The Pensions Regulator

Annual Report and Accounts

2023 to 2024

HC 249

The Pensions Regulator's Annual Report and Accounts
2023 to 2024

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The Pensions Regulator's Annual Report and Accounts 2023 to 2024

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Introduction

The Pensions Regulator (TPR) is the public body that protects workplace pensions in the UK.

We have approximately 900 staff and are sponsored by the Department for Work and Pensions (DWP). Visit **www.tpr.gov.uk/about-us** to find out more about our statutory objectives, responsibilities, priorities, our approach to regulation and the values that make us a strong, agile, fair and efficient regulator.

Performance report

Overview

In this section, our Chair and Chief Executive give an overview of the 2023 to 2024 business year. We then provide an overview of how we are organised, and we give a detailed analysis of our performance against our corporate priorities. This includes our Key Performance Indicators (KPI) results and a summary of our financial and sustainability performance.

Sarah Smart
Chair, The Pensions Regulator

Chair's foreword

"I am pleased to be sharing this annual report and accounts with you, which sets out how we have evolved and the work we have been doing to protect millions of savers now and in the future.

We are at a time when the pensions landscape continues to radically transform, with the market shifting to one of fewer, larger schemes at increasing pace."

This transformation brings new risks and opportunities for savers and the economy. It also means that this year we have set ourselves squarely on a path of change, so that we are a regulator fit for the future.

In response to our changing environment, we have taken steps to strengthen our regulatory grip so that savers are protected now and in the future. Schemes can now expect us to engage differently with them as we ensure high standards across the industry.

Driving up standards

Developed in partnership with government and our regulatory partners, the Value for Money framework will shine a light on schemes that consistently underperform and supports our actions to tackle schemes that are failing savers. In line with our goal for pension savers to be in large, well-run schemes that deliver good outcomes, the reforms drive a long-term focus on value for money.

Our message this year has been clear. Second best is not good enough for savers. We want to see them supported at every stage of their retirement journey and get good value for money, and robust trusteeship is key to that.

The General Code of Practice, which came into force earlier this year, sets out clearly what we expect trustees to do. Trustees face complex decisions and our suite of investment guidance published throughout the year will support them to make solid investment decisions that protect savers and bring them value for money.

Trustees have a duty to consider all material factors when making investment decisions and that is why it is crucial they consider, and act on the risks and opportunities of climate change. Our second review of scheme climate reports shows trustees are on the right track to making climate reporting and action business as usual. And our research on trustee board diversity also shows that while there remains much to be done, trustees are grasping the importance of diversity and inclusion for making sound decisions that represent all savers.

Last year we welcomed Nausicaa as our new Chief Executive. Her vision for ensuring TPR remains relevant, respected, and responsible has driven momentum and put us on a strong footing for the year ahead. Nausicaa has put TPR's focus even more firmly on protecting generations of future savers, as well as those now looking forward to their retirement.

Thanks to the changes Nausicaa and the executive team have put in place over the second half of the year, our new market-focused approach means we are closer to developments across industry and can influence change as it unfolds. This means we are swifter to address compliance failures and market-wide risks while being more dynamic in our industry engagement. Supported by our data and digital enhancements, we can identify where we need to focus our efforts and understand the decisions trustees are making, and how they impact savers' pots and the UK economy as a whole.

We recently said farewell to our former Executive Director of Frontline Regulation, Nicola Parish. Among too many things to list here, Nicola brought in the first supervision and enforcement teams to TPR and set the stage for our ongoing work to educate and enforce so that savers are protected. Our Executive Director for Corporate Services, Helen Aston, also left us last year. Helen was with us for over a decade and led on a number of important projects including the accommodation strategy for our new Brighton office, our business continuity programme during the pandemic, and our cyber and information security programmes. We wish Nicola and Helen every success.

I'm very proud to have chaired TPR during this pivotal year. The whole TPR team and my fellow Board members have worked tirelessly to achieve the outcomes you'll read about in this report, and to them I extend my thanks.

Sarah Smart
Chair, The Pensions Regulator
29 November 2024

Nausicaa Delfas
Chief Executive,
The Pensions Regulator

Chief Executive's report

"In my first year as Chief Executive of TPR, and through my interactions with industry, government and TPR colleagues, it is clear that we are at a time of significant change.

We are moving from a fragmented pensions landscape, with thousands of small schemes independent of one another, to one of fewer, larger, pension schemes."

Thanks to automatic enrolment (AE), 11 million people have been newly enrolled into a workplace pension since 2012, with many saving for their retirement for the first time. The vast majority of savers are invested in defined contribution schemes. Already, 90% of trust-based savers are within master trusts, with 82% concentrated in the largest five schemes by assets under management. Our focus remains to ensure that those schemes deliver the best value for savers, and to work with industry to define safe retirement options for those defined contribution (DC) savers.

And while we still have 5,000 private sector defined benefit (DB) pension schemes holding £1.4 trillion worth of assets, just 4% are open to new members and seven in ten are closed to future accrual. This means many are considering their end game and how best to secure their members' benefits in the future, including new market propositions like superfunds.

We believe that fewer, larger schemes have the potential to invest in diverse assets, and to deliver better outcomes for savers. In an environment of supersized schemes across both DB and DC, we need a different set of tools to protect, enhance and innovate in their interests.

That is why over the course of the year I have initiated a significant change at TPR. This has included changing and aligning our structure to our strategic priorities and essential functions, introducing the Senior Managers regime to strengthen governance, controls and accountabilities, and changing the way we work.

Delivering good outcomes for savers

We are determined to help raise standards of trusteeship so that they can deal with an increasingly complex pensions landscape and make good stewardship and investment decisions in the interests of savers.

Through our guidance, including the launch of the General Code and our private markets guidance, we have been clear on the standards we expect and put tough questions to schemes so that they challenge themselves, and their advisers, to deliver the best possible outcomes for savers.

Where they have not met the standards we expect, through initiatives like our value for members regulatory initiative, we have prompted many to explore whether their savers would be better off in another scheme and encouraged consolidation in savers' interests.

Innovating in savers' interests

This year also saw significant innovation in the market with different kinds of pension schemes either becoming authorised or becoming fully operational. In April, we assessed and authorised the UK's first collective defined contribution (CDC) pension scheme. And later in the year, Clara, our first assessed superfund, made its first transfer of a DB pension scheme. These are both significant developments in the market and a demonstration of our desire to help support innovation in savers' interests.

Investing in our people

This year also saw our move to Telecom House and formalising our hybrid working policy. This has allowed us to come together and increasingly become a sustainable regulator, fit for the future. In tandem with this, we have started making significant investments to our operational systems to allow our committed colleagues to be even more efficient and effective.

We have also faced challenging periods of industrial action. With the scheduled triennial review of aspects of reward underway, we have the opportunity to think about our whole reward proposition in the round and adapt our approach to employee engagement to make sure that colleagues are not only happy to work here but feel supported to deliver better outcomes for savers.

It has been a significant year of change in the pensions landscape, in which we have continued to deliver. I want to thank all of my talented and committed colleagues for their work this year, and look forward to working with them, and with industry and other stakeholders to deliver our ambitious plans over the next year and beyond.

Nausicaa Delfas
Chief Executive, The Pensions Regulator
29 November 2024

Performance summary

Our organisation

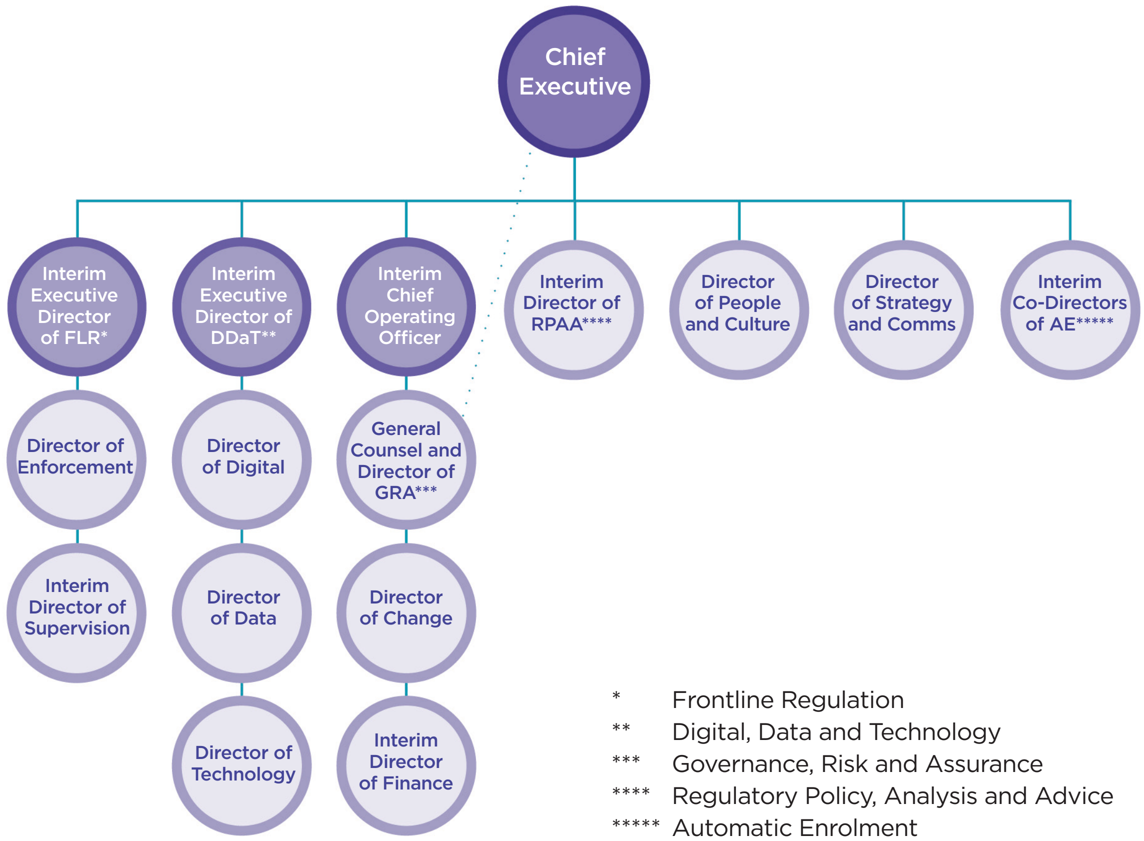
TPR is the public body that protects workplace pensions in the UK. We work with employers and those running pensions so that people can save safely for their retirement. We are responsible for:

- making sure employers put their staff into a pension scheme and pay money into it (through automatic enrolment)
- protecting people's savings in workplace pensions
- improving the way that workplace pension schemes are run
- reducing the risk of pension schemes ending up in the Pension Protection Fund (PPF)
- making sure employers balance the needs of their defined benefit pension scheme with growing their business.

To deliver our responsibilities we set clear expectations, identify risk early and drive compliance through supervision and enforcement.

Throughout the year, we made a number of changes to our organisational design. Figure 1 on page 15 reflects the organisational design at 31 March 2024. From 1 April 2024, our organisational structure changed. You can read more about this in our **Corporate Plan**.

Figure 1: Our organisational structure
(Illustrated to Director level as at 31 March 2024)



*	Frontline Regulation
**	Digital, Data and Technology
***	Governance, Risk and Assurance
****	Regulatory Policy, Analysis and Advice
*****	Automatic Enrolment

Executive Director

Director

*Direct line report to CEO for legal advice to ExCo and Board

Performance overview

This year, even more savers have been protected as a result of our regulatory activities. We have worked to enhance our regulatory approach, focussing on proactive intervention, and promoting high standards and innovation within the industry.

Together with the DWP, the Financial Conduct Authority (FCA) and His Majesty's Treasury (HMT), we have been working to develop new standards and expectations for trustees in key areas. The General Code of Practice came into force on 28 March 2024, clearly setting out what we expect trustees to do to comply with legislation, and produced new guidance for how trustees could look to invest more productively for the benefit of members.

We are also expecting trustees and public service pension scheme managers to focus on data quality and administration in the run up to the deadlines around Pensions Dashboards. We continue to play a key role in the Pensions Dashboard Programme, and this year, we produced guidance and engaged with pension schemes and administrators to encourage as many of them as possible to meet their pensions dashboard duties before the legislative deadline of 31 October 2026.

We have also been looking at how savers are engaged in key points of their journey, including when they seek to transfer or decumulate their benefits. We have started a series of roundtables with industry to discuss some of the issues and opportunities about how to guide savers to make effective decumulation decisions. This work will continue into next year as the DWP considers legislative approaches.

We remain concerned that all schemes, including large DC schemes in particular, are not investing as productively as they could, leading to poorer outcomes for savers. We have been working closely with the DWP and the FCA on the standards that need to be set to bring value for money, along with the powers we need to ensure those standards are met. As it will take some time before legislation to do this will be laid, we are engaging with master trusts about what they can do to meet these standards voluntarily. We have also been working with the DWP and industry on solutions to the small pot problem where savers who move jobs end up with multiple pension pots.

The first CDC scheme was authorised in March 2023, and over the year we have been working closely with the DWP to examine how this type of vehicle could work for multiple employers, as well as considering the use of CDC as a decumulation vehicle. To help support the first transactions in the DB superfund market, we revised our guidance to better reflect the current economic circumstances.

The final quarter of 2023 to 2024 saw the publication of the Occupational Pension Schemes (Funding and Investment Strategy and Amendment) Regulations 2024 for DB scheme funding. This also led to our engagement with the DWP and the PPF on their current consultation on how to make it easier for employers and members to have excess funding returned to them, and on establishing a public sector consolidator for unserved parts of the DB market.

During the year, we have continued to take action to address the Bank of England's (BOE) Financial Policy Committee recommendations in relation to the Liability Driven Investment (LDI) event of September 2022. We have been working alongside the BOE, the FCA and international regulators to make changes to increase market oversight of pension schemes and increase their resilience in terms of the way that LDI funds are managed and to the effectiveness of governance arrangements in pension schemes when dealing with LDIs. TPR has responded to recommendations of the BOE's Financial Policy Committee and together with partner regulators, BOE, FCA and international regulators, increased its market oversight of pension schemes and increased their resilience. Our LDI guidance published last year can be found on our website: **https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/liability-driven-investment**

As a risk-based regulator, we adapted our delivery approach over the year to mitigate new or emerging risks in the market, reprioritising where necessary to deliver the best possible outcomes for savers. This included changing the way we worked to ensure effective operational delivery in a period of industrial action, tactically communicating with DB schemes in response to Pension Schemes Act 2021-related delays, and publishing urgent guidance and interventions for schemes on cyber attacks following the Capita incident.

Performance overview continued...

The most significant development in the AE landscape during 2023 to 2024 was the granting of Royal Assent for the Pensions (Extension of Automatic Enrolment) Act 2023, reducing the lower age limit at which eligible workers must be automatically enrolled from 22 to 18, and abolishing the lower earnings limit so that pension contributions would be calculated from the first pound earned.

As well as communicating directly with UK employers through more than five million individual communications, we also managed increased volumes in compliance and enforcement. This increase was expected and reflects the large cohorts of small and micro employers with re-enrolment duties and re-declaration deadlines through to mid-2024, rather than a fall in compliance.

More than 150,000 cases were opened, and together with scheme providers we have now recovered more than £700 million for savers, £148 million of which was in 2023 to 2024. We also closed some high-profile legal cases with significant positive saver outcomes, including one in the gig economy which secured significant back payment of contributions for workers.

Our major projects progressed well, including online accessibility improvements, a new case management system and the transition to a new print and mailing house. Our continuous improvement activity has gained momentum during the year. On average, we are now releasing a change within every three working days, delivering valuable benefits across user experience, operational resilience, and cost reduction.

During 2023 to 2024 we also developed a longer-term roadmap for regulating AE more efficiently and effectively. We launched a new case management system, and two tests of different regulatory journeys which will complete in 2024 to 2025. Our operational service metrics also remained above target throughout the year, covering both external contracts and internal service providers.

Our performance in numbers

Automatic enrolment 2023 to 2024		2022 to 2023
11m	Eligible jobholders automatically enrolled into an AE pension scheme to date	10.9m
157,080	AE cases	134,674
2,365k	Number of employers who completed their declaration of compliance (cumulative total)	2,197k
2,070k	Number of employers who completed their re-declaration of compliance (cumulative total)	1,617k
136	AE information-gathering powers used	137
Enforcement 2023 to 2024		**2022 to 2023**
53,265	AE fines issued for non-compliance	50,301 fines
70%	Percentage of scheme memberships covered by relationship supervision	70%
25.2%	Percentage of schemes targeted for intervention (Not comparable to 2022 to 2023 due to methodology being updated to capture all proactive interventions against non-micro schemes)	21.9%
113	New DB event supervision cases	145
59	Mandatory penalty notices issued	110
28	Times information-gathering powers were used	41
£70.8k	Financial penalties issued by Frontline Regulation	£107.6k
1	Conviction of 10 months	4 convictions totalling nearly 13 years

Our performance in numbers continued...

Master trusts 2023 to 2024		2022 to 2023
£122.9 bn	Assets saved in Master trusts	£105.3bn
26.1m	Memberships in Master trusts	23.7m
35	Number of Master trusts that have been authorised	37
Scams 2023 to 2024		**2022 to 2023**
30,299	Unique page views of TPR's transfer regs guidance	40,766
16,990	Unique page views of TPR's scams page	11,569
2,552	Unique page views of TPR's Pledge page	6,582
666	Combined total of schemes and orgs who have pledged and/or self-certified to meet the principles (including members of the Pension Scams Industry Forum (PSIF) and Master trusts) Of the combined total, the number of PSIF members and number of master trusts was: **51** members of PSIF and **25** Master trusts	601 46 members of PSIF and 24 Master trusts
555	Scheme sign up to the principles of the Pledge to combat pension scams	525
400	Schemes and organisations self-certifying	324

Press and media 2023 to 2024		2022 to 2023
1.1m	Website visits and page views: **1.1m** people made **2.1m** website visits with **5.7m** page views	**1.2m** people made **2.4m** website visits with **6.8m** page views
22,955 (+10.1%)	Followers on LinkedIn and % YOY	20,844 (+11%)
17,555 (-0.9%)	Followers on Facebook and % YOY	17,718 (+1.4%)
14,122 (-1.2%)	Followers on X and % YOY	14,298 (+0.04%)
1,467	Updates made to website content	2,554
N/A*	***Onclusive** (our media monitoring service) was the victim of a cyber attack this year meaning the data will not be available for reporting in our Annual Report and Accounts.	TPR was mentioned **1,900** times in our core media titles with a reach of **60m**, publicity value of **£6.7m** and **49.3%** share of voice of all coverage.

Our performance in numbers continued...

Press and media 2023 to 2024 continued...		**2022 to 2023**
171	Speaking events	170
9	Round table events	8
5	Workshops/stakeholder panels	2
1	Webinars delivered	6
3	New videos published on our YouTube channel	8
582	Total views on new YouTube videos published this year	2,505
94%	Percent customer satisfaction following contact with our customer service centres in Brighton for 2023 to 2024.	During April 2022 to March 2023, the Brighton call centre had **93%** of CSAT respondents rating **'very satisfied'** or **'satisfied'** for the service they received.
92%	Percent customer satisfaction following contact with our customer service centres in Birmingham During 2023 to 2024, the Birmingham call centre had 92% of customer satisfaction (CSAT) respondents rating **'excellent'**, **'very good'** or **'good'**.	Between July 2022 and March 2023, the Birmingham call centre had **89%** of CSAT respondents rating **'excellent'**, **'very good'** or **'good'**.

Performance analysis

This section of our report comprises a more in-depth analysis and explanation of our organisational development and performance over the last year. This remains aligned with our statutory objectives and driven by the risks and priorities in our 15-year Corporate Strategy and Corporate Plan 2023 to 2024.

How we measure our performance

We measure our performance against the strategic priorities set in our 2021 Corporate Strategy using a set of corporate key performance indicators (KPIs) and key outcome indicators (KOIs).

Our corporate measures are published each year in our Corporate Plan and have undergone significant revision over the last two years to ensure that they can track our performance in each financial year as well as tracking progress in key areas of delivery against our strategic outcomes over time.

Our regulatory performance is measured via a combination of metrics and a narrative setting out key examples of broader achievements against our strategic priorities, as well as key activities, volumes and successes.

The Board approves our KPIs and associated targets in response to our assessment of the key risks to the achievement of our statutory objectives and strategic priorities. Each year, we report on our KPIs to our Board and the DWP each quarter.

In addition to KPIs, we have a set of KOIs, progress against which has been evaluated over the course of this financial year as a means of highlighting and tracking our role in the wider context of providing good retirement outcomes for savers.

Analysis of performance

Strategic priorities, KPI and KOI outlines

In our Corporate Strategy we committed to five priorities, each with a strategic goal. They are:

1. **Security:** Savers' money is secure.
2. **Value for money:** Savers get good value for their money.
3. **Scrutiny of decision-making:** Decisions are made in savers' interests.
4. **Embracing innovation:** The market innovates to meet savers' needs.
5. **Bold and effective regulation:** TPR is a bold and effective regulator.

During 2023 we built on our strategy by further refining our approach, distilling our key areas of focus for 2024 to 2027 from these key five priority areas. This year, we started to communicate three clear priorities to the market and worked to embed our focus internally around protecting, enhancing, and innovating in savers' interest.

The outcomes we want to achieve continue to shape our core areas of focus, on which our annual delivery plan is based. As we measure and assess our performance over the course of the year, we track and measure the direct achievements of our work. We also seek to understand other contributing factors including the wider changes in the pensions market and change being driven by the work of industry, government, and other members of the regulatory family.

Our KPIs for the 2023 to 2024 financial year were derived from our five strategic priorities. We continue to assess our KPIs using the following framework:

✓ **Green**
denotes a KPI where the target was achieved.

– **Amber**
denotes a KPI where the target was marginally missed. The result was likely to be within the margin of error for the target or, in the case of a KPI target with multiple parts, the majority or average of parts were achieved.

✗ **Red**
denotes a KPI where the target was missed by a significant degree.

We achieved 15 of our 20 KPI targets in year 2023 to 2024, with three amber and two red results.

Strategic priorities and KPI performance 2023 to 2024

1. **Security**
   Savers' money is secure

2. **Value for money**
   Savers get good value for their money

3. **Scrutiny of decision-making**
   Decisions are made in savers' interests

4. **Embracing innovation**
   The market innovates to meet savers' needs

5. **Bold and effective regulation**
   TPR is a bold and effective regulator

1 Security: Savers' money is secure

1 ✓

96.35%, above target of 90%

KPI 1.1: Employers continue to re-declare and new employers make their declarations for the first time in line with their AE duties.

An effective mix of communications activity (direct, campaign and partnerships) and targeted enforcement intervention ensured that ultimate declaration and re-declaration rates remained stable during the year.

1 ✓

97.05%, above target of 94%

KPI 1:2 Employers make contributions to schemes before they become significant late payments.

The proportion of employers making contributions on time remained above target.

1 ✗

KPI 1.3: We will implement the new elements of the Pension Schemes Act 2021 and track benefits realisation.

Implementation has been paused because the notifiable events go live date was moved to October 2024. This KPI is missed because it was dependent on us having rolled out training and processes for the new notifiable events.

1 ✓

KPI 1.4: We will develop and implement the new funding code in line with milestones agreed with the DWP.

We continue to progress the development and implementation of the new DB funding code. While realignment was required this year, this remains on track and in line with milestones agreed with the DWP.

1 ✓

85%, above target of 75%

KPI 1.5: We will ensure that risks or areas of focus identified through Relationship Supervision will be addressed by schemes in a timely manner.

We identify risks, recommendations and areas of focus from our engagement with master trusts, public sector pension schemes and large DB schemes and communicate these in our supervisory and engagement planning reports.

We expect trustees to confirm and evidence in a report that the specific risks, recommendations, and areas of focus have been accepted and are being addressed in a timely manner. It is these individual items that are counted in the KPI %. For 2023 to 2024, the KPI percentage achieved was 85%. The remaining actions were addressed by the schemes but fell outside the four-month criteria.

1 ✓

KPI 1.6: We will evolve our approach to the prevention and disruption of pension scams by maintaining preventative activity, including further embedding the scams pledge, and by implementing a new operating model for the Pension Scams Action Group.

