The Pensions Regulator

Annual Report and Accounts

2024-25

HC 1069

The Pensions Regulator's Annual Report and Accounts
2024-25

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The Pensions Regulator's Annual Report and Accounts 2024-25

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Chair, The Pensions Regulator

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Chair's foreword

"As the pensions landscape has continued to undergo profound transformation during the year, we have also continued transforming how we regulate that landscape."

The Pensions Bill and the government's two-part pensions review offer a unique opportunity to shape a system that works for everyone, and we are well positioned to help the pensions industry embed the changes in a way that benefits all savers.

Automatic enrolment (AE) has built a nation of pension savers, but now we must ensure those savings deliver good value for savers and help them to meet their objectives in later life. During the year, our value for money regulatory initiative helped to deepen our understanding of value for money in defined contribution (DC) schemes and we have continued to work alongside the Financial Conduct Authority (FCA) and the Department for Work and Pensions (DWP) to develop the value for money framework.

Good quality trusteeship sits at the heart of our industry but the nature of trusteeship is changing day by day, with the ever-increasing use of professional trustees across all scheme types and sizes. During the year, raising standards of trusteeship and governance across all scheme types has been one of our main priorities. As part of this, we have developed relationships with the major professional trustee firms and have focused on the quality of data and administration sitting at the heart of trustee decision-making.

We have been clear that the delivery of successful outcomes for savers, and of our own future regulation of the market, depends on the effective use of data, technology and digital approaches. Developments in the market continue to accelerate rapidly and during the year we have made important strides forward in our own use of data and digital tools to identify risk within the market, provide effective oversight on key risk areas and reduce the regulatory burden for schemes.

We are anticipating that forthcoming legislation will have an enormous impact on our market, and we want to ensure that industry is able to capitalise on the opportunities this presents. While protecting savers' money is paramount, we know that to truly deliver good outcomes for savers the pensions system requires enhancement and innovation in savers' interests. Our role is to ensure we are not a barrier to this and during the year we have made important steps to engage actively with both government and industry in these areas.

In our interactions with the new ministers and in our engagement with colleagues at the DWP and HM Treasury (HMT) on the Pensions Investment Review, we have made clear our commitments to oversee a focus on high quality investment governance. This can enable productive investment to improve returns and support the drive for growth, and also reduce unnecessary regulatory burden and support market innovation through regulatory innovation and digital enablement.

During the year I was delighted to welcome Andrew Baigent, Neil Bull, Nina Blackett and Gaucho Rasmussen onto the Board as Executive Directors. I would also like to thank two Board members who stepped down during the year: Mel Charles and Ceri Thayer.

Mel recently left TPR and held a variety of roles during his career here. He helped us move towards a different style of regulation in the face of market shifts, including as interim Executive Director of Regulatory Compliance. Ceri Thayer was interim Chief Operating Officer from July 2023 to June 2024 and stepped into this important role at a significant time. We continue to value her expertise as Director of Finance.

"We know that to truly deliver good outcomes for savers, the pensions system requires enhancement and innovation in savers' interests."

This will be my final annual report as Chair of The Pensions Regulator (TPR). In July 2025, I will be stepping down from this role. It has been an immense privilege to lead TPR during these critical years of change and innovation.

While my tenure is drawing to a close, I am confident in the strength of our team and the strategic direction we have established to continue driving positive outcomes for pension savers and in the progress we have made during this pivotal year. I am deeply grateful to the entire TPR team and my fellow Board members for their tireless efforts in achieving the outcomes detailed in this report, and I extend my heartfelt thanks to them all.

Sarah Smart
Chair, The Pensions Regulator
7 July 2025

Nausicaa Delfas
Chief Executive Officer, The Pensions Regulator

Chief Executive's introduction

"The 2024-25 year has been one where we have been transforming our ways of working to reflect the changing pensions landscape around us."

The shifts we outlined in our Corporate Plan have accelerated. The market is moving towards fewer, larger pension schemes, bringing both challenges and opportunities for savers, the economy, and the regulatory environment.

I have engaged with hundreds of industry participants over the course of the year and found that there is an alignment of interests – where government, regulators and industry want to capitalise on this unique opportunity to make pensions work for everyone. Our commitment as a regulator is to work with industry to protect savers' money, enhance the pensions system, and support innovation in savers' interests. This has underpinned every decision we have made. This year, we have made significant progress in translating these ambitions into action.

To make sure all savers receive value for their money, we have taken crucial steps to develop and embed our value for money (VFM) framework, and challenged small schemes on the value they offer.

To help defined benefit (DB) schemes secure their future, we have implemented the new DB funding regime, reflecting the changing DB landscape, while ensuring new DB models and consolidation options – like superfunds – meet the dual goals of improving outcomes and safeguarding security.

To make sure all schemes are well-run and well-governed with good quality data guiding decision-making, we have moved towards truly risk-based and outcome-focused supervision, helping create a more robust, accountable system. Our focus on professional trustee entities, which play an increasingly important role in delivering saver outcomes, has further strengthened this progress. And at the same time as making sure schemes are dashboard ready with higher data standards, we have deepened our own understanding of the pensions market's role within the broader financial ecosystem by investing in our digital, data and technology capabilities.

To deliver these market outcomes, we have continued to evolve as an organisation. Guided by our strategic priorities, we restructured into three new regulatory directorates – our Compliance and Enforcement Group, Market Oversight, and Strategy, Policy, and Analysis. This has enabled us to focus more effectively on delivering saver-focused outcomes while becoming more market-responsive, agile, and efficient.

Our evolving data-led and digitally enabled approach has allowed us to target our efforts where they are needed most, gaining deeper insights into the complex decisions made by trustees and their impact on savers and the UK economy. By embracing a multidisciplinary way of working, we have been able to respond proactively to risks and opportunities in the market, learning and adapting as we go. Through this evolution, we are delivering on our promise to provide greater assurance to savers while driving higher standards across the pensions sector. We have worked tirelessly to deliver tangible results, but we also remain vigilant, ensuring that bad actors face swift and decisive enforcement when needed.

As the pensions landscape continues to change, so do we. The 2024-25 year has proven that we are not only prepared for change but also capable of shaping it, ensuring better outcomes for millions of savers who rely on pensions to secure their futures. Together, we are building a system that is stronger, fairer, and more resilient, and I want to thank all my talented and committed colleagues for their work this year.

I'd also like to take this opportunity to recognise and thank Sarah for her invaluable leadership in her role as Chair, which will come to an end in July 2025. Sarah's outstanding stewardship and unwavering commitment to TPR has been instrumental in guiding our organisation through a period of significant transformation and ensuring we remain steadfast in protecting savers.

Nausicaa Delfas
Chief Executive Officer, The Pensions Regulator
7 July 2025

"Our commitment as a regulator is to work with industry to protect savers' money, enhance the pensions system, and support innovation in savers' interests. This has underpinned every decision we have made. This year, we have made significant progress in translating these ambitions into action."

Performance overview

This section sets out an overview of TPR including our key priorities and statutory objectives, the key risks that we managed during 2024-25, along with a summary of our financial performance.

TPR is a non-departmental public body (NDPB) sponsored by the DWP, and is here to protect workplace pensions in the UK.

Millions of people rely on a workplace pension to support them in older life, and over 20 million people are now saving for a workplace pension. It's our job to protect their money, enhance the system so it delivers real value, and support innovation in savers' interests.

We make sure that employers automatically enrol all eligible workers into a workplace pension and then pay what savers are due, on time and in full. We do this by driving high levels of compliance at scale, through communications and automation backed by a robust enforcement approach.

We regulate around 6,000 workplace pension schemes which are responsible for investing approximately £1.4 trillion of savers' retirement funds. The best way to make sure those assets deliver for savers is through fewer, larger schemes that invest in diverse assets. This consolidated market will not only grow savers' retirement incomes but could also provide an engine of growth for the economy. We make sure that workplace pension schemes are well-run and well-governed by high quality trustees. We do this by setting standards, authorising and supervising the biggest schemes, ensuring compliance with the law and influencing better practices in the market.

Our vision for pensions is a landscape of fewer, larger pension schemes that deliver good outcomes for savers by default – from joining a pension through to retirement. That is why we have set out a regulatory roadmap that aims to ensure that:

- all DC savers receive value for money
- all DB schemes secure their future
- all schemes are well-run, with high quality data powering informed decision-making by excellent trustee boards

Pensions are at a moment of significant change, moving from a historic environment of one scheme to one employer, to a genuine competitive market. This brings new risks and opportunities to savers and to the UK economy. That is why we increasingly work with our partners in the wider financial landscape including the Financial Conduct Authority (FCA) (who regulate contract-based pensions), Prudential Regulation Authority and Bank of England to provide genuine market oversight.

Our statutory objectives are to:

- Protect members' benefits.
- Reduce the risk of calls on the Pension Protection Fund (PPF).
- Promote, and to improve understanding of, the good administration of work-based pension schemes.
- Maximise employer compliance with automatic enrolment duties.
- Minimise any adverse impact on the sustainable growth of an employer (in relation to the exercise of the regulator's functions under Part 3 of the Pensions Act 2004 only).

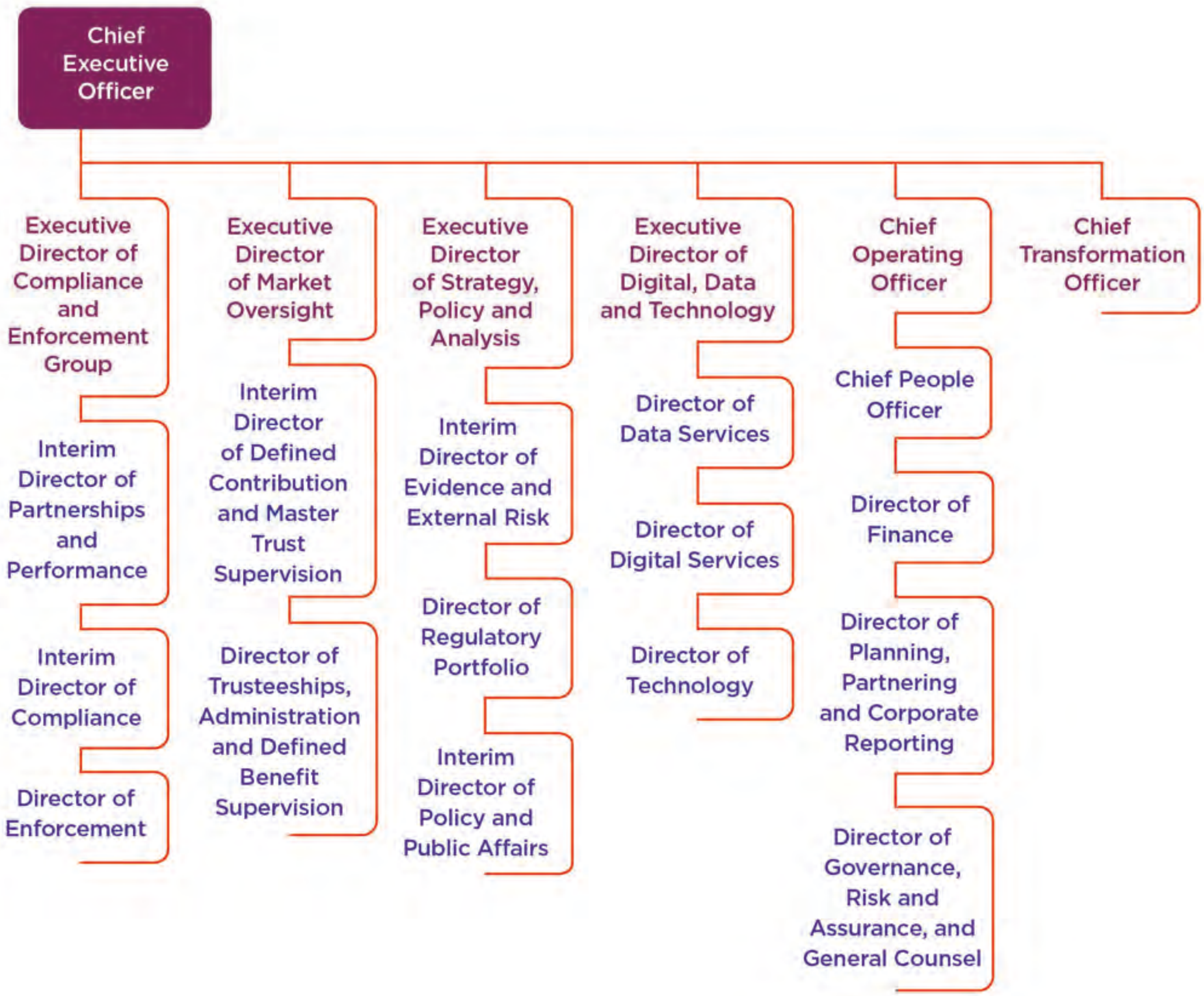
Our risks

We have summarised our Risk Management Framework which brings together our risk approach and practical guidance on how risk should be managed at all levels of our organisation. You can find more detail on the principal risks we identified, improved or managed to resolution in 2024-25 within the Accountability section of this report on page 67.

Our organisational design

Throughout 2024-25, we made a number of changes to our organisational design to enable us to be a regulator fit for the future.

Figure 1: Our organisational structure
(Illustrated to Director level as at 31 March 2025)



Performance analysis

In this section, we provide a more detailed analysis of our performance over the last year. This is in line with the risks and priorities we set out in our 2024-25 Corporate Plan and the statutory objectives given to us by Parliament.

The 2024-25 financial year has been characterised by significant transformation and adaptation amid an evolving political and economic landscape. Throughout this period of change, we have maintained our unwavering commitment to protecting pension savers while simultaneously expanding our role to enhance the pension system and foster innovation that serves savers' interests.

Our approach has been guided by the recognition that to truly deliver good outcomes for savers, we must not only protect their money but also enhance the system and innovate on their behalf. This philosophy has shaped our response to the government's heightened focus on economic growth and the changing dynamics of the pensions market.

Key achievements and developments

Against this backdrop, we have made substantial progress across several fronts, balancing our protective role with initiatives that support sustainable economic growth and market evolution.

Contributing to economic growth

In response to the government's commission on growth, we developed five key commitments centred on increasing the value of pension funds, enabling productive investment, reducing regulatory burden, driving digital enablement, and supporting market innovation. Our response acknowledged that UK pension savers benefit from a strong economy, and we emphasised that sound investment in diverse assets can improve outcomes for savers while also generating growth for the UK economy – demonstrating that these goals need not be in conflict.

As the government continued to focus on growth, we engaged regularly with HMT to refine our commitments and develop specific measures to implement them. This collaborative approach has positioned us to make meaningful contributions to the growth agenda while meeting our core regulatory purpose.

Evolving our regulatory approach

A central element of our transformation has been establishing a different relationship with the market – one characterised by transparency about our priorities and constructive dialogue aimed at developing joint solutions that benefit savers. This shift was exemplified by our new approach to regulating master trusts and large DC schemes, which moved toward a risk-based model facilitating expert-to-expert engagement.

This evolution comes at a crucial time, as our research revealed significant consolidation in the DC market, with the number of schemes decreasing by 15% in 2024 to under 1,000 for the first time. This consolidation trend, primarily driven by schemes with fewer than 5,000 members, underscores the need for our regulatory approach to adapt to a landscape of fewer, larger schemes.

Embracing data

Recognising that the pensions industry stands to benefit greatly from the broader data revolution, further to our DDaT strategy, we launched a comprehensive data strategy aimed at raising industry data standards while reducing unnecessary regulatory burden through modern data practices. This strategy sets out a vision for driving consistent, coherent, and where possible, open standards for data on metrics that matter – benefiting both savers and the wider industry.

Organisational transformation

Our internal transformation has progressed steadily, with significant advancements in moving to a new structure of five directorates, recruiting for four new executive directors and other key staff to enable us to be more market-facing. We initiated a culture and leadership development programme, with the first module rolled out in March 2025, to support the cultural shift necessary for our new ways of working.

To ensure alignment across the organisation, we established transformation teams in each directorate with dedicated transformation leads. These teams, supported by a new Head of Transformation role, are working to embed change consistently throughout the organisation. We also developed robust metrics to monitor the impact of our transformation initiatives, ensuring accountability and demonstrable progress.

Government engagement and policy influence

Our expertise and insights have played a significant role in shaping upcoming pension legislation and policy. We worked closely with government officials on the Pension Schemes Bill, contributing to provisions on scale thresholds for master trusts and the safe extraction of DB surplus.

