



**Pensions Ombudsman**

**CORPORATE AND BUSINESS PLAN 2011 - 2014**

**Pension Protection Fund Ombudsman**



14 June 2011

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## **About the Pensions Ombudsman and Pension Protection Fund Ombudsman**

### **Our statutory role**

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 Pension Protection Fund). 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 Government has announced, under the Public Bodies Reform agenda, that the separate statutory functions of Pensions Ombudsman and PPFO are to be merged. The date of such a merger is as yet uncertain. As both offices are currently run as one, the merger would not materially affect this Corporate Plan, were it to happen during the three years covered.

## **Our 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.

## **Our 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 take practical steps to reduce our negative impact on the environment

## I. Introduction

The period covered by this Corporate Plan begins on a significant birthday. 1 April 2011 is the 20th anniversary of the Pensions Ombudsman's office opening for business.

In developing recent plans our starting point has been service delivery. We looked at what we wanted to achieve in delivering our service over the lifetime of the plan, in the context of improving quality and efficiency. From that we developed our resource plans operating on the assumption that our budget should remain reasonably stable.

This year the emphasis is different. Our starting point is a pre-established budget running beyond the three years covered by the plan. As a public body funded by Grant in Aid from the vote of the Department for Work and Pensions (**DWP**) we were asked to put forward proposals for savings over the lifetime of the Government's Comprehensive Spending Review. The outcome was a reduction in funding (in real terms) of about 11% by 2014/15.

The challenge we have to tackle over the years to come, and reflected in this Corporate Plan, will be how to make the most of our funding and maintain as far as possible the quality of service that we presently provide.

That will not be easy, even though the planned cut is lower in percentage terms than many other organisations will have to bear. We are a small organisation, the majority of our staff deal directly with our core business of resolving complaints and disputes and, quite deliberately, we have a very light "back office", relying heavily on bought-in services for our support functions. As a result, many of the efficiency savings that might exist in a larger organisation with a heavier burden of back office costs are not available to us.

Four factors, explained in more detail in the body of this plan, are critical to our being able to manage with reduced funding:

- no significant increase in demand;

- a reduction in IT running costs from mid 2011/12;
- a reduction in accommodation costs in 2013;
- being able to maintain a stable, experienced workforce.

In drawing together this plan, we have had to set aside the aspirations and projections from last year's plan that covered the first two years of this one. Some of the longer term aspirations – in particular, to provide a service that looks and feels more modern and more technologically up to date than the present paper based service – are unlikely to be achievable without capital investment that we do not expect to be able to make. We have concentrated entirely on what we can do with the resources we expect to have.

That may sound dispiriting, but it should not be. We fulfil a crucial function designed to support confidence in private pension provision. That support is particularly needed when there is short and longer term financial insecurity, as well as increasing popular recognition that retirement savings levels will not support the duration and/or level of retirement income that people have been used to expecting. In our 21<sup>st</sup> year and onward we plan to contribute to supporting confidence at least as effectively as in the preceding 20.

**Tony King**  
**Pensions Ombudsman**

## 2. Three year strategic view

### Our role

The Pensions Ombudsman is the last resort (excepting the Courts – usually not a realistic option) for those with a pension dispute. Before us come attempts to resolve the matter directly, where applicable through formal internal procedures, and possible mediation and explanation by the Pensions Advisory Service (**TPAS**).

Our work is demand led. We do not have any influence over the number of complaints that we receive, beyond:

- maintaining and improving access and signposting so that those who need us, find us;
- supporting early resolution of disputes, before reaching us where possible, by publicising decisions, explaining our approach and generally interacting and supporting stakeholders who are in a position to influence industry behaviour.

### Our priorities

We will concentrate on dealing with the demand for the three years covered by this Plan. We have to live within reduced means. That will mean that our agenda for change must concentrate on *direct* contribution to efficiency. Changes aimed at making using the service easier or perhaps just more pleasant, but which might not make such a direct contribution to efficiency, will take second place.

Last year we said that our medium term priorities were:

- a significant reduction in time taken to reach resolution;
- continuous improvement in the way we deliver our service ;
- reductions in the cost of providing our service.

