

THE PENSIONS ADVISORY SERVICE CORPORATE PLAN

1 APRIL 2007 – 31 MARCH 2010

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EXECUTIVE SUMMARY

Purpose

This document sets out the plans and goals of The Pensions Advisory Service for the three-year period 1 April 2007-31 March 2010. It provides detailed business proposals and resource requirements for the first year of the plan (section I).

Introduction

We are an independent voluntary organisation that makes a positive difference to the lives of those who seek our help. We are governed by a board of 15 directors (soon to be reduced to 12) and are funded by means of a grant in aid from the Department of Work and Pensions. We highlight our mission statement and the values under which we operate (section II).

What We Do

We provide free of charge to members of the public a one-stop pensions information, advice and complaint resolution service. The service is delivered via a network of some 500 volunteer pensions professionals (many of whom hold senior positions within the pensions industry) supplemented by a small paid staff based in London. We neither take sides, nor arbitrate. Where appropriate we attempt to conciliate (section III).

Our Key Achievements

We are a successful organisation with a number of key achievements to our name. These include the successful resolution of 88% of all complaints that we are asked to investigate; the setting up of the free mediation service with the Association of Pension Lawyers; the recognition of our investment in both staff and volunteers through continued Investor in People accreditation; the recognition of our success in helping people through the award in 2005 to our Chief Executive of Pensions Personality of the Year (section III).

Strengths and Challenges

Our strengths are listed. These include our high success rate; our low unit cost (£141 per written case, £9 per telephone enquiry), our cost effectiveness, our volunteers. It is estimated that the value of our volunteers in resolving queries on the open market is in excess of £10,000,000 annually (section IV).

We have acknowledged the challenges facing us over the next three years. These include the need to

- maintain our voluntary status;
- collect more information on those using our service, enabling us to make better use of the resources available to us;
- make people more aware of the wide range of services we provide;
- ensure our role in the provision of generic financial advice is recognised;
- be seen by the DWP as the independent body necessary to underpin the government's proposed National Savings Pension Scheme (section IV)

Our Vision and Goals

Our vision is to ensure every consumer in the UK has greater awareness of pensions by being aware of, and having free access to, our service. We would like to see an improvement in standards within the pensions industry resulting in a reduction in the number of dispute cases we have to deal with. To support our vision we have set a number of strategic goals. We detail these and the actions we shall take to meet our goals (section V)

Risk Management

We have identified the risks that could impact on the success of our service. In doing so, we have put in place policies to reduce the risks. Our Audit and Risk Management Committee closely monitor all risks (section VI).

Planning Assumptions

During the period of the plan as our service becomes more widely known, we expect our written enquiries and helpline calls to increase by 5% year on year. Unless our role is enshrined in legislation we expect the number of dispute cases to remain constant and be similar to the number received in 2006/07. As we continue to develop our website we are projecting the number of visitors to our websites to increase year on year by 10%. By 2010 we expect to be helping either in writing, via our helpline or websites, in excess of 500,000 people annually (section VII).

Business Plan 1 April 2007 - 31 March 2008

We provide specific action plans for the year aimed at ensuring we meet our overall goals and have explained how we intend to measure the success of our plans. To ensure we meet our high standards we have set a number of performance targets (section VIII and appendix F)

We set out a number of efficiency plans designed to ensure we provide value for money and have detailed the amount of resources needed to meet our planning assumptions. We are projecting a year on year increase of 2.5% in volunteers and the need for an additional member of staff in 2009/10 to meet the increased workload. (section VIII and appendix G).

The amount of grant needed for 2007/08 is £2,788,000. We explain how this has been determined. (section VIII and appendix H).

The indicative costs for the following two years have been estimated at £2,970,000 and £3,700,000 respectively (section VIII and appendix I).

Our major expenditure is on staff salaries. We explain the factors taken into account in determining pay awards (section VIII and appendix K).

THE PENSIONS ADVISORY SERVICE – CORPORATE PLAN 2007-2010

I Purpose

- 1.1 The purpose of this document is to set out our plans and goals for the three years 1 April 2007– 31March 2010. It describes how we intend to approach our functions and activities. In particular it:
- clarifies our policies, strategies and objectives;
 - examines the risks that we need to address;
 - sets out our priorities and planning assumptions.
- 1.2 Its format is governed by the agreement between ourselves and our sponsors the Department of Work and Pensions (see paragraph 2.3 below) and encapsulated in the Management Statement and Financial Memorandum (this document can be viewed on our main website www.pensionsadvisoryservice.org.uk). The Memorandum states that we are required to submit a three-year corporate plan to the DWP setting out how we intend to approach our functions and activities and the strategic aims, policies and priorities in doing so.
- 1.3 The Plan should be seen as a rolling three-year plan that is reviewed annually. As such we have re-examined our priorities and plans outlined in our 2006-2009 Corporate Plan and where appropriate modified or amended these to meet developments over the previous 12 months.
- 1.4 The Corporate Plan incorporates our 12 month business plan and resource requirements covering the period 1 April 2007 –31 March 2008. In the business plan we describe in detail our:
- workload assumptions;
 - anticipated resource requirements;
 - performance measurement, including proposed clearance rates;
 - efficiency plans.
- 1.4 Indicative resource requirements are shown for the following two years.

II Introduction

Who we are

- 2.1 We were formed in 1983 as a charity and were known as the Occupational Pensions Advisory Service. In 1990 OPAS was formed to assume and expand on the responsibilities of the Occupational Pensions Advisory Service and our status changed to that of a voluntary organisation. From this date we have been in receipt of government funding. In December 2004 we changed our name, to reflect our increasingly wider role, to The Pensions Advisory Service. We are a company limited by guarantee and are independent of both the government and the pensions industry. Our service is provided free of charge.
- 2.2 We are an open and collaborative organisation which seeks to work with other service providers within both the public and private sector. We make a practical difference to the lives of those who seek our help.

How we are funded

- 2.3 We are funded by a grant in aid from the Department of Work and Pensions, raised by a levy on occupational and personal pension plans.

How we are governed

- 2.4 Our constitution currently provides for a board of up to fifteen directors, twelve non-executive (six of whom are elected, the other six being appointed by the board) and three executive directors. The Members of the company elect the elected directors. The Members are our volunteers who have been with us for more than five years. Following a review of the effectiveness of the board, during 2007, the number of non-executive directors is to be reduced to nine (five elected and four appointed).
- 2.5 The directors of the board collectively are expected to have expertise/experience in the following areas:
- consumerism;
 - pensions management;
 - legal;
 - actuarial;
 - finance and investment;
 - insurance;
 - communications/publicity;
 - government departments/public sector;
 - corporate governance/setting of strategic objectives
- 2.5 The purpose of appointed directors is to make good any shortfall in the expertise of the elected directors. The board has overall responsibility for the strategic direction of the organisation. Details of the board members as at 1 January 2007 are shown at appendix A.
- 2.6 By ensuring that the non-executive directors have to retire from the board after serving a maximum of six consecutive years, we maintain a steady influx of new ideas. During this six year period, each year one third of the elected members have to subject themselves to

re-election. Appointed members are appointed initially for a three-year term., following which the board considers whether to reappoint them.

