

Performance against service standards

April 2016 – March 2017

September 2017

The Pensions
Regulator

This report sets out how we have met our standards over the period April 2016 to March 2017. These standards are set out in our Annual Report and yearly Perceptions Tracker.

How we communicate and how we can be contacted

This year we continued to produce targeted materials and tools for our different audiences in accessible formats to help them learn about, and comply with, their obligations. For example, in automatic enrolment (AE), the online Duties Checker continues to give small businesses confidence on how to go about complying with their duties.

The information obtained from employers via the Duties Checker enables us to generate more targeted letters and emails reminding them about their duties. This year over 3 million campaign letters were sent out, twice that of the last year, and around 343,000 phone calls, emails and letters were answered at our Birmingham contact centre. In addition to automatic enrolment related communication, around 56,100 phone calls, emails and letters were answered at our Brighton contact centre regarding scheme-based regulation.

Continuing our proactive campaign work, in relation to pension scams, we worked with our Bloom partners on Scams Awareness Month in July 2016, and in March 2017 launched a refreshed 'scorpion' scams campaign, with online scam-spotting tools, a five step guide, and videos alerting them to typical scammer tactics.

Following upgrades in our infrastructure and technology, we have seen increased engagement online and via social media, with almost 7,700 engagements on Facebook, 7,400 via LinkedIn, a 26% increase in our Twitter followers and 40 new videos currently posted on our YouTube channel. Investment in access to our revised Trustee toolkit is also paying off with module passes reaching around 16,400 this year.

We have continued to proactively communicate through webinars and stakeholder events. For example, during the year we undertook 350 speaking events, and 266 automatic enrolment specific meetings and speaking events. This is in addition to surveys supporting our communications and policy development in a range of areas including governance and trusteeship, record-keeping and automatic enrolment, and we continued to produce new and updated content for our web publications.

Our approach to providing information and guidance

Our aim is to provide tailored materials for our regulated community that will support them in understanding and carrying out their duties. We achieve this in a variety of ways, including the publication of information and guidance on our website, the provision of elearning opportunities and updates by email.

This year we have produced new or updated content in respect of 223 publications on our website, generating more than 380,000 downloads. The effectiveness of these publications was revealed in a recent survey in which users of our website were asked to rate the information provided based on various attributes. 85% rated the information as being clear and 80% rated it as being pitched at the right level for the intended audience.

The survey also asked respondents to rate the usefulness of the information they obtained from us via email, e-learning and the website. The majority of those who accessed information from us found it useful, with around nine in ten agreeing that our emails (85%), elearning (91%) and website (93%) were fairly or very useful for getting information about pensions. This is reflected by around 2.8 million people making almost 5.5 million visits to our website, and around 16,400 Trustee toolkit module passes this year.

We continued to monitor the effectiveness of our pension scams campaign amongst lay trustees, in-house administrators, pension scheme managers and third party administrators, with similar proportions being aware of TPR information via leaflets and emails and over a third reporting they had seen action pack.

As in previous years, we engaged with defined benefit schemes throughout the year, and in December, we published a quick guide to integrated risk management for smaller schemes, making good our commitment to supporting trustees of all scheme sizes.

Turning to defined contribution (DC) scheme regulation, as part of our 21st century trustee initiative, we consulted on what good looks like in trusteeship and governance and in December 2016 set out how we intend to take this initiative forward.

Our approach to checks on compliance, including details of our risk assessment framework

Our regulatory approach is to 'educate, enable and enforce' where appropriate. We have undertaken a wide variety of activities over the past year, with the intention of educating through a range of communication channels. We have produced tools to enable our regulated community to meet their duties, and used enforcement action where we have encountered willful or persistent non-compliance.

This has led to a number of high profile and complex cases being resolved, including BHS, leading to our legislative and regulatory framework for defined benefit (DB) schemes attracting a significant amount of attention. Aside from a number of high profile cases, in May we published our annual funding statement, setting out our analysis of market conditions. This demonstrated that the majority of DB schemes should be able to maintain their existing recovery plans.

