

Pensions Board

9 July 2020

Report title	Fund Response to Covid-19	
Originating service	Pension Services	
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Recommendations for noting:

The Board is asked to note:

1. The steps taken by the Fund to protect employees, mitigate impact and maintain service delivery during the current global health crisis.
2. The national picture across pensions and the LGPS in responding to the crisis.
3. The steps being taken to review the current office environment and assess the potential for colleagues to return to the office.

1.0 Purpose

- 1.1 To provide an overview of the Fund's response to the current global pandemic, providing assurance of the Fund's service delivery and its ability to pay pension benefits when they fall due, together with the steps being taken to ensure the ongoing protection of our employees in the preparation for re-opening our office space.

2.0 Background

- 2.1 Following the announcement from Government on 23 March 2020 that the UK enter a period of Lockdown to help mitigate the spread of Coronavirus, the Fund, in conjunction with the City of Wolverhampton Council, instructed all employees to work from home putting into effect its Business Continuity Plan.
- 2.2 Since that time, all employees (with the exception of skeleton staff outlined below) have continued to work from home providing ongoing service delivery to Fund members and employers.

3.0 Actioning the Business Continuity Plan (BCP)

- 3.1 During 2019, the Fund took steps to ensure all employees were able to work away from the office by issuing laptops and mobile devices to teams across all service areas as an improvement highlighted by that year's review of the BCP. At the start of the 2020 year, the Fund reviewed and updated its BCP as part of its annual programme of governance and compliance considering the changes implemented the year before. As a result of that change, when the announcement was made that the UK was entering a period of lockdown, the Fund was able to mobilise its employees quickly and set up working from home.
- 3.2 Inevitably there were initial teething problems with some set up; home networks are not as efficient as the office/business networks, colleagues needed to adjust to their new home office environments, and the challenge of home schooling was now a reality to many, however all officers have responded well to the change in working arrangements and continue delivering Fund services.

4.0 Working from Home Arrangements

- 4.1 In implementing working from home arrangements, a number of functions and technological support were required to be implemented swiftly to maintain certain services. These included the use of soft phones for our customer call centre staff, which enables them to take calls through their laptops without the need for a separate phone line. Working with our colleagues in the Council, those soft phones were actioned within a matter of days and were tested before the formal announcement of lockdown came. This has meant the Fund has been able to continue to deliver a front-line service and maintain contact with our members during this period of uncertainty.

- 4.2 To support our colleagues in their new working environment, in conjunction with the City Council, Microsoft Teams has been rolled out to all employees, together with quick user guides and training notes on how to prepare for virtual meetings and utilise the functionality Teams provides. In addition, the Fund's own Systems team have developed a number of guides and helpful hints and tips on how to set up your home office space.
- 4.3 To support our employee well-being, a weekly check-in survey was designed by the Fund's Staff Forum, to assess working from home arrangements.
- 4.4 Unfortunately the Fund is currently unable to deliver face-to-face sessions for members, an area of service which is usually in high demand and is well regarded by those who access it. At this time, the Fund is considering alternatives to providing this service, such as virtual meetings with one-to-one support being provided by phone to help members discuss their pension benefits.
- 4.5 To support service delivery a very limited number of skeleton staff have been attending on site twice a week to support with incoming and outgoing post. Those attending the office have been provided with equipment and advice to support good hygiene practices when working on site with individual risk assessments having been completed in line with NHS and Council guidance.
- 4.6 As an employer, the Fund is incredibly proud of the way our colleagues have responded to the current environment, however we are conscious that as their employer, we have a duty of care to ensure their well-being as much as their personal safety. Employees working at home are encouraged to access the Council's employee well-being initiatives for support and advice, and all our encouraged to use the platforms available (Microsoft Teams) for daily/weekly check-ins with managers and colleagues and to use the opportunity for social catch ups during breaks.

5.0 Priority Services and the new environment

- 5.1 In March 2020 the Pensions Regulator (tPR) and the Pension Administration Standards Association (PASA) issued guidance to UK pension funds outlining the areas of priority focus for administrators in maintaining service delivery for members. In summary, for pension administration those priorities being:
- Ensuring sufficient funds are held to settle benefits and other scheme expenditure
 - Maintaining evidenced accuracy for benefit calculations
 - Keeping good records of any work in progress
- 5.1.1 As part of that guidance, tPR has confirmed that it can adopt a more flexible approach to what it would expect to be reported in a number of areas due to the COVID-19 situation (including ABS delivery). A failure to maintain service which cannot be linked to the Covid-19 crisis may still result in enforcement activity by the Regulator.

