The Pensions Ombudsman

Corporate Plan 2022-2025

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1. Introduction

Introduction from the Pensions Ombudsman

This time last year, we were setting out the strategic direction of The Pensions Ombudsman (TPO) at a time of unprecedented uncertainty.

Within this framework, TPO was facing increasing demand for its service which our funding had not kept pace with. This having been the case for several years meant that, in spite of continual improvements in efficiency, including during the pandemic, customer waiting times have become increasingly unacceptable.

To address this, we reviewed and streamlined our Operating Model resulting in an increase in productivity of 6% during 2020/21. Over the last year, we have successfully built on this, identifying and implementing further enhancements to increase productivity by 8% during 2021/22.

This would not have been possible without the excellent team I have at TPO, their hard work and commitment to providing a quality service have remained constant throughout these challenging times and I would like to thank them for this.

Thankfully, we are now returning to more normal ways of working. Our Agile Working Policy, introduced in March 2018, meant we were able to move to homeworking immediately, causing minimum disruption to our service. Taking note of the lessons learnt from the Covid-19 experience and following extensive feedback from our staff, we have reviewed our Agile Working Policy to introduce greater flexibility where appropriate.

Another constant has been the increase in demand for our service. Demand was slightly higher (11.7%) than the 10% we forecast for 2021/22. We expect an increase in demand of at least 10% for 2022/23. We have already successfully increased productivity over the last two years, and we will continue to identify and implement further efficiencies. However, these will not be sufficient to meet the increase in demand we anticipate, nor reduce the already lengthy waiting time for customers.

That is why I am delighted that we have been successful in our Spending Review submission for additional funds. The increased budget includes ‘one-off’ funding for 2022/23 alongside an increase in budget over the next three years. The additional 2022/23 funding is being used to establish a new team, as part of a wider initiative to reduce the waiting time to sustainable levels. The increased budget will enable us to recruit more staff to meet the ongoing increase in demand for our service. Nonetheless, reducing the waiting time while the number of pension complaints continues to rise remains extremely challenging. We will continue to carefully monitor the impact on customer waiting times to determine the level of resource needed from 2023/24 onwards.

With additional funding we secured in 2021, we launched a new Pensions Dishonesty Unit (PDU) to investigate allegations of trustee (including others, for example managers and administrators) dishonesty and wrongdoing leading to substantial losses for individual pension scheme members. The Unit's principal aim is to hold wrongdoers to account and ensure they repay lost lifetime pension savings to all scheme members. This pilot is significant; enabling quicker redress and the recovery of funds that may otherwise not be achieved, directly from the guilty party. It is currently being run as a pilot and we have recently received confirmation that funding has been extended to March 2023.

So, what does the future look like for TPO? The pensions landscape continues to evolve; encouraging more people to save for their retirement, increasing people's understanding of the options available and expanding protection against scams. This increased knowledge alongside the current economic impact on people's personal finances means that demand for our service is likely to continue to increase.

We have revised our forecast for 2023/24 and now believe that demand will continue to rise at 10% for both 2022/23 and 2023/24. We hope that by 2024/25 the growth in the number of pension complaints will return to an annual increase of 5%. To help with this we are working to improve dispute resolution across the industry, and launched a new 'How to avoid the Ombudsman' page on our website last autumn. This is supported by a targeted programme of speeches, meetings and events with stakeholders.

By the end of March 2025, we expect customer satisfaction with our service to have increased as customer wait times are driven down. This will be made possible through the additional staff our increased budget has made it possible to hire and through the new ways of working we will be trialling during 2022/23 which, if successful, will be rolled out across the organisation in the later years of the plan.

As well as the additional staff, we will have significantly increased the number of volunteers who generously give their time and expertise to help our Early Resolution Service (ERS) resolve complaints.

This is my last Corporate Plan as the Pensions Ombudsman as my appointment comes to an end later this year. I have greatly enjoyed my time at TPO and it has been an honour and a privilege to be able to carry out my duties with such a fantastic team of people. There are undoubtedly challenges ahead but the many changes we have implemented since 2015 and those that we have planned mean we are in an excellent position for TPO to meet those challenges head on and continue to provide an excellent service for which we can be proud.

Anthony Arter

Anthony Arter

Pensions Ombudsman
Pension Protection Fund Ombudsman

August 2022

Foreword from the Chair

The continuance of the Covid-19 pandemic has meant another extraordinary year in terms of how we work and the challenges we face. Despite this I am delighted that, for the second year running, TPO has increased productivity. In 2021/22, productivity increased by 8% (2020/21: 6%) through continued improvements to working practices despite funding not keeping pace with increasing demand.