Our research showing that 75% of DB schemes are now fully funded on a low dependency basis provided crucial evidence to inform government policy. Additionally, our engagement with HMT led to the development of specific commitments to support growth in savers' interests, including:

- monitoring regulatory interactions to reduce unnecessary burden while maintaining compliance
- reviewing scheme and supervisory return data collection requirements
- assessing master trust capital reserving requirements to safely free up capital for investment
- driving consolidation and encouraging voluntary disclosure of asset allocation data
- developing an innovation framework to test pension innovation ideas

Performance measurement

In our 2024-27 Corporate Plan, we introduced a new performance measurement framework which provides a clear line of sight between our strategic ambitions and how we assess our work and its impact.

We previously measured our performance through separate sets of key outcome indicators (KOIs) and key performance indicators (KPIs), but this year we introduced a new, streamlined set of outcome-focused measures called ‘priority outcomes’ to better reflect our evolving priorities and our focus on results for savers. The priority outcomes are aligned to our vision for the market, which is to have fewer, well-run schemes that deliver good outcomes from joining a pension through to retirement. They are three year measures, focused on outcomes in the market.

In order to measure our performance in year, we designed a set of 'corporate priorities' to report against, deriving from our priority outcome measures. There are 32 corporate priorities that we report on to the Board and to the DWP each quarter.

✓ **Green**
denotes a KPI where the target was achieved or is on track to be achieved in a future year.

– **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.

Our performance against each of our corporate priorities for the 2024-25 year

Priority outcome 1: All DC savers receive value for money

✓ **Continue to ensure high levels of compliance in AE**

Compliance with AE duties: percentage of employers ultimately compliant with their AE/re-enrolment duties remains above target at 97.1%. The target is 90% of employers having arrangements with a qualifying scheme. Performance against this indicator has continued to strengthen over the last two years, the result of continuous optimisation of communications activity that better enables employers to meet their duties.

Maintaining contributions: percentage of employers making timely and accurate pensions contributions remains above existing target at 97.02%. The target is 94% of employers making contributions before they become late by three months or more. This KPI has been relatively static over the last two years, although employers have continued to face economic headwinds.

✓ **Develop the value for money framework with the DWP and the FCA**

We have made significant progress in developing the VFM framework through our collaborative efforts with both the DWP and FCA as well as engaging and working closely with industry, in particular working with the FCA to refine the detailed VFM proposals based on consultation feedback. We are also carrying out work to build a future proofed solution for reporting requirements and data collection. We are also working with the DWP on the legislative framework within the Pensions Bill.

✓ **Collaborate with government and industry on decumulation products and pathways**

We have made substantial progress, working closely with the DWP, on legislative provisions within the Pensions Bill that would introduce a meaningful duty for trustees to support savers through their retirement journey. Through extensive industry engagement, we have considered the scope and practical implementation of the new duties and we continue to work with the DWP to balance the need for both default solutions and enhanced saver engagement mechanisms.

Our work has focused on working with stakeholders to ensure future regulatory reform supports innovative decumulation pathways, while maintaining appropriate safeguards for savers. We have also engaged with industry on existing practices and understanding how the market is developing solutions for savers.

Priority outcome 1: All DC savers receive value for money continued...

✓ Deliver a regulatory framework for CDC models (multi-employer, decumulation only)

We have successfully advanced the regulatory framework for collective defined contribution (CDC) models, providing comprehensive support to the DWP throughout its consultation on phase 2 regulations aimed at expanding CDC provision across commercial and unconnected employers' markets. Our collaborative work involved considering consultation responses and delivering detailed feedback on the DWP's subsequent legal instructions for regulatory amendments.

We have continued to consider the areas of our current code of practice that will need to be extended and amended to take account of the new regulations. This will be published for consultation following the introduction of the new regime into legislation. This preparatory work has positioned us to effectively implement the expanded CDC framework, ensuring appropriate safeguards while enabling innovative multi-employer pension arrangements that can deliver more predictable outcomes for savers.

✓ Focus on scheme compliance with the VFM assessment

We have handled over 200 cases in relation to VFM. We've issued 27 penalties, with some under appeal. We have also issued one improvement notice. We have generally found the schemes want to be compliant, they just might not be aware of the requirements (we're factoring this into our current work on how we can better support compliance). The appeals have largely been focused on the amount of the penalty, so this is something we're considering. VFM remains a core priority for us and we will continue this engagement on an ongoing basis to ensure that savers get the best value from their schemes.

✓ **Green** KPI target achieved or on track to be acheived in future year.

– **Amber** KPI target marginally missed.

✗ **Red** KPI target missed by significant degree.

Priority outcome 2: All DB schemes secure their future
✓ **Implement the new DB funding regime (also including Submit a Scheme Valuation)**
The new DB funding code of practice replaced the existing code for scheme valuations with effective dates on or after 22 September 2024. On 23 September 2024 we issued documents and guidance to help trustees meet their obligations under the code, including statement of strategy, illustrative templates and a list of the data and information to complete these. We also published a summary of the key themes from the statement of strategy consultation, and the changes made to the templates because of this feedback. The Submit a Scheme Valuation service was launched for digital valuation submissions in May 2025. This is in line with our public commitment to do so in spring 2025. We are actively communicating with the market about the new code and service, and targeted engagement with industry users continues to yield positive feedback.
✓ **Support the DWP and the PPF with regard to options for closed DB schemes including surplus sharing and a public sector consolidator**
We are engaging with the PPF and the DWP on the proposals for changes to the legislation on surplus extraction. We have commented and provided input on the DWP's policy instructions and will continue to support them as they move to draft clauses. We have also published guidance for trustees on new options and models for DB schemes.
✓ **Work with the DWP on potential legislation for superfunds and assess alternative models as they emerge**
Progress remains strong, with active collaboration on emerging models, ensuring alignment with superfund legislation and interim guidance. We remain committed to creating a balanced regulatory environment that protects savers while fostering innovation in pension delivery models, with guidance published for trustees on new options and models for DB schemes.

✓ **Green** KPI target achieved or on track to be acheived in future year.

– **Amber** KPI target marginally missed.

✗ **Red** KPI target missed by significant degree.

Priority outcome 2: All DB schemes secure their future continued...

✓ TPR leads the multi-agency Pension Scams Action Group

TPR has referred one of our criminal cases to the National Economic Crime Centre (NECC) for consideration to take on the case.

Through our ongoing leadership of the Pension Scams Action Group (PSAG), we have strengthened collaboration with partners across law enforcement, government and the pensions industry to deliver impactful public awareness campaigns that prevent savers from falling victim to scams while proactively disrupting potential fraud before it occurs.

Our new tool detects scams websites and has enabled a review of 830 websites and a removal of 29 high-risk sites with 94 referrals to partner agencies. We have further developed the national intelligence picture for pension fraud by embedding TPR intelligence experts within the City of London Police (CoLP) and the NECC. EastEnders included a pension scam storyline, which raised awareness to millions of viewers alongside partnering with Citizens Advice on a scams prevention campaign reaching 1.4 million consumers.

✓ Green	KPI target achieved or on track to be acheived in future year.
– Amber	KPI target marginally missed.
✗ Red	KPI target missed by significant degree.

Priority outcome 3: Schemes are well-run and well-governed with high-quality data powering information decision-making

Obtaining new powers for TPR around information gathering, rule making, administration standards and professional trustees

Our delivery is on track regarding the government's future consultation on trusteeship and the broader regulatory framework. We have made strong progress in obtaining the DWP's support to update TPR powers in this area with a commitment to consulting on these issues with the summer and a bid being made for a Pension Reform bill in the next parliamentary session. The rating is amber to reflect the need to optimise use of our existing information-gathering powers alongside emerging legislative proposals, both of which will inform any discussion around new powers.

✓ Embed multidisciplinary teams approach to regulating, building on our work with master trusts

We continue our transformation to multi-disciplinary working, building on the proven effectiveness demonstrated in our master trust pilot work. By integrating expertise from different disciplines across our organisation, we have enhanced our ability to identify and respond to complex pension risks with greater agility and effectiveness. Newly-recruited segment leads are developing tailored strategies for each segment of the DC sector. Our approach is heavily impacted by policy change, as work around the Pensions Bill is underway.

Address market issues of administration

We engaged with 12 administrators of varying sizes and service offerings to understand four key areas in more detail, ie financial sustainability, risk management, technology and innovation and cyber resilience. Our analysis of the data will give us insights to understand the market, identify emerging risks and opportunities and develop a strategy to effectively address them in the interests of savers.

This KPI has been rated amber because we have undertaken a discovery phase, from which analysis of the evidence is underway – but not complete at the time of reporting. This phase of work will establish what the risks are that we will seek to target, with resulting risk framework.

✓ Green	KPI target achieved or on track to be acheived in future year.
Amber	KPI target marginally missed.
✗ Red	KPI target missed by significant degree.

Priority outcome 3: Schemes are well-run and well-governed with high-quality data powering information decision-making continued...

✓ Continue the delivery of the Pensions Dashboards Programme

This year, we continued to support schemes in preparing for their dashboards duties through an extensive programme of communications and engagement. We are writing to all schemes in scope of dashboards at several points ahead of connection, setting out clear actions to take. We delivered targeted campaigns and this year we launched a series of short films to highlight the difference pensions dashboards will make to savers and encourage schemes to get dashboard ready.

We also engaged extensively with the largest schemes and those supporting schemes – administrators, software providers, legal firms and professional trustee firms. In total we spoke to schemes or firms covering 95% of memberships in scope for dashboards. Our engagement and research show that 8 in 10 schemes are on track to connect to pensions dashboards in line with the guidance set out by the DWP.

We continued to support the Money and Pensions Service (MaPS) as it tests connections with the dashboards digital architecture, and consulted on the user testing plans for the Money Helper Dashboard.

✓ Investigate data quality issues

In October 2024 we launched a regulatory initiative looking at schemes' controls around measuring and improving data. We have written to over 700 schemes setting out actions to take, and issued over 100 voluntary requests for information. We will complete and report on this initiative in 2025-26.

Our research on dashboards show that while good progress is being made on the data which will be used to match savers to their records when using dashboards, one in four schemes still hold some form of non-digital dashboard data, and many schemes still hold value data which is not recent. We will further increase our focus on dashboards data in 2025-26, and engage directly with the largest schemes to understand the quality of this data. We will also be working with MaPS as user testing begins, to ensure that the dashboards experience is safe and beneficial to savers.

✓	Green	KPI target achieved or on track to be acheived in future year.
–	Amber	KPI target marginally missed.
✗	Red	KPI target missed by significant degree.

✓ Focus on the quality of trusteeship and governance

We engaged with 11 of the largest professional trustee firms to understand more about the changing landscape. We focused on five areas including diversity, ownership structure and conflicts of interest. Through these relationships we gained insights into potential risks to saver outcomes and opportunities for ways we could support the sector and drive compliance. These insights frame themes for targeted expert-to-expert engagement, due to start in summer 2025.

✓ Embed financial stability

Our transition to monthly liability-driven investment (LDI) data monitoring has suggested greater confidence in market resilience. We will be deepening our understanding of liquidity positions through more in-depth understanding of schemes' waterfall recapitalisation positions. We've enhanced our endgame modelling capabilities for better assessment of gilt demand and supply dynamics in buy-out scenarios. We have enhanced our horizon scanning and financial analysis capabilities through the recruitment of a senior economist and more investment consultants.

✓ As the Task Force on Climate-Related Financial Disclosures (TCFD) reporting requirements are embedded, we will turn our focus towards improving the quality of reporting and the understanding of risk

There has been a notable improvement in the TCFD reports reviewed in the list of year 3 Priority Schemes that demonstrates scheme's improved understanding of issues related to climate scenario analysis. Previous commentary from us has largely been taken on board and reflected in the latest reports that were reviewed.

12 of the 16 (75%) high priority TCFD reports have been reviewed. A further three of the 16 (19%) high priority TCFDs have been partially reviewed.

Only one of the 16 (6%) reviews to date have found weaknesses in climate scenario analysis that warranted action by us in the form of specific feedback.

✗ Cyber risks and pensions technology in the pensions sector

We are working with experts to understand the risks to savers posed by cyber attacks. This understanding will help frame our role, tolerance, and mitigation of these risks, including how we align with other government bodies and industry partners, and positively impact our performance rating against our KPI.

Priority outcome 4: We are a digitally-enabled, data-led regulator operating effectively and efficiently
✓ **We will strengthen our foundations in DDaT by building on our talent, capability and capacity. To this end, we will have successfully recruited across 30 key DDaT roles.**
This year, we have substantially strengthened our foundations in DDaT by strategically expanding our talent base. We have had 108 new hires since April 2024, including 34 key transformation roles, bringing new skills and experience with significant improvements in delivery capability as well as opportunities for existing staff, including new senior leadership roles. Our expanded capacity has allowed us to introduce new ways of working, including embracing agile methodologies and multidisciplinary working.
– **Improve system hygiene: We will invest to ensure that our core infrastructure remains modern and robust. This will mean delivering across multiple systems hygiene projects, including Windows 11 upgrade.**
In 2024-25, we made a number of significant infrastructure improvements. Key hygiene initiatives, including a successful Windows 11 upgrade, payroll system refresh, and financial forecasting system have been delivered. We have formally closed the Unmanaged Document Migration project and moved all unmanaged files into SharePoint managed locations. Also, our intranet has been migrated to an updated modern supported platform. We have carried out a cyber IT health check, that indicated no 'critical' findings and four 'high' findings. Through reorganisation and talent acquisition, we have put in place improved working practices with a much stronger and more expert cyber team. We have improved governance including clearer delineation between first line operations and second line assurance. Gaps in alignment have caused deployment delays for our Applicant Tracking System and disaster recovery capabilities, both of which are now progressing well.

✓ **Green** KPI target achieved or on track to be acheived in future year.

– **Amber** KPI target marginally missed.

✗ **Red** KPI target missed by significant degree.

✓ We will develop common design, technology and data rules, and building blocks. This will ensure strong integration, efficiency and improved security. It will be supported by new standards that will be designed and defined during 2024-25.

This year, we established comprehensive common design, technology and data rules across the organisation, launching our DDaT strategy externally in October to positive feedback and significant engagement, followed by our data strategy in March 2025. We successfully delivered the first set of building blocks within the Submit a Scheme Valuation programme (part of the DB funding code of practice implementation), establishing platform teams that now support key initiatives. Our systematic review of DDaT frameworks and standards as outlined in our strategy, has supported service management improvements that have significantly reduced system vulnerabilities.

The new technology roadmap we've developed serves as the foundation for long-term capability enhancement, ensuring consistency, interoperability and compliance in our digital assets, while our ongoing development of a target data architecture will create a structured three-year roadmap for future improvements.

✓ Strategic workforce planning pilot

We launched a Strategic Workforce Planning pilot this year, which is designed to align our workforce with our strategic goals and ensure we have a thorough understanding of our current and future workforce needs to protect, enhance and innovate in savers' interests. Throughout the pilot, executive directors will forecast future resource requirements, identify skills gaps and design strategies to attract, retain and develop talent.

✓ Review of pay and bonus structure

Throughout 2024-25, we completed reviews of our bonus approach and pay data, fundamentally examining our arrangements in light of our transformation. After productive engagement with the PCS Union, we have implemented a new distribution approach and an improved performance management approach.

✓ Green	KPI target achieved or on track to be acheived in future year.
– Amber	KPI target marginally missed.
✗ Red	KPI target missed by significant degree.

Priority outcome 4: We are a digitally-enabled, data-led regulator operating effectively and efficiently continued...
✓ **Annual EDI action plan**
We advanced our 2024-25 equality diversity and inclusion (EDI) commitments by creating a steering committee and refreshing ExCo sponsors for our diversity networks. We improved governance around EDI spending. We enhanced inclusion in recruitment, implemented reverse mentoring and encouraged diversity declarations. After reporting diversity pay gaps, we created action plans to address the gaps identified. Externally, we researched pension inequalities and promoted industry diversity through guidance, surveys and scheme engagement. We are now leveraging our findings and incorporating EDI into our trustee capability work.
✓ **We will continue to make progress against GGC targets for 2025 (from 2017 baseline)**
The previous round of Greening Government Commitments (GGC) (2021-25) concluded on 31 March 2025. We were able to deliver on all of the targets that were material to us set out in that round of GGCs. As we move into the next round of GGCs, we will continue our work to deliver on the new targets.
✓ **Net zero by 2030 – We will deliver an annual reduction in the emissions in scope for our 2030 net zero target**
Our Pathway to net zero report was published in March 2024, setting out our twin net zero targets. The first target is to achieve operational net zero by 2030 against scope 1 and 2 emissions, as well as scope 3 emissions relating to waste, business travel and water. The second target is a science-based target to reduce all emissions (including those arising in our supply chain) by at least 90% by 2050. We are on track to deliver our 2030 target, having seen a continued decrease in emissions in scope since our baseline year of 2017-18. We have mapped interventions out to 2030, and some of these have already been delivered (such as removing natural gas from our inventory by relying on 100% electric heating and cooling).