We have continued to progress the development of the Pension Scams Action Group (PSAG) throughout the financial year 2023 to 2024 and are finalising the establishment of partnerships to develop the national intelligence picture of pension scams. These partnerships are with the National Economic Crime Centre and the City of London Police.

Currently 666 schemes and organisations have self-certified or taken the Pledge to Combat Pension Scams. A paid campaign is planned for summer 2024 to further promote the pledge and its key principles in combatting scams and fraud.

1 –

KPI 1.7: We will achieve our expected number of enforcement proceedings and outcomes.

Last year we achieved a higher than anticipated number of outcomes in our complex regulatory and criminal enforcement cases. These included:

- More than £25 million additional money paid to DB schemes as a result of settlements.
- Contribution notices imposed on three targets by TPR's Determination Panel and by the Upper Tribunal.
- A suspended prison sentence in a prosecution for employer-related investment offences.
- Proceeds of Crime Act 2002 orders.
- The prohibition of an individual from acting as a trustee of any scheme.

However, we narrowly missed our target on the number of proceedings. This was because we started with one fewer proceeding than we aimed for, primarily due to resourcing issues. The cases where we started proceedings last year included:

- Seeking a financial support direction in relation to a DB scheme.
- A fine for a breach in relation to a master trust.
- A suspension of an individual linked to a scams investigation.

2 **Value for money**: Savers get good value for their money

2 ✓

KPI 2.1: We will run a regulatory initiative to regulate the new detailed value for members assessment and deliver against defined milestones through the year.

The regulatory initiative has achieved the milestones set for this year. We engaged with a sample of hybrid schemes which submitted their scheme returns in 2023. Where schemes had confirmed they were providing good value for members, we scrutinised and gained insight on their approach. For those that concluded that they were not providing good value, we reviewed their plans to either wind-up or make improvements. We have taken enforcement action in respect of those schemes that failed to complete their value for members assessment, including issuing fines. We are now engaging with DC schemes who submitted their scheme returns in late 2023 to early 2024.

2 ✓

KPI 2.2: A consultation response on the holistic value for money framework will be published and we will work closely with the FCA to launch a consultation on value for members rules and with the DWP to scope supporting value for members legislation.

We published a joint response to the consultation in July 2023. Together with the FCA and the DWP we are currently developing a consultation on draft rules for FCA-regulated schemes, and this is expected to be published in May. We will also be working with the DWP on their first session Pensions Bill bid over the next financial year.

3 **Scrutiny of decision-making:** Decisions are made in savers' interests

3 −

KPI 3.1: The General Code of Practice will be published, clearly setting out governance requirements, and we will see an increase in its use over time which enhances governance standards and reduces instances of poor governance.

The general code was laid in Parliament on 10 January 2024 and came into force on 28 March. This meant that ten of our existing codes of practice were replaced by the general code.

3 ✓

KPI 3.2: We will run a regulatory initiative to assess compliance with the new climate-related requirements for statement of investment principles and implementation reports.

The regulatory initiative was split into three phases structured to provide increasing insight into scheme practice and compliance. Phase one was a report based on information submitted via the scheme return. Phase two was a quantitative assessment, using digital tools to help assess the Statement of Investment Principles and Implementation Statements of a proportion of in-scope schemes to identify potential schemes that may not be addressing the updated disclosure requirements. Phase three was a qualitative review for required Environmental Social Governance (ESG) -related content.

3 ✓

KPI 3.3: We will continue the work set out in our equality, diversity and inclusion (EDI) action plan and confirm the expectations we have of trustees via publishing revisions to the code. We will deliver a pilot trustee diversity survey from which we will establish a baseline of the current EDI of trustee boards, working with our regulated community and industry working group.

We published a first of its kind trustee diversity survey in March 2024 which provided a baseline for the current diversity of trustee boards. This baseline will enable us to measure changes over the longer term. The survey results are based on responses from 2,197 trustees and public service scheme board members.

While the survey highlighted the lack of trustee diversity in terms of protected or visible characteristics, most trustee boards were seen as diverse in terms of skills (82%), life experience (74%), professional background (73%), cognitive diversity (73%) and education (61%).

Crucially, the results also highlighted industry recognition of the importance of inclusive and diverse boards with 78% saying they felt a diverse trustee board was important. We continue to engage with trustee boards via our supervision team to identify further good practice and deepen our understanding of barriers and how to overcome them.

4 **Embracing innovation:** The market innovates to meet savers' needs

4 ✓

KPI 4.1: We will continue to apply the interim regime for DB superfunds in the period before specific legislation is in force and will assess applications within strict timescales.

One superfund successfully completed our assessment in 2021 and is operating in the market (completing two scheme transfers to date).

4 ✓

KPI 4.2: We will communicate with schemes ahead of their pension dashboard connection dates emphasising the actions they need to take in respect of their systems and data, so that schemes prepare for their duties. Once the duties go live, we will act where we see schemes failing.

This KPI was developed in 2022 to measure how we delivered our role to support the introduction of pensions dashboards. We committed to writing to all schemes at least 12 months ahead of their duties in line with the pensions dashboard regulations, and to take action where appropriate when duties went live from August 2023. We could not measure our actions in this respect because duties did not go live in August 2023. We remain committed to acting where we see schemes failing in their duties, and we continue to work with the Money and Pension Service (MaPS) to put in place the systems and data we need to monitor compliance.

4 ✓

KPI 4.3: We will help the pensions marketplace to deliver innovative products that meet savers' needs and signpost these products where relevant.

We have been engaging with providers of new DB products, including capital backed journey plans, to understand the opportunities and risks they pose. Innovative structures often involve multiple elements that operate across regulatory boundaries which means we continue to work collaboratively across government to ensure appropriate innovation benefitting savers can flourish.

5 **Bold and effective regulation:** TPR is a bold and effective regulator

5 ✓

KPI 5.1: We will maintain performance across employer and scheme-facing services, ensuring prompt and responsive communications with our regulated community. Target: Three key service levels do not fall below specified performance floors.

This KPI measures the timely and accurate dispatch of AE-related communications (for example, reminder letters and enforcement notices) and the availability and call answer times of our AE customer support service. All three service levels were above target throughout the year, enabling TPR to enforce compliance in robust and effective ways.

5 ✓

KPI 5.2: Our People and Culture Strategy will deliver against its objectives, with progress demonstrated through our staff survey and programme milestones.

This year we completed all five discovery charters within our People and Culture strategy; hybrid working, our HR system (iTrent), a culture diagnostic, strategic workforce planning and organisational design, and entered the delivery phase of the programme.

In the hybrid working space we launched our formalised arrangements, setting specific requirements on office attendance requirements to ensure consistency and fairness, while retaining the benefits of connection and community that in-person working can bring. We also secured a workspace for our colleagues in Birmingham.

The attention and support of the people and culture programme has been provided and aligned to further TPR's organisation design to ensure we're focussing on the most effective way to protect savers. This is evidenced in the launch of 12 organisational design work packages that have people and culture objectives embedded within them.

The work packages provide a comprehensive look at our entire operation and include more than focusing on structure. It includes ways to develop our culture, skills, leadership and decision-making. Our aim is to evolve how we work, focusing on greater effectiveness, efficiency, and innovation, underpinned by enhanced digital and data-led capabilities.

In line with this, we have applied new controls on hiring to ensure all new roles and team members will be aligned to our evolving priorities.

5 −

KPI 5.3: We will deliver our digital service programme transformation in line with agreed milestones including data collection in support of the DB funding code.

We produced a roadmap for new digital services and designed a digital service to support the new DB Funding Code. Following the DWP review in January this successfully completed the Alpha stage assessment confirming adherence to the Government Service Standard. We remain on track for delivery of initial capability in September 2024, followed by further iterations of the service.

We return a rating of Amber at year end due to our ambition for change and to embed new skills into the organisation.

5 ✗

KPI 5.4: We will have high employee engagement.

Our latest survey result (which closed on 15 April 2024) was 57% employee engagement. This is an anticipated reduction from last year (70%). It followed a challenging year including periodic industrial action from September to March and denotes the current red RAG rating.

Our overall response rate was 72% which is similar to last year (75%) and further analysis will be conducted on verbatim responses to draw out key themes and issues.

We are focusing on improving our score through our People and Culture Strategy, and our Talent and Development Strategy which includes leadership development, a modular management training programme and positive and inclusive behaviour training along with our focus on improving decision-making and governance. In addition to this, we plan to build our capability around career development, supported by the procurement of new technology.

5 ✓

KPI 5.5: By March 2024, we will have a plan to reach net zero carbon emissions.

We published our ‘Pathway to Net Zero’ report on 14 March 2024, setting out how we will deliver on the 2030 net zero target established in our April 2021 Climate Change Strategy.

The report verifies the accuracy of our historical carbon data and sets the baseline years against which our net zero targets are measured.

Our key outcome indicators 2023 to 2024

Our KOIs for 2023 to 2024 sought to assess the longer-term progress we are making towards our saver outcomes over time. Our latest Corporate Plan (published in May 2024) sets out that we have adjusted our performance assessment framework to provide a set of unified priority outcomes measures, which from 2024 to 2025 will replace the current KOI and KPI suite of measures.

Security

DC savers get the pensions they are entitled to because a high proportion of eligible workers are saving into qualifying schemes.

The vast majority of eligible workers have been enrolled into eligible schemes and employer compliance rates are very high (more than 99%). It is above the overall employer target of 94% in all employer-size segments.

Regulation of the master trust market as it evolves ensures that savers receive their pensions because: consolidation is managed without disruption to the service to savers, risks are mitigated via focused and effective supervision activity, and schemes continue to meet the authorisation criteria.

We continue to supervise all master trusts and have also focused resources on an increased number of master trust consolidations. Dedicated supervisors and experienced specialist advisers support the statutory notification regime, and the annual assessment of schemes against the authorisation criteria underpinned by our risk evaluation framework.

DB savers' money is more secure because schemes are appropriately funded and carry an acceptable level of risk and volatility.

The aggregate funding level for occupational DB schemes has continued to see further improvements over the last financial year. This is due to an aggregate positive investment return, principally driven by the return from growth assets combined with a reduction in the value of liabilities due to higher interest rates over the financial year. We expect the smallest schemes are likely to have observed proportionally greater improvements than larger ones.

Security continued...

Savers are being actively protected from scammers because schemes actively mitigate scams risks for savers, as per the Pension Scams Industry Group (PSIG) code and in line with our pledge to combat pension scams, and we actively mitigate scams via disruption/enforcement activity.

Our main pension scams campaign of 2023 to 2024 was a full paid media campaign to increase the reporting of scams.

TPR leads the Pension Scams Action Group (PSAG) which now has dedicated resources in place. We are enhancing the group's intelligence-sharing capability and working more closely with a wider law enforcement network to tackle and disrupt pension scams effectively and decisively. The aim is for PSAG to use shared expertise to prevent, disrupt and enforce against scams and deliver a national intelligence picture of pension scams which will allow us to facilitate direct action and increase our capability to achieve outcomes and assess the potential for future collaboration and joint enforcement opportunities.

Value for Money

We drive improvements in the value for money savers receive because TPR and trustees know whether schemes represent good value and trustees take appropriate action as a result of carrying out the value for members assessment.

Our regulatory approach to value for money has been supported through the continuation of our value for members regulatory initiative, which engaged with a sample of hybrid schemes who submitted their scheme returns in 2023.

A common value for money framework improves understanding and comparisons of value which ultimately drives improvements in value for money for savers.

We have worked closely with the FCA and the DWP to support the development of the value for money framework for contract-based schemes. Our aim is to ensure alignment between the eventual FCA rule book and any future legislation related to trust-based schemes. This consultation will help us understand how the draft rules could be applied by trust-based schemes. TPR is guiding the development of future legislation by establishing our approach to regulation and enforcement, and assessing what new powers will need to be required to ensure the frameworks objectives are met.

Improvements in data quality and automation, including as a result of preparations for pensions dashboards, drive improved services for savers.

In 2023 to 2024 we have driven the industry to review and prepare their data for dashboard duties through updated dashboard guidance and a data quality focused campaign.

The 2023 administration survey suggests that two-thirds of administrators had increased their investment in administration technology or automation over the last two years, rising to 96% of large administrators, 94% of those administering any very large schemes and 82% of third-party administrators. The main drivers of increased investment were to improve member services, efficiencies, and cost savings. The most widely experienced outcome for all types and sizes of administrators was improved services to members, and the majority have also seen efficiencies and cost savings as well as greater member engagement.

Decision-making

We monitor the proportion of savers in schemes that demonstrate good governance and take mitigating action where savers' exposure to risks caused by poor governance is too high.

We have worked closely with many of the UK's largest and most complex schemes to identify risks or issues and support the maintenance of high standards of governance, covering 70% of pension schemes. This year we also operationalised our administration relationship function, which has proactively engaged third-party pension administrators on a wide range of issues, including systems and processes and trustee knowledge and understanding, covering more than 10% of the pensions administration market, representing around nine million members in 1,500 schemes. This year we will be developing measures to support a baselining of governance standards based on the general code.

By driving trustee action on the risks and opportunities from climate change and in line with our Climate Change Strategy, we help ensure the management of savers' money takes account of environmental and social outcomes.

Alongside the 2023 to 2024 regulatory initiative, we reviewed the second tranche of climate-related disclosures published by schemes in 2023 to 2024. Our review included a publication check of all 291 schemes subject to reporting during 2023 to 2024, as well as a qualitative review of 30 reports. There were many examples of good strategic decision-making and incremental improvements among those reporting for the second time. Our findings have been published to raise standards across industry.

We have also acted as observers on initiatives such as the UK Transition Plan Taskforce, Climate Financial Risk Forum, and the DWP's Taskforce on Social Factors, all of which have published guidance to help trustees take account of wider ESG risks and opportunities.

Decision-making continued...

We develop enhanced understanding of the challenges faced by trustee boards in broadening the diversity of their makeup, working with industry to ensure that diverse and inclusive trustee boards make good decisions for savers by supporting an increase in the number of diverse and inclusive trustee boards, and helping trustee boards to understand how inclusive decision-making can lead to better outcomes for savers.

Our Trustee Diversity and Inclusion survey enabled us to understand the views of trustees on diversity and inclusion (D&I) and the actions being taken to improve diversity and inclusion among pension trustees and in their work. This evidence will support the measurement of improvements and wider development of our strategy.

Effective implementation of the new DB funding code will increase awareness and understanding of what is expected of trustees when approaching funding and investment, which will drive intention to comply with our expectations on long-term planning and risk management.

We continue to progress the development and implementation of the new DB funding code. Realignment was required this year; however, this remains on track in line with milestones agreed with the DWP.

It is intended that the code will align with the original intent, including embedding existing good practice in the DB market whilst improving transparency and accountability on trustee decision making. Additionally, we will implement our twin track approach – fast track and bespoke.

By bringing information into one place, pensions dashboards support savers in making the most of advice and guidance.

In 2023 to 2024 we published updated dashboard guidance and a checklist to provide clarity on the actions that schemes should be taking and to help them keep track of their progress.

To support the pensions dashboard programme reset work, we provided input into the DWP's revised approach and timeline for connecting schemes and providers to dashboards.

Embracing innovation

We authorise any CDC schemes that meet legislative quality criteria and supervise them on an ongoing basis to protect savers' benefits in the longer term.

The Pension Schemes Act 2021 introduced an authorisation and supervision regime for CDC schemes. They must satisfy us that they meet stringent criteria including that those who run the scheme meet fitness and propriety requirements, have the right systems and processes in place, strong governance, can show the scheme is financially sustainable and have robust member communications.

DB savers get the money promised to them because we ensure that active superfunds operate at an appropriate standard now and in future and we review trustees' decision-making around transfer to a superfund.

Our update of the superfunds guidance in August 2023 gave further clarity to the market by setting out an updated discount rate and providing further details on the process to meet expectations to transfer to a superfund. This resulted in two transactions of over £1 billion. Although we cannot measure outcomes yet, as transfers have been very recent, the fact that schemes transfer to a superfund that meets our expectations and that the market follows this voluntary process is a good indicator we are working to ensure that ultimately members' outcomes will be maximised.

As pensions dashboards go live, more savers better interact with their savings and begin to be reunited with lost pots.

Amending regulations came into force in August 2023 which removed the mandatory staging profile from the 2022 Dashboard regulations and introduced a single connection deadline of 31 October 2026 for schemes. The DWP published guidance in March 2024 to introduce a staged timetable for scheme connection. We supported the DWP in developing this timetable and will continue to provide guidance and drive preparations by pension schemes, to ensure dashboards are a success.

Embracing innovation continued...

Our people increasingly drive and deliver bold and effective regulation because of the shifts made through our People and Culture Strategy in relation to our people and organisation, our leadership, and our culture.

In 2023 to 2024, we established 12 work packages focused on people, organisation, leadership and culture that are aligned with our published People and Culture Strategy.

We have also implemented a new organisational structure to support our areas of focus, completed a culture diagnostic that informs TPR of its cultural strengths and development areas and designed an approach for strategic workforce planning. We also introduced a senior manager regime, which identifies key roles and accountabilities across TPR and designed a strategic leadership development programme.

We also completed an independent review of our bonus approach and our triannual review of our pay data to test if our Reward Strategy is delivering on its intention.

Savers get better value for money from TPR because digital, data and technology improves our regulatory and operational activities.

By improving our capability in our Digital, Data and Technology (DDaT) directorate, we will become more efficient and effective through automating much of the work and gaining new insights by working with industry to share and analyse the data that flows across our ecosystem.

Embracing innovation continued...

Following the establishment of the DDaT function, we appointed an executive director and senior management team with considerable external industry experience. The organisation design of the function has been agreed and first stages implemented. This includes an ambitious plan to hire for new skills, as well as providing a career path for existing staff.

We have agreed a new agile, and service-focused approach to delivery and the first new service to be delivered in this way enables end to end processing of scheme data as part of the new DB Funding Code. This new Submit your Scheme Valuation Service passed alpha assessment, showing adherence to the Government Service Standard and will be delivered in the new financial year.

In addition, the team is also making headway resolving legacy issues such as unmanaged data and improving cyber security. A draft DDaT strategy is complete and ready for review and approval. The DDaT team has therefore made good progress in delivering the foundations that will enable efficiency and innovation in future years.

We are reducing our environmental impact, evidencing progress against the Greening Government Commitments and the objectives in our Climate Change Strategy, and we are improving the sustainability of our operations. We set a 2030 net zero carbon emissions target for TPR and in 2024 we will set out our plans to achieve this.

Throughout the 2023 to 2024 financial year, we prepared our Pathway to Net Zero report, which was published in March 2024. This entailed reviewing and verifying our historic emissions data, determining the emissions material for us as an organisation, setting baseline years, modelling a 'business as usual scenario' out to 2050 and setting out the interventions required for delivery of net zero by 2030.

Financial summary

We formally agree our annual budget with the DWP each year, and the table below sets out how we have performed against our budget over the previous two years. The actual expenditure in 2023 to 2024 was £100.4 million – £5.9 million lower than budget – due to lower spend on projects, the impact of industrial action and lower IT contractual spend.

Further information on our 2023 to 2024 expenditure and a report on our duties in respect of the collection of a variety of pension levies and penalty notices can be found in the financial review on page 134.

Table 1: Actual expenditure vs budget

£m	2023 to 2024			2022 to 2023		
	Actual	Budget	Variance	Actual	Budget	Variance
Total TPR*	100.4	106.3	5.9	96.4	102.8	6.4

*All figures exclude capital expenditure

Nausicaa Delfas
Chief Executive, The Pensions Regulator
29 November 2024

Sustainability

This sustainability report conforms to the public sector requirements in the Government Financial Reporting Manual. It is an extended version of the sustainability section in the DWP's Annual Report and Accounts. Further explanation of the data used is held both in the DWP's records and on our website. This data is also included in the DWP's Annual Sustainability Report.

Overview of performance

In June 2023, we moved from a six-storey single occupancy office in Brighton (Napier House) to 1.5 floors in a shared occupancy building, also in Brighton (Telecom House). Sustainability was a key consideration in the refurbishment and fit-out of the new premises, which resulted in achieving a gold standard – the highest level possible – for the SKA environmental assessment for non-domestic fit outs. For context, the SKA Rating system is a sustainability assessment and certification method specifically designed for fit outs of commercial properties in the UK, and its name is an abbreviation of the rating system's founder, Skansen Ltd.

Telecom House is a shared-tenancy building; due to the nature of our lease, some of the data on waste (Q1-3 tonnes and expenditure) and water (Q1-4 expenditure) is estimated based on the percentage of the building that we occupy (30%). It should be noted that while most of our performance over 2023 to 2024 relates to our offices in Telecom House, the first quarter (April to June) relates to Napier House and includes a 2-week transition period at the end of June when both offices were in use.

The years following Covid-19 have seen a gradual return to the office and we implemented a new hybrid-working policy in December to formalise this. Gas, electricity and water consumption have fallen considerably in the 2023 to 2024 financial year, mostly due to the move to a smaller premises. Emissions falling in relation to electricity can also be attributed to external factors such as the greening of the national grid.

In contrast, there has been a rise in emissions from business travel. This may be attributed to a trend of working from home less and to improvements in how we have been recording this information. It is included in our 2030 net zero target and will therefore be a focus for reduction.

Task Force on Climate-related Financial Disclosure (TCFD) aligned disclosure Phase 1

We have reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. We have complied with the TCFD recommendations and disclosures around governance (all recommended disclosures) and metrics and targets.

This is in line with the central government's TCFD-aligned disclosure implementation timetable. We plan to make disclosures for strategy, risk management and metrics and targets in future reporting periods in line with the timetable. See HM Treasury guidance for more information on TCFD disclosure requirements: **https://www.gov.uk/government/publications/tcfd-aligned-disclosure-application-guidance/task-force-on-climate-related-financial-disclosure-tcfd-aligned-disclosure-application-guidance**

Both our Executive Committee and Board have had visibility of the delivery of the Climate Change Strategy, including governance and risk management with the key business risks being tracked internally. This has included the development and sign-off of the TPR net zero plan.

Key to ensuring this oversight has been the designation of an Executive Director as accountable to the Board for the delivery of the Climate Change Strategy. This director sits on both the Executive Committee and the Board and is supported by the Climate and Sustainability Business Lead who reports directly to them.

Sitting below the Executive Committee are three key interlinked cross-departmental climate and sustainability committees that provide the governance around the climate change and sustainability delivery programme, the associated workstreams and risks, together with communications.

As we take forward our work in relation to environmental sustainability, our internal governance processes ensure that key decision-making is made and signed off by the relevant committees.

We are currently exploring ways in which we can further embed material climate-related issues into our governance processes, including the inclusion of mandatory sustainability sections in governance templates for our Board and executive committees.

Metrics and Targets: Scope 1, Scope 2 and Scope 3 Greenhouse Gas (GHG) emissions

In the 2023 to 2024 financial year, we undertook a complete review of our carbon emissions as part of our work to deliver our plans for net zero. This included undertaking a complete inventory of all emissions material to TPR as an organisation, across all three emissions scopes. This was done using best practice methodology as outlined in UK government guidance and the Greenhouse Gas Protocol standards.

Table 2 on page 52 sets out the emissions for both the 2022 to 2023 and 2023 to 2024 financial years for those emissions in scope for our 2030 target. For further detail on the other scope 3 emissions, these are published in our net zero plan. The 2023 to 2024 emissions data for supply chain, commuting (including working from home) and upstream leased assets will be available later in the year and will be published on our website.

Our 2030 target delivers on those emissions most within our control, with decarbonisation interventions relating to our offices and business travel. The greater risk stems from those emissions in our 2050 target that are less within our control, for example supply chain emissions. The later target of 2050 enables us to engage with our suppliers and our workforce to both understand and reduce these scope 3 emissions.

As shown in Table 2 on page 52, our overall emissions have more than halved in comparison with the previous financial year. This is due to moving to 23% smaller premises in June 2023 but also the sustainable fit out measures put in place to reduce net carbon emissions in future. The increase in fugitive emissions is due to the installation of additional air conditioning units, which support our move away from natural gas to a fully electrified heating and cooling system.