This is an impressive achievement, and I would like to thank staff and volunteers at TPO for their hard work and commitment. Although it has not always been easy, the TPO team has continued to deliver the best possible service to our customers whilst having to rebalance home and work lives in line with changes to government guidance.

We start the year in an excellent position with increased funding that will enable us to recruit the additional staff needed to reduce waiting times and deal with the continuing upward trend in demand. Recruitment is nearing completion and a key priority for us is to ensure new staff have the training and ongoing support they need.

Since the appointment of three new Non-Executive Directors who joined on 1 May 2021, TPO now has a full Board structure in line with Cabinet Office principles. Myfanwy Barrett, Robert Branagh and Emir Feisal each bring with them a wealth of experience and I have thoroughly enjoyed working with them over the past year.

A full Board structure was one of the 2019 Tailored Review recommendations. With seven of the recommendations now complete, the remaining nine recommendations are ongoing and have now been moved to business as usual.

As a Board we have carried out extensive work on determining how we can best work together; updating the Board's Terms of Reference (TORs) and attending a Board Away Day. We have also appointed a new Audit & Risk Committee with new TORs and examined our approach to risk. Our appetite for risk for each of our strategic goals has been included on page 14.

This Corporate Plan sets out our priorities for the year ahead in detail along with our strategic priorities for the following two years. It also outlines the key performance indicators (KPIs) that will enable us to measure our progress.

Finally, I would like to thank Anthony for leading TPO through its transformation; the organisation is unrecognisable from when he started in May 2015. It has been a real pleasure working with him and while I will be sad to see him go, I am also looking forward to welcoming the new Pensions Ombudsman later this year.

Caroline Rookes

Chair

August 2022

Who we are and what we do

The Pensions Ombudsman combines in one organisation the Pensions Ombudsman and the Pension Protection Fund Ombudsman. Our primary function is handling pension complaints. We act impartially and our service is free.

Pensions Ombudsman

The Pensions Ombudsman investigates and determines complaints and disputes concerning occupational and personal pension schemes. Our governing primary legislation is Part X of both the Pension Schemes Act 1993 and Pension Schemes (Northern Ireland) Act 1993.

We operate an early resolution service and a formal adjudication service. Wherever possible we resolve complaints informally at an early stage, frequently before the issues have been formally considered by the parties. At adjudication stage we investigate and determine complaints that were not resolved by the parties or by us at early resolution stage.

Our Determinations are final, binding and enforceable in court.

Pension Protection Fund Ombudsman

The Pension Protection Fund Ombudsman determines complaints and reviewable matters concerning the Pension Protection Fund; and also appeals against it in respect of its decisions as manager of the Financial Assistance Scheme. Our governing primary legislation is sections 209 to 218 of the Pensions Act 2004 and sections 191 to 197 of the Pensions (Northern Ireland) Order 2005. Our Determinations are final, binding and enforceable in court.

Status and funding

We are a non-departmental public body and are funded by the Department for Work and Pensions (DWP). The grant-in-aid that funds us is recovered from the general levy on pension schemes that is administered by The Pensions Regulator.

Our principal place of business is 10 South Colonnade, Canary Wharf, London E14 4PU.

Our vision

A trusted, fair, impartial service that makes it easy for everyone to resolve pension complaints.

Our aims

Get the right outcome every time and in good time – by being proportionate, efficient and consistent.

Make it easier to resolve complaints about pensions – by ensuring more people know where to go for help and by working closely with our stakeholders and partners.

Provide a trusted, accessible service – by listening, delivering on promises and being honest about what we can and cannot do.

Deliver value for money – by making a difference to how pension schemes are run and by continually reviewing and improving the way we work.

Ensure everyone who works here is supported to succeed – by being a good employer and helping people develop their potential.

Our values

We are: **Fair** – we look at the facts, without taking sides and we are always impartial. We take our responsibilities seriously.

Collaborative – we share what we know so everyone can do a better job. We seek out opportunities to work with others and then take action to make it happen.

Open – we are approachable and make it easy for people to get the help they need. We are honest and transparent about how and why we make our decisions.

We: **Show respect** – we are considerate and take people's needs into account. We believe in treating people with dignity and we welcome different points of view.

Build trust – we take pride in our work and do our best to get it right. We always do what we say we will.

And we: **Keep learning** – we are open to change and want to find better ways of doing things. We stay positive, take charge of our own development and support people trying something new.

2. Overview

Overview

Our priorities over the next three years are to:

- reduce waiting times for our customers
- continue the critical work of the PDU, including evaluating the success of the pilot and securing additional funding for 2023/24 and 2024/25
- work with stakeholders across the industry to improve dispute resolution.

By 2025, we hope to be in a position where we are meeting customer demand for our service within acceptable time limits. This will be achieved by the additional resource available to us over the next three years, working with the pensions industry to reduce the number of complaints that come to TPO and continuing to find ways to close the complaints we receive more efficiently. Forecast demand for our service remains unpredictable and it will be important for funding levels in 2023/24 and 2024/25 to be adjusted, if needed. Our forecast for 2023/24 is already higher than it was 12 months ago.

Supporting the development of new and existing staff is also a significant feature of our plans.

Reducing customer waiting times

The funding we received for 2022/23 has allowed us to create a new team specifically to focus on reducing waiting times, as well as increase the number of staff in our existing teams to meet rising demand. For 2022/23, our assumption is that demand will increase at broadly the same rate we have seen during 2021/22 – namely 10%.

For 2023/24 and 2024/25 it is much harder to forecast whether the indicative budgets set will be sufficient. We will be monitoring this closely as actual demand will have a bearing on how much we are able to reduce waiting times.

During 2022/23, a 10% increase in demand would translate into TPO receiving 6,800 new pension complaints. We estimate that our current caseload is at least 2,000 cases above a sustainable position where no customer is waiting in a queue for longer than three months. Therefore, to meet the increase in 'business as usual' demand and return our queues to a sustainable position will require TPO to close 8,800 pension complaints in 2022/23, compared to 5,221 pension complaints that were closed in 2021/22. This is an extremely stretching target and, while we will strive to achieve it, we have set our KPIs based on increasing our closures to 6,800 in 2022/23 (a 32% increase in output achieved from an 18% increase in funding).

The additional funding is vital to enable us to recruit the additional staff necessary to help reduce waiting times and keep on top of rising demand. We know from customer and stakeholder feedback that waiting times are too long. Between 1 April 2021 and 31 March 2022, we surveyed 11,848 customers as part of our regular customer satisfaction survey and 63% of customers who responded were dissatisfied with how quickly we dealt with their complaint.

A recruitment campaign to appoint the additional staff was initiated before the start of the new financial year and a key priority for us during the early part of 2022/23 is the continued recruitment, training and ongoing support of this significant number of new staff. The new posts are being used to strengthen our existing casework and legal teams to increase their capacity to progress business as usual casework as well as deal with complex cases that require more experienced staff.

Over the coming year, a new temporary team will focus on clearing more straightforward cases which will free up permanent TPO staff to focus on more complex and demanding cases. We will use the experience of the new team to trial new ways of working to provide insights into how we can improve our efficiency in 2023/24 and 2024/25.

In addition to the augmented casework teams, we will continue to realise further efficiencies through additional improvements to our Operating Model. This includes substantial changes to early closures that will require a significant focus of management effort and support to staff that will continue into the first part of 2022/23, particularly as new staff join the organisation.

We will also run a targeted recruitment campaign in 2022/23 to increase the number of volunteers who make a vital contribution to our Early Resolution Service. The impact of the campaign will be evaluated before it is extended in 2023/24 and 2024/25.

Pensions Dishonesty Unit

In July 2021, we were notified that we had secured additional funding to run a pilot to investigate more cases where there is alleged dishonesty by trustees. The principal aim of the PDU is to hold the wrongdoers responsible and ensure they repay these monies to the scheme members – many of whom have lost substantial sums and are now struggling to get by without their lifetime savings. While some of the schemes may also be eligible for the Fraud Compensation Fund, with whom we are engaging regularly, any money obtained for the members through our process will come directly from the hands of those responsible.

The PDU is being run on a pilot basis. Since July 2021 our priority has been to allocate experienced members of staff internally from TPO's casework and legal teams and backfilling any vacancies created. Good progress has been made and dedicated staff are now working on these specialist-identified cases but given the complexity of the cases being investigated, it will take time before we start to see any tangible results. We have recently been allocated further funding to continue the pilot until 31 March 2023.

If our review of the PDU pilot in November 2022 concludes that this work should continue, we will need to secure additional funding for that in 2023/24 and 2024/25.

Improving dispute resolution in the pensions industry

The additional staff and volunteers and a clear focus on closing cases quicker and earlier will help us achieve our priority of reducing customer wait times. But it is not the only way we want to improve the customer journey. Another key priority for us is to continue to support and influence the pensions industry and the wider alternative dispute resolution sector to deliver effective dispute resolution. Feedback from our first stakeholder survey in 2020 helped us to develop the new 'How to avoid the Ombudsman' page on our website. We will continue to update content and engage with stakeholders to provide them with meaningful information to help resolve complaints earlier.

We will be developing an organisation-wide Communication and Engagement Strategy in 2022/23 for the first time. This will help us target our communications where they have most impact and increase how we share insight from the cases that we receive.

