



The  
Pensions  
Ombudsman

# Corporate Plan 2023-2026



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# 1. Introduction



# Introduction from the Pensions Ombudsman

I am pleased to be writing my first introduction to TPO's Corporate Plan in my role as Pensions Ombudsman. I have learnt so much in my first few months, and clearly there is much still to learn. However, my time here has confirmed what I already knew about the organisation. Chiefly, that TPO does a sterling job in ensuring that pension scheme members and their dependants have access to support and justice, at no cost to the individual, in what can often be complex and stressful disputes. I am excited to be part of this important work that does a great deal to level the playing field.

I am grateful for the excellent team I have at TPO and would like to thank them for their warm welcome and patience in answering my questions. I have already informed staff of my intended approach to my new role; one of evolution rather than revolution. Following a number of transformational changes over recent years, it would appear right that now should be a time of reflection – embedding recent changes, monitoring their effects and implementing a process of continuous improvement.

As an organisation, we face a number of ongoing challenges including continuously increasing demand leading to unacceptable waiting times. Despite significant improvements in efficiency, and some additional funding this year, customers are still waiting too long.

In response to a cyber incident in June, as a precautionary measure, we removed access to some of our systems for a short period. This temporarily impacted on our ability to deliver services and manage enquiries from our customers. Our priority was to restore services quickly and safely, which we did, although customers may have experienced some service delays while we worked through these enquiries and applications. We continue to work with the relevant agencies, including the National Cyber Security Centre, to fully understand the impact of the incident, including what it will mean for the ambitious targets we set for pensions complaint closures this year.

Demand for 2022/23 has risen by **17%** to 7,280 cases which equates to 480 cases more than originally forecasted. We envisage that it will continue to increase reaching over **10,000** cases per annum by 2026. The rise is due to many factors, the economic disruption caused by the Covid-19 pandemic, people's increased awareness of their benefits (thanks to some excellent campaigns run by organisations such as Money and Pensions Service), the growing number of people auto-enrolled and, importantly, the impact of the cost-of-living crisis.

TPO remains committed to identifying efficiencies and ensuring these are embedded across the whole organisation. For example, since the new Operating Model was introduced in 2020, the number of cases processed has consistently increased year on year. TPO now processes **69%** more cases as part of BAU compared to 2019/20. We are always looking to do more. However, increases in efficiency will not be sufficient on their own to keep pace with rising demand.

We used the additional funding we received in 2022/23 to create a new temporary Casework Support Team that resulted in **891** additional cases being closed. This is an excellent result but as we close the simpler cases, we are left with a higher proportion of the most complex cases that inevitably take longer to complete.

The nature of the additional funding in 2022/23 meant that new staff were employed on fixed term contracts and it took time for them to complete their induction, gain experience and reach full potential.

We have adjusted how we recruit staff to reflect the funding we receive. The additional £1.7 million for 2023/24 has been used to move staff on fixed term contracts to permanent contracts. We have also started recruitment for the remaining posts early in an effort to have the necessary staff in situ at the start of the new financial year. This not only minimises recruitment costs but also provides staff who joined us last year an opportunity to develop their expertise further without the inevitable drop in efficiency in training new staff.

The additional resources agreed for 2023/24 will help to reduce waiting times for our customers, which despite improvements remain too long. However, with demand increasing year on year, to achieve a consistent reduction in waiting times will require a longer term plan, which in turn requires a longer term funding settlement.

I am delighted that we have secured two years' further funding to continue the vital work of the Pensions Dishonesty Unit (PDU) pilot. This looks to investigate allegations of serious breaches of trust, misappropriation of pension funds and dishonest behaviour by pension scheme trustees. The PDU has received widespread support and has been described as "On the side of the angels<sup>1</sup>" in press coverage for its work in protecting the integrity of pension schemes.

There are still many other ways to improve the customer journey and I am very much looking forward to getting out and about at industry events and meeting with you, as TPO's key stakeholders, to hear your ideas on potential improvements both within TPO and across the industry as a whole.

1 <https://blog.burges-salmon.com/post/102hvj2/on-the-side-of-the-angels-launch-of-the-pensions-dishonesty-unit>

Finally, I want to thank Anthony Arter for agreeing to stay on as Deputy Pensions Ombudsman. Importantly, I also want to highlight the hard work and commitment from TPO staff and volunteers – without them this important service would not be possible.

It was with great sadness that we announced the death of our Chair, Caroline Rookes, on 16 October. Caroline was an important figure in our industry and used her impressive experience and commitment to public service to improve TPO for the potential benefit of millions of pension scheme members. She will be missed by us all.