- 2.7 The board reviews its performance after each meeting to ensure that it is concentrating on relevant issues and functioning effectively.

Our mission statement

- 2.8 Our mission statement is to:

“provide, in a cost effective way, high quality advice, free of charge, to members of the public who have either a general or specific query or complaint on a pensions matter and to publicise areas of concern arising out of our experiences”.

Our values

- 2.9 We set great store by our values through which we deliver our mission statement:

- quality service – we pride ourselves on providing a first class service to the public. This is paramount in everything we do. We continually question the way we operate to try to improve the service further;
- our volunteer nature – our ethos is driven by the fact that we are, and wish to remain, a volunteer organisation. The volunteers bring to the service experience and skills that are unlikely to be found in one place elsewhere;
- value for money – everything we do is designed to ensure that we provide value for the funding we receive from the public purse;
- responsive – we listen to what we are told and if necessary change our working practices. We embrace new ideas and ways of working.

III What We Do

3.1 We provide free of charge a one-stop pensions information and advice service through:

- resolving, via a mix of conciliation and mediation, specific problems an individual is experiencing with a private pension provider;
- giving general information and advice (other than investment advice) on all pension matters, including giving generic advice on state pensions;
- bringing to the attention of government departments, the public and the pensions industry areas of concern about the delivery of pensions.

How we deliver our service

3.2 As at 1 January 2007 we have a network of 477 volunteer pension professionals organised into regions and spread throughout the United Kingdom. These are highly experienced and often senior people within the pensions industry, who are giving up their time and expertise to benefit the public. The regions and the areas they cover are shown at appendix B. The volunteers are supported by a small number of paid staff (34), a mix of pensions professionals and admin support. The staff operate out of an office in central London, 11 Belgrave Road, SW1V 1RB. An organisational chart is shown at appendix C.

3.3 We deliver our service through:

- giving advice on all aspects of pensions via our national telephone helpline, operated by a combination of volunteers and paid staff;
- responding to written enquiries received either by post, fax or e-mail;
- responding to written disputes complainants have with their pension provider;
- contributing to press articles and participating in relevant radio and television programmes;
- giving talks to outside bodies on both pension issues and our role;
- providing information and advice via our two websites www.pensionsadvisoryservice.org.uk and www.stakeholderhelpine.org.uk. The latter provides specific advice on stakeholder pensions;
- providing leaflets on a range of pension issues (see our main website for a full list);
- producing an annual review, and, where necessary, ad-hoc reports highlighting areas of concern;
- working in partnership with other bodies to ensure the public receive the best possible service e.g. combining with the Association of Pension Lawyers (APL) to provide an expert free mediation service.

3.4 We do not set out to take sides in a dispute, nor do we arbitrate. However, once having established the facts, if we consider the individual has a legitimate complaint, we actively pursue the complaint on behalf of the individual, with the relevant body. Where appropriate we attempt to conciliate.

3.5 We are not a stage in the dispute process. People can come to us for help at any stage where they have a dispute with their pension provider. We would prefer people to come to us so that we can help them before they have gone through their own pension scheme's internal dispute procedure. Ideally we would like our role enshrined in due course in legislation (see paragraph 5.3).

Key achievements

3.6 Our key achievements are:

- to annually successfully resolve 88% of all complaints that we are asked to look into.
- to initiate a successful mediation service in conjunction with the APL.
- in 2005 our chief executive received the award of Pensions Personality of the Year. This recognised the contribution made by the chief executive and the organisation in helping to educate people on their pension rights.
- in 2003 we were awarded the Pensions Management Award for outstanding contribution to the pensions industry. This recognised the contribution we make to resolving disputes between the member and the scheme.
- to have been successfully reassessed in 2005 for Investors in People accreditation, despite growth in workload and volunteers since we were last assessed. This is public recognition of the investment we make in both our volunteers and paid staff.
- to have become established as a source of expertise on all aspects of pensions as reflected in the growth of our helpline, the massive increase in the number of visitors to our websites and the invitations received from the media to participate in programmes covering pension issues e.g. BBC2's Working Lunch.
- to be recognised as an authoritative and independent voice in the world of pensions, which offers reassurance to an increasingly sceptical public. This has been recognised by the government when, the then Pensions Minister Malcolm Wicks, described our service as an "excellent example of the value for money and quality of service that can be provided at remarkably low cost by the voluntary sector."

IV Strengths and Challenges

Strengths

4.1 Our strengths are:

- our volunteer advisers. Through them we have unparalleled access to technical expertise;
- the cost of our advisers. On the open market this was estimated by the DWP in 2004 at over £9,000,000 annually. We now estimate the annual saving to be in excess of £10,000,000;
- our proven track record of success, as evidenced by our success in resolving written casework;
- our independence. The fact that we are independent of both the government and the pensions industry means that people are more inclined to accept what we tell them;
- the savings we achieve for the pensions industry. Our conciliatory approach means that pensions schemes are willing to deal with us. Our involvement means that the schemes do not need to have recourse to lawyers to resolve the dispute, as can be the case via other routes;
- our flexible and informal approach allows for resolutions to be reached acceptable to both parties without litigation;
- the goodwill developed over the years. Our large number of advisers enables us to have a wide network of influence within the pensions industry;
- our low unit cost. This is estimated at £141 for written casework and £9 per telephone enquiry;
- the array of skills and experience delivered by our Board, management and staff;
- the number of people we reach – over 400,000 people now make use of our service.

Challenges

4.2 The challenges facing us over the next three years are many and include the need to:

- maintain our voluntary status. In a period when people are leading increasingly busy lives, it is becoming more and more challenging to recruit new volunteers with the required skills;
- collect more information on the type of people using our service. It is essential if we are to reach out to more people that we know not only who is using our service, but also who is not using the service;
- publicise our service. Evidence suggests that there is a large unmet need for our service. For example when our helpline number is broadcast we experience a dramatic increase in calls. The challenge is how to disseminate information about our service to a wider audience while still managing the numbers and maintaining our high standards. Specifically we see a need to reach out to local media;
- ensure that we are seen by the DWP as the independent body necessary to underpin the government's proposed National Savings Pension Scheme;
- ensure we are in a position to meet the challenges posed by other organisations who seek to provide a similar, but paid, service to ourselves.

V Our Vision And Goals For The Future

Our Vision

- 5.1 Our vision is to ensure that the public throughout the UK have greater awareness of the issues surrounding pensions by being aware of, and having free access to, our independent expert advice and information service. At the same time we shall strive to improve the standards within the pensions industry to reduce the number of disputes.
- 5.2 Our vision will be realised when we are both generally accepted as the first port of call for seeking advice on pensions and we see a significant reduction in the number of dispute cases.

