



The
Pensions
Ombudsman

The Pensions Ombudsman Corporate Plan

April 2016 – March 2019



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1. What we do

The Pensions Ombudsman is an independent organisation set up by law to investigate complaints regarding pension administration. We can also consider complaints concerning the actions and decisions of the Pension Protection Fund and about some decisions made by the Financial Assistance Scheme. We look at the facts, without taking sides and we have legal powers to make decisions that are final, binding and enforceable in court. Our service is free.

The Pensions Ombudsman Service in one organisation, the functions of two statutory bodies, the Pensions Ombudsman and the Pension Protection Fund Ombudsman. We are a “Tribunal Non Departmental Public Body” and are funded by grant-in-aid from the Department for Work and Pensions (DWP).

Vision

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

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.

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. Foreword

When I reviewed the Corporate Plan last year I highlighted the steady increase in the number of complaints received and the challenge in reducing the waiting time for the resolution of disputes with the need to change our approach to the way in which disputes are resolved.

Shortening the customer journey to provide a quicker, more straightforward resolution of pension disputes has been my aim since taking up office last year. This can only be achieved in partnership with pension providers and other organisations.

Communication plays a very large part so our focus has been on changing the way in which we communicate, both internally and externally, in order to improve and simplify the customer journey, speed up the process and improve the customer experience. This is showing early signs of success with our closure rate increasing by 35% last year and importantly, with 63% of cases resolved informally.

We are building on this over the remainder of our three year plan.

We are also making further changes in our complaint handling processes including integrated digitisation, which will not only help in shortening the time taken to resolve a dispute but will also enable those involved to monitor progress and ensure a consistent approach.

It is interesting to note that the number of personal pension complaints we received in the last financial year increased by 150%. This may be, in part, because of the heightened awareness of pensions and their increased flexibility through pension freedoms, but also their use as either, or in addition to, a workplace pension arrangement. Of course, we also continue to have a large number of disputes concerning trust based occupational pension schemes and the number of complaints concerning pension liberation continues unabated.

In recent years the Pensions Ombudsman has only participated in appeals where it was necessary to clarify his powers. However, following the outcome of the recent suspected pension liberation case of Hughes v Royal London, and the issues raised, I have decided that I will participate in appeals in certain circumstances, for example, where a case is of wider public interest.

Given the complicated nature of pension provision it falls on us all to provide clear signposting and consistency; it should not be made unnecessarily complicated. The Government has already endorsed this approach with the planned establishment in 2018, of a single pensions' help and guidance service, recognising that pensions are unique and unlike other types of investments.

Therefore, an important part of our business planning is to ensure we work closely with the new pensions help and guidance body in providing a simple customer

approach and signposting. This is important in unravelling the complicated world of pensions when more than just help and guidance is required.

Set out in this Corporate Plan are the next steps we need to take in order to achieve our goal of providing an impartial, consistent, expert pensions dispute resolution service fit for the 21st century.



Anthony Arter

Pensions Ombudsman
Pension Protection Fund Ombudsman

3. The challenges

Our plans in relation to 2016/17 and beyond must take into account the challenges we are already facing and others we believe we might have to face but cannot yet be quantified. These actual and possible challenges are summarised here.

3.1. Casework

Pensions landscape

Changes in the pensions landscape are continuing, and at speed. These changes introduce their own challenges and complexities for the industry. As pensions become more complicated, the likelihood of things going wrong is higher and complaints will follow.

Some key areas in which we expect to see an increase in complaints are set out below.

- **Pension freedoms.** The introduction of pension freedoms, in itself, has not yet caused a significant number of complaints to us; however the associated activity of alleged pension liberation has already impacted on us. Around 15% of the investigations we took on in 2015/16 related to this, which is roughly the same as in the previous year. It is likely we will see more of these complaints in the next year or so. The recent case of *Donna-Marie Hughes v the Royal London Mutual Insurance Society Limited* provided some clarification. It does not however provide the pensions industry with confidence that people are sufficiently protected from those who do not have consumers' interests at heart.
- **Abolition of contracting-out of defined benefit schemes.** Pension schemes are implementing this change, which took effect in April 2016, by reconciling their members' Guaranteed Minimum Pensions (GMPs). Already, these reconciliations are showing errors in benefit records and some members are having their benefits reduced (or possibly clawed back). It is highly likely we will see complaints about this, and in some volume, during 2017/18 and 2018/19 as the impact begins to be felt.
- **Automatic Enrolment.** Around ten million workers are estimated to be in the eligible target group for Automatic Enrolment. About six million have already been included in a pension arrangement. The remainder will generally be people employed by small and micro employers which have only been required to automatically enrol their workers since June 2015. In 2015/16, we saw an increase of over 20% in complaints about providers specifically involved in the automatic enrolment market. The increase sounds large but relates to about 100 complaints and only a very small number of these were taken on for investigation. We envisage more problems arising with some providers, and the smaller employers, and anticipate a gradual increase in complaints from 2017/18 onwards.

Areas where changes are afoot that might affect us but we have no way of knowing in what way, include:

- **Taxation.** Industry commentators suggest that tax breaks relating to pensions could be diminished in some way over the coming years, despite the previous Chancellor's decision at this year's budget to leave tax relief as it is. If this happens, pension arrangements could become less attractive. With fewer investors, the potential for complaints could start to reduce.
- **EU referendum.** There is a possibility that pensions will be affected by the outcome of the recent EU referendum. At the very least, there could be less parliamentary time available which could mean that we cannot expect changes to our legislation, even if it is agreed that such changes are desirable.

Our customers

Expectations

Naturally, people making complaints to us, and the organisations complained about, are looking to have complaints dealt with as quickly as possible and in a way that works for them. We are already taking steps to reduce timescales and interface with parties in a more accessible way - see later - but more needs to be done.

Complaint journey

From beginning to end, the current arrangements can make for a complicated, frustrating journey for complainants – and those complained about; it can be a long, drawn out process where there are numerous contacts with the parties at different times by different complaint handlers with inevitable duplication. The Department for Work and Pensions 2013 Triennial Review of Pension Bodies concluded that the customer journey needs to be addressed saying that, under the current structure, “nobody is responsible for the process as a whole and nobody attempts to understand and measure the overall customer experience”. We cannot single-handedly change the experience for customers, but one of our challenges is to find ways to make their journey simpler and clearer where we can.

The way forward has already been shown following the Financial Advice Market Review which was launched in August 2015, to examine how financial advice could work better for consumers. The Public Financial Guidance consultation followed in October 2015, seeking views on how publicly funded pensions and money guidance could best be structured to help consumers make effective financial decisions. The Government announced its plans to restructure the delivery of public financial guidance and proposed that the new delivery model replace the Money Advice Service, and merge the functions of The Pensions Advisory Service and Pension Wise.

The new delivery model would be made up of a new pensions guidance body (PGB) charged with making sure that consumers can get all their pensions questions answered in one place and a separate Money Guidance Body.

The same approach is urgently required for the resolution of all pension disputes in order to provide clarity, simplicity, consistency and faster resolution, shortening the customer journey.

Stakeholders

We need to work hard to improve the customer journey and recognise that we need to be accessible and efficient for all users of our service. We are looking at improving how we communicate with other stakeholders bearing in mind that the customer journey does not always start and finish within our organisation. We will provide guidance and assistance to those in the pensions industry in ways we consider may stem the need for complaints to be referred to us, thus speeding up the overall handling of disputes.

New complaints

The volume of people coming to us is a challenge. Over the last three years, the number of enquiries we receive has increased by around 14% each year, on average. This has translated into an increase in the number of investigations we take on and we have seen an annual average increase in these over the last three years of around 10%. If we are to keep up with demand, we must continue to review the way in which complaints are handled and adjust as necessary. We are already re-engineering some of our processes - see later - but these changes alone will not enable us to properly meet the challenge.

3.2. Legal

Appeals

Another challenge we face is ensuring fair and impartial justice is not inadvertently thwarted if there is an appeal. Parliament intended the Pensions Ombudsman to be an accessible alternative to the Courts. In *Dolphin Packaging Materials Limited v the Pensions Ombudsman (1995) OPLR 345*, Mr Justice Turner said that without the Pensions Ombudsman “the balance of expertise, and ability to pay for representation, would be unfairly weighed in favour of the employer or trustees or managers”. More recently in *Hughes v Royal London [2016] EWHC 319 (Ch)*, the court instructed Royal London to put forward such arguments as it could to support the Pensions Ombudsman’s determination.

We felt that this was far from satisfactory given its wide impact in suspected pension liberation cases.

Supporting casework

Our function is to provide unlegalistic justice and protect members’ pensions to the extent that, where there is legislative uncertainty, the Pensions Ombudsman may explore the limits of the legislative intention in order to reach the right outcome.

Legislation

It may be that new legislation would be helpful. We are working closely with DWP who understand and share our vision, so that our aims and objectives will be realised.

3.3. Business

As the business directorate covers all corporate functions there are many challenges facing us in the next few years. We deal with the main headlines here.

Resources

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

	2014/15 Spend (£000)	2015/16 Spend (£000)	2016/17 Forecast spend (£000)	2017/18 Forecast spend (£000)	2018/19 Forecast spend (£000)
Staff Salaries	2,026	2,224	2,318	2,384	2,490
Other staff costs inc training and recruitment	112	87	64	66	70
IT/Telecommunications	381	411	457	300	300
Professional Services	171	70	113	70	90
Subscriptions	57	68	61	64	65
Legal Costs	25	4	00	00	00
Accommodation	369	352	329	330	269
Printing and Stationery	26	28	20	20	20
Insurance	14	13	9	9	9
Postage /Courier	18	24	16	18	18
Other	16	21	17	14	14
Sub total	3,215	3,302	3,405	3,275	3,345
Amortisation/Depreciation	73	78	82	95	95
Total Operating Costs	3,288	3,381	3,487	3,370	3,440
Capital					
IT Telephony	0	0	30	5	5
Furniture/Equipment	0	0	5	5	5
Total	3,288	3,381	3,522	3,640	3,450

Our current funding position is bound by the outcomes of the 2015 spending review. As part of the review we had to make reductions to our planned 2016/17 budget.

We have just received confirmation from DWP that funding for additional short term casework staff has been approved. Estimated cost over two business years 2016/17 and 2017/18 is £688K

People

Our workforce is our biggest asset. As an organisation we are heavily reliant on the technical expertise, effective communication and excellent customer service of our staff.

It is essential that we continue to invest in our staff to ensure that they have the right skills and competencies in order to be able to carry out their roles effectively, are highly motivated and provide an even better service to our customers.

Last year we restructured the organisation to deliver streamlined functions, ensuring that decisions are made at appropriate levels for governance purposes and the Ombudsman does not spend unnecessary time on operational matters. This involved:

- recalibrating the role of the old “Team Leader” (now Casework Manager) to encourage a more strategic approach to how their area of the business is run;
- adding a further layer of managers (Deputy Casework Manager) to free up some of the Casework Managers’ time so they can concentrate on their wider role while the Deputy Casework Managers provide focused oversight and supervision of the work going on in their area or workstream;
- creation of an Executive Board with strategic oversight of the business. The Executive Board is made up of the Pensions Ombudsman and directors responsible for three key areas of the organisation: business, legal and casework; and
- creation of an Operational Group which is responsible for the day-to-day running of the business.

The previous career structure was relatively flat so the additional deputy manager level provides new career opportunities helping us retain experienced staff.

Ombudsmen

The Pensions Ombudsman acts as Accounting Officer as well as making case determinations. The Deputy Pensions Ombudsman occupies a part time post handling casework only, responding flexibly to variations in workload.

Caseworkers

Our workload continues to grow. Enquiries increased by 18% in 2015/16 so we increased our casework resource by five to help address the continuing increase.

At the start of this year 38.1 full time equivalent (FTE) staff were engaged in our core business of dealing with complaints, disputes and referrals.

As mentioned earlier we are recruiting 11 additional casework staff on 12 month fixed term contracts to help clear the backlog. (See pages 21 and 22 for details). We expect some of them to take up post from October 2016.

Business Support

In recognition of our increasing communications requirements we recruited a part time specialist Communications Manager. We have also appointed a full time Project Manager

(see below). So our small business support team has grown slightly over the last year. We now have 5.98 FTE supporting the business.

Digitisation

In the past we have diverted our casework staff when we have needed to manage projects in house but due to the need for someone with specialist skills to deliver our digitisation programme, in June 2016 we recruited a specialist Project and Performance Manager.

With this new role we are entering a key period during which we will examine and further improve our business processes as well as our existing and supplementary IT solutions in order to process more complaints, and at the same time improve the experience of our customers.

Communications

Over the past year we have increased and improved the ways we communicate with the public. These include the introduction of a range of social media channels, online tools and video content for individuals with specific needs and a greater media presence. The challenge going forward is to continue to develop our website so it becomes an engaging and accessible channel for those with pension complaints and for those across the pensions industry.

Pay

Pay is subject to the same constraints as apply to the public sector generally. We are bound to follow Treasury guidance which for this year limits the resulting increase in total payroll to 1%, in addition to which we can make performance related payments – in our case also equivalent to 1% of payroll.

In 2016/17 we will review how the performance related element is allocated as part of the review of the performance framework.

The structure of pay increases and performance awards within those limits will be subject to consultation with staff through unions.

4. Meeting the challenges – 2016/17

4.1. Casework

Addressing the challenges

During 2015/16 we took steps to meet the challenges we are facing. These were:-

- Piloting new approaches to casework. In particular, creation of focused teams that concentrate on either:
 - resolving complaints, where appropriate, with a view to completing them more quickly, by the most appropriate method; or
 - longer investigations where a complaint requires a deeper investigation.
- Recruitment of new staff:
 - we increased our caseworker numbers by five.

Key objectives

Restructure teams

Building on what we learnt from the pilots carried out in 2015/16, we are restructuring our resources to focus more at the beginning of the casework process, increasing the number of disputes that are handled as early as possible on receipt. For example:

- someone whose complaint cannot be accepted for investigation should be told as quickly as possible; and
- someone whose complaint can be accepted and can be dealt with without the need for a deep investigation should have the complaint looked at while it is still fresh.

Complaints that require a more thorough investigation are passed on to a dedicated team as soon as possible.

Increase the emphasis on early resolution and informality

Where appropriate we will continue our drive towards a more informal approach – with less reliance on the more traditional paper-based one – to reduce throughput times and better meet customer expectations. We will:

- seek to resolve disputes wherever possible by talking to the parties involved. Pilots of this approach have shown it to be successful and enabled us to increase our closure rate (by 35% in 2015/16 when compared with 2014/15); and

- ensure we properly understand the dispute at the outset to enable us to assess if it is a justifiable complaint requiring resolution or further investigation, or simply a misunderstanding that can be cleared up quickly.

Emphasise a more customer focused approach

Internally, we will continue to consistently emphasise that our approach must be centred on our customers.

Use our skills wisely

We will use people possessing appropriate skills at each point in our process.

Give our people the right tools for the job

We will:

- start the process of providing adjudicators with a range of standardised templates to use when drafting decisions;
- provide training in the areas we are looking to emphasise, for example, mediation;
- ensure guidance for caseworkers is up to date and relevant.

Refresh quality management processes

We will ensure our quality management processes are able to deal effectively with our new ways of working.

Work with others

We already have strong links with other organisations and bodies operating in the pensions and complaints arenas. But we will, for example:

- strengthen and deepen our relationships with individual schemes by extending our relationship manager programme so that we can gather information about possible issues and give a steer on Ombudsman thinking on some topics. We will continue to lay the foundation for earlier intervention in complaints and for more joint working that might prevent complaints arising; and
- work closely with The Pensions Advisory Service (TPAS) to facilitate the journey for customers by arranging with TPAS for, amongst other things:
 - implementation of early data gathering for complaints that are likely to reach us;
 - transferring of complex cases at the earliest opportunity to allow for resolution or investigation to begin immediately; and
 - a smooth transition to the new PGB which will come into effect in 2018. In particular, looking at the way in which disputes will be handled once the new body is established, and explore the potential benefits of the PGB passing

complaints, which require more than just help and guidance, directly to our service.

- build closer links with The Pensions Regulator to enable better sharing of knowledge;
- continue our work with the Financial Ombudsman Service and others to find a way to tackle the jurisdictional overlaps between us and to eliminate the fragmentation of pensions related disputes;
- forge links with organisations we have not traditionally engaged with, for example the Financial Conduct Authority; and
- make better use of our Liaison Group (made up of representatives from industry bodies) to enable us to understand users' needs and give us a view on potential issues.

Improving investigation throughput

Alongside the key objectives outlined above, we have some key performance indicators that will enable us to show we are making progress in improving throughput. By 31 March 2017, we will have:

- completed at least 1,600 investigations;
- completed investigations within an average of 10 months from the date on which we have a valid application;
- an average age of open investigations of 10 months

We plan to extend the range of our key performance indicators in coming years. We are piloting some internally during 2016/17 with a view to using them in future as measures of performance, however for the time being, we are keeping our focus on this one, key area.

4.2. Legal

Signposting and complaint resolution

There is a Memorandum of Understanding (MOU) with the Financial Ombudsman Service. The purpose of the MOU is to address overlapping jurisdictional issues between the two services and to provide clarity for the consumer and also the pensions industry. We will look to simplify and clarify signposting so that the consumer is assured of a consistent customer journey. In last year's corporate plan we highlighted we were working closely with DWP to ensure compliance with the new ADR directive requirements. Hand in hand we also need to ensure compliance with the Online Dispute Resolution (ODR) regulations (which are designed to complement the ADR directive and will mean that where consumers have purchased a product online, they will easily be able to submit a complaint and access redress via an online procedure). Notwithstanding the outcome of the recent EU referendum, we envisage discussions with DWP will continue.

The Pensions Ombudsman has emphasised to the pensions industry the importance of improving the customer journey and that reducing the length of time for applicants in awaiting a final response from respondents could be achieved by a reduction in the internal dispute resolution procedure (IDRP) from two stages to one. Complementing this we will look to further empower our service to look at complaints that have not gone through IDRP, for example, where members have in effect already completed the equivalent of IDRP, or there are multiple complaints.

Stakeholders

We will continue to strengthen ties and establish communications with our stakeholders in order to improve the complaint handling process. We will do this by sharing information and providing our informed views on key industry consultation documents. More particularly we are actively looking to enter into a MOU/Agreement with stakeholders such as the Financial Conduct Authority, The Pensions Regulator and the Institute and Faculty of Actuaries.

Last year we produced a newsletter for the Local Government Pension Scheme on dealing with ill-health pensions and more particularly we published on our website a guidance note on our approach to payments for non-financial injustice. We will continue to publish such guidance.

