



**pensions ombudsman**

---

**pension protection fund ombudsman**

**corporate and business plan: april 2013 – march 2016**

17 July 2013

About us.....	2
Our aims and principles.....	3
1. Context.....	4
2. Priorities .....	8
3. Caseload (Pensions Ombudsman) 2013/14 .....	12
4. Caseload (Pension Protection Fund Ombudsman).....	15
5. People.....	16
6. IT .....	16
7. Budget .....	18
8. Goals and performance indicators.....	19

## About us

The Pensions Ombudsman's office investigates and determines complaints and disputes concerning occupational and personal pension schemes. The post-holders of Pensions Ombudsman and Deputy Pensions Ombudsman are appointed by the Secretary of State for Work and Pensions. They act independently and impartially and their decisions are final and binding (subject only to appeal to the courts on a point of law), and enforceable in the courts.

As a separate statutory function, the present holders of the posts of Pensions Ombudsman and Deputy Pensions Ombudsman have also been appointed Pension Protection Fund Ombudsman (PPFO) and Deputy PPFO. In this capacity they deal with complaints and "reviewable matters" connected with the Pension Protection Fund (a statutory corporation) and appeals against decisions of the Financial Assistance Scheme (operated by the Department for Work and Pensions (DWP)). The PPFO's functions are carried out by staff of the Pensions Ombudsman. For overall planning and budgeting purposes the functions of the Pensions Ombudsman and the PPFO are combined, taking into account the needs of each.

The office is classed as a "Tribunal Non Departmental Public Body" and is funded by grant-in-aid from DWP.

## **Our aims and principles**

### ***Aims***

We aim to:

- Deal with complaints and disputes:
  - in accordance with our powers
  - in a manner and timescale that is proportionate to the issues
  - by communicating clearly
  - with the “right” outcome – consistent with the law where that is required
- Ensure that those who need to use our services can do so, by:
  - being accessible to all
  - communicating effectively what we do and how we do it
- Provide information and assistance designed:
  - to encourage early resolution of complaints - before coming to us where possible
  - to assist and promote good administration generally.

### ***Principles***

*Service*

- We are impartial
- We value quality
- We treat people professionally and with courtesy
- We act with openness and transparency
- We comply with our legal and regulatory responsibilities

*Our people*

- We treat each other with respect and fairness
- We help people to develop their potential
- We recognise the contribution that all our people make to the service we provide
- We work as a team to achieve our corporate and personal objectives

*External relationships*

- We recognise, respect and value the trust vested in us
- We listen to our stakeholders and use their feedback
- We expect to be treated by others with respect and fairness
- We take practical steps to reduce our negative impact on the environment

## **I. Context**

- I.1** This plan follows on from our 2012/15 plan, continuing with legs two and three of the journey that we mapped out last year. So it contains no surprises in its content and follows a very similar format. Happily we have not encountered any unforeseen obstacles that have caused us to change direction. But not everything has gone to plan as far as timing is concerned, so we have rescheduled some of our work, without altering the direction of travel.
- I.2** The one significant uncertainty about the future is the consequence for our casework of automatic enrolment. In this plan we have tried to make sure that we are prepared, without making potentially unnecessary commitments too early.

### ***The background***

#### *Resources*

- I.3** As a centrally funded public body, we were asked in 2010 to put forward budgets showing significant expenditure reductions by 2014/15. In our 2010/11 corporate plan we noted the likely consequence of making those reductions. (We had reduced our staffing levels *before* 2010, as we made inroads into the backlog of work that had built up some time earlier). In particular we said we would not be able to modernise our service in the way we hoped.
- I.4** However, we were given additional short term funding in 2012/13. We knew that there was a point in our process at which cases queued before being investigated. We also knew that the queue was staying at about the same length and that efficiency improvements could only diminish it very gradually. We have begun to bring down our carry forward caseload, with the resulting effect that over time we expect to reduce case completion times. Included in this plan is the funding to enable us to carry this on in 2013/14.

