



## PASA GUIDANCE

COVID-19 Guidance: The Road Ahead

August 2020

# COVID-19 Guidance for Administrators

<b>Section</b>	<b>Content</b>	<b>Page</b>
<b>1</b>	Introduction	1
<b>2</b>	Accessibility & Visibility	2
<b>3</b>	Digital Workflow	3
<b>4</b>	KPIs and projects	4
<b>5</b>	Offshore	5
<b>6</b>	Face to face meetings	6
<b>7</b>	Identity verification (IDV)	6
<b>8</b>	Investment Managers and AVCs	7
<b>9</b>	Wellbeing and Productivity	8
<b>10</b>	What does a return to the office look like?	10
<b>11</b>	Recruiting	11
<b>12</b>	Conclusions	12

## 1. Introduction

When we issued the PASA [Guidance](#) to administrators as we entered lockdown, little did we know the total impact it would have on all our lives. Now lockdown has eased, we're realising the world administrators are returning to is anything but normal. Pension Administrators will still be carrying out a range of operational processes and services to ensure pension schemes continue to serve members, but the organisational structures and the technology underpinning them is likely to be very different.

Overall, the pension administration sector has coped admirably with the challenges created by lockdown on 23 March 2020. Many administrators had already triggered their 'exceptional' Business Continuity Plans (BCP) in anticipation of some form of remote working. However, it appears larger administrators had less hurdles to overcome than smaller administrators and some in-house schemes. In our initial Guidance, we stated all administrators needed to be resilient in the face of this challenge. As we move towards a form of normality, the next challenge will need just as much resilience. But the difference between now and then is lockdown was a onetime measure imposed on us all, the rate and way administrators react to the easing will be driven by how their own organisations implement their back-to-office return plans.

All employers must carry out a risk assessment and put in place safeguards to mitigate the Covid-19 risks they identify. These are captured by employers' overall health and safety responsibilities. Third Party Administrators (TPAs) will move at a rate governed by their own wider businesses, their location and their view of how administration will be delivered in future. Most in-house departments will be in the same offices as the company itself. Progress for them is likely to be driven by the responses of their sponsoring employers' geography, industry sector and the specifics of their employers' risk assessments. There'll inevitably be a staggered response to return and what it looks like will be different from administrator to administrator. PASA research on 20 administrators found several have surveyed their people to understand how they feel about coming back into a workplace before the virus is under control. While some employees are being allowed back earlier to support their mental health, many people aren't comfortable with a return. Therefore, it looks like occupancy rates will remain low in the short to medium term. Based on how well technology has fared during lockdown, they may never return to pre-Covid levels. PASA research included administrators' thoughts on managing their people over this period, this has informed some of our thinking within this Guidance.

In developing this Guidance, PASA has looked at best practice across the administration sector to support administrators in preparing and planning for these next important stages. All administrators should have learned something new during the last few months, whether that's about their people, their technology or their members. They need to take this learning with them as they implement their plans.

## 2. Accessibility & Visibility

The pandemic impacted on postal and printing services, as well as telephone handling throughput. As such there was a heavy reliance on on-line communications with their members via web and email. But PASA research of 56 pension schemes found many pension schemes weren't visible at all on the internet. If members don't have contact details to hand, their scheme details are almost impossible to find. The impact of this lack of accessibility is a hidden problem and one all administrators should seek to work with trustees and scheme managers to resolve. Particularly if decentralisation becomes an accepted model for delivering administration.

Even where web is available, the proportion of schemes with fully cleansed data, an enriched functionality member web AND a record of their member's email addresses is very low. This was a major issue during lockdown and separated the 'haves' from the 'have nots'. This trilogy of good data/web/email is critical to enable efficient services and any acceleration to online solutions without addressing data will widen the gap.

In some cases, administrators can roll out member web for schemes, but trustees haven't seen this as a priority. This is particularly true for closed DB schemes with high proportions of pensioners. But times are changing. Ofcom reported<sup>1</sup> 88% of people between the ages of 65 and 74 have access to a mobile phone, with half of these being a smartphone and 50% of this age group use some form of tablet. While these figures are still low compared to the overall population, it's no longer a valid response to state older people will automatically not engage digitally.