Appeals

Generally in practice, we do not participate in appeals, unless an appeal raises an issue that may impact on our jurisdiction or our process, following the outcome of the Hughes v Royal London case we have decided to be more pro-active and look to intervene beyond such circumstances. Critically any decision to increase participation will be on a case by case basis and with an aim to "seek to assist the court" by acting as a friend of the court (*amicus curiae*). The criteria we would consider would include for example, where the

decision may have a wider impact on industry and/or affects a large number of complaints such as pension liberation, or where there is a significant concern over access to justice.

Our Legal Team handle all appeals and judicial review proceedings, together with any threatened actions. Their work includes complying with the pre-action protocols, participating in appeals or judicial reviews, and monitoring all appeals. We monitor the progress and outcome of appeals for a variety of reasons – for example, so that we can decide whether to change our view on participation if new issues arise during the proceedings, for learning purposes and so that we know the issues to address if the case is remitted back to us for reconsideration.

We will look at ways to represent the Pensions Ombudsman in court by maximising the use of internal resources, for instance by enabling staff to achieve appropriate Higher Rights of Audience qualifications. Such representation will maximise internal resources and external public cost savings by, for example, decreasing the number of instructions to produce for external counsel or preventing appeals from becoming protracted in court due to a gap in understanding of our process.

Supporting casework

Our Legal Team provides legal advice, guidance and training to our adjudicators from start to finish of a complaint. Complex or high profile issues, for example, will be closely managed by the Legal Team. Particularly so if an oral hearing is to be held as part of a case investigation, our Legal Team will manage the arrangements, oversee hearing bundles and provide general assistance to ensure the proceedings are completed smoothly and fairly.

Our Legal Team will develop and advise on policies and procedures specifically relating to the casework process, such as the recent introduction of our policy on anonymisation.

Legislation

With a new Pensions Bill scheduled to be laid before Parliament in the autumn 2016, we are hoping to get some immediate legislative changes. We would also like to be able to accept complaints against Independent Financial Advisers. Independent Financial Advisers cannot usually be regarded as administrators, and so this requires consideration.

4.3. Business

Resources

We will develop a robust finance strategy that will provide an accurate mechanism for measuring the true cost of investigating a case.

As mentioned earlier, we have just received confirmation from DWP that additional funding for crucial casework resource has been approved. We estimate the new recruits will take

up post from October 2016, so funding will be split between the 2016/17 and 2017/18 business years.

People

We will:

- carry out a review of our performance framework to ensure that it is fit for purpose and is proportionate to the needs of the organisation;
- carry out a staff survey to get employees views on a range of issues relating to their work and to the organisation;
- ensure that training needs are effectively identified and appropriate training, development and mentoring is put in place to support staff;
- ensure effective recruitment practices to ensure we recruit the best people for the roles; and
- continue to work with the recognised Union and Staff Communications Forum to ensure an effective two way communication between staff and management.

Communications

We will implement our customer survey action plan by conducting a satisfaction survey and carry out additional research to develop a more in-depth understanding of the needs of our customers and partners. As part of the drive for digitisation across the organisation we will look at the feasibility of developing a Smartphone and Tablet App to enable the public to get advice about pension complaints on the move.

Ensuring our staff can easily share skills and knowledge is vital and we will develop the structure and content of our intranet in line with the introduction of a new knowledge management system. At the same time we will provide further opportunities for improved two way communication flows across the organisation through regular information exchange forums.

We will produce a social media strategy to inform communications activity and highlight best practice.

Digitisation

The first step of the programme was the on line application form which we successfully launched in April. Phase two is to make the form intelligent by sifting out and redirecting premature applications before they get to us. By September 2016, we will have an outline plan and timetable for the remainder of the year and the entire programme.

Although, digitisation will principally assist our customers the programme also includes elements to assist us in our work. For example, managing our knowledge and documents will be a priority in the early part of the programme.