### ***Merger of Pensions Ombudsman and Pension Protection Fund Ombudsman***

- I.5** The Public Bodies Act 2011 gives Ministers power to merge the Pensions Protection Fund Ombudsman and the Pensions Ombudsman. That a merger should happen was a recommendation emerging from the 2010 Cabinet Office Review of Public Bodies.
- I.6** The merger, when complete, will have few operational consequences, since the two offices already operate as one. There has, however, always been a risk that if the relatively small caseload of the Pension Protection Fund Ombudsman increases as a proportion of the total caseload, then we would have to start

accounting and reporting separately for it. If the bodies are merged that risk no longer exists.

- 1.7** The work in ensuring that the unified legislation is effective for both functions is likely to be significant. The timing of the merger still remains uncertain, but will not be before April 2014.

### *The wider context for pensions*

- 1.8** In our last plan we identified the three external influences with the greatest potential to affect our workload. They are unchanged, being economic conditions, private and public sector pension changes and automatic enrolment.

### *Economic conditions*

- 1.9** When money is tight and the cost of living rising in real terms, one can expect people to keep a closer eye on finances, including their pensions - both benefits and costs. As a result, complaints about contributions, overpaid benefits and delayed investment or disinvestment are likely to increase.
- 1.10** A further consequence of the economic background is that many members will have changed their membership status. Some will no longer be active members because they have stopped working for the employer, perhaps through redundancy or early retirement. For others there will have been changes to the pension arrangements themselves, with schemes no longer open to future accrual, or increases in employee contributions. In the short term these changes of membership and schemes are likely to increase the administrative burden on employers and schemes.
- 1.11** Employers and scheme trustees and managers will also be closely managing expenditure. So greater attention is likely to be paid to the cost of administration services, not just as general cost saving, but in the context of administration costs associated with the National Employment Savings Trust (NEST) is transparent and capped. With pressure on costs, on top of the administrative burden referred to above, there may also be pressure on quality and accuracy, with accompanying complaints if standards fall.

### *Private sector pension changes*

- 1.12** With the continuing shift from defined benefit to defined contribution, complaints about discretionary benefits (pension increases, ill-health retirement and so on) are inevitably less common than in years past. To compensate, we can expect to receive more complaints about investment switches, delayed contributions and similar matters that are directly under the spotlight in defined contribution schemes. The tendency may therefore be for complaints to become less complex, but more immediate.

*Public sector pension changes*

- 1.13** During 2013/14 most public sector schemes will be undergoing significant change, including the introduction of higher contribution rates for members. As a result, members are more likely to pay attention to present arrangements and entitlements, perhaps comparing what they have now with the revised arrangements. In any event, the level of scrutiny is likely to go up and trust to go down.

*Automatic enrolment*

- 1.14** Employers and trustees that have reached their staging date come within our jurisdiction. NEST itself is an occupational pension scheme and so it too comes within our jurisdiction, as will any scheme used for automatic enrolment. We will certainly have to deal with administrative errors or failures to comply with legal obligations. Although there is no reason to expect a disproportionate number of complaints about those matters, certainly whilst only the larger employers have reached the staging date, by dint of sheer numbers of employees affected, means that we are certain to be dealing with complaints about the enrolment process.
- 1.15** As automatic enrolment takes effect there will be many more people with defined contribution pension investments, often in relatively small pots. There will inevitably be a rise in complaint numbers arising from this, though it will be many years before the new environment matures, and with it the associated complaint numbers.

## **Risks**

**1.16** At the time of drawing up this plan, the chief risks identified for the immediate future (and for which mitigation plans are in place) concern:

- an unexpected influx in complaint numbers arising as a result of external influences;
- failing to match up to our throughput predictions;
- our new IT arrangements do not deliver the expected benefits;
- keeping up to date with changes in the pensions environment;
- staff cover and keeping up morale in financially straightened times.



## 2. Priorities

### *Overall*

- 2.1** For some years our key priorities have been:
- reductions in the cost of providing our service;
  - continuous improvement in the way we deliver our service;
  - reduction in time taken to reach resolution of cases.
- 2.2** In applying them we divide our work into five streams:
- our caseload;
  - continuous improvement and change;
  - communications and access;
  - staff support and development;
  - relationships.