Whilst those must remain our priorities, being realistic in a time of limited resources, the order will be reversed. Cost reductions – and continuous improvement with the primary aim of delivering and supporting those reductions – will have to be put first. Reduction in timescales will be a by-product rather than a driver.

### **How we approach our work**

As in previous years, for planning purposes we subdivide what we do into workstreams. In practice they overlap - and we may not always think in terms of the workstreams directly in our day to day work. But they help us to identify our strategy and evaluate achievements.

We have adopted the same five workstreams as last year. They are set out below, together with our priorities for the next three years.

**Workstream 1: our workload** - the core work of dealing with enquiries, and investigating cases.

- We will promote early resolution of complaints whether before or after reaching us.
- We will continue to push towards informal, proportionate approaches wherever possible.
- We will continually monitor our team and management structure, to ensure it reflects the key priority of dealing with our cases.

**Workstream 2: continuous improvement and change** – examining how our service works, and could work better.

- We will replace case management software and enter into new maintenance and support contracts and refit hardware as necessary – all designed to better support our business, including a changing workload after 2012 in consequence of auto-enrolment and new pensions savings vehicles – and at a reduced cost where possible.

- We will continue to explore with our stakeholders how we can implement further moves towards greater proportionality without counter-productive consequences in our dealings with the parties.
- We will push to reduce those times in our process where a case is waiting for the next step – though we have no plans to apply additional resource to doing so in the lifetime of this Plan.

**Workstream 3: communications and access** – how we explain our services; how we communicate with the parties to complaints, and how we ensure that we understand and respond appropriately to expectations of us.

- We will adapt and update our information documents and website with an eye to the proposed (and still subject to parliamentary approval) combining of PO and PPFO functions into one statutory role in the medium term.
- We will implement a secure electronic interface for the parties to complaints and disputes to use when communicating with us.
- We will review the way in which, and the extent to which, we explain to the outside world the approach that we are likely to take in particular circumstances, with a view to encouraging resolution before the matter comes to us.
- We will carry out an internal review of our policies and training in relation to all access related matters.

**Workstream 4: staff support and development** – mentoring, training, involving and communicating.

- We will monitor how our new performance measurement framework operates in practice and modify it as needed.
- We will continue to emphasise wider involvement beyond the basic job, as benefiting the office and individual development.
- We will promote from within where possible.
- We will consider the value of Investors in People accreditation and alternatives to it.

**Workstream 5: Relationships** – interacting with stakeholders and partners.

- We will complete and take account of recent and planned feedback exercises (awareness survey, customer satisfaction survey and ad hoc feedback).
- We will keep under review our scheme “relationship manager” initiative.
- We will look at how best we can manage expectations of our stakeholders at a time of limited resources and likely reduced scope for improved quality of service.

**Chief risks**

Fulfilling our plans (restricted in ambition though they may be) will not be without risks.

We are heavily dependent on external providers for everything except our core business of resolving complaints and disputes. If, as in 2010/11, there are externally imposed constraints on our ability to speedily procure the services we need, whether long term or, more commonly, one off, we will find it even harder to deliver against our plans than it need be.

And with so little leeway, the greater the possible impact of the unexpected – such as an upward shift in caseload or an unplanned for expense. So we have to be prepared to confront squarely the possibility that our plans will not survive, and be sufficiently flexible to be able to rethink and if necessary confront unattractive contingencies.

The most immediate risk is that an unavoidable change of IT supplier will not (as we hope) save money in the short term.

### **3. Planned activities in 2011/12**

Until 2010/11 our priority was to bring under control the significant numbers of aged cases that were allocated to investigators, but yet to be resolved. By the beginning of 2010/11 that had been done. So last year we were able to attend to a range of housekeeping tasks that had necessarily been left undone. A few remain, but in 2011/12, in view of the constraints on resources in years to come, we will be concentrating on:

- maintaining and improving productivity in order to deal with our caseload as best we can with the resources we have;
- a complete refurbishment of IT systems and providers, with the aim of a more effective long term solution at lower price.

