

Impact assessment of Covid-19 on PAS performance

1. Introduction

To assess the impact Covid-19 and home working is having on key administration task performance reported quarterly in the pension administration strategy (PAS) a comparison is provided for the first quarter and covers a reporting period from 01 April to 30 June 2020 against the same period in 2019.

Unlike the quarterly PAS report no adjustments have been made to percentages achieved for cases that were due to be completed during the reporting period but are still outstanding.

2. Key administration tasks

2.1 Death in Service

Death in service cases are processed by the Benefits Administration team.

Reporting Period	Completed cases	Target percentage achieved
01 April to 30 June 2020	8	100%
01 April to 30 June 2019	8	100%
Difference	0	0

Identical amount of cases and percentage achieved.

Although not reported through the PAS we can compare performance for active, deferred and pensioner deaths during the reporting period.

Reporting Period	Completed cases	Percentage achieved
01 April to 30 June 2020	168	96%
01 April to 30 June 2019	169	89%
Difference	-1	7%

Almost identical amount of cases completed with improved percentage achieved.

2.2 Retirement estimates

Retirement estimates are processed by the Benefit Administration team.

Reporting Period	Completed cases	Target percentage achieved
01 April to 30 June 2020	68	100%
01 April to 30 June 2019	318	100%
Difference	-250	0

A significant decrease in cases completed however the percentage achieved remains the same.

Given there are very few outstanding cases this is likely to be down to restricted access to the Fund for members as a result of home working.

2.3 Actual retirements

Actual retirements are processed by the Benefit Administration team.

Reporting Period	Completed cases	Target percentage achieved
01 April to 30 June 2020	421	74%
01 April to 30 June 2019	488	98%
Difference	-67	-24%

A decrease in cases completed and a significant decrease in percentage achieved.

Significant delays caused by having to come into the office to print documentation for members who do not want to use the self-service portal as well as closing payroll early to allow more time for checking work.

2.4. Transfers

Transfers in and out of the scheme are processed by the Benefit Administration team.

Reporting Period	Completed cases	Target percentage achieved
01 April to 30 June 2020	74	68%
01 April to 30 June 2019	117	88%
Difference	-43	-20%

A significant decrease in cases completed and a significant decrease in percentage achieved.

Initial decision to suspend for up to three months has now been reversed and will be contributing as well as higher priority given to death and retirement processing as recommended by guidance issued from the Pension Regulator.

2.5. Deferred benefits

Members who defer their benefits are processed by the Employer Relationship Team and for those who choose to join/concur membership held in different employments they will be processed by the Benefit Administration team.

Reporting Period	Completed cases	Target percentage achieved
01 April to 30 June 2020	766	99%
01 April to 30 June 2019	277	97%
Difference	489	2%

A large increase during the reporting period is a result of a project to complete a backlog of join/concur cases prior to running extracts for the triennial valuation, this exercise was completed out with normal working hours.

If we exclude the project work, then both the amount and percentage achieved reduces.

Reporting Period	Completed cases	Target percentage achieved
01 April to 30 June 2020	74	95%

01 April to 30 June 2019	277	97%
Difference	-203	-2%

A significant decrease in cases completed with a similar percentage maintained.

This decrease was expected as priority was given to year end processing because it could be done entirely while working from home unlike deferred benefit processing which requires staff to be in the office to print off member notifications.

2.6. Refund of contributions

Refunds are processed by the Technical team.

Reporting Period	Completed cases	Target percentage achieved
01 April to 30 June 2020	394	95%
01 April to 30 June 2019	128	99%
Difference	266	-4%

A significant increase in cases completed with a similar percentage maintained.

3. New Disclosure Reporting

New reporting is currently being tested to accurately measure performance in delivering statutory timescales for processing pension benefits.

Currently the reporting measures deaths, deferred benefits, refund of contributions, retirements and transfers in/out within the statutory 2 month period and divorce within the statutory 3 month period, estimate provision within the statutory 2 month period will be included going forward¹

Reporting Period	Completed cases	Disclosure pass	Disclosure fail	Percentage achieved
Q1 2020/21	876	832	44	95%
Q4 2019/20	621	615	6	99%

The performance achieved for delivering statutory disclosure requirements is encouraging and remains high at 95%.

Quarter 4 saw all deaths processed within statutory timescales however in Quarter 1, when the pandemic was at its peak, 19 of the 44 fails were deaths and the difficulties members will have had with limited access to the Fund will have contributed.

The report only measures cases that were created after the 1 January 2020, cases not measured will decrease over the coming months.

4. Impact Assessment by Team

4.1 Benefit Administration

Death in Service / Estimates / Retirements / Deferred Concurrent / Transfers

¹ Measurement excludes time taken for members to respond to communications

Delivering an essential front line service with limited phone access, no member appointments and printing delays is challenging whilst working from home. The team have introduced a number of new processes including:

- Use of electronic signatures and email templates
- Printing procedures for payment related notifications, non-payment related documentation and work that requires to be checked by senior officers
- Uploading documents and emails directly to member records
- Emailing members to advise documentation has been generated and uploaded to the secure members portal.