### *Work carried forward*

- 2.3** Much of what we do under those headings is continuous. But there are a number of discrete projects begun, or scheduled to begin, in 2012/13 that we carry forward into 2013/14.

### *IT and Management Information*

- 2.4** We had planned to complete a move to a replacement casework management system with improved management information supported on a completely new infrastructure. The transition was not completed by the end of 2012/13. In particular the infrastructure change had not happened, and our management information was not fully live. Completing that task is at the top of our priority list in 2013/14.

### *Communications and guidance*

- 2.5** In our last Plan we said we intended to focus attention on communications and guidance, both internal and external - but in particular our website and external guidance. Delays in implementing the new IT have had a knock-on effect, and the communications work remains to be done. We plan to add a fixed term communications specialist to the team in 2013/14.
- 2.6** Part of the reason for wanting to undertake that work now is the recognition that automatic enrolment is likely to change the profile of the people who complain to us. There will be a new group of scheme members who are used to immediacy and are technologically aware. They will tend to be disengaged from the detail of pensions, but interested in service quality.

- 2.7** A second reason is that we want to take a more pro-active approach to providing guidance on case outcomes - to avoid the need for complaints to come to us in the first place.
- 2.8** On the following page we have set out in table form what we plan to achieve this year under each of the five headings, and what we plan to achieve over the three year period covered by this Plan.

**Our caseload**

*the core work of dealing with enquiries and investigating cases*

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Manage cases with maximum effectiveness – using the right staff at the most appropriate level</li> <li>• Emphasis on early resolution– with informal methods preferred</li> <li>• Maintain high quality decision making and communication</li> <li>• Respond proactively when new patterns and trends are identified</li> </ul> | <ul style="list-style-type: none"> <li>• Complete the pilot of our new casework processes. Evaluate the results and implement fully, if appropriate</li> <li>• Implement the new quality management checks to support staff and improve quality</li> <li>• Make full use of the improved Management Information to manage and measure performance and inform business planning</li> <li>• Build on case specialisation to improve throughput and quality and consistency of decision making</li> <li>• Deploy temporary investigator resource in a way most likely to maintain quality and maximise output</li> </ul> |
|--|---|

**Continuous improvement and change**

*considering how our service works, and making it work better*

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Ensure processes deliver optimum efficiency</li> <li>• Keep structure of office in line with best service delivery options</li> <li>• Monitor and manage risk</li> <li>• Encourage stakeholder feedback, listen and make changes as appropriate</li> </ul> | <ul style="list-style-type: none"> <li>• Fully bed in the new case management system (Navigo), making full use of the knowledge management and documents and records management functionality</li> <li>• Implement a secure document exchange to allow us to exchange personal and sensitive data with parties electronically</li> <li>• Continue to focus on the front end process to deal with simple cases quickly and to enable early identification of patterns and trends</li> <li>• Refresh our internal casework guidance, taking account of process changes and Navigo</li> <li>• Conduct a post implementation review of the IT changes to establish whether the expected benefits have been delivered</li> </ul> |
|---|---|

**Communications and access**

*how we communicate with stakeholders, and how we ensure that we understand and respond appropriately to expectations of us*

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Deliver the products identified in the communications roadmap</li> <li>• Giving clarity to our users to improve likelihood of resolution before coming to us</li> <li>• Widening access beyond our typical users</li> </ul> | <ul style="list-style-type: none"> <li>• Follow up 2012/13 customer satisfaction survey results and take appropriate steps</li> <li>• Produce a communications strategy and roadmap for our website, intranet and for e-based internal and external guidance, including publishing determinations</li> <li>• Work with the Financial Ombudsman Service to ensure signposting arrangements work effectively between us</li> <li>• Develop a communications strategy fit for the automatic enrolment world</li> </ul> |
|--|---|