✓ **Green** KPI target achieved or on track to be acheived in future year.

– **Amber** KPI target marginally missed.

✗ **Red** KPI target missed by significant degree.

✓ **Embed SMR within TPR**
We have successfully embedded and operationalised the Senior Managers Regime (SMR) by assigning specific regulatory functions to individual executives, documenting these responsibilities in formal statements of responsibility. The implementation has fostered a culture of personal responsibility among senior leadership, ensuring clear lines of accountability. These ultimately strengthen our ability to protect savers, while the introduction of performance scorecards has provided a structured framework to objectively measure, track and improve senior managers' effectiveness against our strategic priorities.
✓ **Implementation of the Government Efficiency Framework**
We have adopted the Government Efficiency Framework (GEF) as the basis for measuring the efficiencies it delivers through our transformation and to meet the wider efficiency targets set by His Majesty's Government (HMG). Measurement of efficiencies in accordance with the framework will form part of benefits tracking for our transformation.
✓ **Financial controls - Our financial procedures and controls will ensure TPR's budgets and funding stay within tolerances agreed with the DWP.**
We had a 0.2% variance to our September forecast at year end well within the 1% request from our sponsoring department, the DWP.

✓ **Green** KPI target achieved or on track to be acheived in future year.

– **Amber** KPI target marginally missed.

✗ **Red** KPI target missed by significant degree.

Priority outcome 4: We are a digitally-enabled, data-led regulator operating effectively and efficiently continued...

✓ External risk function

We have established our external risk function, forming a dedicated team and successfully recruiting a permanent Head of External Risk who is implementing new process for risk identification, analysis and mitigation. We are developing a new risk framework to assess and prioritise three critical categories of external risk: regulatory risks to schemes and savers, socio-economic risks affecting retirement income, and financial stability risks where the reaction of pension schemes could exacerbate market stress. The framework is being developed and will be operationalised through 2025-26. Our approach is designed to allow us to make evidence-based decisions about where to direct our regulatory efforts, from targeted market engagement to policy and legislative change.

✓ Build evaluation into our assessments of performance across our regulatory priorities

With the creation of TPR's Strategy, Policy and Analysis directorate, we are proactively exploring how we measure and evaluate the performance of our regulatory activities. From April 2025 we will work to scope a framework and ways of working that will help deliver proportionate measurement across the organisation and looks at our future capabilities in this area. This work is progressing as planned with substantive development and implementation scheduled for the 2025-26 financial year.

✓ Green	KPI target achieved or on track to be acheived in future year.
– Amber	KPI target marginally missed.
✗ Red	KPI target missed by significant degree.

Looking forward

As we move into the next financial year, we will build on these foundations by implementing our growth commitments and monitoring their effectiveness through KPIs agreed with HMT. We will continue to support the implementation of the Pension Schemes Bill while advancing our internal transformation to become a more effective, efficient, and forward-looking regulator.

Our risk-based regulatory approach will continue to evolve, ensuring we focus resources where they can have the greatest impact. We will strengthen industry engagement to identify and address issues early, preventing problems before they arise. And we will drive forward our data strategy to improve standards across the industry.

Throughout these efforts, we remain committed to our fundamental purpose of protecting savers' money. By balancing this protective role with initiatives to enhance the system and drive innovation, we will continue to deliver value to all our stakeholders while contributing to a stronger UK economy that benefits pension savers.

Financial summary

We formally agree our annual budget with the DWP each year. Table 1 below sets out how we have performed against our budget over the previous two years. The actual expenditure in 2024-25 was £104.8 million – £7.1 million lower than budget – due to lower spend on strategic initiatives and our headcount being below budget.

Further information on our 2024-25 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 108.

Table 1: Actual expenditure vs budget

£m	2024-25			2023-24		
	Actual	Budget	Variance	Actual	Budget	Variance
Total TPR*	104.8	111.9	7.1	100.4	106.3	5.9

*All figures exclude capital expenditure

Nausicaa Delfas
Chief Executive Officer, The Pensions Regulator
7 July 2025

Sustainability report

Overview of sustainability performance

As tenants occupying 1.5 floors (30%) of Brighton's Telecom House, we face limitations on implementing sustainability measures and data granularity. Despite increased office attendance since February 2024, our gas, electricity, and water consumption continue to decline due to:

- our 2023 move to smaller premises
- sustainability features in our new office fit-out
- ongoing net-zero interventions
- external factors like national grid greening

In October 2024, we switched to 100% electric heating, significantly reducing gas consumption.

TCFD-aligned Disclosure Phase 2

We've reported climate-related financial disclosures following HM Treasury's TCFD guidance for the UK public sector. We comply with TCFD recommendations on governance, risk management, and metrics/targets, in line with central government implementation timelines. We have not yet established a carbon pricing mechanism but plan to do so with the creation and publication of our own Transition Plan in 2026.

Governance

Our Board and ExCo oversee our climate change strategy through two accountable executive directors. Three cross-departmental committees govern sustainability initiatives, with sustainability now embedded in business cases. Quarterly sustainability KPIs are reported to the Board and Delivery Assurance Committee.

Risk management

We track climate risks through our online system based on the 'three lines of defence' model. Our framework identifies both physical climate impacts and transition risks, with responses including treatment, tolerance, transfer, or termination. We've assessed these risks to our operations under the Greening Government Commitments 2021-25, and since October 2024, we've been implementing an action plan to address identified gaps in our business continuity measures.

Metrics and targets

Our key metrics align with Greening Government Commitments and material emissions (scopes 1, 2, and 3). Following our 2023 carbon inventory, we established net zero targets in our 2024 Pathway report, using UK government and Greenhouse Gas Protocol methodologies.

Emissions data for our 2030 net zero target appears in the Greenhouse gas performance commentary section, with supporting metrics on energy, water, travel, waste, and paper use. Supply chain, commuting, and leased asset emissions data for 2024-25 will be published online later this year.

We'll publish our low-carbon transition plan in 2026, including refined metrics for measuring climate-related risks and opportunities.

Mitigating climate change: working towards net zero by 2050

We established two net zero targets in our March 2024 Pathway report:

- 2030: 90% reduction in operational emissions (scope 1, scope 2, and partial scope 3)
- 2050: 90% reduction in all remaining emissions, primarily supply chain

Supply chain represents around 90% of our total emissions. Though not under our direct control, we're improving data collection and engaging major emitters.

Progress on our 2030 target includes:

- moving to a more sustainable office (improved from D to C energy rating)
- eliminating natural gas through 100% electric heating
- enhancing energy efficiency and pursuing renewable electricity
- improving business travel expense tracking

Greenhouse gas performance commentary

Details of our carbon emissions relating to scope 1, 2 and 3 can be found in Table 2 below. Staffing levels have slightly decreased, with an average annual FTE number of 974 (including temporary staff), compared to 991 in 2023-24.

Table 2: Greenhouse gas emissions

Scope	Emissions source	2023-24 tCO_2e*	2024-25 tCO_2e*
1	Natural gas	31.50	8.99
1	Fugitive emissions	10.41	8.66
2	Purchased electricity	52.92	27.63
3	Business travel	43.55	42.85
3	Waste (inc. wastewater)	0.37	0.21
3	Water supply	0.13	0.07
3	Fuel and energy-related activities	22.52	10.58
Total		**161.40**	**98.99**

*tCO_2e is tonnes of carbon dioxide equivalent. CO_2e 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.

Carbon dioxide equivalent (CO_2e) emissions (gas, electricity and business travel) per FTE decreased from 0.13 tonnes in 2023-24 to 0.08 tonnes in 2024-25. For those sources in scope for our 2030 target, emissions per FTE stand at 0.10 tonnes, compared to 0.16 tonnes per FTE in 2023-24.

Total gross expenditure on the purchase of energy, including travel, was £219,531.88.

Table 3 on page 36 sets out total kilometres flown for business travel for the last two financial years, as well as the baseline year of 2017-18 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	2017-18	2023-24	2024-25
Domestic flights	99,013	67,905	68,308
International – short haul	23,235	30,814	26,317
International – long haul	0	0	0
Total	**122,248**	**98,719**	**94,625**

Figure 2: Gross expenditure on related items in 2024-25

£92,425

Total utilities (gas: £24,989 + electricity: £57,449 + water: £9,987)

£127,107

Total travel (train, bus, car: £118,810 + flights: £8,297)

Overall total: £219,532

(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.

Waste minimisation and management

Total waste arising from our estate for 2024-25 was 18.89 tonnes, of which 14.25 tonnes were recycled, and 4.38 tonnes were processed as energy from waste. We began to recycle food waste in December 2024 and collected the moderate amount of 0.25 tonnes; we expect this amount to increase in the 2025-26 financial year. In addition to food waste, we also introduced recycling streams for Tetra Paks and soft plastics in December 2024. As with previous years, waste to landfill, hazardous waste and waste incinerated without energy recovery was zero. There was also no e-waste generated for 2024-25.

Overall, total waste has increased by 8 tonnes compared to 2023-24. This is mainly due to the addition of recycled shredded paper waste, which was previously not accounted for. This means our overall recycling rate stands at 75% for the year.

Total expenditure on waste disposal is estimated at £10,530.90. We are continuing to work with our suppliers to ensure plastic waste and single-use plastics are minimised in our 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.

Figure 3: Waste performance in tonnes from April 2023 to March 2025

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)

April 2024 to March 2025

Recycled: **14,252kg (14.25 tonnes)**
Waste to energy (incinerated): **4,382kg (4.38 tonnes)**
Landfill, waste incinerated without energy recovery: **Zero**
Food waste: **252kg (0.25 tonnes)**
Total: 18,886kg (18.89 tonnes)

TOTAL for April 2023 to March 2025

Recycled: **19,238kg (19.24 tonnes)**
Waste to energy (incinerated): **10,296kg (10.29 tonnes)**
Landfill, waste incinerated without energy recovery: **Zero**
Food waste: **252kg (0.25 tonnes)**
Total: 29,786kg (29.78 tonnes)

Paper usage

Paper consumption has increased in comparison with the 2023-24 financial year, from 185 reams to 310 reams. We are continuing to review our use of paper internally and balance this with electronic forms of communication.

Table 4: Paper usage

	A4 reams	A3 reams	A4 equivalent
2024-25	310	0	310
2023-24	175	5	185
2022-23	210	0	210
2021-22	150	0	150
2020-21	75	0	75
2019-20	2,100	85	2,270
2018-19	2,575	60	2,695
2017-18	2,866	133	3,132

Finite resource consumption and reducing our water use

Water consumption has decreased to 472 m3 since 2023-24, when it stood at 711 m3. The use of finite resources in our procured goods and services is covered in detail in our recently revised sustainability impact assessment process. Water scarcity is an identified risk in our Climate Change Adaptation Strategy, and while there are existing measures to mitigate this risk, there is more work to do in creating a culture of efficient water use, which we will be taking forward in the 2025-26 financial year.

Our 2024 Pathway to Net Zero report sets out how we align to national and international frameworks, including the Sustainable Development Goals 11 through 15.

Sustainable procurement

Sustainability is considered in our procurement process as follows:

- **Pre-procurement stage:** we assess the impact of sustainability on all potential procurements over £12,000. In February 2025 we launched a revised sustainability impact assessment process that addresses key sustainability considerations in contracts, including energy use, pollution, waste, nature and resource efficiency. A three-stage approach ensures the relevant impacts are being addressed in a proportionate way.
- **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).
- **Contract management stage:** we are engaging with our strategic and high-emitting suppliers to identify the related emissions and explore ways to reduce them.

Nature recovery and biodiversity

We do not have ownership or control over significant natural capital but recognise the importance of supporting nature recovery. In February 2025 we launched a revised sustainability impact assessment process that addresses impacts on nature as well as the use of natural resources in commercial contracts.

Climate change adaptation

In 2024-25, we published two key documents: our Climate Adaptation Report 2025 (for DEFRA's Adaptation Reporting Power) and our Climate Change Adaptation Strategy (meeting Greening Government Commitments). The Strategy includes a risk assessment of climate impacts on our operations and an action plan addressing resilience gaps. Overall, our organisation is well-adapted to climate risks based on current knowledge, with measures already implemented to address identified gaps, including updated working conditions and business continuity processes.

Reducing environmental impacts from ICT and Digital

We are aware of the environmental impacts that stem from the increased use of data and artificial intelligence and are seeking to minimise how our use of these impacts the environment. As reported in previous years, we have migrated most of our data centre systems to the Microsoft Azure public cloud. This aligns our technological carbon footprint to that of Microsoft, which has ambitious targets relating to greenhouse gas emissions, water consumption, waste and nature recovery.

We are continuing to report to the DWP with quarterly emissions metrics covering Azure power consumption (kWh), TPR inventory and eWaste. Over the 2024-25 financial year, our average daily Azure power consumption has decreased by 5% compared to 2023-24 and we have had no e-waste.

As part of our work to deliver on our 2050 net zero target, we have identified the top 20% of suppliers that make up around 80% of our supply chain emissions, based on spend. This shows us that technology is a category of high emissions within our supply chain. Our updated sustainability impact assessment ensures that these suppliers are identified as part of our procurement process. At the same time, we are engaging with our existing suppliers to better understand the data and facilitate decarbonisation of our supply chain.

Figure 4: Review in numbers

1.7% decrease in headcount
974 (2024-25), **991** (2023-24)

38.2% decrease in CO_2e emissions (gas, electricity, business travel)
81.91 tCO_2e (2024-25), **132.55** tCO_2e (2023-24)

38.7% decrease in CO_2e emissions in scope for 2030 net zero target
98.99 (2024-25), **161.40** (2023-24)

38.4% decrease in CO_2e emissions per FTE (gas, electricity, business travel)
0.08 tCO_2e (2024-25), **0.13** tCO_2e (2023-24)

37.5% decrease in CO_2e emissions in scope for net zero target per FTE
0.10 tCO_2e (2024-25), **0.16** tCO_2e (2023-24)

33.6% decrease in water consumption
472 m3 (2024-25), **711 m3** (2023-24)

73.3% increase in total waste generated
18.89 tonnes (2024-25), **10.9 tonnes** (2023-24)

29-percentage-point increase in recycling rate
75% (2024-25), **46%** (2023-24)

Accountability report

This section sets out how we meet the main accountability requirements to Parliament. It is made up of the:

- Corporate governance report
  - Directors' report
  - Statement of Accounting Officer's responsibilities
  - Governance statement
- Remuneration and staff report
- Parliamentary accountability and audit report

Corporate governance report

In this report, we explain the composition and organisation of our governance structures, and how these arrangements have supported the achievement of our objectives. The subchapters of this report are:

- Directors’ report
- Statement of Accounting Officer’s responsibilities
- Governance statement

Director’s reports for the year ended 31 March 2025

In this section, the directors of TPR set out the details of the composition and activities of our governance committees throughout 2024-25. This includes an overview of TPR’s governance structure and the details of our Board members and their attendance at Board meetings throughout the year. You will also find a report on the activities of the following TPR committees:

- Non-Executive Committee (NEC)
- Remuneration and People Committee (RaPCo)
- Audit and Risk Assurance Committee (ARAC)
- Determinations Panel

TPR's corporate governance is overseen by:

- Board
- Board's non-executive subcommittees
- ExCo
- Delivery Assurance Committee (DAC)

Figure 5: Our main governance structure as at 31 March 2025

* The Pensions Act 2004 (PA04) requires TPR to have a Board.

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

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

Our Board

Our Board oversees our strategic direction and makes key decision on policy. It ensures TPR is properly run as a public body, has effective internal controls, and ensures TPR complies with statutory and administrative requirements for the use of public funds.

The Board structure at the end of the reporting period comprised the Chair (non-executive director), six non-executive directors and six executive directors (including the CEO). All Board members are appointed by the Secretary of State for Work and Pensions following open competition. The directors of TPR who served during this reporting period, together with their appointment dates, are shown in Table 5 below.

Table 5: Details of Board membership (Non-executive and Executive Directors)

Name and job title	Date appointed	Date term expires/ended	Committee membership
Sarah Smart*	1 June 2021	31 July 2025*	Chair of the Board and the Non-Executive Committee
Nausicaa Delfas, Chief Executive Officer	20 March 2023	19 March 2027	Board, Chair of ExCo
Andrew Baigent, Chief Operating Officer	4 June 2024	***	Board, ExCo, Chair of DAC
Kirstin Baker CBE	1 June 2022	31 May 2026	Board, Non-Executive Committee, ARAC
Nina Blackett, Executive Director of Strategy, Policy and Analysis	22 October 2024	***	Board, ExCo, DAC
Neil Bull, Executive Director of Market Oversight	22 October 2024	***	Board, ExCo, DAC
Mel Charles, Interim Executive Director of Regulatory Compliance	29 January 2024	30 Sept 2024	Board, ExCo, DAC

Table 5: Details of Board membership (Non-executive and Executive Directors) continued...