Despite all this the team will struggle to maintain performance levels achieved in previous years, evidenced in the appendices, because there is still a reliance on hard copy documentation for many members and a reluctance to do things online.

Benefit processing requires notifications to be issued within statutory timescales and prolonged home working will impact on the time taken and the amount that can be processed.

4.2 Employer Relationship

Deferred Benefits

With year-end processing given priority and completed in 24 days, this is the first year there has not been a reduction in time taken compared to the previous year, attention will now turn to deferred benefit processing which is part of the team's remit for managing leavers received through automated updates from employer's payroll systems. This is one of a number of responsibilities the team have to manage which this year includes delivering the 2020 triennial valuation with the scheme actuary.

The team manager recently requested access for staff members at weekends for processing deferred benefits as currently the Fund only has 7 seats available within Marischal College for all staff.

Deferred processing also requires notifications to be issued within statutory timescales and prolonged home working will impact on the time taken and the amount that can be processed.

4.3 Technical

Refund of Contributions

Assistant Pension Officers (APO) have been taking turns to maintain a daily presence in the office to process incoming/outgoing mail and scanning and indexing all documentation.

In addition to this critical function the APO are also responsible for processing refunds. It was thought their role would not be suitable for home working however circumstances have dictated that this is a requirement for some and that has allowed them to focus solely on refund processing. The result of this is evidenced in the number of cases processed and the high percentage achieved.

Prolonged home working is unlikely to have any impact on refund processing but will contribute to scanning/indexing backlogs which can only be reduced by having more staff in the office. Failure to reduce the backlogs will impact on the time taken to process other key administration tasks within statutory timescales.

5. Staff Impact Assessment

Management are in regular contact with staff advising them of the latest guidelines around homeworking and their health and wellbeing.

A confidential survey was carried out with Pension Officers around hours currently being worked and how they are coping with ongoing home working, key points raised were:

- No significant change in hours worked, some are doing slightly more and some slightly less
- It has been challenging for everyone adapting to the new working practises that have been put in place by the Fund
- Acknowledgment that processing pension benefits whilst working from home takes longer than it would whilst in the office

NESPF have published performance for key administration tasks consistently for the previous seven years. Adjustments are made to the percentages to account for work not completed that was due to be completed and this provides an accurate assessment of overall performance.

There is no regulatory requirement to publish KPI performance however it is important that we continue to do so to reflect the effort and commitment from staff during these difficult times.

The recent announcement from the Pension Regulator that easement in reporting requirements will not be extended beyond 30 June raises concerns around delivering statutory timescales for disclosure regulations.

Staff are taking longer to process key administration tasks and consistent failure to meet these timescales will be of material significance to the Pension Regulator and therefore must be reported. This could potentially happen, despite the continued effort and commitment from staff, as long as ongoing home working is the default position.

Appendix 1 – 2019/20 Performance

Home working as a result of Covid-19 has significantly impacted on the time taken to process key administration tasks.

This is evidenced by comparing the revised percentages to be reported for this year's first quarter with the figures published for last year:

- Death in service reduced from 88.4% during 2019/20 to 66.7% with adjustments made for 4 cases
- Retirement benefits reduced from 95.8% during 2019/20 to 61.9% with adjustments made for 85 cases
- Deferred benefits reduced from 91% during 2019/20 to 80.1% with adjustments made for 179 cases
- Transfer in reduced from 84.4% during 2019/20 to 71.4% with adjustments made for 4 cases
- Transfer out reduced from 75.7% during 2019/20 to 51.3% with adjustments made for 14 cases.

Administration Task	Completed cases during reporting period				Additional targets for completed cases during reporting period				Uncompleted cases during reporting period	
	Target	Cases	Achieved	Percentage	+ 5 days	+ 10 days	+ 20 days	> + 20 days	Cases	Revised %
Notification of death in service	5 days	41	38	92.7%	97.6%	100.0%		0	2	88.4%
Notification of retirement estimate	10 days	1012	1009	99.7%	99.8%	99.9%	99.9%	1	17	98.1%
Notification of retirement benefits	10 days	2024	1984	98.0%	98.8%	99.2%	99.7%	7	48	95.8%
Notification of deferred benefits	10 days	1217	1185	97.4%	97.4%	97.4%	98.8%	15	85	91.0%
Notification of refund	10 days	1407	1401	99.6%	99.6%	99.6%	99.7%	4	66	95.1%
Notification of transfer in value	10 days	71	65	91.5%	92.9%	94.3%	94.3%	4	6	84.4%
Notification of transfer out value	10 days	424	327	77.1%	88.8%	92.8%	97.4%	31	8	75.7%
		6196	6009	97.0%				62	232	93.5%

Retirement processing will continue to increase during 2020/21 as employers continue to offer Voluntary Severance and Early Retirement.

There is also no evidence to suggest that members will not continue to choose to take their benefits early as a result of regulatory change introduced in 2019 that enables active and deferred members to do so from age 55.

Appendix 2 - Previous Years Performance

First quarter performance to be reported compared against previous years shows the significant impact home working is having on processing.

The graph below does include the adjustments made to the percentages to provide a consistent comparison with performance reported in previous years:

