Pensions Ombudsman
Pension Protection Fund Ombudsman

Annual Report and Accounts 2022/23

HC 260

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Annual Report and Accounts 2022/23

For the period 1 April 2022 to 31 March 2023

The Pensions Ombudsman's Annual Report and Accounts are prepared and presented to Parliament pursuant to section 145 (6)–(9) of the Pension Schemes Act 1993. The Pension Protection Fund Ombudsman's Annual Report and Accounts are prepared and presented to Parliament pursuant to sections 212 and 212A of the Pensions Act 2004.

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About us
The Pensions Ombudsman combines in one organisation the Pensions Ombudsman and the Pension Protection Fund Ombudsman. Our primary function is handling pension complaints. We act impartially and our service is free at the point of delivery.

Pensions Ombudsman
The Pensions Ombudsman investigates and determines complaints and disputes concerning occupational and personal pension schemes. Our governing primary legislation is Part X of both the Pension Schemes Act 1993 and Pension Schemes (Northern Ireland) Act 1993.

We operate an Early Resolution Service and a formal Adjudication Service.

Wherever possible we resolve complaints informally at an early stage, frequently before the issues have been formally considered by the parties. At adjudication stage we investigate and determine complaints that were not resolved by the parties or by us at early resolution stage.

Our Determinations are final, binding and enforceable in court.

Pension Protection Fund Ombudsman

The Pension Protection Fund Ombudsman determines complaints and reviewable matters concerning the Pension Protection Fund; and also appeals against it in respect of its decisions as manager of the Financial Assistance Scheme. Our governing primary legislation is sections 209 to 218 of the Pensions Act 2004 and sections 191 to 197 of the Pensions (Northern Ireland) Order 2005. Our Determinations are final, binding and enforceable in court.

Status and funding

We are a non-departmental public body and are funded by the Department for Work and Pensions (DWP). The grant-in-aid that funds us is recovered from the general levy on pension schemes that is administered by The Pensions Regulator.

In 2022/23 the organisation received £10,627,000 grant-in-aid, incurred net expenditure of £10,823,000 and had net assets at 31 March 2023 of £796,000. Full details are in the accounts.

Our principal place of business is 10 South Colonnade, Canary Wharf, London E14 4PU.

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

Our aims
Get the right outcome every time and in good time – by being proportionate, efficient and consistent.

Make it easier to resolve complaints about pensions – by ensuring more people know where to go for help and by working closely with our stakeholders and partners.

Provide a trusted, accessible service – by listening, delivering on promises and being honest about what we can and cannot do.

Deliver value for money – by making a difference to how pension schemes are run and by continually reviewing and improving the way we work.

Ensure everyone who works here is supported to succeed – by being a good employer and helping people develop their potential.

Our values

We are: Fair – we look at the facts, without taking sides and we are always impartial. We take our responsibilities seriously.

Collaborative – we share what we know so everyone can do a better job. We seek out opportunities to work with others and then take action to make it happen.

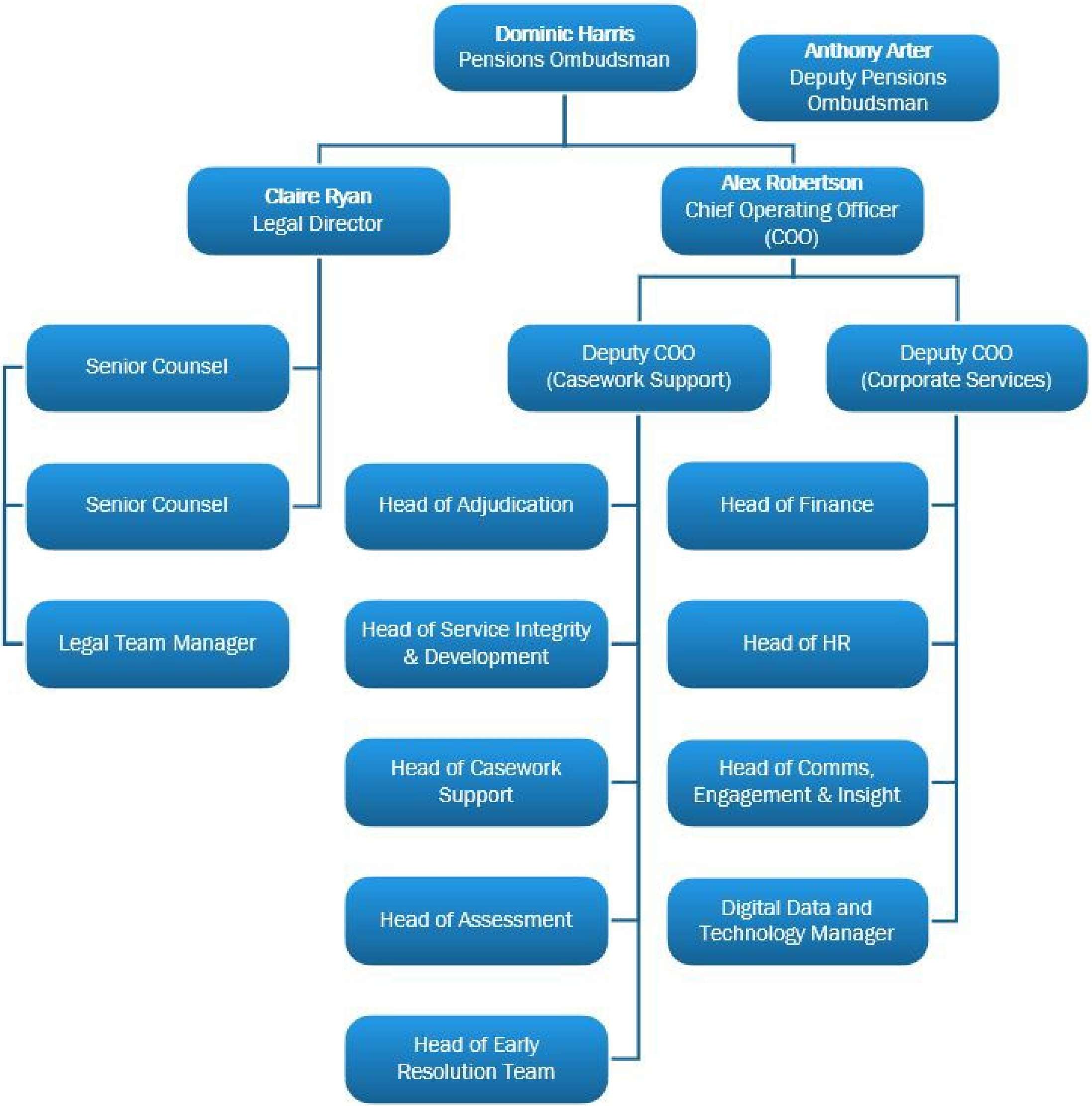
Open – we are approachable and make it easy for people to get the help they need. We are honest and transparent about how and why we make our decisions.

We: Show respect – we are considerate and take people's needs into account. We believe in treating people with dignity and we welcome different points of view.

Build trust – we take pride in our work and do our best to get it right. We always do what we say we will.

And we: Keep learning – we are open to change and want to find better ways of doing things. We stay positive, take charge of our own development and support people trying something new.

How we are structured (as at 31/03/23)



Glossary

ARC – Audit and Risk Committee
CETV – cash equivalent transfer value
CMS – case management system
DWP – Department for Work and Pensions
EDI – Equality, Diversity and Inclusion
ERS – Early Resolution Service
FAS – Financial Assistance Scheme
FCA – Financial Conduct Authority
FCF – Fraud Compensation Fund
GGC – Government Greening Commitment
GIAA – Government Internal Audit Agency
GPA – Government Property Agency
IDRP – internal dispute resolution procedure
ICO –- Information Commissioner's Office
IFA – independent financial adviser
NEDs – Non-Executive Directors
PCS – Public and Commercial Services Union
PDU – Pensions Dishonesty Unit
PPFO – Pension Protection Fund Ombudsman
SIPPS – Self-Invested Personal Pension
SSAS – Small Self-Administered Scheme
TPO – The Pensions Ombudsman
TPR – The Pensions Regulator

Performance report: Overview

The overview section provides a statement from the Pensions Ombudsman and Chair on the performance of the organisation in 2022/23. It sets out our purpose and role, performance against key performance indicators and a summary of finances.

Ombudsman’s introduction

It was with great sadness that we announced the death of our Chair, Caroline Rookes, on 16 October. Caroline was an important figure in our industry and used her impressive experience and commitment to public service to improve The Pensions Ombudsman (TPO) for the potential benefit of millions of pension scheme members. Caroline wrote her foreword for the Annual Report prior to her death and, as it covers the period April 2022 to March 2023, we have included her words on page 21. She will be missed by us all.

This is my first Annual Report and Accounts as Pensions Ombudsman, Pension Protection Fund Ombudsman and Accounting Officer for TPO, and I am pleased to be able to share with you the achievements of the past year along with some of the challenges we faced (and continue to face).

Firstly, I would firstly like to thank Anthony Arter CBE, the outgoing Pensions Ombudsman. Clearly, as I only took up my post in January 2023, many of the successes reported here are as a direct result of his work and the changes he put in place during his tenure. I am also incredibly grateful to the staff and volunteers who have not only been hugely supportive during my induction but have also worked hard to make sure we have continued to improve the service we offer to our customers.

It has been a challenging year, with demand for our service continuing to rise at a much higher rate than anticipated. At the beginning of the year, we forecast that demand would grow by 12%. However, 2022/23 in fact saw an increase of 17%, which amounts to an additional 1,064 complaints being received. This, of course, puts extra pressure on our customer waiting times.

Thanks to additional one-off funding of £1.7 million, we started 2022/23 with a new temporary team, the Casework Support Team. This was created to help reduce customer waiting times by trialling innovative new ways of working by identifying ‘packages’ of work from across the business and dealing with them in the separate team, which allowed those cases to be closed earlier in our process.

An incredible amount of work was needed to recruit and onboard a new team from scratch, but this was completed remarkably quickly. Overall, the team closed 891 cases in 2022/23 and its success has meant that its new way of working has now been embedded in our business-as-usual (BAU) work.

In 2022/23, we also received additional BAU funding to increase capacity across casework teams to help deal with the increasing number of complaints received, helping to reduce customer waiting times further. The additional resource helped us close 7,784 complaints overall representing a 49% increase compared to 5,221 complaints in 2021/22 – an excellent outcome. If the number of complaints the new temporary team closed are ignored, this still represents a 32% increase on closures achieved with BAU resources.

Great progress has been made during 2022/23 to increase our efficiency through further improvements to our operating model. This has been particularly effective in the processing of applications at the earliest stages of our customer journey. In 2022/23, we closed 5,436 pension complaints during our assessment stages, compared to 3,118 in 2021/22.

Despite these efficiencies, customer waiting times are still too long, as reflected in our customer survey results (see page 89). Reducing waiting times will remain a key focus for us over the year with the additional funding agreed for 2023/24 being allocated to recruit further additional resource and retain existing staff who joined our temporary team on fixed term contracts. We anticipate that the additional resource and new ways of working will help us to make real progress. However, continuing increases, over and above the volume forecasted, means that reducing waiting times will remain a real challenge for TPO.

Our Pensions Dishonesty Unit (PDU) continues to go from strength to strength with the first Determinations being published during 2022/23. All our Determinations are published on our website - www.pensions-ombudsman.org.uk/decisions and you can also read the accompanying news articles for the Determinations issued in respect of BWFS Occupational Pension Scheme - http://www.pensions-ombudsman.org.uk/news-item/bwfs-occupational-pension-scheme-determination and Optimum Retirement Benefit Plan - www.pensions-ombudsman.org.uk/news-item/optimum-retirement-benefit-plan-determination. The cases that the PDU deal with are complex, high value and necessitate holding oral hearings which can make the process time-consuming, but we are really starting to see the results of all the hard work. To date we have issued Determinations directing the return of approximately £15 million to the schemes involved, and I am delighted that we have secured funding for the PDU for a further two years (see page 91).

One of the benefits of the PDU's work has been the opportunity to forge even closer links with key strategic partners such as The Pensions Regulator (TPR) and the Fraud Compensation Fund (FCF). This coordinated approach allows us to identify which body is best placed to undertake the investigation on different schemes and I envisage TPO, TPR and FCF will implement agreed touchpoints in respect of relevant cases to facilitate onward referrals by a member or an independent trustee where appropriate.

This collaborative approach is central to the work of our Stakeholder Engagement Team which has continued to forge new links and strengthen existing ones as part of TPO's commitment to improve dispute resolution and general standards of governance across the sector. Highlights of the year include the 'How to avoid the Ombudsman' webinar; co-hosting an MPs event with other pensions arm-length bodies and delivering a targeted ill health session to the Scottish Public Pensions Agency. For the first year we developed and implemented a Communications and Engagement Plan to ensure we are focused on what matters most to our stakeholders. We have built on this initiative further and carried out a restructure to bring the Communications and Stakeholder teams together – I am looking forward to seeing what we can achieve over the year.

I remain in awe of the volunteer network at TPO – I believe we are the only 'Ombuds' service to have such an amazing and vital resource. In 2022/23 they helped our Early Resolution Service to resolve 1,390 complaints and I am very grateful to them for their generosity in sharing their time and expertise. I am also delighted to see that out of those who responded to our Volunteer Survey earlier this year, 99% said they would recommend volunteering to other pension professionals (see page 105). We are always looking for new recruits, so if this is something you may be interested in please visit our website - www.pensions-ombudsman.org.uk.

Our staff and volunteers are our most valuable asset and one of our priorities is to continue to make TPO a great place to work and volunteer. One way we assess how we're doing is through our annual staff survey, which I am pleased to say showed an overall engagement score of 70%, well above the civil service average. I am looking forward to developing this year's themes, especially further boosting our Learning & Development offering.

And finally, I would like to end as I started by saying thank you to the excellent team I have here at TPO. The achievements of the past year are thanks to their hard work, commitment and focus on providing a quality service to our customers.

Dominic Harris
Pensions Ombudsman
Pension Protection Fund Ombudsman
8 December 2023

Whilst finalising this Annual Report, we suffered a cyber incident. Some of our systems were temporarily disabled to contain the incident and enable us to secure our systems. We continue to work closely with cyber security experts and DWP to fully understand the impact of the incident. We are also liaising directly with the ICO and, as data controllers, any individuals impacted have been notified in line with our legal obligations under UK GDPR.

Chair’s foreword

(Sadly, Caroline died on 16 October. She wrote the following foreword prior to her death).

It has been another remarkable year for TPO, and I would like to start by thanking our staff and volunteers for their incredibly hard work. Despite demand increasing by 17% (5% more than anticipated), TPO has managed to significantly increase the number of cases closed by 49% - this is an impressive achievement and one that we are rightly proud of.

It also demonstrates how efficiencies can continue to be made through trialling innovative ways of working and closely monitoring their impact. An excellent example of this is the temporary Casework Support Team which was set up with the one-off additional funding in 2022/23. Its approach of identifying ‘packages’ of work from across the organisation has meant we can respond to those customers much quicker, and this process has now been established as business-as-usual.

Although we are starting to see customer waiting times going down, they are still too long and reducing these waiting times remains a key priority for us. The increased budget for 2023/24 will help us work towards reducing waiting times further but it will remain a significant challenge if we do not have the necessary resource to meet rising demand.

I am delighted that Anthony has been able to stay with TPO as Deputy Pensions Ombudsman. The increased output and the efficiencies that TPO has introduced are thanks to the transformation that Anthony implemented during his tenure – we all owe him a debt of gratitude for his unfailing commitment to pushing the organisation on to bigger and better things. As Deputy Pensions Ombudsman, Anthony can ensure continuity with some ongoing cases as well as deal with any potential conflicts of interest that may arise in relation to the new Pensions Ombudsman.

Finally, I would like to welcome Dominic, our new Pensions Ombudsman, who has made an excellent start. In the few months that he has been with us, he has familiarised himself with our work, processes and governance and, as a Board, we are very much looking forward to working with him over the coming years to build on TPO's record of achievement. There will be challenges ahead but TPO is in a strong position to be able to respond positively and face them head on.

Caroline Rookes

Chair

The year in summary

Key facts and figures

Pensions Ombudsman

We received **9,841** contacts by phone, LiveChat, email and post from people who thought we might be able to help them	
We generated **8,592** new general enquiries	We resolved **8,619** general enquiries (71 were carried forward from 2021/22)
We received **7,280** new pension complaints	We closed **7,784** overall pension complaints

Out of the above…

We closed **5,438** pension complaints at the application and assessment stages	We resolved **1,572** pension complaints informally through our Early Resolution Service
We resolved **774** pension complaints through our Adjudication Service	Of our overall closed pension complaints, we closed **245** pension complaints that were abandoned at different stages in the process for various reasons
Of our overall closed pension complaints, we closed **326** through formal Determinations by the Pensions Ombudsman and Deputy Pensions Ombudsman* – this represents **4.2%**	Around **51.2%** of Determinations by the Pensions Ombudsman were upheld, at least in part

The terms ‘contacts’, ‘general enquiries’ and ‘pension complaints’ are explained in more detail on page 32.

*Since January 2023, Anthony Arter has been the Deputy Pensions Ombudsman. See page 132 for more information.

Key performance indicators

Pensions Ombudsman

What we said we would do	What we did
General enquiries duration • 90% resolved within four weeks (28 calendar days)	• 99.0% were resolved within four weeks (28 calendar days) *(see page 34)*
Pension complaints duration • 35% closed within three months • 45% closed within six months • 55% closed within twelve months	• 49.6% were closed within three months • 55.2% were closed within six months • 69.0% were closed within twelve months *(see page 48)*

Average number of total pension complaint closures per month • 575 closures per month	 • on average we closed 648 complaints per month *(see page 46)*
Internal quality assurance standards • Maintain scores from the Quality Assurance Framework at 85%	 • Our overall average quality score was 88% *(see page 98)*
Customer survey • Providing you with a good service: 60% • Providing clear information: 70% • Providing clear decision making: 65%	 • Providing you with a good service: 45% • Providing clear information: 65% • Providing clear decision making: 55% *(see page 89)*
Staff engagement • Annual staff survey engagement score – at or higher than the	• 70% *(see page 102)*

2022 Civil Service engagement score (65%) • Annualised staff sickness rate (all types) – at or below the Civil Service rate	• 4.68 days lost per employee which equates to 1.86% of total work time compared with 7.9 days for the Civil Service. *(see page 155)*

Pension Protection Fund Ombudsman

The overall number of new PPF cases was similar to last year: 13 (2021/22: 12). (see page 73). Ten matters were investigated and closed in 2022/23.

Finances

In 2022/23 the organisation received £10,627,000 grant-in-aid and incurred net expenditure of £10,823,000. The variance of £196,000 between grant-in-aid and net expenditure relates to an increase in depreciation and amortisation and redundancy payments made at the end of the year. The increase in expenditure from £8,223,000 in 2021/22 is partly as a result of receiving additional funding of £1,500,000 to manage a continuing increase in demand and to work on reducing waiting times for complainants. The additional funding was applied mainly to staffing costs although there was also an increase in non-staff costs compared to 2021/22. Both the grant-in-aid and total expenditure include the Pensions Dishonesty Unit. The Statement of financial position shows net assets of £796,000.

Going concern

The funding estimate for 2023/24 for TPO has been approved by DWP as part of the three-year spending review settlement (2022/23-2024/25).

We are satisfied that there are no proposals that give rise to a material uncertainty around the going-concern status of TPO in the forthcoming and future periods and we will continue our operations and meet our liabilities as they fall due.

The accounts are prepared on a going-concern basis.

The following sections cover the work we did in 2022/23, including our work as the PPF Ombudsman. There has been no material impact on our work as a result of the EU exit. Please refer to the accounts at the end of this report for further information about our finances.

Performance report: Analysis

The analysis section provides information about TPO's performance during 2022/23. It includes a detailed analysis of casework statistics, some examples of completed investigations and performance against our strategic goals.

Our customer journey

During 2022/23, we invested additional funding in our casework operations and continued to introduce efficiencies into our processes to make our service as effective as possible.

In addition to introducing a new online application process, we enhanced our application assessment process and streamlined transfer processes between our teams. This included the small number of pension complaints that remain unresolved after using our informal Early Resolution Service (ERS) and subsequently move to our Adjudication teams.

As well as these new efficiencies in our operating model, the additional BAU funding was invested in more staff to increase capacity across our Assessment, ERS and Adjudication teams.

The one-off allocation of funding we received for 2022/23 was to provide additional resources to help deal with the increasing number of pension complaints currently awaiting investigation. We created a temporary Casework Support Team that tested new ways of working by identifying and dealing with work packages of pension complaints drawn from across our complaint process. The staff for this team were recruited and trained within the first three months of 2022/23 and have made a significant contribution to our overall pension complaint closures.

Following its success, we aim to replicate this approach elsewhere in our complaint process in 2023/24.