Name and job title	Date appointed	Date term expires/ended	Committee membership
Mandy Clarke	10 May 2022	9 May 2027	Board, Non-Executive Committee, Chair of RaPCo
Alison Hatcher	1 August 2022	9 May 2027**	Board, Non-Executive Committee, RaPCo
Katie Kapernaros	1 April 2020	31 March 2028	Board, Non-Executive Committee
Chris Morson	1 April 2020	31 March 2028	Board, Non-Executive Committee, Chair of ARAC
Paul Neville, Executive Director of Digital, Data and Technology	16 Oct 2023	***	Board, ExCo, DAC
Gaucho Rasmussen, Executive Director of Regulatory Compliance	1 Oct 2024	***	Board, ExCo, DAC
Ceri Thayer, Interim Chief Operating Officer	12 July 2023	3 June 2024	Board, ExCo
George Walker	10 May 2022	9 May 2027	Board, Non-Executive Committee, ARAC

* Sarah Smart's term will end on 31 July 2025, as she is stepping down from her position as Chair.
** Alison Hatcher's term ended on 30 April 2025 when she stepped down as TPR Board NED.
*** 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.

Our Board continued...

The Board's key responsibilities include:

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

A more detailed list of our Board's responsibilities is set out in our Standing Orders, which can be found at: **https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/board-information/standing-orders**

The role of the Chair of the Board is set out in the joint framework agreement between TPR and the DWP. The joint framework document can be viewed at: **https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/memoranda-of-understanding**

Board objectives

The Board objectives are designed to provide a focus for Board agendas during the year, serving as an aid to the Chair, Board Secretary and Board members for ensuring that Board discussions are appropriately focused. They are not intended to replace our statutory objectives as set out in the Board's governing documents and as such do not fully replicate the accountabilities of the Board. The objectives are revised annually.

- With a focus on the saver for all Board deliberations, we will oversee the completion of the priorities highlighted in the DWP 2024-25 Chair's Letter and the TPR Corporate Plan (2024-27).
- Building a regulator for the future that has savers at the heart of everything we do, we will support and oversee the transformation project and organisational restructure. This includes supporting our new regulatory approach through market interventions driven by our regulatory engine and leading industry to be more data driven and digitally enabled.
- We will develop an improved understanding of external and internal risk, particularly changes to the external operating environment.
- We will champion the empowerment, accountability and culture of control of our leaders through supporting the Senior Managers Regime, leadership training and our overall People and Culture Strategy.
- We will act as a high-performing Board at all times, working collaboratively to support colleagues while also taking responsibility for providing appropriate challenge.
- We will ensure our discussions focus on the key strategic issues, risks and opportunities.
- We will champion effective stakeholder engagement at the heart of our processes, working to build a deep insight of the wants and needs of savers, schemes, industry and government.

Board meetings from 1 April 2024 to 31 March 2025

Between 1 April 2024 and 31 March 2025, there were eight board meetings, and two board strategy days. The Board's strategic steer from these sessions fed into our 2024-25 and 2025-26 corporate planning processes to ensure that our resource and budget allocation is aligned to our strategic direction.

Our Chair and Chief Executive Officer 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.

Details of Board attendance

Table 6: Details of Board attendance at committee meetings

Board	2024						2025			
	16 May	2 Jul	24 Jul	19 Sep	13 Nov	12 Dec	23 Jan	20 Mar	No. of meetings attended	Overall attendance %
Sarah Smart (Chair)	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Nausicaa Delfas	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Andrew Baigent		✓	✓	✓	✓	✓	✓	✓	7/7	100
Alison Hatcher	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Kirstin Baker	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Chris Morson	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Katie Kapernaros	✓	×	✓	✓	✓	✓	✓	✓	7/8	88
Mandy Clarke	✓	×	✓	✓	✓	✓	✓	✓	7/8	88
George Walker	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Paul Neville	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100
Gaucho Rasmussen					✓	✓	✓	✓	4/4	100
Neil Bull*	✓	✓	✓	✓	✓	×	×	×	5/8	63
Nina Blackett*	✓	✓	✓	✓	×	✓	×	×	5/8	63
Mel Charles	✓	✓	×	✓					3/4	75
Ceri Thayer	✓								1/1	100

* Nina Blackett and Neil Bull attended board meetings as non-members in their interim Executive Director roles prior to their formal board appointments in October 2024.

Register of TPR Board members' interests

The register of Board members' declaration of interests can be accessed on TPR's website at: **https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/board-information/tpr-board-members-interests-register**

Report of the activities of the Committee of Non-Executive Members 2024-25

The NEC was established under section 8 of the Pensions Act 2004 and its purpose is to keep TPR's internal financial controls under review and to determine the terms and conditions for the Chief Executive Officer's remuneration (subject to the approval of the Secretary of State). Membership of the NEC consists of TPR's Chair and Non-Executive Directors – all of whom are appointed by the Secretary of State. Details of the terms of each non-executive director can be found in Table 5 on pages 46 to 47.

The NEC met formally twice in 2024 in May and November and informally on a number of occasions for briefing sessions.

Table 7: Details of NEC attendance

Non-Executive Committee	14 May 2024	12 Nov 2024	No. of meetings attended	Overall attendance %
Sarah Smart	✓	✓	2/2	100
Kirstin Baker CBE	✓	✓	2/2	100
Katie Kapernaros	✓	✓	2/2	100
Chris Morson	✓	✓	2/2	100
Alison Hatcher	✓	✓	2/2	100
Mandy Clarke	✓	✓	2/2	100
George Walker	✓	✓	2/2	100

NEC's responsibilities

- Keep under review the regulator's internal financial controls and to assess whether they secure the proper conduct of its financial affairs.
- Determine the remuneration, subject to the approval of the Secretary of State, of the Chief Executive Officer and to provide oversight of remuneration policy and practices and people matters generally.
- Prepare a report on the discharge of the above functions for inclusion in the regulator's annual report.

Report of the activities of the Remuneration and People Committee (RaPCo) for 2024-25

RaPCO is chaired by Mandy Clarke, a Non-Executive Director, and comprises three Non-Executive Directors appointed by the Board and has responsibility for making recommendations to the Chair and the Board on remuneration matters and HR policies. Our CEO and Director of People and Culture are in regular attendance at RaPCo meetings as well.

There were five RaPCo meetings in 2024-25. Feedback from these meetings was provided to the Board. Objectives for the Committee had a key focus on TPR Strategy, EDI and the People and Culture Strategy and were agreed with the Board and cascaded accordingly to RaPCo's Chair and membership.

RaPCo's 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 Officer 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 Officer 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 and Culture Strategy's identified success criteria and milestones
  - provide necessary challenge on the strength and effectiveness of the plans, policies and priorities underpinning its People and Culture Strategy.

Table 8: Details of membership and attendance at RaPCo meetings

RaPCo Committee	7 May 2024	19 Jun 2024	4 Sept 2024	3 Dec 2024	5 Feb 2025	No. of meetings attended	Overall attendance %
Mandy Clarke	✓	✓	✓	✓	✓	5/5	100
Alison Hatcher	✓	✓	✓	✓	×	4/5	80
Katie Kapernaros	✓	✓	✓	×	✓	4/5	80
Nausicaa Delfas	✓	✓	✓	✓	✓	5/5	100
Andrew Baigent			✓	✓	✓	3/3	100
Paula Harris	✓	✓	✓	✓		4/4	100
Natalie Swallow					✓	1/1	100

Report of the activities of the Audit and Risk Assurance Committee (ARAC) for 2024-25

Overview and structure

TPR's ARAC is responsible for reviewing TPR's internal financial controls and assess whether they secure the proper conduct of its financial affairs. This function was discharged to ARAC from the NEC, which was authorised under the Pensions Act 2004.

ARAC is responsible for reviewing and providing assurance to the Board and the Accounting Officer on matters including the effectiveness of TPR's internal controls, assurance, compliance and risk management systems, the integrity of financial statements and oversight of the internal and external audit processes.

The Committee comprises three non-executive directors, including a chair appointed by the Board. The Chief Executive Officer, the Chief Operating Officer and other executive directors attend when appropriate. Additionally, representatives of the external auditors, internal auditors and the DWP attend all meetings of the Committee.

Table 9: Details of ARAC membership and committee attendance

ARAC Committee	5 June 2024	2 July 2024	11 Sept 2024	28 Nov 2024	5 Mar 2025	No. of meetings attended	Overall attendance %
Chris Morson	✓	✓	✓	✓	✓	5/5	100
Kirstin Baker	✓	✓	✓	✓	✓	5/5	100
George Walker	×	✓	✓	✓	✓	4/5	80
Nausicaa Delfas	✓	✓	✓	✓	✓	5/5	100
Andrew Baigent	✓	✓	✓	✓	✓	5/5	100
Ceri Thayer	✓					1/1	100
Richard Edes	✓		✓	✓	✓	4/4*	100
Jane George	✓	✓	✓	✓	✓	5/5	100
Anthony Raymond	✓	×	✓	✓	✓	4/5	80

*The July ARAC meeting was a one-off meeting to sign off our 2023-24 Annual Report and Accounts. Richard Edes (Head of Risk) was not required to attend.

ARAC Responsibilities

The Committee maintains 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
- TPR’s 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
- reviewing its own effectiveness annually and reports the results to the Accounting Officer and the Board

Report on the activities of the Determinations Panel for 2024-25

Legislative framework

TPR is required by the Pensions Act 2004 to maintain the Determinations Panel, whose 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 separately appointed, and has its own legal support. This enables it to make decisions independently from TPR teams that 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

TPR's Chair appoints a chair to the Panel, who then nominates at least six other members. Panel members are usually appointed for a four-year term and can reapply through open competition to be reappointed for a further four-year term. The Panel usually comprises eight to ten members. Members hold a wide range of experience in the fields of regulation, law, pensions, accountancy, consumer affairs and public policy.

In autumn 2024, TPR conducted a targeted recruitment to fill upcoming vacancies on the Determinations Panel. Two existing members were reappointed, one new member joined from 1 January 2025, and another member's term was extended to August 2026. Antony Townsend was also reappointed as Panel Chair for a second four-year term starting 6 April 2025.

Table 10: Details of Determinations Panel current membership

Name	Date appointed	Date term expires/ended	Term
Antony Townsend (Chair)	7 April 2025	7 April 2029	2nd
Pauline Wallace	13 March 2025	31 August 2026	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
Anne Fletcher	1 January 2025	31 December 2028	2nd
Stephen Mount	1 January 2025	31 December 2028	2nd
Rachel Onikosi	1 January 2025	31 December 2028	1st
Members ceasing membership since last report of 30 March 2024			
Megan Forbes	1 January 2021	31 December 2024	1st

Casework in 2024-25

The Determination Panel's procedures set out the process by which cases reach the Panel and 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 six cases, issued five determination notices, one final notice and exercised seven powers. Five cases were brought to the Panel under the standard procedure and comprised three penalty cases, one third party application to amend the scheme rules to allow a return of surplus to an employer, and one application to wind up a scheme (later withdrawn before determination).

The Panel also received one case referred by way of a special procedure request – the special procedure is used where there is a perceived immediate risk, and the Panel is asked to make a decision without prior warning to the directly affected parties. The case involved a request to the Panel to appoint an independent trustee to two schemes, which had previously been the subject of a Pensions Ombudsman determination. The Panel agreed the independent trustee appointment, and this was confirmed following a compulsory review.

Upper Tribunal references of Panel determinations

Parties who are dissatisfied with a case panel decision can refer the decision to the Upper Tribunal (UT). In recent years there have been few references resulting in substantive UT hearings. However, one of the respondents to a Panel decision to impose a contribution notice has made a reference to the UT and the substantive hearing is fixed for 30 April 2025.

Panel training and meetings

The Panel maintains its independence while engaging constructively with TPR through structured training, regular meetings, and strategic discussions. A core training programme ensures members' knowledge remains current, covering areas such as pensions law, trustee duties, and Equality, Diversity and Inclusion. The Panel meets quarterly to discuss its work and receives regular updates from the Chief Executive Officer and senior leadership. The Panel Chair also holds regular meetings with TPR's Chair, Chief Executive Officer, and senior leaders. Panel members contribute to policy discussions via TPR's Policy Liaison Group and strategic forums, offering insights while remaining separate from investigations and enforcement activity.

Conclusion

There have been more cases over the past year than the preceding one but case volumes are still relatively low.

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
Section 10 Pensions Act 1995 penalty	4	Three penalties were issued for failure to submit a scheme return and one fine relating to breaches of law/the significant events regime.
Appointment of independent trustee	2	One independent trustee was appointed to two schemes following a special procedure request.
Request to amend scheme rules	1	Order issued under section 69(1) Pensions Act 1995 to authorise a trustee to modify a scheme to allow for return of surplus to the employer.
Compulsory review	2	Two determinations made under the special procedure upheld.

Antony Townsend
Chair, Determinations Panel
10 March 2025

Statement of Accounting Officer's responsibilities

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 HMT. 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
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Permanent Secretary in their role as Principal Accounting Officer (PAO) of the DWP has appointed the Chief Executive Officer as Accounting Officer of TPR. Their relevant responsibilities as Accounting Officer, including propriety and regularity of the public finances and for the keeping of proper records and for safeguarding TPR's assets, are set out in the Non-Departmental Public Bodies Accounting Officers' Memorandum issued by HMT and published in 'Managing Public Money'.

I was appointed Accounting Officer by the Permanent Secretary with effect from 1 April 2023. Under the terms of my appointment, I am responsible for safeguarding the public funds for which I have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds and for the day-to-day operations and management of TPR.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that TPR's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Nausicaa Delfas
Chief Executive Officer, The Pensions Regulator
7 July 2025

Governance statement

This section provides an overview of TPR's leadership and our internal controls, risk management and assurance approach.

Our governance framework and management structure

TPR's Board is responsible for ensuring that the statutory objectives are carried out. The Board has three sub-committees:

- Non-Executive Committee
- Remuneration and People Committee
- Audit and Risk Assurance Committee

The purpose, objectives, membership and meeting attendance has been detailed above in the Corporate Governance Report on pages 44 to 60. You can see a diagram of our governance framework on page 45 (Figure 5).

We also have an independent Determinations Panel, as made required by section 9 of the Pensions Act 2004. The Panel's purpose is to exercise certain regulatory functions to safeguard the interests of pension scheme members. The Determinations Panel membership is separately appointed, which enables the Panel to make decisions independently from TPR teams which investigate cases, considering all the evidence before it and providing each party with reasonable opportunity to present their case. There is a full report on the activities of the Panel in 2024-25 on pages 57 to 60.

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 (ALB) 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'.

Over the course of the year, the Board was provided with detailed, high-quality information including executive directors' reports and quarterly corporate performance reports.

Board structure

The Board structure at the end of the reporting period comprised the Chair (non-executive director), six non-executive directors, and six executive directors (including the CEO). 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 46 to 51 along with details of recent changes to Board membership.

Board evaluation

An external review of the Board's effectiveness was undertaken during the second half of 2024. The review confirmed Board remained effective and highlighted a number of areas for improvement which are being addressed.

The Chair

The role of the chair is set out in the 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**

Our Chief Executive Officer

As Accounting Officer, our Chief Executive Officer is accountable to Parliament through the DWP. She is supported by five executive directors and one director. Our management team is illustrated to director level on page 14.

DWP partnership

The Framework Agreement, agreed between TPR and the DWP, sets out the broad governance and accountabilities framework within which TPR and the DWP operate. This agreement can be found at: **www.tpr.gov.uk/-/media/thepensionsregulator/files/import/pdf/framework-doc-tpr-dwp**. The DWP holds quarterly accountability review meetings with senior TPR leaders, where we report on performance, finance and risk.

TPR is also committed to addressing the 17 recommendations from the Public Bodies Review, led by Mary Starks, an external reviewer, which concluded in 2023. The recommendations aim to preserve TPR's independence while enhancing its regulatory powers, operational efficiency and resource management to better support the pension ecosystem and ensure financial stability through streamlined processes and digital transformation.

Executive Committee

We have an Executive Committee, which supports the Chief Executive Officer and the Board, ensuring our functions are exercised efficiently and effectively. ExCo members provide assurance to the Chief Executive in her role as the Accounting Officer for decision-making and for recommendations made to the Board. This includes ensuring that Board and each sub-committee is provided with appropriate information and support.