**Dominic Harris**

Pensions Ombudsman  
Pension Protection Fund Ombudsman

Updated November 2023

# Foreword from the Corporate Board

Caroline was rightly proud of everything TPO had achieved over the past year, especially the increase in the number of cases closed despite a higher-than-expected rise in demand. However, her focus remained on the needs of our customers and other stakeholders, and her priority was to drive through further efficiencies to reduce waiting times.

As a board we will greatly miss Caroline's leadership, but she will continue to influence our direction as she supported the development of this Corporate Plan and was heavily involved in our strategy discussions.

We would like to welcome Dominic to his role as the Pensions Ombudsman. He has taken over after a period of considerable transformation in the organisation but with many challenges still to tackle. We are confident in his ability to face up to them and are looking forward to working with him in the coming months and years. We are also pleased that Anthony Arter has remained with us as Deputy Pensions Ombudsman, for a limited period, to support us as we face the challenges.

2022/23 has been another busy year for TPO and we have made some real progress in improving efficiency and reducing waiting times. But customer waiting times remain a challenge and need to be brought down to sustainable levels. The agreed additional funding in 2023/24 will help with this and we will continue to find ways to increase productivity but, given the consistently increasing demand for our service, it will be hugely challenging to deliver the timely service we, our customers and our stakeholders would like us to provide.

This Corporate Plan 2023-2026 gives an overview of our priorities for the next three years but deliberately focuses in more detail on our plans for this year. As Dominic settles into his new role, 2023/24 will provide the ideal time for the Corporate Board and the Executive to review TPO's strategic objectives to ensure they are fit for purpose and meet the needs of both our customers and our stakeholders.

The last central government review of TPO was the Tailored Review published in 2019. This led to the establishment of a Chair, Corporate Board and Chief Operating Officer. TPO has come a long way since that last review. We are due to be reviewed as part of the Public Bodies Review Programme in 2024/25. We very much look forward to working with the Review Team and with DWP to consider how best TPO can structure its organisation and processes to meet the challenges ahead.

We want to consider as wide a range of views as we can as we develop our strategic plans going forward. We want to hear the views of our staff and our volunteer team. We also want to make sure we hear from our many and diverse stakeholders and of course our customers. We have put arrangements in place to do this.

Robert Branagh  
Myfanwy Barrett CB  
Emir Feisal JP

Corporate Board  
Updated November 2023



# 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 at the point of delivery.

## **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 ambition

Constraints in resources and ever-increasing demand have resulted in customer waiting times becoming longer than we would like. This has been further impacted by a cyber incident in June 2023. Our ambition, by 2026, is to have reduced waiting times to a sustainable level at all stages of our process, whilst maintaining a high-quality service.

Working with key strategic partners, we aim to increase the proportion of valid complaints that reach us through raising awareness of our service and improved signposting. Through information sharing and outreach we also aim to enable stakeholders to resolve complaints at an earlier stage. Where necessary we will also support legislative change.

We are liaising with DWP to explore longer-term funding arrangements.

## Our priorities over the next three years

These are similar to last year's and include:

- ▶ reducing customer waiting times whilst maintaining quality of service
- ▶ embedding new ways of working and identifying further efficiencies
- ▶ strengthening relationships with our stakeholders to improve dispute resolution in the pensions industry
- ▶ making TPO a great place to work and volunteer and ensuring Equality, Diversity and Inclusion are central to our policies and processes
- ▶ continuing the vital work of the PDU.

## Customer waiting times

Over the last few years through new ways of working we have delivered year on year productivity improvements. But waiting times remain at an unacceptable level.

Before the cyber incident, we were expecting our potential output to be **7,560** closures in 2023/24 from BAU operations. This would be achieved through efficiencies in our current Operating Model and lessons learnt from the Casework Support Team. We also expected a further **600** closures from our temporary resource, giving total closures in 2023/24 of **8,160**. Taking into account the

increase in demand, this would have reduced our overall caseload by **360** cases in 2023/24. However, without further resources there would be a deficit of over **1,000** pension complaints in 2024/25, reversing the progress made in 2022/23 and 2023/24.

With the additional funding allocated for 2023/24 we updated our KPIs (see page 28) to reduce our waiting times to:

- ▶ 5 months for Assessment pension complaints to be allocated (currently 13 months)
- ▶ 5 months for Early Resolution pension complaints to be allocated (currently 8 months)
- ▶ 12 months for Adjudication pension complaints to be allocated (currently 15 months).

Further reductions in our waiting times will only be realisable if additional funding is agreed from 2024 onwards.

The cyber incident will undoubtedly have impacted the above figures although we do not yet know to what extent. Access to some TPO systems had to be removed which meant there was a period when we were not able to accept new applications nor progress existing cases. In addition, we have had to contend with initial interim IT solutions while a brand new IT solution was being built which inevitably led to some downtime.

### **New ways of working to achieve further efficiencies**

We continue to identify efficiencies in our operating model and develop new ways of working across the organisation.