## Staff support and development

### *mentoring, training, involving and communicating*

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Encouraging culture of involvement, commitment, personal responsibility and confidence</li> <li>• Clarity about what the job is, how achievement and contribution is measured</li> <li>• Ensuring that the right tools are available and skills can be built on</li> <li>• Sharing skills and knowledge</li> <li>• Further strengthening guidance and support</li> </ul> | <ul style="list-style-type: none"> <li>• Follow up 2012/13 staff survey results and take appropriate steps</li> <li>• Ensure our organisational structure matches our business needs</li> <li>• Ensure training matches needs</li> <li>• Joint training with other bodies where possible</li> <li>• Provide opportunities for wider contribution, including in project activities</li> <li>• Making full use of technology to support and guide staff</li> <li>• Engage in effective consultation and communication</li> </ul> |
|---|--|

## Relationships

### *interacting with stakeholders and partners*

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Being open to feedback</li> <li>• Explaining what we do and how we do it, to smooth the path of cases</li> <li>• Building specific relationships with individual schemes and providers</li> <li>• Talking to and learning from sister pensions bodies</li> <li>• Maintaining strong links with other complaint handling organisations</li> </ul> | <ul style="list-style-type: none"> <li>• Work closely with others to understand the issues arising on automatic enrolment to allow us to more accurately predict the types, numbers and timing of complaints we may receive</li> <li>• Maintain and build on existing external relations – in particular TPAS, FOS and the Ombudsman Association</li> <li>• Review scope for greater “outreach” - broadening awareness of our service, particularly with scheme members</li> <li>• Complete a further customer satisfaction survey and take appropriate steps based on the feedback</li> <li>• Extend our relationship management programme to the provider community if there is sufficient interest shown</li> <li>• Continue to foster good working relationships with our new IT providers</li> </ul> |
|---|---|

### 3. Caseload (Pensions Ombudsman) 2013/14

- 3.1 In projecting our caseload and output we have necessarily made assumptions. Below we show the impact of these assumptions on the numbers of new cases and our ability to deal with them, beginning with 2013/14.

#### 2013/14

##### Assumptions expected to be of neutral impact

- The increase in incoming cases in 2013/14 will be no more than 5% as a result of any of:
  - financial austerity (job losses, financial insecurity, premature retirement etc);
  - pension scheme changes generally
  - automatic enrolment.
- We will have a stable workforce and be able to retain our temporary contract investigators

##### Assumptions likely to have a positive impact

- The minor organisational changes we plan to implement will enable us to work more effectively
- The changes we have made at the front end (jurisdiction, obtaining initial responses, allocation) will improve case throughput and reduce the time taken to reach a decision
- Increasing use of specialisation for caseworkers will deliver efficiencies
- Navigo and changes to our processes will enable us to work more efficiently

##### Assumptions which may have a negative impact

- We carry forward more cases than expected
- The time investment involved in completing certain aspects of the IT project (secure document exchange, knowledge management and electronic documents and records management)
- The time investment involved in updating internal and external guidance.
- Training staff to deal with automatic enrolment cases

Longer term input and throughput is of course harder to predict. We have taken the following influences into account:

## **2014/15 and 2015/16**

### **Assumptions expected to be of neutral impact**

- No significant rise in complaints relating to transfer incentives or pensions liberation.

### **Assumptions likely to have a positive impact**

- Efficiency gains (particularly in MI production) from new casework management system.
- Potential for process improvement as side effect of implementation of new system.
- More flexible communication with customers (secure email interface).
- External guidance has the effect of reducing the number of new complaints and/or makes them easier to resolve.

### **Assumptions which may have a negative impact**

- Increasing numbers of complaints resulting from economic conditions, job losses and financial insecurity.
- Increase in number of complaints associated with automatic enrolment but some allowance has been made for staged approach to implementation.

## Caseflow forecast

3.2 Our forecast for the next three years, with the previous two shown for comparison is set out in the following table. This takes account of the additional resource mentioned in paragraph 1.4 .

