

The PENSIONS Advisory Service

Corporate Plan 2016 - 2019

People first, pensions second.



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“I am delighted to have been appointed to chair an organisation that can do so much to help the customer in a pensions landscape that is currently undergoing so much change ”

Museji Ahmed Takolia CBE, Chair



Introduction

The Pensions Advisory Service is delighted to report another successful year, 2015-2016. We achieved our strategic aim to serve more customers, increasing from 103,000 direct customers to nearly 180,000 and having over 2.7 million customers visiting our website.

The start of the year saw the introduction of the new freedoms for accessing benefits from defined contribution pension schemes. We were delighted to be appointed as the delivery partner for the telephony channel of Pension Wise. HM Treasury successfully launched the Pension Wise service, which included an expansion of our helpline team. This has seen us successfully doubling in size and we were most pleased that we were able to do this with such a high calibre of new recruits, who are highly motivated to deliver a first class service.

We continue to operate with the same key fundamentals, which is to deliver pension expertise at low cost. We have long held the view and can evidence that it is necessary to have experience and expertise if the help provided to customers is to add value. As well as a highly skilled and qualified employed staff, we benefit from over 400 volunteers. Not only does this make us extremely cost effective but it gives us strength by the breadth of our knowledge. We are indebted to all of our people for their hard work in 2015-2016.

We want to build on this successful year by reaching out to more people. Despite the huge growth in the number of customers, it is still only a fraction of the customers who could benefit from pensions guidance and we know this number is growing as the shift in responsibility passes to the individual to make proper provision for their retirement. Growing our customer numbers remains a key priority for us along with the continual development of our service to meet the changing needs of the customer.

My Board welcomes the outcome of the public financial guidance review that acknowledges the need for a public service that helps people with their pensions and recognises the special requirements of pensions guidance. We are looking forward to working with the Department for Work and Pensions who will be forming the new single organisation that will deliver pensions guidance from 2018.

The pensions landscape is changing and there is a dramatic increase in the individual's responsibility to make proper provision for their retirement. This corporate plan sets out our plans for supporting customers in making important decisions about their pensions.

Museji Ahmed Takolia CBE
Chair

Our services

The Pensions Advisory Service (TPAS) is an independent non-departmental public body, operating at arm's length from the Department for Work and Pensions (DWP). Our purpose is to help more people with their pension questions and issues by:



...giving general information and guidance on pension matters



...resolving problems an individual may have with their pension



...sharing our knowledge and insight to contribute to Government and industry thinking on pensions

We deliver our service through a variety of channels including a telephone helpline, written enquiries, our website and information through traditional and social media. We raise awareness of our service and usage through attending shows and conference speaking opportunities. We also partner with organisations such as the Pensions Ombudsman, Citizens Advice Service, the Money Advice Service and Financial Ombudsman Service, who refer customers to us.

Part of our service is to provide the telephony channel for Pension Wise.

Our service is free to the public. It is delivered by technical specialist staff and a nationwide network of volunteer advisers, who have typically worked in the pensions industry for a long time and in roles that have required a high level of technical knowledge. We also act as impartial mediators in pension disputes involving occupational, personal and stakeholder pensions.

Our website and leaflets cover all aspects of pensions in the UK and we regularly attend shows to talk to people about pensions



“What a year it has been for pensions. Pensions have rarely been out of the news and we have started to see customers wanting to find out more about their pensions. It has been fantastic to witness this growing awareness in pensions.”

Michelle Cracknell, Chief Executive



Building on Success

In last year's Corporate Plan, we said that we wanted to help more people with their private pension issues. We achieved our ambition. Nearly 188,000 customers contacted us or asked for us to contact them and we looked after over 178,000 customers in 2015-2016, which is a 72% increase on the previous year.

Customers need help with their private pension questions and issues. A key part of the service is diagnosing customers' issues. We can then help customers using the skills of the Information & Guidance helpline team or, where customers have a genuine grievance with their pension schemes or providers, we can support them through the complaints process.

We saw a 54% increase in the number of customers contacting our helpline. Our helpline can be contacted through the telephone, web chat and online enquiries. The channel that saw the biggest increase was enquiries and then webchat. In addition to our helpline, we also attend a number of shows that are targeting the over age 55 market. This gives us a great opportunity to talk to people who may otherwise not seek out pensions guidance and prompt them to seek independent and impartial guidance.

Adding value through asking questions on our helpline that the customer did not know to ask

A gentleman that called our helpline about how to cash in his defined contribution pot; when we checked what other savings he would have for his retirement, we discovered that he needed to apply for protection from exceeding the Lifetime Allowance.