Our customer journey is categorised as follows:

- **Contacts**. These are the initial contacts made to us from people who think we might be able to help them, which may be by phone, LiveChat, email or post. We will attempt to deal with the issue in a single interaction, either by signposting them to another organisation or giving them the information they need to resolve the issue themselves.

- **General enquiries**. These are enquiries from people who think we might be able to help them, but that may take longer to resolve than a single interaction. They will be investigated by our Enquiries Team who will aim to provide a response, usually within days or at most a few weeks. One of the possible outcomes of a general enquiry is that the matter should be raised with us as a pension complaint.

- **Pension complaints**. These are completed applications we receive which can then be progressed through our informal ERS and/or our formal Adjudication Service. Ultimately, the matter may be resolved through a Determination issued by the Pensions Ombudsman.

Our workload – contacts

Our Enquiries Team handles contacts by phone, LiveChat, email and post.

In dealing with these contacts, our aim is to:

- Engage – we build trust with the customer and ask direct questions to discover what the problem is. This ‘engagement’ sets the tone for the remainder of the customer’s journey through the complaint process and paves the way for what might happen next.
- Educate – we explain the options available to the customer including, but certainly not limited to, the service provided by us. If TPO might be able to help, we will explain what happens next and what steps need to be taken.
- Resolve – where we can provide an immediate solution, we will do so through talking to the customer.

In 2022/23, our Enquiries Team handled 9,841 overall contacts which break down as:

- 4,892 telephone calls
- 824 online chats (LiveChat)
- 3,852 emails
- 273 postal items.

The total number of contacts we handled in 2022/23 has continued to decrease due to the impact of our new website.

We continued to operate our phone lines from 10.00am-2.00pm Monday to Friday which allows us to have more operators available to provide a more effective and balanced service to respond to all forms of contact we receive.

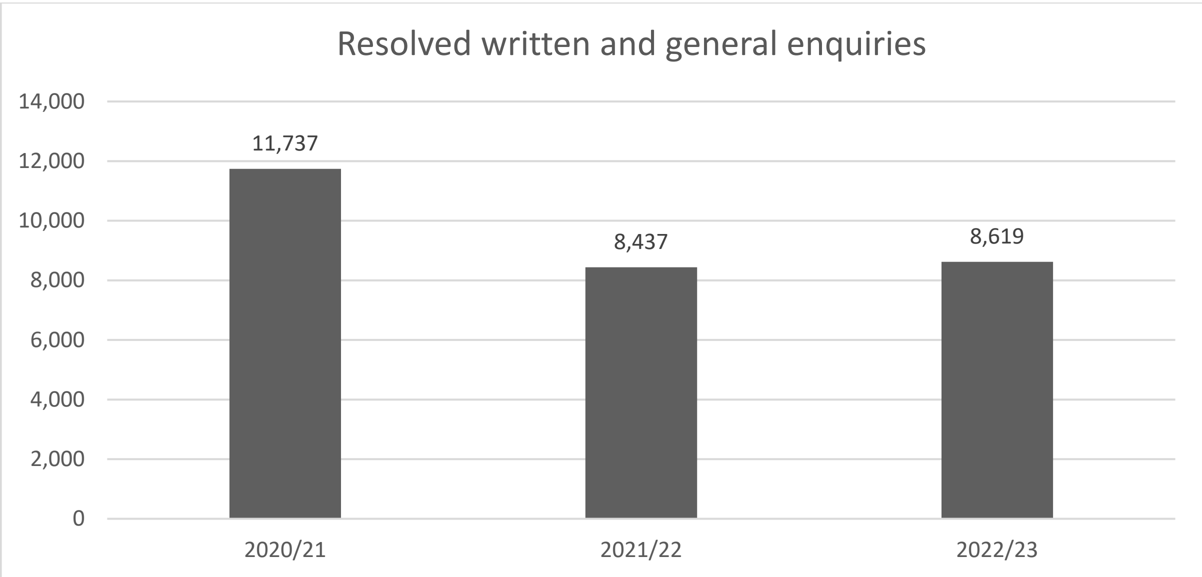
Our workload – general enquiries

From our overall contacts, a number will progress to be general enquiries where the matter cannot be dealt with in a single interaction and more involved work is required.

As with contacts, our aim with general enquiries is still to engage, educate and resolve the issue, but this may take longer. Our aim for 2022/23 was to resolve general enquiries within 28 working days, which we achieved for 99% of general enquiries.

In 2022/23, the contacts we received generated 8,592 new general enquiries, plus we carried over 71 that were still open at the end of 2021/22. We resolved 8,619 general enquiries in 2022/23, meaning that we had 44 active general enquiries in hand at the end of the year.

The number of general enquiries we generate is proportional to the number of contacts we receive, therefore the level of general enquiries we processed was also broadly similar to 2021/22.

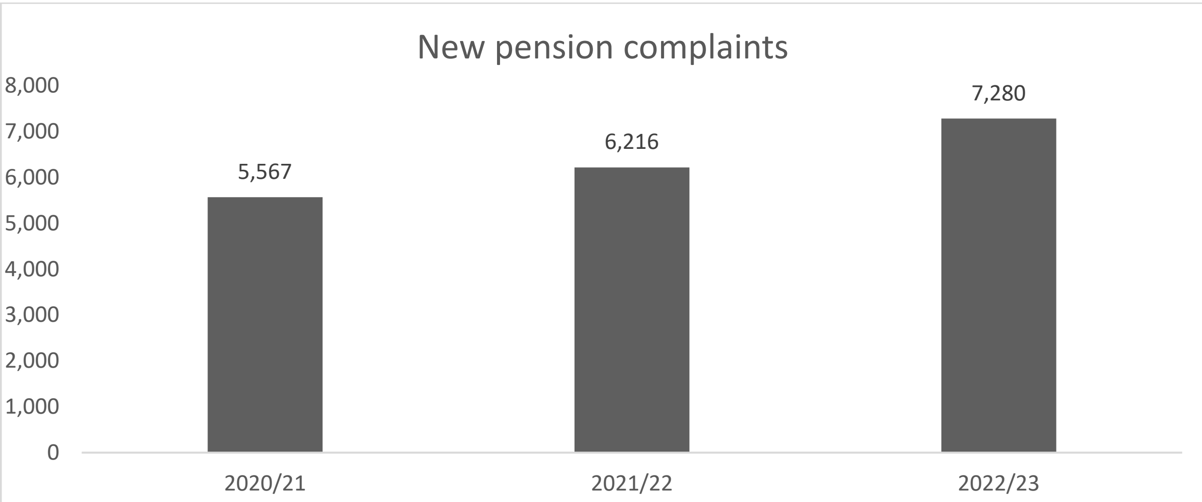


Our workload – pension complaints

New pension complaints

If an issue remains unresolved as a general enquiry, the customer may be asked to raise the matter with us as a pension complaint. Equally, customers may raise a pension complaint with us directly. When we receive a pension complaint, it is raised as a new pension complaint on our case management system (CMS) to be assessed by our Assessment teams.

In 2022/23, we received 7,280 new pension complaints. The chart below shows new pension complaints over the last three years.



In 2021/22 we saw a 11.7% increase in new demand over 2020/21. Based on this and considering wider trends and issues across the pensions landscape, we expected a further 12% increase in demand in 2022/23.

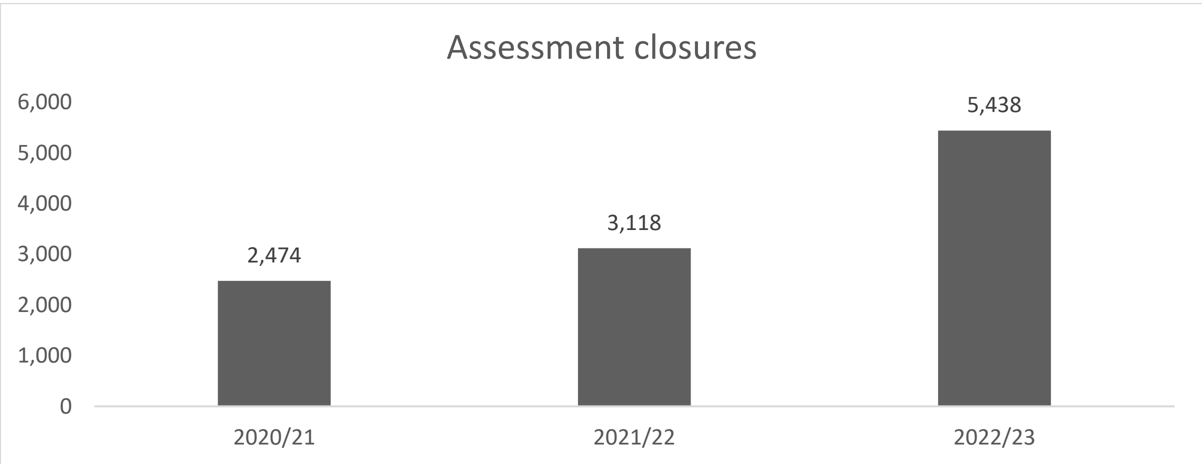
However, the new demand in 2022/23 actually represents a 17.1% increase on 2021/22. While we already expect the upward trend to continue over the next three years, as the growing number of people joining pension schemes become increasingly aware of pension issues, the size of the increase in 2022/23 may present us with more significant challenges over the years ahead than we had expected.

Assessment of pension complaints

The first stage in our process is to assess the validity of the application and to decide whether early resolution or formal adjudication is the best route for valid pension complaints. If the application is invalid or lacking the information required to proceed with the complaint, it will be closed. Some of these pension complaints may re-open in the future.

In 2022/23, we closed 5,438 pension complaints during our assessment stages, compared to 3,118 in 2021/22. This was mostly due to changes made to improve the effective processing of applications at the earliest stages in our process.

In addition, we transferred 655 pension complaints from the assessment stages of our process to be closed by the temporary Casework Support Team.



Of the 5,438 closures, around:

- 61% were due to the application being invalid
- 14% were due to a formal decision that the pension complaint is outside our jurisdiction for our formal powers to be used
- 12% were due to no consent being received from the complainant for the matter to be resolved informally by our Early Resolution Service
- 7% were due to insufficient information to progress the pension complaint
- 6% were due to early engagement with the applicant where a pension complaint may not succeed later in our processes.

The increased percentage of closures as a result of applications being invalid (2021/22: 54%) is due to efficiencies within our application processes, including the introduction of a new online application process. This allows applications to be processed faster so we can inform customers of an invalid application at this stage. In previous years, these cases would have progressed further into our system before being closed and therefore not recorded as closures at the Assessment stage.

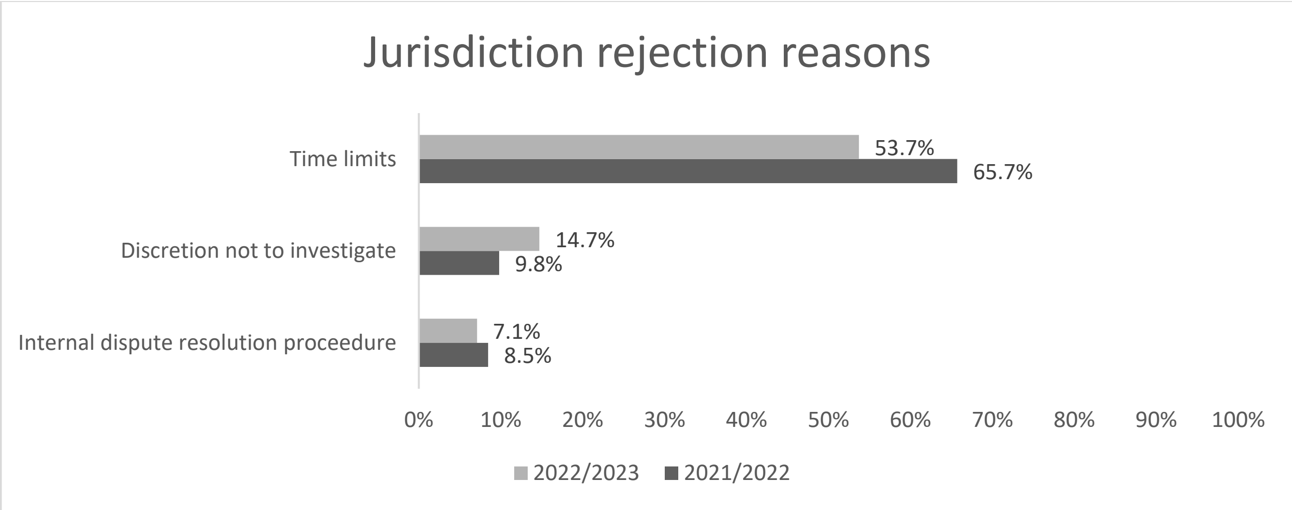
Of the complaints rejected as invalid, around 86% were because the customer:

- had not provided us with any documentation
- had not yet raised the matter with those being complained about
- needed to complete an internal dispute resolution procedure.

We now have an interactive guide on our website to give customers an indication of whether they have everything they need to refer a complaint to us, or, if not, what they should do. Additionally, our new online application form will automatically let customers know what they need to do if we are currently unable to take their complaint forward based on what they have told us.

The introduction of a new assessment stage for valid applications directs them to the appropriate team sooner. Where an application may not succeed further into our processes (for example, where it is likely to fail a formal jurisdiction test), we can give the applicant this information sooner than if they were to enter our formal process. These resolutions are all informal and consensual, and the applicant can still opt to enter our formal processes.

Of the 13.6% (744) closed for being outside our jurisdiction, these were rejected for several reasons, the three main reasons are illustrated below:



- Time limits – where the event being complained about happened more than three years ago or the complainant first became aware of it more than three years ago.
- Discretion not to investigate – where there is, for example, no possibility of a remedy.
- Internal dispute resolution procedure (IDRP) – where the complainant has not gone through a scheme's internal complaints process which is required before the complaint can be formally taken on by Adjudication.

Ways in which a pension complaint can be concluded

If the pension complaint is valid and not rejected on jurisdiction grounds, there are several ways in which the pension complaint could then be concluded.

Early resolution

This applies to complaints where the matter appears to be resolvable with a limited amount of intervention. It is usually necessary for a Resolution Specialist to liaise with the complainant and the party being complained about. We call these ‘early resolution’ cases because we aim to get involved as early as possible in the process to avoid the parties having to go through further, lengthy processes. If a complaint cannot be resolved this way, the Resolution Specialist will explain the possible next steps, which might include the complaint being considered by an Adjudicator and ultimately the Pensions Ombudsman or Deputy Pensions Ombudsman. Consent is necessary before commencing the early resolution process.

Adjudication

- Resolved or withdrawn complaints – for cases (not considered by our ERS) that go to formal adjudication, an Adjudicator may also look to resolve the matter informally. Any agreement will be followed up by a written report issued to the parties involved in the complaint and the case will be closed.
- An Adjudicator’s Opinion accepted – in these cases, an Adjudicator will give everyone involved in the complaint their written view (or ‘Opinion’) of the outcome they would expect the Pensions Ombudsman to reach. If all parties agree with the Adjudicator’s Opinion, the case will be closed.

Determinations

- Complaint is determined following Adjudicator’s Opinion – this happens when some or all of the people involved in the complaint do not accept the Adjudicator’s Opinion. The complaint is referred to the Pensions Ombudsman along with all the submissions made by the parties. The Pensions Ombudsman will make their own decision, based on the evidence, and issue a Determination. Before making their final decision, the Pensions Ombudsman might decide to call for additional evidence or further investigation.
- Complaint is determined following the Pensions Ombudsman’s preliminary decision – in some cases, the Pensions Ombudsman might issue a preliminary decision before making a Determination, for example, where the complaint is highly complex with many issues to be addressed.

Complaint is discontinued

This is where the Pensions Ombudsman decides that the investigation into the complaint should not continue. Before discontinuing an investigation, we will tell all parties to the complaint why the investigation is likely to be discontinued and give them an opportunity to make representations.

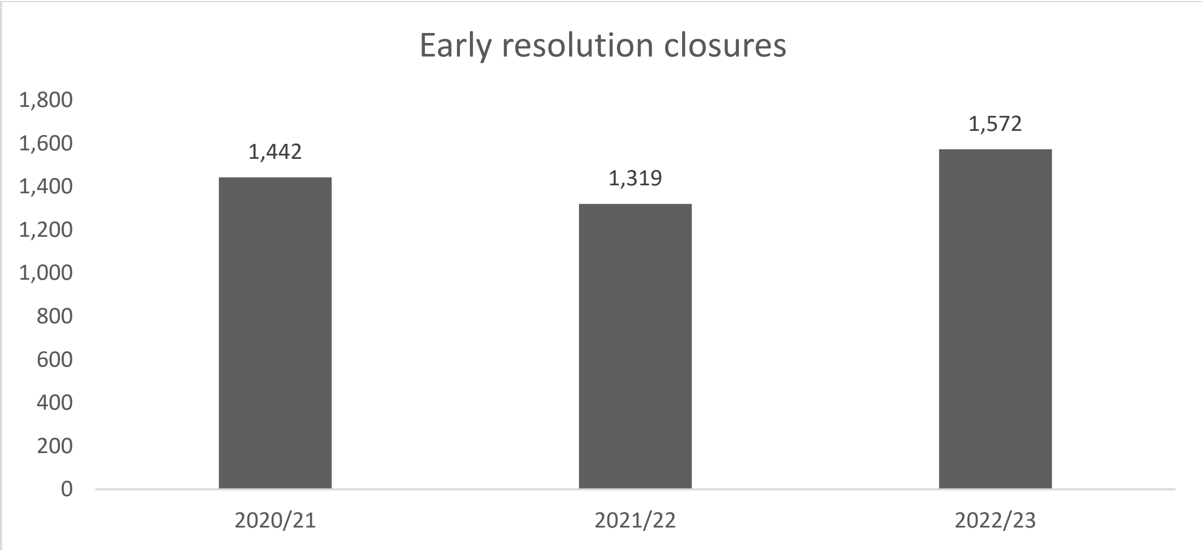
Early Resolution Service
After new pension complaints have been assessed, they may be suitable for our informal ERS. Generally, these complaints have not been through the formal complaint process offered by the pension scheme or provider, so cannot culminate in a decision from the Pensions Ombudsman.

In 2022/23, we closed 1,390 pension complaints through our ERS team and network of volunteers – this is a slight increase on last year due to the increased resource we have invested in this area.

In addition, we transferred 182 pension complaints from the early resolution stages of our process to be closed by the temporary Casework Support Team.

Therefore, overall we closed 1,572 pension complaints at the early resolution stages of our process.

Pensions complaints that cannot be resolved through our ERS, may progress to our Adjudication Service if they have been through the formal complaint process offered by the pension scheme or provider. Or may return to it once they have.



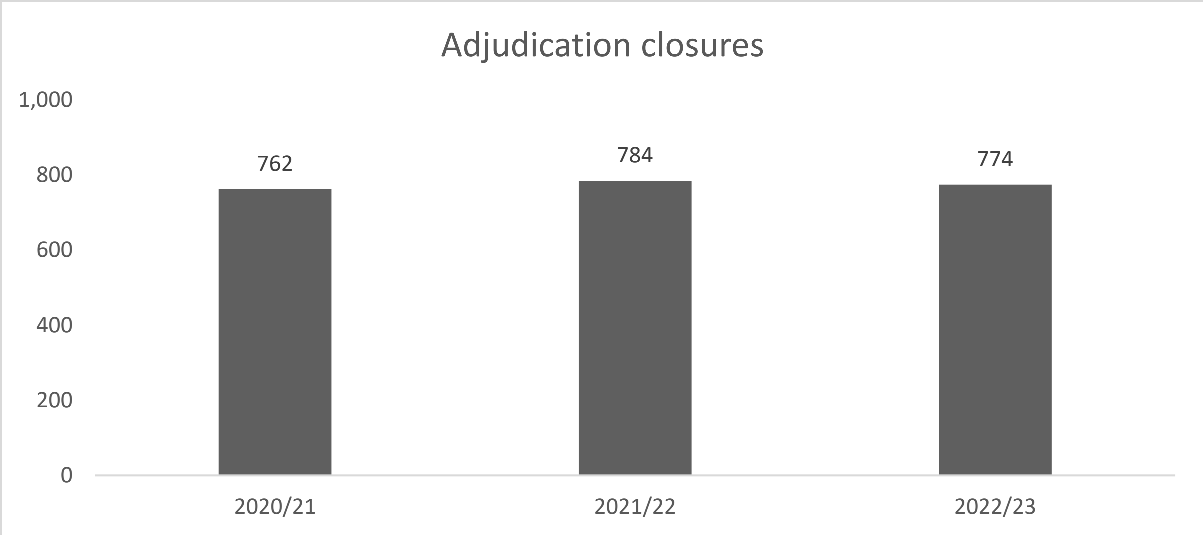
Adjudication Service

In 2022/23, we closed 720 pension complaints through our Adjudication Service, this includes those that were subsequently determined by the Pensions Ombudsman. This represents a slight decrease on last year due to an increasing number of pension complaints requiring adjudication being complex in nature and so needing the services of suitably experienced and specialist adjudicators.