Below we set out our chief planned activities for 2011/12 in each of the workstreams described in section 2.

#### **Workstream 1: our workload**

In sections 4 and 5 we give a detailed forecast of our workload over the period covered by this plan.

As we explain in more detail there, we are planning for a relatively stable workload. But financial and other constraints in 2010/11 meant that we started 2011/12 with an older and larger caseload than we had planned. Whatever further efficiency gains there are in 2011/12, it will be impossible to make up the ground in the year and improve on this year's closure times and average ages of cases in hand.

We will lose casework capacity through reallocation of staff to our IT replacement project – as well as inevitable disruption around the IT implementation (discussed below under *Workstream 2: continuous improvement and change*). We intend to provide short term backfill cover from outside for one of our investigators who we expect to be

engaged full-time in the IT improvement project until December 2011. We hope to have that cover in place from April 2011, but there will be a training overhead and it is unlikely that we will be able to compensate fully for the temporary loss of an experienced person.

We are also carrying a vacancy into 2011/12, having been only recently permitted to recruit to this post from outside the Civil Service (our attempt to recruit from within having been unsuccessful). We hope to fill the vacancy early in the year, but again there will be a training overhead and a time lag before the new person becomes fully effective.

Our KPIs and goals are set out in full in 4.3.

## **Workstream 2: continuous improvement and change**

Our established change management group will continue to act as the focus for new ideas across the office.

We do not presently plan significant restructuring of our teams or processes in 2011/12. But we made changes to both in 2010/11 that are still bedding in and we intend to continue to monitor them. In particular we plan to take a second look at the work we do at the start when deciding whether a case is in jurisdiction, what should be investigated and where it might be best handled.

Our most significant area of change will be in our IT systems, which are fully outsourced. At the end of 2010/11 we began work to procure new IT support services, software and systems. Our servers, desktop hardware, operating systems and core office software have not been upgraded since 2006. Our main casework management system, live since 2007 has never been properly effective and in 2010/11 we decided that we should not put further effort into making it so. We are, in any event, unable to renew the contract with the existing supplier. It was originally entered into by DWP (at a time when we were constitutionally unable to be a contracting party) under a framework that is no longer available.

We therefore begin the year about to receive bids on an invitation to contract with us to replace our IT support provider, and to provide us with a case management system, an electronic documents and records management system and management information. Procurement will run into 2011/12 with implementation scheduled to take place following the expiry of our existing IT contract in October 2011.

### **Workstream 3: communications and access**

At the end of 2010/11 we participated in a public awareness survey, which showed a fairly low level of awareness of us across the population as a whole. This was in line with our expectations, given that the signposting is designed to ensure that people can find us when they need us. We will be considering our response to the detail of the findings early in 2011/12.

We plan to undertake a customer satisfaction survey across complainants and respondents in early 2011. It will be on-line, but with a paper alternative for those who would prefer. It will be low cost and repeatable. It may take a while before we have meaningful output, but as soon as possible we will assess what steps we might need to take.

We also plan to collect feedback from pension schemes and their advisers through our liaison group and our “relationship managers” – investigators who have taken responsibility for liaison with particular schemes.

However, we do not presently plan to allocate significant additional time or resource to respond directly to survey responses and feedback. We are more likely to use them to inform our change agenda and feed them into our existing planned actions (such as periodic reviews of standard communications).

In 2009/10 we introduced restrictions on use of electronic communication for data security reasons, banning email containing any personal data and stopping on-line

applications. In 2011/12 we intend to implement secure methods for our customers to communicate electronically as part of the IT project referred to above. We expect to allow on-line application forms as well.

Less specifically, in the year we intend to:

- continue to use and develop our website as the primary source of information about us;
- continue to review and simplify our written communications.

#### **Workstream 4: staff support and development**

Our training and development group will continue to act as the focus for general and technical training. In addition to general training, in 2011/12 we will:

- build up knowledge and skills in preparation for complaints relating to auto-enrolment starting in 2012 and wider membership of schemes (and in particular NEST);
- plan carefully for IT training in anticipation of new case management software;
- review sources of equality and diversity training;
- attempt to work with partners (such as other ombudsmen and TPAS) to make the best of our training budget.

