

The PENSIONS Advisory Service

Corporate Plan 2018 - 2019

People first, pensions second.



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Headlines

In the past decade, the UK pension system has faced a seismic shift with the closure of defined benefit schemes, roll out of automatic enrolment and the introduction of pension freedoms. This unprecedented level of change has increased consumer need for guidance and advice services. Fundamentally, the UK pension system has shifted the responsibility of providing a retirement income from the State and employers to the individual. Today, people are required to make decisions about their pensions, which is not easy because of the history and legacy attached to pensions. The Department for Work & Pensions strategic objective is to ensure financial security for current and future pensioners. In order to achieve this objective, it is imperative for people to be able to access help that they trust in the form of quality pension guidance that is independent and impartial.

We pride ourselves in helping people make informed decisions about their pensions. This plan sets out how we will deliver our services in 2018-2019 and our key priorities.

Vision

Our vision is a future where people are empowered to make the most of their pensions.

The change in the pension landscape creates a growing need for pension guidance. Our corporate plan is focussed on developing our service to ensure that we have an operating model that is sufficiently **flexible** that it can be **scaled** to meet the increasing need for guidance on pensions so that people optimise their retirement saving to give them an adequate income in retirement.

Mission

Pension guidance becomes the social norm

The need for people to access help with their pension does not automatically translate into demand. Our plan looks at how we can increase people's **awareness** for the need for guidance and the availability of our service. Our mission is to make seeking pension guidance the social norm. This will be sustainable if the guidance is seen by customers as adding value and it is essential that the guidance we provide is more than information. For this to be the case, it must be delivered by specialists who can help the customer know what they have got by way of a pension and the questions that they should be asking of their pension provider.

Values

Here to help
Believe in pensions
Specialist
Independent/impartial
Pride in our work

We want to deliver high quality services that are respectful to the people that we help and the industry that funds our services. Delivering **value for money** remains a key objective.

Our plan seeks to help 215,000 customers using 85 full time equivalent staff supported by volunteers and a financial resource of £6.63m. The DWP will cover transition costs to the new Single Financial Guidance Body..

Introduction

Over our 35 year history, we have assisted millions of people who have needed help with their pension. People have benefited from free expert individual guidance delivered by pension specialists.

Ann Harris, Chair



This is expected to be our last corporate plan as the Pensions Advisory Service so it is appropriate to reflect on what we have achieved in our 35 year history.

We were founded on the vision to build a service that helped people with their pension so that no one had to make decisions about their pensions without the help and guidance they needed. A small band of pension industry people formed The Pensions Advisory Service (originally known as The Occupational Pensions Advisory Service) with volunteers and charitable donations totalling £10,000 in its first year. Over our 35 year history, we have assisted millions of people who have needed help with their pension. People have benefited from free expert personalised guidance delivered by pension specialists.

Our reputation has resulted in recommendations from the media, organisations, schemes, providers and customers to potential customers with no advertising. In 2017-2018, we helped 173,400 pension savers, which is a small reduction (4%) on the previous year but still a significant increase from 3 years ago. We put our success down to 3 key factors.

- **Specialists** - Specialist knowledge is essential to deliver personalised guidance in all areas and particularly in retirement savings where multiple product types, legacy issues and changing legislation create complexity. Many customers that contact us do not know what pensions they have and the questions that they should be asking. Our diagnosis of the issue is a key part of the service and the personalised guidance enables the customer to have confidence in taking the next steps.
- **Value for money** – Our heritage has given us a strong focus on money being spent on front line delivery. Our strong values based culture has enabled us to employ high quality individuals and with our low cost delivery model, we have shown how a quality service can be delivered economically.
- **Working with industry** - We were set up by the industry that identified the need for people to have help with their questions and pension related issues. The industry continues to support us as it sees that our work creates better informed customers who can make better decisions. The industry actively signposts customers to us.

In March 2018, we said goodbye to our highly effective Dispute Resolution Team who will be moving to the Pensions Ombudsman office. It is imperative that customers get the help that they need with their pension disputes and for them to find that help easily. We have been working with the Pensions Ombudsman to ensure that customers can quickly identify which organisation is best placed to help them when they believe that they have a complaint. This corporate plan focuses on continuing to deliver a high quality, cost effective service and to ensure a seamless transition of the service to the new single financial guidance body.

