

Standards – Guidance and Examples

Measurement and Reporting

Standard

2.1 Sponsoring Employer/Trustee Board Reporting

Rationale

The administrator is able to articulate the value it delivers by demonstrating and evidencing the performance of the administration service it delivers over time. Reporting is a means of engaging with Sponsors and Trustee Boards. This supports the accountability of the administrator on the basis of “what gets measured gets managed”.

Outcomes

All parties involved in administration are able to gauge whether the commitments made within the Agreement are being met. Clear reporting will also highlight where and how improvements are required and direct recipients to ask relevant questions, resulting in better oversight.

Measures that are important to the client and its membership are implemented.

Reports provide evidence the Trustees are monitoring their service provider and holding them to account for their performance.

Measurement/Evidence

Reporting to Trustee Boards or relevant sub-committees (and internally to line managers) should be consistent with the size and demands of the scheme.

Not all the metrics need be contained in every report, but each should be reported with an appropriate frequency (as a minimum annually for all small schemes and more frequently for larger schemes – see the recommended reporting frequency in the table at the foot of this guidance.

PASA expects administrators to report to their trustees on a quarterly basis unless the client has specifically requested in writing such frequency of reporting is not required).

Reports to Trustee Boards should include where appropriate:

- A range of critical service metrics, including reference to member experience – (based on member feedback obtained from surveys of members as well as ‘turnaround times’). To include:
 - Membership numbers;
 - Membership activity;
 - Financial activity, including the receipt and investment of contributions (within the terms of the contributions schedule agreed between the Trustees and the Sponsoring Employers);
 - Service performance measures;
 - Complaints and complaint resolution;
 - Cash flow;
 - Volumes of post and transactions;
 - Percentage of cases delivered inside service standards and actual average turnaround times;
- All measures at an aggregate and transaction level;
- Project work progress reporting (ongoing projects or large scheme activity);
- A summary of forthcoming legislation and the impact on administration service delivery that may arise (if any);
- Risk management: exception reporting on the administrator’s risk management framework as it applies to the scheme, specifically highlighting changes in risk ratings, control failures and action plans to reduce risks or improve controls. Evidence the framework is functional and is being actively monitored;
- Complaints: reporting on complaint volumes in aggregate and by complaint type; number of general complaints and their outcomes; number of complaints referred to the Pensions Ombudsman (and those upheld); number of IDRPs cases received (and number upheld); number of cases where compensation is paid and quantum;
- Errors: report errors (based on the definition of error as defined within the commercial agreement), including volumes by error type, sufficient to identify trends or systemic failures. Include action plans to address systemic errors.
- Business continuity: reporting on the outcomes of any testing (IT and full tests), audit opinions in relation to the testing and resulting action plans relating to the site(s) from which services are delivered. Include a schedule of tests, including dates for the last and next test;
- Satisfaction surveying: reporting on the results of any member and trustee satisfaction surveys;

- Telephone: Demonstrating an understanding of how calls are monitored and controlled appropriate to the type of administration being carried out. High volume administration may include technological solutions which monitor volumes (total and by the nature of the enquiry), wait times, drop-out rates, first-contact satisfaction levels etc.;
- Website: where employed by schemes and their members – number of users registered (if a secure area exists), number of hits, data on what members are doing online (i.e. volume, pages visited, use of calculators);
- Compliance: report administrative and data compliance failures and otherwise certify overall compliance (with all relevant legislative and regulatory requirements);
- Data integrity: report a summary of overall levels of data integrity, common/conditional data score if applicable and data issues arising since the last report. Compliance with TPR's data requirements and evidence of Improvement Plan in place;
- Audit and quality: report on any internal audit and other quality activities. Report outcomes by exception;
- Benchmarking: results of any benchmarking exercises that have been carried out;
- People: report any material people issues relevant to the scheme, potentially including leavers and joiners and training completed.
- Cashflow including income and expenditure.
- DC Code compliance: report confirming compliance with code or exceptions and commentary as appropriate.