- 5.2 The Fund, in considering those priorities has been able to flex resource across service areas to support teams during peak demand of workloads. As a result, the Fund has continued to pay all pension benefits, including death benefits, when they fall due and continues to plan the delivery of ABS in line with the 31 August deadline.
- 5.3 During this period, the Fund has amended, adapted, and implemented new ways of working to support the new distanced working processes, which support the focussed delivery of these priority service areas, including the acceptance of electronic signatures and photographic documents by email. In implementing these procedures, officers have worked with the Fund's Governance and Assurance Team to build a log of activity undertaken and amended, ensuring all steps taken are fully documented, auditable, and support the Fund in its protection of members. The assurance log is reviewed on a monthly basis by the Senior Management Team and will continue to be developed and enhanced providing assurance to members and employers of the Fund's commitment to good governance during a time of quick response and reactionary measures.

6.0 Protecting our Members

- 6.1 Unfortunately, during this time the potential for fraud and pensions scams is at its highest. The assurance log that has been developed by the Fund seeks to ensure all relevant protections are in place for our members when we implement new ways of working, however, during a time of financial difficulty for many as individuals are furloughed or employers undertake business efficiency programs, the potential to access cash in pensions can be appealing and the opportunistic nature of scammers means the Fund needs to be on high alert to inform and protect our members during this time.
- 6.2 The Fund has taken extra steps to implement checks when actioning transfer-out requests from members including a manager review of the case and if necessary, a call direct to the member where concerns are raised on case review, prior to the transfer out being actioned. All customer call centre officers have received training on protecting personal information with security checks undertaken at the point of contact to confirm a members' identity. In addition, the Fund's Governance and Assurance Team have been prolific in reviewing requests for information as well as advising colleagues on points to watch when managing personal data.
- 6.3 While ensuring the well-being of our colleagues, this time can be difficult for everyone and the Fund is even more alert to concerns about our members and any potential safeguarding concerns which may need to be raised. During this period the Fund has made two safeguarding referrals regarding members of the Fund, both highlighted by calls from members to the Customer Contact Centre. Officers of that team have been commended on their candour and handling of the calls, highlighting concerns to the Head of Governance which resulted in the necessary referrals being made.

7.0 Future Impact

- 7.1 Noted within the Pension Administration report is an overview of the workload statistics during this period of lockdown and the impact of Covid-19 on work volumes. In reviewing the current situation, it is prudent of the Fund to plan, prepare and understand the potential impact on future workload and service delivery which may be felt as a result of the current working environment.
- 7.2 At this time, the Fund is aware that a number of its members may be subject to furlough and that as a result of the current economic climate, the potential for some employers to be suffering financial difficulty may mean those employers are unable to make timely contributions and may be required to make business efficiencies, which may result in reduced hours or possible redundancies. The full impact for the Fund in relation to these issues may not be known for a period of time, but monitoring is being undertaken to test and reconcile contributions and data on a monthly basis to highlight early any issues and prevent higher levels of data queries emerging later in the financial year. Unidentified and unresolved, there is potential for impact on future benefit statement production and calculation of benefits.
- 7.3 The Fund has reached out to employers through a series of follow-up enquiries to better understand the short-term implications for their operations and the extent to which this may impact their ability to meet obligations to the Fund.
- 7.4 Longer term, changes in member experience (including mortality), employer resilience and economic factors impacting inflation and investment returns could have implications for funding and these will be considered in more detail as the implications and global response to the pandemic become clearer.

8.0 National Picture

- 8.1 Throughout the pensions industry and specifically the LGPS a number of bodies are working to keep Funds informed of progress and initiatives to support the ongoing work of Funds during this time. The Scheme Advisory Board (SAB) together with the LGA have issued a number of surveys to LGPS Funds to understand the potential impact Covid-19 has had on both administration and governance.
- 8.2 Those surveys include:
- LGPS resilience survey to determine the ongoing ability of Funds to continue to pay pension benefits. The initial results of which determined a high resilience amongst LGPS Funds in the ability to continue to pay more than 1.5 million pensioners.
 - Survey of LGPS Cashflow which showed a small minority of Funds who are anticipating issues due to loss of dividend income or delayed employer contributions (WMPF was not one of those with concerns).
 - LGPS Governance Survey assessing the ability of Funds to continue to take decisions and hold virtual meetings.

- 8.3 While there is a heavy focus on the current Covid-19 crisis, SAB and national bodies are also continuing to progress workstreams commenced prior to the lockdown. Three areas the Fund is activity monitoring are:
- 8.3.1 Pending consultation on changes to the calculation of Scheme benefits following the McCloud ruling (expected late June) – this is expected to result in significant additional administration workload for all Funds.
 - 8.3.2 Outcome following consultation on a £95k cost cap on benefits (including the LGPS) for members leaving employment as a result of business efficiency or redundancy – this is expected to require a change in benefit processing with potential further options and decision for members in relation to drawing retirement benefits from the Scheme.
 - 8.3.3 GMP equalisation for public sectors pension scheme – with an interim solution in place until 2021, further consultation is expected on how the Scheme implements the requirement for GMP equalisation, with potential requirement to revisit the calculation of GMP benefits.