5. Casework performance

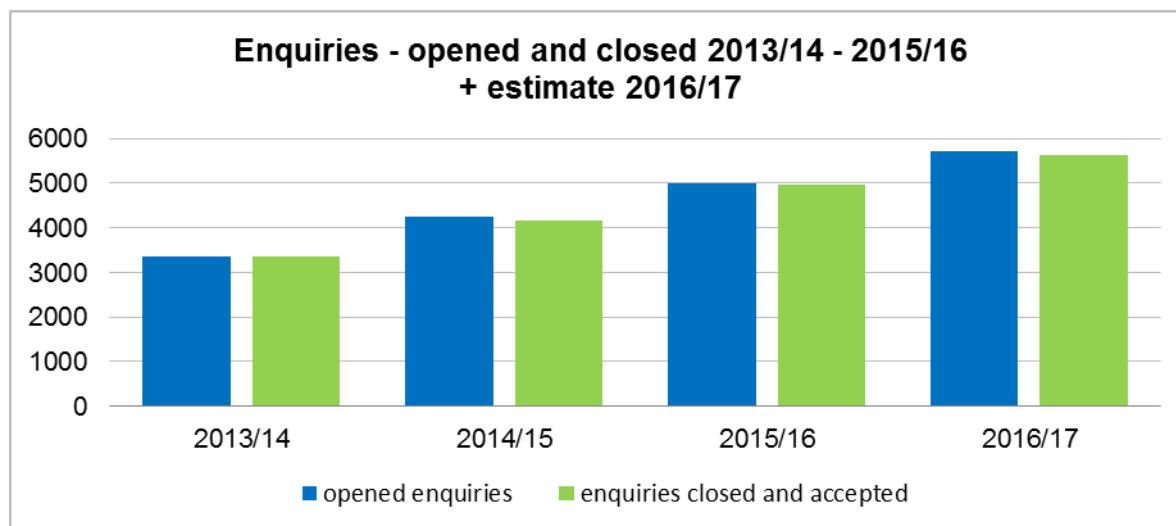
This section looks at casework performance in the last three years, and gives an estimate of performance in 2016/17.

Enquiries – new and closed

This chart illustrates how incoming enquiries have increased between 2013/14 and 2016/17. In 2015/16, we received 18% more enquiries than the previous year. This now appears to be a trend; enquiries received in 2014/15 were up by 26% on the year before that and in 2013/14, the increase was 24%.

We are expecting an increase again in 2016/17, and then in the coming years, for the reasons discussed earlier in this Plan.

What is apparent though is that we are managing the increase in demand. Enquiries are being cleared at around the rate at which they are coming in. We have added staff to this area of the business and continue to seek efficiencies through process changes.

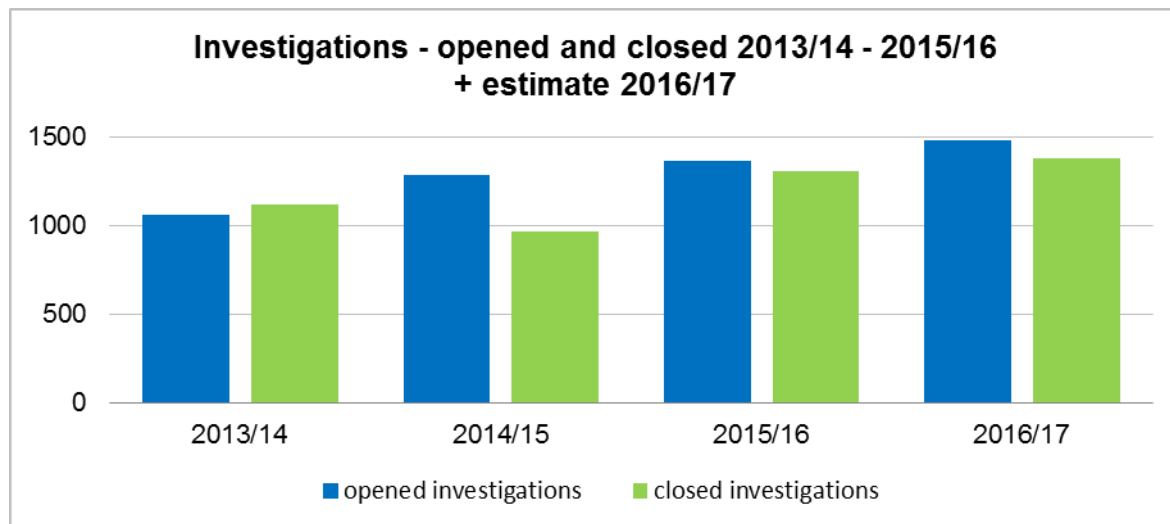


Investigations – new and closed

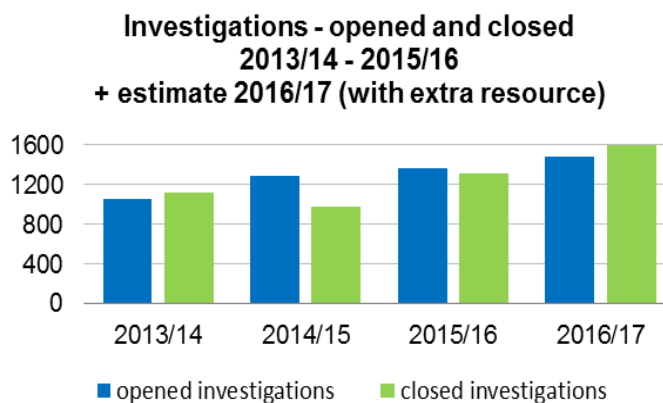
This chart illustrates experience in the last three years. In 2015/16, we took on nearly 10% more investigations than in 2014/15. Generally, about 30% of enquiries turn into investigations. 2015/16 was unusual in that a lower proportion of applications were accepted for investigation. Time will tell if this is a trend. Regardless, we still expect the number of investigations taken on to increase along with the increase in enquiries.