	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Enquiries</b>					
B/fwd	204	122	90	100	100
New	3728	2766	3000	3100	3200
Total in year	3932	2888	3090	3200	3300
Referred rejected or discontinued	2871	1724	2060	2140	2210
Accepted for Investigation	939	1074	930	960	990
Total enquiries closed	3810	2798	2990	3100	3200
C/fwd	122	90	100	100	100
<b>Investigations</b>					
B/fwd	606	657	777	597	607
Accepted for investigation	939	1074	930	960	990
Total in year	1545	1731	1707	1557	1597
Total Investigations closed	888	954	1110	950	1000
C/fwd	657	777	597	607	597

## 4. Caseload (Pension Protection Fund Ombudsman)

**4.1** There are no particular reasons to expect the relatively modest caseload of the Pension Protection Fund Ombudsman to change significantly during the period covered by this plan. Although due to the small number of complaints received in percentage terms a relatively slight increase overall in complaint numbers can appear significant. For example in 2012/13 we received 229 % more cases than we received the previous year, although in 2011/12 we received fewer cases than usual.

### 2013/14

**4.2** We were expecting during 2012/13 that the Pension Protection Fund Ombudsman would add to jurisdiction complaints about maladministration by the Pension Protection Fund in its capacity as scheme manager of the Financial Assistance Scheme (FAS). Until now the Parliamentary Ombudsman has had that jurisdiction, but has only dealt with a handful of cases over the last six years. This change may come into effect in 2013/14, but even if it does, we do not expect it to have a significant impact on our workload for the reasons explained above.

### 2014/15 and 2015/16

**4.3** As the number of people receiving benefits from the Pension Protection Fund grows, so will the potential for complaints. But in fact the main issue that we deal with has until now been referrals made by schemes about the Pension Protection Fund levy. As schemes get further used to making returns and understand the limited scope of our jurisdiction in this regard, we can expect such disputes to reduce in number.

### Casework Forecast (Pension Protection Fund Ombudsman)

	2011/12	2012/13	2013/14	2014/15	2015/16
<b>b/fwd</b>	24	17	15	15	15
<b>New</b>	24	55	40	45	45
<b>Total in year</b>	48	72	55	60	60
<b>Closed</b>	31	57	40	45	45
<b>c/fwd</b>	17	15	15	15	15



## **5. People**

**5.1** We start 2013/14 with, excluding ombudsmen, 35.7 full-time equivalent staff including one vacancy and two people on long term leave. We also begin the year with five temporary investigators on contracts of up to a year (working 4.6 full-time equivalent).

### **5.2 Ombudsmen**

**5.3** The Pensions Ombudsman acts in substance as chief executive and accounting officer as well as making case decisions. The Deputy Pensions Ombudsman occupies a part time post handling casework only, responding flexibly to variations in workload.

### **Caseworkers**

**5.4** 28.5 of the full time equivalent staff and the 4.6 temporary contractors are engaged in our core business of dealing with complaints, disputes and referrals. During 2013/14 one full time equivalent member of staff will be engaged on project activity. Others will undertake some project work in addition to dealing with complaints. We have budgeted to increase our permanent headcount over the lifetime of this Plan by two full-time investigators to deal with automatic enrolment complaints, one joining us in 2014/15 and the second the following year.

### **Business Support and Administration**

**5.5** Our business support team is very small (4.2 full time equivalents including the Business Manager) because we outsource our accounts, payroll, main IT support and website management.

### **Pay**

**5.6** 2013/14 is the second year in which the pay increase is subject to the two year 1% cap announced in the 2011 Autumn Statement. We have allowed for 1% increases in subsequent years for budget purposes plus non-consolidated performance awards averaging 1%.

## **6. IT**

**6.1** In January 2013 we went live on our new case management system which we have named “Navigo”. At the start of the year Navigo and all our other data were on servers at our offices moving in June to a new multi-tenanted Government cloud (G cloud) platform accredited to Information Security Level 3

(IL3), provided by SCC. Under the new IT arrangements we will be leasing our hardware from SCC who will provide us with a managed service for five years.