We also continued to increase our focus on proactive casework. We have found that targeted early intervention is more effective in supporting compliance and furthering good member outcomes. Being proactive helps us to understand the risks to compliance and good member outcomes in a particular area or within a segment of the market and to target our actions appropriately. The AE compliance and enforcement team continued to issue their quarterly bulletin. This is designed to help employers, their advisers and the pensions industry as a whole, understand the type of compliance and enforcement interventions that follow our educative and enabling communications and support.

In defined contribution scheme regulation, 2016 saw our new code of practice come into force, setting out the standards that trustees need to meet to comply with the law. Furthermore, the Pensions Scheme Act 2017 gave us new powers to authorize and supervise master trusts and during the year we added a number of master trusts to our list of those that had achieved independent assurance. Following the introduction of our new master trust powers, we continued to liaise with industry on our proposed approaches.

Our engagement with public service pension boards and managers has resulted in 100% of public service schemes now being registered with us, as required by law. We also issued and collected the first scheme returns for public service schemes, and have started to gather more information about record-keeping through those returns. This will help us target our interventions more precisely on those failing in their duties, and ensure compliance with the commission ban.

Our approach to enforcement and non-compliance

Our priority is, as always, education and enablement but our activities throughout the year demonstrated that we are willing and able to enforce where necessary.

This year we have been quicker and bolder in the use of our powers with an increased focus on basic duties where non-compliance can be an indicator of broader governance issues. We have strengthened our enforcement activities, increasing both the headcount in our frontline teams and exercising our trustee appointment powers 536 times. In addition to this we issued our first fines for failure to complete an annual governance statement, as well as publishing our first regulatory intervention report concerning a public service scheme.

We also pursued a number of DB avoidance cases, the highest profile being BHS, where in February, we announced a £363 million settlement, our largest to date. A further case involving a large cash injection was that of the Coats Group, where we negotiated a £255 million settlement, helping to safeguard the benefits of 24,000 members. The overall value of recoveries into DB schemes which stem from the intended use of our DB power has now reached over £1 billion since 2005.

On the AE side, around 480,000 employers reached their staging date this year so it is not surprising that we have exercised our powers on more occasions than in previous years. In total, the AE team exercised their powers 49,475 times over the year. Despite this, overall compliance is better than predicted and opt-out rates remain low.

Certain powers are only exercisable by our Determinations Panel. This ensures that we undertake such regulatory action in a transparent way, allowing those affected to understand the reasons for it and the evidence upon which it is based. This year has seen a significant increase in case volumes and the Panel made 41 determinations and exercised 42 powers, including three prohibitions of trustees, 33 fines for non-compliance with scheme return and two skilled person reports.

We continue to publish formal reports of our regulatory decisions, during this period we published 13 in total. Our ability to publish information about our activities plays an important part in enabling us to deliver on our commitment to transparency.

Our fees and charges

All activity relating to the regulation of new and existing DB and DC schemes is funded by grant-in-aid payments from the Department for Work and Pensions (DWP). This is recovered through the general levy which is charged on UK pension schemes. Our AE activity is tax payer funded through a separate grant-in-aid stream from the DWP.

Over this year our total expenditure was £74.8 million. Of this, £36.7 million was funded by the general levy and £38.1 million by the tax payer.

Complaints and appeals

We now have a separate channel for complaints relating to AE, through which we received 125 new AE related complaints. In addition to this we received 28 non-AE related complaints, all of which were dealt with via our formal two-stage complaints process. This represents a small proportion of those in contact with us, particularly in the context of the regular contact with our stakeholders who have AE duties.

31% of AE-related complaints at stage 1 were not upheld, 64% were upheld in whole or part, and 5% of complaints were withdrawn. For non-AE related complaints, 46% of complaints at stage 1 were not upheld, 46% were upheld in whole or part, and 7% did not fall within our complaints procedure but required a formal response.

We received two requests for review of the complaint at stage 2 and no complaints were investigated by the Parliamentary Ombudsman in this period.

As at 31 March 2017, six complaints remained in progress.

Performance against service standards

© The Pensions Regulator September 2017

You can reproduce the text in this publication as long as you quote The Pensions Regulator's name and title of the publication. Please contact us if you have any questions about this publication. This document aims to be fully compliant with WCAG 2.0 accessibility standards and we can produce it in Braille, large print or in audio format. We can also produce it in other languages.

**The Pensions
Regulator**