Members must be offered a choice of routes to engage with their scheme administrators which suit their needs and circumstances, and in some cases this may be paper. Our research shows there's also evidence of some pension scheme websites showing conflicting information, such as where to send critical documentation and how. This confusion is avoidable and distressing for members who could be at a vulnerable point in their lives. Some administrators have engaged with external printers to ensure the digitally disengaged can still receive information when they need it. For many, this hasn't been an option, and most have kept post going by allocating someone to physically check for inbound post and to send printed post. We know in a few cases there hasn't been any process to accommodate people unable to communicate online. Administrators need to gear up now to make sure this cohort isn't lost in the drive for a technological future. In 2019<sup>2</sup>, the government identified 6.1 million people in the UK show no or few digital behaviours and 48% of these were under 60 years old. Administrators can't rely on age stereotypes to shape their member communication strategies.

<sup>1</sup> Adults' Media Use and Attitudes Report June 2020

<sup>2</sup> Public Health England blog 30 September 2019

Key questions	Considerations
<p>What is your communication strategy?</p> <p>What actions do you need to change to make it accessible for all members?</p> <p>Do all schemes have an up to date benefit specification?</p>	<ul style="list-style-type: none"> <li>• Developing a multi-channel member communications policy combining telephone, post and web/digital</li> <li>• Ensuring all members know where and how to contact the administration teams</li> <li>• Supporting the communications strategy through data cleansing and benefit testing</li> <li>• Assessing how to maintain uninterrupted member telephone services across WFH, office based teams and call centres</li> <li>• Assess whether post be centralised internally or outsourced to a third party</li> </ul>

### 3. Digital Workflow

While most administrators now scan all paper onto a member’s record. This isn’t true of every administrator and paper records still exist. During remote working there were cases where this impacted on an administrator’s ability to deal fully with members’ needs. To enable full service while remote working, all records need to be electronic and all data cleansed. While TPR’s Common and Scheme Specific data requirements are generally well known, the level of adherence to them is variable. Less well known, is the obligation under the Data Protection Act 2018 (GDPR) principle four - Accuracy. Primarily this falls to Data Controllers (usually the trustees), but also involves the Data Processors (usually the administrator). Without clean data, web solutions are limited and members’ attempts to self-serve will be frustrated. Few schemes collect member email addresses and mobile phone numbers. The pandemic has highlighted how important these key contact details can be. Anecdotal evidence suggests people tend to keep both their email addresses and mobile phone numbers over long periods. Of course, they can opt out of this way of communication. But if an administrator has these details, they must be maintained and kept accurate under GDPR.

PASA’s Cybercrime and Fraud Working Group has already reported on the significant growth of cybercrime triggered by the economic crisis. Administrators are not immune to this risk and neither are members. PASA will be producing Guidance and new Cybersecurity Standards to support administrators protect themselves from cybercrime. Administrators should also ensure they support trustees and scheme managers in protecting their members from scams. The Pension Regulator produced useful [Guidance](#) on this.

All administrators should have a documented Errors Policy and this needs to accommodate how administrators have evidenced the accuracy of benefit calculations during lockdown. There isn’t yet a clear picture of whether lockdown impacted on error levels. Calculations should be run either within or integrated

with the pension administration software, but we know this isn't the case 100% of the time. Before lockdown becomes a memory, administrators should ensure they have a full and detailed record of any calculations performed manually. We can't allow this to be yet another reason for poor data.

While most administrators have been reducing the amount of cheques they receive and pay, they still exist and have been tricky to process. This should ease once people begin returning to offices, but oversight of cheque processing needs to be maintained at a higher level and administrators should continue to discourage their use.

Integral or integrated workflow will ensure all transactions and work in progress is tracked and monitored. However, where work tracking is being carried out manually, administrators need a higher level of oversight. Regardless of the workflow tracking being used, any outstanding work should be fully accounted for to ensure nothing falls into a lockdown gap.