The increased funding allocated in 2022/23 to address the waiting times was successfully used to trial new, more efficient ways of working. By establishing a temporary Casework Support Team that identified 'packages' of work, we were able to close an additional **891** cases during 2022/23.

However, the cases that remain with unacceptable waiting times are increasingly complex and require more experienced staff to deal with them over a longer period of time. An important lesson learnt in trialling these new ways of working was that the length of time for recruitment, induction and training for a new member of staff on a 12-month fixed term contract proved disproportionately high. Once staff are sufficiently trained and operating effectively, they are mid contract and starting to look for permanent work elsewhere.

Once our budget for 2023/24 was confirmed, we moved staff on fixed term contracts to permanent contracts. This not only builds on the investment TPO has already made in their recruitment and training but also gives staff security and optimises the opportunity for them to develop their expertise further without the inevitable drop in efficiency in training new staff.

### **Improving dispute resolution in the pensions industry**

Our Stakeholder Engagement Programme works collaboratively with key stakeholders to improve dispute resolution across the industry. Our aim is that clearer signposting and increased awareness of TPO's approach to resolving disputes will improve the customer journey by ensuring resolution at the earliest possible stage in the complaints process, preferably without the need for TPO to be involved.

Our immediate priority is to introduce the new Pensions Ombudsman to our key stakeholders and schedule a programme of meetings and talking opportunities for him to participate in over the coming year.

Longer term, we have reorganised our Communications and Stakeholder Engagement functions; bringing them together to form a new team which will increase resource, reduce duplication of work and put us in a stronger position to develop and share insights with the pensions industry.

### **Making TPO a great place to work and volunteer**

Our staff headcount continues to rise to meet increasing demand and as at 31 March 2023, we had **153** members of staff compared to **121** a year ago. With the additional funding for 2023/24, this is due to further increase to over **170** as recruitment progresses during 2023.

Retention of experienced staff is essential for us to meet the ambitious goals we have set out in this Corporate Plan. With limited opportunities for increases in public sector pay, TPO continues to review the benefit package available to staff to make TPO a great place to work.

Our Agile Working Policy is an excellent example of this. Following the Covid-19 pandemic, we undertook a collaborative exercise with staff to develop a flexible working policy; ensuring it captured staff's positive experience of working at home during the pandemic and balanced this against the needs of the business. This resulted in a partial return to the office of two days a fortnight. This policy has now been through a review exercise to ensure it continues to meet both staff and business needs. Feedback from managers and staff confirmed its success and the level of two days a fortnight will continue. This policy will be regularly reviewed.

The results of our Staff Survey 2022 are positive overall and we compare favourably in most areas to the civil service. The increase in our main 'staff engagement' score – one of our Corporate KPIs and considered generally to be the measure organisations should attach the most significance to – is particularly positive (63% to 70%, civil service average is 65%). At this stage we have identified the three main themes as:

- ▶ rewarding staff by reviewing benefits package
- ▶ further strengthening our behaviours, collaboration and approach to change management
- ▶ developing a range of L&D opportunities to support staff in building their knowledge, skills and expertise.

With the involvement of staff, our People Strategy was reviewed and relaunched in June. As well as continuing the overall commitment of making TPO a great place to work, it identified the following new areas of work:

- ▶ A Learning and Development strategy offering all staff five days of learning a year.
- ▶ Identifying improvements to recruitment but also maximising opportunities and benefits available to staff while they work for TPO.
- ▶ Understanding the diverse mix of people within TPO and setting priorities and goals for the future.
- ▶ Building leaders for tomorrow by investing in middle managers and aspiring managers.
- ▶ Reviewing meetings to ensure good governance, with productive outcomes having identified the right people to be round the table.
- ▶ Identifying collaboration opportunities to bring people together for formal events and informal opportunities.

Our volunteer advisers are an essential resource for the Early Resolution Service, helping to resolve hundreds of cases every year. We are always looking to increase the number and diversity of our volunteers and have been trialling new methods of recruitment to support this aim. This has included working with an external agency to create a recruitment landing page on our website alongside running a social media campaign targeted at primary groups. The analysis of this campaign alongside the results of a Volunteer Survey earlier this year will enable us to evaluate the current recruitment, volunteer output and support needs to create and implement a new long-term Volunteer Strategy.

## Pensions Dishonesty Unit (PDU)

The PDU pilot was established in November 2021 to investigate allegations of serious breaches of trust, misappropriation of pension funds and dishonest or fraudulent behaviour by trustees (including others involved in the pension arrangement such as managers and administrators).

Excellent progress has been made on carrying out investigations of lost pension funds worth around £50m. The PDU is collaborating with stakeholder partners to provide a joined-up, forensic and robust approach to tackling pension scheme dishonesty. TPO is now a key partner of a tripartite working group with The Pensions Regulator and the Pension Protection Fund's Fraud Compensation Fund.