In addition, we transferred 54 pension complaints from the adjudication stages of our process to be closed by the temporary Casework Support Team.

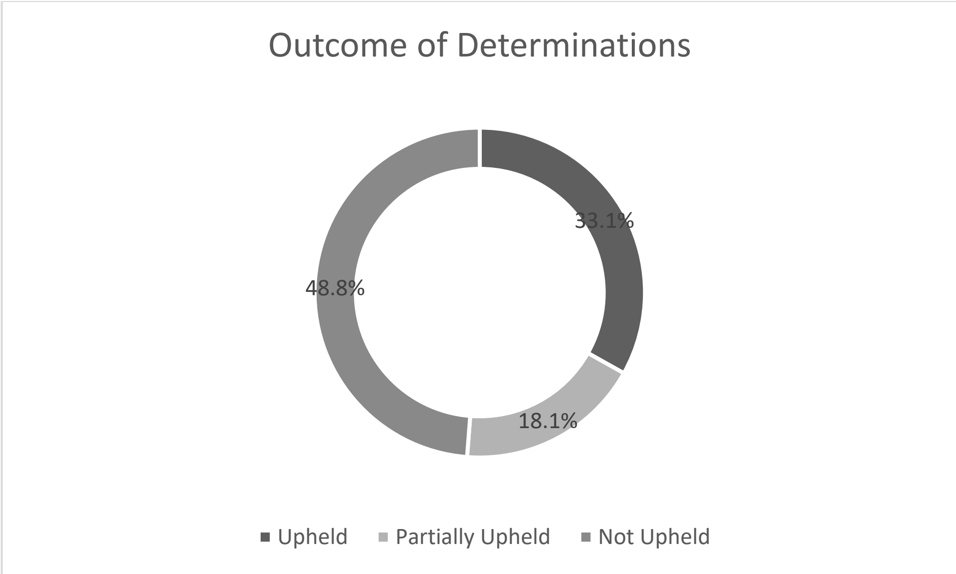
Therefore, overall, we closed 774 pension complaints at the adjudication stages of our process.

Any party involved in the adjudication process has the right to ask for the complaint to be considered by the Pensions Ombudsman.



Determinations by the Pensions Ombudsman

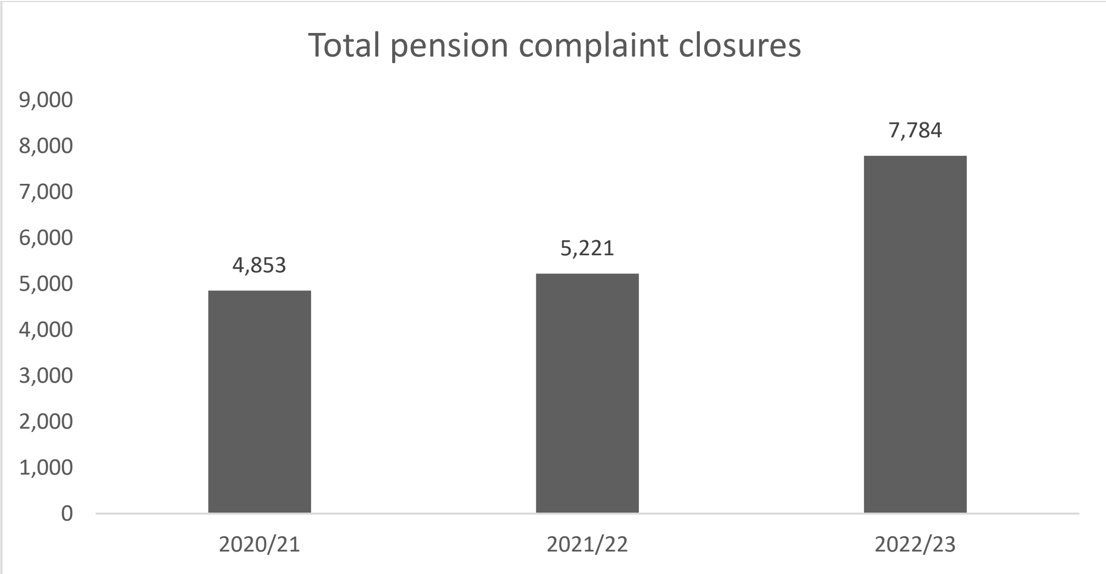
In 2022/23, a total of 326 pension complaints were determined by the Pensions Ombudsman and, with effect from January 2023, the Deputy Pensions Ombudsman (2021/22: 257). References to Determinations are those made by both the Pensions Ombudsman and Deputy Pensions Ombudsman. Only pension complaints determined by the Pensions Ombudsman can be said to have been upheld or not. In 2022/23, 51.2% of pension complaints determined by the Pensions Ombudsman were upheld or partly upheld (2021/22: 35%).



The proportion of our closures requiring a Pensions Ombudsman's involvement continues to decrease from 4.9% in 2021/22 to 4.2% in 2022/23. However, as the number of pension complaints we deal with continues to increase, the number of cases requiring a Pensions Ombudsman involvement has increased from 257 in 2021/22 to 326 in 2022/23.

Total pension complaint closures

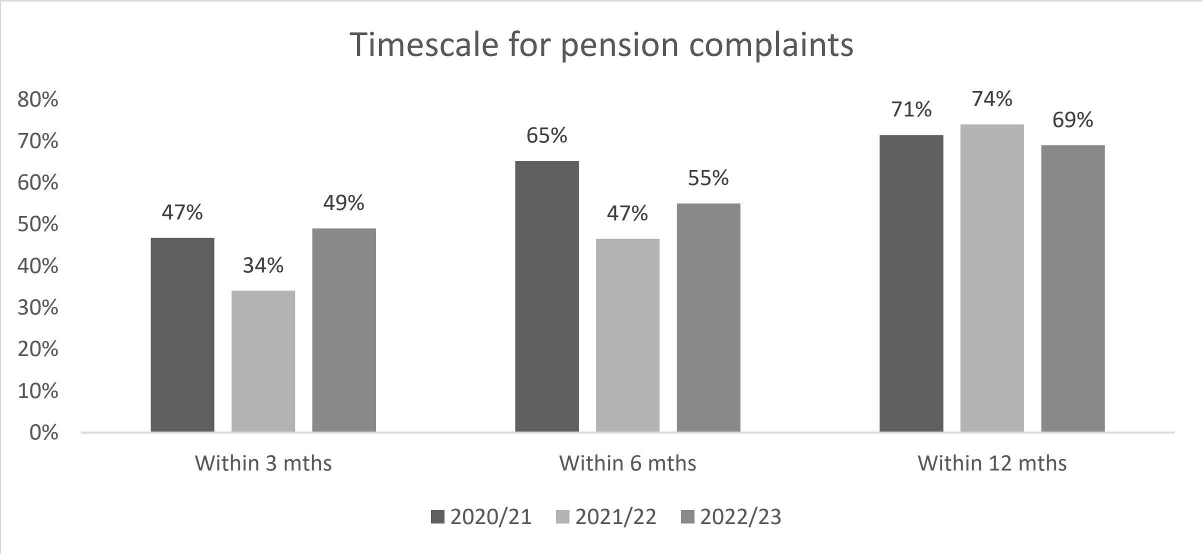
Overall, we closed a total 7,784 pension complaints in 2022/23. This includes 245 pension complaints that were abandoned for various reasons.



Overall, our total closures of 7,784 represent a 49% increase on total closures last year (2021/22: 5,221). Of these 7,784 closures, the temporary Casework Support Team closed a total of 891 pension complaints drawn from various stages of our process.

The remaining 6,893 of our overall pension complaint closures were from our business-as-usual resources. This represents a 32% increase on the closures achieved by our business-as-usual resources in 2021/22, achieved through increased efficiencies in our operating model and additional resources.

Timescales for pension complaint closures



Timescales are measured from when we have a valid application through to their closure. We always have a number of pension complaints in hand that cannot be moved on for reasons outside of our control; for example, pending or ongoing court proceedings which could affect our investigation.

Given our temporary Casework Support Team was formed from new staff and only available for 2022/23, the scope of work they were able to undertake was limited to the less complex cases, which tended to be younger and in the earlier stages of our process.

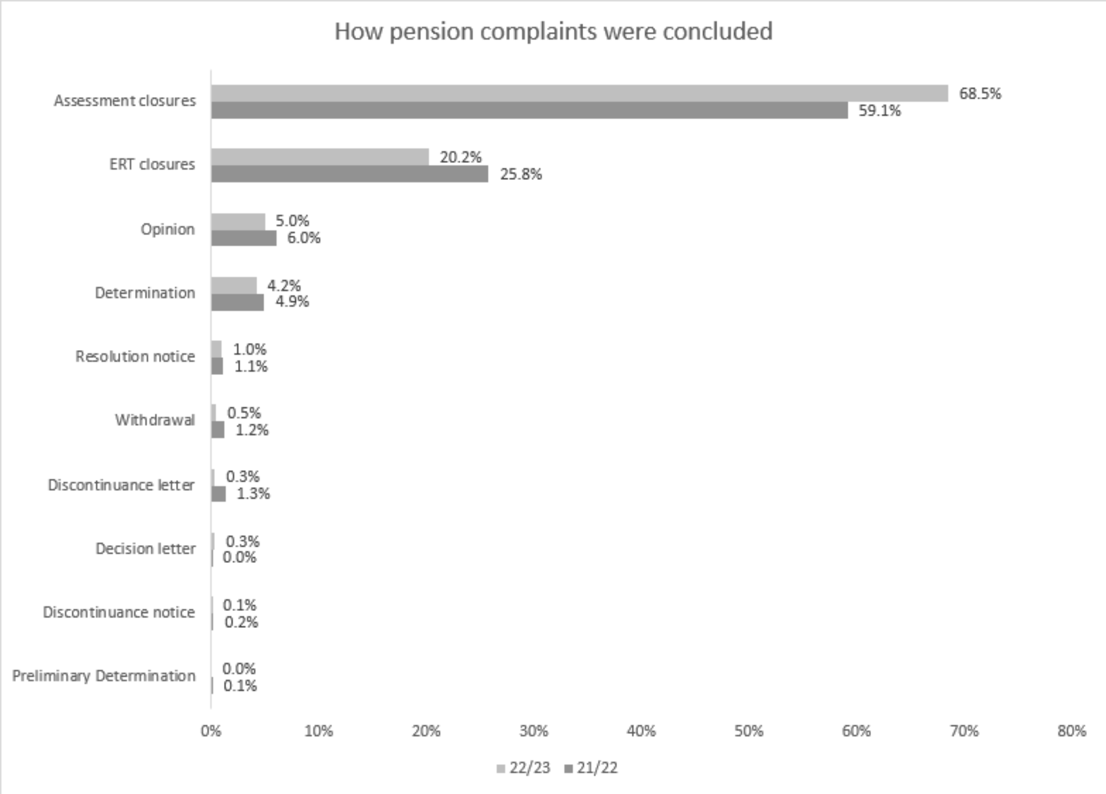
The main efficiencies introduced to our operating model in 2022/23 have focused on the application and assessment stages of our process. While this means that customers are receiving a faster and more effective service at these initial stages, it also means that the increase in pension complaint closures through these efficiencies has been focused on younger cases in our system.

The combined effect has been a disproportionate number of our overall closures in 2022/23 being cases aged less than three and six months.

We still have a significant number of older, more complex cases, within our system.

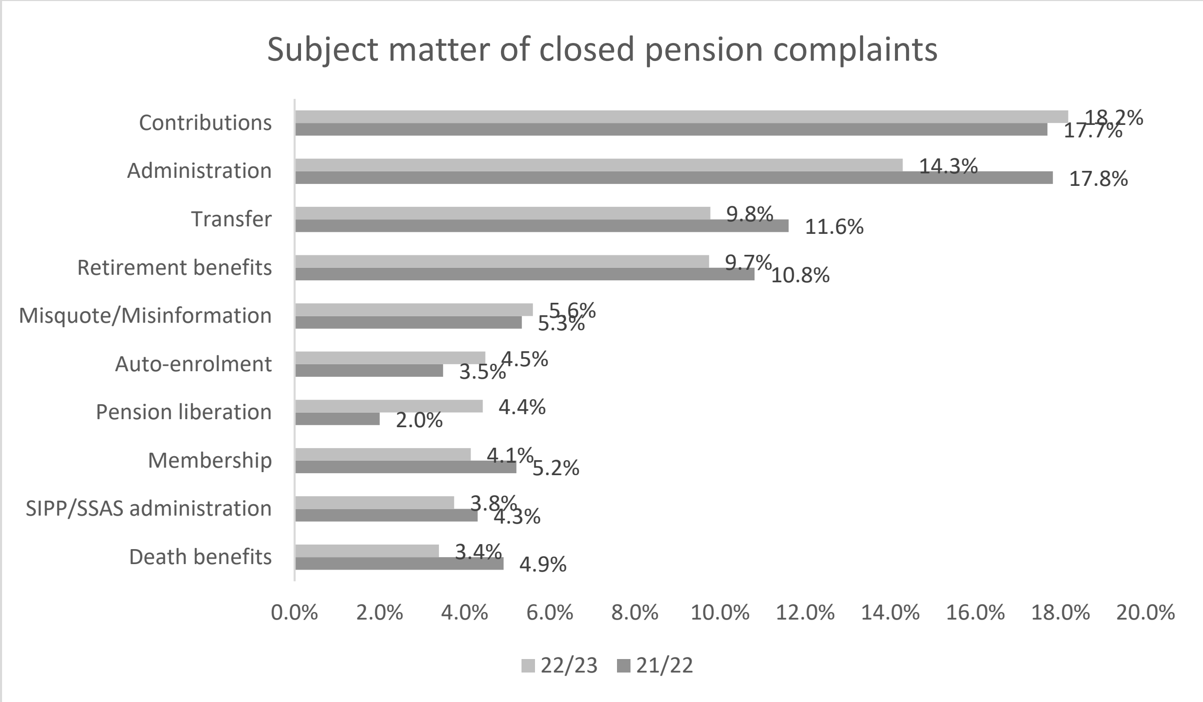
During 2023/24, we will continue to focus on clearing older pension complaints where we can, recognising that many of these pension complaints are complex and require the services of experienced and specialist staff.

How pension complaints were concluded
The chart below shows how pension complaints were concluded by our Assessment teams, ERS, Adjudication Service and the Pensions Ombudsman for 2022/23 and the previous year.



Subject matter of closed pension complaints (top ten)

The chart below shows the subject matter of pension complaints concluded by our Assessment teams, ERS, Adjudication Service and the Pensions Ombudsman in 2022/23. The figure for Assessment teams has been included for the first time this year as we now close more pension complaints at earlier stages. In previous years, we only reported the subject matter for closures at ERS, Adjudication Service and the Pensions Ombudsman stages. For comparative purposes, the corresponding figure for 2021/22 has also been included.



It is important to note that this shows the proportion of our overall closures from those topics each year, therefore it does not automatically follow that there has been an increase in the actual number of these complaints.

When compared to last year, we have seen increases in the proportion of our overall closures regarding contribution issues, auto-enrolment and pension liberation which is now placed in our top ten this year. These increases are due to the additional closures from our temporary Casework Support Team who have undertaken work packages focusing on these specific topics this year, therefore increasing their proportion of our overall closures when compared to previous years. As a result, we have seen decreases in other complaint topics which historically have been in our top ten.

Some summaries of completed investigations

Transfer (Due Diligence) – Determination – not upheld

Mr Y’s complaint concerned the level of due diligence carried by Sun Life, the former provider of his personal pension plan (the **Plan**), when transferring his benefits to the Tennyson Close 1957 Limited Scheme (the **Scheme**).

In February 2013, The Pensions Regulator (**TPR**) launched a new awareness campaign regarding pension liberation schemes. Part of this campaign involved issuing cautionary documentation informing members about the potential risks of pensions scams. This comprised of a two-page warning note for administrators and pension providers to include with the information they provided to members who requested a transfer. An information leaflet (the **Scorpion Leaflet**) contained a number of warnings directed at potential members who were thinking of transferring and a ‘fraud action pack’ for pension professionals which provided a number of warning signs/red flags that pension providers should be on the lookout for. If any of these red flags were present, then it was recommended that direct contact should be made with the member to query the receiving scheme and how they came to know of it.

In August 2014, Mr Y said that he received an unsolicited call from Moneywise Financial Advisers Ltd (**Moneywise**) who acted as an introducer for the Scheme. Moneywise proposed an opportunity for Mr Y to transfer his Plan benefits into the Scheme, allowing him a greater control over the investment of those benefits. At the time, Moneywise was regulated by the Financial Conduct Authority (**FCA**) to provide advice regarding the transfer of pensions benefits.

Following the call to Mr Y, Moneywise telephoned Sun Life and asked for full details of Mr Y's Plan benefits. Sun Life requested a letter of authority, signed by Mr Y, and when this was received it sent Moneywise an information pack for Mr Y's Plan benefits. After August 2014, Sun Life did not receive any further communications from Moneywise.

In September 2014, Mr Y was advised, possibly by Moneywise, to set up a limited company, which he did under the name of Tennyson Close 1957 Limited (the **Company**). He was then told he could transfer his Plan benefits into the Scheme (a Small Self-Administered Scheme (**SSAS**)). The Company would then act as the sponsoring employer for the Scheme, of which Mr Y was the sole member and trustee.

In October 2014, Cantwell Grove Limited (**Cantwell**), the Scheme's Administrator, wrote to Sun Life and said that Mr Y wished to transfer his Plan benefits into the Scheme. It also said that:

- It was aware of, and supported, TPR's recommendations to perform a greater level of due diligence in response to the increase in pension liberation scams.
- Its business model had been vetted by HMRC and it had received confirmation that it was operating legitimately.
- It understood, and supported, the importance of the Scorpion Leaflet and said that the Scorpion Leaflet had been explained and sent to Mr Y.
- It enclosed a confirmation letter from Mr Y confirming both an understanding of the pension liberation issue, and also that this transaction is in no way connected to pension liberation.

Cantwell provided copies of transfer declaration forms, signed by Mr Y, to proceed with the transfer, a confirmation letter from Mr Y agreeing to the transfer, a signed transfer in form for the Scheme; a copy of the

Scheme's Trust Deed and Rules; confirmation of the Scheme's registration details with HMRC and the Pension Scheme Tax Reference Number showing the Scheme was registered in September 2014 and a Scheme Q&A document.

In October 2014, Sun Life sent Mr Y a high-risk declaration form as part of its enhanced due diligence checks. Mr Y returned the signed and completed form to Sun Life. In signing the form Mr Y agreed that he was aware that any investment in overseas property is unlikely to be covered by UK financial services compensation scheme.

In October 2014, Mr Y also contacted Legal & General (**L&G**), the provider of a separate personal pension, to begin the process of transferring his L&G benefits to the Scheme. In response, L&G sent Mr Y the transfer value of his benefits and provided him with a copy of the Scorpion Leaflet. In November 2014, Mr Y completed a member declaration form to allow the L&G transfer to go ahead. In signing the L&G Form Mr Y agreed that he had read and understood the Scorpion Leaflet.

In November 2014, L&G transferred £20,345.98 to the Scheme and Sun Life transferred £36,105.36 to the Scheme. Upon receipt of the transfers from L&G and

Sun Life, Cantwell invested the majority of the funds in The Resort Group PLC (**TRG**).

In August 2015, Mr Y claimed a pension commencement lump sum from the Scheme and received a payment of £13,833.84. Between 2015 and 2019, Mr Y received quarterly statements from TRG. The statements made it clear that, after the removal of management charges and fees, the returns were minimal. Mr Y is unable to withdraw his investment with TRG unless another individual purchases the unit in which his funds are invested.

Mr Y's complaint was considered by an Adjudicator. The Adjudicator reviewed the transfer checks carried out by Sun Life and noted that it was reasonable for Sun Life to assume that Mr Y was sufficiently aware of any risks or scams. Additionally, the Adjudicator believed that as Mr Y had said he understood the Scorpion Leaflet, he likely would have been aware that receiving a cold call about a transfer was a warning sign of fraud. Despite being reasonably aware of the risks, Mr Y did not inform Sun Life that he had in fact received a cold call. Sun Life is only able to act on the information available to it at the time. So, it was reasonable for Sun Life to believe that Mr Y had not been approached unsolicited as there was nothing to indicate that he was. Mr Y had a statutory right to a transfer as a benefit crystallisation event had not occurred, and he was no longer paying into the Plan. So, the extent to which Sun Life could delay or refuse a transfer to a Scheme that met HMRC’s requirements was limited. The Adjudicator concluded that the due diligence checks carried out by Sun Life were reasonable, for the time, and there was no indication that the Scheme was high-risk, a scam or that it was unsuitable for Mr Y.