Improving how we work and supporting staff

As an organisation, TPO continues to grow at a significant rate. At 31/03/22 we had **120** staff, by July 2022 we estimate it will be in the region of **150**. There are undoubtedly challenges in supporting a growing organisation and we will need to strengthen the resilience, impact and flexibility of our support functions and consider how best they can support other parts of the organisation.

In 2021/22 we decided to stop development of a customer portal as it would not represent value for money. Changes were instead made to our online application that should assist customers and deliver efficiencies. These changes were implemented in April 2022 and will be evaluated in the first part of 2022/23.

Improvements to information governance will be made during 2022/23, particularly changes to the retention and storage of documents and the volunteer extension of the case management system (CMS). We are also looking at the new HMG Functional Standards to ensure compliance with these over the coming months.

During 2022/23, a number of smaller digital projects will be taken forward. These include: making changes to our CMS to save staff time and improve data quality; reviewing our telephony to reduce costs and improve customer experience; and introducing a new intranet. Towards the end of 2022/23 we will consider if any more significant digital projects should be taken forward, or if the focus in 2023/24 and 2024/25 should remain on effectively implementing a range of smaller improvements.

Another significant focus for TPO is the implementation of a new Agile Working Policy. Following extensive staff feedback our Smarter Working Policy, introduced in 2018, has been reviewed and updated to take account of staff's views and experiences during the Covid-19 lockdowns. With a spectrum of views and needs to consider, it has been difficult to strike the right balance between realising the benefits of working in a shared space, such as collaborative working, easier induction and support for new starters and recognising the new ways of working that staff have become accustomed to. It will take time and energy to support staff through this transition of a part-time return to the office. The new policy will be evaluated in the first part of 2022/23.

We have worked with staff to carry out a detailed analysis of our most recent staff survey results (November 2021), identifying trends and agreeing priorities for the coming year. Six strands have been identified to form the basis of the next People Strategy launched in June 2022:

- Staff Mental Health and Wellbeing
- Organisational Culture
- Collaboration Across the Organisation
- Building Leaders
- Learning and Development for All
- Recruitment, Recognition and Retention

Equality, Diversity and Inclusion actions are embedded in each strand.

Finally, in 2022, we will be welcoming a new Pensions Ombudsman and a key focus will be preparing for their arrival and ensuring the necessary support mechanisms are in place.

Strategic goals

These are our overarching goals under our current three-year strategy.

Three-year focus	Priorities for 2022/23
Providing a customer-focused service for the resolution of occupational and personal pension complaints	
• improving the ways in which customers can find out about our service and manage their complaints with us • carrying out regular customer surveys and using the results to feed into future business planning • continuing to identify and implement changes to our Operating Model to improve the customer journey • making our service a straightforward, easy, fair and impartial alternative to the courts • continuing to seek changes to legislation and signposting customers and stakeholders where necessary • researching and reviewing customer diversity and experience	• evaluating the new online complaint application that went live in April 2022 • creating an additional assessment team, trialling new ways of working and reporting on potential benefits across TPO • evaluating the outcomes following the introduction of early closures at assessment stage • running a recruitment campaign to secure a significant increase in volunteers to increase capacity and productivity • continuing to run the PDU to investigate more cases where there is alleged dishonesty and reporting on its work
Risk appetite – Open* Consider new and different ways of working that maximise efficiencies without compromising quality.	

Three-year focus	Priorities for 2022/23
Supporting and influencing the pensions industry and the wider alternative dispute resolution sector to improve dispute resolution	
• using data analytics to identify further improvements to materials available to the pensions industry • influencing and shaping policy in the pensions industry and government • influencing industry to adopt a one stage internal dispute resolution procedure (IDRP) • carrying out regular stakeholder surveys to gain greater understanding of stakeholder needs	• creating and implementing a new Communications and Engagement Strategy aimed at increasing impact with key stakeholders • producing additional guidance for the pensions industry to cover the most common topics of complaint • providing additional insight into the most complaint types to target resources and assist reduction in complaints to TPO
Risk appetite – Hungry** Explore potentially significant benefit in improving complaint handling in other organisations (although hard to measure).	
Transforming and improving our services and processes	
• continuing our Digitalisation Programme • continuing to review and implement changes to realise efficiencies • continuing to strengthen our governance in line with Cabinet Office guidelines • improving management information to assist decision-making and for identifying and tracking efficiencies • supporting and developing our staff through an expanded programme of learning and development.	• recruiting, training, onboarding and ongoing support of a significant number of new staff to reduce waiting times and meet increasing demand • completing the extension of our CMS to all volunteers and evaluating the impact • evaluating our new Agile Working Policy • revising our People Strategy and incorporating new Equalities, Diversity and Inclusion priorities
Risk appetite – Open* Identify the most effective model for improving our services and processes and make decisions on a value for money basis.	

***Open.** A willingness to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward and value for money.

****Hungry.** An eagerness to be innovative and to choose options offering potential higher business rewards (despite greater inherent risk).

Progress review – 2021/22

What we did in 2021/22

The table below outlines our KPIs for 2021/22 and our performance against them.

What we said we would do	What we did
Customer satisfaction	
General enquiries • **90%** resolved within four weeks (28 calendar days)	• We resolved **99.9**% within 28 days
Total pension complaint closures • **70%** closed within 12 months	• We closed **74**% within 12 months
Assessment • **30%** assessed within 3 months • **60%** assessed within 6 months	• We assessed **42.2%** within 3 months • We assessed **60.8%** within 6 months
Early Resolution • **60%** closed within 9 months of transfer to ERS	• We closed **73.5**% within 9 months of transfer to ERS
Adjudication • **60%** closed within 12 months of transfer to Adjudication	• We closed **44.8**% within 12 months of transfer to Adjudication
• Maintain scores from the Quality Assurance Framework at **85%**	• Over 2021/22 the average score of the **1,698** quality audits carried out was **89%**
Increase on baseline for 2020/21: • Providing you with a good service: **53%** • Providing clear information: **67%** • Providing clear decision-making: **62%**	• Providing you with a good service: **44%** • Providing clear information: **67%** • Providing clear decision-making: **56%**

What we said we would do	What we did
Staff satisfaction	
• Annual civil service staff survey engagement score – increase on 2020 score (66%)	• **63%** – whilst there was an increase in the positive view of TPO as a great place to work, there were small reductions in responses to other questions which has driven the overall slight reduction
• Annualised staff sickness rate (all types) – at or below the Chartered Institute of Personnel and Development (CIPD) average for public sector	• 1.7% based on an average headcount over the same period. This represents 4.42 days lost per employee CIPD data unavailable. This compares to an average for the public sector of 3.0% (7.8 days lost per employee) based on the ONS report – *Sickness absence in the UK labour market: 2020*
Effective use of resource and efficiencies	
• Increase on 2020/21 average (**405** closures per month)	• On average we closed **435** complaints per month

General enquiries

We received **11,442** contacts in 2021/22 through a combination of phone calls, emails, post and online LiveChats. We aim to deal with these contacts in a single engagement, however a proportion of them will require a more detailed response. We record these as general enquiries and aim to provide a response within 28 days. We generated **8,436** new general enquiries in 2021/22 and carried over **72** open general enquiries from 2020/21. We closed **8,437** of these general enquiries in 2021/22 with 99.9% closed within 28 days, which is significantly above our 90% KPI.

Pension complaints

Overall pension complaints include all pension complaint closures we have carried out across our customer journey. Our overall closures were **5,221**, of which almost **74%** were closed within 12 months of the application being validated.

Timescales for pension complaints

In addition to overall pension complaints, we also measure how long pension complaints take to complete the key stages of our customer journey: Assessment; Early Resolution; Adjudication. Within Assessment, we met our duration KPI for pensions complaints assessed within three months and six months. While the KPI for ERS duration was also above target, the duration KPI for Adjudication was below target. The clearing of older cases has disproportionately impacted on the overall closures age profile, while Adjudication has also suffered from reduced resourcing as staff have been reallocated to other initiatives, such as the PDU, and taken time to backfill.

Our overall productivity was above the target, with **435** average monthly pension complaint closures compared to the 2020/21 average of 405. The measures we have taken to enhance our Operating Model have contributed to this increase, significantly the introduction of a new Application Assessment stage to process applications more effectively and increase initial stage closures.

While our overall average Quality Score remained about the KPI target at **89**%, two of our three average Customer Satisfaction scores dipped below our baseline. We believe this is largely due to customer dissatisfaction with waiting times and the changes we have made to the information we provide about waiting times to our customers.

3. What we expect over the next three years

What we expect over the next three years

For the last three years, we have seen a sustained increase in demand for our services. Based on recent historic levels, this upward trend is expected to continue over the next three years as the table below demonstrates:

	Actual 2019/20	Actual 2020/21	Actual 2021/22	Trend	Forecast 2022/23#	Forecast 2023/24	Forecast 2024/25
New contacts and enquiries							
Total contacts	11,552* (+41%)	16,673 (+44%)	11,442 (-31%)	↓	12,000 (+5%)	12,600 (+5%)	13,230 (+5%)
General enquiries	10,969 (+52%)	11,524 (+5%)	8,436 (-27%)	↓	8,850 (+5%)	9,300 (+5%)	9,765 (+5%)
New pension complaints							
Overall total	5,698 (+7%)	5,567 (-2%)	6,216 (+12%)	↑	6,800 (+10%)	7,480 (+10%)	7,854 (+5%)
Closed pension complaints**							
Overall total***	4,599 (+16%)	4,853 (+6%)	5,221 (+8%)	↑	6,900 (+32%)	7,500 (+9%)	7,500 (-)
Assessment	1,131 (-22%)	2,474 (+118%)	3,118 (+26%)	↑	4,125 (+32%)	4,500 (+9%)	4,500 (-)
Early resolution	2,264 (+16%)	1,442 (-36%)	1,319 (-8%)	↓	1,575 (+19%)	1,740 (+10%)	1,740 (-)
Adjudication	1,204 (+16%)	762 (-37%)	784 (+2%)	↑	1,200 (+53%)	1,260 (+5%)	1,260 (-)