Table 2: Greenhouse gas emissions

Scope	Emissions source	2022-23 tCO2e*	2023-24 tCO2e*
1	Natural gas	101.63	31.5
1	Fugitive emissions	1.86	10.41
2	Purchased electricity	144.62	52.92
3	Business travel	28.89	43.55
3	Waste (inc. wastewater)	0.64	0.37
3	Water supply	0.28	0.13
3	Fuel and energy-related activities	63.47	22.42
Total		**341.39**	**160.69**

*tCO2e is tonnes of carbon dioxide equivalent. CO2e is a standard way of measuring all greenhouse gases by converting amounts of other gases to the equivalent amount of carbon dioxide based on their global warming potential.

Mitigating climate change: working towards net zero by 2050

We have undertaken extensive work over the past financial year to better understand our emissions and were able to build a full inventory of emissions across scope 1, 2 and 3 for the 2022 to 2023 financial year. This showed us that our scope 3 emissions make up 96% of our total emissions. Due to the difficulty in reducing these meaningfully by 2030, we have set a secondary, science-based target for 2050 that covers all emissions. Our 2030 target remains in place but is focused on operational emissions arising from our offices at Telecom House and from business travel.

The nature of our lease at the new offices means there are limitations to the changes that we can make. However, we completed a building audit in October 2023 which sets out the limitations and opportunities for further interventions, with the latter forming part of our roadmap to net zero by 2030. The key interventions relate to moving away from natural gas to 100% electricity for heating and cooling and ensuring that our electricity supply is from renewable sources.

We have also started engaging with our suppliers and our workforce to improve data relating to our supply chain and commuting and homeworking emissions, respectively. This will facilitate future work in reducing these emissions on our journey to our 2050 net zero target against all emissions.

Sustainable technology

As reported in our Annual Report and Accounts last year, we migrated the majority of our data centre systems to the Microsoft Azure public cloud in 2020, aligning our technological carbon footprint commitments to those of Microsoft. We continue to consolidate our data requirements into this Microsoft environment, which has a target to be carbon negative by 2030, as well as removing all historical emissions by 2050. Microsoft has also committed to the additional 2030 targets of being net water positive and achieving zero waste.

We have started providing the DWP with quarterly emissions metrics covering Azure power consumption (kWh), TPR inventory and eWaste disposed of. As work continues to deliver energy efficient solutions in relation to our data estate, our average daily Azure power consumption has reduced by 6.76% over the 2023 to 2024 financial year and we have had 454kg of eWaste, all of which was recycled.

As part of our office move, all meeting room and activity spaces were fitted with audio visual equipment, integrated into the MS Teams suite. This approach greatly facilitates virtual meetings, therefore avoiding emissions arising from unnecessary travel.

Finally, we are engaging with our laptop suppliers Lenovo in relation to supply chain emissions, as part of our journey to move from secondary spend data to more reliable primary supplier-provided data. This enables us to better understand and work towards reducing the supply chain emissions which make up the majority of our carbon footprint.

Greenhouse gas performance commentary

Details of our carbon emissions relating to scope 1, 2 and 3 can be found in Table 2 on page 52. Staffing levels have slightly increased in 2023 to 2024, with an average annual FTE number of 991 (including temporary staff), compared to 952 in 2022 to 2023. Carbon dioxide equivalent (CO2e) emissions (gas, electricity and business travel) per FTE fell from 0.30 tonnes in 2022 to 2023 to 0.13 tonnes in 2023 to 2024. For those sources in scope for our 2030 target, emissions per FTE stand at 0.16 tonnes, compared to 0.36 tonnes per FTE in 2022 to 2023. Total gross expenditure on the purchase of energy, including travel, was £447,950.

Air travel

Table 3 below sets out total kilometres flown for business travel for the last two financial years, as well as the baseline year of 2017 to 2018 for our 2030 net zero target. All flights were economy class.

Table 3: Total number of kilometres flown for business travel for the last two financial years

Type of flight	2017-2018	2022 to 2023	2023 to 2024
Domestic flights	99,013	68,649	67,905
International – short haul	23,235	2,591	30,814
International – long haul	0	0	0
Total	**122,248**	**71,240**	**98,719**

Waste performance commentary

Figure 2: Waste performance in tonnes from April 2021 to March 2024

April 2021 to March 2022

Recycled: **3,285kg (3.28 tonnes)**
Waste to energy (incinerated): **4,161kg (4.16 tonnes)**
Landfill, waste incinerated without energy recovery and food waste: **Zero**
Total: **7,446kg (7.45 tonnes)**

April 2022 to March 2023

Recycled: **3,969kg (3.97 tonnes)**
Waste to energy (incinerated): **3,238kg (3.24 tonnes)**
Landfill, waste incinerated without energy recovery and food waste: **Zero**
Total: **7,207kg (7.21 tonnes)**

April 2023 to March 2024

Recycled: **4,986kg (4.99 tonnes)**
Waste to energy (incinerated): **5,914kg (5.91 tonnes)**
Landfill, waste incinerated without energy recovery and food waste: **Zero**
Total: **10,900kg (10.9 tonnes)**

TOTAL for April 2021 to March 2024

Recycled: **12,240kg (12.24 tonnes)**
Waste to energy (incinerated): **13,313kg (13.31 tonnes)**
Landfill, waste incinerated without energy recovery and food waste: **Zero**
Total: **25,553kg (25.55 tonnes)**

Waste performance commentary continued...

Total waste arising from our estate for 2023 to 2024 was 10.9 tonnes, of which 4.99 tonnes were recycled, and 5.91 tonnes were processed as energy from waste. As with previous years, waste to landfill, hazardous waste and waste incinerated without energy recovery was zero. This is also true of food waste, but we are currently exploring options for this. There was 454kg of e-waste for 2023 to 2024, all of which was recycled. Overall, the total waste generated has increased by 3.7 tonnes relative to 2022 to 2023.

Total expenditure on waste disposal is estimated at £3,584. This includes cost based on a split of total waste disposal costs for a shared tenancy building, based on our floor space, in quarters three and four. In the fourth quarter we started our own waste disposal contract. This means our costs and waste disposal data and costs will be more granular and accurate in the future.

We are continuing to work with our office goods suppliers to ensure plastic waste and single-use plastics are minimised in these contracts, and that re-use schemes are implemented where practicable.

It should be noted that while our greenhouse gas emissions for waste includes wastewater, the numbers above do not. Lower water consumption in our new offices has meant lower overall waste emissions despite the increase in recycled waste and waste to energy.

A continued increase in office attendance figures is the likely cause of this increase, but as emissions arising from waste processing are in scope for our 2030 net zero target, we will continue work to reduce these numbers. We are planning to further diversify waste streams in the next few months in order to increase our recycling rates.

Finite resource consumption and reducing our water use

Table 4: Paper usage

	A4 reams	A3 reams	A4 equivalent
2023 to 2024	175	5	185
2022 to 2023	210	0	210
2021-2022	150	0	150
2020-2021	75	0	75
2019-2020	2,100	85	2,270
2018-2019	2,575	60	2,695
2017-2018	2,866	133	3,132

Paper consumption has decreased slightly in comparison with the 2022 to 2023 financial year (2022 to 2023 data was over-reported at 360 last year and has been corrected this year).

Water consumption has dropped to 711 m3 since 2022 to 2023, when it stood at 1,870 m3 (note that this was under-reported in last year's Annual Report and Accounts which stated 1,575 m3). This may be attributed to the inclusion of water efficiency measures as part of the fit out of our new offices, as well as improved water data from the installation of sub-metering. Further interventions will be explored as part of our work to both reduce consumption and adapt to the impacts of climate change and water scarcity.

In the last financial year, we updated the business case and sustainability impact assessment templates used in our procurement process to include finite resource consumption as a key consideration.

Nature recovery

While we do not have ownership or control over significant natural capital, we recognise the importance of supporting nature recovery. As well as consideration of resource consumption, we have also included consideration of impact on species and habitats within our procurement tender process. Also, as part of our office refurbishment, we included a large array of low-maintenance plants to aide with air quality and wellbeing for staff. We will continue to explore ways in which we can support nature recovery as an organisation.

Review in numbers

Figure 3: Breakdown of sustainability performance 2022 to 2023 and 2023 to 2024

4.1% increase in headcount
991 (2023 to 2024), **952** (6.24% increase in 2022 to 2023)

54% decrease in CO2e emissions (gas, electricity, business travel)
132.55 tCO2e (2023 to 2024), **288.37 tCO2e** (0.12% decrease in 2022 to 2023)

52.7% decrease in CO2e emissions in scope for 2030 net zero target
161.30 (2023 to 2024), **Not reported** (341.39 tCO2e in 2022 to 2023)

56.7% decrease in CO2e emissions per FTE (gas, electricity, business travel)
0.13 tCO2e (2023 to 2024), **0.30 tCO2e** (9.1% decrease in 2022 to 2023)

55.5% decrease in CO2e emissions in scope for net zero target per FTE
0.16 tCO2e (2023 to 2024), **Not reported** (0.36 tCO2e in 2022 to 2023)

62% decrease in water consumption
711 m3 (2023 to 2024), **1,870 m3** (2022 to 2023) (32.1% but should have been 56.9%)

51.4% increase in total waste generated (not inc. wastewater)
10.9 tonnes (2023 to 2024), **7.21 tonnes** (3.2% decrease in 2022 to 2023)

Figure 4: Gross expenditure on related items in 2023 to 2024

£283,475

Total utilities (gas: £27,716 + electricity: £243,053 + water: £12,706)

£164,475

Total travel (train, bus, car: £151,870 + flights: £12,605)

Overall total: £447,950

(Utilities + travel)

We have not included indirect water use, expenditure on finite resources (bar water supply) or food and catering as we have no, or limited information.

The employee-led Sustainability Network has 30 members, and has continued to meet regularly, working with the organisation to encourage sustainable practices.

Adapting to climate change

We took part in the third round of the Department for Environment, Food and Rural Affair (DEFRA) National Adaptation Programme in 2021, culminating in the publication of our climate adaptation report in October of that year.

As an organisation, we have already undertaken work to identify and mitigate material climate-related risks. However, during 2023 to 2024 we also commissioned consultants to help us develop an organisational Adaptation Strategy, to bring this work together and meet the requirement relating to adaptation under the Greening Government Commitments. This strategy sets out in detail the salient climate-related operational risks to us as an organisation, and what steps can be undertaken to mitigate them.

Ethical and sustainable procurement

Taking account of social value in our procurement and contract management

1. **Pre-procurement stage:** we assess the impact of sustainability on all potential procurements over £10,000. We have reviewed and revised our pre-procurement business case and sustainability impact assessment templates to ensure greater inclusion of social value criteria, incorporating the appropriate contractual obligations into our contracts.

2. **Procurement stage:** where the pre-procurement impact is medium-high we evaluate suppliers using the environmental criteria within the government's Social Value model (up to 10% weighting).

3. **Contract management stage:** we are engaging with our strategic suppliers to identify the related emissions and explore reducing them.

Non-financial information

Publicity

We use communications to drive awareness of our expectations and the behaviours we want to see and to help schemes comply with pensions legislation. Our communications are a direct link to schemes, employers, their advisers and ultimately savers. We aim to build understanding and support for our actions among our stakeholders and to be influential in enhancing the pensions system in savers' interests. We communicate using a range of activities, including press and media, public relations, website and digital, internal communications, and stakeholder and partnership activities, which are insight-driven and robustly evaluated.

Fraud

We have taken on a counter-fraud functional lead who is ensuring compliance with the Government Functional Standard for Counter Fraud and have centralised our internal counter fraud capability through the new Enterprise Compliance and Counter Fraud function. We work closely with the Public Sector Fraud Authority and Cabinet Office. We have also worked on other operational and conduct risk areas such as gifts and hospitality, requests to deal, and staff whistleblowing.

Human rights

As an organisation, we are keen to ensure we are inclusive and accessible in all we do. We adhere to the Civil Service Recruitment principles when attracting and recruiting staff. We are also a Disability Confident Employer and have signed up to the DWP's Modern Slavery statement and built our own action plan. In addition, we have equality objectives that help us meet our responsibilities under the Public Sector Equality Duty and ensure our policies and processes are inclusive and employees have the appropriate voice via multiple colleague-led diversity networks and forums.

TPR also recognises the Public and Commercial Services Union and has a collective agreement in place.

Better regulation

In September 2023 a new Better Regulation Framework was launched which applies primarily to departmental bodies, but also includes regulatory bodies. A transitional period is now in in operation until the commencement date. During the transitional period TPR has allocated resources to consider the new framework and where appropriate, prepare for its implementation.

Accountability report

Corporate governance report – directors’ reports

This section includes reports on the activities of:

- **The Committee of Non-Executive Members (NEC)** (page 65)
- **The Audit and Risk Assurance Committee (ARAC)** (page 67)
- **The Remuneration and People Committee (RaPCo)** (page 74)

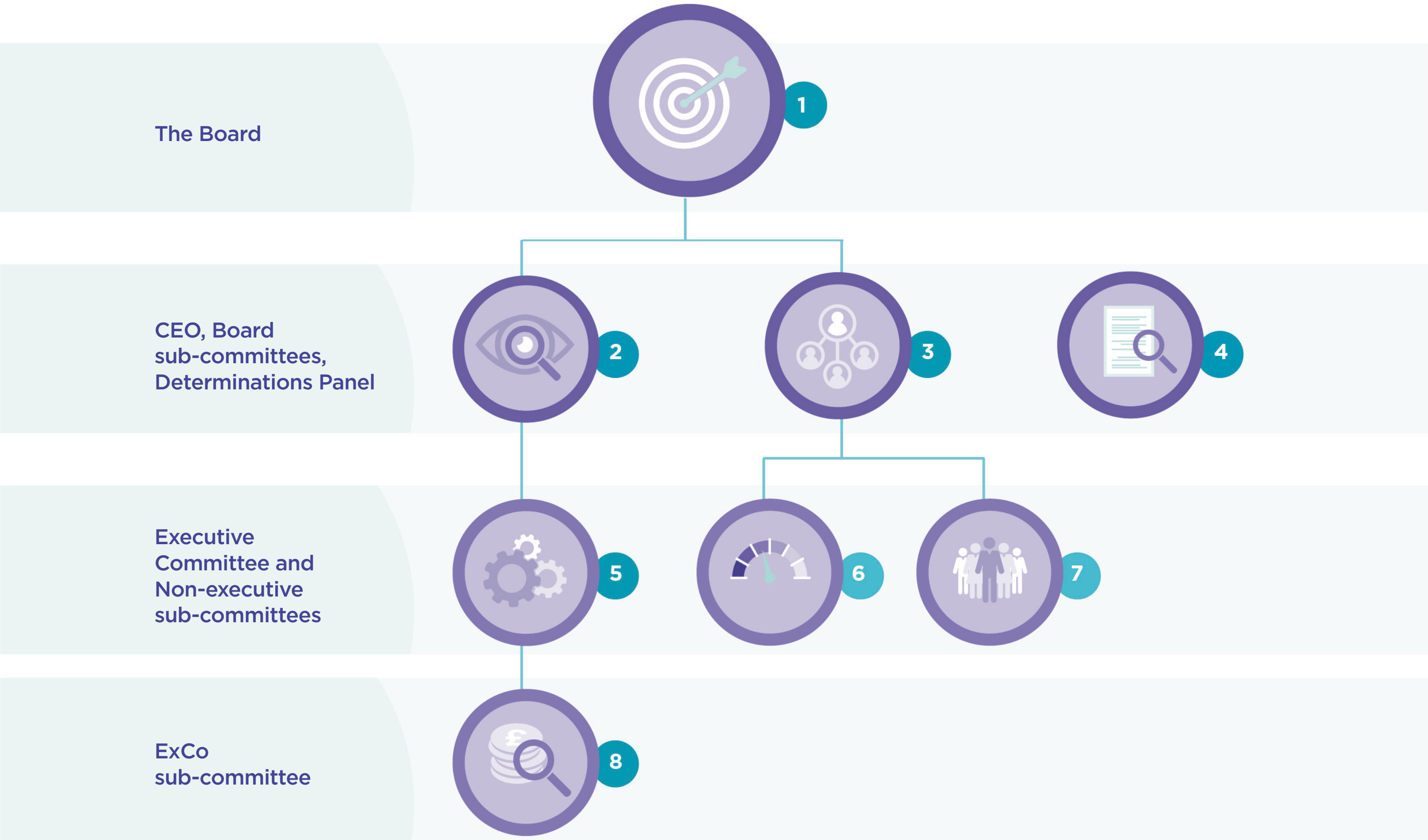
These committees discharge TPR’s non-executive functions as described in section 8 of the Pensions Act 2004.

Also, in this section:

- **Details of Board and Committee membership** (page 76)
- **A report on the activities of the Determinations Panel** (page 79)
- **Statement of Accounting Officer’s responsibilities** (page 84)
- **Governance statement** (page 86)
- **Remuneration and staff report** (page 109)
- **Financial review** (page 134)
- **Parliamentary accountability and audit report** (page 142)

Figure 5 below shows the relationship between the Board and its committees, the Executive Committee, and its various sub-committees.

Figure 5: Our main committee structure as at 31 March 2024



1. The Board
2. Chief Executive/Accounting Officer
3. The Non-Executive Committee
4. The Determinations Panel
5. The Executive Committee (ExCo)
6. The Audit and Risk Assurance Committee (ARAC)
7. The Remuneration and People Committee (RaPCO)
8. The Portfolio and Investment Committee (PIC)

Report of the activities of the Committee of Non-executive Members 2023 to 2024

Membership of the Non-Executive Committee (NEC) consists of TPR's Non-Executive Chair, Sarah Smart, and TPR's non-executive directors – all of whom are appointed by the Secretary of State. Details of the non-executive membership over the period can be found on page 77.

The NEC met formally twice in 2023 in May and November and informally on a number of occasions, such as briefing sessions.

Table 5: Details of NEC attendance

Non-Executive Committee	16 May 2023	14 Nov 2023	No meetings attended	Overall attendance %
Sarah Smart	×	✓	1/2	50
Kirstin Baker CBE	✓	✓	2/2	100
Katie Kapernaros	✓	✓	2/2	100
Chris Morson	✓	✓	2/2	100
Alison Hatcher	×	✓	1/2	50
Mandy Clarke	✓	✓	2/2	100
George Walker	✓	✓	2/2	100

Report of the activities of the Committee of Non-Executive Members 2023 to 2024 continued...

The committee's discussions covered initial observations of the Chief Executive appointment, Chief Executive and Executive Committee succession planning, industrial action regarding a dispute around pay, and reflections on formal Board agenda topics. Succession planning and the Board skills matrix continues to be reviewed on an annual basis as do key deliverables, Corporate Strategy, non-executive director participation across TPR networks and projects and the committee's own terms of reference.

Individual committee members have received training and briefing on strategically significant specific cases, policy development and a range of activities with TPR operational teams. Throughout the year members engaged with staff and took part in a programme of briefing and discussion sessions with TPR teams as well as undertaking informal training on topics such as Artificial Intelligence.

Report of the activities of the Audit and Risk Assurance Committee (ARAC) for 2023 to 2024

Statement from the ARAC chair

"ARAC notes the Head of Internal Audit's opinion, on page 108 and wishes to see significant improvement in the current year. ARAC is aware of, and very supportive of the current management efforts, including the implementation of the Senior Managers Regime, to improve accountability and control."

Overview

ARAC has encouraged a systematic approach to risk management focusing on clear separation of duties under the three lines of defence model. An overall summary of second line assurance is provided at each committee meeting, along with a report of the Head of Internal Audit. As part of this work ARAC has overseen the development of the Risk Appetite Statement (RAS), agreed by Board, with regular reporting of risks out of appetite.

At each committee meeting, the top-level risks are reviewed, ensuring they have clear executive owners and mitigations. Reporting of planned mitigants is improving and these are challenged where necessary.

In November 2023 ARAC received a satisfactory internal report on Internal Audit effectiveness, assessed against the Public Sector Internal Audit Standards framework. ARAC requested that the timing of an External Quality Assessment be considered in due course.

Structure and responsibilities

Under the Pensions Act 2004 the NEC has authorised the Audit and Risk Assurance Committee (ARAC) to discharge on its behalf its function, which is to 'keep under review TPR's internal financial controls and assess whether they secure the proper conduct of its financial affairs'.

In discharging that function, ARAC supports and advises the Accounting Officer and the Board by providing oversight of TPR's financial reporting process and use of public funds, corporate governance, the audit process, the system of internal controls including business continuity and information technology, the identification and management of significant risks and its compliance with laws and regulations.

Audit and Risk Assurance Committee

Members

- Chris Morson, Chair and Non-Executive Director (NED)
- Kirstin Baker NED
- George Walker NED

In regular attendance

- Nausicaa Delfas, Chief Executive
- Ceri Thayer, Interim Chief Operating Officer
- Anthony Raymond, General Counsel and Director of Governance, Risk and Assurance
- Richard Edes, Head of Risk and Assurance
- Jane George, Head of Internal Audit
- Representatives from the National Audit Office (external auditors) and the DWP Partnership team

Table 6: Details of ARAC attendance

Audit Committee (ARAC)	7 June 2023	13 Sept 2023	28 Nov 2023	6 Mar 2024	No meetings attended	Overall attendance %
Chris Morson	✓	✓	✓	✓	4/4	100
Kirstin Baker CBE	✓	✓	✓	✓	4/4	100
George Walker	✓	✓	✓	✓	4/4	100
Nausicaa Delfas	✓	✓	✓	✓	4/4	100
Ceri Thayer	✓	✓	✓	✓	4/4	100
Richard Edes	✓	✓	✓	✓	4/4	100
George Walker	✓	✓	✓	✓	4/4	100
Jane George	✓	✓	✓	✓	4/4	100
Anthony Raymond	✓	×	✓	✓	3/4	75

ARAC responsibilities

Accounting and reporting

Oversight of:

- The development of the Annual Report and Accounts, including the application of appropriate accounting policies and the independent audit process, and recommending their adoption to the Board

Risk and assurance

Oversight of:

- Strategic processes for risk management, information assurance, internal control and governance and production of the governance statement
- Planned activity and the results of both internal and external audit, including adequacy of management responses
- Assurances relating to the management of risk, internal controls and governance
- Effectiveness and independence of the external auditor and internal audit services
- Anti-fraud policies and whistle-blowing processes
- How TPR manages its cyber risk, including appropriate risk mitigation strategies

ARAC also reviews its own effectiveness annually and reports the results to the Accounting Officer and the Board.

Timetable

There were four ARAC meetings in 2023 to 2024 covering the full scope of the committee’s responsibilities. During the year, ARAC members also held closed sessions with external and internal auditors. The committee provided reports to the Board after each meeting.

2023 to 2024 key areas of focus

Audit

External audit

During the year ARAC reviewed the annual accounts for 2022 to 2023 and recommended their approval to the Board. It also reviewed the draft governance statement for 2023 to 2024, Audit Completion Report for 2022 to 2023 and the external audit planning work for the 2023 to 2024 financial statements audit, along with National Audit Office (NAO) risk assessments.

Internal audit

For 2023 to 2024, TPR’s internal audit service was provided by an in-house team led by a Head of Internal Audit, supplemented by BDO (an external accountancy and business advisory firm) as necessary for specialist skills. The Internal Audit team worked to an annual plan agreed with the Executive Committee (ExCo) and ARAC, and ARAC monitored the progress of these during the year reviewing each of the audit reports and ensuring actions are appropriately followed up.

ARAC noted the Head of Internal Audit’s annual opinion for 2023 to 2024 that ‘there is considerable risk that the system of internal control, governance and risk management will fail to meet management's objectives. Significant improvements are required to improve the adequacy and/or effectiveness of governance, risk management and internal control. This is a ‘level 3’ rating against four possible rating levels’. You can find more information about this on page 108.

Overall, there were 10 assurance assignments conducted during the year. From the completed reports one is rated green/amber, four amber and five amber/red. These reviews were targeted at known high-risk areas, and TPR anticipated these ratings when commissioning the internal audits in these areas.

Risk and assurance framework

ARAC continued to encourage the development of the assurance activities through a combined assurance framework, and to ensure the appropriate level of resource and skills.

Risk management

ARAC supported and challenged the continuing development of the risk and assurance framework with a focus on ensuring a clear separation of duties under our three lines of defence model.

TPR's risk appetite

TPR's risk appetite is set by the Board and demonstrates how we balance risk and reward in pursuit of our statutory objectives. ARAC's role is to provide assurance to the Board that TPR is operating within its stated appetite, and report instances where we are outside it.