This committee, chaired by the Chief Executive Officer, co-ordinates the operational management and business planning functions to deliver our strategies and objectives as set out in the Corporate Plan. ExCo also has oversight of corporate performance and governance, manages risk and provides a point of escalation for issues arising from our internal departments.

Delivery Assurance Committee

Reporting into our Executive Committee, our Delivery Assurance Committee comprises all executive directors with the exception of the Chief Executive Officer. The committee meets monthly to provide strategic oversight and operational management across the business. Through regular reviews of performance metrics and risk assessments, the Committee plays a vital role in identifying potential issues and implementing corrective measures to keep the organisation’s priority delivery on track and aligned to our key corporate objectives.

Risk

We routinely assess our approach to managing risk. On pages 69 to 74, we have set out how we managed risk throughout the year and provided detail on the key risks we faced in the year.

Risk management

Our risk management is based on the Orange Book, a government publication which provides the basic principles and concepts for managing risk in the public sector. We have a Risk Management Framework, which brings together over overarching risk strategy and practical guidance on how risks and issues should be managed at all levels throughout our organisation.

This framework supports a risk management system where good practice is shared, guidance is clear and lessons learned are fed directly back into the originating system or area, engendering a progressive learning culture.

Risk management forms part of the organisation's ongoing activity and is addressed as a matter of standard practice in its corporate programme and project plans. It continues to be a key element of how TPR monitors its corporate policies and initiatives and is integrated into business planning across the organisation.

ARAC ensures that the Risk Management Framework and assurance reviews are effective, providing oversight and assurance to the Board on the effectiveness of the strategic processes and the risk management approach.

Enterprise risks

In 2024-25, we introduced 'Enterprise Risks' to capture the risks that pose the greatest threat to TPR's ongoing delivery, ie those with the largest cross-TPR impacts on delivery and reputation. A list of 11 Enterprise level risks were agreed by ExCo and were reported on regularly via an enterprise risk register.

Each enterprise-level risk is owned by an executive director to ensure appropriate oversight and management. Regular discussion on Enterprise Risks takes place at the Delivery Assurance Committee, with the output reported to ExCo on a quarterly basis, with onwards reporting to ARAC and Board.

Information on how we managed and mitigated our enterprise risks is detailed below, beginning on page 69.

Risk appetite

Our risk appetite is set by the Board via our Risk Appetite Statement (RAS), which demonstrates how we balance risk and reward in pursuit of our statutory objectives.

The RAS enables the Board to provide an approved steer on how the organisation should manage different types of risk based on resource, strategy and current risk landscape. In setting and applying the RAS, we take account of our role and obligations as a public body, including in respect of the Regulators' Code and the principles of good regulation.

The RAS is owned, set and reviewed by the Board on an annual basis. It is the role of our Audit and Risk Assurance Committee to provide assurance to the Board that TPR is operating within its stated appetite, and report instances where we are outside of it. The RAS is designed to be used as a decision-making tool, to enable decisions to be made in line with the Board's agreed appetite in specific areas.

Risk articulation and assessment

We rely on consistent risk articulation and assessment to ensure our risk management is effective. Once a risk is identified, we assess each risk by considering two factors: the potential impact of the risk if it were to occur and the likelihood of the risk occurring. We use a 5x5 scoring methodology to ensure we score our risks in a consistent way. Each risk is given a current score and a target score, which enables us to focus our resources on the most significant risks to the organisation.

Risk management as at 31 March 2025

In managing our work, we have established a number of key enterprise risks, which we consider are essential to control to successfully deliver our objectives. For each of these risks the board have agreed a 'risk appetite' and we have implemented a series of controls to manage these risks. The risks, our risk appetite and the controls are regularly reviewed by the Executive Committee, the Audit and Risk committee and the board.

Our enterprise risks at 31 March 2025 are:

Risk description	Main controls and activities to manage risks
We are unable to secure sufficient funding and resources to regulate effectively and to maintain effective core systems	TPR is funded by government, with the DWP setting our budgets. This risk has increased because at the end of the financial year we had not received our funding limits for the next or subsequent periods. Without certainty that our budget will be sufficient to meet our current plans, this risk remains out of appetite. To mitigate this risk, we have strong processes to control expenditure, and flexible planning and resourcing structures that will allow us to match our spend to our funding envelope. Whilst this will allow us to balance spend against funding, we will also need to assess whether the funding set is sufficient to allow us to regulate effectively and maintain our core systems.
We are unable to operate as our internal IT systems and infrastructure fail due to obsolescence or under-investment	TPR has a complex IT infrastructure, with a number of obsolete, near to end-of life/and or under-invested areas, and which do not fully enable our objective to become a digitally enabled regulator. Because our transformation is moving us to become a more digitally enabled prudential regulator, the risk in this area has increased. We have a comprehensive programme set out in our published Digital, Data and Technology strategy which will bring us back into risk appetite in a medium-term time horizon.

Risk description	Main controls and activities to manage risks
We are unable to use our core systems because of cyber attack	As with any organisation, we are vulnerable to cyber attack. We have set a low level of risk appetite which requires us to regularly test, review and improve the controls we have to protect our systems and to recover from any cyber attack we face. Increased activity by hostile actors against public bodies means that our assessment of risk remains high and above our low appetite for risk. Further extensive continuous improvement activities are planned for the next year that focus on both our technology response and training and awareness for our staff.
We cannot deliver our objectives as our staff are not sufficiently skilled or lack motivation	Our staff are our key asset, but the challenges set by moving to a risk-based prudential regulator led to a heightened risk that we would not have the right skills to operate in the new environment and that the changes we are undergoing de-motivated our staff. Over the last 12 months this risk has come back into appetite, following the appointment of our senior executive team and the embedding of new structures and roles to support the new ways of working. We have also launched a comprehensive leadership and culture programme to enhance leadership capabilities and refinements to our performance management processes to align them to our new ways of working.
Savers suffer poor outcomes due to Pensions Administration Market failure	The consolidation of Pensions Administration and the market conditions means that there is an enhanced risk that Market failure could occur in this part of the pensions sector, leading to adverse outcomes for savers and pensioners. We have set an objective to enhance our capability to understand this part of the sector and to design appropriate regulatoy work to protect savers. Whilst we are building capability in this area, through the establishment of a dedicated administrator relationship team, supported by experts including financial advisors, there is more to do here and our current assessment is that we are out of appetite in this area.

Risk description	Main controls and activities to manage risks
The organisation is not able to respond to threats and opportunities as they arise as we are not sufficiently agile	As a regulator TPR faces a number of areas where an agile and timely response is required. In establishing this risk, the board were concerned that TPR's organisation, structures and resourcing model was not sufficiently agile to allow for timely response. Our transformation programme has reset how we work and how we are resourced, and this risk has now been brought within appetite. We have seen successful use of our new ways of working to appropriately address risks and opportunities throughout 2024-25. This includes improvements to our governance to speed up decision-making, the regular bringing together of flexible, agile multi-disciplinary teams from across the business and embedding agile methodologies across our teams. We also satisfactorily tested our incident management and recovery plans.
We cannot operate as a data-enabled regulator due to insufficiencies in the way we capture, use, manage and/or share data	TPR's objective is to become a data-enabled regulator, but we recognise there is a lot to do to ensure we capture, use, manage and share data to achieve this ambition. We have made progress in strengthening our data capabilities and have identified key areas for continued development. In March, we publicly launched our data strategy, in which we set the high-level direction to strengthen our foundations and capitalise on opportunities. We are near completing the recruitment of our specialised data team, which is bringing in key skills required to manage our data estate. Our assessment is that risk has reduced this year but remains out of appetite as we implement the published data strategy.

Risk description	Main controls and activities to manage risks
Savers are negatively impacted by the introduction of pensions dashboards	The introduction of pensions dashboards is a significant change in how savers will engage with their pensions. The board sees that there is a risk that, in addition to the positive impact of the dashboards, savers could be negatively impacted, including in areas that will emerge as the dashboard project progresses. We continue to work closely with the DWP, the FCA and MaPS to ensure that savers can reap the benefits of pensions dashboards and are protected from harm. We will particularly focus on ensuring consumer protection is embedded in the design of dashboards and that dashboards are non-transactional, and access to the central digital architecture is controlled. We have a comprehensive programme of work in train to ensure that information provided by occupational pension schemes is complete and accurate.

Risk description	Main controls and activities to manage risks
There is a negative impact on savers, the market or confidence in TPR cause by our failure to identify and address a key external risk	By their very nature some external risks that impact on the marketplace are outside TPR's control and unknown unknowns. That is why the risk assessment will always be high. Monitoring of external risks are always ongoing; however, we can always improve the framework and controls upon which we monitor, analyse and report the way we mitigate external risks. That is why we are strengthening the way we systematically embed the management of external risks across TPR. We have formed a new external risk team that is presently being staffed up. This is presently putting in place a new framework with which to assess and prioritise external risk. It focuses on regulatory risks that harm pension schemes and savers, socio-economic risks that impact the adequacy of retirement income, and financial stability risks where the reaction of pension schemes to market events could further exacerbate market stress. The framework will put risk at the heart of our regulatory activity to prioritise intervention efforts, whether it be policy or legislative change or more intensive market oversight or engagement. It will help provide the evidence to ensure our resources are best aligned to the existing and developing risk environment.

Risk description	Main controls and activities to manage risks
Savers suffer financial losses or disruption in payments due to cyber attack in the sector	The prevailing heightened cyber risk environment means this risk remains outside appetite. We are working with experts to understand the risks to savers posed by cyber attacks and working closely with how we align with other government bodies and industry partners.
We fail as a regulator as we do not strike the right balance between regulatory independence and operating as a public body	To be an effective regulator, TPR needs to maintain an appropriate balance between ensuring our independence as an arm's length body (ALB) and our duties as a public body. This is at an enhanced level during times of change within the pensions sector, and with market and global political change. Our key focus areas to mitigate this risk are: robust governance mechanisms; ensuring relevant staff members (including members of the Executive Committee) base their decisions on the Nolan and Hillsborough principles; our statutory responsibilities, and regular engagement with government, the pensions sector and representative bodies.

Assurance on our system of internal controls

The DWP has designated the Chief Executive Officer of TPR as Accounting Officer, with clear responsibility and accountability for maintaining a sound system of internal control within the organisation.

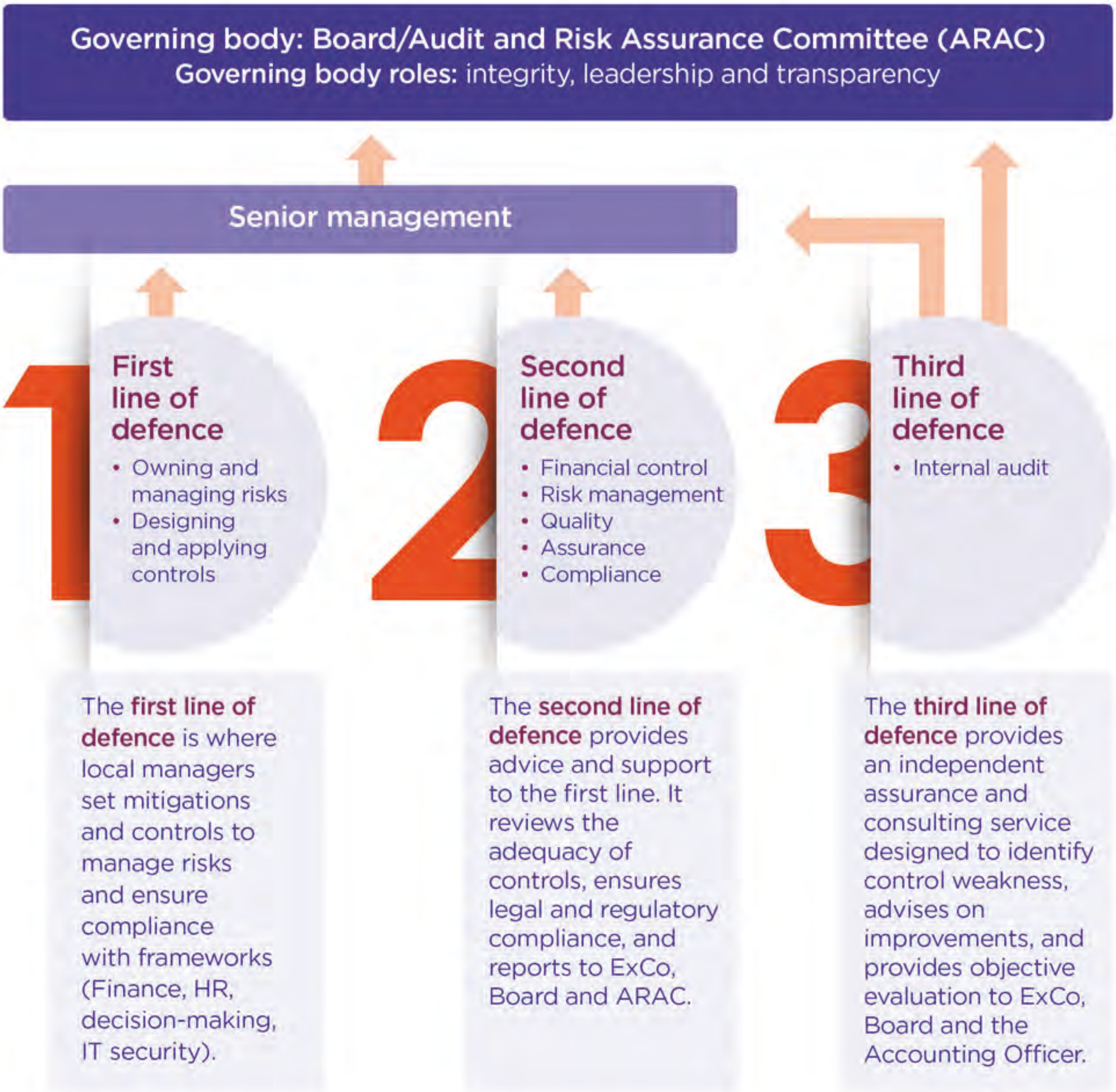
Internal audit provides the Accounting Officer with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

ARAC review the comprehensiveness of assurances on governance, risk management, the control environment and the integrity of our financial reporting.

Our assurance framework and details of our main sources of assurance are described on pages 75 to 80.

Our assurance framework

Fig 7: TPR's three line of defence approach to assurance



Internal audit and annual audit opinion

One of our sources of assurances comes from our internal audit service, which is provided by an in-house team led by a TPR Head of Internal Audit, supplemented by BDO, an external accountancy and business advisory firm. The Internal Audit team worked to an annual plan agreed with our Executive Committee and ARAC. The internal audit programme is closely linked to the main risks for our organisation and arrangements are in place to make sure our Chief Executive Officer is made aware of any significant issues which indicate that main risks are not being effectively managed.

The Group Head of Internal Audit provided an annual overall opinion of Level 2 of 4 levels (where level 1 is the optimal). This means 'there is some risk that management's objectives may not be fully achieved. Improvements are required in those areas to enhance the adequacy and/or effectiveness of governance, risk management and internal control'.

This is an improvement from TPR's rating in 2023-24 which was a Level 3 rating, reflecting significant improvements made to the effectiveness of our governance, risk management and internal control during the 2024-25 financial year.

Whistleblowing arrangements

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. This policy is published and accessible to all staff on our intranet.

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.

During 2024-25, TPR received four instances of whistleblowing (2023-24: 2).

Codes of conduct

We have a number of codes of conduct and supporting training materials for Board members, staff, and contractors which set out expectations of behaviour, and outline 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 on our website at: **https://www.thepensionsregulator.gov.uk/en/about-us/work-for-us/code-of-conduct**

Compliance with Government Functional Standards

Government Functional Standards are a suite of 14 management standards that set expectations for functional work across all government bodies and provide a stable basis for assurance, risk management and capability improvement. These standards are intended to form a framework to support the efficient and effective delivery of public services. TPR's compliance against the relevant Functional Standards has been centralised to ensure regular annual attestations from Functional Leads and to apply assurance testing, with support provided to the business in terms of objective impartial assurance where required.

For the year to March 2025, we complied, in all material respects, with the mandatory requirements of these standards that are relevant to our operations. Some further improvements were identified and plans are in place to implement these changes.

Information and data security

TPR's Chief Operating Officer has been appointed as the Senior Information Risk Owner (SIRO) and is accountable for advising the board on security matters and maintaining an effective framework of assurance. Individuals have been delegated information security roles and responsibilities, including ownership of risks and controls. Appropriate policies, procedures, and oversight are in place to ensure the ongoing effective management of information security risks within a defined risk appetite.

We actively monitor the effectiveness of our information security risk management and compliance with relevant government policies, standards, and legislative obligations, such as the UK General Data Protection Regulation (GDPR) and the Data Protection Act 2018, through our ISO 27001:2013 certified Information Security Management System (ISMS). The SIRO reports to ARAC on the effectiveness and any issues on a quarterly basis.