The first PDU Determination was issued on 6 October 2022, in relation to the BWFS Occupational Pension Scheme, directing redress of £850,000<sup>2</sup>. A recent Determination issued on 7 August 2023 directed redress of at least £200,000<sup>3</sup>.

There have been two cases where the respondent reached an agreement with the applicant to settle the case through a direct payment and withdrawal of the case was allowed. The most high-profile and high-value case, involving £13 million of pension scheme assets was determined in December 2022, with the Pensions Ombudsman directing that the Scheme be fully redressed. This case is subject to appeal.

The framework of governance, risk management and control were given the highest assessment rating by the Government Internal Audit Agency who also recommended extending the pilot to allow the completion of cases currently under investigation and provide a full evidence-based value assessment.

Funding has now been extended so the work of the PDU can continue for 2023/24 and 2024/25. This additional funding will allow the PDU to:

- ▶ recruit the necessary specialist staff on longer fixed term contracts
- ▶ complete the cases currently under investigation
- ▶ investigate new cases from individuals (typically two per month)
- ▶ deal with further referrals from Dalriada, the independent trustee – nine possible cases have been identified so far
- ▶ deal with referrals from other partners organisations, for example TPR
- ▶ carry out a full evaluation of the PDU's work
- ▶ continue to build and develop our relationship with the Pension Protection Fund, The Pensions Regulator and DWP to make pensions safer.

2 <https://www.pensions-ombudsman.org.uk/news-item/bwfs-occupational-pension-scheme-determination>

3 <https://www.pensions-ombudsman.org.uk/decision/2023/po-28532/positive-retirement-potential-plan-po-28532>



## Strategic goals

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

| Priorities for 2023/24   | Priorities for 2024/25 and 2025/26  |
|--|---|
| <b>1. Providing a customer-focused service for the resolution of occupational and personal pension complaints</b>  |   |
| <ul style="list-style-type: none"> <li>• finalising changes to team structures and recruiting new staff</li> <li>• evaluating Operating Model changes identified in 2022/23</li> <li>• embedding and expanding Operating Model changes and identifying further efficiencies</li> <li>• expanding specialist support</li> <li>• reviewing customer diversity and experience</li> <li>• reviewing our quality framework</li> <li>• evaluating current recruitment, output and support needs of volunteers and creating a new long-term strategy</li> </ul> | <ul style="list-style-type: none"> <li>• improving the ways in which customers can find out about our service and manage their complaints with us</li> <li>• carrying out regular customer surveys and using the results to feed into future business planning</li> <li>• continuing to identify and implement changes to our Operating Model to improve the customer journey</li> <li>• making our service a straightforward, easy, fair and impartial alternative to the courts</li> <li>• continuing to seek changes to legislation and signposting customers and stakeholders where necessary</li> <li>• making changes to our service following analysis of customer diversity data</li> </ul> |

### Risk appetite – Open\*

Consider new and different ways of working that maximise efficiencies without compromising quality.

| Priorities for 2023/24   | Priorities for 2024/25 and 2025/26  |
|--|---|
| <b>2. Supporting and influencing the pensions industry and the wider alternative dispute resolution sector to improve dispute resolution</b>   |   |
| <ul style="list-style-type: none"> <li>• finalising and implementing a stakeholder engagement plan for the new Pensions Ombudsman</li> <li>• working with DWP to influence the introduction of legislation that, for example, address governance issues</li> <li>• devising a new approach to stakeholder surveys, delivering the survey and analysing the results</li> <li>• continuing to deliver the Communications and Engagement Strategy to improve signposting of valid complaints to our service and enable complaints to be resolved without the need for TPO to be involved</li> </ul> | <ul style="list-style-type: none"> <li>• publishing insight reports to assist improvements in complaint handling</li> <li>• further improving materials shared with the pensions industry</li> <li>• influencing and shaping policy in the pensions industry and government</li> <li>• influencing industry to improve its internal dispute resolution procedure (IDRP)</li> <li>• carrying out regular stakeholder surveys to gain greater understanding of stakeholder needs</li> </ul> |

#### **Risk appetite - Hungry\*\***

Explore potentially significant benefit in improving complaint handling in other organisations (although hard to measure).