Our Goals

- 5.3 To realise our vision we have set six strategic goals. These are to:
- complement the government's aim of getting more people to save for their future through providing an accessible, friendly, independent and expert organisation to provide information and advice to members of the public, whether they have a pension or not, on all aspects of pensions, while at the same time considering the wider role we can play in the giving of generic financial advice;
 - be recognised by the DWP as the best organisation to supply information and advice in support of the introduction of Personal Accounts (National Savings Pension Scheme). We have the infrastructure in place and given the independent nature of our organisation we are ideally placed to provide this support. We expand on how we see this working in paragraphs 5.5 to 5.16 below;
 - improve the service standards within the industry resulting in a reduction in the number of dispute cases received;
 - be the first port of call for people who are experiencing a dispute with their pension provider;
 - increase awareness of our service;
 - maintain the voluntary nature of our service. This is fundamental. This is the best way to produce a high quality free service providing value for the grant we receive.
- 5.4 While we still see ourselves, both in the short and long term, as providing a very important service in the area of disputes it is likely that this will, over the years, become a diminishing part of our service. However, this reduction will be more than compensated for by the extra growth in our advice and information service. It is in the area of generic financial advice that we have the greatest opportunity to make a real difference to people's lives. There is currently a wide ranging debate on the need for members of the public to make better provision for their retirement, how this can best be achieved and the need for better access to financial advice. We see ourselves as playing an integral role in this, either through providing a complete new service, acting as a gateway to appropriate services, or sitting underneath as a specialist facility. However, no firm conclusions can be drawn until we have entered into dialogue with relevant bodies e.g. FSA, DWP etc on our future role in this area. This is an extremely important area. We shall be considering our options over the next twelve months and in due course will be making representations to the DWP as to our future role in the area of generic financial advice.

Personal Accounts

- 5.5 Should I stay in or should I come out?
Should I pay more?
What funds should I put my money into?
When I retire, should I take a lump sum and should I buy an annuity?

Those automatically entered into a personal account scheme will have these and many other questions. Employers will neither have the capacity or the inclination to provide answers. Most of those involved will not be prepared or able to pay for financial advice. There is therefore a real risk of allegations of mis-selling unless there is an independent body such as TPAS providing free generic advice.

- 5.6 Most commentators have taken it for granted that an advice service will have to be made available. In a speech given to the ABI on 26 November 2006, the Rt. Hon John Hutton, Secretary of State for Work and Pensions, said, “it will be crucial that we have clear generic information to enable people to judge whether or not it will be in their interests to remain in personal accounts.”
- 5.7 A high quality information and generic advice service would seem to be required. TPAS has been providing such a service for at least 10 years. We are the only, free to the consumer, one-stop shop for generic advice and information service on pensions. We run a National telephone Helpline on all aspects of pensions, including the State Scheme. This is supported by a website devoted to providing a similar service. Perhaps it would be more accurate, given the numbers which now visit the site (currently running at about 33000 a month), to say that the website service is supplemented by the Helpline.
- 5.8 It is a similar combination of Helpline and Web that we think is appropriate for providing the type of generic advice and information service that is needed as a backup for personal accounts, particularly if these are delivered through a National Pension Saving Scheme.
- 5.9 The Web will be the core service. It is easily accessible at all times of the day and night, can carry a massive amount of information and is the most cost effective medium for reaching a mass audience. Everything within the service should be aimed at putting people in a position whereby they can make their own decisions. While the provision of information is relatively straight forward, the provision of meaningful generic advice is not.
- 5.10 We have been experimenting over recent months with the development of forms of decision trees which will deliver the information people need but in a structured way which will ultimately lead them to a point at which they can make decisions. We have been using these on our helpline and have more work to do in their development. Eventually we intend to launch the finished products on our web site.
- 5.11 However effective the dedicated web site is, there will still be many who will require a one-to-one personal experience. We believe that this need can be met through a telephone helpline where people can describe their own personal circumstances which they believe is not catered for by the web service. Also, however good the web service is, many will lack the confidence to make decisions without the reassurance that their understanding and thinking is sound. This can be provided through a helpline.

- 5.12 There are logistical problems that a helpline will have to cater for that will be difficult to overcome. Personal Accounts will commence for everyone on a specific date in 2012, say 1st April. Approximately 10 or more million people will be automatically entered on the same date. An extremely high initial demand will have to be catered for. Demand can be expected to then fall off rapidly to a position where it then stabilises.
- 5.13 All of this requires careful planning and organisation skills. We believe that TPAS has the necessary skills and experience. While not on the same scale anticipated for personal accounts, TPAS planned, recruited, trained and ran a special helpline to cater for the introduction of Stakeholder pensions in 2001.
- 5.14 Devising appropriate training for the staff will be a vital part of the preparation. We are recognised as a repository of pension's technical knowledge and are ideally placed to develop and deliver that training. Inevitably some of the caller's questions will require a more detailed and expert response. Only TPAS is equipped to provide this service.
- 5.15 TPAS also comes with a high reputation for the quality and efficiency of its information and advice service. It would be possible to set up a brand new service but it will lack the expertise and experience that TPAS has acquired. It would seem a shame to reinvent the wheel when such a highly developed one already exists.
- 5.16 We would suggest that the DWP should enter into discussions with TPAS at an early date to plan and cost a suitable model.

Actions to meet our goals

- 5.17 To meet our goals we shall be instigating a series of actions.

1. Provide an accessible, friendly, independent and expert organisation to provide information and advice

We have been established for 23 years and have a track record of providing information and advice. We shall continue to expand on this experience through:

- increasing public awareness of our service through increased media coverage. We shall continue to develop our website which is already the best source of free information on pensions on the internet, to providing advice on all aspects of pension provision;
- ensuring staff are fully trained and fulfil their potential with access to studying for appropriate qualifications available to all;
- making maximum use of our volunteer workforce;
- considering possible partnership arrangements to supply generic financial advice;
- seeking to take our service to the workforce by giving presentations to employees at their place of work.

2. Be recognised by the DWP as the best organisation to support the government's Personal Accounts Scheme

Although not due to be introduced until 2012 the framework needs to be established now. We have explained above the role we consider we can play to support the successful implementation of this scheme. It will only be successful if underpinning the scheme there is an independent body available to give expert advice to the public.

3. Improve the service standards within the industry

Our ultimate aim must be to strive towards eliminating disputes between scheme members and the scheme. This is probably impossible, but we should be looking to see a reduction in the number of dispute cases we receive. We shall therefore be continuing to bring to the attention of the industry areas of concern with a view to improving standards while at the same time working with the Raising Standards of Pensions group

4. Be the first port of call for people who are experiencing a dispute with their pension provider

Despite our 88% success rate, at the moment there is no legal requirement for complainants to use our service, only for scheme members to be informed of our service. We believe that the public would be better served if our role is enshrined in legislation and we shall be making representations to the DWP to this effect..

5. Increase awareness of our service

We need to raise the profile of the organisation both in respect of the public and Members of Parliament/ government departments. We have an excellent service that receives very little publicity outside the national media. We shall be looking to strengthen our links with local media through greater access to radio phone-ins and local newspapers. We shall be working with the DWP to raise our profile within the department so that they are aware of our service when policy and legislative decisions are being made.