In 2010/11 we introduced a new performance management framework, designed to encourage individual responsibility, more fairly represent the broader contribution made by staff and be more consistent across the office. Its first “live” run is in 2011/12 and we will then review its effectiveness with the possibility of adjustments during the year.

We will review our past experiences with Investors in People (we were most recently accredited in 2009) and decide whether to reapply in 2012. If we are to reapply we will make preparations in late 2011/12.

## **Workstream 5: Relationships**

We will continue our efforts to maintain good relationships (formal and informal) with all of our stakeholders.

During 2010/11 we appointed relationship managers to work with four of the larger public sector schemes (NHS, Civil Service, Teachers and Armed Forces). We will be building on this work, the purpose of which is to provide clear channels of communication for workload issues, feedback on our service and to facilitate networking and the sharing of good practice between the schemes.

We will be working with stakeholders in relation to automatic enrolment. In particular we and the Pensions Regulator will need to be clear about our respective roles. We will also continue to work closely with TPAS (and the Department for Work and Pensions where appropriate) in this area.

Our relationship with the Pensions Advisory Service is significant for the parties to complaints who are likely to have to deal with us both. We have day-to day interactions as cases move between our organisations and we have a newly appointed relationship manager at operational level working with TPAS to smooth the path. We will continue to build on this in 2011/12.

We will continue to work with our formal (and self run) liaison group. It is undertaking some interesting work in obtaining feedback about us from its constituencies. We will be absorbing the results of that in 2011/12.

## **4. Casework forecast (PO)**

### **4.1 2011/12**

#### *Input*

This year we will be carrying forward more work than we had planned to from 2010/11. First, our output for 2010/11 was lower than we had hoped. Spending and recruitment constraints, associated approval requirements which developed over time and general uncertainty over future financing had both direct and indirect consequences. In a nutshell, (a) we were under-staffed for most of the year and (b) we allocated our internal staff to an IT project (discussed later) on which we had originally intended to use consultants. Second, our input was higher than we thought - we accepted about 6% more cases for investigation than we expected to (not with any obvious underlying cause).

For connected reasons, we will begin the year with a somewhat older casework profile than we had intended.

We expect our incoming workload to remain relatively stable during 2011/12. The major uncertainty is the extent to which public sector job losses will produce associated pension complaints. But usually our casework responds very slowly to such influences (related complaints are quite likely to emerge years later), so we have not assumed any effect in 2011/12.

#### *Output*

Over the last few years we have aimed to complete cases at the same or a higher rate than we are accepting them for investigation. We think it unlikely that we will be able to close more cases than we open for investigation this year because there are a number of potentially negative influences on case throughput.

First, our investigator resource will be down at the start of the year because we were not permitted to recruit from outside the Civil Service until specific approval was given in January 2011.

Next, because we were unable to take on IT consultancy support early enough in 2010/11 we will be using more internal staff than we would wish to help with our IT project.

Third, the IT project itself, including implementing a new casework management system, is bound to be disruptive during the year.

Finally, as explained earlier, we propose to speed up the decision making at the front end of the process. If we are successful there will be a one off spike in the cases accepted for investigation during 2011/12.

However, we will strive to limit the effects of these by continuing to try new ways of working and to take as flexible an approach as we can to using our resources. So, for example, we intend to reallocate some resource to the front end of our process to reduce a stockpile of cases that await review before being accepted or rejected for investigation. Doing that will, though, have the likely consequence of creating a one-off increase in the input to the investigation teams in the year, contributing to the probability of our accepting more cases for investigation than we close.

## **4.2 2012/13 and beyond**

### *Input*

As with 2011/12, we plan for a relatively stable caseload in subsequent years. But there are factors in the wider world with uncertain influence over our cases.