Key Questions	Considerations
<p>What is your strategy for electronic member details?</p> <p>How do your processes need to change to take account of expected shifts in working patterns and/or locations of your employees?</p> <p>Do you have a data &amp; document strategy?</p> <p>Are you cyber secure?</p> <p>Are members protected against scams?</p>	<ul style="list-style-type: none"> <li>• Developing a digital strategy, including availability of member email addresses and mobile numbers</li> <li>• Reviewing and updating your procedures manual and BCP to accommodate changes to working patterns</li> <li>• Scanning all available legacy documents, formally documenting where this is not possible</li> <li>• Assessing the benefits of an AAF01/06 if one is not in place</li> <li>• Assessing how your technology supports any new organisational structures and process requirements</li> <li>• Auditing end-to-end processing, and moving to digital</li> <li>• Automating manual workarounds</li> <li>• Triggering an external audit on cyber security</li> <li>• Reviewing processes to ensure members are protected against scams</li> </ul>

## 4. KPIs and projects

A minority of administrators have been solely focusing on the priorities of paying and settling benefits. They've been reporting to trustees on a reduced level of KPIs and SLAs. For others, limited reporting was a product of pulling together data and metrics from disparate systems. As lockdown eases, this needs to revert to full reporting as soon as possible. Now all administrators must demonstrate they can return to full work throughput and their management information (MI) reporting needs to reflect this. To do this easily and accurately, systems need to be integrated and reports should pull data automatically. Where there's been

little or no change to productivity or operations, and reporting hasn't really changed. In fact, in some cases it increased to ensure trustees were well informed. If the more frequent MI supports good governance, there's no reason this shouldn't continue.

Although some administrators have been able to continue discretionary strategic projects, such as GMP equalisation etc, lack of capacity at some has paused these. They'll need to be picked up and taken forward. We expect all administrators to have updated their BCP with learnings from lockdown. They should now also be communicating with trustees and members on project status and whether any deadlines are in jeopardy.

Key Questions	Considerations
<p>How effective is your reporting?</p> <p>What impact has lockdown had on project work?</p>	<ul style="list-style-type: none"> <li>• Automating comprehensive reporting</li> <li>• Analysing backlog and work-in-progress against resourcing levels</li> <li>• Reviewing deadlines and work throughput across all schemes</li> <li>• Discussing prioritisation with all key stakeholders: trustees/scheme managers, sponsor, project teams</li> </ul>

## 5. Offshore

Many off and near shore resources are still working from home (WFH) if they can. We're only aware of minor disruptions from local internet access and these are only occasional. Across geographies, lockdown is being eased at different rates and can change quickly. Those administrators with offshore capabilities need to manage this within their overall service provision.

We're aware of some TPAs where schemes were brought onshore due to initial trustee concerns. The problem with this approach is until the pandemic is over, local lockdowns reversing previous easements are always a possibility. This means these administrators have two choices, keep the administration onshore for the foreseeable future and negotiate how the additional costs will be dealt with; or move the administration back offshore and negotiate what will happen if there's a local lockdown. Whatever administrators decide, they should be communicating their plan to trustees or scheme managers. If they don't communicate with the market and their clients, people will make up their own minds on what's happening.

Key Questions	Considerations
<p>Does your offshoring arrangement remain fit for purpose?</p>	<ul style="list-style-type: none"> <li>• Consider how you'll deal with re-imposition of lockdowns and how to communicate your strategy with trustees</li> <li>• Reviewing any offshore strategy to ensure it can cope with any future lockdowns imposed</li> </ul>

## 6. Face to face meetings

Even before lockdown, most administrators (and their governing companies) had placed a ban on travel - between offices and external meetings. This included site visits. As they begin to bring people back into their offices, anecdotal evidence suggests the restrictions will remain in place. For trustees, an administration site visit was an opportunity to meet the people who are at the coal face in dealing with their members. A way of looking beyond the quarterly Stewardship Reports. This is a major issue for trustees who are unhappy with their administration and need to switch suppliers. But technology has offered something of a solution for both issues. TPAs and large in-house administrators have been able to offer trustees virtual walk throughs of their offices. Through video conference, trustees can still ‘meet’ and talk to their members’ first line of defence. This same technology is being used when trustees are looking at change. It may not be a like for like replacement, ‘floor walks’ tend to be less than an hour, with the rest of the time spent in a conference room. As long as the trustees are driving the agenda and talking to the people they want, virtual site visits can bring the same benefits as a traditional site visit or administration meeting. A positive side effect of virtual meetings they’re tending to be shorter and trustees are reading the reports in advance and focusing on actions.