| Priorities for 2023/24  | Priorities for 2024/25 and 2025/26   |
|---|--|
| <b>3. Transforming and improving our services and processes</b>   |  |
| <ul style="list-style-type: none"> <li>• continuing to respond to the cyber incident and rebuilding IT systems</li> <li>• reviewing our Agile Working Policy</li> <li>• creating a new Digital, Data and Technology Strategy</li> <li>• launching a new staff intranet</li> <li>• revising our People Strategy in line with the Staff Survey responses in 2022</li> <li>• creating and implementing a Learning and Development plan</li> <li>• improving telephony</li> <li>• improving records management and data security</li> </ul> | <ul style="list-style-type: none"> <li>• reviewing and potentially replacing the existing Casework Management System</li> <li>• continuing our Digitalisation Programme, including consideration of machine learning, automation and a customer portal</li> <li>• continuing to review and implement changes to realise efficiencies.</li> <li>• continuing to strengthen our governance in line with Cabinet Office guidelines</li> <li>• improving management information to assist decision-making and for identifying and tracking efficiencies</li> <li>• supporting and developing our staff through an expanded programme of learning and development.</li> </ul> |

### 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 – 2022/23

### What we did in 2022/23

The table below outlines our KPIs for 2022/23 and our performance against them.

| What we said we would do   | What we did  |
|--|--|
| <b>Customer satisfaction</b>   |  |
| <p><b>Case duration</b></p> <p><b>General enquiries</b></p> <ul style="list-style-type: none"> <li>• <b>90%</b> resolved within four weeks (28 calendar days)</li> </ul> <p><b>Total pension complaint closures (includes ERS and Adjudication)</b></p> <ul style="list-style-type: none"> <li>• <b>35%</b> closed within 3 months</li> <li>• <b>45%</b> closed within 6 months</li> <li>• <b>55%</b> closed within 12 months</li> </ul> | <ul style="list-style-type: none"> <li>• We resolved <b>99%</b> within 28 days</li> </ul><br><ul style="list-style-type: none"> <li>• We closed <b>49.6%</b> within 3 months</li> <li>• We closed <b>55.2%</b> within 6 months</li> <li>• We closed <b>69.0%</b> within 12 months</li> </ul> |
| <p><b>Internal quality assurance standards</b></p> <ul style="list-style-type: none"> <li>• Maintain scores from the Quality Assurance Framework at <b>85%</b></li> </ul>  | <ul style="list-style-type: none"> <li>• Over 2022/23 the average score of the <b>1,918</b> quality audits carried out was <b>88%</b></li> </ul>   |
| <p><b>Customer survey</b></p> <ul style="list-style-type: none"> <li>• Providing you with a good service: <b>60%</b></li> <li>• Providing clear decision-making: <b>65%</b></li> <li>• Providing clear information: <b>70%</b></li> </ul>  | <ul style="list-style-type: none"> <li>• Providing you with a good service: <b>45%</b></li> <li>• Providing clear decision-making: <b>55%</b></li> <li>• Providing clear information: <b>65%</b></li> </ul>  |
| <b>Staff satisfaction</b>  |  |
| <ul style="list-style-type: none"> <li>• Annual civil service staff survey engagement score – increase on 2022 score (65%)</li> <li>• Annualised staff sickness rate (all types) – at or below the Civil Service rate</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>70%</b></li> <li>• <b>4.68</b> days lost per employee which equates to <b>1.86%</b> of total work time compared with <b>7.9</b> days for the Civil Service</li> </ul>  |
| <b>Effective use of resource and efficiencies</b>  |  |
| <ul style="list-style-type: none"> <li>• Average number of total pension complaint closures per month <b>575</b></li> </ul>  | <ul style="list-style-type: none"> <li>• We averaged <b>648</b> overall closures per month</li> </ul>  |

## General enquiries

We received **9,841** contacts in 2022/23 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 **8,592** new general enquiries in 2022/23 and carried over **71** open general enquiries from 2021/22. We closed **8,619** of these general enquiries in 2022/23, therefore we will carry forward **44** open general enquiries into 2023/24. For 2022/23, we closed **99%** 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 **7,784** which represents a **49%** increase on the overall closures of 5,221 in 2021/22. Of those **7,784** around **6,893** were closed by business-as-usual permanent staff and the remaining **891** were closed by a temporary Casework Support Team with funding which was allocated for 2022/23 only.

## Timescales for pension complaints

In addition to overall pension complaints, we also measure the percentage of total pension complaint closures that were closed within 3 months, 6 months and 12 months (see table above). Given the high proportion of younger cases closed in 2022/23, the number of older, complex cases remaining in our system has increased to 53% of our overall active caseload. As a result, we expect our closures in 2023/24 to include a higher proportion of older cases than in 2022/23, therefore we have changed our KPI to measure the number of pension complaint closures closed within 9 and 18 months.

### Overall productivity

Our overall productivity was above the target of **575** average monthly pension complaint closures, with an average of **648** closed per month in 2022/23. This compares to the 2021/22 average of 435 overall pension complaint closures per month.

### Quality Assurance

Our overall average Quality Score remained above the KPI target at **88%**.

### Customer satisfaction

All three of our average Customer Satisfaction scores dipped below our targets. We believe this is largely due to customer dissatisfaction with waiting times affecting overall perceptions of our service. It is important to note that there is often a delay between the improvements we have been making to our service being reflected in our Customer Satisfaction scores. We have started to see an increase in scores, particularly during the second half of the year, as our waiting times have started to reduce.

# 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<br>2020/21 | Actual<br>2021/22 | Actual<br>2022/23 | Trend | Forecast<br>2023/24 | Forecast<br>2024/25 | Forecast<br>2025/26 |
|-----------------------------------|-------------------|-------------------|-------------------|-------|---------------------|---------------------|---------------------|
| <b>New contacts and enquiries</b> |                   |                   |                   |       |                     |                     |                     |
| Total contacts                    | 16,673<br>(+44%)  | 11,442<br>(-31%)  | 9,841<br>(-14%)   | ↓     | 10,330<br>(+5%)     | 10,850<br>(+5%)     | 11,390<br>(+5%)     |
| General enquiries                 | 11,524<br>(+5%)   | 8,436<br>(-27%)   | 8,592<br>(+2%)    | ↑     | 9,030<br>(+5%)      | 9,480<br>(+5%)      | 9,955<br>(+5%)      |
| <b>New pension complaints</b>     |                   |                   |                   |       |                     |                     |                     |
| Overall total                     | 5,567<br>(-2%)    | 6,216<br>(+10%)   | 7,280<br>(+17%)   | ↑     | 8,150<br>(+12%)     | 9,130<br>(+12%)     | 10,220<br>(+12%)    |
| <b>Closed pension complaints*</b> |                   |                   |                   |       |                     |                     |                     |
| Overall total                     | 4,853<br>(+6%)    | 5,221<br>(+8%)    | 7,784**<br>(+49%) | ↑     | 8,160<br>(+5%)      | 7,560<br>(-7%)      | 7,560<br>(-)        |
| Applications & Assessment         | 2,474<br>(+118%)  | 3,118<br>(+26%)   | 5,438<br>(+74%)   | ↑     | 5,360<br>(+2%)      | 4,960<br>(-7%)      | 4,960<br>(-)        |
| Early resolution                  | 1,442<br>(-36%)   | 1,319<br>(-9%)    | 1,572<br>(+19%)   | ↑     | 1,800<br>(+8%)      | 1,700<br>(-6%)      | 1,700<br>(-)        |
| Adjudication                      | 762<br>(-37%)     | 784<br>(+3%)      | 774<br>(-1%)      | ↓     | 1,000<br>(+29%)     | 900<br>(-10%)       | 900<br>(-)          |

\* Overall closures total also includes abandoned cases.

\*\* These figures includes **891** extra closures from our temporary Casework Support Team for 2022/23.



## Demand

Demand for our services continues to rise faster than expected. In last year's Corporate Plan, we predicted demand to rise by 10% in 2022/23 and 2023/24, returning to 5% in 2024/25. In 2022/23 actual demand was **17%**, and therefore, projections for demand have now been set at **12%** per annum over the next three years.

## Productivity

In 2022/23, we closed **7,784** complaints - an increase of **49%** against our original forecast of 32% increase in the number of cases closed.

Before the cyber incident, we expected to close 7,560 complaints in 2023/24, based on the number of permanent staff we expected to have. Based on the additional funding we have been allocated for 2023/24, we forecast that this figure would increase to **8,160** case closures in 2023/24, representing an increase of **4.8%** on 2022/23. The cyber incident will undoubtedly have impacted these above figures although we do not yet know to what extent.

Based on our indicative budget provided over this Spending Review period we would be unable to commit to forecasting any further increase in productivity for 2024/25 and 2025/26.

## Unallocated cases

Our unallocated caseload remains unsustainable due to a significant number of cases waiting longer than we feel is acceptable at any stage in our process. During 2023/24, we aspire to reduce waiting times to between **5** and **12** months as reflected in our KPIs. We consider these targets to be stretching but achievable within the resource we have been allocated. With existing funding levels, it will not be possible to reduce waiting times further. This results in too many cases having unacceptable waiting times.

## 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 **17** open PPFO cases as at 31 March 2023, which is an acceptable level. We continue to maintain our PPFO case capacity at a level that ensures we can meet any unforeseen increase in demand.

## Assumptions made

The forecasts above are based on several factors that may impact the number of complaints we receive. These can be divided into two main areas:

- ▶ Pension industry developments such as legislative change including auto-enrolment, the development of pension dashboards and the implementation of court judgments.
- ▶ The economic disruption caused by the Covid-19 pandemic, Brexit, the war in Ukraine and the current cost-of-living crisis.

In addition, one of our key strategic goals is to increase awareness of our service to ensure customers are directed to the right organisation to deal with their complaint. Working with key strategic partners to improve signposting to TPO will inevitably increase demand for TPO services as more individuals are effectively directed to us from other organisations.