6. Maintain the voluntary nature of the service

Our great strength is that we have available a huge expert resource, that is unavailable to anybody else. It is this which makes us unique. We shall seek to recruit additional volunteers while also getting the volunteers to handle as many of the complaint cases as possible. We shall be looking at whether there are any other avenues that the advisers could be used for to utilise their undoubted expertise e.g. to give talks in the workplace.

VI Risk Management

6.1 We have identified a number of risks to the success of our service. Our Audit and Risk Management Committee monitor all risks. The main risks and the policies to minimise these risks are shown below.

Risk	Likelihood of risk H-High M – Medium L – Low	Policies to reduce risk
Reduction/loss of grant	L	While we are dependent upon the DWP for our funding, this is recoverable from a levy imposed on all pension scheme providers. Through supplying a high quality service combined with value for money, we believe we provide an unanswerable case for funding. In the event that funding was reduced we have in place a number of contingency measures. These would inevitably result in a poorer service being provided.
Negligent Advice	M	We have procedures in place covering the quality of the work. Training and induction play an important role. However, no amount of training can completely prevent occasional wrong advice. We have therefore taken out indemnity insurance to cover any costs of litigation. To date no payments have been made to a potential litigator.
Volume of work	M	Any promotion of our service needs to be closely controlled. If the volume of work increases in an uncontrolled manner, there is a danger we could be inundated with enquiries and be unable to cope. However, the advantage of having a large number of volunteers is that we are able to call on these to help mitigate unexpected short-term surges in workload.
Insufficient advisers	M	There is always a risk that we shall be unable to recruit sufficient advisers. However, to combat this we have in place a number of strategies for recruiting advisers.
Loss of key staff	H	An open, collaborative, information and skill sharing culture helps to ensure that no member of staff is indispensable.
Loss of building/IT systems	L	Following our IT and accommodation refresh ,in the event of a catastrophe we are in the process of devising a disaster recovery programme with the DWP. We expect to have this in place by April 2007.

VII Planning Assumptions

Workload

- 7.1 After five years of rather spectacular growth, the last two years have seen a reduction in the number of written dispute cases, while written information/advice cases, helpline calls and visitors to our websites have continued to increase. The number of dispute cases received now appears to have levelled out, though we are continuing to experience increases on all other fronts. In 2005 we made a number of projections for the year ended 31 March 2006. We were about spot on with our helpline and website projections. However, we actually received less complaint cases than anticipated, though this was off-set by a larger than expected increase in information/advice cases.
- 7.2 It is always difficult to predict our likely workload, especially when actively promoting, and trying to increase public awareness of our service. While we can seek to control the promotion of our service, we have no control over outside events. Publicity about pension issues tends to have an impact on the number of enquiries we receive. This is where our use of volunteers is such a strength as it help us to meet short-term surges in workload. While one of our goals is to increase public awareness of our service we shall strive to do this in a measured and controlled way, so as to be able to meet any increase that may result. We believe that better awareness will result in an increased need for information and advice and we fully expect this part of our work to continue to increase. In 2005 we were projecting that our workload for 2006/07 would be similar to that for 2005/06 with increases for the next two years of between 5 and 7.5%. We no longer believe this to be the case. The evidence to date in year 2006/07 points to a growth in enquiries over those received in 2005/06. We expect this trend to continue for the foreseeable future, though perhaps at a slightly lesser rate than that previously projected. Therefore based on previous experience and our goals for the next three years we are projecting a 5% year-on-year increase in both helpline calls and written enquiries.
- 7.3 We have recently revamped our website to make it easier to negotiate, while at the same time providing an ever increasing amount of advice. We believe the use of the internet will continue to rise. We are therefore conservatively projecting a 10% year on year increase in visitors to our website. The website plays an important part in our advice giving as without it we consider there would be many more people needing to make use of our helpline. The site is so comprehensive that it answers many people's queries without having to contact us.
- 7.4 As regards complaint cases the trend is for these to decline. Much will depend upon whether we are recognised in legislation. If so we could expect to see an increase of approximately 400 cases a year, otherwise we expect the reduction to continue and we have estimated that without this recognition we are likely to see a 5% year on year reduction in complaint cases.
- 7.5 By 2010 we expect to be helping, either in writing, via our helpline or our websites, over 500,000 people annually. Our full projections for the next three years are at appendix E. Predicting future workload is not an exact science and while we try to account in our planning for the likely impact of known events, these are not always possible to predict. External events can help to raise public awareness of pensions and this in turn can result in an increase in the number of people contacting us for help. We have therefore provided additional scenarios showing the impact upon resources where the workload may differ from what we have envisaged.

Clearance Rates

- 7.6 Despite an increase in both helpline enquiries and written casework we maintained the clearance rate set the previous year without any increase in staff. We expect to maintain this clearance rate during the next three years. Full details are included at appendix E.

Efficiency planning

- 7.7 Our accommodation has been recently refurbished to make more efficient use of space. This has undoubtedly improved our working conditions and we would expect to see an improvement in morale as a result resulting in increased efficiency. At the same time our IT systems have undergone a complete refresh. From 2007 onwards we should be reaping the benefits of this. The new IT system is expected to provide us with a number of benefits including:

- the ability to provide both better information on the people using our service thereby enabling us to target specific consumer groups;
- quicker and more relevant management information reports, giving management an improved tool for managing the business;
- a knowledge base helping to act as a fast search engine enabling quicker access to support material enabling speedier response to enquires;
- decision tree support software enabling consistent information to be given to enquirers;
- an improved database enabling more accurate information to be kept, resulting in an improved service both to the public and the volunteers;
- remote access for senior staff enabling them to make better use of time spent travelling;
- a one-stop support service providing a quicker and better response to IT problems than currently experienced;
- a new telephone system enabling better use to be made of monitoring calls, thereby improving the quality of advice given;
- a platform to provide for future expansion should there be a need, at little cost.

- 7.8 We launched a revised website in May 2006. This provides even greater advice on pensions. As a result, this will reduce the need for people to contact our helpline. We consider the website to be the best and most authoritative website for free advice on pensions.

- 7.9 The use of volunteers to assist on the helpline and deal with dispute cases is extremely cost effective and provides exceptional value for money. The level of expertise at our disposal is unparalleled at a fraction of the cost on the open market. The volunteers only receive reimbursement for out of pocket expenses. The use of volunteers results at open market costs, in an annual saving to the tax payer of £9,000,000. It also means that cases can be dealt with far more quickly than if they were subject to the more formal process of the Pensions Ombudsman's office.

- 7.10 We are hopeful that an increased use is made of the mediation service we have established with the APL, thereby negating the need for a case to be submitted to the Pensions Ombudsman and as a result saving £2,000 a case (the average cost for the Ombudsman to resolve a case).

VIII Business Plan 1 April 2007 - 31 March 2008

8.1 Our three-year plan sets out our high level objectives. This section describes our specific plans for the first year of the three-year plan. The specific plans are designed to supplement our core tasks of dealing with written casework, operating a telephone helpline, maintaining an increasingly informative website and producing an annual review of our activities.

