100 company has closed a final-salary scheme to existing employees. Andy Fleming, spokesman for the National Association of Pension Funds, said it wouldn't be the last.

"For many firms the cost of keeping a final-salary scheme open is threatening the future of the company, and employees need to understand that. While they may have a less generous pension scheme, they will still have a job and a pension," he said.

The Co-operative Group, following Rentokil's decision, has closed its final-salary schemes to existing members in a bid to control costs. It will allow current members to accrue defined-benefit pensions, but on less generous terms. It plans to amalgamate its three schemes into one and close them. Future accruals in a new scheme will be based on average salary.

Arcadia Group has also changed its final-salary scheme, requiring staff to contribute 6 per cent of pay, up from 4 per cent, and work until 65, rather than 60, to maintain their exiting benefit levels.

Rentokil Initial, currently in consultation with its employees, was not available for interview.



**Janet Gaymer**, head of employment law at Simmons & Simmons, has replaced Baroness Rennie Fritchie as commissioner for public appointments. She will regulate, monitor, report and advise on appointments made by UK ministers and members of the National Assembly for Wales.

**Theresa Hobson-Frohock** has been appointed HR director at disability insurer UnumProvident. She was previously HR director at Sony United Kingdom and has held positions at Unilever and Marks and Spencer.

**Connal Rankin**, group general manager, HR, at HSBC Holdings has been made chairman of ECA International. He retires from HSBC after 45 years.

## VIEW OF LIFE AT TOP OF EUROPE PLC REVEALS MERITOCRATIC UK LEADERS

UK leaders are more meritocratic than their French and German counterparts, according to new research.

Almost 90 per cent of UK respondents to DDI's research believe they have become better at judging the calibre of their colleagues, in comparison with 64 per cent of German and 49 per cent of French leaders.

Two hundred chief executives, managing directors, chairpersons and other board members in the UK, France and Germany were interviewed for *Leaders on Leadership – An Intimate View of Life at the Top of Europe plc*.

Sixty-five per cent of French leaders said the best thing about being a leader was the freedom to make decisions with minimum interference, in comparison with 46 per cent of German leaders and 39 per cent from the UK.

German leaders emerge as those with the strongest social conscience. Nearly half of them expressed concern having to make tough decisions with the potential to affect people's future, in comparison with 28 per cent in the UK and 20 per cent in France.

» [www.ddiworld.com](http://www.ddiworld.com)

## RADIO COMPANY TUNES INTO MIDDLE MANAGERS FOR SUCCESSION PLANNING

Local commercial radio company UKRD has launched a fast-track management development programme to develop its middle managers.

Together with leadership development consultancy Maximum Performance, the company is seeking to improve its succession planning by training middle managers as well as people with management potential.

Ten employees have been selected for the first course, which includes 360-degree feedback, in-house mentoring support, role playing with professional actors and individual coaching.

The company will compare online 360-degree feedback at the beginning and end of the course to evaluate improvement.

It will run the course every six months for 10 employees.

## CIPD MEMBERS MAKE IT ON TO NEW YEAR'S HONOURS LIST

Among the CIPD members featured in the New Year Honours list 2006 was **David Varney**, permanent secretary, HM Revenue and Customs, who was awarded a knighthood. Five other members received OBEs: **Peter John Carter**, chief executive of Central and North West London Mental Health NHS Trust, for services to the NHS; **Paul Andrew Cuttill**, chief operating officer, EDF Energy, for services to the energy industry; **Juris George Grinsbergs**, chair of the National Employment Panel, Liverpool and Sefton Employer Coalition, for services to welfare work; **Hilary Elizabeth Omissi**, deputy director for children and learners, Government Office for the South East; and **Kieran Thomas Preston**, clerk, West Yorkshire Passenger Transport Authority, for services to public transport.

Prominent figures in the business world receiving awards included **Julie Mellor** (right), former chairwoman of the Equal Opportunities Commission, who was made a dame. CBEs were awarded to **John Cridland**, deputy director-general of the CBI, and **David Sherlock**, chief inspector of the Adult Learning Inspectorate. OBEs went to **Janette Fellows**, assistant director of the quality improvement and people team at HM Revenue & Customs; **Michael Long**, HR reward specialist at HM Treasury; and **Cheryl Rolph**, director of people and performance at Cambridgeshire Fire and Rescue Service.

» [www.peoplemanagement.co.uk/nyhonours2006](http://www.peoplemanagement.co.uk/nyhonours2006)