Ann Harris
Chair

Our services

The Pensions Advisory Service (TPAS) is here to help people with their pension questions and issues by:



giving expert information and guidance on pension matters

help individuals with the questions that they have on their pension



sharing our knowledge and insights to contribute to Government and industry thinking on pensions

delivering pre-booked telephone guidance appointments on retirement options (Pension Wise), divorce and scams



Our service offers independent and impartial guidance to individuals seeking help with their pensions. This is done by answering questions and providing information.

Channels

Phone			Webinars
Webchat			Website tools
Online enquiries			Outreach & shows
Written enquiries			Appointments
Seminars			Assisted support

We deliver our service through a wide range of traditional and digital channels. Our website provides a range of tools and factsheets across the range of pension topics. We use social media platforms to spread messages about pensions and to target key audiences. We speak at industry and consumer events and conferences and attend shows to raise awareness of our services.

We support employers and partner with organisations such as Money Advice Service, Age UK, Citizen's Advice and other third sector organisations that refer their customers to us



Our website covers all aspects of pensions in the UK

Our focus

Our plan has three components – increase awareness for the service, make it scalable and continue to offer value for money by delivering a quality service that adds value in a cost effective way.

Michelle Cracknell, Chief Executive



The changes in the pension landscape means that more people need pension guidance. Our strategy is based on the need to provide pension guidance to 400,000 people each year by 2022 compared to the 200,000 people, who we helped this year.

Our plan has three components.

1. **Awareness** – The need for the service will not automatically translate to demand. We will seek to work with Government and other partners to create nudges and interventions so that seeking guidance becomes the social norm.
2. **Scalability** – We will continue to evolve our operating model so that the service is sufficiently flexible that it can be scaled to meet any increase in demand. This will involve working more flexibly to ensure that we have access to a wide talent pool of pension specialists. We will also deploy more digital assistance to our customer service so that customers will be able to access the service at any time.
3. **Value for money** – The service will offer multi-channel access and ensure that the channels meet the customer needs and are value for money. We will have an operating model that enables us to deploy specialists cost effectively on the frontline, to determine what the customer needs by carefully analysing their issues.

Our guidance service aims to assist, guide and equip people to make informed decisions about their retirement savings. We receive feedback from our customers after speaking to us that they know what to do next and feel more confident about taking the next steps. We want to make people aware of our service and ensure that we have the capacity to help the customers that contact us. We aim to continually evolve our operating model so that it can deal with increase and volatility in demand.

People's knowledge of pensions is so low that often the presenting question is not the issue. A key part of our service is that our pension specialist knows the type of pension that the customer has and can diagnose the real issue. In order to help people understand what they have got or the questions that they should be asking, it is vital that the guidance is delivered by specialists. Talent needs to be accessed from as wide a pool as possible. Flexible working has the benefits of offering different hours and different locations for working and should also enable the resource to be better matched to the demand. We plan to offer flexible working for existing and new staff. Volunteers have delivered huge value in delivering our service and we have identified ways to continue using them.

Our aim is to implement the strategy outlined in this paper to ensure that our pension guidance remains customer focussed, delivers value for money and is sustainable. This strategy will put our service in good shape to be passed to the new single financial guidance body.

Michelle Cracknell
Chief Executive

Future for financial guidance

The Financial Guidance and Claims Act 2018 received Royal Assent in May 2018 and the new body is expected to be launched in late Autumn 2018.

The objectives of the single financial guidance body are:

- a) to improve the ability of members of the public to make informed financial decisions;
- b) to support the provision of information, guidance and advice in areas where it is lacking;
- c) to secure that information, guidance and advice is provided to members of the public in the clearest and most cost-effective way (including having regard to information provided by other organisations);
- d) to ensure that information and guidance is available to those most in need of it (and to allocate its resources accordingly), bearing in mind in particular the needs of people in vulnerable circumstances; and
- e) to work closely with the devolved authorities as regards the provision of information, guidance and advice to members of the public in Scotland, Wales and Northern Ireland.