Action plans in support of our goals

8.2 We detail below our goals for the three years of the plan and our specific action plans for the first year in support of these goals. We also explain how we intend to measure the success of the action plans.

Goals	Action Plans	Measurement
Provide information and advice	<ul style="list-style-type: none"> • Provide a special helpline aimed at a specific consumer group for a limited period; • Obtain additional information from our helpline about the users of our service; • Continue to provide access to relevant professional qualifications to improve staff's skills e.g. PMI, CIPD; • Use the IT system to better identify advisers available to take cases, thereby releasing staff to provide information and advice; • Review our role in the giving of generic financial advice; • Establish links with Trade Unions to facilitate access to the workplace to provide talks on saving for retirement; • Continue with existing partnerships e.g. APL while investigating new areas for collaboration to further improve the service, • Continue with satisfaction surveys 	<ul style="list-style-type: none"> • The number of calls received by the helpline; • Whether we can identify the groups who are and who are not using our service; • An increase in the number of cases sent to advisers with a corresponding decrease in the number dealt with by staff; • The success rate in passing exams; • Submission made to the DWP outlining how we see our future role developing in providing generic financial advice • The number of talks provided; • Whether action is taken by people following the talks; • The number of cases dealt with by the mediation service; • Whether any new partnerships are formed; • Performance targets for customer satisfaction are met (see appendix F)

To be recognised as the best organisation to support the Personal Accounts Scheme	<ul style="list-style-type: none"> To make representations to the DWP 	Whether we are accepted by the DWP as the body to support the Personal Accounts Scheme
Improve the service standards within the industry	<ul style="list-style-type: none"> Continue to produce our annual casework review highlighting areas of concern; Consider “naming and shaming” schemes within the report; Work with the Raising Standards of Pensions group 	<ul style="list-style-type: none"> Service standards improve and the number of cases received concerned with poor administration decrease
Be the first port of call for people experiencing disputes	<ul style="list-style-type: none"> Make representations to the DWP that at the earliest opportunity our role should be enshrined in legislation; 	<ul style="list-style-type: none"> It is agreed that our role will be enshrined in legislation
Increase awareness of our service	<ul style="list-style-type: none"> Continue to improve our website; Establish additional phone-ins to those we undertake now, giving advice on pension issues; Continue with existing media links e.g. BBC2’s Working Lunch, while establishing greater links with local media resulting in increased media coverage; Seek to make presentations to the DWP on our service; Make MP’s aware of our service through hosting presentations 	<ul style="list-style-type: none"> Whether the number of the visitors to the website increases; The number of phone-ins we participate in; Whether existing media links are maintained; Whether the number of enquiries increases; The number of presentations made to the DWP; The number of MP’s who attend
Maintain the voluntary nature of the service	<ul style="list-style-type: none"> Continue with current recruitment policies – stands at conferences, talks, magazine articles etc with the aim of increasing the number of advisers by 2.5%; Seek to persuade the PMI to extend the amount of work an adviser undertakes to count towards Continual Professional Development (CPD); Look to use the advisers in employer talks 	<ul style="list-style-type: none"> The number of advisers increases to 482 Additional time is awarded for CPD; The number of advisers used in talks

Performance targets

- 8.3 To ensure that we meet our high standards we have set a number of performance targets in relation to the following areas:
- Finance
 - Written casework
 - Helpline calls
 - Satisfaction surveys
 - Volunteers performance

Full details are shown at appendix F. This also shows our current performance as at 31 December 2006 in relation to the targets in respect of 2006/07.

Efficiency plans

- 8.5 In 2005 we re-organised the way the office operates through the introduction of a Casework Manager and team leaders for finance and admin. This has provided not only increased career opportunities and greater job satisfaction but has enabled senior management to concentrate on more strategic issues. As part of this we introduced competencies i.e. skills that staff are expected to achieve in order to maximise their value to the organisation. The benefits of these can be seen in the high level of customer satisfaction shown by our customer satisfaction surveys (see appendix F).
- 8.6 The new IT system is now in place. While the benefits will be seen over a number of years, we would expect to see an almost immediate return. Paragraph 7.6 details the benefits from the investment.
- 8.7 We shall continue to annually review our banking arrangements to ensure that we are receiving the best service possible while maximising the financial returns.
- 8.8 We shall continue to annually review our contracts with our suppliers to ensure that we are still receiving value for money.
- 8.9 While the workload is set to increase we are expecting to absorb this increase during 2007/08 through greater use of our volunteers.

Resources needed

8.10 *Personnel*

The effect of any increase on our staffing depends to a large extent on how successful we are both in recruiting volunteers and making maximum use of them. We are confident that we can recruit enough advisers to meet the anticipated increase in workload during 2007/08. However, there is a limit to how much can be absorbed by volunteers and we are therefore projecting a need for additional resources (one additional member of staff) in 2009/10. Much will depend upon whether our projections in workload are borne out and we can continue to make maximum use of volunteers. Any additional increase beyond that which we have projected will result in us having to reappraise the need for additional resources. While we are projecting a large increase in the number of visitors to our websites, this should not impact upon staffing resources. We already devote resources to this and there will be no need to increase these if the number of website

visitors increase. Our staffing and volunteer adviser assumptions are shown at appendix G.

8.11 *Income*

Details of the income needed for 2007/08 to provide our service to the high levels we have set are shown at appendix H. This is compared with our expenditure for 2006/07 and differences are explained. The grant in aid required for 2007/08 is £2,788,000.

8.12 The costs for the next two years are more difficult to predict, as much can change over the next 15 months and much will depend upon the success of our plans for 2007/08. However, based on our workload assumptions, we have at appendix I provided indicative costs for the following two years. These will be reviewed as part of next year's corporate plan. Where the costs are increased by more than RPI an explanation is given. While no decision has yet been taken on an IT replacement policy, it is deemed prudent to budget for the IT hardware and software to be replaced after three years i.e. in 2009. If adopted this will mean a large increase in funding in 2009/10, though the figures for IT are very much a best guesstimate at this stage. The actual cost of replacement may be higher or lower depending upon what needs to be replaced and whether the software can still be supported.

8.13 The indicative costs for the following two years are:

- 2008/09 - £2,970,000;
- 2009/10 - £3,700,000.

8.14 A summary of the grant needed for the next three years, comparing the latest projections with estimates previously agreed with the DWP is at appendix J.

8.15 The largest single expenditure is on staff salaries. To ensure that we provide the going rate for the job we have in place a system for the reward of staff that has been approved by external consultants. The scale rates reflect the market in which we operate. Each year pay is reviewed by reference to market forces, the Retail Price index and our objectives. Details of the factors taken into account in determining the settlement for 2007/08 are at appendix K.