First is auto-enrolment from 2012. It will start with the largest employers who are most likely to be able to cope. Smaller employers may find it harder when their turn comes. If the auto-enrolment process fails on a grand scale (which at present there is no reason to think it will) then we will not be able to deal with resulting complaints. Our present assumption is that there will in due course be complaints directly related to auto-enrolment (typically failure to enrol) , but that they will not come through during the period covered by this plan. There will also in due course be additional complaints simply because of the sheer number of new scheme members following auto-enrolment. The constituency of potential complainants will be much greater. But again, we do not think that will have any impact in the lifetime of this plan.

Second is the speed and nature of change to public sector schemes. If people are uncomfortable with change or dissatisfied with the outcome, they are more likely to complain, whether justifiably or not: scheme alterations usually bring with them transitional complexities; and with scheme administrators and members dealing with new and unfamiliar benefits there is an increased risk of error or misunderstanding. However, because there is a built in delay in the process before complaints reach us (being the time it takes for problems to be discovered, then followed by the scheme's own dispute resolution processes) it is unlikely that there will be any increase in complaints within the life of this plan. We have not allowed for any – but there is a risk that rapid change will make our assumption wrong.

The third factor is public spending cuts generally. A sizeable number of public sector workers will be leaving their jobs over the next few years, voluntarily or otherwise. Many will be looking to their pensions as an alternative to or supplement to future work. Some will be unhappy about their circumstances. The extent of any increase in complaints to us is impossible to predict with any accuracy and once again, the effect will be delayed.

## *Output*

We expect that by 2012/13 we will begin to reap benefits from the planned new casework management system. In particular we hope to reduce management time in maintaining duplicate records for management information purposes. But the system should produce some direct efficiency benefits for case handlers too.

So in 2012/13 and 2013/14, all other things being as planned, we expect to be back to completing more cases each year than we accept for investigation, with a reducing number in hand.

A marked improvement in productivity, particularly in relation to improving the speed in which we close cases, will only be possible if we can make significant in roads into the pool of cases that are waiting to be allocated to an investigator. There are presently about 250 of these and the number has been of the same order for some years.

Reducing the pool swiftly is not possible with current resource levels. It is carefully managed so that we know exactly what cases are inactive. Whilst ideally we would tackle it with extra resource, our finances do not allow that and we will instead do our best to nibble away at it over time.

### **4.3 Business goals for 2011/2012<sup>1</sup>**

#### ***Dealing with written enquiries***

By “enquiries” we mean any approach in writing which is not, or is not yet, something that we can or need to investigate as a complaint or dispute. In 2011/12 our goals will be:

- to deal with an expected 3,100 enquiries so as to hold no more than 100 open enquiries at the year end (204 at end 2010/11);

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<sup>1</sup> Outturn figures for 2010/11 where shown are provisional and subject to audit

- to provide an initial response, definitive where possible, asking for further information where not, in an average time of 3 working days (unchanged from 2010/11).

When we receive an application that is in principle ready to be investigated we have to decide whether the parties and the subject matter are within scope and whether the matter has been brought to us within the relevant time limits. We refer to this decision as a jurisdiction decision. Presently cases are dealt with in strict date order regardless of complexity, with the consequence that simple cases may wait for a review for a time that is disproportionate to their complexity. This year we intend to try to deal earlier in the process with routine and uncontroversial jurisdictions decisions from those where we may need more information and/or where there may be objections to be considered and jurisdiction to be exercised.

This change will enable us to carry forward fewer open enquiries at the year end - as the stockpile of cases awaiting jurisdiction decisions will be cleared, and will enable us to reduce the time it takes to decide whether the case can be investigated. The impact on time taken this year will not be as significant as it might be in future years as we will be starting the year with the stockpile.

Our goal will be:

- to take decisions whether to investigate within an average of 9 weeks (10 weeks 2010/11).

### ***Investigating cases***

In our terms, an investigation begins once a case has successfully passed the jurisdiction review mentioned above. However, we measure the age of the case from the date that the acceptable application was received.