Key Questions	Considerations
<p>What changes do you need to make to accommodate key stakeholders? e.g. employees, clients, visitors and suppliers to your office(s)</p> <p>How will you ensure trustees can ‘connect’ with their administration team</p> <p>Do you need to provide guidance to employees on attending client meetings off site?</p>	<ul style="list-style-type: none"> <li>• Implementing processes to regulate office visits and ensure people are traceable</li> <li>• Documenting your expectations and providing guidance and training to ensure people know how to keep Covid-secure</li> <li>• Ensure employees know and understand your HR policy on Covid-19 when off site</li> <li>• Ensuring your technology supports virtual engagement</li> <li>• Understanding your responsibilities and liability under Covid-19</li> </ul>

## 7. Identity Verification (IDV)

The pension administration sector’s reliance on paper certificates for identification lags almost every other sector in the UK. Paper birth and marriage certificates prove nothing on their own because of their vulnerability to fraud. Asking someone to state key data items such as date of birth and National Insurance number to identify themselves is unreliable because they are accessible to others. It’s time administrators

moved away from these unreliable methods as a primary process and incorporated more sophisticated and secure methods of identification.

Many administrators have invested in digital identification platforms that cross match scans of passports, driving licences and council tax bills against DVLA records, credit card databases and voter records. This is a secure identification method and can only be surpassed by biometric technology.

As a result of lockdown, many administrators accelerated their plans to move to a more secure method of member identification. Those who have yet to make this move are in danger of being left behind and should be investigating this urgently.

Key Questions	Considerations
How secure is your identification process?  Can you explore making use of an online IDV service?	<ul style="list-style-type: none"><li>• Evaluating cost, data security and integration with existing systems, processes and controls for digital ID verification services</li></ul>

## 8. Investment Managers and AVCs

The demand for wet signatures from investment managers has been a bug bear for administrators for some time. Lockdown forced the managers to agree to electronic signatures. For some, this was intended to be a temporary solution. But if the original authorities were properly verified, there's no reason why this should revert. It's efficient and mitigates risk for all.

Many administrators have been maintaining higher than usual levels of cash in trustee bank accounts, to accommodate for any problems in disinvesting from investment managers to pay benefits. Neither TPR nor PASA received any reports of benefits not being paid due to inability to disinvest because of lack of signatures. Administrators should ensure they maintain up to date electronic signatures with all the managers and AVC providers they deal with. Until the pandemic is behind us, administrators must have a contingency plan if they need to add additional trustee signatories.

Most of the insurers' AVC response times have now returned to normal. Although there are still some with extended turnaround times, mainly through lack of contact centre people. Surprisingly, some of the largest insurers were affected here. Many DB members have insured AVCs which are fundamental to their benefit calculations and administrators should have agreed protocols in place with these providers if they're affected by regional lockdowns. Similarly, many DC members' benefits are in insured arrangements which

need to be coordinated by an administrator to settle retirement or death benefits. An agreed protocol needs to be in place which protects processes from future interruptions in these call centres.

Key Questions	Considerations
<p>Have you engaged with your investment managers to establish their long-term authority requirements?</p> <p>Do decisions around trustee bank balances need to be revisited?</p> <p>Are you confident AVC providers can deliver uninterrupted service in the case of local lockdowns?</p>	<ul style="list-style-type: none"> <li>• Reviewing mandates to ensure they are up to date for key individuals</li> <li>• Agreeing a policy to update electronic signatures quickly</li> <li>• Reviewing floats where they were increased to mitigate risk and evaluating these against current and projected requirements</li> <li>• Agreeing a contingency policy with AVC providers in case of service disruption</li> </ul>

## 9. Wellbeing and Productivity

PASA research covering 20 TPAs and in-house administrators of varying scale found 13 had surveyed their employees. Of these, seven were TPAs and six in-house. The majority of people who were keen to return to office based work for 50% or more of the time were from in-house schemes. Whereas five of the seven TPAs’ employees only wanted to return to an office based environment for 20% or less of their working week. Larger TPA’s have the technology in place to allow seamless homeworking, but some in-house teams and micro TPA’s will probably still rely on paper files and manual processes to some extent and this could impact on accommodating full remote working.

Administrators will each take their own path in determining how/whether they maintain an element of WFH and regardless of their approach, employee wellbeing will need to be at the forefront of their thinking. This isn’t simply an ‘employee relations’ attitude. Regardless of how employers view their relationships with employees, wellbeing has a direct impact on productivity<sup>3</sup>. Administrators need to take steps to mitigate the negative impact on wellbeing if they want to ensure they maintain productivity levels throughout the lifetime of this pandemic and beyond. Administrators need to work hard to identify issues - actual or potential - in order for steps to be taken to mitigate the impact on wellbeing, and subsequently on output/productivity. Without doubt, some people in all aspects of administration delivery have struggled with WFH. This may be because of isolation, or because of the additional responsibilities of home schooling. For those whose mental health have been affected by isolation, a return to near normal could be helpful. But with schools appearing to return to full strength by September, the issue of home schooling goes away.

<sup>3</sup> Economic & Social Research Council, CUSP Working Paper No 22

Some administrators reported a drop in productivity of around 20% for the few weeks after lockdown. This was expected as extra equipment was rolled out and people got used to working alone, or with children and spouses all under the same roof. For some, this was balanced by a reduced call on administrators by members as they too came to terms with their lockdown worlds. In allowing people flexibility in when they carried out their work, some administrators have reported productivity has returned to normal. It's a human condition to normalise environments over time. People won't put off their pension questions and needs forever. Workflows will return to pre-Covid levels, if they haven't already, and administrators need to ensure they're ready.

One area of concern is how administration teams collaborate, the behavioural component of coaching, peer-review, feedback and working together as a team. Particularly with new team members and people new to the industry. Few administrators report having issues in coping with training and development of their people. We must remember though, in pension industry terms, these last few months are just a moment in time. It's been said administrators learn all the time from what's going on around them. But what if the future holds no physical interaction and WFH permanently is a reality? How do people know when they're going off track? How do managers know when one of their team is struggling? To help identify these issues, many administrators have put in place daily team update calls, team WhatsApp groups, regular organisational updates and one to ones. In some cases, this has been added to existing or newly established wellbeing programmes.

Having people with the skills to deliver high quality administration is vital if the industry is to continue to maintain WFH as part of an administrator's employee strategy. Regular skills, competency, knowledge assessment will need to be formalised to ensure output and productivity doesn't drop and training needs can be identified. Often large administrators and TPAs already have these assessment practices in place, but these may be less formalised in smaller administrators. It's time for all administrators to ensure they have formal processes to manage their people.

Key Questions	Considerations
<p>Do you know how your employees feel about a return to office based work?</p> <p>Do you know whether your employees' wellbeing, physical and mental health have been affected by the pandemic?</p>	<ul style="list-style-type: none"> <li>• Surveying employee attitudes to returning to office based work</li> <li>• Taking steps to mitigate negative impacts on employee health &amp; wellbeing</li> <li>• Measuring actual productivity in both office-based and remote working environments, don't rely on perceptions</li> <li>• Reviewing targets, controls and reward packages to align with new working models</li> <li>• Reviewing process maps, AAF 01/006 and other controls against planned operational models</li> </ul>

<p>Is your training and support structure effective regardless of where your employees work?</p> <p>Do you know whether there's a difference in productivity when WFH compared to office based?</p> <p>Do you know if your operational infrastructure can support flexible working patterns in the long term?</p>	<ul style="list-style-type: none"> <li>• Applying staggered return policies over an extended timeframe</li> <li>• Reviewing technology platforms, availability of digital data and levels of automation</li> <li>• Exploring how continued remote working impact social cohesion, employee engagement and tacit learning</li> <li>• Assessing how collaboration and tacit learning can be embedded within the organisational structure and processes</li> </ul>
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## 10. What does a return to the office look like?

- Our research found only six administrators expect the core team(s) to return to their office(s) for four or more days a week. With less expecting their ancillary (accounting and payroll) teams to be office based for the same period. TPAs were more likely to be expecting both administrators and ancillary teams to be office based for three days or less a week. This is consistent with their employees' attitudes to returning to office based work.