THE PENSIONS ADVISORY SERVICE BOARD MEMBERS AS AT 1 JANUARY 2007

Board Member	Occupation	Date First Appointed To The Board	E-elected A-appointed Ex – executive
Graham Wright – Chairman	Retired – Previously pensions manager for large plc	1991	E
Mike Anthony	Independent Trustee	1991	A
Karen Aveyard	Group Pensions Advisor	1998	E
Ian Ferguson	Independent Trustee – previously partner of actuarial company	2004	E
Colin Hartridge-Price	Director	2006	E
Tony Hodgkiss	Consultant and property manager – formerly Chief executive of a unitary local authority	2002	A
Baroness Hollis of Heigham	Working Peer	2006	A
David Millington	Banking Ombudsman	2004	A
Margaret Snowdon	Pensions Consultant	2000	E
Baroness Turner of Camden	Deputy Speaker, House of Lords	1991	A
Keith Wallace	Lawyer	1992	A
Malcolm McLean	TPAS Chief Executive	2006	Ex
Des Hamilton	TPAS Technical Director	2006	Ex
Barry Wilkins	TPAS Director of Administration	2006	Ex

REGIONAL STRUCTURE

Area Covered	Region	Regional Organiser
Postal districts south of the Thames	01 London South	Margaret Snowdon
Postal districts north of the Thames	02 London North	Kim Gubler
Surrey	03 Surrey	Huw Evans
Kent & Sussex	04 South East	Colin Burgess
Essex, Beds & Northants	05 Essex, Beds & Northants	David Read
Oxfordshire, Bucks & Herts	06 Chilterns	Rosemary Kennel
Berks, Hants & Isle of Wight	07 Southern England	Joe Robertson
Somerset, Wilts, Dorset, Devon & Cornwall	08 South West	Michael Robinson
Glos, Avon, Gwent, Glamorgan, Powys & Dyfed	09 Avon, South & Mid Wales	Tony Tollerton
Warks, West Midlands, Staffs, Hereford & Worcs	10 Midlands	Julie Hooker
Derbyshire, Notts, Leics, Suffolk, Norfolk, Cambs	11 Eastern England	David Hughes
Greater Manchester, Merseyside, Cheshire, North Wales, Lancs, Cumbria	12 North West	John Corcoran
Lincs, Yorks, Humberside, Cleveland, Durham, Tyne & Wear & Northumberland	13 North East	Tony Spiers
Scotland	14 Scotland	Colin Liddell
Northern Ireland	15 Northern Ireland	Martin Rogers

WORKLOAD PROJECTIONS

	Y/E 31 March 2006 Actual	Y/E 31 March 2007 Projected	Y/E 31 March 2008 Projected	Y/E 31 March 2009 Projected	Y/E 31 March 2010 Projected
Helpline	56,691	59,500	62,400	65,500	66,800
Written Enquiries	4,839	6,000	6,300	6,600	6,900
Written Complaints	5,956	4,900	4,700	4,500	4,300
Website Visitors	296,000	325,600	358,000	393,900	433,300
Total	363,486	396,000	431,400	470,500	511,300

ANALYSIS OF PROJECTIONS

	% Change 06 to 07	% Change 07 to 08	%Change 08 to 09	% Change 09 to 10
Helpline	5	5	5	53
Enquiries	5	25	5	5
Complaints	(17)	(5)	(5)	(5)
Website	10	10	10	10
Total	9	9	9	9

Assumptions

Helpline

Calls to the helpline continue to grow. While we accept that at some time the calls will plateau we believe that there is still a large untapped number of people who need help and that the plateau has not yet been reached.

Written Enquiries/complaints

Following a reduction in 2005 written casework, it started to rise again in 2006. The indications are that cases will continue to increase during 2007. It is assumed that complaints will at best remain static unless our role is recognised in legislation. In which case a further 400 cases annually should be added to the figures.

Website

The number of visitors to our websites has grown considerably over the past couple of years. We expect a further increase in the current year. The website has been completely revamped and this coupled with a growth in internet use should see the number of visitors to our sites continue to increase. We have conservatively projected a year on year growth of 10%.

WRITTEN CASEWORK CLEARANCE RATES 2005/2006

Cases B/F at 1/4/05	Cases received in year	C/F to 2006/07	Cases Cleared	% Cleared 06	% Cleared 05	% Increase/ (Decrease)
2,091	10,795	12,886	10,906	85	85	0

IMPACT ON RESOURCES OF VARYING WORKLOAD ASSUMPTIONS FOR THE PERIOD 1 APRIL 2007 – 31 MARCH 2010

The tables below show the situation if our workload either decreases or increases uniformly year on year over the next three years at an annual rate of either 7.5% or 10% over the figures shown in 2006/07. Website figures are not shown as the number of visitors will not have an impact on resources. The website will still need to be maintained regardless of the number of visitors to the site.

Decrease

	Decrease 7.5% in enquiries	Decrease 7.5% in helpline calls	Decrease 7.5% in complaints	Decrease 10% in complaints	Decrease 10% in enquiries	Decrease 10% in helpline calls
07/08	5,600	55,000	4,500	4,400	5,400	53,500
08/09	5,100	50,900	4,200	4,000	4,900	48,200
09/10	4,700	47,100	3,900	3,600	4,400	43,400

Increase

	Increase 7.5% in enquiries	Increase 7.5% in helpline calls	Increase 7.5% in complaints	Increase 10% in complaints	Increase 10% in enquiries	Increase 10% in helpline calls
07/08	6,450	64,000	5,300	5,400	6,600	65,400
08/09	6,900	68,800	5,700	5,900	7,300	72,000
09/10	7,500	73,900	6,100	6,500	8,000	79,200

Impact on Resources

Enquiries tend to be predominantly undertaken by staff. The helpline is operated by a mix of volunteers and staff as are complaints. Our complement provides for one member of staff to handle 8,323 calls, 2,345 enquiries and 505 complaints in a year.

i) 7.5% Reduction

A 7.5% reduction in workload would result in the need for 1.5 fewer staff each year. Therefore over a three-year period the reduction in staff would be four.

ii) 10% Reduction

A 10% reduction in workload would result in the need for 2 fewer staff each year. Over the three-year period this would reduce staff by six.

iii) 7.5% Increase

An increase would not by itself automatically result in a need for additional staff. We believe that the volunteers could, providing we achieve our target of a 2.5% year on year increase in the number of advisers, absorb a 5% increase in complaints. However, increases beyond this and increases in enquiries and helpline calls would need to be met by additional staffing. A 7.5% increase would result year on year for the need for an additional one staff. Over the three-year period this would result in the need for three additional members of staff.

iv) 10% Increase

A uniform 10% increase across all work areas would result in the need, year on year for an additional two staff. Over the three-year period would result in a need for an additional six members of staff.

PERFORMANCE TARGETS 2007/08

These are separated out into staff and advisers.

STAFF

Activity	% Target
Financial	
Approved invoices to be paid within 10 working days of receipt	99
Written Enquiries	
Cases cleared within 15 working days	90
Cases cleared within 20 working days	95
Cases cleared within 25 working days	99
Written Complaints	
Cases cleared within three months	50
Cases cleared within six months	70
Cases cleared within twelve months	99
Helpline Calls	
Calls answered within 20 seconds	90
Calls answered within 30 seconds	95
Calls answered within 60 seconds	99
Calls abandoned to be less than	10

ADVISERS

Activity	% Target
Form of authority to be obtained within two weeks of receiving the case	90
Take positive action within four weeks of receipt	90
Keep enquirer informed at regular intervals not exceeding two months	85
Appropriate quality of advice given	95

SATISFACTION SURVEYS

Activity	% Target
Users satisfied with the service (written casework)	85
Users satisfied with the service (helpline)	90

We separate out written casework and the helpline. We use different targets as people are more inclined to complain with written casework. This is because in virtually every instance with written casework where the person professes to be dissatisfied it is invariably because he/she is unhappy with the answer in that it did not provide him/her with the answer they were looking for rather than the actual service.