### Pension industry developments

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. Some of the developments that may impact our service are briefly summarised below.

#### Automatic enrolment

The introduction of automatic enrolment has contributed to more than 10 million additional people enrolling in a workplace pension scheme, which has significantly increased the number of people who could potentially bring a pension complaint to us. We are working closely with TPR on this and we have produced a joint factsheet with TPR and MaPS to signpost customers to the correct organisation.

#### Pensions Dashboard

The introduction of the new Pensions Dashboard will raise pensions awareness and enable individuals to scrutinise their pension arrangements. We expect this will lead to more people identifying issues earlier and increase demand upon TPO services.

#### Pensions freedoms and transfers

The expanded options to transfer/drawdown pensions from the age of 55 rather than traditional pension age (introduced in April 2015), has meant the number of people moving into retirement earlier has risen. This led to a considerable increase, which still continues today, in general transfer related issues as the main topic that people bring to us as a pension complaint.

In addition, the **Pension Schemes Act 2021** and the Conditions for Transfers Regulations impose additional conditions on a member's statutory right to transfer accrued pension rights to another scheme. While this may reduce the number of pension scam transfers, it is also likely to lead to an increase in members' complaints to us that trustees have, in their opinion, wrongly blocked their transfer.

### **Recent Court judgments that may have implications for TPO**

- ▶ The McCloud case upheld allegations of age discrimination which has implications for many public sector schemes. The implementation of the McCloud judgment where we may receive an increase in cases regarding immediate detriment and in due course, claims that the remedy is insufficient.
- ▶ GMP equalisation following the Lloyds Bank Cases 2018/2020 High Court judgments. Trustees are still making changes stemming from these cases and we anticipate that these may result in challenges and pension complaints, especially where a person has transferred from another scheme in the past.
- ▶ The **Court of Appeal judgment**, CA-2022-001913 CMG Pension Trustees Limited v CGI IT UK Limited and another, upheld the High Court's decision that TPO was not a 'competent court' for the purposes of recovering overpayments under section 91(6) of the Pensions Act 1995. We are reviewing our position; looking at practical ways to deal with the issue and are in discussions with DWP regarding legislation to clarify the situation. We will provide an update shortly.

### **Economic climate and cost of living crisis**

The current economic uncertainty continues as a result of the Covid-19 pandemic, Brexit, war in Ukraine and the cost-of-living crisis. The increasing pressure felt by both businesses and people's personal financial circumstances is likely to lead to significant changes to the pensions landscape. As people struggle to meet everyday expenses such as food and energy bills, contributing to a pension for their future retirement may not feel like a necessity right now. This not only risks more people opting out of their pension scheme; but also means more people will want to access their pension pot putting them at risk from scammers.

### **Scams**

Scams continue to be a major issue especially with the current economic climate. We continue to work with partners to improve the sharing of data, intelligence and to consolidate collaborative working across the industry, law enforcement and regulatory partners. Campaigns such as the Financial Conduct Authority's ScamSmart continue to raise pensions awareness for individuals which will lead to more people identifying issues with their pension earlier and increase the demand on TPO services.

## Our key performance indicators for 2023/24

Our updated KPIs will ensure progress towards Corporate Strategic Goal 1 to provide a customer-focused service for the resolution of occupational and personal pension complaints and cover:

- ▶ effective use of resource while maintaining high quality
- ▶ providing a balanced effort to all our active pension complaints
- ▶ maintaining a focus on reducing our waiting times (see page 12)
- ▶ measuring how our performance is reflected in customer satisfaction (NB accepting that there may be a time lag).

| KPI   | KPI Measures  |
|---|---|
| <b>Corporate Strategic Goal:</b> Provide a customer-focused service for resolution of occupational and personal pension complaints. |   |
| Effectively use our resources to deliver a high-quality output.   | <ul style="list-style-type: none"> <li>• % of total General Enquiries responded to within 28 days of first contact is above <b>90%</b></li> <li>• Average number of pension complaint closures per month is above <b>680</b></li> <li>• Average overall scores from the Quality Assurance Framework is above <b>85%</b></li> </ul>                                  |
| Deliver a balanced service to customers at all stages in our pension complaint process.   | <ul style="list-style-type: none"> <li>• % of total pension complaints closed within 9 months from valid application is above <b>35%</b></li> <li>• % of total pension complaints closed within 18 months from valid application is above <b>65%</b></li> <li>• Reduce total number of active pension complaints aged over 18 months by <b>25%</b></li> </ul>       |
| Reduce waiting times for customers at key stages in our pension complaint process.  | <ul style="list-style-type: none"> <li>• Waiting time for Assessment pension complaints to be allocated reduced to <b>5 months.</b></li> <li>• Waiting time for Early Resolution pension complaints to be allocated reduced to <b>5 months.</b></li> <li>• Waiting time for Adjudication pension complaints to be allocated reduced to <b>12 months.</b></li> </ul> |
| Improve customer satisfaction and meet customers' expectations.   | <ul style="list-style-type: none"> <li>• Average Customer Survey score for providing a good service is above <b>60%</b></li> <li>• Average Customer Survey score for providing clear decisions is above <b>65%</b></li> <li>• Average Customer Survey score for providing clear information is above <b>70%</b></li> </ul>  |

# 4. Finance



# Finance

Our funding 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.