Mr Y did not accept the Adjudicator’s Opinion and the case was determined by the Pensions Ombudsman. In his conclusions the Pensions Ombudsman found that before the transfer from the Plan was completed, Mr Y had access to, and was provided with, the Scorpion Leaflet. He concluded it was reasonable for Sun Life to believe that Mr Y was suitably aware of the risks of pensions scams, and that he would have contacted Sun Life if he had any concerns. Also, Mr Y was aware, from the information he had received in addition to the Scorpion Leaflet sent by L&G, that receiving a cold call about the Scheme was a warning sign, he still did not make Sun Life aware of this.

The Pensions Ombudsman found that the provision of the high-risk declaration form, and the information contained therein, provided sufficient information for Mr Y to consider his choice of overseas investment. By signing and returning the form, Mr Y confirmed that he understood the risks and wished to proceed regardless.

Sun Life had a statutory and contractual duty to transfer Mr Y’s funds. It was required to act upon this duty when it received Mr Y’s transfer forms, unless there were any indications of why the transfer should not go ahead, such as those indicating pension liberation fraud. In Mr Y’s case, there was little to no indication at that time that TRG was a pension liberation vehicle.

The Pensions Ombudsman did not uphold the complaint and concluded that Sun Life had fulfilled its due diligence obligations with the information it held at the time.

Transfer (Due Diligence) – Determination – upheld
Mrs G complained that Teachers’ Pensions (**TP**) did not conduct sufficient due diligence checks when transferring her pension benefits from the Teachers’ Pension Scheme (**TPS**) to the London Quantum Pension Scheme (the **LQPS**), a defined contribution occupational pension scheme. The principal employer

was Quantum Investment Management Solutions LLP (**QIMS**), now in liquidation.

LQPS was originally administered by Dorrixo Alliance (UK) Limited (**Dorrixo**), also the original trustee. In June 2015, the Pensions Regulator (the **Regulator**) appointed Dalriada Trustees Limited (**Dalriada**) as the LQPS independent trustee.

Mrs G was advised by Investaco, an unregulated firm. Investaco recommended a number of unregulated and high-risk investments and for the balance of her fund to be held in the LQPS.

In January 2015, Gerard Associates Ltd (**Gerard)** (an FCA authorised Independent Financial Adviser (IFA)) gave Mrs G: a transfer analysis report (the **Gerard report**); the LQPS Member's Booklet; a LQPS application form; transfer forms regarding her TPS pension and two Friends Life pensions; and a covering letter stating that Mrs G had been advised to transfer to the LQPS.

Mrs G signed a pro forma letter setting out: that she had received the report; read the 'Scorpion Leaflet'; that she was not taking any form of pension liberation; and that she was satisfied that the LQPS was a HMRC registered scheme that did not offer pension liberation.

She included a note saying that she wished to proceed, “with the transfer of my pension to LQPS without further delay.”

Mrs G returned the application form in January 2015, and her TPS pension totalling £217,291.15, was transferred in February 2015. Friends Life had concerns regarding LQPS and refused to transfer two pensions.

The Adjudicator’s Opinion concluded that there had been maladministration by TP, because the transfer was completed less than three weeks following submission of the application and there was no evidence that TP had carried out any of the additional checks recommended in the Pension Regulator’s (the **Regulator**) guidance.

In the subsequent oral hearing TP said it understood that Mrs G was receiving or had received independent financial advice on her transfer from an IFA, who had approached TP in May 2014 requesting transfer details and they had received a transfer application from Bespoke Pension Services Limited (**Bespoke**), an unregistered pension advisor; TP was unaware that Mrs G had received advice from Gerard. TP said that Mrs G had a statutory right to transfer her pension. TP had followed the relevant guidance from the

Regulator’s 2014 Action Pack and did not believe that Mrs G would have been dissuaded from the transfer.

Mrs G explained that although she originally sought advice from the IFA, she had never heard of Bespoke and was not aware of the original transfer application in 2014.

The Pensions Ombudsman upheld Mrs G’s complaint and found that the 9 June 2014 TP Statement made clear that the transfer would not proceed if the new scheme failed to return all documentation by 8 September 2014. Mrs G did not complete an application form to transfer her cash equivalent to the LQPS until 29 January 2015, more than four months after the expiry of the three-month deadline so TP was not under a statutory obligation to affect the transfer. The transfer was discretionary.

The Pensions Ombudsman agreed with TP’s analysis of Hughes v Royal London Life [2016] EWHC 319 (Ch) (the **Hughes case**), that there was no need for a transfer or to be an earner from the employer sponsoring the scheme following the judgment. However, the transfer was prior to the High Court decision and post the Pensions Ombudsman’s Determination in Hughes, when he had held that it was necessary to receive earnings from the sponsoring employer.

Mrs G lived in Cheshire and QIMS was based in London a geographically distant company for whom she did not appear to work. The Pensions Ombudsman considered that this was a clear ‘red flag’ and ought to have prompted TP to contact Mrs G and carry out additional due diligence which would have uncovered further features of the transfer and have been a cause for concern. For example, the involvement of an unregulated introducer, the type of investments being made through the receiving scheme. Also, Gerard’s involvement, and its previous involvement in other schemes linked to pension liberation.

Insufficient due diligence processes appear to have remained in place more than two years after the Regulator’s 2013 guidance and TP’s failures amounted to serious maladministration. The Pensions Ombudsman found, on the balance of probability that had Mrs G been warned of these concerns she would have withdrawn her application.

The Pensions Ombudsman directed that TP reinstate Mrs G’s accrued benefits in the TPS and pay Mrs G £1,000 to reflect the serious distress and inconvenience that she suffered as a result of appropriate checks not having been undertaken and no appropriate warnings given.

Trustee Dishonesty – Determination – upheld

The BWFS Occupational Pension Scheme (the **Scheme**) was established in May 2013, with Mr Michael Stanley as sole trustee. Mr Paul Green later replaced Mr Stanley as sole trustee in February 2014, but Mr Stanley remained heavily involved. Both Mr Stanley and Mr Green were directors of the Scheme's sponsoring employer, Black & White Financial Solutions Ltd (**BWFS**).

BWFS had purchased details of potential clients and contacted them offering a 'review' of their pensions. If accepted, BWFS informed the clients of the Scheme and provided them with an Information Pack that outlined a 'Cash Rebate Pension Strategy'. This indicated that members would receive commission payments from the investment companies, equal to 20% of their pension, and a fixed return of 3.5% per annum. It was not disclosed to the members that BWFS would receive 15% commission from the investments made.

Between August 2013 and September 2014, members transferred a total of £858,679 into the Scheme. High risk investments were made in the form of unsecured loans to a recently set up property development company and an overseas company that listed foreign exchange and contracts for difference as part of its investment strategies. No written advice was taken in relation to these investments as required by law, and the investments selected by the trustees were considered to have lacked diversity and been excessively high risk for a pension scheme of this type.

An oral hearing was held to determine the liability of the trustees.

The Pensions Ombudsman upheld the complaints finding that the Trustees had committed multiple breaches of trust and many acts of maladministration, which had caused the likely loss of the members' pensions. Included in this finding was the trustees had facilitated a form of pension liberation.

The Pensions Ombudsman found the trustees personally liable and directed that they pay back to the Scheme, the aggregate total of sums invested, less any amounts recovered, plus interest (£791,741.26). The Pensions Ombudsman has also directed the trustees to make payments to the Applicants of £6,000 each, in respect of their severe distress and inconvenience caused by the trustees' maladministration.

The Pensions Ombudsman reported his findings to the Pensions Regulator, which led to its appointment of an independent trustee to take forward the recovery procedures (e.g. court enforcement/Fraud Compensation Fund claims) on behalf of the members.

Refund of contributions – Adjudicator's resolution

Miss N's complaint concerned the level of contributions she paid to the Scheme sponsored by her employer (the **Employer**). She said that she was not notified that she was able to pay a higher rate of contribution which the Employer would match up to the level of 7.5% of her pensionable pay.

Miss N paid contributions to the Scheme initially at 1% of her pensionable pay, then at 2.5% and finally at 7.5% during her active membership. The Employer matched these contribution rates.

Miss N's complaint was considered by an Adjudicator who established that the Employer acknowledged that, based on her pay grade, Miss N was eligible to pay a maximum contribution rate of 7.5% of her pensionable pay throughout her active membership of the Scheme and that, had she paid this rate, the Employer would have matched her contributions.

The Employer confirmed that it was willing to accept a one-off contribution from Miss N of up to £8,503.82. If she paid the full amount, this would bring her total contribution up to the level it would have been had she elected to pay 7.5% contributions throughout her active membership. The Employer said that it would pay an additional employer contribution to match any contribution paid by Miss N, up to a maximum of that required to bring the employer contribution rate up to a corresponding 7.5%.

Miss N elected to pay the full £8,503.82 and also asked that investment loss due to the contributions being paid late also be considered.

The Employer confirmed that it would be prepared to pay 50% of any investment loss into Miss N’s account, provided that she paid the other 50%. The offer made by the Employer was accepted by Miss N and both parties agreed to take the necessary steps required to resolve Miss N’s complaint.

Misinformation – Adjudicator’s Opinion – not upheld

Mr Y’s complaint concerned information he was given in March 2020 by Phoenix about the value of his personal pension plan. He decided shortly afterwards to encash his holdings and was unhappy that the final value he achieved was about £65,000 lower. Mr Y wanted Phoenix to either honour the higher fund value or make up the shortfall in his anticipated annuity income.

In March 2020, Phoenix sent Mr Y a pension portfolio valuation which gave a fund value of £290,945.79. Also, in March 2020 Mr Y received a quotation for a Scottish Widows annuity. The potential income quoted was £13,427.88 per year, based on a purchase price of £285,650.00. The correspondence stated that the quote would be valid if the relevant paperwork was returned by 15 April 2020.

Mr Y decided he wished to proceed with the annuity on the basis of the figures he had obtained. He arranged, via his IFA, for his Phoenix pension holdings to be sold into cash, ready for the purchase of the annuity. Phoenix said that it submitted the request for the encashment of Mr Y's holdings on 20 March 2020.

Mr Y's IFA was notified on 9 April 2020 that following encashment, the value of Mr Y's pension fund was £225,040.84. An updated annuity quote was issued by Scottish Widows. It indicated that the lower fund amount would potentially give Mr Y an income of £10,244.28 per year.

Mr Y said that he would not have encashed his pension fund holdings, had he been aware of the true value when the decision to sell was made. He decided not to proceed with the purchase of the annuity he was quoted in April 2020.

Mr Y raised a complaint with Phoenix who responded and said that prior to the encashment, Mr Y held ‘off platform’ investments with a discretionary fund manager (**DFM**). A DFM will manage investments on behalf of the customer. As they are a separate entity, Phoenix is unable to access live values for assets held with a DFM and will instead be given periodic valuations.

The response explained that for a DFM asset valuations are provided to Phoenix as of the last working day of each month. The information must then be converted into a format that is compatible with its pension administration system. This process takes Phoenix around a month to complete and means the valuations it provides for DFM assets is around a month behind.

The figures quoted to Mr Y and his IFA during March 2020 were based on valuations provided to Phoenix as of 31 January 2020. The valuations for the end of February 2020 were still being processed at that time, so the information was not yet available to update the value of Mr Y’s pension.

Phoenix said that the valuations it provides are not a guarantee of the amount to be received, if the holdings are sold. The final amount will reflect the latest unit price at the time of the sale. Phoenix has also said that for off platform investments, the DFM has a direct relationship with the customer who can contact the DFM to obtain valuations.

Mr Y’s complaint was considered by an Adjudicator who noted that the valuations provided to Mr Y and his IFA in March 2020 represented Mr Y’s fund value at a particular point in time but were not a guarantee of value. When the decision was taken to sell the holdings, they would always have been valued at the latest unit price. The Adjudicator said there was no evidence that the calculation of Mr Y’s fund value was incorrect and so it would not be appropriate to redress Mr Y up to the higher value, because it was not the correct fund value at the time of sale, so he had no entitlement to that amount.

The Adjudicator took the view that the valuation correspondence, issued by Phoenix in March 2020, could have included a statement to explain that valuations for DFM holdings were subject to a time lag. However, in the Adjudicator’s opinion, the absence of such a statement did not amount to maladministration and the valuation of Mr Y’s holdings with the DFM Dolphin was not incorrect. Further, it was not unreasonable to have expected Mr Y and his IFA to have been aware that Mr Y had a direct relationship with the DFM and that it was possible to have contacted it directly to obtain a more up-to-date valuation.

The Adjudicator concluded that it was ultimately Mr Y’s responsibility, and that of his IFA, to ensure he had the appropriate information to best inform his decision, prior to the sale of his holdings. Although Mr Y obtained a lower cash value for his fund than expected, he did not take an annuity at that time, and was still in a position to choose what to do with the funds.

The Adjudicator’s Opinion was accepted by both parties.

Ill health – Resolved at early resolution stage
Ms M was a deferred member of her pension scheme. In 2020 she was awarded ill health early retirement but was unhappy that the start date was not backdated to the date of her initial application, in 2017.

The decision, not to agree to ill health retirement in 2017, was based on a view that not all treatment options had been explored and that statistically most people suffering with Ms M’s condition improve to the extent they can return to work.

Our Resolution Specialist highlighted that before making that decision, evidence had not been sought on the likely outcome of available treatments, and whether any would, on the balance of probabilities, likely mean Ms M would be able to return to work. They also questioned the reliance on the statement that most people improve, as this was not specific to Ms M. Ms M was able to give our Resolution Specialist evidence from her own consultants that treatment options had been explored, but a full recovery was unlikely before she reached her normal retirement age.

These points and the evidence about the treatment options was presented to the decision-maker, and they were asked to reconsider Ms M's application. After considering the evidence, and taking advice from their own medical advisers, it was agreed that Ms M's ill health retirement award should be backdated to 2017.

On reviewing the award, our Resolution Specialist raised a further query about whether the correct pensionable salary had been used in the calculation of Ms M's entitlement. On rechecking the calculations, the administrators acknowledged that a higher salary should have been used, and Ms M's award was adjusted, and arrears paid.

Auto enrolment – Resolved at early resolution stage

Mr D was employed with the same company from 2016 to the start of 2023. During this time Mr D made several requests to be enrolled into a pension scheme.

Mr D complained that his employer failed to enrol him into the pension scheme and, therefore, did not pay any pension contributions.

After reviewing all the complaint correspondence, the Caseworker advised Mr D that they were unable to investigate his complaint as he is not a member of a pension scheme. This means that, even if the employers have not met their duties to Mr D, there is no pension scheme which TPO could investigate or make a decision about. The Caseworker referred Mr D to The Pensions Regulator.

Casework review – Pension Protection Fund Ombudsman

This part of our report describes the small part of our work concerning the Pension Protection Fund (PPF) Ombudsman's jurisdiction. Financial information is in note 1 of the accounts on page 194.

PPF maladministration
We can investigate and determine complaints of maladministration on the part of the PPF.

PPF reviewable matters
We can review decisions made by the Board of the PPF, but only after they have been reviewed by the Board of the PPF and then considered by its Reconsideration Committee.

Financial Assistance Scheme appeals
We have jurisdiction to determine appeals against decisions made by the PPF, as scheme manager of the Financial Assistance Scheme (FAS), relating to eligibility to receive compensation. FAS appeals can be subdivided further into two main categories: whether a scheme is eligible to be accepted by the FAS, and whether a member has received the correct entitlement.

The year's cases
The majority of new PPF cases received in 2022/23 concerned maladministration. The overall number of

PPF cases received are broadly similar to previous years.

	In hand at 1/4/22	New/ re-opened matters	Completed investigations	In hand at 31/3/23
PPF Maladministration	3	9	7	5
PPF reviewable matter	6	4	3	7
FAS appeal	5	0	0	5
Total	**14**	**13**	**10**	**17**

Complaints about our service

All complaints about our service are handled by our Customer Service Team who examine the service complaint and attempt to resolve the issue. If the matter remains unresolved, it is referred to an appropriate senior manager who will provide a formal response.

This two-stage process has enabled us to resolve many of these complaints informally within 6 working days against a 10-working day target. Where we have provided a final response, these have mostly been issued within 10 working days against a 20-working day target.

In 2022/23 we received 125 complaints about our service (2021/22: 129). This represents a very low proportion of our overall workload – and under 2% of our active caseload.

We upheld, or partly upheld, 52% of these 125 complaints, which is slightly lower than last year (2021/22: 57%). All service complaints are reviewed to capture and share trends and areas for development so that we can continue to make improvements to our service. Around 60% of the service complaints that we received related to delays that customers experienced throughout our complaints process. Where this is in line with expected waiting times, we will explain what we are doing to reduce them. If a pension complaint has not been dealt with when it should have been, we will apologise to the customer and place their case in the position in our process it should have been in.

Complaints about our service can be escalated to the Parliamentary and Health Services Ombudsman (PHSO) if the complainant remains dissatisfied. In 2022/23 we did not receive any decisions from the PHSO.

The courts
This section provides details of appeals, judicial reviews and other interaction with the courts.

Appeal figures 1 April 2022-31 March 2023
Pensions Ombudsman appeals in England and Wales

Outstanding at the start of the year	5
New	2
Heard/settled/withdrawn during the year	5
Remaining at year-end	2

Pensions Ombudsman appeals in Scotland

Outstanding at the start of the year	3
New	0
Heard/settled/withdrawn during the year	3
Remaining at year-end	0
In the year (having regard to above figures) number of cases formally lodged in the Court of Session	0

Pension Protection Fund Ombudsman appeals
We did not have any appeals outstanding at the start of the year or receive any new appeals during the year.

Appeal trends
This year, we have seen slightly fewer appeals against Determinations (although an increasing number of Pre-action Protocol letters relating to judicial review (see below judicial reviews)). TPO continues to strive for thoroughness in its investigations and excellence in legal reasoning in the cases presented to the Pensions Ombudsman for formal Determination. These efforts are essential to the fair resolution of complaints and the avoidance of successful appeals on points of law.

New TPO appeals[1]

10	7	11	11	8	15	8	4	5	2
13/ 14	14/ 15	15/ 16	16/ 17	17/ 18	18/ 19	19/ 20	20/ 21	21/ 22	22/ 23

Appeals in England and Wales
In England and Wales (E&W) and Northern Ireland (NI), appeals against Determinations of the Pensions Ombudsman or the Pension Protection Fund Ombudsman follow a statutory appeals procedure.

[1] Figures taken from previous annual reports (in the last four years reflects only England & Wales figures).

A party must obtain permission from the High Court, which will be granted where the appeal has a real prospect of success or there is a compelling reason for the appeal to be heard.

TPO's approach to participation is proactive and we consider our role primarily as one of assisting the courts, but also of contributing our extensive industry experience to the court process.

During 2022/23, two applications for permission to appeal were made to the High Court. Permission was granted in July to two respondents relating to our Determination in respect of the Optimum Retirement Benefit Plan[2] (see below); and was also granted in the other case *Campbell v NHS Business Services Authority.*

A hearing took place on 15 March 2023 in *Campbell v NHS Business Services Authority* and a judgment was handed down on 25 April 2023, upholding the Pensions Ombudsman's Determination. The High Court found that the Pensions Ombudsman had correctly concluded that Mrs Campbell died while still in pensionable employment and had not retired for the purposes of the NHS Pension Scheme Regulations. In doing so, the Court upheld the Pensions Ombudsman's interpretation that the relevant

[2] Determination in CAS-80110-K1M0.

regulations extended the period of pensionable employment, to include untaken leave.

While the Court acknowledged that the Appellant's opposing arguments were attractive, it ultimately adopted the Pensions Ombudsman's reasoning.

The appeal relating to our Determination in Optimum Retirement Benefit Plan follows an investigation by our Pensions Dishonesty Unit (see page 91). Two respondents have been granted permission to appeal and the other has filed an appeal and we are awaiting a decision from the court.

Of the five appeals outstanding at the start of the year, permission was refused in two cases, but granted in another (which has yet to be heard); one appeal was withdrawn; and one appeal was partly upheld. The partly upheld appeal was the case of *Andrew v Royal Devon and Exeter NHS Foundation Trust.* This was a misinformation case in which Mr Andrew claimed that he had suffered loss due to his reliance on an incorrect ill health retirement (IHR) estimate supplied by his NHS employer. The High Court agreed with the Pensions Ombudsman that there was sufficient evidence for the Pensions Ombudsman's finding that Mr Andrew would have retired on the same date, irrespective of the estimate of benefits. However, the Court found that the Pensions Ombudsman had made an error of law in not considering the possibility that Mr Andrew might have been redeployed to another NHS job under the NHS employer's duty to make reasonable adjustments under the Equality Act 2010. This error meant that the appeal partly succeeded. Accordingly, the High Court remitted the matter to the Pensions Ombudsman to reconsider the question of Mr Andrew's possible redeployment to another NHS job and the impact of that on the complaint which Mr Andrew brought about the IHR estimate.