PERFORMANCE TARGETS 2006/07: ACHIEVEMENT AS AT 31 DECEMBER 2006

Staff Performance Targets

Activity	% Target	Achievement Year to date
Financial Agreed invoices paid within 10 working days of receipt	99	100
Written Casework		
Enquiries		
Case cleared within		
a) 15 working days	a) 90	96
b) 20 working days	b) 95	98
c) 25 working days	c) 99	100
Complaints		
Case cleared within		
a) 3 months	a) 50	48
b) 6 months	b) 70	68
c) 12 months	c) 99	88
Helpline Calls		
Case answered within		
a) 20 seconds	a) 90	97
b) 30 seconds	b) 95	98
c) 60 seconds	c) 99	100

Adviser Benchmarks

Activity	% Target*	Achievement
Acknowledge receipt of a case and issue form of authority within two weeks of receiving the case	90	90
Take positive action within four weeks of receipt	90	89
Keep enquirer informed at regular intervals not exceeding two months	85	85
Appropriate quality of advice given	95	99

Satisfaction Surveys

Activity	% Target	Achievement
Users satisfied with the service (written casework)	85	92
Users satisfied with the service (helpline)	90	99

STAFFING AND ADVISER REQUIREMENTS

	Staff and advisers in complement at 1 January 2007	Projected staff and advisers	Projected staff and advisers	Projected staff and advisers
	06/07	07/08	08/09	09/10
Chief Executive	1	1	1	1
Directors	2	2	2	2
Technical Manager	1	1	1	1
Helpline Manager	1	1	1	1
Deputy Admin Director	1	1	1	1
Technical Staff	18.	18	18.	19
Team Leaders	2	2	2	2
Administrators	7.5	7.5	7.5	7.5
Total Staff	33.5	33.5	33.5	34.5
Advisers	477	488	500	512
Total Manpower	510.5	521.5	533.5	546.5

GRANT IN AID NEEDED 1 APRIL 2006 - 31 MARCH 2007

<i>Item</i>	<i>Grant Awarded 06/07</i>	<i>Projected Expenditure 07/08</i>	<i>Difference Amount</i>	<i>Difference %</i>	<i>Notes</i>
<i>I Manpower</i>	£	£	£		
Salaries, on-costs and other associated expenditure	1,524,000	1,543,000	19,000	1	1
Pensions	133,000	268,000	135,000	101	2
<i>Sub-total</i>	<i>1,657,000</i>	<i>1,811,000</i>	<i>154,000</i>	<i>9</i>	
<i>II Running Costs</i>					
T&S – Board	1,700	13,200	11,500	776	3
T&S – Staff	23,000	31,100	8,100	35	4
Conferences	4,500	2,800	(1,700)	(38)	5
Training	25,800	20,000	(5,800)	(22)	6
Print/post/stationery	76,100	117,000	40,900	54	7
Telephone	37,200	42,000	4,800	13	8
Library	22,600	25,000	2,400	11	9
Promotional	108,400	63,200	45,200	(42)	10
Professional Fees	5,900	5,900	0	0	
Corporation Tax	1,000	2,400	1,400	140	11
Insurance	22,500	22,500	0	0	
IT Costs	253,000	296,600	43,600	17	12
Repairs/Maintenance	9,700	6,500	(3,200)	33	13
Software	3,000	3,000	0	0	
Accommodation	267,600	271,000	3,400	2	14
Miscellaneous	7,500	8,300	800	10	15
Volunteer expenses	51,500	47,700	(3,800)	(7)	16
Lease hire	0	3,800	3,800	3,800	17
Minor fixtures/fittings	1,000	1,000	0	0	
<i>Sub-total</i>	<i>922,000</i>	<i>983,000</i>	<i>61,000</i>	<i>7</i>	
<i>III Fixed Assets</i>					
IT	12,000	3,000	(9,000)	(75)	18
Furniture/Equipment	10,000	3,000	(7,000)	(70)	18
<i>Sub-total</i>	<i>22,000</i>	<i>6,000</i>	<i>(16,000)</i>		
Total Expenditure	2,601,000	2,800,000	199,000	8	
<i>Income</i>					
Bank Interest	8,000	12,000	4,000	50	19
<i>Grant Needed</i>					
Expenditure	2,601,000	2,800,000	199,000	8	
Less Income	(8,000)	(12,000)		50	
GRANT NEEDED	2,593,000	2,788,000	195,000	8	

While the bid for funding is compared to the equivalent bid for last year, it must be noted, that often circumstances change and the actual expenditure differs in individual sub-heads from that bid for. This is reflected in the notes on the individual sub-heads.

NOTES

1. Salaries and on-costs include salaries, Employer's National Insurance, Personal Health Insurance, season ticket loans, consultant/temps, recruitment cost etc. We have assumed for budgetary purposes that all staff will have joined the Principal Civil Service Pension Scheme. As such we no longer need to provide for a separate Death Benefit scheme. Because of this staff salaries and on-costs are only set to increase by 1%. We are expecting the actual staff salary element part of these costs to increase by 5%. See Appendix K for further details.
2. The pension costs have increased due to the fact that staff are now eligible to join the Principal Civil Service Pension Scheme.
3. Board costs have increased due to the decision to pay Appointed board members for attending Board and Committee meetings. The amount spent on this item in 2006/07 will be much higher than the amount bid for and is expected to be in the region of £12,000.
4. Again the estimated costs for 2006/07 are likely to be in the region of £30,000 costs have therefore been increased by RPI.
5. The amount for conferences includes an amount for meetings. For the year 06/07, there have been a number of additional meetings where refreshments have been needed due to the IT refresh. These will reduce in 2007/08.
6. There have been additional training costs in 2006/07 associated with a re-organisation of tasks within the office. These will not be needed in 2007/08.
7. Stationery and post costs are expected to remain fairly constant. However, print costs depend upon reprinting needs. A large amount of stock is expected to need reprinting in 2007/08.
8. The costs for 2006/07 were estimated costs. Now that the refresh is complete we have a better idea as to the likely costs.
9. Costs have needed to be increased due to an increase in costs in supplying Gee to assist staff and advisers on the helpline.
10. We budgeted in 06/07 to using a professional organisation to assist with publicising our service. The costs involved were a lot less than expected. This is now reflected in the costs for 2007/08.
11. Corporation tax is only payable on bank interest. Interest rates have risen, giving higher bank interest with a resulting higher corporation tax bill.
12. The costs for 06/07 were estimated on information available at the time. Now that the IT refresh has been completed we have firm costs which have been reflected in the costs for 2007/08. The costs also include an element for disaster recovery.