The RAS was reviewed and revised during the year from a category based granular approach to a higher-level narrative approach. This change will provide a more strategic steer around our core activities with an accompanying narrative to better define how the risk appetite can be interpreted and applied for each category. This revised approach will help support the practical application of the risk appetite in decision-making.

TPR's register of top risks

The register is produced and endorsed by TPR's Executive Committee using management assessments to identify, prioritise, monitor, manage and mitigate our operational and strategic risks. The committee highlighted to the Board any risks it considered required more visibility or where the organisation was operating outside of its stated risk appetite.

Detailed investigations

A rolling programme of detailed investigations takes place to allow ARAC to review the management of risks in each directorate.

Internal control systems (as above)

TPR's risk management systems are designed to manage rather than eliminate the risk of failure and can only provide reasonable, and not absolute assurance. ARAC noted where further development and monitoring of control design and operating effectiveness is needed to ensure the executive team has an appropriate level of assurance.

Assurance

Assurance mapping

The TPR Assurance Map is a key tool to capture the assurance opinions of the business, the second-line assurance teams and the internal audit team. ARAC receives regular reports on reviews guided by the Map. The sources of assurance include enterprise assurance, internal review, regulatory assurance, internal audit, ISO reviews, and specialist reviews or audits, and reviews from our Information Security, Compliance and Resilience department. This important part of the risk and assurance framework provides ARAC with a comprehensive oversight of internal and external assurance.

Internal effectiveness

The 2023 to 2024 annual review of ARAC's internal effectiveness gave rise to discussion and actions around issues such as the best way to report on near misses and the relevant skills for ARAC.

Chair's meetings

During the year, the Chair had a range of further meetings to support ARAC's work. These included discussions with the external and internal auditors, members of the executive team, Government Internal Audit Agency (GIAA) and other departmental audit chairs.

A review of Internal Audit Effectiveness was commissioned in 2023 to 2024 and ARAC received a satisfactory internal report on Internal Audit effectiveness, assessed against the Public Sector Internal Audit Standards Framework. ARAC requested that the timing of an External Quality Assessment be considered in due course.

Report on the activities of the Remuneration and People Committee (RaPCo) for 2023 to 2024

Structure and responsibilities

RaPCo is a sub-committee of TPR's NEC.

Remuneration and People Committee

Members

- Mandy Clarke (Chair)
- Alison Hatcher (NED)
- Katie Kapernaros (NED)

In regular attendance

- Nausicaa Delfas, Chief Executive
- Paula Harris, Director of People and Culture

Table 7: Details of RaPCo attendance

RaPCo Committee	21 June 2023	6 Sept 2023	11 Dec 2023	19 Feb 2024	No meetings attended	Overall attendance %
Mandy Clarke	✓	✓	✓	✓	4/4	100
Alison Hatcher	×	✓	✓	✓	3/4	75
Katie Kapernaros	✓	×	✓	✓	3/4	75
Nausicaa Delfas	✓	✓	✓	✓	4/4	100
Paula Harris	✓	✓	✓	✓	4/4	100

RaPCo responsibilities

- Under authority of the NEC and on its behalf, to discharge the duty to determine the remuneration, subject to the approval of the Secretary of State, of the Chief Executive and to provide oversight of TPR's remuneration policy and practices and people matters generally.
- Discharge its function as set out under Section 8(4)(b) of the Pensions Act 2004 (PA04) Act, which relates to the remuneration and terms and conditions of any Chief Executive appointment further to paragraph 8(4)(b) of Schedule 1 of the Act.
- Approve annual bonuses, performance ratings, development plans and succession plans for the Executive Directors and the CEO.
- Provide oversight of TPR's remuneration policy and practices, and people matters more generally.
- In relation to people matters, TPR Board has designated this to include overseeing the implementation of TPR's People and Culture Strategy (based on TPR's strategy), providing strategic direction and advice, monitor progress against the People Strategy's identified success criteria and milestones, and to provide necessary challenge on the strength and effectiveness of the plans, policies and priorities underpinning its People Strategy.

General

There were four RaPCo meetings in 2023 to 2024 and feedback from these meetings was provided to the Board. Objectives, with a key focus on TPR Strategy, EDI and the People and Culture Strategy, were agreed with the Board and cascaded accordingly.

Standing agenda items for the year included the TPR bonus process, Reward Strategy and policy, MyTPR staff survey, and Board skills. In addition, the People and Culture Strategy, EDI, industrial action regarding a dispute around pay, and a review of hybrid working have been covered. Recruitment, retention, and development remain primary concerns.

Committee chair's meetings

During the year, the committee Chair met with the Chief Executive regularly to discuss key matters. The Chair also met with the Director of People and Culture to ensure RaPCo meetings were focused and conducted according to recommendations.

Details of Board membership

See Table 8 on page 77 for Board appointments and committee memberships.
You can also see the register of Board members' interests on our website: **https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/board-information/tpr-board-members-interests-register**

Table 8: Details of Board membership

Name	Date appointed	Date term expires/ended	Committee membership
Non-executive director members			
Kirstin Baker CBE	1 June 2022	31 May 2026	Non-executive, Senior Independent Director (SID), ARAC
Mandy Clarke	10 May 2022	9 May 2027	RaPCo (Chair), Non-executive
Alison Hatcher	1 August 2022	9 May 2027	RaPCo, Non-executive
Katie Kapernaros	1 April 2020	31 March 2028	RaPCo, Non-executive
Chris Morson	1 April 2020	31 March 2028	ARAC (Chair), Non-executive
Sarah Smart	1 June 2021	31 May 2026	Non-executive (Chair)
George Walker	10 May 2022	9 May 2027	ARAC, Non-executive
Executive members			
Nausicaa Delfas	20 March 2023	19 March 2027	
Helen Aston	1 Dec 2015	12 July 2023	
John Abbot	19 June 2023	7 Sept 2023	
Nicola Parish	1 August 2016	2 Feb 2024	
Ceri Thayer	12 July 2023	30 June 2024	(Interim)
Paul Neville	16 Oct 2023	*	(Interim)
Mel Charles	29 Jan 2024	31 July 2024	(Interim)

*The Executive Directors' appointments were previously four-year fixed term. However, the DWP and Secretary of State agreed that the contracts would be permanent and not subject to a renewal every four years.

Details of Board attendance

Table 9: Details of Board attendance at committee meetings

Board	2023						2024			
	17 May	15 Jun	13 Jul	21 Sep	15 Nov	14 Dec	21 Feb	21 Mar	No. of meetings attended	Overall attendance %
Sarah Smart (Chair)	×	×	✓	✓	✓	✓	✓	✓	6/8	75
Nausicaa Delfas	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Nicola Parish	✓	✓	✓	×	✓	✓			5/6	83
Alison Hatcher	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Kirstin Baker	✓	✓	✓	×	✓	✓	✓	✓	7/8	88
Chris Morson	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Katie Kapernaros	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Helen Aston	✓	✓							2/2	100
John Abbott			✓	×					1/2	50
Ceri Thayer			✓	✓	✓	✓	×	✓	5/6	83
Mandy Clarke	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
George Walker	×	✓	✓	✓	✓	✓	✓	✓	7/8	88
Paul Neville					✓	✓	✓	✓	4/4	100
Mel Charles								✓	1/1	100

In addition to ARAC members, other Board members also attend meetings by invitation. The Chief Executive regularly attends RaPCo and ARAC. The Chair attends ARAC and RaPCo on an occasional basis.

Report on the activities of the Determinations Panel

Legislative framework

TPR is required by the Pensions Act 2004 to maintain the Determinations Panel. Its purpose is to exercise certain regulatory functions to safeguard the interests of pension scheme members. In particular, the Panel can appoint and remove trustees and can order parties to make contributions to schemes where there is a risk to members' benefits.

The Determinations Panel membership is drawn from outside TPR through an open appointments process, and it has its own legal support. This enables it to make decisions independently from the TPR teams which investigate cases, considering all the evidence before it and providing each party with reasonable opportunity to present their case. Members of the Determinations Panel are not involved in the investigative process, and any decisions reached make clear to the affected parties the reasons and evidence on which they are based.

Membership

The Chair of the Panel is nominated by an appointments committee established by the Chair of TPR, and TPR must accept that nomination. The Chair to the Panel then nominates at least six other members. Panel members are usually appointed for a four-year term and can apply to be reappointed for a further four-year term. The Panel usually comprises eight to ten members. The current panel members have a wide range of experience in the fields of regulation, law, pensions, accountancy, consumer affairs and public policy.

Table 10: Details of Determinations Panel current membership

Name	Date appointed	Date term expires/ended	Term
Antony Townsend (Chair)	7 April 2021	6 April 2025	1st
Anne Fletcher	1 January 2021	31 December 2024	1st
Megan Forbes	1 January 2021	31 December 2024	1st
Stephen Mount	1 January 2021	31 December 2024	1st
Pauline Wallace	13 March 2017	13 March 2025	2nd
Sarah Chambers	1 September 2022	31 August 2026	2nd
Anthony Arter	22 September 2022	21 September 2026	1st
Margaret Obi	22 September 2022	21 September 2026	1st

Casework in 2023 to 2024

The Panel's procedures set out the process by which cases reach the Panel. These can be found at: **https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-and-enforcement-policies/enforcement-procedures/determinations-panel-procedure**

During the year, the Panel received three cases, issued three determination notices and two orders, and exercised four powers. The three cases brought to the Panel this year were made under the standard procedure and comprised an independent trustee appointment, a prohibition, and the third case was in respect of two contribution notices.

The Panel's Determination meeting in respect of the contribution notices was held in person and attended by the Directly Affected Parties and TPR's case team.

The Panel also issued two final notices, following a compulsory review of two special procedure cases which were referred to the panel in the previous financial year. Both case determinations were upheld at their respective compulsory reviews.

Upper Tribunal references of panel determinations

Parties who are dissatisfied with a case panel determination can refer the decision to the Upper Tribunal (UT). In recent years there have been few references resulting in substantive UT hearings. This year, one case was referred to the UT following a Panel determination to issue a fine against a trustee of a scheme in respect of employer-related investments. The referral was subsequently withdrawn.

There was also a substantive decision from the UT in 2023 in respect of a contribution notice case which the Panel determined in 2020. The UT upheld the Panel's decision to issue a contribution notice to the individual. Most recently, in February 2024 one person made a referral to the UT following a panel determination in January 2024 to issue a contribution notice against two individuals. No date has yet been fixed for the substantive hearing.

Panel training and meetings

The Panel established a core training programme in 2023 to 2024 to ensure members' knowledge and skills are kept up to date and relevant. The training programme covers a wide range of topics including Equality Diversity and Inclusion, Public Sector Equality Duties, pensions law, TPR's powers and learning from concluded cases.

The Panel holds quarterly meetings where members discuss a variety of aspects of its work. Regular updates are received at these meetings from the Chief Executive and senior leadership team to keep the panel informed about TPR's priorities and policies. The Panel Chair also regularly meets with TPR's Chair, Chief Executive and senior leadership team, including the Director of Enforcement and TPR's General Counsel.

Selected panel members continue to attend TPR's Policy Liaison Group to discuss possible procedural and policy improvements, whilst remaining careful not to compromise the panel's independence from TPR's investigations and enforcement teams. Issues discussed include value for members in pension schemes, and TPR's Monetary Penalties Policy.

TPR's Board wants to continue using the panel's expertise on wider issues, not just cases, and has invited the Panel to contribute to TPR's strategy discussions on issues including changes in the pensions landscape and using data intelligently. The Panel is grateful for these opportunities to gain insight into and discuss the pensions industry and broader regulatory issues, without compromising the Panel's independence on cases.

As well as contributing to TPR's wider work, the Panel has focused its attention on its own training programme and has held an in-person Determination Meeting this year, which provided good experience for the newer panel members.

The Panel continues to offer independent scrutiny of proposals to exercise some of TPR's most important and wide-ranging powers.

Table 11: Types of determinations requested, number of powers exercised and outcomes

Type of determination requested	Number of determinations	Outcome/powers exercised
Appointment of an independent trustee	1	One independent trustee with exclusive powers was appointed to a scheme following an application by a third party asking TPR to use its powers. The trustee was appointed under s7(3)(c) of the Pensions Act 1995.
Prohibition	1	One trustee was prohibited from acting as trustee of trust schemes in general under section 3(1)(c) of the Pensions Act 1995.
Contribution Notice	2	In January 2024 the Panel determined to issue Contribution Notices to two individuals under section 38 of the Pensions Act 2004. One individual has referred the decision to the UT, the second individual was issued with a Contribution Notice in February 2024 (see below) and has made payment in accordance with that Contribution Notice. The Panel also issued a Contribution Notice in August 2023 following a UT decision to uphold a Panel determination to issue the Contribution Notice from 2020. (By law, no Contribution Notice may be issued until any reference to the UT is concluded).
Compulsory review	2	The Panel carried out two compulsory reviews of determinations made in the previous year. Both prior determinations were upheld.

Antony Townsend
Chair, Determinations Panel
April 2024

Statement of Accounting Officer's responsibilities

Scope of responsibility

As Accounting Officer for The Pensions Regulator, I am responsible for maintaining a sound system of internal controls that support the achievement of our statutory objectives and functions, and for reviewing its effectiveness. My review is informed by the work of our in-house Internal Audit, Risk, Enterprise Compliance and Counter Fraud, (ECCF), Information Security Compliance Resilience (ISCR) and Regulatory Assurance teams, other external assurance, and our Corporate Governance team, who together are responsible for monitoring and testing our internal controls using our assurance framework, with feedback from the Audit and Risk Assurance Committee.

I also have visibility of internal reporting on the development and maintenance of assurance maps and the plans that we have in place to address weaknesses in our internal control framework. It is also informed by comments made by the external auditors in their annual audit completion report.

As Accounting Officer, my responsibilities include ensuring the propriety and regularity of our public finances, keeping proper records and safeguarding our assets, as set out in 'Managing Public Money'. I am accountable (through the Department of Work and Pensions Principal Accounting Officer) to Parliament.

Under paragraph 27 of Schedule 1 to the Pensions Act 2004, TPR is required to prepare for each financial year a statement of accounts in the form and on the basis determined by the Secretary of State for Work and Pensions, with the approval of HM Treasury. The accounts are prepared on an accruals basis and are required to give a true and fair view of TPR's state of affairs at the period end and of its income, expenditure, Statement of Financial Position, and cash flows for the financial period. 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 judgements and estimates on a reasonable basis.
- State whether applicable accounting standards have been followed in accordance with the Government Financial Reporting Manual and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The Accounting Officer confirms:

- As far as I am aware, there is no relevant audit information of which the auditors are unaware.
- I have taken all steps I ought to have taken to make myself aware of any relevant audit information and to establish that TPR's auditors are aware of the information.
- That the Annual Report and Accounts as a whole is fair, balanced and understandable.
- That I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Nausicaa Delfas
Chief Executive, The Pensions Regulator
29 November 2024

Governance statement

Overview

We are operationally independent of government and overseen by a board of executive and non-executive members. Our plans, finances and key appointments are subject to the approval of the Secretary of State for Work and Pensions.

We have a number of significant risks we have been managing and mitigating over the last year, with a number of risks being out of our risk appetite at the end of the year.

One risk which was out of appetite at the end of the year has now been brought within appetite (the risk of prolonged industrial action). The risks which are currently out of appetite are:

- Risks caused by failure to effectively manage our data
- Risks arising from our inability to respond effectively to a cyber-attack.
- Risk that we are unable to meet our stated digital ambitions

This is a challenge for us. However, I am content that we have the processes and plans in place we need to address these, including visibility and support from the highest levels, including our Board and the DWP.

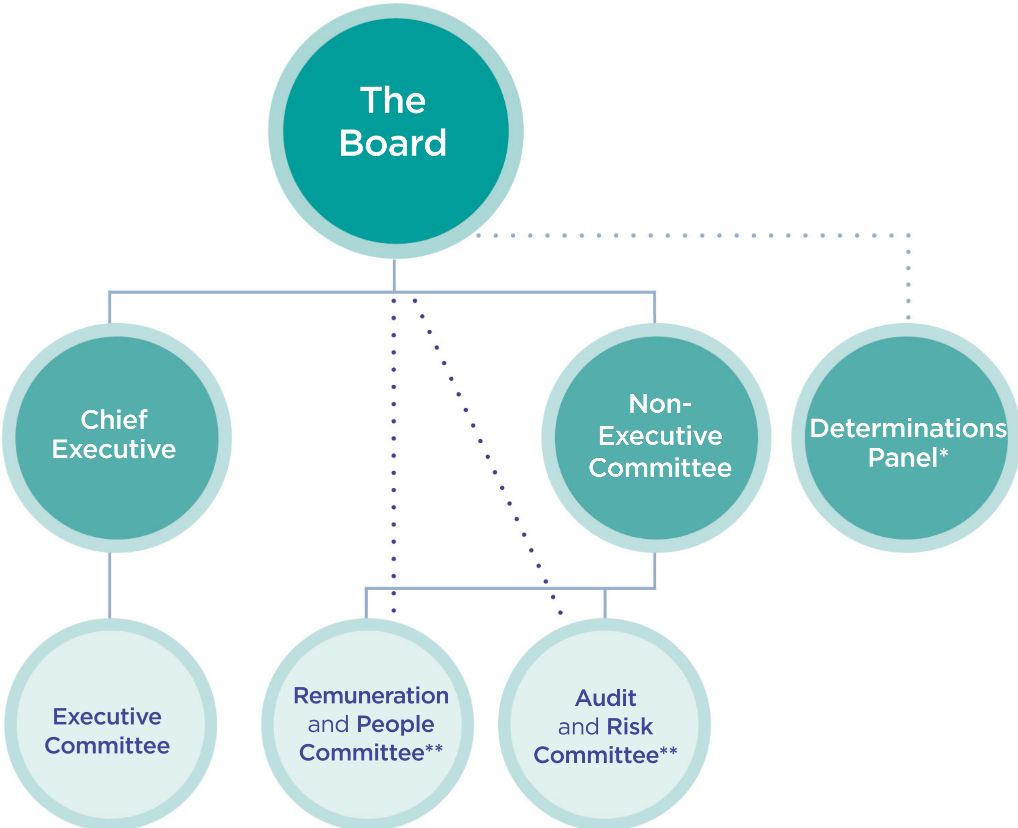
Having reviewed these risks, assurances and the evidence provided from the risk and assurance team, the assurance framework and from the internal audit opinion, I am satisfied that we maintained a robust system of internal controls that have been in place up to the date of approval of the Annual Report and Accounts. Where control issues arose over the 2023 to 2024 financial year, they have been, or are in the process of being mitigated.

I note that the Head of Internal Audit's opinion is based on the internal audit reviews conducted during the year, which were targeted at the highest risk areas or where we suspect there are likely to be issues. My own opinion as Accounting Officer takes into the account the gamut of TPR operations, and therefore I am comfortable with our system of controls.

Government Functional Standards, introduced by government in September 2021, are now embedded into our business plans, including addressing any identified gaps. We are complying with or working towards compliance with these standards in line with our plans and priorities. The management of compliance against the standards has been migrated to the centre, allowing the second line of defence to test and support the business holistically. We also feed in expectations of each standard within our assurance testing of key activity areas, and continually assess or make recommendations around compliance and continuous improvement.

Our governance structure

Figure 6: TPR governance structure



* Whilst the Determinations Panel reports to the Board, it is independent and impartial.

** Whilst the RaPCo and the ARAC report to the Non-Executive Committee, as set out in legislation, in practice they report to the Board.

The Board

Responsibilities of the Board

The key responsibilities of the Board are set out in the Standing Orders which can be viewed at: **https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/board-information/standing-orders**

The Board publishes and regularly reviews these documents, which also cover aspects such as the terms of reference of the Board committees and the management of conflicts of interest. It has an ongoing system for managing any conflicts of interest that may arise. The Board's register of interests can be viewed at: **https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/board-information/code-of-conduct-for-board-members**

As TPR is an arm's length body of the DWP, the Board has taken into account the principles of the government's corporate governance code (July 2018) as part of its own governance framework, and those of 'Managing Public Money'.

Board structure

The Board structure at the end of the reporting period comprised the Chair (non-executive director), six non-executive directors, and four executive directors (including the CEO)[1]. Their key responsibilities include:

- Overseeing TPR's strategic direction and making key decisions on policy
- Ensuring TPR is properly run as a public body and has effective internal controls
- Ensuring that statutory and administrative requirements for the use of public funds are complied with.

Board members' appointment dates, terms of office, committee membership, and attendance records are set out on pages 76 to 78 along with details of recent changes to Board membership. The role of the chair is set out in the joint framework agreement between TPR and the DWP. The joint framework document can be viewed at: **www.tpr.gov.uk/-/media/thepensionsregulator/files/import/pdf/framework-doc-tpr-dwp**

1 During the period, Nicola Parish stepped down as Executive Director of Frontline Regulation and John Abbott stepped down as Executive Director of Digital Data and Technology (DDaT). Helen Aston stepped down as Executive Director of Corporate Services. Ceri Thayer was appointed interim Executive Director of Corporate Services from June 2023 to December 2023. She was then appointed as Interim Chief Operating Officer from December 2023. Paul Neville was appointed as Interim Executive Director of DDaT, and Mel Charles was appointed interim Executive Director of Frontline Regulation.

Non-Executive Committee (NEC)

The duties of the Non-Executive Committee (NEC) are to review whether our internal financial controls secure the proper conduct of our financial affairs, to determine the remuneration of the Chief Executive and to provide oversight of remuneration policy and practices and people matters generally. As provided for under section 8 of the Pensions Act 2004, this committee has two standing sub-committees: the Remuneration and People Committee (RaPCo) and the Audit and Risk Assurance Committee (ARAC). Terms of reference for each of these sub-committees are set out in the Board's standing orders.

Remuneration and People Committee (RaPCo)

The duties of the Remuneration and People Committee (RaPCo) committee are to review the pay and performance of the Chief Executive and executive directors, TPR's reward, people and culture strategies and to update the Board accordingly. See pages 74 to 76 for a full report on the committee.

Audit and Risk Assurance Committee (ARAC)

The activities of the Audit and Risk Assurance Committee (ARAC) are designed to give the Board assurance that TPR is operating within the Board's risk appetite and to oversee audit and assurance processes (both internally and externally). See pages 67 to 73 for a full report on the committee.

The Chief Executive's role is set out in the joint framework agreement between TPR and the DWP. This can be viewed at: **http://www.tpr.gov.uk/-/media/thepensionsregulator/files/import/pdf/framework-doc-tpr-dwp**

The Chief Executive is also the Accounting Officer, who has responsibility for maintaining a sound system of internal controls that support the achievement of our statutory objectives and functions, and for reviewing its effectiveness. The Chief Executive is accountable (through the DWP Principal Accounting Officer) to Parliament and responsibilities include ensuring the propriety and regularity of our public finances, keeping proper records, and safeguarding our assets.

Executive Committee (ExCo)

The Executive Committee (ExCo) is chaired by the Chief Executive and its membership comprises a number of TPR directors, including all executive directors. It supports the corporate governance systems of the Board and its committees. It also co-ordinates the operational management and business planning functions to deliver our strategies and objectives as set out in the Corporate Plan. The committee has oversight of corporate performance and governance, manages risk, engages with stakeholders, and provides a point of escalation for issues arising from our directorates.

Determinations Panel

We are required by section 9 of the Pensions Act 2004 to establish and maintain the Determinations Panel, whose purpose is to exercise certain regulatory functions on our behalf which are primarily set out in schedule 2 to that Act. See pages 79 to 83 for a full report on the panel.

Board meetings from 1 April 2023 to 31 March 2024

In the year from 1 April 2023 to 31 March 2024, there were eight Board meetings, four ARAC meetings, four RaPCo meetings and two meetings of the NEC. You can read summaries of the minutes of the Board meetings at: **https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/board-information**

In addition, there were two Board strategy days. The Board's steer from these have fed into our 2024 to 2025 planning.

Our Chair and Chief Executive and the Chair and Chief Executive of the PPF, or their representatives, attended meetings of each other's Boards as observers. In addition, the DWP board members have attended periodically, along with other representatives from the industry and other regulators.

TPR operate a Next Generation Non-Executive-Director (NED) programme and recruit Next Generation NEDs through the UK Regulators' Network. Paul Overbury (Ofcom) and Asad Ali (Ofcom) represented the cohort for 2023, with Adam Zwi (Ofcom) and Atif Moghal (Ofcom) appointed for 2024.