Importantly, the administrator should be able to:

- Provide trend analysis on the key metrics in the report by comparing numerical reporting with prior periods and prior year. Highlight any important issues which would impact on current/future decisions including proposed changes to legislation or changes to operational controls, scheme design changes or other material planned or proposed changes.

Where the Trustees or the administrator have elected a shorter form of reporting this request should be made in writing and recorded in the scheme records.

PASA would also like to see, as evidence of good practice, reporting to trustees on the succession planning approach adopted by the administrator, and any specific issues which are coming up or have been addressed in relation to the delivery team.

Reports in relation to the participating Employers, which should form part of the Trustee Reporting, should include, where appropriate:

- Reports on the quality and timeliness of data received, the nature of validation queries raised and the period of time taken to resolve the validation queries;
- Receipt of contributions and any lateness of payment or delay;
- Reports on specific issues encountered with any specific site, location or source of data;
- Reports on proposed or planned changes to the volume and quality of data to be provided, timelines and an impact analysis of the changes.

General Principles

PASA believes administration teams should be accountable to their clients – PASA’s mission is to improve the quality of pension administration. Accountability to the client is one facet of that. Where administrators deliver detailed reports to Trustee Boards/Sponsoring Employers it helps to understand the main drivers of successful administration and enable those Boards and the Employer to hold their administrators and teams accountable for their services.

PASA also recognises many Third Party Administration (TPA) clients will have existing agreements specifying the frequency and content of administration reports. PASA expects those seeking accreditation to meet the requirement of this Standard even where that means delivering more than is required in the current client agreement. Where clients have elected a “lighter” form of reporting, or the administrator delivers a shorter form of reporting, then this should be recorded in writing in the scheme records and preferably contained in the legal agreement.

The Standards include minimum requirements in terms of formal agreements, and to the extent these are reviewed from time-to-time, it would be appropriate to document the PASA basis for stewardship reporting in any revised agreement (i.e. change the agreement to reflect the Standard).

Application to TPAs and Accreditation Approach

PASA recognises the full list of requirements is potentially onerous for small schemes. The Standard requires reports should be consistent with the size and demands of the scheme.

PASA expects full compliance for larger schemes/clients (large either in terms of membership numbers or as a % of the administrator's business/site). The guidelines below set out the criteria for determining how schemes should be treated and the basis for administrator's seeking accreditation on a 'comply or explain' approach.

Parameters for deciding on reporting approach		Suggested frequency of reports	Content of reporting
Scheme size	OR Scheme as a % of the TPA site		
0 – 500 members	0 – 5% of the administrator's business	Annually	Summary information based on the requirement
500 – 1,000 members	5 - 10% of the administrator's business	Half Yearly	Summary information based on the requirement
1,000 – 10,000 members	10 - 25% of the administrator's business	Quarterly	Full compliance with the requirement
> 10,000 members	> 25% of the administrator's business	Monthly	Full compliance with the requirement

Reports may need to be issued more frequently for boards/schemes experiencing administrative problems.

Accreditation Approach

The accreditation team will:

- Randomly select clients and ensure reporting is consistent with the standard.

Application to In-House Teams and Accreditation Approach

PASA expects in-house teams to report to the Sponsoring Employer/Board fully in accordance with the Standard (or otherwise in accordance with the guidance for TPAs where the in-house team serves a number of schemes/boards).

Accreditation Approach

The accreditation team will:

- Ask for copies of recent reports and ensure reporting is consistent with the Standard.

Timelines

PASA expects administrators to comply with the Standard in full at the time of their application for accreditation. PASA expects applicants for accreditation to be able to demonstrate:

- They produce stewardship reports at least annually;
- The stewardship reports are produced in accordance with any formal agreement;
- The stewardship report contains information on administration performance;
- Reports cover all aspects of compliance and regulatory requirements;
- The report covers business continuity reporting;
- The reports give the Sponsoring Employer/Board reassurance their scheme meets TPR's requirements on internal controls.