The new body will have the following functions—

- a) the pensions guidance function to provide free and impartial information and guidance on matters relating to occupational and personal pensions;
- b) the debt advice function to provide, to members of the public in England, free and impartial information and advice on debt;
- c) the money guidance function to provide free and impartial information and guidance designed to enhance people's understanding and knowledge of financial matters and their ability to manage their own financial affairs;
- d) the consumer protection function is to notify the FCA where, in the exercise of its other functions, the single financial guidance body becomes aware of practices carried out by FCA-regulated persons, which it considers to be detrimental to consumers, and to consider the effect of unsolicited direct marketing on consumers of financial products and services, and, in particular from time to time publish an assessment of whether unsolicited direct marketing is, or may be, having a detrimental effect on consumers, and
- e) the strategic function is to develop and co-ordinate a national strategy to improve the financial capability of members of the public, the ability of members of the public to manage debt, and the provision of financial education to children and young people.

The new body also has the function of providing—

- advice and assistance to the Secretary of State on matters relating to the functions listed above and
- advice to the Secretary of State on the establishment of a debt respite scheme.

There is a lot to be done before the new body is formed. We have been and will continue to work with our colleagues at Money Advice Service, Pension Wise and DWP to ensure that we are ready for our service and staff to transfer to the new body.

Our priorities

Five years from now, 20% of the population will be retiring with defined contribution pensions only and those in their 50s will have the majority of their retirement income coming from DC pensions when they retire.

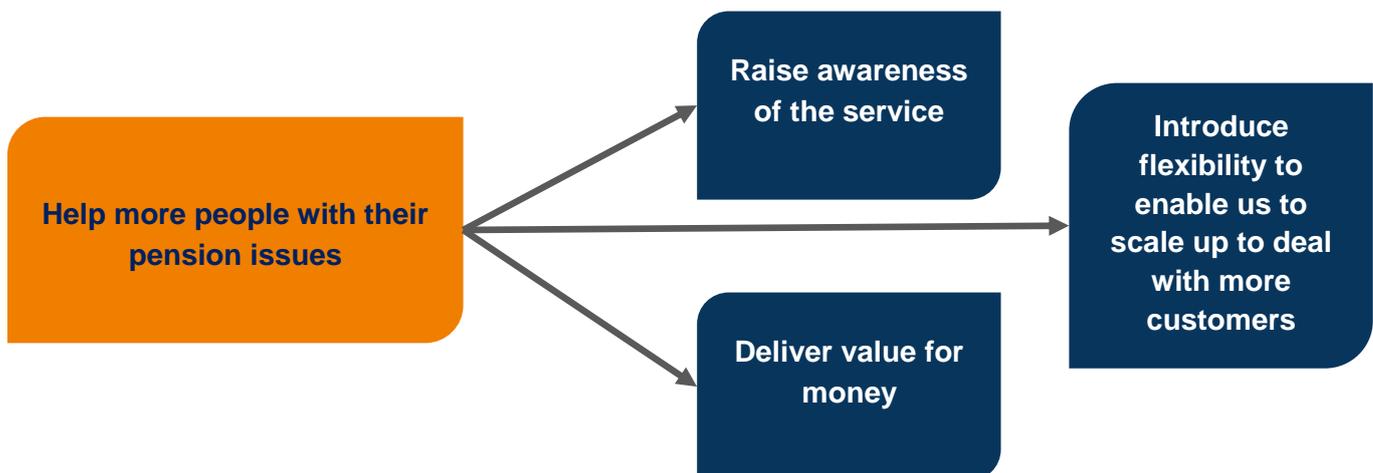
The changes in the pension landscape means that more people need pension guidance. Our strategy is based on the need to provide pension guidance for 400,000 people by 2022 compared to the 200,000 people who currently contact us.

Our estimated customer volumes (by number of contacts) over the next two years are:

2017-2018	2018-2019	2019-2020
Actual	Forecast	Forecast
186,500	210,000	230,000

We have 6 key priorities this year.