The agreed funding for 2023/24 is **£11.9 million** (this includes funding for the PDU for 2023/24 (£686,130) and 2024/25 (£869,974). Total - £1,556,104). This is an increase of £1.7million on our baseline allocation to manage the increase in demand for our services.

This additional funding is to enable us to retain existing staff by converting fixed term contracts into permanent contracts and to recruit new staff so that we have improved capacity to meet the rising demand for our services and reduce waiting times further.

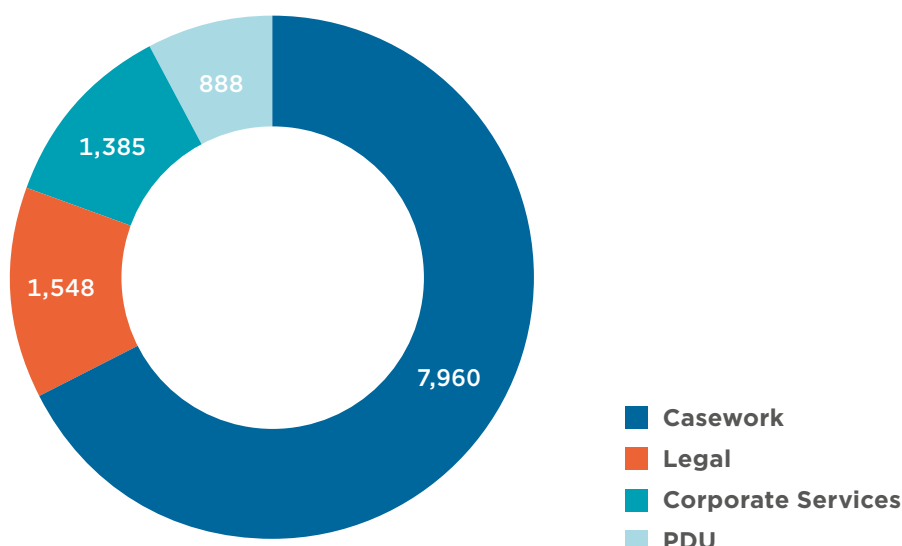
For 2024/25 and 2025/26, a return to the original baseline funding allocation, agreed in the 2020 three-year spending review, has been assumed.

|  | 2021/22<br>Spend | 2022/23<br>Spend | 2023/24<br>Forecast<br>spend | 2024/25<br>Forecast<br>spend | 2025/26<br>Forecast<br>spend |
|--|------------------|------------------|------------------------------|------------------------------|------------------------------|
|  | £'000            | £'000            | £'000                        | £'000                        | £'000                        |
| Staff salaries                                       | 6,447            | 8,728            | 9,521                        | 8,761                        | 8,021                        |
| Other staff costs<br>inc training and<br>recruitment | 181              | 240              | 238                          | 120                          | 104                          |
| IT/Telecommunications                                | 548              | 604              | 641                          | 651                          | 635                          |
| Professional services                                | 105              | 97               | 108                          | 106                          | 105                          |
| Subscriptions  | 101              | 121              | 105                          | 100                          | 100                          |
| Legal costs  | 21               | 143              | 20                           | 35                           | 35                           |
| Accommodation  | 487              | 306              | 639                          | 606                          | 637                          |
| Printing and stationery                              | 12               | 10               | 10                           | 8                            | 8                            |
| Insurance  | 24               | 2                | 3                            | 3                            | 3                            |
| Postage /courier                                     | 1                | 1                | 1                            | 2                            | 2                            |
| Other  | 65               | 84               | 109                          | 88                           | 38                           |
| Total operating costs                                | 7,992            | 10,337           | 11,395                       | 10,483                       | 9,688                        |
| Non cash items                                       | 258              | 528              | 387                          | 387                          | 387                          |
| <b>Total comprehensive<br/>expenditure</b>           | <b>8,251</b>     | <b>10,865</b>    | <b>11,781</b>                | <b>10,869</b>                | <b>10,075</b>                |

## Forecast of resource allocation across the organisation 2023/24

A pie chart of the resource allocation for 2023/24 is included below. Costs include salaries, which make up **83%** 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.

### 2023/24 all costs allocated to departments £'000





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