Our goals for the next year will be:

- to close no fewer than 850 investigations by the end of the year so as to hold no more than 630 open investigations at the year end; (2010/11 goal was 860 and 540; outturn 847 and 606)
- to complete investigations within an average of 12 months; (2010/11 goal was also 10 months)
- to achieve an average age of open investigations of 28 weeks (2010/11 goal was 24 weeks)
- to have in hand at 31 March 2012 no more than 20 investigations that are over 12 months old, and no cases over 24 months old; (2010/11 goals were the same).

### **Costs**

We monitor and measure the overall average cost of dealing with a case – both for enquiries and investigations. As explained in previous years it would not be appropriate to regard these as “unit costs” in the strict sense, because our expenditure goes wider than pure casework. But the figures are useful as a crude measure of how our efforts to improve cost effectiveness and productivity are progressing. Even then year on year comparisons may need to be adjusted for anomalies such as:

- unusual groups of cases that may look like more work than they are (in 2010/11 we had a small group of 15 cases; in other years it has been as high as 250)
- exceptional expenditure (such as any costs associated with reviewing IT in 2011/12 which cannot be capitalised).

Our goals will be:

- to restrict cost per case to £880; (unchanged from 2010/11);
- to restrict cost per investigation to £3,325 (calculated as actual expenditure – which includes exceptional items in the year - divided by total closed investigations); the 2010/11 goal was £3430;

- to restrict total expenditure to no more than £2.815m (PO only); the 2010/11 goal was no more than £2.950m.

## Casework Forecast

	2009/10	2010/11	2011/12	2012/13	2013/14
<b>Telephone enquiries</b>	4000	4000	4000	4000	4000
<b>Written enquiries</b>					
B/fwd	315	222	204	103	102
New	3632	3066	3100	3100	3300
Total in year	3947	3288	3304	3203	3402
Referred rejected or discontinued	2775	2169	2328	2248	2393
Accepted for Investigation	950	915	873	853	908
Total enquiries closed	3725	3084	3201	3101	3301
C/fwd	222	204	103	102	101
<b>Investigations</b>					
B/fwd	477	538	606	629	582
Accepted for investigation	950	915	873	853	908
Total in year	1427	1453	1479	1482	1490
Total Investigations closed	889	847	850	900	950
C/fwd	538	606	629	582	540

Note: 2010/11 figures provisional

## **5. Casework forecast (PPFO)**

The work of the Pension Protection Fund Ombudsman is handled from the same office and by the same staff as the work of the Pensions Ombudsman. Under the Public Bodies Bill the offices of Pension Ombudsman and Pension Protection Fund Ombudsman are due to be combined. This is likely to happen in 2012/13. For this financial year however they remain separate.

Pension Protection Fund Ombudsman work presently forms a very small proportion of the total work undertaken and we do not account or report on its finances separately.

Although the workload is low, we have experienced a gradual increase of PPFO cases over time. At present most cases relate to the “reviewable matter” of the calculation of the Pension Protection Fund levy for individual schemes. We had thought that these cases might have dropped off slightly from April 2010 when the Pension Protection Fund was given power to add interest to levies paid late, but so far there has been no clear evidence of that.

But opportunity for complaints from PPF and FAS beneficiaries will increase as:

- more schemes go into the PPF over time, with an increasing number of recipients of compensation;
- and more time passes during which benefits are paid by the PPF (either administering the PPF itself or as the scheme manager of the Financial Assistance Scheme).

The following casework forecast includes both PPF and FAS cases. We receive only a very small number of FAS cases (none in 20010/11) so forecasting them separately would not be meaningful.

	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
<b>b/fwd</b>	16	35	24	24	24
<b>New</b>	38	41	40	45	45
<b>Total in year</b>	54	76	64	69	69
<b>Closed</b>	19	52	40	45	45
<b>c/fwd</b>	35	24	24	24	24

With such a small caseload it is not practical to set detailed targets. We do, however, aim to close at least as many cases as we receive each year.

## **6. Resources and budget**

### **6.1 Staffing**

We start 2011/2012 with, excluding ombudsmen, just under 35 full time equivalent staff actively in post and one vacancy. Our establishment is broadly unchanged from last year and we do not plan to expand or contract. We have always concentrated on front line staff, with a minimal “back-office”. That strategy will not change, though we will carry out an audit of our business support to assess and manage the risks associated with concentration of roles in a small business support team.