For the period from 1 April 2024 to 31 March 2025, there were no personal data breaches that required reporting to the Information Commissioner's Office.

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. TPR uses a two-stage formal complaints process with ‘stage 1’ where TPR investigates the complaint, and ‘stage 2’ can be requested where the complainant asks for a review of how TPR managed their complaint. Following TPR’s conclusion of the 'stage 2' complaint, members of the public can escalate their complaint to the Parliamentary and Health Service Ombudsman (PHSO) via their MP.

At the time of writing, the 2024-25’s PHSO’s Annual Report has not yet been published. In 2024-25, TPR received 125 ‘stage 1’ complaints (2023-24: 84) and 33 ‘stage 2’ complaints. (2023-24: 12). In the same period, we received two PHSO complaints, of which one was not upheld and the second one is yet to be concluded. In the previous year, we received two PHSO complaints of which both were not upheld.

Financial assurance

Our organisation implements comprehensive financial assurance processes to safeguard public funds through robust control mechanisms. We continuously monitor finance and banking compliance through key control checks and financial delegations, allowing us to promptly identify and address any potential vulnerabilities. This approach ensures the integrity of our financial operations and maintains public trust in our stewardship of resources.

Fraud

We maintain a vigilant approach to fraud risk, aligned with our risk appetite statement. Our enhanced fraud management practices successfully addressed three attempted fraud cases this year. We've appointed a counter-fraud functional lead, ensuring compliance with Government Functional Standards and centralizing our capabilities through a new enterprise compliance function. Our risk management extends to gifts and hospitality, dealing requests, and whistleblowing procedures.

Better Regulation

The Small Business, Enterprise and Employment Act 2015 requires government publication of a Business Impact Target (BIT) for qualifying regulatory provisions during the current Parliament. Since 2016, this includes TPR's regulatory actions affecting businesses. Our regulatory actions are categorised as either qualifying regulatory provisions (QRPs), which require impact assessment and verification by the Regulatory Policy Committee, or non-qualifying regulatory provisions (NQRPs). Our policy is to obtain verification before implementing changes. All assessments and summaries are published on our website: **https://www.thepensionsregulator.gov.uk/about-us/how-we-regulate-and-enforce/business-impact-target**

Health and safety

Our organisation is dedicated to maintaining the highest standards of health and safety. We are committed to continuous improvement of workplace safety measures, with the primary goal of minimizing the risk of accidents and reducing the potential for personal injury, property damage, and environmental harm.

Our health and safety policy and supporting documentation, including comprehensive risk assessments, are reviewed regularly and published on our internal staff intranet. We ensure these critical documents are updated as necessary to reflect current best practices and legislative changes. This includes specific focus on full compliance with the Health and Safety at Work Act 1974.

We recognise that effective health and safety management requires a collective effort. Our employees are expected to take personal responsibility for their own safety, and the safety of their colleagues. This means actively participating in implementing and maintaining our health and safety standards and completing mandatory training programs designed to enhance workplace safety.

Human Rights

As an organisation, we are committed to inclusivity and accessibility. We follow Civil Service Recruitment principles, maintain Disability Confident Employer status, and subscribe to the DWP's Modern Slavery statement with our own action plan. Our objectives fulfil Public Sector Equality Duty requirements. Recently, we enhanced our recruitment processes with expert guidance to attract a more diverse workforce in line with our EDI Strategy. This commitment extends throughout the employee lifecycle with inclusive policies and active staff-led diversity networks.

Publicity

Our Corporate Strategy forms the foundation of all our activities, with savers' interests central to our mission. We safeguard pension holders through robust data analytics and evidence-based regulatory decision-making. We coordinate activity across all departments to ensure alignment with our strategic priorities, while our Communications function serves as the vital connection to our diverse stakeholders, including pension schemes, employers, advisers, and ultimately the savers themselves. Our communications approach encompasses a comprehensive range of channels: media relations, public engagement initiatives, digital platforms, internal communications, and targeted stakeholder partnerships. All communication activities are informed by thorough research and subject to rigorous evaluation to maximize their effectiveness.

Conclusion

I am satisfied that there were no significant control issues or data losses during the year and that we had appropriate governance, risk management and assurance arrangements in place to mitigate any control challenges and issues that arose during the year.

Arrangements are kept under continuous review to adapt to our changing environment. Improving our processes and managing risk is of utmost importance. It will continue to be prioritised in the upcoming year as the organisation evolves into a new structure and embraces new ways of working.

Nausicaa Delfas
Chief Executive Officer, The Pensions Regulator
7 July 2025

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 and People Committee (RaPCo)

Details of the activities of the remuneration committee during the period ended 31 March 2025 are set out on page 53.

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 Officer. 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 82.

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	1 month	3 months
Mandy Clarke	1 month	3 months
Alison Hatcher	1 month	3 months
Katie Kapernaros	3 months	3 months
Chris Morson	3 months	3 months
George Walker	1 month	3 months
Executive members		
Nausicaa Delfas (CEO)	6 months	6 months
Andrew Baigent*	3 months	3 months
Nina Blackett**	3 months	3 months
Neil Bull***	3 months	3 months
Paul Neville	3 months	3 months
Gaucho Rasmussen****	3 months	3 months
Ceri Thayer (Interim)*****	3 months	3 months
Mel Charles (Interim)******	3 months	3 months

* Andrew Baigent joined TPR and became a board member on 4 June 2024
** Nina Blackett became a board member on 22 October 2024
*** Neil Bull became a board member on on 22 October 2024
**** Gaucho Rasmussen joined TPR and became a board member on 1 October 2024
***** Ceri Thayer's interim appointment as board member ended on 3 June 2024
****** Mel Charles' interim appointment as board member ended on 30 September 2024

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

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 Officer 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 Officer 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 Officer 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 Officer'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)***	
2024-25	2023-24	**2024-25**	2023-24*** (restated)	**2024-25**	2023-24	**2024-25**	2023-24	**2024-25**	2023-24*** (restated)
Official: N Delfas (Chief Executive Officer)									
215-220	205-210	15-20	15-20	-	-	84,000	80,000	315-320	305-310
Official: A Baigent (Chief Operating Officer)[1]									
120-125	-	-	-	-	-	26,000	-	150-155	-
Official: N Blackett (Executive Director of Strategy, Policy and Analysis)[2]									
105-110	-	-	-	-	-	43,000	-	150-155	-
Official: N Bull (Executive Director of Market Oversight)[3]									
110-115	-	-	-	-	-	44,000	-	155-160	-
Official: P Neville (Interim Executive Director, Digital, Data and Technology)[4]									
155-160	65-70	10-15	5-10	-	-	61,000	24,000	230-235	95-100
Official: G Rasmussen (Executive Director of Regulatory Compliance)[5]									
70-75	-	5-10	-	-	-	29,000	-	110-115	-
Official: C Thayer (Interim Chief Operating Officer)[6]									
25-30	105-110	-	5-10	-	-	11,000	41,000	35-40	150-155
Official: M Charles (Interim Executive Director, Frontline Regulation)[7]									
75-80	25-30	-	-	-	-	91,000	93,000	165-170	115-120

* The prior year bonus figure has been restated to align with the 2024-25 bonus disclosure due to the earlier approval of 2024-25 bonuses by RaPCo. Bonuses relate to the performance in the year in which they become payable to the individual. 2023-24 bonuses were paid in the 2024-25 financial year. Bonuses relating to 2024-25 have not yet been paid.

** 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. Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

*** In the prior year, £200k was paid in exit package(s). As the number of exit packages was fewer than 3 in the 2023-24 year, we have redacted this information to ensure that impacted individuals remain unidentifiable after consent was withheld to disclosure.

1 A Baigent joined TPR on 4 June 2024. On a full year basis, A Baigent's total remuneration would have been £145k to £150k.
2 N Blackett became an Executive Director on 8 July 2024 and was appointed to the Board on 22 October 2024. On a full year basis, N Blackett's total remuneration would have been £145k to £150k.
3 N Bull became an Executive Director on 1 July 2024 and was appointed to the Board on 22 October 2024. On a full year basis, N Bull's total remuneration would have been £145k to £150k.
4 P Neville's 2023 to 2024 remuneration on a full year basis would have been £145k to £150k.
5 G Rasmussen joined TPR on 1 October 2024. On a full year basis, G Rasmussen's total remuneration would have been £145k to £150k. In 2024-25, G Rasmussen was awarded the maximum bonus amount of £12,500, but this was pro-rated for 6 months.
6 C Thayer's interim appointment ceased on 3 June 2024. On a full year basis, C Thayer's total remuneration would have been £155k to £160k.
7 M Charles' interim appointment ceased on 30 September 2024. On a full year basis, M Charles' total remuneration would have been £155k to £160k.

Table 13: Remuneration of senior management continued...

Executive members									
Salary (£'000)		Bonus payments (£'000)*		Benefits-in-kind (to nearest £100)		Pension benefits (to nearest £1,000)**		Total (£'000)***	
2024-25	2023-24	**2024-25**	2023-24*** (restated)	**2024-25**	2023-24	**2024-25**	2023-24	**2024-25**	2023-24*** (restated)
Official: J Abbott (Executive Director of Digital, Data and Technology)[8]									
–	30-35	–	–	–	–	–	65,000	–	95-100
Official: H Aston (Executive Director of Finance and Corporate Services)[9]									
–	40-45	–	–	–	–	–	17,000	–	55-60
Official: N Parish (Executive Director, Frontline Regulation)[10]									
–	155-160	–	–	–	–	–	60,000	–	215-220

8 J Abbott left TPR on 7 September 2023. On a full year basis, J Abbott's total remuneration would have been £145k to £150k in 2023-24.
9 H Aston left TPR on 12 July 2023. On a full year basis, H Aston's total remuneration would have been £145k to £150k in 2023-24.
10 N Parish left TPR on 31 March 2024.

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.

Fair Pay Disclosure (subject to audit)

We are required to disclose the relationship between the remuneration of our highest-paid director and the lower quartile, median and upper quartile remuneration of our workforce. The banded remuneration (remuneration includes salaries and bonus) of the highest-paid director in the organisation in the financial year 2024-25 was £235k to £240k, which is an increase in the banding of the highest paid director in Table 13 on pages 84 to 86 from £225k to £230k in 2023-24.

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

	2024-25			2023-24*		
Percentile	**Ratio**	**Salary** £'000	**Total Remuneration** £'000	**Ratio** (restated)	**Salary** £'000	**Total Remuneration** £'000
25th percentile pay ratio	6.2: 1	38	38	6.5: 1	33	35
Median pay ratio	4.6: 1	52	52	4.8: 1	45	47
75th percentile pay ratio	3.3: 1	68	73	3.4:1	68	68

Ratios have slightly reduced due to the implementation of the pay remit and roles at higher grades having now been filled.

*2023-24 figures have been restated due to the earlier approval of 2024-25 bonuses by RaPCo, resulting in bonuses for 2023-24 aligning with 2024-25 disclosure.

Our annual pay review is governed by the Civil Service pay remit guidance. Although we are not civil servants, as an ALB we operate under the same remit. Each year, we implement the annual pay remit award to increase our staff's consolidated pay. Pay increases are structured using a graduated approach, whereby employees below the salary mid-point receive a higher percentage uplift than those above it, ensuring a consistent and fair distribution of the award.

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	4.8%	10.4%[12]
Bonuses [13]	0% [14]	1.5%

11 Salaries includes increases in year as a result of implementation of the annual pay remit. This was 5% for 2024-25 as stipulated by the Civil Service Pay Remit Guidance
12 The average salary has increased due to a combination of factors, including the implementation of the annual pay remit, a change in the mix of staff and an increase in the number of agency contractors at the year end.
13 The overall bonus percentage available to TPR is a fixed percentage of the pay bill and this percentage has remained unchanged from the prior year.
14 2023-24 bonuses have been restated as explained in Table 13 on pages 84 to 86.

In 2024-25, nil agency contractors (2023-24: one[15]) received remuneration in excess of the highest-paid director on a full year equivalent basis. Remuneration ranged from £20,821 to £235k to £240k FTE (2023-24: £18,965 to £245k to £250k FTE). 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 2024-25. No permanent staff received remuneration in excess of the highest paid director.

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.

15 The prior year figure was previously two and has been restated due to the 2023-24 bonus restatement as explained in the footnote* to Table 13.

Executive members' pension benefits (subject to audit)

Table 16: Executive members' pension benefits as at 31 March 2025

Executive members*	Accrued pension at pension age as at 31/3/2025 (£'000)	Real increase in pension and related lump sum at pension age (£'000)	CETV at 31/3/2025 (£'000)	CETV at 31/3/2024 (£'000)	Real increase in CETV (£'000)
N Delfas	10-15	5-7.5	160	76	60
A Baigent	90-95	0-2.5	1779	1737	11
N Blackett	0-5	2.5-5	73	33	30
N Bull	20-25	2.5-5	301	255	29
P Neville	5-10	2.5-5	112	54	41
G Rasmussen	0-5	0-2.5	25	–	19
C Thayer	10-15	0-2.5	147	133	7
M Charles	60-65	2.5-5	1238	1137	83

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

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022.

The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS). This is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit (DB) arrangements, employees may opt for a defined contribution (DC) pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HMT. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had 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 accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the government introduced new public service pension schemes in 2015, there were transitional arrangements that treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members (the 'McCloud judgment').

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The Public Service Pensions Remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy, have been calculated based on their inclusion in the PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022

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

Further details about the Civil Service pension scheme can be found on the Civil Service pension scheme website 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.

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.

Remuneration for Board members (subject to audit)

Non-executive members

The following sections provide 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 17 below.

Table 17: Remuneration of TPR's Board members

	2024-25			2023-24		
	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	3,300	75-80	70-75	2,200	75-80
K Baker CBE	15-20	–	15-20	15-20	–	15-20
M Clarke	20-25	800	20-25	15-20	900	15-20
A Hatcher	15-20	600	15-20	15-20	500	15-20
K Kapernaros	15-20	1,100	15-20	15-20	700	15-20
C Morson	20-25	3,800	20-25	20-25	2,600	20-25
G Walker	15-20	2,100	20-25	15-20	1,700	15-20

The total amount paid to non-executive directors (including the Chair) during the 2024-25 period was £215k to £220k (2023-24: £190k-£195k). 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.

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

Members of the Determination Panel may be removed from office at any time by the Chair of the Panel with the approval of TPR. 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)

2024-25	AE £'000	Levy £'000	Total TPR £'000
Permanent employed staff			
Salaries and wages*	14,759	34,919	49,678
Social security costs	1,855	4,096	5,951
Other pension costs	4,041	9,532	13,573
	20,655	**48,547**	**69,202**
Temporary and other staff**			
Salaries and wages*	4,219	7,427	11,646
Social security costs	112	263	375
Other pension costs	254	601	855
	4,585	**8,291**	**12,876**
Less recoveries in respect of outward secondments	-	(100)	(100)
Total costs	**25,240**	**56,738**	**81,978**
Charged to staff budgets	**25,241**	**56,496**	**81,737**
Charged to capital budgets	**-**	**241**	**241**
Total staff expenditure	**25,241**	**56,737**	**81,978**

Staff report continued...

2023-24	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**

A summary of the staff numbers and related costs shown on pages 95 to 96 is included in Note 3 to the accounts set out on page 138. Total staff expenditure has increased by £4.5m (approx. 6%), this is due to the implementation of the annual pay remit and roles at higher grades having now been filled.

* Salaries and wages for 2024-25 includes staff holiday accrual £952k (2023-24: £903k) for levy and £406k for AE (2023-24: £398k).

** Temporary and other staff refers to agency contractors and payroll staff employed on a fixed term contract basis. Further breakdown of temporary staff costs is on page 99.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – 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 at: **https://www.civilservicepensionscheme.org.uk/knowledge-centre/resources/resource-accounts/**

For 2024-25, employers' contributions of £14,263k were payable to the PCSPS (2023-24: £13,013k) at a rate of 28.97% (2023-24: 26.6% to 30.3%) of pensionable pay. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised from 1 April 2024. 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 Mastertrust, with an employer contribution. Employers' contributions of £160k (2023-24: £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% (2023-24: £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.

Two individuals retired early on ill-health grounds during 2024-25 (2023-24: one).

The total additional accrued pension liabilities in the year amounted to £24k (2023-24: nil)

The outstanding pensions contributions as at 31 March 2025 equates to £1,551k (31 March 2024: £1,410k) are included in current liabilities in Note 9 on page 148.