* Only phone calls measured for 2019/20.

** In addition, we expect extra closures in 2022/23 from our Casework Support Team.

*** Overall closures total also includes abandoned cases.

\# Closed pension complaint forecasts have been adjusted to account for extra resource not being fully available/productive from 1 April 2022; they reflect agreed funding levels and have not been adjusted to reflect any potential future funding bid if demand is higher than originally forecast.

Demand

The inflow of new cases has risen by slightly more than the expected 10% over last year, with a further 10% increase expected in 2022/23 and now 2023/24 as the full impact of the Covid-19 pandemic on the financial landscape takes effect. We expect demand to return to a 5% annual increase in demand for 2024/25.

Productivity

Our productivity increased by 8% this year, primarily driven by enhancements to our Operating Model that were carried out within existing TPO resource. We expect case closures to increase by 18% in line with the additional funding we have in the budget, plus a further 14% from operating efficiencies given an overall increase of 32% in 2022/23.

Unallocated cases

Our unallocated caseload, defined as cases that have been waiting longer than three months at any particular stage, remains high. As at 31 March 2022, we had **3,840** unallocated cases and it is estimated that we are over **2,000** pension complaints above a sustainable position (where no customers would be waiting in a queue for longer than three months). However, we have plans in place for 2022/23 to use the additional funding to reduce waiting times and our unallocated queues.

Pension Protection Fund Ombudsman (PPFO)

We continue to receive a small, but steady number of PPFO cases each year. These are identified early and treated separately to standard TPO work. We had 14 open PPFO cases as at 31/03/22, which is an acceptable level. However, we do intend to increase our PPFO case capacity to ensure we are able to meet any unforeseen increase in demand.

Assumptions made

The forecasts above are based on a number of internal and external factors.

Internal factors

Historical data

The introduction of the new CMS in March 2019 has changed the way we process and record our work. We have analysed historical data, where available, and whichever metrics are used, it is clear there have been significant increases. This increasing trend in pension enquiries has been mirrored by the experience of MoneyHelper who has seen enquiries they receive increase from 163,886 in 2017/18 to 216,140 in 2019/20 (helpline, written and webchat queries).

Increased signposting to TPO

Promoting signposting to us by other organisations is one of the key strategic aims over the next three years. We continue to work with a range of partners, (including the Financial Ombudsman Service, MoneyHelper, the Financial Conduct Authority, The Pensions Regulator and the Pension Protection Fund) to promote signposting for customers to our service.

Promoting the correct signposting ensures customers are directed to the right organisation to deal with their complaint and so will inevitably increase demand for TPO services as more individuals are effectively directed to us from other organisations.

We are also working with the pensions industry to help them improve their dispute resolution processes with a view to eventually reducing the number of complaints that come to TPO. The online application has also been changed to help customers only make a complaint to TPO if it is something we could consider.

External factors

Activity across the wider pensions landscape can significantly influence future demand for our service, even if there is a delay. Due to the nature of TPO's role there can be several years between activity in the wider pensions landscape and an individual becoming aware of an issue with their own pension that they wish to raise with us as a pension complaint.

Through our engagement work with partners and other organisations across the wider pensions landscape, we have identified and considered several external factors that may impact on the future demand for our services, including:

- Economic climate
- Automatic enrolment
- Pensions Dashboard
- Pensions freedoms
- Scams
- Guaranteed Minimum Pension equalisation
- Pension Schemes Act 2021.

Economic climate and recession

The current financial crisis arising from economic shocks including the Covid-19 pandemic, Brexit and war in Ukraine will likely lead to significant changes to the pensions landscape. This economic uncertainty puts increasing pressure on businesses and people's personal financial circumstances. This not only risks more people feeling that saving for their retirement is not a necessity right now and opting out of their pension scheme; but also means more people will want to access their pension pot putting them at risk from scammers.

Automatic enrolment

The introduction of automatic enrolment has contributed to more than 10 million additional people enrolling in a workplace pension scheme. According to the Office for National Statistics there are now around 22.6 million employees saving into workplace pensions[1].