During 2022/23, we applied for (and were granted in February 2023) permission of the Court of Appeal to appeal the decision of the High Court in *Re CMG UK Pension Scheme CMG Pension Trustees Ltd v CGI IT UK Ltd* [2022] EWHC 2130. The *CMG* judgment considered that a ruling had been made in the High Court judgment in *Burgess v BIC UK Ltd* [2018] EWHC 785 that the Pensions Ombudsman is not a competent court for the purposes of recovering overpayments under section 91(6) of the Pensions Act 1995 and did not depart from it. We had not been a party to the *CMG* proceedings, as we had not been informed of them (nor indeed those in *Burgess*). In granting permission, Lewison LJ found that we had a direct interest in the appeal, in view of Leech J's comments in *CMG* as to the extent of the Pensions Ombudsman's jurisdiction. Lewison LJ found that: i) we had raised an important point of principle and that ii) there was a reasonable prospect of success. The hearing took place in October and judgment was released on 1 November 2023. The Court of Appeal upheld the High Court's decision that TPO was not a 'competent court' in relation to this matter.

Appeals in Scotland

The procedure for appeal of our Determinations in Scotland follows a different statutory procedure from that in E&W and NI. The procedure is known as ‘appeal by stated case’ and unlike the procedure in E&W and NI, Scotland’s procedure automatically brings the Pensions Ombudsman into proceedings and in only limited circumstances can the Pensions Ombudsman decline to state a case. This increases costs for all parties.

We mentioned last year that we were looking to the Scottish Civil Justice Council to consider streamlining the procedure with E&W and NI. Although unfortunately our efforts have not to date been successful, we do believe that parity of justice for all parties, across the United Kingdom, in appeals of Pensions Ombudsman Determinations is critical and so we are still exploring the matter with the Scottish Civil Justice Council.

This year, we have seen no new appeals lodged in Scotland. One appeal lodged in 2021/22 was abandoned by the Appellant in 2022/23 and is not proceeding. In last year’s Annual Report, we referred to the fact we were awaiting a court date on a Scottish appeal where the Pensions Ombudsman had refused to state a case on the basis that the questions posed did not arise and the application was frivolous (specific terms within the Court of Session Rules). In the end, the Appellant decided not to take forward this application, so the appeal did not proceed.

Another appeal *H v MyCSP* (lodged in **2020)** was dismissed this year by judgment of the Court of Session.

H v MyCSP and others

H v MyCSP and others [2022] CSIH 20 was a Scottish appeal brought by Mr H against the Pensions Ombudsman's Determination of 21 December 2020. Mr H's complaint to the Pensions Ombudsman concerned the level of Permanent Injury Benefit (PIB) he was receiving under the Civil Service Injury Benefit Scheme. The Scheme Medical Adviser (SMA) assessed the degree of apportionment in the 71-90% "medium band" and the degree of earnings impairment to be 10%-25% "slight impairment." Mr H appealed this decision in 2019. By this time, as all the SMA's senior physicians had been involved in his case, an external senior physician, Dr Mark Groom, a consultant occupational physician, was appointed to hear the appeal.

On the degree of apportionment, Dr Groom concluded that it was not unreasonable to attribute up to 90% of the illness Mr H suffers to the agreed qualifying injury. On the degree of earnings impairment, Dr Groom did not believe that the evidence available supported the contention that Mr H’s earnings capacity equated to more than 75% earnings impairment.

Mr H complained that Dr Groom was not independent as he had been the medical director at the SMA and stated that Dr Groom had a bias in favour of his colleagues. On apportionment, Mr H complained that his injury ought to have been determined to be wholly attributable to his work duties, and that Dr Groom was incorrect to attribute 10% of the impairment to pre-existing mental health issues.

The Determination did not uphold Mr H’s complaints. As a medical professional, Dr Groom could be expected to give an opinion based on the facts. The onus was on Mr H to show any bias and he had failed to do so. In relation to apportionment, MyCSP was entitled to accept Dr Groom’s opinion on the apportionment of Mr H’s impairment to his qualifying injury.

The appeal

Mr H referred two questions to the Court for its opinion:

1. Did the Pensions Ombudsman err in law by finding that it was reasonable, in the circumstances in which it was produced and Dr Groom's professional involvement with HM (Health Management, the SMA), for MyCSP to rely on Dr Groom's report?
2. Did the Pensions Ombudsman err in law by not finding that the medical evidence presented to and

considered by MyCSP and its conduct throughout the process, taken in the round, amounted to maladministration after May 2018?

The Court held that Mr H’s complaint was only about Dr Groom’s actual, not apparent, bias. In refusing to allow Mr H to raise a new argument of apparent bias, the Court held that there had been a significant procedure before TPO and that significant weight ought to be given to the policy of finality in litigation.

In any event, the Court went on to reject the argument on its merits that a fair minded and impartial observer would conclude that there was a real possibility that Dr Groom was biased.

The scope of the second question was substantially narrowed in counsel’s submissions to whether Dr Groom’s statement that “it is reasonable to apportion up to 10% as being the result of pre-existing mental health problems” was inconsistent with his decision on apportionment and did not support MyCSP’s decision on apportionment. This, it was alleged, amounted to maladministration by MyCSP and the Pensions Ombudsman had erred in law in not finding maladministration. Although this point had not been raised by Mr H in the complaint the Pensions Ombudsman had investigated, the Court exercised discretion to allow it to be argued on the grounds that it could be determined on the existing findings and without significant prejudice to the Respondents.

However, the Court dismissed the argument - the Pensions Ombudsman had not committed an error of law, and the Court added that it could see no incongruence between Dr Groom’s report and MyCSP’s decision.

The stated case procedure was dealt with entirely in-house by the Pensions Ombudsman’s Legal Team and required extensive preparation as well as providing an appropriate degree of assistance to Mr H in navigating the procedural complexities of the case stated process. The Court was entirely supportive of TPO’s approach to the case and found no shortcomings in TPO’s procedures or decision.

We did not receive notification from the parties in advance of the date of the hearing and were not provided with a copy of the judgment when it was handed down by the Court. We take this opportunity to remind those with an interest in these matters that it is vital that the Pensions Ombudsman is kept fully abreast of developments during an appeal process.

Judicial review

The lawfulness of decisions or actions taken by public bodies, including TPO, can be reviewed by the courts through judicial review. A judicial review is a challenge to the way in which a decision has been made, rather than the rights and wrongs of the decision itself.

This year, while no formal applications were made for judicial review of any TPO decision, we received Pre-action Protocol letters in three cases. These letters are required by Civil Procedure Rules and aim to help resolve disputes before they reach court.

In one of these cases, the applicant looked to seek judicial review of the Pensions Ombudsman's Determination of November 2022 in which the Pensions Ombudsman was content that the Scheme Manager had correctly applied the Police Pension Regulations and that the information which had been available to the applicant, though not always clear, was sufficient in the circumstances.

The applicant, in their Pre-action Protocol letter, claimed that the Pensions Ombudsman had made various errors in reaching his decision. However, the correct route for the applicant to bring this challenge was by way of an appeal on a point of law under section 151(4) of the Pension Schemes Act 1993, and not judicial review.

Despite the applicant following the wrong route to challenge the Pensions Ombudsman's decision, we responded in accordance with the Protocol, and explained why we considered the challenge was without merit. A formal judicial review claim was not lodged and is now outside the court's time limits (as is an appeal).

The other two cases concerned matters relating to TPO’s jurisdiction to investigate the complaints in question as well as TPO’s powers to grant relief. The threatened challenges to TPO’s decisions in these cases were robustly defended and the proposed applications for judicial review were not progressed. The work associated with preparing and issuing these defences was carried out entirely by TPO’s in-house Legal Team, reflecting well on the internal skills and capabilities of the Team.

Other key developments

Key achievements against our Corporate Plan

Our Corporate Plan 2023-2026 sets out our vision to further shorten and simplify the customer journey while maintaining quality and reaching the right outcome. This section outlines our key developments against our three strategic goals.

Strategic goal one: Providing a customer-focused service for the resolution of occupational and personal pension complaints

Customer survey
In 2022/2023 we conducted four customer surveys that each covered a three-month period.

Overall, we surveyed 10,410 participants (complainants and representatives at various stages of our process) who had opened or closed a complaint with us between 1 April 2022 and 31 March 2023. Our overall average response rate was 26%. The decrease in the number of participants compared to 2021/22 is due to us no longer issuing it to respondents due to the low response rate (2021/22: 6%).

Surveys were sent at three key stages of the complaint process:

- initial application included all applications received up until completion of a jurisdiction test.
- early resolution covered all complaints dealt with by our Early Resolution Service.
- adjudication covered all complaints dealt with by our Adjudication Service.

In analysing the results, the methodology used to measure customer satisfaction combines some of the questions asked under three headings. The table below outlines the combined results against each heading.

Measurement heading	**2022/ 2023 KPI**	**2021/ 2022 results**	**2022/ 2023 results**
Providing you with a good service	60%	44%	45%
Providing clear information	70%	67%	65%
Providing clear decision making	65%	56%	55%

We have started to see an increase in scores, particularly during the second half of the year, as our waiting times have started to reduce. The table below shows the results for each quarter in 2022/23.

Measurement heading	Q1 (1 Apr – 30 June)	Q2 (1 Jul – 30 Sept)	Q3 (1 Oct – 31 Dec)	Q4 (1 Apr – 30 June)
Providing you with a good service	41%	43%	48%	50%
Providing clear information	65%	61%	67%	68%
Providing clear decision making	49%	56%	59%	60%

As well as tracking the results against our measurement headings, we also use insight captured through verbatim comments left on the survey, quality assurance audits and service complaints to drive continuous improvements. From conducting detailed analysis, it suggests that in addition to customer waiting times, customer satisfaction is also closely correlated with the outcome. We will be closely monitoring this trend to see if it accounts for any of the changes in our scores in the future.

The Pensions Dishonesty Unit

The PDU is continuing to investigate cases of suspected pension scheme dishonesty and, where possible, directing those responsible to reimburse the scheme and members for losses stemming from their actions. Where successful, pension scheme losses should then be met by the perpetrators of dishonest behaviour rather than the taxpayer or all pension schemes on a wider basis.

PDU cases have, as expected, proven to be extremely complex and resource intensive. Each preliminary decision and Determination require substantial investigation and consideration, and there is the additional complication that comes with the necessity to hold oral hearings on each case to assess the honesty of the respondents.

Over the course of 2022/23 the PDU was resourced with three Senior Adjudicators, three Senior Lawyers and paralegal support. Significant progress was made on a range of PDU cases, bringing to conclusion investigations into three schemes and progressing six further schemes where preliminary decisions have been made and oral hearings held. These will be determined in the coming months. In total, four oral hearings were held over the course of 2022/23 in relation to six pension schemes.

Sitting behind those cases which have had preliminary decisions issued, there are 17 further schemes which are being investigated and new schemes are being referred to the PDU regularly.

In respect of the cases that have been determined, we are aware that the respondents to one scheme have followed the directions and in the second scheme we understand that the respondents are in the process of following the directions. In the third case, involving

£13million, the Determination is currently under appeal.

The PDU has continued to build external relationships with TPR, the Fraud Compensation Fund (FCF) and independent trustees, on individual cases and in wider policy level discussions. This work is ongoing, and we are continuing to look to further expand our presence within the landscape of industry bodies addressing pension scams.

A key element of our interaction with TPR is the ability to notify it, as soon as feasible, of schemes of concern. We are in regular contact with TPR and understand that there are currently several schemes under consideration for the appointment of an independent trustee due to the PDU's work. This may lead to redress for the scheme members through the FCF even if the wrong-doing party fails to meet its binding legal obligations after a TPO Determination (e.g. through claiming insolvency).

TPO has successfully sought additional funding for an extension to the PDU's operation for 2023-2025.

Strategic goal two: Supporting and influencing the pensions industry and the wider alternative dispute resolution sector to deliver effective dispute resolution

Legal Forum

September 2022 saw TPO hold its second Legal Forum of the calendar year. It was well attended by lawyers representing both public and private sector schemes. As with previous meetings, the Forum produced some good discussion and sharing of ideas and views about the topical pensions issues.

Set within a varied agenda, the Forum discussed developments with TPO's new PDU; the challenges presented by the *McCloud* exercise and the work public service pension schemes were undertaking to implement the statutory remedy; and the new pension transfers regulations - in particular trustees' attitudes to risk and the practicalities of complying with the conditions for transfers.

In the Autumn, we also held two discussion groups for technical specialists – the first on the pension transfers regulations and the second on the *McCloud* remedy. Both were well attended and prompted useful discussions on the practical issues facing schemes in complying with the legal requirements.

Stakeholder engagement

The past year has seen our relationships with our stakeholders expand and grow, including forging new relationships within the wider pensions industry. While the effects of Covid-19 saw events, conferences and presentations move online, we have found great pleasure in being able to attend events in person for the first time since early 2020.

Since the launch of our “How to Avoid the Ombudsman” webpage in October 2021, we have continued to expand the information available and promote it in meetings and presentations with stakeholders.

As part of this initiative, we also hosted our first “How to Avoid the Ombudsman” webinar panel discussion in September 2022, this was very well attended with over 200 registers of interest. It comprised of TPO staff from different teams talking about their processes and answering questions from attendees. The webinar proved very popular and the feedback received was positive and we would like to host more sessions in the future.

Our work in relation to pensions scams continued with our support of the newly branded Pension Scams Action Group, alongside our pilot PDU which we promote widely.

As part of the work with other pensions arms-length bodies, we co-hosted an event at the Palace of Westminster with the aim of educating interested MPs and staff on how TPO can help their constituents. This was a positive example of how our organisations work collaboratively together to support each other and promote each organisation’s role within the pensions’ community. As a result of this event, we secured a visit from the Chair of the Work and Pensions Select Committee, Sir Stephen Timms MP, to our offices.

During 2022/23, we also worked closely with the Scottish Public Pensions Agency to provide a presentation and Q&A session to LGPS (Scotland). The session aimed to educate employers on TPO's approach to ill health early retirement cases and was attended by 180 employers. Excellent feedback was provided and it is hoped that this initiative can be rolled out to other providers in the future. In responding to a request from a valued stakeholder, we were able to deliver a focused session to a target audience in order to mitigate future complaints.

Strategic goal three: Transforming and improving our services and processes

Digitalisation programme

Over 2022/23 we continued with some smaller digital projects to improve the process for our customers and staff.

As well as being easier for our customers to complete, the updated online application that we introduced in April 2023 has had other benefits including:

- Customers being told automatically if their complaint is not something we can deal with because, for example, it concerns a State Retirement Pension or it is outside of our time limits. In cases like these, customers are given details of what they should do next.

- Key information that the customer has entered being automatically transferred into our case management system (CMS).
- This automation of some of our processes increases efficiency and allows staff to focus on progressing complaints.

During 2022/23, we continued to implement further enhancements to our CMS. Some of these were to reflect changes to our operating model and others were to introduce additional efficiencies. For example, we made extensive changes, driven by Adjudication Team leaders, to allow clearer review processes, better management information to regulate caseloads and automation of steps to assist user case management.

A review of our telephony contract was undertaken to ensure that we were getting good value for money, had all the facilities we needed and that customers wanting to speak to us had the best experience. As a result, we were able to upgrade the service customers receive when calling our Enquiries line, retain all other facilities needed by our customers and staff whilst spending less overall on the cost of our telephony.

During 2022/23, we also started a project to develop and launch a new staff intranet. The existing intranet had little functionality, for example, there was no navigation, ability to search content or to gather any analytics regarding user interaction. The aim of the project was to enhance functionality to improve the sharing of information and insight; support the work around TPO's People Strategy and collaborative working. With an increasing headcount and reliance on hybrid working, it was essential to develop a new staff intranet that was a central hub for up-to-date information that supported staff to carry out their role and increased engagement. In turn, this would help TPO realise efficiencies through reducing duplication and saving staff time.

The new intranet was launched on 31 March and is already making a difference to how we engage with each other and share information.

Quality assurance
During 2022/23, we carried out 1,918 quality audits (2021/22: 1,698) and ended the year with an overall average quality score of 88% across all teams (2021/22: 88%).

The areas audited include:

- keeping customers informed throughout their complaint journey
- handling and capturing customer information

- explaining clearly how we have reached decisions along with how to appeal
- providing clarity when advising of next steps
- communicating clearly, using plain English.

Our Quality Assurance Team hold regular staff feedback sessions to share best practice, recognise and celebrate the positives and provide coaching and support for the development of any skills which would improve the service for our customers.

The outcomes of these quality audits have enabled us to identify areas where we are doing well such as ‘clearly explaining how we have reached a decision and how to appeal’ and areas where we are looking to make improvements, for example, ‘maintaining regular contact with applicants throughout the customer journey’.

Action to address areas for improvement include:

- ensuring that our contact and communication standards are met through our quality assurance framework
- reviewing our processes to ensure that cases are progressed to the right team without unnecessary delay, and that customers are educated as early in the process as possible

- providing training for staff, and updating internal guidance to ensure that all evidence, information and data is captured accurately.

Based on our experience and results from the first few years of our quality audits, we continue to adopt a risk-based approach where new processes or procedures have been implemented, so that we can focus on targeting areas that require the greatest improvement. This is while maintaining a percentage of audits across all teams to provide us with assurance that we are supporting the customer journey where it needs it most.

Our people

Our staff

People Strategy

In May 2022, a revised People Strategy based on the responses to the 2021 staff survey was agreed by the Corporate Board covering the following workstreams:

- staff mental health and wellbeing
- organisational culture
- collaboration across the organisation
- building leaders
- learning and development (L&D) for all
- recruitment, recognition and retention

During 2022/23, work has included:

- Building a comprehensive training calendar which promoted L&D for all staff and collecting valuable feedback from participants.
- As part of our in-year awards, we promoted collaborative working with staff being recognised for a wide variety of work such as participating in the ‘How to avoid the Ombudsman’ webinar, organising staff events including social events and representing their team at the Staff Communication Forum.
- Introducing ’Lunch and Learns’ where staff could engage with informal training from a variety of internal and external guest speakers.
- Launching a new online Learning Management System (LMS).
- Delivering Stress Awareness courses and Mental Health workshops to staff.
- Improving our monthly office-wide meetings by making them more interactive and inviting external speakers.
- Promoting and growing membership of the Equality, Diversity and Inclusion (EDI) group and four staff networks.

- Delivering training to new and aspiring managers alongside sharing opportunities for mentoring.
- Returning to in-person induction for all new starters.

Staff survey
In November 2022, as part of our People Strategy, we conducted the annual staff survey.

While not part of the Civil Service, we adopted the Civil Service People Survey methodology for the survey. This provides us with a technically robust survey and an opportunity to benchmark our results against the Civil Service.

Our staff responded enthusiastically to the survey, with a response rate of 77% (Civil Service response rate: 65%).

Examples of high-level results, compared to the 2021 results and the Civil Service survey, 2022:

Category	Score	Difference against 2021 TPO survey	Difference against 2022 Civil Service survey
Employee engagement index	70%	+7%	+4%
Leadership and managing change	66%	+3%	+12%
Learning and development	62%	No change	+7%

From the survey data and further feedback from staff, the Leadership Team identified the following priorities to be discussed further at team meetings and the Staff Communication Forum:

- rewarding staff by reviewing benefits package
- further strengthening our behaviours, collaboration and approach to change management
- developing a range of L&D opportunities to support staff in building their knowledge, skills and expertise.

Feedback from staff confirmed the existing workstreams on page 100 in the 2022 People Strategy should remain with actions and goals updated. Equality, Diversity and Inclusion actions are embedded in each strand.

Our volunteers

Volunteer numbers have remained relatively stable, with a slight increase in overall numbers from 195 to 202. We were delighted to welcome 29 new volunteer advisers, who joined us during 2022/23. Our Early Resolution Service resolved 1,390 complaints last year, which we would not have been able to without the help of our volunteer network. We are very grateful for their help and expertise.

During 2022/23, we:

- celebrated Volunteer Week (1 to 7 June 2022), which included hosting a live webinar about volunteering at TPO. Our thanks to Kay Prestidge and Matthew Ambler, who agreed to be part of the panel and shared their experiences of volunteering
- hosted a stand at the Association of Member-Directed Pension Schemes conference in May 2022, promoting volunteering and the work of TPO
- promoted volunteering to the Pensions Management Institute Southwest Group in November 2022

- As well as three new volunteer training events, we hosted training sessions on misinformation and mentoring
- hosted a virtual annual seminar, which included presentations on the Pensions Dashboard; our jurisdiction; the new transfer regulations; the Pensions Dishonesty Unit; and Information Governance
- updated guidance on:
    - dealing with complaints about mistakes
    - compensation payments
    - our jurisdiction and discretionary death benefits
- issued guidance on the Occupational and Personal Pension Schemes (Conditions of Transfer) Regulations 2021
- issued six digital volunteer newsletters
- surveyed volunteers for their input on how we can improve our support to them. We had a response rate of over 40% and it was very reassuring to note that 99% said they would recommend volunteering for TPO to other pension professionals. We will be using the results of the survey to develop our plans for 2023/24.

Accountability Report

Statement of Accounting Officer’s responsibilities

Under Section 145(8) of the Pension Schemes Act 1993 and Section 212A(1) of the Pensions Act 2004, the Pensions Ombudsman and Pension Protection Fund Ombudsman are required to prepare a statement of accounts in respect of each financial year. The Secretary of State for Work and Pensions (with the consent of HM Treasury) has directed the Pensions Ombudsman and Pension Protection Fund Ombudsman to prepare the statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a fair view of the state of affairs of the Pensions Ombudsman and the Pension Protection Fund Ombudsman and of its income and expenditure, Statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Work and Pensions, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going-concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

The Accounting Officer of the DWP has designated the Pensions Ombudsman as Accounting Officer of TPO. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding TPO and PPF Ombudsman’s assets, are set out in the non-departmental public bodies Accounting Officers’ Memorandum and in Managing Public Money issued by HM Treasury.

This year saw a change in Accounting Officer from the outgoing Pensions Ombudsman to the new Pensions Ombudsman. As part of this process the new Pensions Ombudsman was presented with a handover letter of assurance to ensure continuity.

So far as the Pensions Ombudsman is aware, there is no relevant audit information of which the auditors are unaware, and the Pensions Ombudsman has taken all the steps that he ought to have taken to make him aware of any relevant audit information and to establish that the auditors are aware of that information.

The Pensions Ombudsman confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable and takes personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

Governance statement

We are committed to maintaining the highest standards of governance. This statement sets out our governance and risk management controls in place throughout 2022/23 and up until the Annual Report and Accounts are formally signed off by the Audit and Risk Committee in December 2023.

Statutory role
The statutory role of the Pensions Ombudsman is primarily determined by Part X of the Pension Schemes Act 1993 and Part X of the Pension Schemes (Northern Ireland) Act 1993.

The statutory role of the Pension Protection Fund Ombudsman is primarily determined by sections 209 to 218 of the Pensions Act 2004. The Pensions Ombudsman and Pension Protection Fund Ombudsman is a statutory commissioner appointed to both posts by the Secretary of State for Work and Pensions.

Public Bodies Review (formerly Tailored Review)
As a non-departmental public body, TPO is subject to reviews, usually once in a lifetime of a Parliament. In 2019, DWP conducted a Tailored Review, which was published in 2019. All recommendations have now either been completed or have moved to business as usual with a full Board structure being established. Tailored Reviews have been replaced by Public Bodies Review and TPO is preparing for such a review to take place in 2024/25.

Framework Agreement with DWP
TPO is subject to the 'Framework Agreement' between TPO and DWP (effective from 27 April 2020). DWP continues to hold quarterly accountability meetings where TPO provides assurance on finance, performance and risk.

Corporate governance report

Both the Pensions Ombudsman and Pension Protection Fund Ombudsman are statutory commissioners and not corporate bodies. We are not wholly bound by HM Treasury's Corporate Governance Code, but we adhere to the principles and best practice of corporate governance, as set out in our Framework Agreement with DWP.

Executive

Pensions Ombudsman – Anthony Arter (1 April 2022-15 January 2023), Dominic Harris (16 January 2023-ongoing)
Chief Operating Officer – Alex Robertson
Legal Director – Claire Ryan

The Executive is responsible for the strategic leadership of TPO and is the principal mechanism for directing the day-to-day business and decision making within TPO, ensuring action plans are in place for delivering against the Annual Report and Corporate Plan and implementing strategies set by the Corporate Board.

It meets monthly and all meetings were quorate in 2022/23.

Corporate Board

Chair – Caroline Rookes
Non-Executive Director (NED) – Emir Feisal
NED – Myfanwy Barrett

NED – Robert Branagh
NED – Mark Ardron (to 30 April 2023)
Pensions Ombudsman – Anthony Arter (1 April 2022-15 January 2023) Dominic Harris (16 January 2023-ongoing)
Chief Operating Officer – Alex Robertson
Legal Director – Claire Ryan

The Board convenes on a quarterly basis. All meetings were quorate in 2022/23.

The Corporate Board's role and purpose is to:

- Take decisions in line with the framework within which public bodies must operate.
- Establish the vision, mission and values of TPO, determining how these will be promoted within the organisation.
- Set the strategic direction of TPO to maximise value for its customers, selecting strategies to be pursued and receiving updates and assurance on the implementation by the Executive.
- Hold the Executive to account and provide support and challenge as appropriate.
- Determine the governance arrangements for TPO, as recommended by the Executive.
- Hold the Executive to account in ensuring appropriate arrangements and resources are in place to monitor and achieve the organisation's equality, diversity and inclusion plans and targets.

- Ensure the Executive provides a clear organisational approach to equality, diversity and inclusion in line with TPO's values.

Audit and Risk Committee

Chair – Myfanwy Barrett
NED – Emir Feisal

Attendees
The Pensions Ombudsman
Chief Operating Officer
Deputy Chief Operating Officer (Corporate Services)
DWP partnership team nominee
Representative from National Audit Office
Representative from Government Internal Audit Agency

The Audit and Risk Committee (ARC) provides assurance to the Board and Accounting Officer by exercising oversight of the appropriateness and effectiveness of TPO's risk management, risk governance, oversight of the Annual Report and Accounts and planned internal and external audit activity.

Risks and mitigation
TPO's approach to risk continues to develop. Building on the introduction of a balanced scorecard, the Strategic Risk Register has been significantly updated to capture all current and/or relevant strategic risks. Definitions for determining risk likelihood and impact

are reviewed at least quarterly to ensure consistent application.

At each ARC meeting, there is a standing agenda item for a deep dive of an identified risk of concern. In 2022/23 there were deep dives completed on failure to sufficiently recruit and retain sufficient staff, risk of a serious data breach and cyber security.

TPO's risk appetite has been reviewed and agreed as part of the budget planning and each TPO strategic goal has a risk appetite attached to it.
Strategic risks and the risk environment are reported into the Executive, Corporate Board and ARC.

The table below outlines the top three strategic risks that could have potentially impacted on our productivity during 2022/23, together with mitigation action taken.

Demand forecast	**Mitigation**
Demand for our service significantly exceeds our forecast	• monthly updates to year-end forecast provided to Executive and quarterly to Corporate Board/DWP • forecast demand set at start of business planning for new financial year and adjusted as needed

	• funding submissions to DWP include demand forecast and supporting information about contributing factors • long-term challenge of linking demand to funding raised with DWP.
Insufficient resources Failure to recruit and retain sufficient staff to deliver our service at current levels and effectively deliver change	**Mitigation** • major cross organisational recruitment drive in Q1 successful • all fixed term contract (FTC) staff converted to permanent contracts, once 2023 funding agreed, to maximise retention of knowledge and skills • staff offered a variety of L&D opportunities alongside new staff learning platform being launched • new People Strategy had both L&D and

	Recruitment and Retention strands to ensure staff felt invested in.
Changes to productivity Casework output does not continue to increase as expected and/or decreases	**Mitigation** • completion of operating model review changes, with further efficiencies gained over the year • new website application form live and reducing workload at front end • additional funding in 2022/23 exclusively used to recruit more caseworkers to reduce waiting times • temporary Casework Support Team has developed new model for early closures • improved phoneline system procured and installed March 2023.

The system of control is designed to manage risk to a reasonable level to achieve policies, aims and objectives. It is based on an ongoing process designed to identify and prioritise risks and allows us to evaluate the likelihood of those risks being realised, the impact should they occur and to manage them efficiently, effectively, and economically. It accords with HM Treasury guidance.

Taking into consideration the size and relatively straightforward functions of our organisation, we manage risks proportionately to ensure value is added to our objectives. We manage risks that fulfil our functions effectively and efficiently to maintain public confidence.

We continually carry out robust assessments of the principal risks facing TPO, including those that would threaten our business model, future performance, solvency or liquidity.

The effectiveness of the systems that generate the financial and performance data contained within the report is evidenced through internal and external audit results.

Our approach includes:

- Identifying key risks to the achievement of strategic and/or business delivery, aims, objectives and targets being identified and assigned to named individuals as well as the causes and consequences of those risks identified.

- Applying a consistent scoring system for the assessment of risks on the basis of likelihood and impact. We determine appropriate controls and activities to mitigate the risks identified, having regard to the amount of risk deemed to be tolerable and justifiable.
- Regular monitoring and updating of risk information to ensure new and emerging risks are captured.
- Deep dives of risks presented to ARC.

I am confident that the quality of the data used by the Executive and Corporate Board is reliable.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I assumed this role in January 2023 having received a comprehensive handover and letter of assurance from the outgoing Pensions Ombudsman. I have also completed the appropriate Managing Public Money training for Accounting Officers.

I am satisfied that the arrangements described above are fit for purpose and effective, having themselves been subject to appropriate review during the year.

My review of the effectiveness of our internal controls is informed by regular progress reports throughout the year from the Government Internal Audit Agency

(GIAA), together with their Annual Opinion Report and the National Audit Office Management Letter.

The Audit and Risk Committee assesses and provides guidance concerning the effectiveness of internal control and continuous improvement plans.

The GIAA carried out four internal audit reviews in 2022/23.

Pensions Dishonesty Unit – we received a substantial assurance. All recommendations were accepted and have been completed.

Financial Controls – we received a moderate assurance. All recommendations were accepted with an implementation date of 31 March 2023.

Cyber Security – we received a moderate assurance. All recommendations were accepted, with an agreed implementation date of 31 March 2024.

Learning and Development – we received a moderate assurance. All recommendations are accepted, with an agreed implementation date of 31 December 2023.

Based on the opinions from the above four reviews and GIAA's observation of other related TPO or third line activity, the overall governance, risk management and control arrangements throughout the year have provided a **MODERATE** assurance. The definition of a Moderate opinion is that 'there are some improvements required to enhance the adequacy and effectiveness of the framework of governance, risk management and control'. Whilst this opinion is unchanged from recent years, GIAA is satisfied that good progress continues to be made.

Dominic Harris
Pensions Ombudsman
Pension Protection Fund Ombudsman
8 December 2023

Register of interests

The register of disclosable interests for the Corporate Board, Audit and Risk Committee members and the Executive is regularly reviewed and published on our website - (pensions-ombudsman.org.uk/publications/register-interests-202223). Where potential conflicts are identified, robust procedures have been put in place. During 2022/23 there were no examples of interests that gave rise to a potential conflict.

Equality, Diversity and Inclusion (EDI)

Our Equality, Diversity and Inclusion group has grown and continues to provide a forum for staff to discuss EDI issues and a platform for staff and managers to work collaboratively on issues.

In 2022 TPO recruited further members to the EDI group, reflecting the growing commitment of staff to EDI issues. By the end of the year there were four established staff networks, Black Staff Network, Women's Staff Network, British Asian Staff Network and Parents' and Carers' Staff Network. External training to support the growth and evolution of staff networks was delivered and a number of events took place across the office which included celebrating Black History Month and International Women's Day. It has been particularly encouraging to see the support given between more established and new groups.

Members of the EDI group were particularly committed to identifying speakers for staff events and suggesting subjects for informal lunch and learns and face-to-face training. In October as part of Black History Month, we welcomed Nicola Williams, who amongst her many achievements can list being the first ever Service Complaints Ombudsman for the UK Armed Forces making her the highest-ranking Black person in UK Defence, part-time Crown Court judge and published author. In March as part of International Women's Day we welcomed Jenny Barnett, Chief Superintendent in Essex Police who gave an inspiring presentation at an organisation-wide event on how she keeps all her plates spinning. The EDI group identified Allyship training as a priority for all staff, with managers completing the face-to-face training in Spring 2023. TPO is committed to all staff completing the training during 2023/24.

Agile working at TPO

In February 2022, staff returned to the office with a new minimum office attendance agreed by Executive of two days a fortnight. Over the past 12 months a variety of office-based events have been arranged ranging from formal face-to-face training to social events where staff can meet and get to know each other. There is a continued commitment to promote and extend collaboration and the exchange of knowledge, skills and expertise across the organisation to ensure the best possible service is provided to our customers.

Feedback from new staff has evidenced that the flexible working arrangements on offer are a significant pull factor for applicants. The Agile Working Policy will be regularly reviewed to ensure it is fit for purpose and supports business needs being met.

Environment performance review

TPO remains committed to ensuring it operates in a sustainable way. Since 2021/22, TPO must meet reporting requirements in relation to the Government Greening Commitment (GGC). As a small organisation there are limitations to our ability to report significant progress despite our commitment to sustainability. A major hinderance to data collection is TPO being a tenant within a Government Property Agency (GPA) hub, where there are no sub-meters for tenants. This means for energy consumption calculations are merely a proportion of overall energy costs reflecting the 1.6% share of the building. Although our headcount increased from 115.7 at 31/03/22 to 147.11 at 31/03/23, we have not increased our overall space in the building.

TPO offices are situated within an energy efficient GPA hub based at South Colonnade, Canary Wharf. It houses several public and arms-length bodies. The overall responsibility for energy consumption across the building falls to GPA which employs a dedicated technical manager responsible for the energy management and reduction. GPA has a sustainability strategy and action plan 2021-25, aligned to the GGC, in place[3].

GPA has a key strategic objective to contribute to the achievement of Net Zero carbon by 2050 including contributing to meeting the Government commitment to a 50% reduction in carbon emissions across the Public Estate by 2032. To support this objective GPA has established a Net Zero Programme for the whole Government Office Portfolio.

It is not possible to report meaningful energy consumption levels as there are no sub-meters for tenants, this is something GPA are looking into.

TPO representatives regularly attend the 10SC Sustainability Committee where GPA regularly shares emission data. Table 1 below provides a summary which includes an overview of the energy use for TPO in 2022/23. This is calculated using the percentage floor area apportioned to TPO. The figures reflect the increase in building occupancy with staff returning to some office-based working. Occupancy over the 12 months has increased by approximately 50%.

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3 https://www.gov.uk/government/publications/greening-government-commitments-2021-to-2025/greening-government-commitments-reporting-requirements-for-2021-to-2025

GPA has achieved substantial efficiencies since reporting started in 2019/20 through greater commitment of tenants to sustainability and more accurate reporting. However, over 2022/23 energy consumption has shown some month-on-month increases due to the return of tenants to office working.

TPO has continued to promote sustainability to staff and in particular its aim to minimise printing wherever possible, although printing has increased in line with the return to the office in 2022. Paper consumption is reported quarterly to DWP and averaged 40 reams a quarter (2021/22 6 reams).

TPO does not own or lease vehicles. Staff have not travelled overseas. Where possible staff are encouraged to use public transport for external events and in total the expenditure on travel was £920 (2021/22: £730) for the year, a small rise reflecting the return to more in-person events.

We recycle all food waste, paper and cardboard, cans and toner and only use environmentally friendly cleaning products. We use recyclable stationery where possible. We have been operating hybrid working arrangements since 2018 to reduce C02 emissions and will continue to encourage the use of virtual meetings and other good working practices that arose from working during the Covid-19 pandemic.

To encourage safe and sustainable travel to the office by staff, we have implemented a cycle to work and electric car scheme.

TPO does not undertake any construction or building activities.

Table 1: Environmental performance

Area	Actual performance	Normalising data (per headcount)
Employee count (median over year)		148
Estate energy and emissions		
GHG emissions from offices	47.4 tonnes CO_2e	0.36 tonnes CO_2e
Travel expenses		
Business travel	£920	£7.00
Waste		
Total waste produced	2.47 tonnes	0.02 tonnes
Total recycled/	1.68 tonnes	0.01 tonnes

reused		
Total incinerated	0.79 tonnes	0.01 tonnes
Total to landfill	0.0 tonnes	0.00 tonnes
Paper		
Total paper	160 reams	1.22 reams
Water		
Total water consumption	295m^3	2.24m^3

Greenhouse gas emission (GHG)

The data for scope 2 emissions is calculated from the data provided by GPA for the overall building use. For an indication of our performance, we apply floor occupancy rate of 1.28%. Although GPA uses 2019/20 as a baseline for emissions data, prior to 2021/22 TPO was not required to meet reporting requirements.

Table 2: Greenhouse gas emissions

Greenhouse gas emissions	2021/22	2022/23
Scope 2 - Gas and electricity (tonnes CO2E)		
Gas	0.62	0.53
Electricity – total	28.67	27.39
Electricity – brown	n/a	n/a
Electricity – green	n/a	n/a
Electricity – CHP		-
Total scope 2	29.29	27.92

Scope 3 - Business travel (measurement expenses)		
Private vehicle	82	89
Car hire	0.0	0.0
Taxis	6	0.0
Air	0	0.0
Rail	642	831
Total scope 3	730	920
Scope 3 – Paper (measurement - reams per year)		
Paper	24	160

Information security

A dedicated Information Manager (Data Protection Officer) is in post overseeing our responsibilities under the Data Protection Act 2018 and HMG Security Framework, under the direction of the Deputy Chief Operating Officer (Corporate Services). Weekly updates of any potential data breaches are provided to the Chief Operating Officer in their role as Senior Information and Risk Officer (SIRO) and the Deputy Chief Operating Officer (Corporate Services). During 2022/23 TPO has initiated a significant records retention project that has identified senior information asset owners and agreed retention dates for all documents. GIAA completed an Information Assurance Audit in autumn 2022 and we were rated moderate, all recommendations were accepted.

There were no personal data-related incidents during 2022/23 requiring formal reporting to the Information Commissioner's Office (ICO). In June 2023, TPO suffered a cyber incident which was reported to the ICO.

Whistleblowing policy

It is important that our staff know what to do and how to 'blow the whistle' if they have any concerns about issues such as breaches of the law, misconduct, health and safety issues, or financial malpractice.

The Executive and the ARC are committed to maintaining high ethical standards and taking concerns seriously. The policy encourages employees to speak up about genuine concerns, and it describes how those concerns will be handled, and where employees can go if they are not satisfied with the action taken.

We encourage staff to speak up about genuine concerns they have in relation to wrongdoing in the workplace. This includes any criminal activity, a breach of a legal obligation (including negligence, breach of contract, or breach of administrative or other law), miscarriage of justice, danger or damage to health and safety or the environment, and the cover up of any of these wrongdoings in the workplace. We are committed to ensuring that any staff concerns about such matters will be taken seriously and properly investigated. The reporting of wrongdoing under this policy may be covered by the law concerning protected disclosures of information. The policy has therefore been written with reference to the Public Interest Disclosure Act 1998, which offers protection to those who ‘blow the whistle’ in certain circumstances.

Remuneration and staff report
We set out here our remuneration policy for the Pensions Ombudsman, Deputy Pensions Ombudsman, Executive and Corporate Board. This is fundamental to how we demonstrate transparency and accountability.

Pensions Ombudsman remuneration policy
In accordance with Sections 145 and 145A of the Pension Schemes Act 1993, the current and future remuneration of the Pensions Ombudsman and the Deputy Pensions Ombudsman is determined by the Secretary of State for Work and Pensions.

The current and future remuneration of the Pension Protection Fund Ombudsman and Deputy Pension Protection Fund Ombudsman is determined by the Secretary of State in accordance with Sections 209(4) and 210(6) of the Pensions Act 2004.

The Chief Operating Officer’s and Legal Director’s salary ranges are determined by TPO pay scales.

Appointment of Non-Executive Directors
Caroline Rookes’ was appointed as permanent Chair by the Secretary of State. The appointment took effect

from 1 December 2020 for a period of five years. Either party can terminate this appointment earlier by giving three months' notice. The Chair's salary is determined by the Secretary of State for Work and Pensions and is non-pensionable. The fees for the three NEDs who started on 1 May 2021 are also determined by the Secretary of State for Work and Pensions and are non-pensionable.

Pensions Ombudsman service contracts
The Pensions Ombudsman and Deputy Pensions Ombudsman are appointed by the Secretary of State. The length of service contracts is determined by the Secretary of State for Work and Pensions.

Pensions Ombudsman

Name	Date of appoint-ment	Date of Expiry	Unexpired term as of 31/03/23	Notice period
Anthony Arter	23 May 2015	15 January 2023	n/a	n/a
Dominic Harris	16 January 2023	15 January 2028	4 years 9 months	3 months from employee

Anthony Arter was appointed as Pensions Ombudsman and Pension Protection Fund Ombudsman for four years on 23 May 2015. In December 2018 he was reappointed until 31 July 2021 and this appointment was extended twice to January 2023 to allow for the new Pensions Ombudsman appointment process to be completed. Anthony's appointment as Pensions Ombudsman ended on 15 January 2023.

Dominic Harris was appointed as Pensions Ombudsman and Pension Protection Fund Ombudsman for five years on 16 January 2023.

Deputy Pensions Ombudsman

The Secretary of State appointed Anthony Arter as interim Deputy Pensions Ombudsman and Deputy Pension Protection Fund Ombudsman on 16 January 2023 for an interim period of one year, to ensure continuity, deal with any conflicts of interest arising in relation to the new Pensions Ombudsman and provide an opportunity to review the need for a Deputy Pensions Ombudsman in the context of rising demand levels. This appointment has now been extended for a further nine months.