Average number of persons employed (subject to audit)

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

2024-25	AE	Levy	Total TPR
Permanently employed staff	290	557	847
Other	35	89	124
Staff engaged on capital projects	–	3	3
Total	**325**	**649**	**974**
2023-24	**AE**	**Levy**	**Total TPR**
Permanently employed staff	304	552	856
Other	44	91	135
Staff engaged on capital projects	–	–	–
Total	**348**	**643**	**991**

The average turnover of all payrolled staff for 2024-25 was 12.6% (2023-24: 15.6%).

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. The increase in off-payroll staff from 45 in 2023-24 to 83 in 2024-25 reflects our strategic transformation during the year, as we invested in specialist expertise across digital, data and technology capabilities and brought in additional skills to support our new risk-based supervision approach and establish three new regulatory directorates focused on delivering enhanced saver outcomes.

2024-25	AE £'000	Levy £'000	Total TPR £'000
Consultancy	66	134	200
Temporary (off-payroll staff)	3,289	5,233	8,522
2023-24	**AE**	**Levy**	**Total TPR**
Consultancy	14	28	42
Temporary (off-payroll staff)	4,003	3,683	7,686
Full time equivalent off-payroll staff*	**AE**	**Levy**	**Total TPR**
31 March 2025	23	60	83
31 March 2024	21	24	45

*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	– (–)	– (–)
£25,000-£50,000	– (–)	– (–)
£50,000-£100,000	– (–)	– (–)
£100,000-£150,000	– (–)	– (–)
£150,000-£200,000	– (–)	– (–)
Total number of exit packages by type	**– (–)****	**– (–)****
Total resource cost/£'000	– (200)	– (200)

* Figures in brackets denote prior year
** As the number of exit packages was fewer than three in the 2023-24 year, we have redacted this information to ensure that impacted individual(s) remain unidentifiable after consent was withheld to disclosure. The exit costs were paid in 2024-25.

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 2025, earning £245 per day or greater.

Number of existing engagements as at 31 March 2025 of which:	60
the number that have existed for:	
less than one year at time of reporting	49
between one and two years at time of reporting	7
between two and three years at time of reporting	4
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 2025, earning £245 per day or greater.

Number of engagements between 1 April 2024 and 31 March 2025 of which:	88
were not subject to off-payroll legislation	88
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 2024 and 31 March 2025.

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 Equality, Diversity and Inclusion Strategy 2021-25

Our EDI Strategy 2021-25 sets out a clear vision for driving greater equality, diversity and inclusion both within our own organisation and within our regulated community.

Key achievements against our strategic aims include:

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

- Established an EDI steering committee to act as an advisory committee of TPR's executive committee and ensure progress against TPR's EDI agenda.
- Completed an audit of our Public Sector Equality Duty (PSED) framework designed to ensure that we consider EDI in decision-making and promote inclusive outcomes within our people, regulatory and operational practices.
- Appointed executive committee and senior leadership level sponsors to each diversity network to help raise the profile of their network and effectively influence decision making at executive and board level.
- Conducted extensive work to make the recruitment process more inclusive by using diverse panels for all senior recruitment, maximising creative advertising and embedding EDI into the scope of our new Applicant Tracking System.
- Designed and delivered inclusive leadership and diversity training for our Executive Committee to increase awareness and understanding of their responsibilities on equality, diversity and inclusion.
- Included EDI considerations in our planned HR policy review and developed hybrid working best practice guidance.
- Conducted our annual 'Count me in' declaration drive to improve the reliability of diversity data and accurate pay gap reporting and took further targeted action at directorate level to increase diversity declaration rates.
- Used the findings from an independent review of our bonus approach and our three-year review of our pay data to plan further action to improve diversity pay and bonus gaps and worked with our Minority Ethnic and PROUD networks to design an action plan for improving ethnic and LGBTQ+ diversity in senior leadership positions.

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 conducted a literature review of existing research and insights on pensions inequalities. We commenced internal engagement to identify opportunities to establish a systems initiatives think tank and identify ways in which we can support this objective.

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

- We have delivered on our external action plan for strategic aim 3. In 2023-24, we published our guidance, ran a first of its kind trustee diversity survey which was published at the beginning of 2024-25 and have completed our engagement with schemes in supervision to support good practice and deepen our understanding of current issues and best practice. We will now be incorporating the promotion of EDI as part of our ongoing trusteeship work.

Diversity pay gap

We published our Diversity pay gap report 2024, 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 a holistic approach for treating and rewarding all colleagues fairly and creating an inclusive place where people at TPR can be at their best

The report shows our mean and median gender pay gap is below 10% and continues to compare favourably with the wider civil service. But there's more work to do to achieve our ambitious gender pay gap target of 2%. Our mean gender pay gap is 3.9% compared with 7.4% for the civil service and our median pay gap is 8.4% compared with 8.5% for the civil service.

We have developed an action plan to address all pay gaps focused on improving recruitment, talent management and pay and performance. You can find out more details in our Diversity pay gap report at: **https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/diversity-and-inclusion/diversity-pay-gap-report-2024**

Disability, mental health and wellbeing

Disability inclusion

As a Disability Confident Employer, we're committed to the recruitment, employment, retention, and development of people with disabilities, and to improving their employment opportunities.

Candidates who declare that they have a disability and meet the essential criteria for the job are offered an interview and can request a reasonable adjustment at any stage of the recruitment process to ensure that there are not disadvantaged because of their disability.

We provide support for existing employees who become disabled or experience health conditions by making reasonable adjustments to accommodate their needs and through our inclusive people policies.

Improving the experience of candidates and employees who live with a disability remains a priority in our EDI strategy, and this year we acquired membership of Business Disability Forum to provide us with access to specialist advice and resources and help us achieve Disability Confident Leader status.

Mental health and wellbeing

We offer a wide range of wellbeing and mental health support including occupational health; an Employee Assistance Programme; mental health and stress awareness training; and access to emotional resilience sessions. We also have Mental Health First Aiders comprised of trained volunteers from across the business who promote positive mental health, listen to colleagues who are experiencing mental health issues or emotional distress, and provide guidance on accessing appropriate support.

Our six employee diversity networks also play an important role in supporting an inclusive culture and providing a safe space for employees to have real, honest conversations on work-life experience and highlighting both areas for improvement.

Staff information as at 31 March 2025*

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

	2024-25	2023-24	2022-23
Age	Average age of staff is **45**	44	43
	10% of people aged 17 to 29	11%	10%
	83% of people aged 30 to 59	84%	84%
	7% of people aged 60 to 69	5%	6%
Disability	We hold data on disability for **75%** of our people	74%	79%
	7% of our people declared disability	7%	7%
	64% of our people did not declare a disability	67%	72%
Ethnicity	We hold data on ethnicity for **78%** of our people	75%	80%
	10% of our people declared they are from a minority ethnic background	9%	10%
	64% of our people declared they are of white origin	66%	70%
Gender pay gap	**8.4%** median	5.7%	10.1%
	3.9% mean	3.2%	7%
Marriage and civil partnership	We hold data on marriage and civil partnership for **78%** of our people	77%	85%
	39% of our people declared they are married or in a civil partnership	39%	41%

	2024-25	2023-24	2022-23
New parents	24 new parents taking leave	35	30
	13 people on maternity leave	21	14
	10 people on paternity leave	11	11
	4 people taking shared parental leave	4	5
Religion or belief	We hold data on religion and belief for 73% of our people	70%	74%
	36% of our people declared a religion	35%	36%
	38% of our people declared no religion	35%	38%
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 73% of our people	69%	74%
	9% of our people identified as gay, lesbian or bisexual	7%	8%
	59% of our people identified as heterosexual	61%	67%
Sickness	9 average days lost per head due to sickness absence	8	8
Working pattern	15% of the workforce work part-time	14%	13%

* There were 27 new periods of parental leave by 24 new parents, but three employees took both paternity leave and shared parental leave in 2024-25. Of those taking shared parental, one had already taken paternity leave for the same birth in 2023-24.

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 that 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 130.

Expenditure for year ended 31 March 2025

In the year ended 31 March 2025, TPR had comprehensive net expenditure of £104.8 million, of which £69.0 million related to levy-funded activities and £35.8 million was attributable to AE. Our net expenditure has been transferred to our general reserve and is offset by contributions from the DWP of £68.6 million for our levy activities and £34.8 million for AE activities.

Staff costs have increased by £4.5 million to £82 million. This includes permanent staff costs (less outbound secondments) of £69.2 million, £4.5 million higher than the previous year due pay inflation partially offset by a reduction in the average FTE numbers (fall in average permanent staff numbers from 856 to 847). Temporary staff costs stayed relatively in line with the prior year with pay inflation offset by a reduction in temporary staff numbers from 135 to 124.

Other expenditure has remained broadly in line with previous year, with higher professional fees offset by lower spend on computer systems and development.

Property, plant and equipment and intangible assets

Capital expenditure of £1.4 million was incurred during the year which included new laptops and internally developed software.

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 2025, we paid 96.81% of invoices in line with this policy.

Long-term expenditure trends

Expenditure remained relatively flat from 2020-23 with savings made from the completion of the AE Transformation programme in October 2021 offsetting the continued growth in the TPR workforce during this period. The increase in 2023-24 was driven by pay inflation and rising FTE numbers. The growth in 2024-25 is primarily attributed to pay inflation. While average FTE has remained relatively stable compared to 2023-24, the higher budget for 2025-26 reflects increased headcount at the end of 2024-25 and anticipated growth into the following year.

Table 20: Long-term financial analysis

(£m)	Actual 2020-21	Actual 2021-22	Actual 2022-23	Actual 2023-24	Actual 2024-25	Budget 2025-26
Total TPR*	97.2	96.8	96.4	100.4	104.8	113.5

*All figures exclude capital expenditure

Other activities

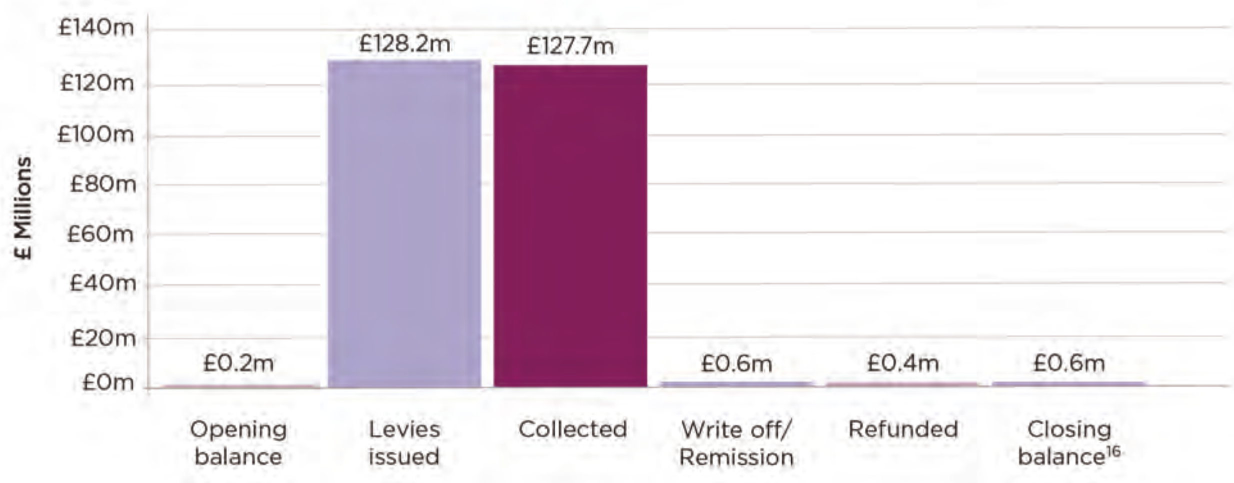
Levies account

During the year ended 31 March 2025, we invoiced and collected levies on behalf of the DWP (the general 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 2024 was £238k and during the year 2024-25, we invoiced £128.2 million, of which £91 million related to the general levy and £37.2 million to the PPF Fraud Compensation levy. £127.7 million has been collected, credit notes and remissions totalled £0.6 million. The closing debt position as of 31 March 2025 at £0.6 million.

Transferred £127.2 million during the year. £90.2 million relates to the DWP and £37 million to the PPF. At the year end there was £398k still to be transferred.

Figure 8: Levy debt



16 Due to rounding there is £0.1m difference when adding the graph numbers compared to the whole numbers.

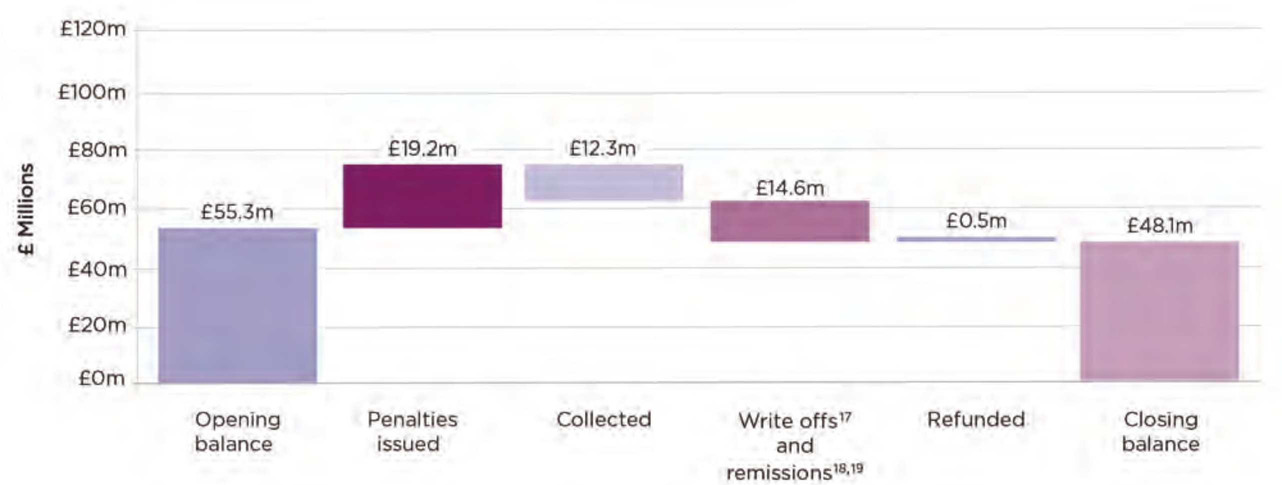
Automatic enrolment penalty notices

During the year ended 31 March 2025, 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 HMT and transfer it over to the consolidated fund via the DWP.

The opening debt balance as of 1 April 2024 was £55.3 million and during the year 2024-25, we issued Fixed Penalty Notices (FPN) and Escalating Penalty notices (EPN) totalling £19.2 million, £12.3 million has been collected, write offs and remissions totalled £14.6 million. Several penalties were refunded in the year, leaving the closing debt position as of 31 March 2025 at £48.1 million. £11.5 million was transferred to the consolidated fund via the DWP during the year. At the year end there was £1 million still to be transferred.

We have proactively sought payment of any outstanding penalties, and this work will continue with a view of seeking prompt payment of any penalties when due. Much of the closing debt has yet to fully progress through TPR's debt recovery process. 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.

Figure 9: AE penalty notices debt



17 Write-offs are debts that are irrecoverable because there is no practical means for pursuing the liability.
18 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.
19 There is £33.7 million of discharged debt, this is where we amend and reissue or cancel a penalty as further information is received. This reduces the liability or confirms that it is not legally due, ie. where a change of the employer's address has occurred. Discharged debt is not included in the chart above as it is deducted from the balance of penalties issued in year.

Levy fines penalty notices

During the year ended 31 March 2025, we issued penalty notices under:

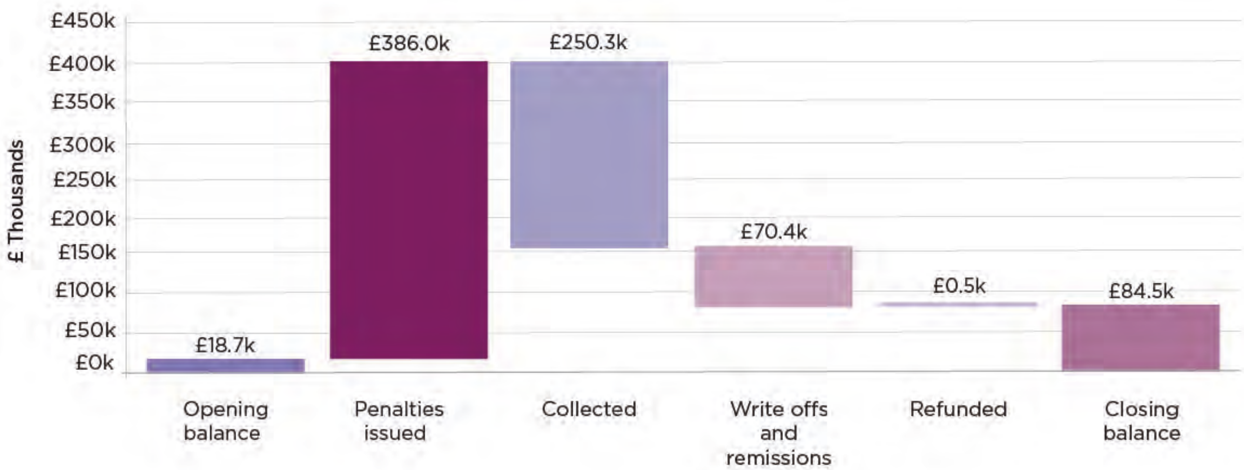
- Section 10 of the Pension Act 1995 for failures to provide a scheme return
- Regulation 28 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 for failures to prepare a chair’s statement
- Regulation 25 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 for failure to complete a detailed value for members assessment
- Section 72 of the Pensions Act 2004 (Information Notice)
- Regulation 6(1)(b) Climate Change Governance and Reporting.