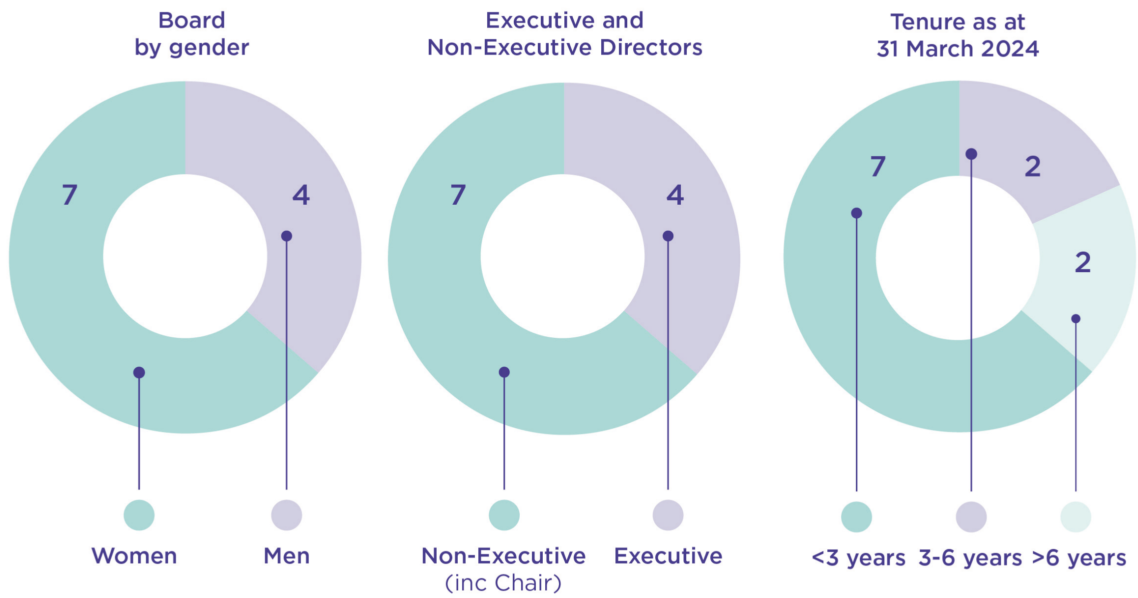
An internal review of the Board's effectiveness was undertaken during the second half of 2023.

Board members generally felt they had a good understanding of the various roles and responsibilities of the Board, and that Board had a clear set of objectives for TPR over the year. Board members also felt they were providing strategic clarity for future needs and challenges, and that individual Board members effectively contributed towards the strategic direction of TPR.

Board objectives for 2024 to 2025 will focus on enhancing effectiveness, establishing a comprehensive NED induction and Board training plan and clearly defining the objectives of what Board is trying to achieve in alignment with the strategic plan.

Our Board diversity
as at 31 March 2024

Figure 7: Breakdown of the diversity of TPR's Board



Board by ethnicity: One Board member identifies as being from an ethnic minority

Responsibility for TPR Board appointments rests with the DWP which has an ambition to help achieve the governments' aim that 50% of all public appointees are female and 14% of all public appointments made are from ethnic minorities.

DWP partnership

As Accounting Officer, the Chief Executive's line of accountability to Parliament is through the DWP. The DWP, through the nominated partner attends ARAC meetings and receives reports on performance, finance, and risk and holds quarterly accountability review meetings with senior TPR staff. The partnership arrangement is set out in our published joint framework agreement. In addition, TPR has been providing weekly updates to the DWP throughout the industrial action earlier in the year.

The DWP annual assurance assessment for 2023 to 2024 has been completed and our risk rating to the delivery of the DWP's objectives is high. Whilst the assessment included a majority of medium and low ratings, the overall assessment has increased also slightly due to the greater weight carried by three categories and the change from a five-rating system to three tiers (Low/Medium/High).

The categories Operational Management and Performance and Organisational Capacity and Capability have moved from either a low or low/medium rating to a high rating. The DWP's moderation panel noted the challenges TPR faced with industrial action during the year and recognised TPR's constructive and proactive approach to resolve the issue. The moderation panel also considered the organisational restructure TPR planned was significant and until such time the changes are fully implemented and operational, this was of higher risk to the department. However, the DWP is supportive of the restructure.

TPR is currently addressing recommendations from the public bodies review, led by Mary Starks, an external independent reviewer, which concluded in 2023. Actions taken so far include launching a new multi-disciplinary team on financial stability, putting effective data sharing with partners in place with enhanced data collection from schemes through the Scheme Return, progressing work in relation to Superfunds and public sector consolidator, reviewing and rationalising TPR's internal governance implementation of a hybrid working policy and development of a new Data, Digital and Technology strategy.

Control and assurance framework

Three lines of defence model

TPR operates a three lines of defence model, supporting clarity of accountability and levels of assurance, allowing those closest to the risks in the organisation (the first line) to articulate, score and remediate them, whilst the risk and assurance teams (the second line) ensures the tools and support are embedded throughout the organisation to effectively manage its risks.

Work of both the first and second lines is tested by internal audit (the third line), for robustness and efficacy. TPR's 'three lines of defence' model is based on best practice in the industry and across government.

At the start of 2024, TPR's Corporate Services directorate joined together the Governance, Risk and Assurance (GRA) directorate to form an Operations directorate. However, GRA (which includes the Corporate Governance, Risk, Audit, Assurance, Enterprise Compliance and Counter Fraud functions) remains a distinct division of the Operations directorate with the primary aim to support the organisation in effective decision-making. This is facilitated by embedding a risk management framework and culture, supported by effective governance, with enterprise assurance that the control framework is operating effectively.

TPR's Enterprise Compliance and Counter Fraud function has been in operation for a year to manage operational risk areas and to provide enterprise-wide corporate assurance. The Enterprise Assurance team holds the TPR Assurance Map which guides assurance activity and regularly tests key risk areas to support the business in closing any identified or potential gaps in risk management. The team provides objective and impartial opinions to ARAC and the Board and also undertakes adhoc assurance pieces for the CEO and other sponsors. Further development and resourcing of ECCF during 2024 means we are on track to meet the Government Counter Fraud Functional Standard in addition to our external legal, regulatory, and ethical responsibilities.

Our Enterprise Risk and Regulatory Assurance teams have continued to provide second line assurance to TPR's Board via ARAC, that organisational risks and issues are fully captured, understood, and managed effectively, with sufficient visibility and scrutiny over those risks which are out of appetite.

Lastly, our Internal Audit team has continued to provide third line assurance through a work plan of internal audits as agreed with the Chief Executive, ratified by ARAC and reported in the Head of Internal Audit's annual opinion.

Our first line (management controls)

- Determine local processes and controls, including assurance to manage and mitigate risk in line with the organisational risk appetite in their activity.
- Undertake assurance activity in line with the locally designed processes and controls.
- Undertake assurance across the portfolio of change so that each project or programme operates within a governance framework and a suite of controls.
- Manage operational risk reporting when local management believe their controls or assurance are outside overall organisational risk appetite.
- Provide management reporting of wider (non-operational) risk to inform the overall risk picture.

Internal controls

Our system of internal controls was in place throughout the year and up to the date of approval of this Annual Report and Accounts. It accords with HM Treasury guidance and supports the achievement of our statutory objectives, while safeguarding public funds and departmental assets. To achieve policies, aims and objectives, it is designed to manage risk to a reasonable level and in line with our risk appetite, rather than to eliminate all risk of failure. It can therefore only provide a reasonable and not absolute assurance of effectiveness.

Our commitment to value for money underpins our planning and control systems. The control system has evolved to ensure we are compliant with our legal obligations, with the requirements on government spending, and to track and monitor service delivery in the most affected areas.

The Executive Committee supports the Chief Executive and the Board to ensure our functions are exercised efficiently and effectively. Executive Committee members take shared responsibility for executive decision-making and for recommendations made to the Board. This includes assisting the Board, ARAC and the RaPCo committees by ensuring they are only asked to make necessary decisions and that they are provided with appropriate information and support. Each member of the Executive Committee also has internal controls to ensure there is good quality governance and decision-making, at the right levels, across their area of accountability.

Internal controls continued...

Any weaknesses identified through internal controls have agreed mitigations that are acted on and monitored through the assurance framework. Over the course of the year, the Board was provided with detailed, high-quality information including executive directors' reports and quarterly corporate performance reports. ARAC also receives a formal assurance report at each meeting which sets out in detail the key assurance activities undertaken. The report covers all types of assurance activities and is not limited to internal and external audit. Deep dives into particular areas have also been conducted.

Throughout the year work is undertaken to monitor and continuously improve our internal controls. These controls fall under three areas which are regulatory, operational and financial.

Regulatory

- Detailed organisation processes, a consistent standard of documentation and clear lines of accountability and escalation in respect of regulatory decisions and actions.
- Quality assurance reviews.
- Management and responsibility for recommendations and observations from the regulatory assurance function, which provides objective assurance in relation to the quality of regulatory work and decisions, and therefore to the achievement of our statutory objectives.

Internal controls continued...

Operational

- Codes of conduct and supporting training materials, where appropriate, for Board members, staff and contractors. These set out expectations of behaviour, and the policy framework for declaring and managing conflicts of interest, ensuring data protection and information security, and countering the risk of fraud. The code of conduct can be found at: **https://www.thepensionsregulator.gov.uk/en/about-us/work-for-us/code-of-conduct**
- Standing orders and terms of reference for the Board and its committees, and a set of general, financial and regulatory delegations and terms of reference for the Executive Committee.
- Management of, and responsibility for the programme of internal audits, regulatory assurance and other external assurance activity.
- A formal complaints procedure to deal with complaints made against us about the way in which we have carried out or failed to carry out our role.

We continue to manage our suppliers in line with our governance structure and have worked closely with the DWP and the Cabinet Office in the development of our Supplier Relationship Management (SRM) capability and have aligned our framework methodology to industry best practise evidenced against Cabinet Office guidelines.

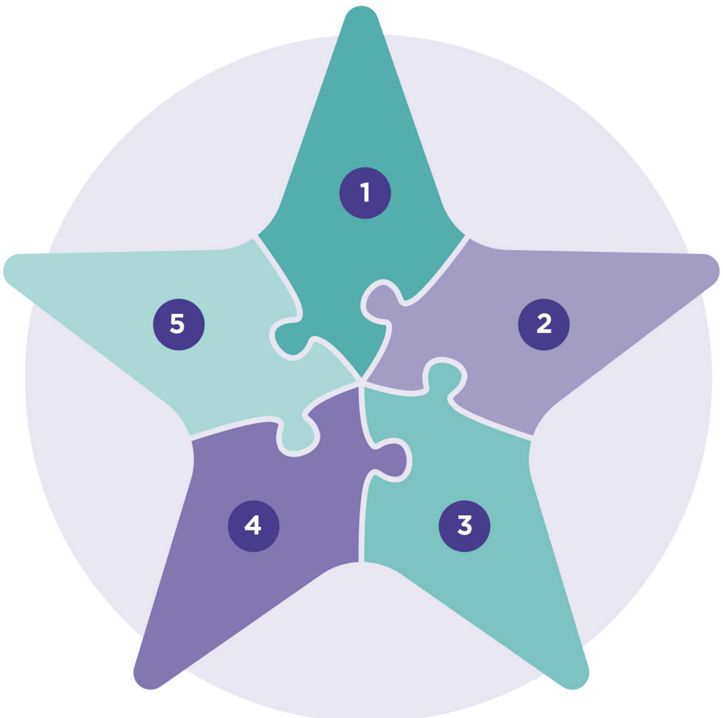
Financial

- A corporate planning and reporting system linking strategic and operational objectives and key outcomes, which is subject to regular review by the Executive Committee, and with quarterly reporting to the Board and the DWP.
- An annual budget agreed by the Board and the DWP, linking into the organisation planning cycle and risk appetite, supported by monthly reforecasts and reporting to each Board.
- Monthly management reporting through the Executive Committee on a set of agreed financial measures and tracking actual financial performance to budget. Reporting the monthly financials to the DWP's Finance team. A process for managing change, including signing off and managing business cases and reviewing the resources dedicated to change projects.

Our second line (Risk and Assurance)

Figure 8 on page 100 presents the different assurance tools employed by the risk and assurance second line teams. Each tool looks at risk and control gaps under a slightly different lens but all feed in to support an assurance opinion around the overall health of the organisation.

Figure 8: How we manage risk – our risk and assurance model



Risk and Assurance tools

The tools we use form a circle of assurance from different lenses. Together, the outputs from each tool support the second line teams in forming an assurance opinion around each activity area and directorate.

1. **Risk appetite statement**
Board-approved steer on how to manage types of risk based on resource, strategy and current risk landscape.

2. **Assurance map and maturity matrix**
First line identified governance across key activity areas, sampled and tested by the EA team to identify gaps in assurance. The map presents control gaps which may not be recorded in risk registers due to shared ownership of activities, complexity of process or due to optimism, bias or siloed working.

3. **Centralised Action Tracker**
Second and third line actions and recommendations to the business to close gaps in assurance, to ensure regulatory and functional standards compliance and to maintain good order and protect TPR.

4. **Local risk leaders**
First line risk management, supported directly by the second line risk team. Ensures consistency, categorisation and scoring and current live registers. Early identification of emerging risks.

5. **Risk registers**
First line identified and managed risks to delivery and reputation (inc. those risks with external drivers and those risks which arise as part of doing business, managing the organisation and being a regulator).

Risk and assurance tools

TPR's risk and assurance teams and activities are closely linked and form a line of defence against ineffective risk management in TPR. They provide the framework, tools, support and guidance to the organisation, including challenge and recommendations through reviews and committee membership.

The risk team has responsibility for setting the framework of methods and processes to enable TPR to visualise, assess, manage and escalate significant risks to achieve objectives. It supports the organisation in its identification, escalation, and mitigation of both external and internal risks. To support this, the team works across the organisation to:

- Support the organisation in the identification and management of TPR's key risks and provide assurance as to the integrity and appropriateness of the risk profile ratings.
- Provide quarterly risk updates on TPR's key risks via the risk dashboard, and to conduct risk reviews on applicable emerging/horizon risks; including TPR's top risk dashboard, to facilitate risk discussions at ExCo, ARAC and the Board.
- Input to a quarterly ExCo risk discussion to assess and track the effectiveness of mitigations and controls in place for TPR's key risks.
- Document TPR's annually approved Board RAS and to monitor adherence against it. As noted above, during the year the RAS was reviewed by the Board and a proposed new approach has been developed which is a more narrative high-level statement. This will help facilitate a greater focus on individual accountability for decision making. Develop and enhance the content of the suite of risk analysis and where appropriate, aligning risk reporting to support corporate planning and strategic direction.
- Provide appropriate training and instruction to staff and risk owners.

Our second line (Risk and Assurance) continued...

Our risk management framework is designed to respond to the changing risk and operational activity, supporting delivery and decision-making with clear and consistent digital risk and assurance tools, clear risk escalation and appropriate and centralised remediation activity. This is enabled by our online risk management system, designed around the framework. The system guides risk owners and managers through raising and managing risks intuitively and in line with the framework.

We are also extending the scope of our risk framework to include external risks (ie those risks to savers, schemes and other parts of the regulated community). This will support a more systematic and comprehensive focus on the risks our regulatory activity is designed to address.

The Enterprise Assurance Team works closely with the risk teams, providing assurance and expertise to TPR by developing and maintaining TPR's assurance map, undertaking practical assurance reviews and testing, supporting the organisation in closing any gaps identified. The team manages TPR's risk, assurance and audit actions, enabling central reporting to evidence the health of the organisation and supporting senior management in their objectives to act promptly and appropriately around closing identified gaps in assurance, whether that was through a corporate or regulatory assurance review, an audit or another source.

The enterprise assurance and risk teams collaborate to produce the risk and assurance overview report, which is used to inform ExCo, ARAC and the Board of the current risk landscape and which is overlaid with a second line assurance opinion.

The top risks were relatively stable throughout the year, with the focus being on risks outside our risk appetite which are regularly reported on at Board level.

While we have a number of risks which remained out of our risk appetite at the end of the year (see pages 103 to 108) we have successfully managed to bring a number of risks under control.

A risk regarding our capability and capacity to deliver change was brought under control through recruitment and a rigorous prioritisation exercise. We also saw a reduction in the risk that we could not exert sufficient regulatory grip over those we regulate as we gathered more evidence of our regulatory effectiveness. The risk around staff wellbeing had been heightened following the pandemic and advent of hybrid working. Having prioritised this area, we saw sustained evidence of improvement and were able to reduce the risk profile accordingly.

We accept and acknowledge the risk relating to our own long-term funding. We work closely with the DWP (including as part of the annual planning cycle) and horizon scanning for changes in policy and approach from government, it is not possible to bring this risk within appetite.

Regulatory assurance

Regulatory assurance provides second line, objective assurance in relation to the quality of regulatory work and decisions, and therefore to the achievement of TPR's statutory objectives and strategic priorities. At its core, regulator assurance assures the organisation that it is making sound decisions and fulfilling its duties as a regulator.

The Regulatory Assurance (RA) team considers the quality, consistency and effectiveness of approaches across the full regulatory grip of TPR. This includes all matters that relate, facilitate, or are incidental to, the exercise of its functions, including policies and procedures that support decision-making.

The levels of assurance determined by RA reviews are reported into an assurance map to support ongoing monitoring and evaluation of governance, assurance and risks.

With the support of ExCo and ARAC, RA has grown as a team over the course of the year. This has allowed us to extend our assurance model to move towards a blend of the risk-based and commissioned reviews (or deep dives) with a more flexible, dynamic and 'live' assurance offering. This form of assurance centres around key regulatory decision-making forums and means visible assurance in real time, focused on any rapidly emerging risks and issues.

Our second line (Risk and Assurance) continued...

During the year, Regulatory Assurance has conducted reviews in the following areas:

- A suite of reviews focusing on the role of the advisory teams, including how advice is commissioned within TPR and an extensive review of our Covenant and Financial Analysis teams conducted with expertise provided by BDO.
- How TPR is implementing and embedding the new regime for scheme trustees to report on how they are meeting their TCFD climate reporting requirements.
- Assurance that the selection of TPR's regulatory tools for communication are effective and in line with the corporate strategy/priorities.
- Live assurance on the Market Intelligence meeting, a key decision-making forum for our regulatory work.
- We have also conducted a thematic analysis of lessons learned across TPR based on actions arising from recent reviews.
- In addition, we geared up to begin to perform Assurance Mapping Reviews, for example we completed a review of the Customer Support Team and have two more near completion.

Model risk

We use models to enhance the effectiveness and efficiency of our regulatory activities and internal operations, for example, our AE reactive caseload model is designed to provide assumptions on caseloads and the resources required to meet that work. In doing so, we acknowledge the risks that come with their use, and the need to identify and manage them in a way that is proportionate to the model's complexity and intended use.

Our business-critical modelling activities are governed through our internal model risk framework. As part of this framework, we have reviewed and updated our model risk register to ensure our models are subject to robust levels of governance and quality assurance, through our implementation of the recommendations of the Macpherson Review and Managing Public Money.

Our internal audit of TPR's approach to model risk reported in March 2024, and TPR will be taking forward recommendations to enhance the design of current approach.

Information security, compliance and resilience

The Information Security, Compliance and Resilience team operates as a second line function responsible for managing cyber security risk internally and overseeing TPR's information security management system under ISO (International Standards Organisation 27001:2013). In September 2022, a recertification audit was undertaken, and our certificate was renewed for a further three years. During this period, we will transition to the new ISO 27001:2022 standard which was released in October 2022.

We continue to embed TPR's first Internal Cyber Security Strategy. Our strategy is aligned to the Government's Cyber Strategy and to the 14 cyber security principles set out by the National Cyber Security Centre as part of their Cyber Assessment Framework. The framework is being developed to ensure all organisations have a comprehensive and systematic approach to assessing cyber risks. The Senior Information Risk Owner (SIRO) provides regular assurance updates to ARAC, which includes the status of TPR's security posture and identifies any actions required to mitigate any risks which may be outside of our stated risk appetite. We have a minimal appetite to cyber risk.

The Director of Information Security, Compliance and Resilience left her post at TPR in January 2024. The department was restructured, and it was agreed that we would not rehire into this role with the SIRO and the Data Protection Officer (DPO) responsibilities being distributed to the Head of Cyber Security and Assurance and Head of Data Privacy and Compliance respectively. Both Heads of, along with the Head of Business Continuity and Resilience, now report to the Chief Operating Officer.

In accordance with our responsibilities under the Data Protection Act 2018 and General Data Protection Regulation (GDPR), we have arrangements in place to provide for information security and we continue to hold ISO 27001:2013 certification over our information and data.

We have notified the Information Commissioner's Office (ICO) on 5 data breach events. The ICO has closed all reports without further investigation.

Our second line (Risk and Assurance) continued...

When a personal data breach occurs, we establish the likelihood of the risk to people's rights and freedoms. If a risk is likely that the data subject could be impacted, we must notify the ICO.

In all cases the breaches have impacted one to two individuals and data available to just a handful of people, but the sensitivity of the information or the situation in which the data subject is in has elevated the risk level.

We maintain a programme of user awareness training to all employees and contractors and continue to develop tools and technologies to minimise the risk of breaches occurring.

Complaints to the Parliamentary and Health Service Ombudsman

The TPR complaints team provides quarterly reporting to its Board and ARAC on the complaints received, root causes and improvements identified. Where a complaint is about TPR, and following TPR's conclusion of the complaint, members of the public can escalate their complaint to the Parliamentary and Health Service Ombudsman (PHSO) via their MP. This is called 'stage 3', with 'stage 1' being TPR investigating the complaint and 'stage 2' being offered where the complainant requests a review of how TPR managed their complaint.

At the time of writing, the 2023 to 2024's PHSO's Annual Report has not yet been published. In 2023 to 2024, TPR received 84 'stage 1' complaints and 12 'stage 2' complaints. In the same period, we received 2 PHSO complaints, of which one was not upheld and the second one is yet to be concluded.

Whistleblowing

There is a policy for staff whistleblowing that applies to all employees and sets out how any concerns about wrongdoing or malpractice in TPR can be raised by our staff. Where employees feel unable to report such concerns internally, they can contact the Chair of the Board or the DWP's partnership division directly as signposted in the policy.

We are committed to ensuring every employee is aware of our policy and how to raise concerns. Our staff whistleblowing policy is published and accessible to all staff on our intranet.

During the reporting period, two staff whistleblowing reports were made and managed to conclusion internally.

Health and safety

We are committed to ensuring high standards of health and safety. It is our policy to make continual improvements to minimise the risk of accidents and reduce the risk of personal injury and damage to property and the environment.

The Health and Safety Policy and associated documents, including risk assessments, are reviewed regularly and published on our staff intranet. We recognise the commitment required by our people to ensure that the Health and Safety Policy is effective, and we expect them to take reasonable care of themselves, and others, and to co-operate in the implementation of this policy, which is reviewed on an ongoing basis and updated as necessary.

Health and Safety training completion is mandated to ensure TPR is compliant in its legally required duties under the Health and Safety at Work Act 1974.

Our third line

- Provides assurance that the first and second lines of defence are operating as reported.
- Provides specialist assurance resource for activities where general assurance resource could not provide a sound enough view and/or where the volume of assurance work needed to manage the risk does not justify permanent resource in the second line.
- Can be deployed to more sensitive and reactive issues where ARAC or Board requires greater independence.

The Head of Internal Audit's annual opinion

The audit opinion takes together the assurance ratings and recommendations of individual Internal Audit assignments I conducted in 2023 to 2024, assurances from second-line functions, management's responsiveness to reviews and agreed management actions and the direction of internal control, governance and risk management.

Over 2023 to 2024, there were 10 assurance assignments conducted. The assurance opinions provided in those assurance reviews are:

- one green/amber
- four amber
- five amber/red

"In my opinion, and in line with TPR's assurance definitions there is considerable risk that the system of internal control, governance and risk management will fail to meet management's objectives. Significant improvements are required to improve the adequacy and/or effectiveness of governance, risk management and internal control.

"This is a 'level 3' rating, against four possible rating levels. My opinion for 2023 to 2024 remains the same as the previous three financial years."

Conclusion

There were no significant control issues or data losses and control issues that arose over the year have been, or are in the process of being, addressed..