2015/16 was a record year in terms of the number of investigations completed; over 1,300, representing an increase of 35% in output when compared with 2014/15. This uplift in output is largely due to changes in approach and process – discussed earlier in this plan. We have recruited some new investigative staff which has made the position fairly neutral in terms of resources.

For the past two years, although we have dramatically increased our closure rate this has still not kept up with the number of new investigations. We anticipate, with the recruitment of a number of additional staff, we will begin to reverse this trend but there is an inevitable delay with their training, etc. Nonetheless, we do expect some improvement, as already experienced in 2015/16, see below.



With the recruitment of 11 additional adjudicators, the position will start to improve significantly. New adjudicators, taken on in October 2016, and allowing time for training and learning, will help to increase investigation closures so that they outstrip new investigations. The position at the end of 2016/17 might look more like this, with around 1,600 investigations completed:

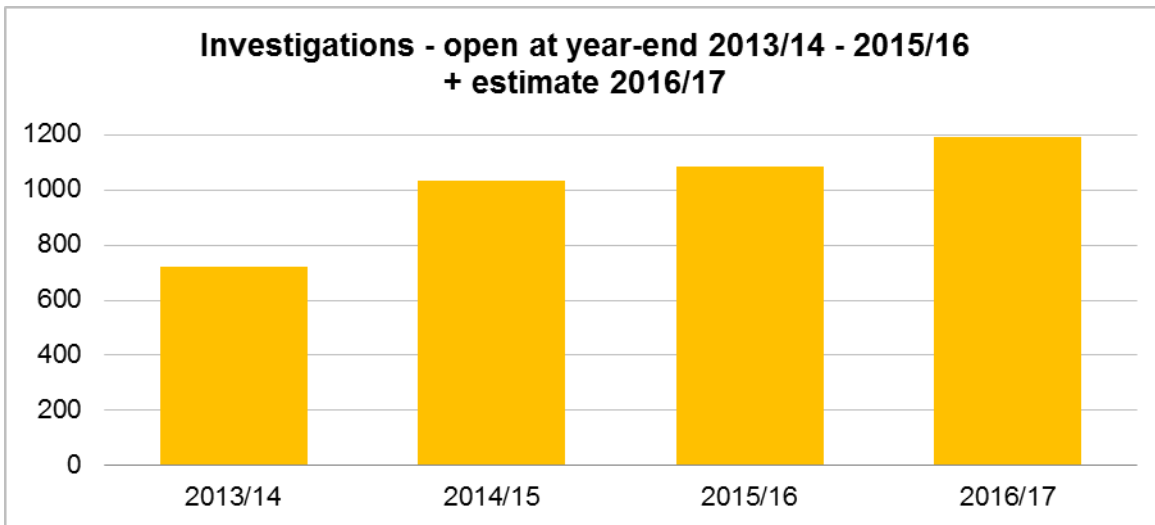


Investigations – open

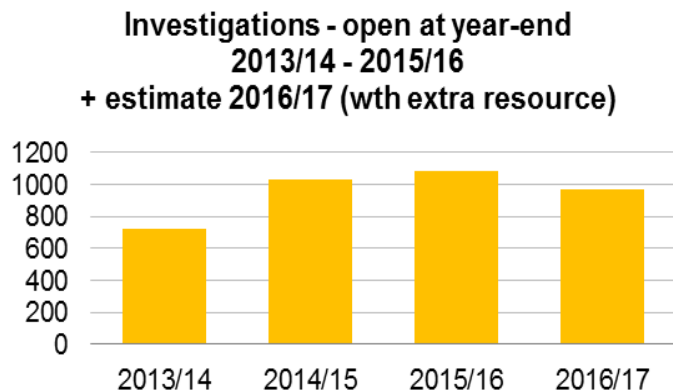
Inevitably, the result of not closing as many investigations as we open is a backlog. With our current adjudication staff, a comfortable number of investigations in hand is around 500. This represents the point at which cases can be investigated very soon after they are taken on. But, we are seeing a steady increase in investigations in hand, and for some time we have been holding numbers well in excess of the ideal – as illustrated in the chart which shows investigations in hand at the end of the last three years, plus our expectation for 2016/17.

The victims of this are the people complaining to us – and those complained about – who might wait several months for an investigation to start; this is not acceptable. The changes already described in this section are designed to drive up output so that the number of investigations in hand can be reduced. But, those changes alone will not enable us to

properly tackle this growing problem which is the reason for the recruitment of additional investigative staff in order to eliminate the backlog and get investigations on to adjudicators' desks in the shortest possible time.