Since 1 July 2020, the Legal Director, Claire Ryan, has been given authority to act as the Deputy Pensions Ombudsman and make Determinations if the Pensions Ombudsman were unavailable.

Name	Date of appointment	Unexpired term as of 31/03/23	Notice period
Anthony Arter	16 January 2023	9 months	3 months from employee

The Pensions Ombudsman and Deputy Pensions Ombudsman's appointments may be terminated early by the Secretary of State on the following grounds:

1. misbehaviour
2. incapacity
3. bankruptcy or arrangement with creditors.

Any decision to remove on one or more of the above three grounds will be taken by the Secretary of State with the concurrence of the Lord Chief Justice. No compensation will be paid if the appointment is terminated on any of the grounds set out above. Should the appointment be terminated on the basis of misbehaviour, one month's notice will be given. Where conduct is so serious as to warrant immediate removal from office, pay in lieu of notice will be paid.

The notice periods shall not prevent the Pensions Ombudsman, Deputy Pensions Ombudsman or Secretary of State waiving the right to notice, or the Pensions Ombudsman or Deputy Pensions Ombudsman accepting a payment in lieu of notice.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Pensions Ombudsman, the Deputy Pensions Ombudsman, the Executive and Corporate Board.

The information in this table is subject to audit.

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000) (Note 1)		Total (£'000)	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Caroline Rookes	20-25	20-25	0	0	0	0	0	0	20-25	20-25
Mark Ardron	0-5* 5-10*	5-10^	0	0	0	0	0	0	0-5	5-10
Myfanwy Barrett	5-10^	5-10^	0	0	0	0	0	0	5-10	5-10
Robert Branagh	5-10^	5-10^	0	0	0	0	0	0	5-10	5-10

Khan Emir Feisal	5-10^	5-10^	0	0	0	0	0	0	5-10	5-10
Anthony Arter~	125-130* 145-150**	140-145	0	0	0	0	0	0	125-130	140-145
Dominic Harris (wef 16/01/23)	30-35* 145-150**	0	0	0	0	0	12	0	35-40	0
Alex Robertson	100-105**	95-100* 100-105**	1	0	0	0	12	40	140-145	140-145
Claire Ryan	85-90* 95-	80-85* 95-	1	0	0	0	-1>	23	115-120	105-110

	100#	100#									

^ Annual remuneration
* Actual salary
** Annual salary
# Full time equivalent salary
~ As PO until 15/1/23 and as DPO wef 16/1/23 see page 132 for details
> negative pension benefit figure due to increase in inflation

Note 1: The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.

There have been no off-payroll engagements of members of the Corporate Board or the Executive.

Bonuses
Bonuses are based on performance levels attained and are made as part of the performance review process. Bonuses relate to the performance in the previous year. The bonuses paid in 2022/23 relate to performance in 2021/22.

Pay multiples

The information in this section is subject to audit.

	2022/23	**2021/22**
Highest paid office holder's total remuneration	145-150 **(£'000)**	140-145 **(£'000)**
Average salary and allowances for employees as a whole	43.79	43.45
Average performance pay and bonuses	0.30	0.39
25th percentile pay ratio	4.6:1	4.4:1
Median pay ratio	3.7:1	3.6:1
75th percentile pay ratio	3.0:1	3.0:1

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid office holder in their organisation and the lower quartile, median and upper quartile of the organisation's workforce.

The banded remuneration of the highest-paid office holder in TPO in the financial year 2022/23 was £147,500 (2021/22: £142,500). Percentage change from the previous financial year 3.5%. This was 3.7 times (2021/22: 3.6 times) the median remuneration of the workforce which was £40,236. The average percentage change in salary and allowances from the previous financial year in respect of the employees taken as a whole was 0.8%. The average percentage change in performance pay and bonuses from the previous financial year in respect of the employees taken as a whole was -23.1%. The median pay ratio is consistent with the pay, reward and progression policies for employees taken as a whole.

In 2022/23 no employees (2021/22: none) received remuneration in excess of the highest-paid office holder. Remuneration ranged from £25,500 to £147,500 (2021/22: £7,500 to £142,500).

Percentage change from 2021/22

	Salary and allowance	Performance pay and bonus payable
Highest paid office holder	3.5%	0%
All employees	0.8%	-23.1%

	2022/23 (£) Total pay and benefits	2022/23 (£) Salary component
25th percentile	32,276	32,276
50th percentile	40,236	40,085
75th percentile	49,424	48,920

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

There is a reduction for the 25th percentile compared to 2021/22. This is due to an increase in the number of staff on lower pay bands.

Pension benefits – MyCSP

The information in this table is subject to audit.

Single total figure of remuneration					
	Accrued pension at 31/03/23 (£’000)	**Real increase in pension at age 65 (£’000)**	**CETV at 31/03/23 (£’000)**	**CETV at 31/03/22 (£’000)**	**Real increase in CETV (£’000)**
Dominic Harris	0 - 5	0-2.5	8	0	6
Claire Ryan	25-30 plus a lump sum of 40-45	0-2.5 plus a lump sum of 0	498	456	-12>
Alex Robertson	35-40	0-2.5	403	372	3

> taking account of inflation, the CETV funded by the employer has decreased in real terms

Anthony Arter nominated not to receive any pension benefits as the result of his appointment. The appointments of Caroline Rookes, Myfanwy Barrett, Robert Branagh, Khan Emir Feisal are non-pensionable.

Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the CETVs shown in this report – see above). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service.

Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

Further staff cost disclosures are included in the notes to the accounts in note 2. The financial disclosures within the remuneration report are subject to audit.

Pension arrangements

For 2022/23, employers' contributions of £1,453,094 were payable to the PCSPS (2021/22: £1,070,082) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £61,022 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £2,700 (0.5% of pensionable pay) were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Our staff

Pensions Ombudsmen

The holder of the posts of Pensions Ombudsman/Pension Protection Fund Ombudsman and Deputy Pensions Ombudsman/Deputy Pension Protection Fund Ombudsman are statutory commissioners. They are excluded from the figures below.

Staff numbers

The information in this table is subject to audit.

Staff numbers at year end				
	2022/23	**2021/22**	**2020/21**	**2019/20**
Full time equivalent (FTE)	141.11	115.7	108.4	98.4

Staff costs at year end				
	2022/23	**2021/22**	**2020/21**	**2019/20**
Staff costs	£8,728,438	£6,446,997	£6,701,964	£5,468,586

In addition, we incurred costs of £95,482 for agency staff (2021/22: £57,216). A breakdown of staff costs between employees with an employment contract with

TPO and agency staff is contained in Note 2 of the accounts on page 196.

There are no senior civil servants employed by TPO. There was no contingent labour in 2022/23 (2021/22: nil).

Exit packages (subject to audit)

Exit package cost band	Number of exit packages by cost band
<£10,000	1
£10,000-£25,000	0
£25,000-£50,000	1
£50,000-£100,000	2
Total resource cost/£’000	155

Pay

We are bound to follow HM Treasury guidance for the public sector, so the maximum consolidated increase in total payroll allowed was 3%. For non-consolidated awards we were able to use up to an equivalent percentage to the performance pot from the year before.

To be eligible for an award in 2022/23 staff needed to have been in post on 31 March 2022.

Consultants engaged on the objectives of the entity

The table below shows all off-payroll engagements as at 31 March 2023, for more than £245 per day and lasting longer than six months:

Number of existing engagements as at 31 March 2023	**1**
of which, the number that have existed for:	
less than one year at time of reporting	**1**
between one and two years at time of reporting	**0**
between two and three years at time of reporting	**0**
between three and four years at time of reporting	**0**
four or more years at time of reporting	**0**

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023 earning £245 per day or greater	**3**
Number of these engagements to which the off-payroll legislation does not apply	0
Number of these engagements to which the off-payroll legislation does apply and which were assessed as within the scope of IR35	0

Number of engagements to which the off-payroll legislation does apply and which were assessed as not within scope of IR35	3
Number of engagements that were reassessed for consistency/assurance purposes during the year	0
Number of these engagements that saw a change to IR35 status following the assurance review	0

The total consultancy spend for the year was £7,300 (2021/22: £23,900). Consultancy spend includes fees paid to our payroll provider and other sundry amounts.

Gender of our staff

	As at 31/03/23		**As at 31/03/22**		**As at 31/03/21**	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
Chair	0	1	0	1	0	1
Ombudsmen	2	0	1	0	1	0
Directors inc COO	1	1	1	1	1	1
Deputy COO	1	1	1	1	1	0
Managers[1]	12	11	14	10	13	12
Other employees	56	60	42	49	39	42
Total	**72**	**74**	**59**	**62**	**55**	**56**

1 Managers are classified as those below Deputy COO level who have direct line management of others

Staff diversity profile (as at 31/03/23)

Ethnicity:	
Asian	**10%**
Black	**12%**
Mixed ethnicity	**3%**
White	**47%**
Prefer not to say/undeclared	**28%**
Gender:	
Female	**51%**
Male	**49%**
Disability:	
Yes	**5%**
No	**66%**
Prefer not to say/undeclared	**29%**
Sexual orientation:	
Bisexual	**1%**
Gay/lesbian/other	**3%**
Heterosexual/straight	**68%**
Prefer not to say/undeclared	**28%**
Religion:	
Christian	**29%**
Hindu	**1%**
Jain	**1%**
Muslim	**4%**

None	**30%**
Other religions	**2%**
Sikh	**1%**
Prefer not to say/undeclared	**31%**
Age:	
20-29	**15%**
30-39	**39%**
40-49	**18%**
50-59	**25%**
60+	**12%**

Equality, Diversity and Inclusion is central to all our HR policies and processes. Our HR policies are fully inclusive of all staff regardless of age, working pattern, disability or long-term health conditions, sex, sexual orientation, pregnancy and maternity, race, religion or belief, gender identity, expression or reassignment, or relationship status; marriage (including equal/same sex marriage) and civil partnership.

Staff policies for disabled persons

We give full and fair consideration to applications for employment, both internal and external, made by disabled persons, having regard to their particular aptitudes and abilities.

All recruitment is carried out using fair and open competition, and selection at all stages is fair, objective and based on merit. In all recruitment exercises, we take into account the legal requirement to make reasonable adjustments for applicants so they can overcome the practical effects of a disability.

We adhere to the Guaranteed Interview Scheme whereby applicants with a disability only need to meet the minimum qualifying criteria at the application and selection testing stages of the recruitment process and are then automatically invited to the final stage. We are accredited as a member of the Disability Confident scheme.

Managers always ensure we proactively consider adjustments at all stages of a staff member's employment whether they declare a disability when they join or become disabled while working.

Managers will also consider whether they need advice from the occupational health service on any underlying health conditions or disabilities. This will be taken into account in considering reasonable adjustments to the job, working environment and working patterns, including attendance. These are kept under review.

Managers will agree realistic objectives with staff members taking account of a person's experience, working pattern and any reasonable adjustments made for a disability.

We support the learning and development of our staff in accordance with our Aims and Values. As part of our appraisal system, staff agree their learning and training needs for the year with their managers, taking into account their particular aptitudes and abilities.

Sickness

The average absence for 2022/23 per employee was: 4.68 days (2021/22: 4.48 days).

The average absence per FTE in 2022/23 was 4.87 days (2021/22: 4.67 days).

Turnover

Turnover for the year amongst permanent staff: 20.94% of headcount, 20.71% of FTE (2021/22: 10.71% of headcount, 9.91% of FTE).

Other

There have been no issues relating to social matters, respect for human rights, anti-corruption or anti-bribery matters and therefore there is nothing to disclose.

TPO has a trade union recognition agreement with the Public and Commercial Services union (PCS). There have been no formal consultations with staff during 2022/23.

Parliamentary accountability and audit report
The Parliamentary accountability and audit report outlines the statutory framework that TPO operates within and includes key documents demonstrating our accountability to Parliament in relation to this annual report and accounts. It comprises of:

- Accounting and audit
- Government Functional Standards
- Provision for liabilities
- Contingent liabilities
- Remote contingent liabilities
- Regularity of expenditure
- Fees and charges

The Pensions Ombudsman is a statutory commissioner appointed by the Secretary of State for Work and Pensions under section 145 of the Pension Schemes Act 1993. The jurisdiction and powers of the Pensions Ombudsman are derived from Part X of the Pension Schemes Act 1993 and regulations thereunder.

The Ombudsman for the Board of the Pension Protection Fund (the Pension Protection Fund Ombudsman) is a statutory commissioner appointed by the Secretary of State for Work and Pensions under section 209 of the Pensions Act 2004. The jurisdiction and powers of the Pension Protection Fund

Ombudsman are contained in sections 209 to 218 of the Pensions Act 2004 and regulations thereunder.

The respective legislation also provides for the appointment, by the Secretary of State for Work and Pensions, of one or more Deputy Pensions Ombudsmen and one or more Deputy Pension Protection Fund Ombudsmen.

At present the postholder of Pensions Ombudsman also holds the post of Pension Protection Fund Ombudsman. Similarly, the Deputy Pensions Ombudsman also holds the post of Deputy Pension Protection Fund Ombudsman.

Other interests
The Pensions Ombudsman had no significant external interests that conflicted with his management responsibilities.

Accounting and audit
The accounts have been prepared under a direction issued by the Secretary of State for Work and Pensions in accordance with section 145(8)-(10) of the Pension Schemes Act 1993 and section 212A of the Pensions Act 2004 as inserted by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2008.

Government Functional Standards
All Government Functional Standards applicable to TPO were reviewed and a self-assessment was completed in December 2022. All applicable requirements have been met and we continue to work on four recommendations.

Provisions for liabilities
TPO has been granted permission to participate and appeal the High Court judgment (in which we were not involved) to the Court of Appeal concerning CMG Trustees (competent court). TPO has agreed to pay the trustees' costs for participating in the appeal in addition to our own costs. The total has been estimated at around £100,000. Details of the treatment of pension liabilities in the accounts can be found in the Remuneration report, in the accounting policies and note 1. This is subject to audit.

Contingent liabilities disclosed under IAS (37) (subject to audit)
As of 31/03/2023 there are no contingent liabilities to disclose under IAS 37.

Remote contingent liabilities (subject to audit)
These are remotely possible obligations that arise from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within TPO's control. There are no remote contingent liabilities as of 31/03/2023.

Regularity of expenditure
There have been no individual losses or special payments over £300,000 in 2022/23 (2021/22: nil). Total losses and special payments do not exceed £300,000 in 2022/23 (2021/22: nil). This is subject to audit.

The auditors did not receive any remuneration for non-audit work.

Fees and charges
There were no fees or charges during the year (subject to audit).

Further Parliamentary accountability disclosures
None to report for 2022/23.

So far as the Pensions Ombudsman is aware, there is no relevant audit information of which the auditors are unaware, and the Pensions Ombudsman has taken all the steps that he ought to have taken to make him aware of any relevant audit information and to establish that the auditors are aware of that information.

The Pensions Ombudsman confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable and takes personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

Dominic Harris
Pensions Ombudsman
Pension Protection Fund Ombudsman

8 December 2023

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Pensions Ombudsman and Pension Protection Fund Ombudsman for the year ended 31 March 2023 under the Pensions Schemes Act 1993 and the Pensions Act 2004.

The financial statements comprise the Pensions Ombudsman and Pension Protection Fund Ombudsman's

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Pensions Ombudsman and Pension Protection Fund Ombudsman's affairs as at 31 March 2023 and its total comprehensive expenditure for the year then ended; and
- have been properly prepared in accordance with the Pensions Schemes Act 1993, the Pensions Act 2004 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical*

Standard 2019. I am independent of the Pensions Ombudsman and Pension Protection Fund Ombudsman in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Pensions Ombudsman and Pension Protection Fund Ombudsman’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pensions Ombudsman and Pension Protection Fund Ombudsman's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Pensions Ombudsman and Pension Protection Fund Ombudsman is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Pension Schemes Act 1993 and the Pensions Act 2004.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Pension Schemes Act 1993 and the Pensions Act 2004; and
- the information given in the Performance and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Pensions Ombudsman and Pension Protection Fund Ombudsman and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the Pensions Ombudsman and Pension Protection Fund Ombudsman or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury’s Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or

- the Governance Statement does not reflect compliance with HM Treasury’s guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Pensions Ombudsman and Pension Protection Fund Ombudsman from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the

Pension Schemes Act 1993 and the Pensions Act 2004;

- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Pension Schemes Act 1993 and the Pensions Act 2004; and
- assessing the Pensions Ombudsman and Pension Protection Fund Ombudsman's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Pensions Ombudsman and Pension Protection Fund Ombudsman will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Pension Schemes Act 1993 and the Pensions Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Pensions Ombudsman and

Pension Protection Fund Ombudsman's accounting policies.

- inquired of management, the Pensions Ombudsman and Pension Protection Fund Ombudsman's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Pensions Ombudsman and Pension Protection Fund Ombudsman's policies and procedures on:
    - identifying, evaluating and complying with laws and regulations;
    - detecting and responding to the risks of fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Pensions Ombudsman and Pension Protection Fund Ombudsman's controls relating to the Pensions Ombudsman and Pension Protection Fund Ombudsman's compliance with the Pension Schemes Act 1993 and the Pensions Act 2004 and Managing Public Money.
- inquired of management, the Pensions Ombudsman and Pension Protection Fund Ombudsman's head of internal audit and those charged with governance whether:

  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Pensions Ombudsman and Pension Protection Fund Ombudsman for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Pensions Ombudsman and Pension Protection Fund Ombudsman's framework of authority and other legal and regulatory frameworks in which the Pensions Ombudsman and Pension Protection Fund Ombudsman operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the

Pensions Ombudsman and Pension Protection Fund Ombudsman. The key laws and regulations I considered in this context included Pension Schemes Act 1993 and the Pensions Act 2004 Managing Public Money, employment law and pensions legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, and the Audit Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies **12 December 2023**
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Accounts 2022/23

Statement of comprehensive net expenditure

As at 31 March 2023

	Note	For the year ended 2023 £	For the year ended 2022 £
Expenditure			
Staff costs	**2**	**(8,823,920)**	(6,504,213)
Rent and rates	**3**	**(308,770)**	(487,130)
Computer expenses	**3**	**(592,986)**	(538,736)
Finance costs	**3**	**(21,876)**	(496)
Depreciation – right of use asset	**3**	**(297,332)**	-
Other expenditure	**3**	**(778,570)**	(692,037)
Total operating expenditure		**(10,823,453)**	(8,222,612)
Total comprehensive expenditure		**(10,823,453)**	(8,222,612)

The notes on pages 182-212 form part of these accounts

Accounts 2022/23

Statement of financial position

As at 31 March 2023

	Note	**As at 31 March 2023 £**	As at 31 March 2022 £
Non-current assets			
Property, plant and equipment	**4**	**255,947**	292,714
Right of use assets	**5a**	**2,750,360**	-
Intangible assets	**6**	**170,441**	232,118
Trade and other receivables	**7**	**-**	619,049
Total non-current assets		**3,176,748**	1,143,881
Current assets			
Trade and other receivables	**7**	**90,686**	150,534
Cash and cash equivalents	**8**	**225,799**	150,901
Total current assets		**316,485**	301,435
Total assets		**3,493,233**	1,445,316
Current liabilities			
Trade and other payables	**9**	**323,979**	269,218
Lease liability	**5b**	**230,407**	-
Total current liabilities		**554,386**	269,218

The notes on pages 182-212 form part of these accounts

Statement of financial position

As at 31 March 2023

	Note	As at 31 March 2023 £	As at 31 March 2022 £
Non-current liabilities			
Provision for charges and liabilities	**15**	**241,824**	183,526
Lease liability	**5b**	**1,900,904**	-
Total non-current liabilities		**2,142,728**	183,526
Assets less liabilities		**796,119**	992,572
Capital and reserves			
General reserve		**796,119**	992,572

Dominic Harris
Pensions Ombudsman
Pension Protection Fund Ombudsman
8 December 2023

The notes on pages 182-212 form part of these accounts

Statement of cash flows

As at 31 March 2023

		2022/23		2021/22	
	Note	**£**	**£**	£	£
Cash flows from operating activities					
Net operating expenditure			**(10,823,453)**		(8,222,612)
Depreciation	**4**	**94,916**		62,621	
Amortisation	**6**	**98,097**		89,949	
Depreciation – right of use asset	**5a**	**297,332**		-	
Disposal of fixed assets	**4**	**13,081**	**62,621**	-	44,699
Disposal of intangible assets	**6**	**-**	**89,948**	59,084	77,819
Lease improvements	**7**	**-**		66,925	
Provision for charges and liabilities	**15**	**58,298**		(14,860)	
(Increase)/decrease in receivables	**7**	**(7,077)**		(861)	
(Decrease)/increase in payables	**9**	**54,760**		(12,459)	

Statement of cash flows

As at 31 March 2023

	Note	2022/23 £	2022/23 £	2021/22 £	2021/22 £
Net cash outflow from operating activities			**(10,214,046)**		(7,972,213)
Cash flows from investing activities					
Purchase of non-current assets	**4, 6**	**(107,649)**		(231,621)	
Net cash outflow from investing activities			**(107,649)**		(231,621)
Cash flows from financing activities					
Grants from sponsor department		**10,627,000**		8,197,000	
Payments for lease liability		**(207,657)**		-	
Interest on lease liability		**(21,194)**		-	
Short term lease payments		**(1,556)**		-	
Net financing			**10,396,593**		8,197,000

The notes on pages 182-212 form part of these accounts

Statement of cash flows

As at 31 March 2023

	Note	**2022/23** £	£	2021/22 £	£
Net increase/(decrease) in cash and cash equivalents in the period			**74,898**		(6,834)
Cash and cash equivalents at the beginning of the period			**150,901**		157,735
Cash and cash equivalents at the end of the period			**225,799**		150,901

The notes on pages 182-212 form part of these accounts

Statement of changes in taxpayers’ equity

Year ended 31 March 2023

	General reserve £
Balance at 31 March 2021	**1,018,184**
Comprehensive net expenditure for the year	**(8,222,612)**
Grants from sponsoring department	**8,197,000**
Balance at 31 March 2022	**992,572**
Comprehensive net expenditure for the year	**(10,823,453)**
Grants from sponsoring department	**10,627,000**
Balance at 31 March 2023	**796,119**

The notes on pages 182-212 form part of these accounts

Notes to the accounts

Year ended 31 March 2023

1. Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with the 2022/23 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of The Pensions Ombudsman (TPO) for the purpose of giving a true and fair view has been selected. The particular policies adopted by TPO are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

These accounts have been prepared under a direction issued by the Secretary of State for Work and Pensions (with the consent of HM Treasury) under section 145(8) of the Pension Schemes Act 1993 and Section 212A of the Pensions Act 2004.