Improving our processes and managing risk is of utmost importance and will continue to be prioritised in the upcoming year as the organisation evolves into a new structure and new ways of working. During the year we have strengthened our second-line assurance and our corporate governance and processes and, as a result, we are increasing our assurance and reducing our level of organisational risk. I am committed to making substantial changes and improvements at TPR, including implementing the Senior Managers Regime in the upcoming financial year to further strengthen controls and accountabilities.

Nausicaa Delfas
Chief Executive, The Pensions Regulator
29 November 2024

Remuneration and staff report

This report sets out TPR's remuneration policy for directors, how that policy has been implemented and the amounts awarded to directors including where there is a link between performance and remuneration. In addition, the report provides details on staff numbers and related costs. Also, information on progress against TPR's equality objectives and gender pay gap action plan.

The remuneration committee

Details of the activities of the remuneration committee during the period ended 31 March 2024 are set out on page 74.

Service contracts

The length of service contracts is determined by the Secretary of State for Work and Pensions for non-executive members of the Board (including the Chair) and the Chief Executive. The length of service contracts for other executive members of the Board and for members of the Determinations Panel is determined by TPR and approved by the Secretary of State for Work and Pensions.

The notice periods of the Board members' contracts and the amounts payable for early termination of Board members' contracts are set out in Table 12 on page 110.

Table 12: Length of service contracts for Board members

Board member	Notice period	Early termination payable to employee (Net pay plus accrued bonus if applicable)
Sarah Smart (Chair)	3 months	3 months
Non-executive members		
Kirstin Baker CBE	3 months	3 months
Mandy Clarke	3 months	3 months
Alison Hatcher	3 months	3 months
Katie Kapernaros	3 months	3 months
Chris Morson	3 months	3 months
George Walker	3 months	3 months
Executive members		
Nausicaa Delfas (CEO)	6 months	6 months
John Abbott*	3 months	3 months
Helen Aston**	3 months	3 months
Paul Neville (Interim)***	3 months	3 months
Nicola Parish****	3 months	3 months
Ceri Thayer (Interim)*****	3 months	3 months
Mel Charles (Interim)******	3 months	3 months

Other than as shown above, TPR would have no other contractual liability on termination of a Board member's appointment.

* John Abbott joined TPR on 19 June 2023 and left on 7 September 2023
** Helen Aston left TPR on 12 July 2023
*** Paul Neville joined TPR on 16 October 2023
**** Nicola Parish left TPR on 31 March 2024
***** Ceri Thayer was appointed on an interim basis from 12 July 2023
****** Mel Charles was appointed on an interim basis from 29 January 2024

Remuneration policy

In accordance with Part 1 of Schedule 1 to the 2004 Pensions Act, the current and future remuneration of all non-executive members of the board of TPR (including the Chair) is determined by the Secretary of State for Work and Pensions.

In accordance with Part 2 of Schedule 1 to the 2004 Pensions Act, remuneration of the Chief Executive is based on recommendations from the remuneration committee and approved by the Secretary of State for Work and Pensions.

The current and future remuneration of the other executive members of TPR's Board is determined by TPR and approved by the Secretary of State for Work and Pensions.

Additionally, the Secretary of State for Work and Pensions determines the fees of the Determinations Panel for current and future periods.

The Chief Executive is eligible for a bonus capped at £16,000. All other executive members of the Board are eligible for an annual bonus capped at the lower of 10% of salary or £12,500. Non-executive members of the board, the Chair and the Determinations Panel are not entitled to receive a bonus.

The Chair is responsible for reviewing annually the performance of the Chief Executive and reporting the results of this review to TPR's remuneration committee. The remuneration committee will decide the amount of any performance-related bonus payments due under the terms of the Chief Executive's contract.

Remuneration (including salary) and pension entitlements
(subject to audit)

The following sections provide details of the remuneration of senior management.

Table 13: Remuneration of Senior management

Executive members									
Salary (£'000)		**Bonus payments** (£'000)*		**Benefits-in-kind** (to nearest £100)		**Pension benefits** (to nearest £1,000)**		**Total** (£'000)****	
2023-2024	2022-2023	**2023-2024**	2022-2023 Restated***	**2023-2024**	2022-2023	**2023-2024**	2022-2023	**2023-2024**	2022-2023 Restated***
Official: N Delfas (Chief Executive)[2]									
205-210	5-10	–	–	–	–	80,000	3,000	285-290	10-15
Official: J Abbott (Executive Director, Digital, Data and Technology)[3]									
30-35	–	–	–	–	–	65,000	–	95-100	–
Official: H Aston (Executive Director, Finance and Corporate Services)[4]									
40-45	140-145	5-10	–	–	–	17,000	56,000	60-65	200-205
Official: P Neville (Interim Executive Director, Digital, Data and Technology)[5]									
65-70	–	–	–	–	–	24,000	–	90-95	–
Official: N Parish (Executive Director, Frontline Regulation)[6]									
155-160	150-155	5-10	–	–	–	60,000	58,000	220-225	205-210
Official: M Charles (Interim Executive Director, Frontline Regulation)[7]									
25-30	–	–	–	–	–	93,000	–	115-120	–
Official: C Thayer (Interim Chief Operating Officer)[8]									
105-110	–	–	–	–	–	41,000	–	145-150	–
Official: C Counsell (Chief Executive)[9]									
–	205-210	–	5-10	–	–	–	–	–	215-220
Official: D Fairs (Executive Director, Regulatory Policy, Analysis and Advice)[10]									
–	140-145	–	–	–	–	–	–	–	140-145

* Bonuses paid in 2023 to 2024 related to the performance year 2022 to 2023 as the review and moderation process of the 2023 to 2024 performance year has not yet been completed for Executive Directors.

** 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 increase or decreases due to a transfer of pension rights.

*** 2022 to 2023 bonus disclosures and 2022 to 2023 total remuneration disclosures have been restated to include a bonus payment made to C Counsell after 31 March 2023.

****During the 2023 to 2024 year, £200k was paid in exit package(s). As the number of exit packages was fewer than 3 in the 2023 to 2024 year, we have redacted this information to ensure that impacted individuals remain unidentifiable after consent was withheld to disclosure.

2 N Delfas was appointed as Chief Executive on 20 March 2023. In 2022 to 2023, on a full year basis, N Delfas' salary would have been £205k-£210k.

3 J Abbott joined TPR on 19 June 2023 and left on 07 September 2023, on a full year basis, J Abbott's total remuneration would have been £145k-£150k. In addition to the above, J Abbot's salary was reduced by £0k-£5k relating to annual leave owing on resignation.

4 H Aston left TPR on 12 July 2023, on a full year basis, H Aston's total remuneration would have been £145k-£150k. In addition to the above salary, H Aston received a payment of £0k-£5k in lieu of annual leave.

5 P Neville joined TPR on 16 October 2023, on a full year basis, P Neville's total remuneration would have been £145k-£150k.

6 N Parish left TPR on 31 March 2024.

7 M Charles was appointed on an interim basis on 29 January 2024, on a full year basis, M Charles' total remuneration would have been £145k-£150k. The above disclosure reflects salary in respect of the Interim Executive Director role only, and not remuneration for roles held prior to this appointment.

8 C Thayer was appointed on an interim basis on 12 July 2023, on a full year basis, C Thayer's total remuneration would have been £145k-£150k. The above disclosure reflects salary in respect of the Interim Executive Director role only, and not remuneration for roles held prior to this appointment.

9 C Counsell left TPR on 31 March 2023. C Counsell received a bonus payment in April 2023 of £5k-10k, this related to the 2022 to 2023 performance year.

10 D Fairs left TPR on 14 March 2023.

Salary

Salary includes gross salary, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits-in-kind

The monetary value of benefits-in-kind covers any benefits provided and treated by HM Revenue & Customs as a taxable emolument.

Bonuses

Bonuses are based on performance levels and are made as part of the appraisal process. Bonuses relate to the previous year to that in which they were paid.

Pay multiples (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration (remuneration includes salaries and bonus) of the highest-paid director in the organisation in the financial year 2023 to 2024 was £205k-£210k, which is a reduction in the banding of the highest-paid director in Table 13 on page 112 from £215k-£220k in 2022 to 2023.

Table 14: 25th, 50th and 75th percentile pay ratios comparing all staff to the midpoint of the banded remuneration of the highest-paid director

	2023 to 2024			2022 to 2023		
Percentile	Ratio	Salary £'000	Total Remuneration £'000	Ratio	Salary £'000	Total Remuneration £'000
25th percentile pay ratio	5.9: 1	33	35	6.4: 1	34	34
Median pay ratio	4.4: 1	45	47	4.7: 1	46	46
75th percentile pay ratio	3.1: 1	68	68	3.3: 1	63	66

All ratios have reduced as the highest-paid director was not in receipt of a bonus in 2023 to 2024.

Our annual pay review is governed by the Civil Service pay remit guidance. Although we are not civil servants, as an arms-length body we operate under the same remit. We use the pay remit increase each year to award performance-related pay to our staff. This pay is moderated each year, based on the distribution of staff throughout our pay bands and the performance ratings they receive, this ensures that the pay remit award is consistently and fairly applied.

The pay is staggered to allow higher payments to top performers and staff at the bottom of the pay bands. This ensures that over time, staff are evenly distributed throughout the bands based on their skills, experience and performance.

Table 15 below shows the percentage change from the previous year in total salary and allowances and bonuses relating to performance for the highest-paid director and for staff average.

Table 15: Percentage change in total salary, allowances and bonuses

	Highest paid director	Staff average
Salaries[11] and allowances	0.0%	-1.3%[12]
Bonuses	-100.0%[13]	14.6%[14]

11 Salaries includes increases in year as a result of performance-related pay.

12 Average staff salaries reduced as the proportion of agency contractors was lower in 2023 to 2024.

13 The highest-paid director did not receive a bonus in 2023 to 2024.

14 The overall bonus percentage available to TPR is a fixed percentage of the pay bill and this percentage has remained unchanged from 2022 to 2023 to 2023 to 2024.

In 2023 to 2024, two (2022 to 2023: four) agency contractors received remuneration in excess of the highest-paid director on a full year equivalent basis. Remuneration ranged from £18,965 to £245k-£250k FTE (2022 to 2023: £17,357 to £325k-£330k full time equivalent). In line with fair pay disclosure guidance, remuneration for agency workers has been annualised to arrive at the figures disclosed and does not reflect actual remuneration payments made to agency staff in 2023 to 2024. No permanent staff received remuneration in excess of the highest-paid director.

In 2023 to 2024 the individual in receipt of the highest remuneration on a full year equivalent basis (£245k-£250k) was not in post at the reporting date. The highest remuneration as at the reporting date was £220k-£225k full year equivalent.

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.

Remuneration for Board members (subject to audit)

Non-executive members

The following sections provides details of the remuneration and pension interests of TPR's Board and the members of the Determinations Panel. Non-executive part-time members of the Board receive non-pensionable remuneration as set out in Table 16 below.

Table 16: Remuneration of TPR's Board and Determination Panel members

	2023 to 2024			2022 to 2023		
	Salary (£'000)	**Benefits-in-kind** (to nearest £100)	**Total** (£'000)	**Salary** (£'000)	**Benefits-in-kind** (to nearest £100)	**Total** (£'000)
S Smart (Chair)	70-75	2,200	75-80	70-75	2,100	75-80
K Baker CBE	15-20	–	15-20	15-20	–	15-20
M Clarke	15-20	900	15-20	15-20	–	15-20
A Hatcher	15-20	500	15-20	10-15	–	10-15
K Kapernaros	15-20	700	15-20	15-20	200	15-20
C Morson	20-25	2,600	20-25	20-25	1,400	20-25
G Walker	15-20	1,700	15-20	15-20	–	15-20
R Herga*	–	–	–	0-5	–	0-5

* R Herga's contract ended 31 May 2022. On a full year basis, R Herga's salary would have been £15k-£20k.

The total amount paid to non-executive directors (including the Chair) during the 2023 to 2024 period was £190k-£195k (2022 to 2023: £180k-£185k). The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The benefits shown above represent the payment of expenses for travel and subsistence. None of the non-executive members received pensions benefits in the current or previous year.

Executive members' pension benefits (subject to audit)

Table 17: Executive members' pension benefits as at 31 March 2024

Executive members*	Accrued pension at pension age as at 31/3/2024 (£'000)	Real increase in pension and related lump sum at pension age (£'000)	CETV at 31/3/2024 (£'000)	CETV at 31/3/2023 (£'000)	Real increase in CETV (£'000)
J Abbott	30-35	2.5-5	588	517	55
H Aston	45-50	0-2.5	642	578	9
N Delfas	5-10	2.5-5	76	3	57
P Neville	0-5	0-2.5	54	33	15
N Parish	50-55	2.5-5	868	725	42
M Charles	55-60	2.5-5	1,137	1,032	92
C Thayer	5-10	0-2.5	133	95	26

* Details of appointments to and resignations from the Executive Committee have been disclosed in Table 12 on page 110.

None of the executive members received employer contributions to a partnership scheme in the current or prior year.

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 data, civil servants were members of 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 five 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, it is expected that, in due course, 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. Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022 to 2023 but are reported in the legacy scheme for the same period in 2023 to 2024.

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 a member 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 DB arrangement or a DC (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 DC pension arrangement which is part of the Legal & General master trust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. 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 a member 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: **www.civilservicepensionscheme.org.uk**

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. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that were extant at 31 March 2023. HMT published updated guidance on 27 April 2023; this guidance will be used in the calculation of the 2023 to 2024 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.

Determinations Panel (subject to audit)

Members of the Determinations Panel receive a daily allowance for the time they devote to the work of the panel. The rate for the Chair is £900 per day and for the other members is £692 per day.

Table 18: Allowance rates for members of the Determinations Panel

Salary (2023 to 2024)	**Panel members in band**
£20k-£25k	P Wallace
£15k-£20k	M Obi, S Mount, A Townsend (Chair)
£5k-£10k	S Chambers, A Arter
£0k-£5k	A Fletcher, M Forbes

Members of the Determination Panel may be removed from office at any time by the Chair of the Panel with the approval of TPR, and the Chair can be removed from office at any time by TPR. Members who wish to leave the Panel are required to give the Chair two months’ notice and the Chair is required to give TPR three months’ notice.

Staff report

Staff numbers and related costs (subject to audit)

2023 to 2024	AE £'000	Levy £'000	Total TPR £'000
Permanent employed staff			
Salaries and wages*	14,608	32,397	47,005
Social security costs	1,794	3,956	5,750
Other pension costs	3,813	8,409	12,222
	20,215	**44,762**	**64,977**
Temporary and other staff**			
Salaries and wages*	5,136	6,182	11,318
Social security costs	140	307	447
Other pension costs	297	653	950
	5,573	**7,142**	**12,715**
Less recoveries in respect of outward secondments	(23)	(239)	(262)
Total costs	**25,765**	**51,665**	**77,430**
Charged to staff budgets	**25,765**	**51,665**	**77,430**
Charged to capital budgets	**-**	**-**	**-**
Total staff expenditure	**25,765**	**51,665**	**77,430**

Staff report continued...

2022 to 2023	AE £'000	Levy £'000	Total TPR £'000
Permanent employed staff			
Salaries and wages*	12,689	30,886	43,575
Social security costs	1,572	3,788	5,360
Other pension costs	3,373	8,126	11,499
	17,634	**42,800**	**60,434**
Temporary and other staff**			
Salaries and wages*	4,299	8,142	12,441
Social security costs	134	322	456
Other pension costs	287	692	979
	4,720	**9,156**	**13,876**
Less recoveries in respect of outward secondments	(46)	(423)	(469)
Total costs	**22,308**	**51,533**	**73,841**
Charged to staff budgets	**22,308**	**51,533**	**73,841**
Charged to capital budgets	**244**	**-**	**244**
Total staff expenditure	**22,552**	**51,533**	**74,085**

A summary of the staff numbers and related costs shown on pages 122 to 123 is included in Note 4 to the accounts set out on page 173.

*Salaries and wages for 2023 to 2024 includes staff holiday accrual £903k (2022 to 2023: £861k) for levy and £398k for AE (2022 to 2023: £355k).

**Temporary and other staff refers to agency contractors and payroll staff employed on a fixed-term contract basis. Further breakdown of temporary staff costs can be found on page 125.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme – known as alpha – are unfunded multi-employer DB schemes. However, it is not possible to identify our share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: **www.civilservicepensionscheme.org.uk**

For 2023 to 2024, employer contributions of £13,013k were payable to the PCSPS (2022 to 2023: £12,320k) at one of four rates in the range 26.6% to 30.3% (2022 to 2023: 26.6% to 30.3%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2019 to 2020, with effect of 1 April 2024, contribution rates will change. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, an occupational DC pension arrangement which is part of the Legal & General master trust, with an employer contribution. Employer contributions of £153k (2022 to 2023: £153k) were paid to the Civil Service Partnership scheme. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay from 1 October 2015.

Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £6k, 0.5% (2022 to 2023: £6k, 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 and ill-health retirement of these employees.

One individual retired early on ill-health grounds during 2023 to 2024; the total additional accrued pension liabilities in the year amounted to nil (2022 to 2023: nil); the outstanding pensions contributions as at 31 March 2024 equates to £1,410k (31 March 2023: £1,348k) are included in current liabilities in Note 10 on page 183.

Average number of persons employed (subject to audit)

The average number of whole-time equivalent persons employed during the year was as follows:

2023 to 2024	AE	Levy	Total TPR
Permanently employed staff	304	552	856
Other	44	91	135
Staff engaged on capital projects	-	-	-
Total	**348**	**643**	**991**

2022 to 2023	AE	Levy	Total TPR
Permanently employed staff	271	512	783
Other	41	125	166
Staff engaged on capital projects	3	-	3
Total	**315**	**637**	**952**

The average turnover of all payrolled staff for 2023 to 2024 was 15.6% (2022 to 2023: 13%).

Consultancy and temporary staff

We occasionally use professional service providers to help with specialist work, including consultancy and contingent labour where it is necessary and prudent to do so. In 2023 to 2024 there was a reduction in the volume and cost of temporary staff due to the completion of previous large-scale projects that required additional resource.

2023 to 2024	AE £'000	Levy £'000	Total TPR £'000
Consultancy	14	28	42
Temporary (off-payroll staff)	4,003	3,683	7,686

2022 to 2023	AE	Levy	Total TPR
Consultancy	12	24	36
Temporary (off-payroll staff)	3,051	5,549	8,600

Full time equivalent off-payroll staff*	AE	Levy	Total TPR
31 March 2024	21	24	45
31 March 2023	28	40	68

*The full time equivalent off-payroll staff numbers relate to the position the end of the year.

Reporting of Civil Service and other compensation schemes – exit packages (subject to audit) Comparative data for previous year in brackets

Table 19: Exit packages (subject to audit)

Exit package cost band	Number of other departures agreed	Total number of exit packages by cost band*
<£10,000	– (–)	– (–)
£10,000-£25,000	– (1)	– (1)
£25,000-£50,000	– (2)	– (2)
£50,000-£100,000	– (1)	– (1)
£100,000-£150,000	– (–)	– (–)
£150,000-£200,000	– (–)	– (–)
Total number of exit packages by type	**– (4)****	**– (4)****
Total resource cost/£'000	200 (191)	200 (191)

* Figures in brackets denote prior year.
** As the number of exit packages was fewer than 3 in the 2023 to 2024 year, we have redacted this information to ensure that impacted individual(s) remain unidentifiable after consent was withheld to disclosure.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where TPR has agreed early retirements, the additional costs are met by TPR and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Off-payroll engagements

Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater.

Number of existing engagements as at 31 March 2024 of which:	**32**
the number that have existed for:	
less than one year at time of reporting	17
between one and two years at time of reporting	14
between two and three years at time of reporting	1
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 2024, earning £245 per day or greater.

Number of engagements between 1 April 2023 and 31 March 2024 of which:	**70**
were not subject to off-payroll legislation	70
were subject to off-payroll legislation and determined as in-scope of IR35	0
were subject to off-payroll legislation and determined as out-of-scope of IR35	0
Number of engagements reassessed for compliance or assurance purposes during the year of which:	**0**
number of engagements that saw a change to IR35 status following review	0

For any off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024.

Number of off-payroll engagements during the financial year	**0**
Total number of individuals on-payroll and off-payroll that have been deemed 'Board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure includes both on payroll and off-payroll engagements.	7*

*All Board members with significant responsibility are on payroll.

Report of progress against TPR's EDI Strategy 2021 to 2025

Our EDI Strategy 2021 to 2025 sets out a clear vision for driving greater equality, diversity and inclusion both within our own organisation and within our regulated community. We have achieved the following key successes against our strategic aims:

Strategic aim 1: To be a fair, diverse and inclusive employer

- Delivered a Public Sector Equality Duty framework and supporting training programme to ensure that all staff understand their responsibilities in relation to the duty and consider equality, diversity and inclusion in people, regulatory and operational practices to improve decision-making and promote inclusive outcomes.
- Launched delivery of positive and inclusive behaviours training in July which explores the concept of allyship to upskill colleagues on EDI.
- Implemented a new 'protected' time allocation approach for our Diversity Network Chairs in August to enable them to carry out network-related activity.
- Delivered a series of events and learning opportunities for National Inclusion Week in September with 100 people attending the events, 500 article views, over 500 EDI hub views, and good external engagement via our social medial campaign.
- Conducted the annual declaration drive to encourage sharing of diversity data during National Inclusion Week.
- Published the refreshed EDI strategy objectives, targets and metrics and the bridging EDI action plan during National Inclusion Week.
- Delivered a revised process for reasonable adjustments in September.
- Completed a review of the Essential Safe and Mutually Agreed (ESMA) process and supported the design of Priority Access to Telecom House (PATH) in September.
- Launched a more dynamic new approach to our diversity calendar designed to upskill colleagues on EDI in January.
- Participated in the Neurodiversity Equality Index benchmarking process in February and launched a survey on neurodiversity to all staff.
- Published the Diversity Pay Gap Report 2023 in March.

Strategic aim 2: To build a collective understanding of why pensions inequalities occur and, within our regulatory remit, work in partnership with others seeking to reduce them

- We developed an internal literature review of industry and academic research on saver inequalities so we can embed consideration of saver inequalities across our work.
- Automatic enrolment has resulted in an increasingly diverse group of pension savers however, there is more work to be done in this area. Dialogue continues with other regulators, HM Treasury and DWP colleagues to build on this and the 2017 Automatic Enrolment Review proposals.

Strategic aim 3: To promote high standards of diversity and inclusion among our regulated community

- Following publication of our EDI guidance for trustees and employers, we have continued to engage with schemes through relationship and master trust supervision and with the wider industry to promote good practice.

Diversity pay gap

We published our Diversity pay gap report 2023, which brings together data and analysis on our gender, disability, ethnicity, and sexual orientation pay gaps. This report includes our mandatory gender pay gap report, which we are legally required to publish on an annual basis.

While it is only mandatory to report on information on gender, we voluntarily include information on disability, ethnicity and sexual orientation as we are committed to taking a holistic approach to the fair treatment and reward of all staff and ensuring TPR is an inclusive place where people can be at their best.

The report provides a list of the key actions we have already taken and sets out further actions we will be taking to improve pay gaps which we believe will have a positive impact on pay gaps for all groups. You can find out more details in our Diversity Pay Gap Report 2023: **https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/diversity-and-inclusion/diversity-pay-gap-report-2023**

Disability inclusion

We are proud to be a Disability Confident Employer committed to recruiting, retaining and developing disabled people. Through our recruitment process we offer an interview to and make reasonable adjustments for candidates who declare that they have a disability and meet the essential criteria for the role.

We enable people with disabilities and long-term health conditions, including mental health conditions, to remain in employment by ensuring that our policies are fully inclusive and take account of reasonable adjustments.

This year we delivered a revised process for reasonable adjustments and completed a review of the ESMA process and supported the design of PATH in September.