#### ***Casework***

Of the 35 full time equivalent, 30.47 full time equivalent staff (again excluding the two ombudsmen) are committed to our core business of dealing with complaints, disputes and referrals. That includes one person who will be substantially committed to our IT replacement project and one short term appointment to provide cover. We have a vacancy for a legally qualified investigator and adviser which we will be recruiting to early in 2011/12.

There are no staff dedicated to PPFO work alone; it is handled by a group of case workers with appropriate training. We intend to expand the group over 2011/12. The total resource used for PPFO work is about two full time equivalent staff.

#### ***Business Support and Administration***

We outsource our accounts and payroll, our IT support and website management. That leaves us with the core functions of governance, HR, financial management, some IT support, secretariat and clerical support. Our establishment for that is just under 4 full time equivalent staff.

#### ***Ombudsmen***

The present Pensions Ombudsman’s term of office runs to 31 August 2013.

The Deputy Pensions Ombudsman's initial term of office runs until November 2012. It is a part-time appointment, presently 88 days a year, subject to review as need changes.

### **Pay**

We are subject to the two year pay freeze. Our first year was 2010, so there will be no consolidated increases for those earning over £21,000 in 2011. (Those earning under that amount will receive £250, consolidated). We intend, however, to make non-consolidated performance related payments of about 1% of payroll.

### **Grading**

In 2011/12 we will implement the recommendations of an external pay and grading review, completed in 2010/11. Because we cannot link our pay rises to the DWP pay settlements, we no longer directly parallel DWP grades. So all staff will switch away from civil service grades to new Pensions Ombudsman grades and pay scales. There are no significant cost implications.

## 6.2 Joint PO/PPFO Expenditure

	2009/10 Spend (£000)	2010/11 Spend (£000)	2011/12 Forecast Spend (£000)	2012/13 Forecast Spend (£000)	2013/14 Forecast Spend (£000)
Staff Salaries	1890	1832	1933	2010	2061
Other staff costs inc training and recruitment	44	45	66	68	69
IT/Telecommunications	266	279	256	209	214
Professional Services	114	96	131	81	69
Subscriptions	56	58	45	49	45
Legal Costs	36	30	30	30	30
Accommodation	318	321	332	328	366
Printing and Stationery	28	18	25	25	25
Insurance	18	19	19	20	19
Postage /Courier	9	14	15	15	15
Other	21	16	23	11	5
<b>Sub total</b>	<b>2800</b>	<b>2728</b>	<b>2875</b>	<b>2846</b>	<b>2918</b>
Depreciation	11	11	30	50	50
<b>Total Operating Costs</b>	<b>2811</b>	<b>2739</b>	<b>2905</b>	<b>2896</b>	<b>2968</b>
<b>Capital</b>					
IT Telephony	0	0	200	5	5
Furniture/Equipment	0	0	5	5	5
<b>Total</b>	<b>2811</b>	<b>2739</b>	<b>3110</b>	<b>2906</b>	<b>2978</b>

## 6.3 PPFO Expenditure

We do not budget separately for the relatively small amount of PPFO work. In recent years we have allowed a sum of £90K as roughly representing the cost. In view of the intended merger of the two functions there is no purpose in attempting to refine the figure and we have left it at that.

## **7. Governance and risks**

### **7.1 Governance**

As an indirect consequence of the change in funding arrangements to Grant-in-Aid in April 2007 we have had to refine and add to our internal governance arrangements, with the support of internal and external auditors and our Audit Committee.

The Audit Committee has approved a plan for 2011/12 which includes audit reviews of:

- our new staff performance management framework;
- the resilience of our business support function
- HR policies and processes in practice;
- our IT procurement process.

### **7.2 Risks**

We maintain two risk registers. One each at strategic and operational levels. They are monitored by the Senior Management Team on at least a quarterly basis, with strategic risks regularly by the Audit Committee.