We also had more customers contacting us where they had a grievance against their pension scheme or provider that needed to be investigated. We had an increase of 5% in the number of dispute cases that we took on and were able to successfully resolve over 90% of these cases to the satisfaction of the customer. The informal nature of our dispute mediation service enables us to help customers understand whether they do have an issue plus we can help them from the start of the process, which can save money, time and heartache for the parties involved.

Helping people understand their pension

An email from a gentleman to the helpline read "I am normally the most hard to please, impatient and probably a bit of a grumpy customer. In particular I loathe having to wait on a telephone line for ages before it is answered. Today, in contrast, my call was answered promptly by one of the most impressive, helpful and charming operatives. He was outstandingly good, knew everything I could possibly want and some of the information was very complex. He answered clearly, amusingly, and comprehensively. It is quite literally the most brilliant service."

“We believe that everyone can benefit from a conversation with a pensions specialist. There is at least one thing that can be done to help people make the most of their pensions.”

Michelle Cracknell, Chief Executive



Vision for the future

We are witnessing a major transformation in pensions, which requires much greater personal responsibility for individuals to make proper provision for their retirement. The changes to pensions may seem relentless but are necessary in order for the pension system to work better for the ageing society that we live in.

- Having a pension is important. They have distinctive characteristics that require them to be given special attention. With the ageing society and changes to the pensions landscape, funding for retirement is one of the most important financial decisions that a customer needs to make. Pensions are important because they become the source of income when the ability to change needs and requirements are narrowing.

There is a widespread lack of understanding of pensions compounded by the raft of recent policy changes. Pensions are very long term product so by the time that customers reach the age for drawing their pensions, there may be many vintages of pension schemes and products that are being accessed, all with different benefits and rules, creating complexity.

There can be a lack of engagement on pensions as people struggle to visualise their older self. The fact that pensions can be obscure does not help; they are organised by the employer, contributions deducted from your salary and default choices being offered means that often customers do not think about their pension until it is too late.

In the Public Financial Guidance review, the Government has identified the need for pensions guidance to be provided as a public service. Defined contribution pensions are becoming a significant part of customers' pension provision. It is necessary to help customers move from being recipients of pensions to becoming consumers of pensions. The new pension organisation will play a critical role in delivering the necessary guidance to support this transition.

It needs to become the social norm for customers to seek guidance about their pensions throughout their lifetime. Much has been written about getting customers to be better educated on their pension and for them to be more engaged. This is a mighty and necessary task. We look forward to working with the DWP in order that the new organisation can help more people make better provision for their retirement.

Priorities

Our continued priority is to serve the increasing number of customers that need pensions information and guidance. We have clear evidence that people benefit in one way or another from having pensions guidance. We will seek ways that we can further promote our services through the media and industry. We are keen to reach people who may have less experience in dealing with financial matters and we will aim to do this by being present at retirement shows and by aiming to get coverage in non-financial media.

There are around 5 million people in the UK aged between ages 50 and 70. It is our aim to be responding to over 250,000 customers, 5% of the total in the group, by 2020. This will require us to grow our customer numbers by around 10% per annum. Our estimated customer volumes for this 3 year period, compared to 2015/16, are shown in the table below.

2015/16	2016/17	2017/18	2018/19
188,000	200,000	220,000	240,000

As well as increasing the number of customers that we deal with, we also wish to better serve our customers through the following priorities:

- Raising awareness – it is a priority for us to help customers understand the implications of the rapidly changing pensions landscape. We aim to do this through appearing in the media and other events where we can publicise our services.
- Development of services – our current business model has high quality controls and is efficient. It also aligns with the increasing customer practice of remote contact and is aligned with the Government’s initiative for “Digital by default”. As part of the upgrade of our technology, we are planning to enhance the customer experience by offering shared screen technology, provision of sharing of web tools etc.
- Sharing of customer insight with Government and industry – we collect valuable insight about customers who contact us. We will be doing integration work to further improve the insight. We are keen to share this data to assist in future policy and product & services development.

We look forward to working with the DWP on the formation of the new pensions guidance organisation.



Resources

Our income comes from a grant-in-aid from the DWP that is ultimately recouped through the General Levy on pension schemes. Since April 2015, we have also received a grant from HM Treasury to deliver the telephony channel of Pension Wise. During 2015/2016, the amount of the two grants that we drew down was £6.7 million. In addition to this financial resource, we benefitted from the resource that we receive in time provided by our volunteers, which we have valued at between £3 million to £3.5 million.