13. Now that the refresh has been completed we have a much firmer idea of the annual IT costs.
14. While most accommodation costs are fixed, there is some increase due to business rates and the fact that the fifth floor accommodation costs are increased in line with RPI. Based on our experience to date we have reduced the annual reconciliation charge undertaken at the end of the financial year.
15. The costs have been increased due to our experiences over the past two years.
16. We have experimented with a different formula for workshops which has involved additional expenditure. We are expecting to revert to the traditional formula in 2007/08.
17. We have had to replace our photocopiers. These are now being leased as opposed to purchased.
18. With new IT equipment and furniture we are only budgeting for contingencies in the event of breakages .
19. Interest rates have increased and we expect them to remain at the current level.

INDICATIVE COSTS 1 APRIL 2007 – 31 MARCH 2009

2008/09	2009/10
£	£
2,970,000	3,700,000

To arrive at the indicative costs, the costs from 2007/08 have, with the following exceptions, been increased year on year by RPI.

Salaries

These have been increased by 5% to reflect both performance and the need to compete with the financial services/pensions employment market. For 2009/10 we have provided for a new member of staff and the additional recruitment costs this will entail.

Running Costs

In July 2008 we are scheduled for a rent review in respect of our sixth floor accommodation. This is likely to result in an increase well in excess of RPI.

Fixed Assets

The IT refresh was completed in September 2006. As this was a comprehensive review there should be little hardware required until 2009/10 when we expect to have to replace the IT equipment. For 2008/09 we have only provided for contingencies. For 2009/10 we have budgeted for replacing our IT equipment and software. Following the IT refresh no decision has been taken regarding a replacement policy. This will be reviewed during 2007. However, as a contingency, amounts have been included for IT replacement. These are very much a best guesstimate and the actual costs may be higher or lower depending upon what actually needs to be replaced and whether the existing software can still be supported.

**COMPARISON OF GRANT IN AID NEEDED
WITH PREVIOUS ESTIMATES**

	2006/07	2007/08	2008/09	2009/10
Baselines (i.e. previous estimates)	2,593,000	2,692,000	2,886,000	None previously agreed
Latest estimates for grant in aid	2,593,000	2,788,000	2,970,000	3,700,000
Difference between current estimates and previous baselines	N/A	96,000	84,000	N/A
Difference Year on Year	N/A	195,000	182,000	730,000
% Year to Year Change	N/A	8	7	24

The average year on year increase in expenditure over the three- year period is 13%

Analysis of changes between years 2006/07 and 2007/08

	2006/07	2007/08	% Change
Manpower	1,657,000	1,811,000	9
Running Costs	922,000	983,000	7
Asset Acquisition	22,000	6,000	(367)

PAY REMIT 2007

Background

Each job within TPAS was evaluated and assessed in 2004 by the Hay Group. An analysis of TPAS pay and benefits was made with 142 other comparable organisations, a mix of public sector and private organisations. As a result of this review a number of recommendations were made and implemented which resulted in our current pay structure. All staff have a scale rate with a minimum and maximum amount. Assuming staff perform at a good level, we expect staff to reach the top of their scale rate within ten to fifteen years. Each post also has a higher maximum, payable to reward staff who have reached the ordinary maximum and who are consistently performing at a level well above that expected for the post. When someone has reached the top of their scale rate any pay award is by means of a non consolidated re-earnable annual bonus. While the scale rates are reviewed annually and we look at market forces, the increase is normally in line with RPI. The payment of a re-earnable bonus allows us to reward staff who have performed well over the year and who otherwise would be restricted to a RPI increase only. In addition to consolidated pay all staff are eligible, if performance warrants it and targets are met, to an annual bonus, capped at 3.25% of salary. This has been taken into account when devising the pay scales. These were set at the median for the sectors in which they were compared and takes account of the fact that we are based in London. We aim to ensure that the overall reward package, including benefits, supports business goals and allows us to compete in the relevant markets, through recruiting and retaining motivated, competent staff.

Annual Review

An annual review of staff salaries is undertaken. Each member of staff is given a box marking of between 1-5, 1 being excellent and 5 being very poor. These are arrived at by marking staff against the competencies for the post. All markings are reviewed by senior management to ensure consistency in the markings. The markings are then converted to a % pay award and recommendations are made to the TPAS Executive Committee to approve. In arriving at the % increases we look at a number of factors. These include RPI, market forces, including pay awards elsewhere in both the public and private sectors, staff turnover and whether there are particular skills we need to attract.

Specific Skills and Staff Turnover

At the moment there are no areas where we need to pay a premium in order to attract staff with specific skills. However, there is some concern over staff turnover. Following a number of years when staff turnover has been low, fluctuating between 3and 6%, it is currently running at 12%. 75% of those leaving have done so for increased pay. A problem in our ability to recruit is the size of our organisation. We are a small company with a small management structure and therefore a very limited ability to progress people as a mechanism for development and retention. As a result we need to make the jobs as varied as possible and ensure that our benefits are as competitive as possible, otherwise we are in danger of becoming a graveyard for people seeing out their careers to retirement. We need a balance between these experienced people and younger staff. The last four resignations have all been from the younger age group. During 2007 we shall be monitoring the situation to ensure that our overall benefit package remains competitive and enables us to recruit staff from a variety of relevant age groups. It is hoped that admission to the Civil Service Pensions Scheme will help in our efforts to recruit and retain staff.

Factors Affecting 2007 Pay Remit

We have looked at information supplied by Income Data Services (IDS), Mercer Human Resources, Hays, IRS and public sector settlements. We need to cater for more than one category – senior management, pensions technicians, and administrative support staff (within which there is a mix of professional and non professional support.). Within senior management we have to provide for a wide range of skills and experience which would otherwise be filled by specialist positions within a larger organisation.

IDS has forecasted that RPI will rise to 4% between the end of 2006 and February 2007. This is bound to have an impact on pay settlements. Most organisations were forecasting pay generally to rise by more than 4% in 2007. Mercers are predicting that salaries will rise by 1.7% more than inflation. The public sector results are mixed. The agreement within Higher Education has resulted in a settlement worth 13.1% beginning in August 2006 with a 3% award and ending with a 2.5% award in October 2008, with additional awards in February 2007, August 2007 and May 2008. The Institute of Chartered Secretaries and Administrators has indicated that pay awards within private companies for company secretaries increased by 6 to 7% in 2006.

Taking into account what is happening externally we have budgeted for increasing our overall pay bill by 5%. This is based on :

the assumption that our pay and benefits are still competitive with the markets (primarily pensions);
expected pay settlements within the markets we have to compete in;
the fact that we have to compete in the pensions market where benefits including pay, tend to be higher than their equivalents in the public sector;
the need to motivate and retain staff;
the need to reward staff through moving them up their scale rates; and
the effect of RPI on people's standard of living.

This does not mean that all staff will get 5%. Some will get more, while others less, it depends upon performance during the year. We shall be making a business case to the DWP supporting this increase.