As mentioned, adding 11 adjudicators to our team will change the position in 2016/17 with the aim of ending with less than 1,000 investigations in hand, as shown. The situation would further improve in the early part of 2017/18 as the adjudicators pick up speed. We would expect to reduce open investigations to around 500 by the end of quarter 2 of 2017/18.



6. Longer term – 2017 to 2019

6.1. Casework

Working in line with our corporate aims, our casework related objectives for the next few years include:

- reducing the time taken to resolve complaints (that's internally and externally, the end-to-end process);
- dealing with more complaints with no extra resource;
- changing the way in which we communicate with users of our service; moving away from paper-based exchanges and placing more emphasis on talking to parties involved in a complaint;
- using the knowledge and skills of our people to best effect, ensuring we have the right people in the right part of the process;
- maintaining our, already excellent, reputation by developing stakeholder relationships and influencing policy and legislation; and
- working with others, for example, The Pensions Regulator, to be an agent for change in the pensions industry.

Going forward

Beyond 2016/17, we aim to:

- closely monitor the effects of the changes implemented in 2016/17, with a view to building on successful initiatives and changing those that are not so effective;
- continue the drive for efficiencies in our processes to drive down throughput times and drive up output; and
- reduce our holding of open investigations to a number that means investigations are not held in a queue. Meeting this aim has required additional investment in staff; without an increase in adjudication staff, we would not be in a position to achieve this aim.

6.2. Legal

Much of the work we have described in previous sections will be continued beyond 2017. More particularly, it is not unreasonable to expect that with the reforming pensions landscape there will be further changes to pensions legislation. This will provide a useful opportunity to update the particular legislative provisions which affect our powers.

Some areas we would like to address are:

- Inconsistencies in our legislative provisions for personal pension schemes and occupational pension schemes that a consumer would not expect. Present provisions comprise a complex matrix resulting in costly legal arguments about jurisdiction and gaps arising between ombudsman organisations.
- The Pensions Act 2004, amended the definition for occupational pension schemes. This was consequential to the changes to the tax treatment of pension schemes, and has had the unintended effect that pension schemes providing death benefits only are not within our jurisdiction.
- We would want more practical exemptions under the data protection provisions thereby providing disclosure gateways to other bodies thus enabling the easier sharing of information between those organisations concerned with pensions and, in line with other ombudsmen schemes.
- In keeping with our focus on the informal resolution of disputes, a review of our procedure rules is required, as they enforce greater formality than is necessary or desirable.

In addition we have some longer term aspirations that could transform the delivery of our service.

6.3. Business

Resources

In 2017/18 we expect to receive the agreed additional funding to meet the second half of the costs of the 11 fixed term adjudication staff who join us in 2016. But by the beginning of 2018 we expect the funding position to have reduced to match the outcomes of the 2015 spending review which we are bound by up to and including 2019/20. By the end of this period we are expected to have reduced our funding requirement by 8% overall. See table on page 10.

Accommodation

The office has been based at its current location since its creation in 1991. Our accommodation is provided under a Memorandum of Terms of Occupation (MOTO) with DWP. The current MOTO expires in March 2018. We are aware that a planning application has been approved to convert the building to residential accommodation and so we expect that the current MOTO may not be renewed when it expires. Therefore, it is likely that in 2018 we may relocate. We will work closely with DWP and the Government Property Unit on this.

People

We expect to start 2017 with the additional 11 adjudication staff recruited in 2016, on fixed term contracts. Those contracts will expire around September 2017. If we have achieved our casework aim of reducing the backlog, then we expect to start 2018 with our casework headcount reduced to around 38 FTE.

Communications

We will develop a new two year communications strategy for 2017/18 to 2018/19, informed by the results of our customer satisfaction survey and stakeholder analysis.

We will look to:

- improve and develop our social media presence;
- use a range of evaluation methods to analyse and to inform social media activity;
- continue to develop the look and content of the website so it is an engaging and 'go to' channel for a wide range of audiences;
- conduct additional research such as focus groups, telephone interviews and snapshot surveys to develop a more in-depth understanding of our audiences; and
- analyse and report on customer feedback, complaints and responses to customer surveys to inform future communications activity.

Digitisation

Our five year IT managed service contract comes to an end in 2017. As part of our ongoing digitisation programme we will by then have established whether our IT solutions match our business processes. Depending on the outcome we will be updating/replacing our systems and embarking on a procurement exercise concerning suppliers.

In addition, the remaining years of our digitisation programme involve delivering;

- secure front end interaction with the customer;
- document management/knowledge sharing;
- telephony linked to case management system (CMS);
- key documents automatically populated;
- third party access to CMS; and
- collaborative working.