We have seen a gradual increase in the number of complaints relating to the non-payment of automatic enrolment contributions, but we have yet to see a significant increase in demand; it is reasonable to expect that there will be a time lag before potential complaints are received on a much larger scale.

1 'Employee workplace pensions in the UK: 2021 provisional and 2020 final results', Office for National Statistics, April 2022

Pensions Dashboard

The introduction of the new Pensions Dashboard is being phased in from April 2023* and broadly seeks to:

- enable customers to locate their pensions and build ownership
- help customers understand what they have and increase engagement
- allow people to make more informed choices.

It is assumed that raising pensions awareness and enabling individuals to scrutinise their pension arrangements will lead to more people identifying issues earlier and increase demand upon TPO services.

*large schemes (April 2023 – September 2024); medium schemes (October 2024 – October 2025); small and micro schemes (expected to stage from 2026).

Pensions freedoms

The expanded options to transfer/drawdown pensions from the age of 55 rather than traditional pension age, has meant the number of people moving into retirement earlier has risen as has their subsequent activity within their pension arrangements, leading to increasing demand for our service.

Monitoring of pension freedoms shows a shift from defined benefit to defined contribution schemes, and insight from our stakeholder relationships with the pensions industry tells us that Covid-19 has led to an increase in the number of members asking for early retirement quotes and transfer value requests, particularly within defined contribution schemes.

Over the last five years there has been a considerable increase in general transfer related issues as the main topic that people bring to us as a pension complaint.

Scams

We work with partners to improve the sharing of data, intelligence and to consolidate collaborative working across the industry, law enforcement and regulatory partners.

Recent intelligence and analysis with our partner organisations have identified that there are increasing examples where investment fraud victims have used pension funds or savings that would otherwise be reserved for retirement to finance what they believe to be a genuine investment opportunity. Investors are vulnerable to increasingly sophisticated threats to pension savings with a trend away from outright pension liberation to variations of investment scams.

Industry and public resources are focused upon public awareness via the ScamSmart campaign. It is anticipated there will be an increase in pension related scams as the public look to release their pensions funds in response to the current economic climate.

As with the Pensions Dashboard, it is assumed that any raising of pensions awareness for individuals will lead to more people identifying issues with their pension earlier and increase the demand on TPO services.

Guaranteed Minimum Pension (GMP) equalisation

Another issue that we anticipate leading to higher volumes of cases is GMP equalisation following the Lloyds Bank Cases 2018/2020 High Court Judgments. Given the scale of this it is bound to result in challenges and pension complaints, especially where a person has transferred from another scheme in the past.

Pension Schemes Act 2021

The Pension Schemes Act 2021 and the Conditions for Transfers Regulations came into force on 30 November 2021 and imposes additional conditions on a member's statutory right to transfer accrued pension rights to another scheme. While it is hoped that this will reduce the number of pension scam transfers, it is also likely to lead to an increase in members' complaints to us that trustees have wrongly blocked their transfer.

Our key performance indicators for 2022/23

Our updated KPIs for this year will ensure we focus on three key areas:

- our customers
- our stakeholders
- our staff.

We have updated our KPIs to reflect enhancements to our CMS that allow a more accurate measure of casework duration. Otherwise, we have sought to keep KPIs consistent with previous years.

Key performance indicators	
Customer satisfaction: To ensure we deal with cases in a timely and efficient manner and meet customers' expectations	
Case duration	**General enquiries:** • **90%** resolved within four weeks (28 calendar days) **Pension complaints:** Percentage of cases completed within the following time period from receipt of application (NEW MEASURE): • 35% closed within 3 months • 45% closed within 6 months • 55% closed within 12 months *(see narrative below for more information)*
Internal quality assurance standards	• Maintain scores from the Quality Assurance Framework at **85%**
Customer survey	• Providing a good service: **60%** • Providing clear decisions: **65%** • Providing clear information: **70%**
Staff: To make TPO a great place to work	
Staff engagement	• Annual TPO staff survey engagement score (based on Civil Service survey) – increase on TPO's 2020 score (**66%**) • Annualised staff sickness rate (all types) – at or below the Chartered Institute of Personnel and Development (CIPD) average for public sector.
Effective use of resource and efficiencies	
Casework output	**Average number of total pension complaint closures per month** • **575** closures per month

How our casework KPIs will be calculated

Time taken to:

- resolve **general enquiries (GE)** – calculated as the time between the recorded ‘GE Creation Date’ and recorded ‘GE Closure Date’.

- deliver **total pension complaint** closures – calculated as the time between the ‘Application Validation Date’ and ‘Case Closure Date’, with the following inactive periods removed:

  - IDRP time
  - ‘Form of Authority’ requests
  - information requests
  - appeals
  - jurisdiction reviews.