Staff information as at 31 March 2024*

Results are rounded to the nearest whole number for ease of reading and interpretation

	2023 to 2024	2022 to 2023	2021-2022
Age	We hold data on age for **100%** of our people	100%	Not published
	11% of people aged 17 to 29	10%	9%
	84% of people aged 30 to 59, average age of 44	84% (43)	84% (43)
	5% of people aged 60 to 69	6%	5%
Disability	We hold data on disability for **74%** of our people	79%	87%
	7% of our people declared disability	7%	5%
	67% of our people did not declare a disability	72%	82%
Ethnicity	We hold data on ethnicity for **75%** of our people	80%	87%
	9% of our people declared they are from a minority ethnic background	10%	10%
	66% of our people declared they are of white origin	70%	77%
Gender pay gap	**5.7%** median	10.1%	11%
	3.2% mean	7%	9%
Marriage and civil partnership	We hold data on marriage and civil partnership for **77%** of our people	85%	90%
	39% of our people declared they are married or in a civil partnership	41%	50%

	2023 to 2024	2022 to 2023	2021-2022
New parents	35 new parents taking leave	30	32
	21 people on maternity leave	14	22
	11 people on paternity leave	11	7
	4 people taking shared parental leave	5	3
Religion or belief	We hold data on religion and belief for 70% of our people	74%	81%
	35% of our people declared a religion	36%	33%
	35% of our people declared no religion	38%	48%
Sex	We hold data on sex for 100% of our people	100%	100%
	51% of our people are female	51%	51%
	49% of our people are male	49%	49%
Sexual orientation	We hold data on sexual orientation for 69% of our people	74%	81%
	7% of our people identified as gay, lesbian or bisexual	8%	8%
	61% of our people identified as heterosexual	67%	75%
Sickness	8 average days lost per head due to sickness absence	8	8
Working pattern	14% of the workforce work part-time	13%	13%

Financial review

The funding of regulation is derived from two main sources: a grant-in-aid from the DWP which is recoverable from a levy on pension schemes and covers activities relating to the Pensions Act 2004 and the Pensions Act 2008, and a separate grant-in-aid from general taxation which funds AE. Expenditure on activities is accounted for separately to prevent cross subsidy. The accounting policies under which income and expenditure are recognised, are set out in Note 1 to the accounts on page 158.

Note 2 to the accounts on page 167 sets out details of a prior year restatement which was required in the current year due to TPR's re-evaluation of the application of International Accounting Standard (IAS) 38 Intangible assets.

Expenditure for year ended 31 March 2024

In the year ended 31 March 2024, TPR had comprehensive net expenditure of £100.4 million, of which £63.5 million related to levy-funded activities and £36.9 million was attributable to AE. Our net expenditure has been transferred to our general reserve and is offset by contributions from the DWP of £63.7 million for our levy activities and £39.2 million for AE activities.

Staff costs have increased by £3.6 million to £77.4 million. This includes permanent staff costs (less outbound secondments) of £64.7 million, £4.8 million higher than the previous year due to increasing staff levels (increase in average permanent staff numbers from 783 to 856) including the full year impact of insourcing AE delivery activities. Temporary staff costs reduced by £1.2 million due to fewer temporary resources across Digital and IT teams and projects.

Comprehensive net expenditure other than staff costs has increased by £1.0 million mainly due to an increase in professional fees including publicity expenditure and a one-off saving in the prior year due to a reduction in the dilapidation provision offset by lower training and recruitment costs.

Project expenditure

A total of £12.6 million of TPR’s expenditure in 2023 to 2024 was on projects (including staff, contractor and other expenditure). The level of project spend is dependent on which key initiatives are being delivered in each year – the current year spend was an increase of £0.2 million from the previous year. The main projects this year continued from the prior year – the completion of the move to new premises, regulatory projects around the Pensions Schemes Act and Pensions Dashboards, delivering new digital services and continuous improvement of our AE delivery.

Property, plant and equipment and intangible assets

Capital expenditure of £3.9 million was incurred during the year which included the fit-out costs for our new head office at Telecom House, Brighton.

Payments to suppliers

We are committed to the prompt payment of invoices for goods and services received. Payments are normally made as specified in individual contracts. If there is no contractual provision or understanding, invoices are deemed due within 30 days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. During the year ended 31 March 2024, we paid 96% of invoices in line with this policy.

Long-term expenditure trends

TPR's expenditure has broadly increased over the last 5 years. In 2021 to 2022, the decrease is a direct result of the completion of the AE Transformation project in October 2021. 2022 to 2023 reflects a full year of savings from the AE Transformation project offset by continued growth in the TPR workforce. Although 2023 to 2024 is an increase over 2022 to 2023, it is lower than planned due to the impact of industrial action and improved commercial procurement of IT-related licences and services. The increase for 2024 to 2025 includes growth in the workforce to support new initiatives.

Table 20: Long-term financial analysis

(£m)	Actual 2019 to 2020	Actual 2020 to 2021	Actual 2021 to 2022	Actual 2022 to 2023	Actual 2023 to 2024	Budget 2024 to 2025
Total TPR*	93.1	97.2	96.8	96.4	100.4	108.5

*All figures exclude capital expenditure.

Value for money (VFM)

As a public sector body, we recognise that we need to secure VFM in the delivery of our statutory objectives and have adopted the National Audit Office Four E's framework: economy, efficiency, effectiveness and equity.

Economy is assured by our governance framework, procurement frameworks, rules and processes, recruitment and job evaluations processes, following of the Treasury Green Book, approval of business cases and adherence to government functional standards. We ensure that money is spent on things that are necessary and that we pay a good price. In 2023 to 2024 we finished the year £5.9 million under our budget (excluding capital).

Our procurement processes ensure that we deliver VFM in a clear, transparent and proportionate manner. We do this through applying the following key principles:

- Having a strategic approach to procurement
- Using electronic procurement
- Managing procurement risk
- Developing appropriate contract strategies that are actively managed
- Developing partnerships and longer-term collaboration with suppliers when appropriate
- Ensuring there is reliable procurement, financial and management information
- Training our staff in effective contract management and supplier relationship management
- Maintaining consistency and transparency in our procurement processes
- Considering, where appropriate, the whole life cost of what is being procured

We contribute information and share in cross government and public sector bench marking exercises to assess the effectiveness our expenditure. Where appropriate we seek commercial comparatives in addition. For instance, the move to smaller offices at Telecom House means that we occupy less space and well under the current government benchmark ratios.

Effectiveness is assured by regular reviews of our saver outcomes, KOIs, KPIs and operational metrics. This year our Automatic Enrolment team recovered £148 million of pension contributions.

We look at equity, spending fairly, by tracking spend by funding source and as a consequence of reviewing the money we spend on different groups of savers, we are driving outcomes fairly across these groups.

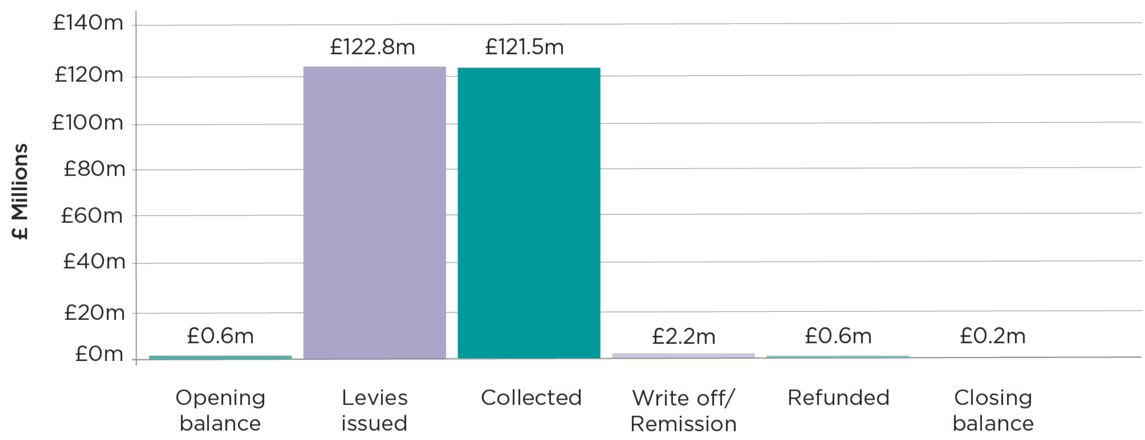
Other activities

Levies account

During the year ended 31 March 2024, we invoiced and collected levies on behalf of the DWP (the general levy and PPF administration levy) and the PPF (the fraud compensation levy). These figures do not feature in our audited accounts they will be reported in the audited financial statements of those organisations.

The opening debt balance as of 1 April 2023 was £0.6m and during the year 2023 to 2024 we invoiced £122.8m, of which £86.1m related to the general levy, £0.1m to the PPF administration levy and £36.6m to the PPF Fraud Compensation levy. £121.5m has been collected, credit notes and remissions totalled £2.2m and refunds totalled £0.6m. The closing debt position as of 31 March 2024 was £0.2m.

Figure 9: Levy debt



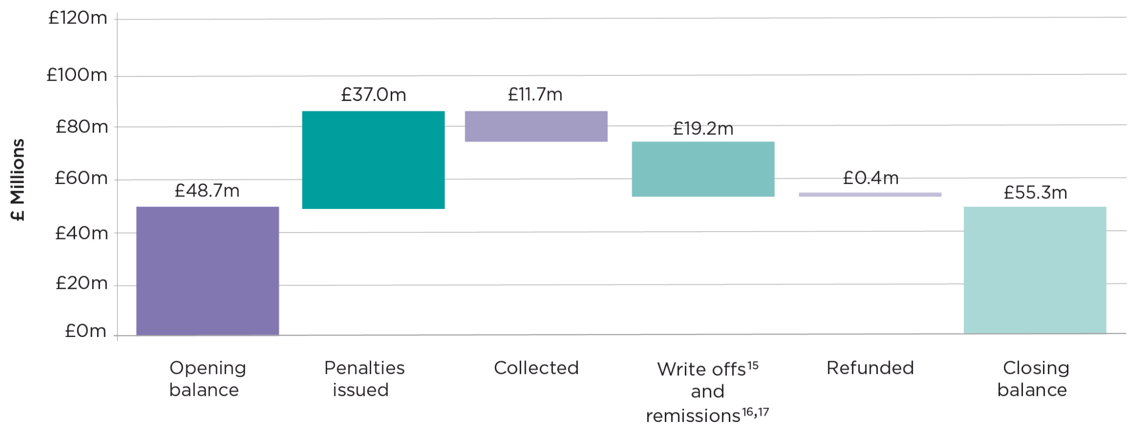
During the year, we transferred £120.9m of money collected: £84.7m to the DWP and £36.2m to the PPF. At the year end, there was £0.4m still to be transferred.

Automatic enrolment penalty notices

During the year ended 31 March 2024, we issued penalty notices under section 40 and 41 of the Pensions Act 2008. These figures do not feature in our audited accounts. We collect and hold penalties on behalf of HM Treasury and transfer it over to the consolidated fund via the DWP.

The opening debt balance as of 1 April 2023 was £48.7m and during the year 2023 to 2024, we issued Fixed Penalty Notices (FPN) and Escalating Penalty notices (EPN) totalling £37m, £11.7m has been collected, write offs and remissions totalled £19.2m. Several penalties were refunded in the year, leaving the closing debt position as of 31 March 2024 at £55.3m.

Figure 10: AE penalty notices debt



During the year, £11.2m was transferred to the consolidated fund via the DWP. At the year end, there was £1m still to be transferred. We proactively seek payment of outstanding penalties through our specialist collections team. Where this is unsuccessful, we use statutory processes to seek payment through formal debt recovery processes. The debt recovery process differs based on the type of enforcement action we have taken against an employer and in some cases where multiple notices have been issued the recovery process can take over a year.

15. Write-offs are debts that are irrecoverable because there is no practical means for pursuing the liability.
16. Debt 'remission' is where TPR decides not to pursue a debt primarily on the grounds of value for money, ie the cost of pursuing it would be greater than the benefit or is not the most efficient use of limited resources.
17. There is £43.3 million of discharged debt, this is where we amend and reissue or cancel a penalty as further information is received which reduces the liability or confirms that it is not legally due, ie where a change of the employer address has occurred. Discharged debt is not included in the chart above as it is deducted from the balance of penalties issued in year.

Section 10, chair's statement, value for members penalty notices

During the year ended 31 March 2024, we issued penalty notices under:

a. Section 10 of the Pension Act 1995 for failures to provide a scheme return

b. Regulation 28 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 for failures to prepare a chair's statement

c. Regulation 25 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 for failure to complete a detailed value for members assessment.

These figures do not feature in our audited accounts. We collect penalties on behalf of HMT and transfer them over to the consolidated fund via the DWP.

The opening debt balance as of 1 April 2023 was £32.1k and during the year 2023 to 2024, we issued Penalty Notices totalling £104.3k, £98.1k has been collected, write offs and remissions totalled £19.5k, leaving the closing debt position as of 31 March 2024 at £18.7k.

Figure 11: Section 10, chair's statement, value for members penalty notices

£99.8k was transferred to the consolidated fund via the DWP during the year. At the year end, there was £2.4k still to be transferred.

Master trust authorisation fees

No authorisation fees were received in the current year (during 2022 to 2023 we received one master trust fee of £23k and one collective defined contribution fee of £77k).

Nausicaa Delfas
Chief Executive, The Pensions Regulator
29 November 2024

Parliamentary accountability and audit report

Overview

The sections below reflect the best practice outlined in the Government Financial Reporting Manual. The information complies with HM Treasury's Code of Good Practice for corporate governance in central government departments and demonstrates how we have met our responsibilities to Parliament.

The disclosures in this Parliamentary Accountability Report along with the Statement of Accounting Officer's Responsibilities and the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament bring together the key documents demonstrating TPR's accountability to Parliament in relation to the Annual Report and Accounts.

The Chair and Chief Executive meet regularly with ministers and senior officials from the DWP in addition to quarterly accountability review meetings. The DWP approves the Corporate Plan and the Board delivers its Annual Report and Accounts to Parliament through the Secretary of State.

The Chief Executive of TPR is also its Accounting Officer. Compliance with Accounting Officer responsibilities is supported through the Board's risk management procedures and through a shared objective for senior management to support the Accounting Officer in fulfilling her responsibilities.

Regularity of expenditure

Losses, special payments and gifts (subject to audit)

There were no losses, special payments or gifts during the current or prior year either individually or in aggregate above the £0.3m limit prescribed by 'Managing Public Money'.

Further parliamentary accountability disclosures

Fees and charges (subject to audit)

There are no fees and charges to disclose.

Remote contingent liabilities (subject to audit)

There are no remote contingent liabilities to disclose.

Government functional standards

Overall, we are showing high compliance rates with both the mandatory and advisory elements of all twelve Functional Standards that have been adopted by TPR. All mandatory elements are fully or on track to be implemented, with significant progress having been made throughout the year. TPR's compliance against the Functional Standards has been centralised to ensure regular testing and review with support provided to the business in terms of objective impartial assurance.

Nausicaa Delfas
Chief Executive, The Pensions Regulator
29 November 2024

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 Regulator for the year ended 31 March 2024 under the Pensions Act 2004.

The financial statements comprise The Pensions Regulator's

- Statement of Financial Position as at 31 March 2024;
- 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 Regulator's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with 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 Regulator 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 Regulator'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 Regulator'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 Regulator is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires 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 information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. 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 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 Pensions Act 2004; and
- the information given in the Performance and Accountability Reports 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 Regulator 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 Regulator 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 Regulator 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 statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Pensions Act 2004;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Pensions Act 2004; and
- assessing The Pensions Regulator’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 Regulator 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 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 Regulator's accounting policies.
- inquired of management, The Pensions Regulator's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to The Pensions Regulator'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 Regulator's controls relating to The Pensions Regulator's compliance with the Pensions Act 2004 and Managing Public Money;
- inquired of management, The Pensions Regulator'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 and the relevant specialists, 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 Regulator 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 required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of The Pensions Regulator's framework of authority and other legal and regulatory frameworks in which The Pensions Regulator 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 Regulator. The key laws and regulations I considered in this context included the Pensions Act 2004, Managing Public Money, employment law, pensions legislation and tax 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, the Audit and Risk Committee and in-house legal counsel 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
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating 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 sufficient appropriate audit evidence 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
Comptroller and Auditor General,
National Audit Office, 157-197 Buckingham Palace Road, Victoria, London SW1W 9SP
5 December 2024

Financial statements and Notes to the Accounts

Statement of comprehensive net expenditure for the year ended 31 March 2024

	Note	2023 to 2024 £'000	2022 to 2023 £'000 restated*
Expenditure			
Staff costs	4	**77,430**	73,841
Depreciation and amortisation	5	**1,761**	1,771
Other operating expenditure	5	**21,552**	20,417
Finance charge on the lease liability	5	**153**	20
Total operating expenditure		**100,896**	96,049
Finance (income)		**(703)**	(364)
Net expenditure after interest, before taxation		**100,193**	95,685
Taxation		**176**	69
Comprehensive net expenditure for the year		**100,369**	95,754

*2022 to 2023 numbers have been restated, further information is included with Note 2 to the financial statements. All income and expenditure is derived from continuing operations.
The accounting policies and notes on pages 158 to 186 form part of these financial statements.

Statement of financial position as at 31 March 2024

	Note	At 31 March 2024 £'000	At 31 March 2023 restated* £'000	At 31 March 2022 restated* £'000
Non-current assets				
Property, plant and equipment	6a	**6,255**	3,281	1,650
Right use of assets	6a	**4,429**	5,164	-
Intangible assets	7a	**277**	390	116
Trade and other receivables	8	**54**	105	34
Total non-current assets		**11,015**	8,940	1,800
Current assets				
Trade and other receivables	8	**2,306**	1,554	1,769
Cash and cash equivalents	9	**1,322**	3,337	-
Total current assets		**3,628**	4,891	1,769
Total assets		**14,643**	13,831	3,569
Current liabilities				
Trade and other payables	10	**(8,637)**	(9,415)	(9,376)
Lease liabilities	10	**(438)**	(453)	-
Provisions	11	**-**	(368)	-
Total current liabilities		**(9,075)**	(10,236)	(9,376)
Total assets less current liabilities		**5,568**	3,595	(5,807)
Non-current liabilities				
Lease liabilities	10	**(3,672)**	(4,257)	-
Provisions	11	**(245)**	(246)	(722)
Total non-current liabilities		**(3,917)**	(4,503)	(722)
Assets less liabilities		**1,651**	(908)	(6,529)
Taxpayers' equity				
General fund		**1,651**	(908)	(6,529)
Total equity		**1,651**	(908)	(6,529)

The financial statements on pages 154 to 157 were approved and authorised for issue by the Board on 29 November 2024 and were signed on its behalf by:

Nausicaa Delfas
Chief Executive, The Pensions Regulator, 29 November 2024

*2021 to 2022 and 2022 to 2023 numbers have been restated, further information is included in Note 2 to the financial statements. The accounting policies and notes on pages 158 to 186 form part of these financial statements.

Statement of cash flows for the year ended 31 March 2024

	Note	2023 to 2024 £'000	2022 to 2023 £'000 restated*
Cash flows from operating activities			
Operating expenditure		**(100,896)**	(96,049)
Interest received		**703**	364
Adjustments for non-cash transactions	5	**1,953**	1,797
(Increase)/decrease in trade and other receivables	8	**(701)**	(96)
Increase/(decrease) in trade and other payables	10	**(86)**	(948)
Increase/(decrease) in provisions	11	**(369)**	(108)
Cash outflow due to taxation		**(68)**	-
Net cash outflow from operating activities		**(99,464)**	(95,040)
Cash flows from investing activities			
Purchase of property, plant and equipment	6b	**(4,727)**	(1,244)
Purchase of intangible assets	7b	**-**	(656)
Net cash outflow from investing activities		**(4,727)**	(1,900)
Cash flows from financing activities			
Grant-in-aid to cover ongoing operations of Levy		**63,695**	68,375
Grant-in-aid to cover ongoing operations of AE		**39,233**	33,000
Capital element of payments in respect of leases		**(599)**	(1,057)
Interest payments in respect of leases		**(153)**	(6)
Net financing		**102,176**	100,312
Net (decrease)/increase in cash and cash equivalents in the period	9	**(2,015)**	3,372
Cash and cash equivalents at the beginning of the period		**3,337**	(35)
Cash and cash equivalents at the end of the period	9	**1,322**	3,337

*2022 to 2023 numbers have been restated, further information is included with Note 2 to the financial statements. All income and expenditure is derived from continuing operations.
The accounting policies and notes on pages 158 to 186 form part of these financial statements.

Statement of changes in taxpayers' equity for the year ended 31 March 2024

	Note	General Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2022		**(421)**	-	(421)
Prior period adjustment	2	**(6,108)**	-	(6,108)
Balance at 1 April 2022 restated*		**(6,529)**	-	(6,529)
Changes in taxpayers' equity 2022 to 2023				
Grants from the DWP		**101,375**	-	101,375
Comprehensive net expenditure for the year		**(96,775)**	402	(96,373)
Prior period adjustment	2	**1,021**	(402)	619
Balance at 31 March 2023 restated*		**(908)**	-	(908)
Changes in taxpayers' equity 2023 to 2024				
Grants from the DWP		**102,928**	-	102,928
Comprehensive net expenditure for the year		**(100,369)**	-	(100,369)
Balance at 31 March 2024		1,651	-	1,651

*2021 to 2022 and 2022 to 2023 numbers have been restated, further information is included with Note 2 to the financial statements.
The accounting policies and notes on pages 158 to 186 form part of these financial statements.

Notes to the accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2023-24 government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FReM lets us choose an accounting policy, we have picked the one that we think is the most appropriate to our circumstances and which gives a true and fair view. The policies we have adopted are set out below. We have applied them consistently in dealing with items that we consider are material to the accounts.

These accounts have been prepared pursuant to section 145(8) of the Pension Schemes Act 1993 and Section 212A(1) of the Pensions Act 2004, and in accordance with the Accounts Direction issued by the Secretary of State for Work and Pensions (with the consent of HM Treasury).

1.1 Accounting standards, interpretations and amendments

We have adopted all IFRS, International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments to published standards that were effective at 31 March 2024.

1.2 Accounting convention

We have prepared these financial statements on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and some financial assets and liabilities. These financial statements are prepared in £ sterling, which is our functional currency.

a) Property, plant and equipment

Property, plant and equipment are stated at fair value. As permitted by the FReM, we use a depreciated historical cost basis as a proxy for fair value as non-property assets have a short useful life or are of relatively low value. Any permanent impairment in the value of property, plant and equipment on revaluation is charged to the Statement of Comprehensive Net Expenditure when it occurs. TPR is required to remit the proceeds of disposal of property, plant and equipment to the Secretary of State but there have been no proceeds from disposals in the current or prior period.

The threshold for treating expenditure on single or pooled items of property, plant and equipment fixed assets as capital expenditure is £5,000 with the exception of IT hardware, which is £1,000. Pooling is applied where appropriate but generally low value items (less than £250) would not be capitalised.

b) Depreciation and amortisation

Depreciation is provided on property, plant and equipment and amortisation is provided on intangible assets at rates calculated to write down the cost or valuation (less any estimated residual value) of each asset evenly over its expected useful life as follows:

Leasehold improvements/ Right of use asset	–	the shorter of 10 years or the remainder of the lease term
Furniture, fixtures and office equipment	–	10 years
IT hardware	–	3 to 7 years
Internally generated software	–	3 to 7 years
Software acquired	–	3 to 7 years

Depreciation is charged on a straight-line basis to reflect the consumptions of economic benefits.

Assets are not depreciated until they are commissioned or brought into use.

c) Intangible assets

The costs of purchasing major software licences and software built in-house are capitalised as intangible fixed assets, although ongoing software maintenance costs are written off in the period in which they are incurred.

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 cost as an alternative for fair value at the end of each year. We revalue internally developed software and software licences using the most recent Office for National Statistics published indices.

Multi-year software as a service agreement, comprising software licence and service elements paid for on a subscription basis, are reviewed individually to determine the extent of the service provision. Any licencing component in the agreement is assessed against IAS 38 (Intangible Assets) to determine whether it meets the criteria for recognition as an intangible asset and where it does; a threshold of £1 million is applied.

The threshold for treating expenditure on single items or pooled items of intangible fixed assets as capital expenditure is £5,000.