<p>Optimising calls</p>	<p>Building upon our user research, we will maximise our efficiency and effectiveness by segmenting our triage process and introducing more targeted interventions</p>	<p>Supporting interventions</p>	<p>We will look to work with others to deliver the concept of the “Mid-life MOT” and increasing the take up of guidance</p>
<p>Building partnerships</p>	<p>Our partnership arrangements and pilots have been a very effective way of increasing awareness of our service. We will actively seek to build more.</p>	<p>Digital assistance</p>	<p>We aim to complement our service by offering digital assistance which will enable our services to be more accessible to customers 24/7.</p>
<p>Flexible working</p>	<p>We will meet the needs of the business to deliver more specialist guidance services through increasing flexible working practices, enabling recruitment from a wider pool of pension specialists.</p>	<p>Automating quality assurance</p>	<p>Quality of the service is critical especially as we deal with large volumes. We will look at how we can automate our quality assurance.</p>



Our resources

Our income comes from a grant-in-aid from the DWP that is ultimately recouped through the General Levy on pension schemes plus an additional grant to deliver the telephony channel of Pension Wise. In addition to this financial resource, we benefit from the resource that we receive in time provided by our volunteers.

We apply the following principles when calculating our resource requirements.

- Remuneration for our front line staff delivering our customer services will consume the majority of our budget.
- We will continue to use volunteers to support our customer services, our technical work and administration tasks.
- We provide value for money by having a cost to serve each customer of between £30-£35.
- 85% of our budget will be on service delivery.

To calculate the grant that we require, we:

1. use our productivity rates in each channel to calculate the resource required to deliver the service;
2. allow for the volatility in demand throughout the year that we experience; and
3. cross check our resource requirement with our unit cost of serving each customer.

This year, we have also included to cost of closure

The amount of staff and financial resource that we require to deliver our services is shown in the table below.

Financial resource		Staff	
2017-2018 actual	2018-2019 budget	2017-2018 budget	2018-2019 budget
£5.901 million	£6.630 million	97	85

NOTES: The financial resource and staff requirement excludes the resourcing of the dispute resolution service, where the function and staff has been transferred to the Pensions Ombudsman on 1st April 2018. It also excludes the cost of transition to the single financial guidance body, which will be covered by the DWP.

Our people

Throughout our history, our service has been delivered by pension specialists. This is critical for pensions guidance where the customers level of knowledge is so low. Our operating model has enabled the service to be of the highest quality but at a fraction of the cost that a like for like commercial model could offer. This plan will enable us to source pensions specialists from a wider pool by offering more flexible working patterns to suit our staff and also the fluctuating demands for our service. We provide technical and skills based training for our staff and support professional qualifications.

We were formed and built by dedicated pension professionals who volunteered their time and expertise to build the service. As well as added resource, volunteers bring other benefits to us such as contacts with the industry and specialist knowledge. Whilst the majority of our existing volunteers have transferred to the Pensions Ombudsman with the transfer of the dispute resolution service, we intend to retain the number of volunteers that help with the delivery of the guidance and providing the technical support.

Our performance standards

We aim to continue to perform well in the following categories

- **quantity** of customers who have accessed the service,
- **quality** of the service that they have received
- **service level** that was delivered in responding to their query and
- **costs** that represent good value.

We use the following indicators to measure our performance.

Category	Performance indicator	Narrative
Quality	Customer satisfaction	Using the exit surveys
Service level	Abandonment rate	Delay in answering telephone/web chat was longer than customers were prepared to wait.
Quantity	Number of customers that we respond to	Measure of efficiency/productivity
Quantity	Number of customers who contacted us	Measure of success in raising awareness
Costs	Cost per customer	Measure of efficiency/productivity
Service level	Average number of days for full response	For online enquiries

We aim to improve our performance each year through the effective and efficient management of the resource that we receive. The performance from previous years is shown in the table below.

Standards	2016-2017 achieved	2017-2018 achieved	2018-2019 aims
Customer satisfaction	98%	98%	98%
Abandonment rate	15%	7%	5%
Number of customers helped and contacted us	180,499	173,442	204,000
	205,423	186,505	215,000
Cost per customer helped including website users	£31	£36	£32
	£1.59	£1.87	£1.60
Average number of days for full response	5 days: 53% 9 days: 82%	5 days: 50% 9 days: 73%	5 days: 60% 9 days: 90%

Cost per customer excludes transition costs including in budget.

We are here to help

We know pensions

We are independent and impartial

We are proud of what we do