

# Our plans for the year ahead 2003/2004

April 2003

1. In January 2003 we published our plan & budget, a consultation document on our budget and workload projections for 2003/04.
2. Since these projections were put together in December 2002, there has been a significant increase in the number of enquiries to our Customer Contact Division (CCD), and a corresponding increase in the number of new cases referred on to the casework divisions. Our estimate for new cases received in the current year, 2002/03, has therefore increased from 55,000 to 58,500.
3. In our *plan & budget*, we had included a model based on a 10% increase in our workload in the financial year 2003/04. In order to deal with this increase, we propose to:
  - o increase our staffing levels from 550 to 583 by March 2004;
  - o close an additional 4,000 cases;
  - o maintain productivity levels and timeliness targets; *and*
  - o leave our tariff rates unchanged.

These proposals will also reduce the unit cost to £541, by spreading our fixed costs over a greater number of case closures.

4. We have decided to change our workload assumptions as, in the first months of 2003, the number of enquiries to CCD about mortgage endowment policies has increased by 10%. They now represent 25% of CCD's current workload. Inevitably this will lead to an increase in casework as a proportion of these enquiries are converted into chargeable cases. From feedback at the meetings we held during the budget consultation period, it would seem that the level of work relating to mortgage endowments will increase in 2003. Additionally, we have received comments indicating that our estimate for the number of complaints about single-premium investment bonds coming to us was low.
5. We have therefore increased from 16,000 to 20,000 our estimate for new complaints about mortgage endowment policies coming to us in 2003/04. And we have increased from 2,500 to 3,500 our estimate for the number of complaints about single-premium investment bonds coming to us in the same period.
6. To try and maintain our timeliness targets for resolving cases, we propose to recruit an additional 25 members of staff for our casework divisions. Half of these staff will be in post by 1 April 2003 and the remainder by 1 July 2003. This will enable us to close an additional 4,000 cases during 2003/04.

7. The revenue from the higher number of cases we will be closing will finance the additional staff, so there will be no increase in the annual levy tariff rates. The unit cost will fall to £541. This means that 65% of our funding will be raised through case fees and 35% through the general levy.
8. These changes to our budget were approved by the Board of the Financial Services Authority at their March meeting.
9. The revised figures showing our actual, forecast and budgeted workload are as follows:

## Summary

	Actual 2001/02	Forecast 2002/03	Original budget 2003/04	Revised Budget 2003/04
Opening work-in-progress	14,781	18,917	19,417	21,917
New cases	43,330	58,500	55,000	60,000
Cases closed	39,194	55,500	59,000	63,000
Closing work-in-progress	18,917	21,917	15,417	18,917
Work on hand (weeks)	22	21	14	16
Productivity	3.8	4.7	4.4	4.4
Cases closed within 3 months			45%	45%
Cases closed within 6 months	73%	78%	80%	80%
Cases closed within 9 months			90%	90%
Cases closed in under 12 months	100%	96%		
Cases closed in over 12 months	Reported to the board			

## Customer Contact Division (CCD)

	9 months 2002/03	Forecast 2002/03	Original budget 2003/04	Revised budget 2003/04
Telephone calls	190,000	260,000	260,000	285,000
New written enquiries	56,000	70,000	67,000	75,000
<b>Total</b>	<b>246,000</b>	<b>330,000</b>	<b>327,000</b>	<b>360,000</b>

## New Complaints - analysis by product

	Actual 2001/02	Forecast 2002/03	Original budget 2003/04	Revised budget 2003/04
Dual variable-rate mortgages	575	6,500	0	0
Endowment policies linked to mortgages	14,595	11,850	16,000	20,000
Personal pensions	5,881	6,000	6,000	6,000
Non-mortgage linked endowments	3,647	3,400	3,500	3,500
Mortgage loans	3,301	2,900	3,400	3,400
Motor insurance	1,609	2,400	2,400	2,400
Single-premium investment bonds	362	2,200	2,500	3,500
Split capital investment trusts	0	2,500	3,000	3,000
Current accounts	1,280	1,400	1,500	1,500
Savings accounts	1,230	1,300	1,500	1,500
Buildings insurance	985	1,250	1,250	1,250
Travel insurance	884	1,000	1,000	1,000
Other banking products	1,642	3,300	3,500	3,500
Other insurance products	3,277	5,000	4,850	4,850
Other investment products	4,062	7,500	4,600	4,600
<b>Total</b>	<b>43,330</b>	<b>58,500</b>	<b>55,000</b>	<b>60,000</b>

## Expenses

£m	Actual 2001/02	Forecast 2002/03	Original budget 2003/04	Revised budget 2003/04
Staff and staff-related costs	19.7	21.3	22.9	24.4
Professional fees	0.5	0.6	0.4	0.4
IT costs	0.8	0.9	1.3	1.4
Premises and facilities	3.5	4.0	4.2	
Other costs	0.3	0.4	0.5	0.5
Depreciation	2.7	2.7	3.2	3.2
<b>Operating costs</b>	<b>27.5</b>	<b>29.9</b>	<b>32.5</b>	<b>34.1</b>
Financing costs	0.7	0.4	0.6	0.6

<b>Total costs</b>	<b>28.2</b>	<b>30.3</b>	<b>33.1</b>	<b>34.7</b>
Cases closures	40,000	55,500	59,000	63,000
<b>Unit cost</b>	<b>688</b>	<b>540</b>	<b>551</b>	<b>541</b>

Unit cost is calculated before financing charges

### Headcount ('full-time equivalent')

	Budget 2002/03	Forecast 2002/03	Original budget 2003/04	Revised budget 2003/04
Casework divisions	298	353	383	408
Customer contact division	87	85	85	93
Communications	16	17	18	18
Business improvement	9	9	9	9
Knowledge management	3	7	8	8
Sub-total	115	118	120	128
Support services	45	45	47	47
<b>Total</b>	<b>458</b>	<b>516</b>	<b>550</b>	<b>583</b>