4. Finance

Finance

Our budget is set by our sponsoring department, DWP. Our estimated costs over the next three years are detailed below, along with spend from the last two financial years for comparative purposes.

In the latest spending review, we submitted a bid for a significantly increased budget. For the first year of the spending review period (2022/23) we received one-off funding to reduce the waiting times of cases. Recruitment is nearing completion to set up a new team to work exclusively on reducing customer waiting times over a 12-month period. This gives us an opportunity to test new ways of working which may help us realise further efficiencies elsewhere in the business.

In addition, we have received extra funding to help us to meet increasing demand and reduce the time taken for cases to be resolved. Times for resolving cases have been increasing over a number of years due to insufficient resources and have reached an unacceptable level. The extra funding has been allocated over the three years covered by the spending review with the amounts agreed for 2023/24 and 2024/25 being indicative. We will be carefully monitoring whether the additional budget is sufficient to reduce the case waiting time and meet increasing demand as there are a number of dependencies that need to be taken into account. These include the onboarding of the new team from 1 April and that increase in demand for our service does not exceed the level estimated. Our assessment is that the demand we will see in 2023/24 is likely to be higher (10%) than we originally forecast (5%) at the time of the Spending Review submission.

In addition, we received funding to run the PDU pilot. We have recently heard that this has been extended to 31 March 2023.

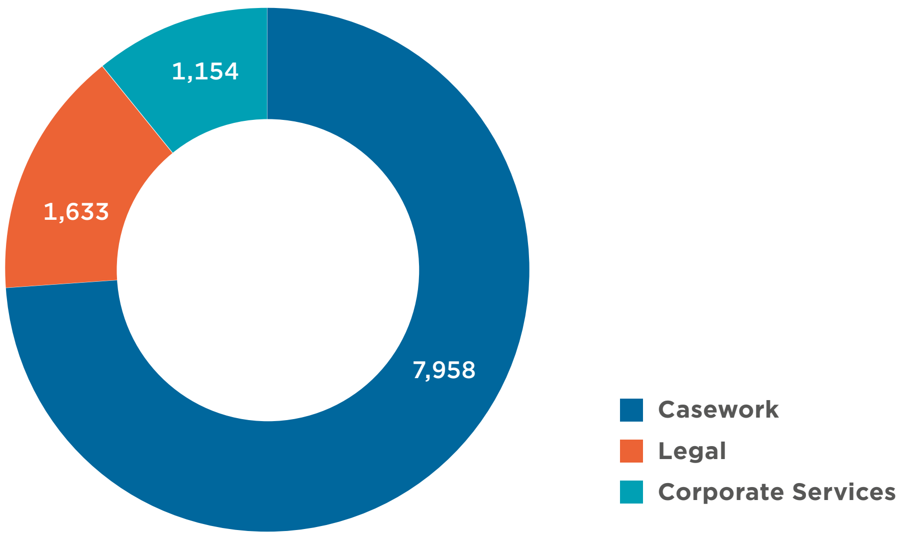
Over the financial year 2021/22 we saw an increase of 10% in demand for our services and we forecast that this increase will continue during 2022/23 and 2023/24. In 2021/22 we increased our productivity by 8% (2020/21: 6%) through making changes and streamlining the way we work, we will continue to identify and implement further changes to optimise our productivity and improve the customer journey further.

	2020/21 Spend	2021/22 Spend	2022/23 Forecast spend	2023/24 Forecast spend	2024/25 Forecast spend
	£'000	£'000	£'000	£'000	£'000
Staff salaries	6,656	6,504	8,871	7,497	7,609
Other staff costs inc training and recruitment	251	124	132	90	90
IT/Telecommunications	564	548	539	507	507
Professional services	96	77	125	95	95
Subscriptions	136	101	95	85	85
Legal costs	16	49	15	15	15
Accommodation	520	487	542	542	542
Printing and stationery	5	10	8	8	8
Insurance	21	24	26	26	26
Postage /courier	2	2	2	2	2
Other	11	32	153	101	101
One off funding for 2020/21					
Additional Projects	210				
Staff exit costs	263				
Total operating costs	8,278	7,959	10,510	8,968	9,080
Non cash items	274	264	263	206	216
Total comprehensive expenditure	**8,552**	**8,223**	**10,773**	**9,174**	**9,296**

Forecast of resource allocation across the organisation 2022/23

A pie chart of the resource allocation for 2022/23 is included below. Costs include salaries, which make up 82% of total costs, and other costs including IT, professional services, subscriptions, rent and office costs such as insurance and stationery, and depreciation and amortisation. These costs have been allocated to the various business areas of TPO on the basis of staff numbers engaged in each directorate.

2022/23 all costs allocated to departments £'000



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