Bringing people back into the office won't be straightforward. Risk assessments will have identified ways to make the office Covid-Secure, but few large administrators' offices will be able to run at 100% occupancy. Many have stated they're looking at 60 to 70% occupancy to allow for social distancing, such as changes to office furniture orientation, one-way systems and increased cleaning to high touch surfaces etc. This is consistent with our research findings. It's likely larger administrators will employ some form of rota for people who still have office-based responsibilities. In smaller in-house teams this may not be possible or necessary, dependent on the sponsoring employer's situation.

Key Questions	Considerations
<p>How will your employees travel to work?</p> <p>What does future office based work look like for your organisation?</p>	<ul style="list-style-type: none"> <li>• Assessing how people travel to your office(s), e.g. public transport</li> <li>• Assessing what occupancy rate you need to deliver robust administration services over the long term</li> <li>• Documenting your expectations and providing guidance and training to ensure people know how to keep Covid-Secure</li> <li>• Deciding if/how you will accommodate individual employees' concerns</li> <li>• Reviewing your operating model</li> </ul>

	<ul style="list-style-type: none"> <li>• Reviewing training methods and policies</li> <li>• Understanding how robust your WFH arrangements are and whether they are flexible enough for you and your workforce?</li> </ul>
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## 11. Recruiting

Recruitment has been polarised during lockdown. With some administrators carrying on with in train appointments and continuing to recruit, onboard and train new people. Our research results showed 13 of the 20 administrators surveyed recruited and on-boarded new people during lockdown. 12 employers carried out inductions remotely, with only one employer inducting by socially distanced face to face. More than half of all the administrators surveyed said they would continue to recruit more remote workers than office-based people in future. We see this as a sign administration will still be able to attract new talent regardless of where people live. However, of course, these new WFH roles will need to be managed well to ensure everyone can work together productively as a team.

Not all administrators have been recruiting when they needed to. Some haven't been mindful of, or have only paid lip service to, their employees' overall mental health. People will remember administrators where employee wellbeing was central to their remote working strategy. Administrators need to review whether a pause on recruitment and lack of investment in employee wellbeing could term impact their operations and employee engagement levels. It's not just about making sure technology and processes work so people can do their jobs. The softer areas of people management are critical for administrators in ensuring their employees can do their jobs well. These administrators should find it easy to recruit and retain the best people to deliver high quality administration. Sadly, not all have recognised the value of their people in this.

Key Questions	Considerations
Have you re-assessed your recruitment strategy post lockdown?	<ul style="list-style-type: none"> <li>• Comparing and reviewing your target operating model against your hiring strategies to ensure there's a good fit</li> <li>• Evaluating and aligning the resourcing levels you need against your amended operating model and expected workload</li> </ul>

## 12. Conclusions

Covid-19 has forced administrators and their third party suppliers to fundamentally change their operating models to ensure they can maintain service to members and trustees. Where these changes have demonstrated greater efficiency, it's likely these will be made permanent. As we move through the pandemic, forward thinking administrators are leveraging technological solutions which strengthen security and better meet members' needs. As they do so, they need to accommodate peoples' differing needs.

Just a few months ago there was a general reluctance to allow administrators to WFH. There were many in the industry who said administration is the one job which can't be carried out remotely. They were wrong, it can. But will it continue post lockdown? There's no binary answer - and probably no one right answer. It will be driven by a combination of employers' attitudes to remote working, how good underlying data is and how integrated administrators' systems are. If occupancy rates remain low, there is potential for lower associated costs in terms of office space etc. But of course, with most offices either on long term lease, or owned - these infrastructure savings could be a while coming.

If the Covid-19 R rate increases regionally, administrators need to plan for future full or partial local lockdowns. If these happen, it's likely to be at short notice and administrators will need to be able to switch office based centralised processes into a remote functions quickly.

If the pensions administration sector moves permanently towards flexible working, organisational structures, processes, platforms and employee engagement needs to follow. Only by combining the strength of their people with their technology will administrators develop the long term resilience needed to deal with the challenges of this pandemic. As workflows return to normal, or even increase, which administrators will be ready?





THE PENSIONS ADMINISTRATION STANDARDS ASSOCIATION

Get in touch:

[info@pasa-uk.com](mailto:info@pasa-uk.com)

[www.pasa-uk.com](http://www.pasa-uk.com)