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 2024 was £18.7k and during the year 2024-25, we issued Penalty Notices totalling £386k. £250k has been collected, write offs and remissions totalled £70k, leaving the closing debt position as of 31 March 2025 at £84.5k.

£252k was transferred to the consolidated fund via the DWP during the year.

Figure 10: Levy fines penalty notices



Master trust authorisation fees

No authorisation fees were received in the current year.

Nausicaa Delfas
Chief Executive Officer, The Pensions Regulator
7 July 2025

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 Officer 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 Officer 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 £0.3 million 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.

Nausicaa Delfas
Chief Executive Officer, The Pensions Regulator
7 July 2025

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 2025 under the Pensions Act 2004.

The financial statements comprise The Pensions Regulator's:

- Statement of Financial Position as at 31 March 2025;
- 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 HM Treasury's Government Financial Reporting Manual.

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 2025 and its comprehensive 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 (2024). 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 2024. 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 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 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's. The key laws and regulations I considered in this context included The Pensions Act 2004 Managing Public Money, employment law and or 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 Assurance 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;
- 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
11 July 2025

Financial statements and Notes to the accounts

Statement of comprehensive net expenditure for the year ended 31 March 2025

	Note	2024-25 £'000	2023-24 £'000
Expenditure			
Staff costs	3	81,978	77,430
Depreciation and amortisation and impairment charges	4	1,584	1,761
Other operating expenditure	4	21,585	21,552
Finance charge on the lease liability	4	146	153
Total operating expenditure		105,293	100,896
Finance (income)		(634)	(703)
Net expenditure after interest, before taxation		104,659	100,193
Taxation		158	176
Comprehensive net expenditure for the year		104,817	100,369

All income and expenditure is derived from continuing operations.
The accounting policies and notes on pages 130 to 151 form part of these financial statements.

Statement of financial position as at 31 March 2025

	Note	At 31 March 2025 £'000	At 31 March 2024 £'000
Non-current assets			
Property, plant and equipment	5a	**5,759**	6,255
Right of use assets	5a	**3,933**	4,429
Intangible assets	6a	**1,085**	277
Trade and other receivables	7	**13**	54
Total non-current assets		**10,790**	11,015
Current assets			
Trade and other receivables	7	**2,315**	2,306
Cash and cash equivalents	8	**638**	1,322
Total current assets		**2,953**	3,628
Total assets		**13,743**	14,643
Current liabilities			
Trade and other payables	9	**(9,601)**	(8,637)
Lease liabilities	9	**(453)**	(438)
Total current liabilities		**(10,054)**	(9,075)
Total assets less current liabilities		**3,689**	5,568
Non-current liabilities			
Lease liabilities	9	**(3,221)**	(3,672)
Provisions	10	**(245)**	(245)
Total non-current liabilities		**(3,466)**	(3,917)
Assets less liabilities		**223**	1,651
Taxpayers' equity			
General fund		**223**	1,651
Total equity		**223**	1,651

The financial statements on pages 126 to 129 were approved and authorised for issue by the Board on 7 July 2025 and were signed on its behalf by:

Nausicaa Delfas
Chief Executive Officer, The Pensions Regulator, 7 July 2025

The accounting policies and notes on pages 130 to 151 form part of these financial statements.

Statement of cash flows for the year ended 31 March 2025

	Note	2024-25 £'000	2023-24 £'000
Cash flows from operating activities			
Operating expenditure		(105,293)	(100,896)
Interest received		634	703
Adjustments for non-cash transactions	4	1,760	1,953
(Increase)/decrease in trade and other receivables	7	34	(701)
Increase/(decrease) in trade and other payables	9	1,150	(86)
Increase/(decrease) in provisions	10	-	(369)
Cash outflow due to taxation		(176)	(68)
Net cash outflow from operating activities		(101,891)	(99,464)
Cash flows from investing activities			
Purchase of property, plant and equipment	5b	(702)	(4,727)
Purchase of intangible assets	6b	(898)	-
Net cash outflow from investing activities		(1,600)	(4,727)
Cash flows from financing activities			
Grant-in-aid to cover ongoing operations of Levy		68,556	63,695
Grant-in-aid to cover ongoing operations of AE		34,833	39,233
Capital element of payments in respect of leases		(436)	(599)
Interest payments in respect of leases		(146)	(153)
Net financing		102,807	102,176
Net (decrease)/increase in cash and cash equivalents in the period	8	(684)	(2,015)
Cash and cash equivalents at the beginning of the period		1,322	3,337
Cash and cash equivalents at the end of the period	8	638	1,322

The accounting policies and notes on pages 130 to 151 form part of these financial statements.

Statement of changes in taxpayers' equity for the year ended 31 March 2025

	General Reserve	Total Reserves
	£'000	£'000
Balance at 31 March 2023	(908)	(908)
Changes in taxpayers' equity 2023-24		
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
Changes in taxpayers' equity 2024-25		
Grants from the DWP	103,389	103,389
Comprehensive net expenditure for the year	(104,817)	(104,817)
Balance at 31 March 2025	223	223

The accounting policies and notes on pages 130 to 151 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 2024-25 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 believe 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 2025.

There are three reporting standards issued but not yet effective:

1. **IFRS 17 Insurance Contracts:** requires that insurance liabilities be measured at the present value of future insurance cash flows. This standard will not have an impact on the financial statements of TPR.
2. **Social benefits:** The 2025-26 FReM introduces guidance on the point at which expenditure relating to social benefits should be recognised. This change will not have an impact on the financial statements of TPR as we do not incur any expenditure classified as social benefit payments.
3. **Non-investment asset valuations:** The 2025-26 FReM will update the valuation approach for non-investment assets (for example, property plant and equipment, intangible assets). An adaptation to International Accounting Standard (IAS) 16 will remove the requirement to revalue assets solely due to material differences between fair value and carrying value. This change will not have a material impact on the financial statements of TPR.

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. However, as permitted by the FReM, TPR has adopted a depreciated historical cost basis as a proxy for fair value where 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 is charged to the Statement of Comprehensive Net Expenditure when it occurs.

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 provided they meet the definition of an intangible asset as stipulated in IAS 38. Ongoing software maintenance costs are written off in the period in which they are incurred.

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

In line with IAS 36, TPR carries out an impairment review on an annual basis to evaluate whether the carrying value of the assets is less than the recoverable 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 2.

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 at the reporting date.

h) Leases

In order to determine whether an arrangement is or contains a lease, TPR looks at the substance of the arrangement and follows the guidance under IFRS 16 (leases) and the FReM.

The lease liability is initially measured as the present value of future lease payments, discounted using the interest rate published by HMT at the time of valuation. For leases entered into after 31 January 2023 this rate was 3.51%.

The right-of-use (ROU) asset is initially measured at cost, comprising the initial value of the lease liability, any lease payments made (net of any incentives received from the lessor) before the commencement of the lease, any initial direct costs and any restoration costs. The ROU asset is subsequently measured at cost under the FReM approach as a proxy for revaluation.

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.

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

TPR does not hold any complex financial instruments, ie long-term loans or equity investments.

Receivables and prepayments

Receivables are recognised at amortised cost and relate mainly to reimbursement of seconded staff costs. 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. Prepayments are only recognised where the value of the goods or services paid in advance is in excess of £10k.

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 generally not interest bearing and are stated at their invoice value on initial recognition. Subsequently they are measured at amortised cost. Accruals are recognised for amounts not yet invoiced, where their value exceeds £5k.

j) Grant-in-aid

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.

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 2). 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 2026 are expected to be around £15 million. Liability for the payment of future benefits is a charge on the PCSPS.

2 Statement of operating costs by operating segment

	AE £'000	Levy £'000	Total TPR £'000
2024-25			
Staff costs	25,240	56,738	81,978
Other operating expenditure	10,727	12,588	23,315
Taxation	52	106	158
Income	(213)	(421)	(634)
Net expenditure	**35,806**	**69,011**	**104,817**
2023-24			
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**

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 compliance 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.

3 Staff costs

	AE £'000	Levy £'000	Total TPR £'000
2024-25 Permanent			
Salaries and wages	14,759	34,819	49,578
Social security costs	1,855	4,096	5,951
Other pension costs	4,041	9,532	13,573
Subtotal	**20,655**	**48,447**	**69,102**
2024-25 Temporary and other			
Salaries and wages	4,219	7,427	11,646
Social security costs	112	263	375
Other pension costs	254	601	855
Subtotal	**4,585**	**8,291**	**12,876**
Total costs	**25,240**	**56,738**	**81,978**
2023-24 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**
2023-24 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**

4 Other operating expenditure

	AE £'000	Levy £'000	Total TPR £'000
2024-25			
Running costs			
Chair and part-time Board members' fees and expenses*	73	147	220
Consultancy, contracted-out and other professional services	1,757	5,840	7,597
Business process outsourced services	3,948	–	3,948
Training and recruitment costs	427	807	1,234
Staff travel and expenses	85	131	216
General expenses including accommodation expenses	584	1,252	1,836
Computer systems development and maintenance	3,256	3,176	6,432
Auditor's remuneration	24	48	72
Loss on disposal of fixed assets	10	20	30
	10,164	**11,421**	**21,585**
Finance charge on lease liability	**48**	**98**	**146**
Depreciation and impairment charges			
Depreciation on right of use assets	164	333	497
Other depreciation	243	700	943
Amortisation	90	–	90
Impairment of fixed assets	18	36	54
	515	**1,069**	**1,584**
Total	**10,727**	**12,588**	**23,315**

*Includes fees of £189k (2023-24: £185k), social security costs of £19k (2023-24: £18k) and expenses of £11k (2023-24: £20k), due to rounding these amounts may not total to the value disclosed above. Details of the remuneration of the Chair and all other members of the Board are given in the Remuneration report on page 93. Tax and NI are due on expenses, TPR ensures compliance via grossing up of relevant expenses.

4 Other operating expenditure continued…

	AE £'000	Levy £'000	Total TPR £'000
2023-24			
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**

5a Property, plant and equipment

2024-25	Assets under construction £'000	Right of use asset £'000	Leasehold improve-ments £'000	Furniture, fixtures and office equipment £'000	IT hard-ware £'000	Total £'000
Cost or valuation						
At 1 April 2024	**–**	**4,967**	**4,628**	**1,127**	**2,657**	**13,379**
Additions	–	–	49	90	393	532
Transfers in asset class	–	–	–	–	–	–
Impairments	–	–	–	–	(54)	(54)
Disposals	–	–	–	–	(230)	(230)
Revaluations	–	–	–	–	–	–
At 31 March 2025	**–**	**4,967**	**4,677**	**1,217**	**2,766**	**13,627**
Depreciation						
At 1 April 2024	**-**	**538**	**384**	**420**	**1,353**	**2,695**
Charged in year	–	496	477	93	374	1,440
Disposals	–	–	–	–	(200)	(200)
Revaluations	–	–	–	–	–	–
At 31 March 2025	**–**	**1,034**	**861**	**513**	**1,527**	**3,935**
Carrying amount at 31 March 2024	**–**	**4,429**	**4,244**	**707**	**1,304**	**10,684**
Carrying amount at 31 March 2025	**–**	**3,933**	**3,816**	**704**	**1,239**	**9,692**

5a Property, plant and equipment continued...

2023-24	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	3,925
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**

In line with IAS 36, TPR recognised an impairment of £54k relating to laptops which were decommissioned from use that had not yet been disposed of as at 31 March 2025.

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

Significant tangible assets (£k)	Purchase cost	Expiry date	NBV
Right of use asset: Telecom House	4,967	2 March 2033	3,933

5b Cash flow reconciliation

	2024-25 £'000	2023-24 £'000
Capital payables and accruals at 1 April	262	1,065
Capital additions (excluding right of use assets)	532	3,924
Less Capital payables and accruals at 31 March	(92)	(262)
Purchase of property, plant and equipment as per Statement of cash flows	702	4,727

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.

6a Intangible assets

2024-25	Software under development £'000	Software internally generated £'000	IT software acquired £'000	Total £'000
Cost or valuation				
At 1 April 2024	**-**	**1,629**	**2,717**	**4,346**
Additions	898	-	-	898
Transfers in asset class	-	-	-	-
Impairments	-	-	-	-
Disposals	-	-	(2,688)	(2,688)
Revaluations	-	-	-	-
At 31 March 2025	**898**	**1,629**	**29**	**2,556**
Amortisation				
At 1 April 2024	**-**	**1,366**	**2,703**	**4,069**
Charged in year	-	76	14	90
Disposals	-	-	(2,688)	(2,688)
Revaluations	-	-	-	-
At 31 March 2025	**-**	**1,442**	**29**	**1,471**
Carrying amount at 31 March 2024	**-**	**263**	**14**	**277**
Carrying amount at 31 March 2025	**898**	**187**	**-**	**1,085**

6a Intangible assets continued...

2023-24	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**

6b Cash flow reconciliation

	2024-25 £'000	2023-24 £'000
Capital payables and accruals at 1 April	-	-
Capital additions	898	-
Less Capital payables and accruals at 31 March	-	-
Purchase of intangible assets as per Statement of Cash Flows	898	-

7 Trade receivables and other current assets

	2024-25 £'000	2023-24 £'000
Amounts falling due within the year		
Trade receivables	13	13
Other receivables	66	382
Prepayments	2,236	1,911
	2,315	**2,306**
Amounts falling due after more than one year		
Prepayments	13	54
	13	**54**

Due to rounding, amounts may not correspond to values in the Cash Flow Statement.

8 Cash and cash equivalents

	2024-25 £'000	2023-24 £'000
Balance at 1 April	1,322	3,337
Net change in cash and cash equivalent balances	(684)	(2,015)
Balance at 31 March	**638**	**1,322**
At 31 March, the following balances were held:		
Commercial banks and cash in hand	**638**	**1,322**

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.

9 Trade payables and other current liabilities

	2024-25 £'000	2023-24 £'000
Amounts falling due within one year		
Other taxation and social security	1,679	1,612
Trade payables	787	4
Capital accruals	92	262
Lease liabilities	453	438
Accruals	7,043	6,759
	10,054	**9,075**

	2024-25 £'000	2023-24 £'000
Amounts falling due after more than one year		
Other taxation and social security	–	–
Trade payables	–	–
Capital accruals	–	–
Other creditors	–	–
Lease liabilities	3,221	3,672
Accruals	–	–
	3,221	**3,672**

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. Due to rounding, amounts may not correspond to values in the Cash Flow Statement.

10 Provisions for liabilities and charges

2024-25	£'000
Balance at 1 April 2024	245
Provided in the year	–
Provision not required written back	–
Provisions utilised in the year	–
Balance at 31 March 2025	**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 2025	**245**

2023-24	£'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**

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.

11 Lease liabilities

Lease liabilities during the year relate to 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.

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.

	2024-25 £'000	2023-24 £'000
Lease liability – quantitative disclosure under IFRS 16		
Buildings:		
Not later than one year	584	584
Later than one year and not later than five years	2,676	2,675
Later than five years	1,022	1,605
Less interest element	(608)	(754)
Present value of obligations	3,674	4,110

12 Financial and capital commitments

There were no material capital or financial commitments at the year end (2023-24: nil).

13 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 2025, there were no ongoing cases which would result in liabilities for TPR.

14 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 the Money and Pension Service, another NDPB of the DWP.

TPR received grant in aid from the DWP amounting to £103 million (disclosed within the Statement of Changes in Equity and referenced in note 1.2(j). As disclosed in note 1.2(i), TPR collects fines, penalties and levies on behalf of the DWP and the PPF. This income is not accounted for in TPR's accounts nor are any related cash balance.

Details of remuneration for key management personnel can be found in the remuneration and staff report within the Accountability report on pages 84 to 86.

15 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.

How to contact us

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