Notes to the accounts

Year ended 31 March 2023

1. Accounting policies (continued)

International Financial Reporting Standards Amendments and Interpretations effective in 2022/23

No amendments or interpretations that have been issued but are not yet effective, and that are available for early adoption, have been applied by TPO in these financial statements.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for TPO's accounting periods beginning on or after 1 April 2022 or later periods and which TPO has decided not to adopt early.

TPO has adopted IFRS 16 with effect from 1 April 2022.

IFRS 17 (Insurance Contracts) effective from 1 April 2023.

IFRS 17 Insurance Contracts (effective from 1 April 2023). The International Accounting Standards Board (IASB) has issued IFRS 17 (Insurance Contracts) which replaces IFRS 4 (Insurance Contracts). It is expected to be effective for accounting periods beginning on or after 1 January

1. Accounting policies (continued)

2023, following IASB decisions to defer the effective date.

Guidance has yet to be issued on the interpretation of this standard. TPO does not expect this to have an impact on the financial statements.

Going concern

Future financing of TPO will be met by grant-in aid from the Department for Work and Pensions (DWP), as TPO's sponsoring department. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements. Following Cabinet Office spending review exercise, DWP has agreed funding for 2023/24 and given indicative funding for the period 2024 to 2025.

Grant-in-aid

Grant-in-aid received is used to finance activities that support the statutory and other objectives of the entity. Grant-in-aid is credited to the General reserve, treated as financing. This is because grant-in-aid is regarded as contributions from a controlling party. Grant-in-aid is accounted for on a cash basis.

Notes to the accounts

Year ended 31 March 2023

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Other income and expenditure

Other income and expenditure is recognised on an accruals basis.

VAT

TPO was not registered for VAT during the financial year 2022/23. All costs are inclusive of VAT.

Property, plant and equipment

Property, plant and equipment are accounted for on a depreciated historic cost basis as a proxy for fair value where assets have a short useful life or are of relatively low value. This applies to IT hardware and furniture and fittings.

Non-current assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds TPO's capitalisation threshold of £500 for each individual item.

Notes to the accounts

Year ended 31 March 2023

1. Accounting policies (continued)

Depreciation

Depreciation is calculated so as to write off the carrying value of an asset, less its estimated residual value, over the useful economic life of that asset. Depreciation is calculated from the date an asset is brought into use until the date it has either been fully depreciated or disposed.

Depreciate rates are as follows:

- Hardware – Straight line over five years
- Office furniture – Straight line over five years

Intangible assets

Whether we acquire intangible assets externally or generate them internally, we measure them initially at cost, with subsequent measurement at fair value. Where an active market exists for the asset, it is carried at a revalued amount based on market value at the end of the reporting period. Where no active market exists, we revalue assets using appropriate indices to indicate depreciated replacement costs as an alternative for fair value. Revaluation for the year ended 31 March 2023 was not material and consequently a revaluation has not been recognised.

1. Accounting policies (continued)

Non-current assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds TPO's capitalisation threshold of £500 for each individual item.

Amortisation

Amortisation is calculated so as to write off the carrying value of an asset, less its estimated residual value, over the useful economic life of that asset. Amortisation is calculated from the date an asset is available for use until the date it is has either been fully amortised or disposed of. Amortisation rates are as follows:

- Software - Straight line over five years

Leases

IFRS 16 Leases, issued by the International Accounting Standards Board (IASB) in 2016, was adopted by TPO from 1 April 2022.

IFRS 16 has been adopted retrospectively using the 'cumulative catch-up' approach, without restatement of comparative balances. Consequently, the financial statements for 2021 to 2022 were prepared in accordance with the previous standard, IAS 17 Leases.

1. Accounting policies (continued)

For leases previously treated as operating leases, the right-of-use assets have been measured at the present value of the remaining lease payments, adjusted for any prepayment or accrual balances in respect of the lease payments. TPO has taken advantage of the exemption for low value leases.

TPO does not have any onerous leases.

This standard amends the accounting for lessees, removing the distinction between recognising an operating lease (off balance sheet) and a finance lease (on balance sheet). The new standard requires recognition of all qualifying leases on balance sheet. The result is the recognition of a right to use asset, measured at the present value of future lease payments, with a matching liability.

IFRS 16 defines a lease as a contract that 'conveys the right to control the use of an identified asset for a period of time in exchange for consideration.' This definition applies both to lessees and lessors,

Therefore, in order to contain a lease, a contract must:

- depend on the use of an identified asset and
- provide the customer with the right to control the use of that identified asset.

1. Accounting policies (continued)

IFRS 16 defines the lease term as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both i) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and ii) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HMT. The HMT discount rates were 0.95% for leases entered into prior to 31 December 2022.

The lease payment is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in TPO’s estimates of the amount expected to be payable under a residual value guaranteed, or if TPO changes its assessment of whether it will exercise a purchase, extension or termination option.

1. Accounting policies (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that TPO is reasonably certain to exercise, lease payments in an optional renewal period if TPO is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless TPO is reasonably certain not to terminate early.

When the lease liability is remeasured, a corresponding adjustment is made to the right of use asset or recorded in the Statement of comprehensive net expenditure if the carrying amount of the right of use asset is zero.

Notes to the accounts

Year ended 31 March 2023

1. Accounting policies (continued)

Right of use asset

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant, and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use of fair value for this lease (consistent with the principles for subsequent measurement of property, plant, and equipment).

The right of use asset is depreciated using the straight-line method from the commencement date to the end of the lease term.

Impact on financial statements

On transition to IFRS 16, TPO recognised £3.0m of right of use assets and £2.4m of lease liabilities.

When measuring the lease liability, TPO elected to discount lease payments using the HMT discount rates (0.95% 2022):

Notes to the accounts

Year ended 31 March 2023

1. Accounting policies (continued)

	£000’s
Operating lease commitments to 31 March 2022	2,480
Discounted using discount rates	120
Lease liability recognised at 1 April 2022	2,360

Pension arrangements

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as ‘alpha’ – are unfunded multi-employer defined benefit schemes but TPO is unable to identify its share of the underlying assets and liabilities. TPO recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees’ service by payment to the PCSPS of amounts calculated on an accruing basis. Employer contributions for the financial year to 31 March 2023 are expected to be £1,517,000. Liability for the payment of future benefits is a charge on the PCSPS.

The scheme actuary valued the PCSPS as at 31 March 2020. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

1. Accounting policies (continued)

The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022/23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Financial instruments

TPO determines the classification of financial assets and liabilities at initial recognition. They are derecognised when the right to receive cash flows has expired or when it transfers the financial asset and the transfer qualifies for derecognition.

TPO assesses at each Statement of financial position date whether there is objective evidence that financial assets are impaired as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the Statement of financial position date and whether such events have had an impact on the estimated future cash flows of the financial instrument and can be reliably estimated.

Interest determined, impairment losses and translation differences on monetary items are recognised in the Statement of comprehensive net expenditure.

Notes to the accounts

Year ended 31 March 2023

1. Accounting policies (continued)

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. We consider there to be no areas of critical judgment used in applying the accounting policies.

There are no significant sources of estimation uncertainty.

Operating segments

TPO only reports one operating segment to management for the entire organisation. As such there is no additional analysis requiring disclosure in the accounts.

Pension Protection Fund (PPF) Ombudsman element of costs

PPF Ombudsman activity continues to be of relatively limited scale. An informal time recording arrangement is in place to support the split of costs. During the year ending 31 March 2023, 10 PPF Ombudsman cases (2021/22: 15 cases) and 774 TPO cases (2021/22: 784 cases) were closed. Approximately 1.3% (2021/22: 1.9%) of expenditure

1. Accounting policies (continued)

and total net liabilities (corresponding to £129,881 for the year ended 31 March 2023) is deemed attributable to the PPF Ombudsman (2021/22: £156,176).

No further analysis of costs is made between PPF Ombudsman and TPO cases and these costs are not separately reported to management. Therefore, TPO is considered to only have one operating segment and as such there is no additional segmental analysis requiring disclosure in the accounts.

Notes to the accounts

Year ended 31 March 2023

2. Staff costs

	Permanently employed staff	Temp staff costs	Year ended 31 March 2023 Total	Year ended 31 March 2022 Total
	£	**£**	**£**	£
Wages & salaries	**6,482,811**	**95,482**	**6,578,293**	4,860,617
Social security costs	**728,840**	**-**	**728,840**	526,053
Other pension costs	**1,516,787**	**-**	**1,516,787**	1,117,543
	8,728,438	**95,482**	**8,823,920**	6,504,213

The average number of staff employed during the year was 152 (2021/22: 110). Compensation of £154,681 on early retirement or for loss of office was paid during the year (2021/22: nil).

We have presented the full staff and related expenditure disclosure in the remuneration and staff report on page 130.

Notes to the accounts

Year ended 31 March 2023

3. Other expenditure

	Note	**Year ended 31 March 2023 £**	Year ended 31 March 2022 £
Rent and rates		**308,770**	487,130
Computer expenses		**592,985**	538,736
Legal and professional fees		**43,223**	49,010
Subscriptions		**121,401**	101,231
Staff recruitment		**105,295**	85,528
Printing, stationery and postage		**11,206**	12,578
Auditors' remuneration		**45,000**	35,000
Internal audit fees		**32,402**	29,838
Sundry expenses		**70,472**	17,168
Staff training		**34,754**	33,274
Accountancy fees		**19,680**	11,837
Travel and subsistence		**4,817**	5,281
Hire of equipment		**10,887**	14,162
Telephone		**10,740**	9,093
Business continuity		**2,295**	583
Insurance		**2,005**	23,734
IFRS 16 interest		**21,194**	-
Bank charges		**682**	496

Notes to the accounts

Year ended 31 March 2023

3. Other expenditure (continued)
Non-cash items

Lease improvements amortisation		**-**	66,925
Amortisation	**6**	**98,097**	89,948
Depreciation	**4**	**94,916**	62,621
ROU asset depreciation	**5**	**297,332**	-
Impairment of assets		**-**	59,085
Loss on disposal	**4**	**13,081**	-
Increase/(decrease) in provision for liabilities	**15**	**58,298**	(14,859)
		1,999,533	1,718,399

Payroll services are provided by MacIntyre Hudson at a cost of £20,400 (2021/22: £11,837). The National Audit Office, who perform our statutory audit, did not conduct any non-audit services nor receive remuneration for such services (2021/22: £nil).

Notes to the accounts

Year ended 31 March 2023

4. Property, plant and equipment

	Hardware	Office furniture	Total
	£	£	£
2022/23			
Valuation			
At 1 April 2022	416,078	48,263	464,341
Additions	71,229	-	71,229
Disposals	(161,957)	-	(161,957)
At 31 March 2023	**325,350**	**48,263**	**373,613**
Depreciation			
At 1 April 2022	155,912	15,715	171,627
Charge for the year	85,264	9,652	94,916
Depreciation on disposals	(148,876)	-	(148,876)
At 31 March 2023	**92,300**	**25,367**	**117,667**

Notes to the accounts

Year ended 31 March 2023

4. Property, plant and equipment

	Hardware	Office furniture	Total
	£	£	£
Carrying amount			
At 31 March 2023	**233,050**	**22,896**	**255,946**
At 31 March 2022	260,165	32,549	292,714
2021-22			
Valuation			
At 1 April 2021	210,985	48,263	259,248
Additions	205,092	-	205,092
At 31 March 2022	**416,077**	**48,263**	**464,340**
Depreciation			
At 1 April 2021	102,943	6,062	109,005
Charge for the year	52,969	9,652	62,621
At 31 March 2022	**155,912**	**15,714**	**171,626**
Carrying amount			
At 31 March 2022	**260,165**	**32,549**	**292,714**
At 31 March 2021	108,043	42,200	150,243

Notes to the accounts

Year ended 31 March 2023

5a. Right of use asset

2022/23	Right of use asset £	Total £
Valuation		
Initial recognition on implementation of IFRS 16	3,047,692	3,047,692
Additions	-	-
At 31 March 2023	**3,047,692**	**3,047,692**
Depreciation		
At 1 April 2022	-	-
Charge for the year	297,332	297,332
At 31 March 2023	**297,332**	**297,332**
Carrying amount		
At 31 March 2023	**2,750,360**	**2,750,360**
At 31 March 2022	**-**	**-**

Notes to the accounts

Year ended 31 March 2023

5b. Lease liability

Lease liability, measured at the present value of future lease payments relating to the offices at 10 South Colonnade are shown below.

	31 March 2023 £	31 March 2022 £
Not later than one year	**230,407**	-
Later than one year and not later than five years	**921,650**	-
Later than five years	**979,254**	-
Present value of obligations	**2,131,311**	-

Notes to the accounts

Year ended 31 March 2023

6. Intangible assets

2022/23	Information Technology £	Total £
Valuation		
At 1 April 2022	493,227	493,227
Additions	36,420	36,420
At 31 March 2023	**529,647**	**529,647**
Amortisation		
At 1 April 2022	261,108	261,108
Charge for the year	98,098	98,098
At 31 March 2023	**359,206**	**359,206**
Carrying amount		
At 31 March 2023	**170,441**	**170,441**
At 31 March 2022	232,118	232,118

Notes to the accounts

Year ended 31 March 2023

6.Intangible assets

2021/22	Information Technology £	Total £
Valuation		
At 1 April 2021	525,782	525,782
Additions	26,529	26,529
Disposals	(59,084)	(59,084)
At 31 March 2022	**493,227**	**493,227**
Amortisation		
At 1 April 2021	171,160	171,160
Charge for the year	101,766	101,766
Amortisation on disposals	(11,817)	(11,817)
At 31 March 2022	**261,109**	**261,109**
Carrying amount		
At 31 March 2021	**354,622**	**354,622**

Notes to the accounts

Year ended 31 March 2023

7. Trade and other receivables

	31 March 2023 £	31 March 2022 £
Due after more than one year		
Lease premium	**0**	619,049
	552,124	619,049
Due within one year		
Lease premium	**0**	66,925
Staff loans	**2,429**	1,347
Prepayments	**88,257**	82,262
	157,611	150,534

A lease premium as at 31/03/2022 of £685,974 was recognised for advanced payments made to the landlord relating to the property occupied by TPO from March 2018. This is now part of the right-of-use asset recognised under IFRS 16 on the Statement of financial position.

Notes to the accounts

Year ended 31 March 2023

8. Cash and cash equivalents

	31 March 2023 £	31 March 2022 £
Balance brought forward	**150,901**	157,735
Net change in cash and cash equivalent balances	**74,898**	(6,834)
Balance carried forward	**225,799**	150,901

The only bank account in use during the year was a commercial account (non-GBS).

9. Other payables

	31 March 2023 £	31 March 2022 £
Trade payables	**71,335**	70,801
Accruals	**252,644**	198,417
	323,979	269,218

10. General reserves

This reserve is used to record the accumulated grant-in-aid received and expenditure realised during the course of the year.

11. Commitments under operating leases

The total future minimum lease payments under operating leases are given below, analysed according to the period in which payments fall due:

Buildings

Obligations under operating leases comprise:	**31 March 2023**	31 March 2022
	£	£
Not later than one year	**-**	182,250
Later than one year and not later than five years	**-**	729,000
Later than five years	**-**	956,813
	-	1,868,063

Other

Obligations under operating leases comprise:	**31 March 2023**	31 March 2022
	£	£
Not later than one year	**-**	766
Later than one year and not later than five years	**-**	701
Later than five years	**-**	-
	-	1,467

Notes to the accounts

Year ended 31 March 2023

12. Other financial commitments

The future minimum payments under the TPO IT contract are given below, analysed according to the period in which the payments fall due:

Information Technology

	31 March 2023	31 March 2022
	£	£
Not later than one year	337,157	334,921
Later than one year and not later than five years	239,911	591,090
Later than five years	-	-
Total	577,069	926,011

13. Related party transactions

TPO is a non-departmental public body of DWP. DWP is regarded as a related party.

DWP is the Sponsor Department for TPO and, as such, grant-in-aid is allocated by DWP. The amounts received are disclosed in the Statement of changes in taxpayers' equity. There are also immaterial non-grant-in-aid transactions with DWP.

In addition, TPO has had various transactions with other government departments and central government bodies. This includes material transactions (£575,900) with Cabinet Office (including the Government Property Agency) in respect of the lease arrangement for 10 South Colonnade, and immaterial transactions (£32,040) with the Government Internal Audit Agency (invoiced by HM Treasury). At the end of the period there were outstanding balances of £18,600 to the Government Property Agency and £32,040 to the Government Internal Audit Agency. All of these amounts were invoiced with normal terms and conditions of payment including 30 days credit.

No board member, key manager or other related parties has undertaken any material transactions with TPO during the year.

Details of remuneration for key management personnel can be found in the Remuneration and staff report within the Accountability report.

14. Financial instruments

It is, and has been, TPO's policy that no trading in financial instruments is undertaken.

TPO does not face the degree of exposure to financial risk that commercial businesses do. In addition, financial assets and liabilities generated by day-to-day operational activities are not held in order to change the risks facing TPO in undertaking its activities. TPO relies upon DWP for its cash requirements, having no power itself to borrow or invest surplus funds and TPO's main financial assets and liabilities have either a nil or a fixed rate of interest related to the cost of capital (currently 3.5%). The short-term liquidity and interest rate risks are therefore slight. Therefore, the liquidity, interest rate and foreign currency risks facing TPO are not significant.

The fair values of TPO's financial assets and liabilities for both the current and comparative year do not differ materially from their carrying values.

15. Provisions for liabilities and charges

	31 March 2023 £	31 March 2022 £
Balance at 1 April 2022	**183,526**	198,385
Provisions not required written back	**(41,702)**	(14,859)
Change in discount rate	**-**	-
Other provisions	**100,000**	-
Balance at 31 March	**241,824**	183,526

TPO may at some point in the future incur costs related to internal repairs for the space occupied by TPO, common areas, and shared public and staff facilities, as is set out in the Memorandum of Terms of Occupation. These future costs have been quantified by the lessor (Government Property Agency) at £141,824. Outflow of this provision is expected at the end of the term of occupation on 23 June 2032. The provision has not been discounted. In addition, we have been granted permission to participate and appeal the High Court judgment on CMG Trustees (in which we were not involved) to the Court of Appeal. We have agreed to pay the trustees' cost for participating in the appeal (to facilitate it going forward). We will also have to pay our own costs. The costs have been estimated at £100,000.

Notes to the accounts

Year ended 31 March 2023

16. Events after the reporting date

Since the reporting date, TPO suffered a cyber incident. Some of our systems were temporarily disabled to contain the incident and enable us to secure our systems. We continue to work closely with cyber security experts and DWP to understand the full impact of the incident. We are also liaising directly with the ICO and, as data controllers, any individuals impacted have been notified in line with our legal obligations under UK GDPR.

An estimate of the financial effect of the incident cannot be made at this juncture.

The Accounting Officer authorised these financial statements for issue on the date that the Comptroller and Auditor General certified the accounts.

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