## 6.2 Projects

During 2013/14 we will be working on the following projects to

- conduct a post implementation review of Navigo, identifying any gaps compared to requirements, and where appropriate make recommendations for development;
- develop a knowledge management strategy and implementation plan;
- develop an electronic documents and records management policy and implementation plan;
- to design and implement an electronic secure document exchange;
- revise our casework process documentation, and to link it with Navigo;
- deliver relevant and robust management information to support planning, decision making and drive performance.
- develop an external and internal communications strategy and implementation plan.

## 7. Budget

**7.1** Our expenditure budget for the period of the plan, with the previous two years for comparison is set out below.

	2011/12 Spend (£000)	2012/13 Spend (£000)	2013/14 Forecast Spend (£000)	2014/15 Forecast Spend (£000)	2015/16 Forecast spend (£000)
Staff Salaries	1892	1985	2177	2268	2354
Other staff costs inc training and recruitment	19	26	46	48	49
IT/Telecommunications	277	271	334	292	292
Professional Services	86	192	429	95	97
Subscriptions	70	51	48	49	50
Legal Costs	16	22	30	31	32
Accommodation	327	310	328	335	342
Printing and Stationery	19	16	18	19	20
Insurance	20	18	19	8	9
Postage /Courier	15	15	17	18	19
Other	13	16	12	13	14
<b>Sub total</b>	<b>2754</b>	<b>2922</b>	<b>3458</b>	<b>3176</b>	<b>3278</b>
Amortisation/Depreciation	6	10	44	56	56
<b>Total Operating Costs</b>	<b>2760</b>	<b>2932</b>	<b>3502</b>	<b>3232</b>	<b>3334</b>
<b>Capital</b>					
IT Telephony	0	366	95	5	5
Furniture/Equipment	0	0	5	5	5
<b>Total</b>	<b>2760</b>	<b>3298</b>	<b>3602</b>	<b>3242</b>	<b>3344</b>

**Note:** For comparison purposes, our budgeted operating costs for 2011/12 were £2,775K and for 2012/13, £2,951K. There were significant under spends against budget in both years.

**7.2** We do not cost actual time spent on Pension Protection Fund Ombudsman Cases. We make a nominal allowance of £90,000 for it.

## 8. Goals and performance indicators

### *Pensions Ombudsman*

- 8.1** We have been running the same set of goals and indicators for some years. But we expect Navigo to provide us with better management information than our predecessor case management system. And in due course we see this as an opportunity to revise our key performance indicators in detail, rather than in substance because they are already designed to balance competing incentives (for example the age at which cases close could fall at the expense of the age of open cases, so we manage both).
- 8.2** Our cost closure ratios do not represent the actual cost of dealing with cases (for example the “cost per investigation is merely the number of investigations completed divided by all the office’s costs, including those relating to dealing with enquiries). However, they do allow year on year comparison as a measure of efficiency. They are inevitably prone to distortion in any one year by exceptional circumstances.
- 8.3** The table below shows our key performance indicators (KPIs) for 2013/14. They follow the same format as last year, but with target timescales made yet more challenging. (For comparison purposes the figure from the 2012/13 plan is shown in brackets where different).

### **2013/14 Key Performance Indicators**

- we will respond to enquiries within an average of **3** days from receipt
- if we receive no more than 3,000 enquiries we will have no more than **100** open at the year end (3100 enquiries)
- we will decide whether we can investigate a case within an average of **8** weeks from the date of application (9 weeks)
- we will complete **1110** investigations during the year (850)
- if we take on no more than 930 investigations we will have fewer than **600** investigations open at the year end ( 899 and 706)
- we will complete investigations within an average of **10 months** from date of application (12 months)
- investigations open on 31 March will have an average age of not more than **20 weeks** (29 weeks)
- there will be no more than **5%** of investigations over 12 months old at 31 March (20 cases)
- there will be no more than **1%** of investigations over 24 months old at 31 March (0)
- the cost of completed enquiries and investigations will be no more than **£1,100** per case (£950)
- the cost per investigation will be no more than **£3,100** (£3,500)

## ***Pension Protection Fund Ombudsman***

- 8.4** The small caseload of the Pension Protection Fund Ombudsman does not warrant detailed monitoring in the same way. We simply aim to close in a year as many cases as are opened.