Internally developed software is capitalised if it meets the criteria in IAS 38 (Intangible Assets). We classify development costs software under development until the asset is available for use. At that point, we transfer it to the relevant asset class.

d) Impairment

Under IAS 36, individual assets are reviewed for impairment to ensure their carrying amount is not greater than the recoverable amount. An impairment surplus is taken to the revaluation reserve, an impairment loss is recognised as an expense in the Statement of Comprehensive Net Expenditure for assets carried at cost, and treated as a revaluation decrease for assets carried at revalued amount.

e) Other income and expenditure

Other income and expenditure is recognised on an accruals basis. Where income received relates to a period of time covering more than one accounting period, that part extending beyond the current accounting period is treated as deferred income. Corporate overheads are split between AE and Levy on the basis of headcount. A breakdown of other income and expenditure is provided in Note 3.

f) Value Added Tax (VAT)

TPR's main activities are exempt under the terms of the VAT legislation and therefore input VAT is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase of non-current assets as appropriate.

g) Employee benefits

In accordance with IAS 19 Employee benefits, accruals have been made for short-term employee benefits, such as salaries, paid absences and general staff bonuses. Bonuses in relation to senior Civil Service employees are not recognised until payments to individuals have been determined and notified. The holiday accrual is an estimate of the total leave owed to staff based on a sample of employees.

h) Leases

IFRS 16

Leases was adopted by TPR from 1 April 2022. IFRS 16 introduced a single lease accounting model which amended 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 with exceptions for those relating to low value items or those with a lease term of less than 12 months.

Leases treated as operating leases until 31 March 2022 were recognised on-balance sheet as right of use assets and lease liabilities from 1 April 2022 and as a result, on transition to IFRS 16 TPR recognised £1.2m of right of use assets and £1.0m of lease liabilities.

Lease liability

The lease liability is measured at the value of the remaining lease payments discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (HMT). The HMT discount rates were 0.95% for leases entered into prior to 31 December 2022, or 3.51% after 1 January 2023.

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

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 TPR is reasonably certain to exercise, lease payments in an optional renewal period if TPR is reasonably certain to exercise an extension option, and penalties for early termination of
- A lease unless TPR is reasonably certain not to terminate early.

When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the SoCNE if the carrying amount of the right of use asset is zero.

TPR presents right of use assets that do not meet the definition of investment properties per IAS 40 as right of use assets on the SoFP. The lease liabilities are included within Lease liabilities within current and non-current liabilities on the SoFP.

Right of use asset

At the commencement of a lease TPR recognises a right of use asset (in addition to the lease liability).

The right of use asset is measured at the value of the lease liability, adjusted for:

- any lease payments made before the commencement date
- any lease incentives received
- any incremental costs of obtaining the lease, and
- any costs of removing the asset and restoring the site at the end of the lease (the obligations for such costs are recognised and measured applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

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 or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant, and equipment) except for those which meet one of the following:

- A longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates
- The fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property plant and equipment assets

TPR's right of use asset and lease liability values for leased property are calculated using a TPR designed model, discounted using the HM Treasury discount rate promulgated in PES papers.

Operating lease payments under operating leases is charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease.

TPR hold no sub-leases.

i) Financial instruments

Prepayments

Prepayments occur where payment for operating costs (mainly IT and facilities) have been incurred in advance of the goods or services which they relate to.

Cash and cash equivalents

Cash and cash equivalents comprise current balances with banks. For the purpose of the Statement of Cash Flows, cash and cash equivalents are net of outstanding bank overdrafts. We include bank overdrafts in current liabilities in the Statement of Financial Position.

TPR collects fines, penalties and levies on behalf of the DWP and the PPF. This income is not accounted for in the TPR accounts nor are any related cash balance.

Trade and other liabilities

Trade and other payables are not interest-bearing and are stated at amortised cost. They represent outstanding costs that TPR are liable for and the accrued capital cost relating to capitalised multi-year software licenses.

j) Financial instruments

Grant-in-aid received used to finance activities and expenditure which support the statutory and other objectives of the entity are treated as financing, credited to the General Reserve, because they are regarded as contributions from a controlling party.

All grant-in-aid is reported on a cash basis in the period in which it is received.

k) Early retirement and severance costs

Compensation payments are charged to the Statement of Comprehensive Net Expenditure when an early retirement or severance arrangement has been agreed. Obligations relating to those former members of staff aged 50 or over are provided for until their normal date of retirement.

l) Provision for liabilities

Provision is made for early retirement and redundancy costs when a constructive obligation is created. A provision for dilapidations is held to cover the cost of remedial works when the lease terminates.

m) Reserves

General Reserve

Grant-in-aid received from TPR's sponsoring organisation and the total costs included in the Statement of Comprehensive Net Expenditure are transferred to this reserve.

n) Going concern

These financial statements are prepared on a going-concern basis.

o) Segmental analysis

Segmental reporting is applied in line with IFRS 8 to report the split between Levy and AE expenditure (as described in Note 3). Segmental reporting is not required for assets and liabilities as this information is not regularly reported to the chief operating decision maker.

p) Critical Accounting judgements

The preparation of accounts statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts in the accounts. Areas of judgement include non-current asset revaluations, depreciation and amortisation periods, provisions and impairment. We consider there to be no other areas of critical judgment used in applying the accounting policies.

q) Key sources of estimation uncertainty

IT software internally generated

In identifying what software development work should be capitalised under IAS 38, internal procedures have been developed which include an ongoing review to ensure accuracy and consistency of capitalised amounts as disclosed in Note 6.

Useful economic lives of software assets

Given the history of rapid changes in technology, computer software is susceptible to technological obsolescence. Therefore, it will often be the case that their useful life is short. TPR review the assets in line with the guidance provided by IAS 38 and will continue to review the remaining life each year.

Dilapidations

A dilapidation provision is held for the office TPR occupies in Brighton to cover the requirements of the lease (expires March 2033).The provision is to cover remedial works required on the lease termination. The provision calculation is based on the actual amount paid in relation to the lease for the previous office occupied by TPR in Brighton.

1.3 Pensions

The majority of past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a multi-employer defined benefit scheme and is unfunded and contributory, except in respect of dependents' benefits. TPR 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. Liability for the payment of future benefits is a charge on the PCSPS. As described more fully in the Staff Report, certain employees can opt for a stakeholder pension. Employer contributions for the financial year to 31 March 2025 are expected to be around £14m. Liability for the payment of future benefits is a charge on the PCSPS.

2 Prior year adjustments

A prior year restatement was required in the current year due to TPR's re-evaluation of the application of International Accounting Standard (IAS) 38. TPR has previously capitalised Microsoft Multi Years Licences and have capitalised development costs of Microsoft applications.

However, following review of additional guidance issued by the International Financial Reporting Interpretations Committee (IFRIC) which clarified how IFRS Standards apply to arrangements in respect Software-as-a-Service (SaaS) ie multi year licences, TPR reconsidered their approach to capitalising such costs.

As a result TPR have restated prior year balances to capture the reversal of these costs as items of capital spend, recognising them instead as an operating cost in the year incurred. Prior Year restatements are detailed below.

	As previously £'000	As restated £'000	Restated amount ((Increase)/Decrease) £'000
Statement of comprehensive net expenditure for year ended 31 March 2023			
Staff costs	73,556	73,841	(285)
Depreciation and amortisation	4,608	1,771	2,837
Other operating expenditure	18,886	20,417	(1,531)
Net expenditure for the year			1,021
Other comprehensive net expenditure			
Net gain on revaluation of intangibles	(402)	-	(402)
Comprehensive net expenditure for the year	96,373	95,754	619

2 Prior year adjustments continued...

	As previously £'000	As restated £'000	Restated amount ((Increase)/Decrease) £'000
Statement of financial position for year ended 31 March 2023			
Non-current assets			
Intangible assets	6,267	390	5,877
Current assets			
Trade and other receivables	1,166	1,554	(388)
Assets less liabilities			5,489
Taxpayers equity			
General fund	4,179	(908)	5,087
Revaluation reserve	402	-	402
Total equity			5,489

2 Prior year adjustments continued...

	As previously £'000	As restated £'000	Restated amount ((Increase)/Decrease) £'000
Statement of cash flows for year ended 31 March 2023			
Cash flows from operating activities			
Operating expenditure	(97,070)	(96,049)	(1,021)
Adjustments for non-cash transactions	4,634	1,797	2,837
(Increase)/decrease in trade and other receivables	156	(96)	252
Increase/(decrease) in trade and other payables	(983)	(948)	(35)
Net cash outflow from operating activities			2,033
Cash flows from investing activities			
Purchase of intangible assets	(2,689)	(656)	(2,033)
Net cash outflow from investing activities			(2,033)

2 Prior year adjustments continued...

	As previously £'000	As restated £'000	Restated amount ((Increase)/Decrease) £'000
Statement of changes in taxpayers' equity for year ended 31 March 2023			
Balance at 1 April 2022			
General Reserve	(421)	(6,529)	6,108
Balance at 1 April 2022 restated*			6,108
Balance at 31 March 2023			
General Reserve	4,179	(908)	5,087
Revaluation Reserve	402	-	402
Balance at 31 March 2023 restated*			5,489

2 Prior year adjustments continued...

	As previously £'000	As restated £'000	Restated amount ((Increase)/Decrease) £'000
Statement of financial position for year ended 31 March 2022			
Non-current assets			
Intangible assets	8,144	116	8,028
Current assets			
Trade and other receivables	1,634	1,769	(135)
Current liabilities			
Trade and other payables	(10,911)	(9,376)	(1,535)
Non-current liabilities			
Trade and other payables	(250)	-	(250)
Assets less liabilities			6,108
Taxpayers' equity			
General Fund	(421)	(6,529)	6,108
Total equity			6,108

3 Statement of operating costs by operating segment

	AE £'000	Levy £'000	Total TPR £'000
2023 to 2024			
Staff costs	25,765	51,665	77,430
Other operating expenditure	11,310	12,156	23,466
Taxation	81	95	176
Income	(253)	(450)	(703)
Net expenditure	**36,903**	**63,466**	**100,369**
2022 to 2023			
Staff costs	22,308	51,533	73,841
Other operating expenditure	11,580	10,628	22,208
Taxation	23	46	69
Income	(121)	(243)	(364)
Net expenditure	**33,790**	**61,964**	**95,754**

TPR comprises of two distinct operating segments: Levy and AE. Levy activity relates to the regulation of new and existing DB, DC, master trust and public sector schemes while AE supports the delivery of automatic enrolment.

Levy activity is funded by grant-in-aid payments from the DWP which is recovered through the general levy charged on pension schemes in the United Kingdom. AE is tax-payer funded through a separate grant-in-aid stream from the DWP and resources are charged and treated separately to the correct funding stream.

AE-related work is separately accounted for and strict protocols are adhered to in order to avoid cross subsidy. Reporting is provided to the Executive Committee and the Board on both AE and Levy expenditure. Corporate overheads are split between AE and Levy based on headcount. Regular reporting of the assets of each segment is not provided to the Executive Committee and this information is therefore excluded from the financial statements.

Further breakdown of the operating expenditure is provided in Note 4.

4 Staff costs

	AE £'000	Levy £'000	Total TPR £'000
2023 to 2024 Permanent			
Salaries and wages	14,585	32,158	46,743
Social security costs	1,794	3,956	5,750
Other pension costs	3,813	8,409	12,222
Subtotal	**20,192**	**44,523**	**64,715**
2023 to 2024 Temporary and other			
Salaries and wages	5,136	6,182	11,318
Social security costs	140	307	447
Other pension costs	297	653	950
Subtotal	**5,573**	**7,142**	**12,715**
Total costs	**25,765**	**51,665**	**77,430**
2022 to 2023 Permanent			
Salaries and wages	12,643	30,463	43,106
Social security costs	1,572	3,788	5,360
Other pension costs	3,373	8,126	11,499
Subtotal	**17,588**	**42,377**	**59,965**
2022 to 2023 Temporary and other			
Salaries and wages	4,299	8,142	12,441
Social security costs	134	322	456
Other pension costs	287	692	979
Subtotal	**4,720**	**9,156**	**13,876**
Total costs	**22,308**	**51,533**	**73,841**

5 Other operating expenditure

	AE £'000	Levy £'000	Total TPR £'000
2023 to 2024			
Running costs			
Chair and part-time Board members' fees and expenses*	77	146	223
Consultancy, contracted-out and other professional services	1,446	5,122	6,568
Business process outsourced services	4,306	-	4,306
Training and recruitment costs	453	613	1,066
Staff travel and expenses	86	160	246
General expenses including accommodation expenses	420	1,461	1,881
Rentals under operating leases	5	10	15
Computer systems development and maintenance	3,913	3,225	7,138
Auditor's remuneration	25	45	70
Loss on disposal of fixed assets	-	39	39
	10,731	**10,821**	**21,552**
Finance charge on lease liability	**50**	**103**	**153**
Depreciation and impairment charges			
Depreciation on right of use assets	235	500	735
Other depreciation	185	728	913
Amortisation	109	4	113
	529	**1,232**	**1,761**
Total	**11,310**	**12,156**	**23,466**

*Includes fees of £185k (2022 to 2023: £178k), social security costs of £18k (2022 to 2023: £16k) and expenses of £20k (2022 to 2023: £4k). Details of the remuneration and pension benefits of the Chair and all other members of the Board are given in the remuneration report (see page 117). There is tax due to HMRC on expenses as part of the PAYE Settlement Agreement (payable in August 2024).

5 Other operating expenditure continued...

	AE £'000	Levy £'000	Total TPR £'000
2022 to 2023			
Running costs			
Chair and part-time Board members' fees and expenses*	65	133	198
Consultancy, contracted-out and other professional services	2,159	3,671	5,830
Business process outsourced services	4,121	-	4,121
Training and recruitment costs	615	894	1,509
Staff travel and expenses	60	194	254
General expenses including accommodation expenses	437	1,467	1,904
Rentals under operating leases	-	20	20
Dilapidations costs	(117)	(237)	(354)
Computer systems development and maintenance	3,785	3,061	6,846
Auditor's remuneration	21	42	63
Loss on disposal of fixed assets	-	26	26
	11,146	**9,271**	**20,417**
Finance charge on lease liability	**7**	**13**	**20**
Depreciation and impairment charges			
Depreciation on right of use assets	299	698	997
Other depreciation	9	645	654
Amortisation	119	1	120
	427	**1,344**	**1,771**
Total	**11,580**	**10,628**	**22,208**

6a Property, plant and equipment

2023 to 2024	Assets under construction £'000	Right of use asset £'000	Leasehold improvements £'000	Furniture, fixtures and office equipment £'000	IT hardware £'000	Total £'000
Cost or valuation						
At 1 April 2023	**1,756**	**6,161**	**1,970**	**1,508**	**2,281**	**13,676**
Additions	2,864	-	139	446	476	3,295
Transfers in asset class	(4,620)	-	4,489	-	131	-
Disposals	-	(1,194)	(1,970)	(827)	(231)	(4,222)
Revaluations	-	-	-	-	-	-
At 31 March 2024	-	4,967	4,628	1,127	2,657	13,379
Depreciation						
At 1 April 2023	**-**	**997**	**1,921**	**1,125**	**1,188**	**5,231**
Charged in year	-	735	433	108	372	1,648
Disposals	-	(1,194)	(1,970)	(813)	(207)	(4,184)
Revaluations	-	-	-	-	-	-
At 31 March 2024	**-**	**538**	**384**	**420**	**1,353**	**2,695**
Carrying amount at 31 March 2023	**1,756**	**5,164**	**49**	**383**	**1,093**	**8,445**
Carrying amount at 31 March 2024	**-**	**4,429**	**4,244**	**707**	**1,304**	**10,684**

6a Property, plant and equipment continued...

2022 to 2023	Assets under construction £'000	Right of use asset £'000	Leasehold improvements £'000	Furniture, fixtures and office equipment £'000	IT hardware £'000	Total £'000
Cost or valuation						
At 1 April 2022	**-**	**-**	**1,970**	**1,365**	**2,646**	**5,981**
Initial recognition on implementation of IFRS 16	-	1,194	-	-	-	1,194
Revised Balance as at 1 April 2022	-	1,194	1,970	1,365	2,646	7,175
Additions	1,756	4,967	-	146	407	7,276
Disposals	-	-	-	(3)	(772)	(775)
At 31 March 2023	1,756	6,161	1,970	1,508	2,281	13,676
Depreciation						
At 1 April 2022	**-**	**-**	**1,728**	**1,008**	**1,595**	**4,331**
Charged in year	-	997	193	121	340	1,651
Disposals	-	-	-	(4)	(747)	(751)
Revaluations	-	-	-	-	-	-
At 31 March 2023	**-**	**997**	**1,921**	**1,125**	**1,188**	**5,231**
Carrying amount at 31 March 2022	**-**	**-**	**242**	**357**	**1,051**	**1,650**
Carrying amount at 31 March 2023	**1,756**	**5,164**	**49**	**383**	**1,093**	**8,445**

TPR terminated its lease at Napier House, Brighton in July 2023. In March 2023 TPR commenced a new 10-year lease for the new premises at Telecom House, also in Brighton. Construction work to fit out their new premises was completed in July 2023.

Material tangible assets (£k)	Purchase cost	Expiry date	NBV
Right of use asset: Telecom House	4,967	02/03/2033	4,429

6b Cash flow reconciliation

	2023 to 2024	2022 to 2023
	£'000	£'000
Capital payables and accruals at 1 April	**1,065**	-
Capital additions (excluding right of use assets)	**3,924**	2,309
Less Capital payables and accruals at 31 March	**(262)**	(1,065)
Purchase of property, plant and equipment as per Statement of cash flows	**4,727**	1,244

This reconciliation relates to property, plant and equipment owned by TPR and therefore excludes right-of-use assets recognised in accordance with IFRS 16 'Leases', for which cash flows relating to the associated lease liabilities are included within repayment of borrowings and interest paid in the statement of cash flows.

7a Intangible assets

2023 to 2024	Software under development £'000	Software internally generated £'000	IT software acquired £'000	Total £'000
Cost or valuation				
At 1 April 2023	-	1,629	2,717	4,346
Additions	-	-	-	-
Transfers in asset class	-	-	-	-
Impairments	-	-	-	-
Disposals	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2024	**-**	**1,629**	**2,717**	**4,346**
Amortisation				
At 1 April 2023	-	1,289	2,667	3,956
Charged in year	-	77	36	113
Disposals	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2024	**-**	**1,366**	**2,703**	**4,069**
Carrying amount at 31 March 2023	**-**	**340**	**50**	**390**
Carrying amount at 31 March 2024	**-**	**263**	**14**	**277**

7a Intangible assets continued...

2022 to 2023	Software under development £'000	Software internally generated £'000	IT software acquired £'000	Total £'000
Cost or valuation				
At 1 April 2022	-	1,236	3,104	4,340
Additions	-	393	-	393
Transfers in asset class	-	-	-	-
Impairments	-	-	-	-
Disposals	-	-	(387)	(387)
Revaluations	-	-	-	-
At 31 March 2023	**-**	**1,629**	**2,717**	**4,346**
Amortisation				
At 1 April 2022	-	1,236	2,988	4,224
Charged in year	-	53	66	119
Disposals	-	-	(387)	(387)
Revaluations	-	-	-	-
At 31 March 2023	**-**	**1,289**	**2,667**	**3,956**
Carrying amount at 31 March 2022	**-**	**-**	**116**	**116**
Carrying amount at 31 March 2023	**-**	**340**	**50**	**390**

7b Cash flow reconciliation

	2023 to 2024 £'000	2022 to 2023 £'000
Capital payables and accruals at 1 April	-	263
Capital additions	-	393
Less Capital payables and accruals at 31 March	-	-
Purchase of intangible assets as per Statement of Cash Flows	-	656

8 Trade receivables and other current assets

	2023 to 2024 £'000	2022 to 2023 £'000
Amounts falling due within the year		
Trade receivables	13	144
Other receivables	382	113
Prepayments	1,911	1,297
	2,306	**1,554**
Amounts falling due after more than one year		
Trade receivables	-	-
Other receivables	-	-
Prepayments	54	105
	54	**105**

9 Cash and cash equivalents

	2023 to 2024 £'000	2022 to 2023 £'000
Balance at 1 April	3,337	(35)
Net change in cash and cash equivalent balances	(2,015)	3,372
Balance at 31 March	**1,322**	**3,337**
At 31 March, the following balances were held:		
Commercial banks and cash in hand	**1,322**	**3,337**

Cash at bank and short term investments represents the only funds held by TPR. These funds are held at HSBC within two accounts. We also hold five further accounts with HSBC. Any funds held in these accounts are not available for TPR's use.

10 Trade payables and other current liabilities

	2023 to 2024 £'000	2022 to 2023 £'000
Amounts falling due within one year		
Other taxation and social security	1,612	1,519
Trade payables	4	483
Capital accruals	262	1,065
Lease liabilities	438	453
Accruals	6,759	6,348
	9,075	**9,868**

	2023 to 2024 £'000	2022 to 2023 £'000
Amounts falling due after more than one year		
Other taxation and social security	-	-
Trade payables	-	-
Capital accruals	-	-
Other creditors	-	-
Lease liabilities	3,672	4,257
Accruals	-	-
	3,672	**4,257**

There is no deferred income due in less than one year or greater than one year at the end of the current year or prior year.

11 Provisions for liabilities and charges

2023 to 2024	£'000
Balance at 1 April 2023	614
Provided in the year	-
Provision not required written back	-
Provisions utilised in the year	(369)
Balance at 31 March 2024	**245**

Analysis of expected timing of discounted flows

Not later than one year	–
Later than one year and not later than five years	–
Later than five years	245
Balance at 31 March 2024	**245**

2022 to 2023	£'000
Balance at 1 April 2022	722
Provided in the year	246
Provision not required written back	(354)
Provisions utilised in the year	–
Balance at 31 March 2023	**614**

Analysis of expected timing of discounted flows

Not later than one year	368
Later than one year and not later than five years	–
Later than five years	246
Balance at 31 March 2023	**614**

Liabilities and provisions

The provision is to cover expected dilapidations costs and reflects the expected liability to cover the cost of restoring Telecom House which expires in March 2033. The movement in the year relates to amounts paid on the cessation of the lease on Napier House.

12 Lease liabilities

Lease liabilities during the year relate to the following:

- The lease of Napier House, Brighton which ceased in July 2023.
- The lease of space at Telecom House, Brighton which commenced in March 2023. Lease obligations associated with this lease have been based on future commitments to March 2033. The interest rate used to discount the Telecom House lease for IFRS 16 purposes is 3.51% HMT discount rate.

	2023 to 2024 £'000	2022 to 2023 £'000
Lease liability – quantitative disclosure under IFRS 16		
Buildings:		
Not later than one year	584	607
Later than one year and not later than five years	2,675	2,190
Later than five years	1,605	2,821
Less interest element	(754)	(908)
Present value of obligations	4,110	4,710

Leases which do not meet the definition of a finance lease under IFRS 16 are treated as operating leases with the rental payments charge to the Statement of comprehensive net expenditure.

13 Capital commitments

There were no material capital or financial commitments at the year end (2022 to 2023: £3.6m).

14 Contingent assets and liabilities disclosed under IAS 37

TPR has not entered into any unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort.

From time to time we will be subject to legal challenge and judicial review of decisions made in the normal course of our business as regulator of workplace pensions. Legal judgements could give rise to liabilities for legal costs but these cannot be quantified as the outcome of proceedings would be unknown and there is therefore considerable uncertainty as to the nature and extent of any subsequent liability.

As at 31 March 2024 there were no ongoing cases which would result in liabilities for the regulator.

15 Related party transactions

TPR is a Non-Departmental Public Body (NDPB) accountable to the Secretary of State for Work and Pensions. During the year TPR had a small number of immaterial transactions relating to seconded employees to both the Money and Pension Service, another NDPB of the DWP and to the Pension Protection Fund, a public corporation of the DWP. TPR received grant-in-aid from the DWP amounting to £103m (disclosed within the Statement of Changes in Equity and referenced in Note 1 (j). As disclosed in Note 1 (i), TPR collects fines, penalties and levies on behalf of the DWP and the PPF. This income is not accounted for in the TPR accounts nor are any related cash balance.

There are further small number of immaterial transactions with other bodies within government – relating to both seconded employees and leasehold improvements. All transactions with related parties have been completed at arms length.

Details of remuneration for key management personnel can be found in the remuneration and staff report within the Accountability report on page 112.

16 Events after the reporting date

IAS 10 requires TPR to disclose the date on which the financial statements are authorised for issue by the Accounting Officer. The Annual Report and financial statements were authorised by the accounting officer for issue on the date of the Comptroller and Auditor General's audit certificate.

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