In calculating the grant-in-aid that we require, we apply the following principles:

- the proportion of our staff dealing with our customer services will be the majority of our budget (currently 87% of the payroll),
- we aim to deal with at least 60% of our dispute work and 10% of our core helpline with volunteers plus seek other opportunities to use volunteers in policy and technical work plus administration tasks,
- ensure that we offer value for money by keeping our cost to serve direct customers at broadly the same level and seek to by introduce efficiency measures.

To calculate the grant that we require, we:

1. use our productivity rates in each channel and
2. forecast the demand throughout the year including the peaks that we experience.

The amount of financial resource that we would require over the period to deliver our current services using our current channels for the number of customers that we have forecast is shown in the table below.

2015-2016 actual	2016-2017 forecast	2017-2018 forecast	2018-2019 forecast
£6.7 million	£6.5 million	£6.7 million	£7.5 million

The full time equivalent employees required to deliver the service is shown in the table below.

2015-2016 actual	2016-2017 forecast	2017-2018 forecast	2018-2019 forecast
90	84.3	93	103

Our target is to have 450 volunteers by the end of the period.

One of our priorities is to continue to grow and develop our services to increase the customers that we help and improve the service that we offer customers. The resources outlined above for 2016-2017 are the grants that we have agreed with DWP and HM Treasury. For the remaining 2 years of the period, the forecast on budget required is based on reducing the unit cost of serving each customer to under £35. The funds available for delivering the service in 2017-2018 and 2018-19 will need to be agreed with DWP.

Performance

The demand for our services has grown considerably since 2013. In calculating the resource that we need, there are two areas that we consider:

- length of time per case per channel – over the last year, customers have often shared more detail in respect of their pension, which has seen an increase in the time taken to deal with each case across all channels; and
- volatility in demand - the demand for our services varies by months, days and hours; we employ measures to match supply and demand where we can but there is a requirement to allow for the volatility in calculating the resource.

Our key targets are:

- **accessibility**- we want to ensure people can access our services quickly and easily so we measure how many people get through at their first attempt. We aim to ensure that at least 90% of callers reach us without having to try again. For the mediation service we aim to ensure customers are allocated a case-worker within 28 days.
- **quality** – we want people to be satisfied with our service and to receive correct information and advice. We measure satisfaction by asking customers to rate their experience. However, customer satisfaction is not enough as we sometimes have to tell customers things that they do not want to hear. We therefore measure accuracy by checking cases and ensuring that the website is up to date.
- **efficiency** – We want to offer excellent value for money, recognising that our funding comes from the levy on pension providers. We measure cost per customer served directly. Our aim this year is to reduce our cost to serve to be under £35 per customer.

Our performance against targets in 2015-2016 appears in the Annual Report and Accounts.

The overarching measure that we use for judging the efficiency of our service is the cost per customer. This measure shows how efficient we are in managing the work flow and our success in using the volunteer resource. Our cost per customer in 2014-2015 was £34, a reduction from £40 in 2010-2011. The key reason for the reduction is the increase in volumes. In 2015-2016, the cost per customer rose to £36. This was largely due to Pension Wise and the level of staffing at the start of the year when demand for appointments was unknown. In the resource requirement set out in this plan, our aim is to reduce the cost per customer to below £35.

We are here to
help

We know our
subject

We are
independent and
impartial

We are proud of
what we do

Working with others

We aim to work with Government, industry and others in order that we can contribute to the goal of helping people make proper provisions for their retirement.

There are examples of joint working with partners in pursuit of this goal. We have worked with the Money Advice Service so that their customers who need to speak to a pensions specialist are transferred to our helpline. We work with a number of pension schemes who are undertaking a major communications exercise in order that we are pre-warned and better briefed to deal with any resulting customer enquiries. We have proactively contacted a number of providers during the last year in connection with the new pension freedoms, where we have received queries from their customers. We also work with some third sector organisation where the customer may need help with pensions as a consequence of the life event that has resulted in them needing help. Finally, we are proactively making organisations aware of the customer insights that we can share to help in the development of pensions policy, service and products. We will continue to work on developing more relationships.

Our future plans for further partnership work will aim to achieve the following objectives.

- Improve the customer journey so that a customer can more easily navigate around the different sources of help and services in pensions – the aim is that participants in the pensions industry do not say “I cannot help” but signpost to an organisation that can help.
- Reach more customers who are less likely to know about the work that we do and how we can help them. This includes reaching out to customers who do not actively seek information on their financial position (e.g. raising our profile in the non-financial media) or are not aware of the implication of policy changes for their retirement income (e.g. work with third sector organisations that can identify the link).
- Work together with providers, schemes and advisers to ensure that the customer benefits (e.g. messages may be better accepted if delivered by an independent organisation) and the overall objective to help people is achieved (e.g. seek ways of reducing overall costs of the industry).