9.0 Future Working Environment

- 9.1 Following the latest extension to the lockdown measures on 10 May, Government later that week issued guidance to employers on preparing work environments and office spaces to ensure ongoing protection of employees.
- 9.2 The Fund has reviewed the advice and in conjunction with the Council (at time of writing) are reviewing our current working space to assess compliance with the guidance to enable a safe return by our officers.
- 9.3 Using a template created by WM Employers, the Fund has conducted an initial risk assessment of the workspace and identified initial steps that need to be taken to facilitate a return to the office space. Return is expected to be carried out on a phased basis, prioritising those employees and services with greatest need for office space. Face to face services and visitors to the offices are expected to be last to resume.
- 9.4 In conjunction with this review and phased return, work will also be undertaken to consider future options for agile working. Employee wellbeing and system performance surveys have been undertaken to test working at home experience. Any change in practice will be carried out following the development of policy by the Council and employee and trade union consultation, noting our overriding objective to find the best environment we can to deliver reliable and progressive services to our members and employers.
- 9.5 The Fund is engaging with Manders, as the landlord to understand their considerations in making the common areas (entrance, exits, lifts, etc.) compliant. It is expected that re-opening and development of any “new normal” will take a number of months, particularly to the public.

10.0 Risk management and communications

- 10.1 To support the Fund's response to the pandemic and to enable Senior Managers to direct resource where it is needed, a bespoke risk register has been created to identify, monitor and manage risks caused by Coronavirus which has been under fortnightly review by the Senior Management Team. Since its initial assessment the Fund has been able to mitigate the impact of the risks identified with 4 risks reducing in overall likelihood and impact through the course of system developments and national change. 3 risks have increased which are linked to workloads and people as highlighted in the pension administration report.
- 10.2 The Fund has ensured all stakeholders have been engaged and informed of the Fund's work since the lockdown commenced in March with weekly briefings provided to the Chair and Vice Chair of Pensions Committee, monthly briefings to the Chair and Vice Chair of Local Pensions Board together with a monthly briefing note issued to all members of the Fund's governing bodies providing an overview of the ongoing work of the Fund in response to the current pandemic, ensuring all benefits are paid when they fall due. In addition, the Fund has created tailored FAQ's for both our members and employers with further information on the Fund's customer engagement provided in the customer engagement report.
- 10.3 At the time of writing the Fund is reviewing its current recruitment programme. The 2020 Graduate and Trainee programme was launched in May, with a number of applications having been received to date. The programme of recruitment has been created to allow as much lead in time as possible while we work through the current environment. Other roles are being considered on a case by case basis on assessment of need by service area with the ability to conduct virtual interviews using Microsoft Teams and in line with the protocol issued by the Council's HR team.

11.0 Financial implications

- 11.1 Noted within the Covid-19 risk register is the potential impact on the 2020/2021 budget, where amendments to office environment and planned service and advisory arrangements may be required together with the need to provide additional equipment to employees and re-work office space to facilitate social distancing. Some flexibility was built in to the Fund's operational budget for service development and there may be some changes in the format of service delivery however, the overall impact will continue to be monitored through the quarterly budget review process.
- 11.2 In response to increased investment market volatility the Fund regularly assessed its cash requirements and its ongoing ability to meet liability payments as they become due. Specifically, this analysis included enhanced monitoring of cash-flows into the Fund as well as regular assessment of market conditions that could impact the ability to liquidate short-term investments to fund cash payments. Whilst several actions were identified that could be enacted if market conditions further deteriorated, no action was deemed necessary and at this time the short-term liquidity profile of the Fund is considered to be good.

12.0 Legal implications

- 12.1 The Fund has a duty to pay pension benefits as they fall due, failure to do so may result in challenge from both the regulator and national bodies.
- 12.2 The Fund has a duty as an employer to protect its employees providing a safe environment for them to work, following health and safety regulations and new guidance, as this emerges. Any proposed return to the office will be considered in consultation with City of Wolverhampton Council and the relevant Trade Unions.

13.0 Equalities implications

- 13.1 Equality Impact Assessments will be undertaken and reviewed as part of the planned phase return to the office considering any individual requirements as necessary.

14.0 Environmental implications

- 14.1 There are no direct environmental implications

15.0 Human resources implications

- 15.1 The Fund has a duty to provide a safe environment for all employees and will be working with City of Wolverhampton HR team to assess and determine any steps to return to the office. Any proposals will be considered in consultation with relevant Trade Unions.

16.0 Corporate landlord implications

- 16.1 Part of the assessment of office environment may result in office refurbishment works and/or adjustment to the office space to facilitate an appropriate environment that complies with national guidance. This assessment will be undertaken with CWC Corporate Landlord officers.

17.0 Schedule of background papers

- 17.1 PASA Guidance to pension administrators
<https://www.pasa-uk.com/wp-content/uploads/2020/04/COVID-19-Guidance-for-Administrators-March-2020-FINAL.pdf>
- 17.2 Scheme Advisory Board governance survey results
<http://lgpsboard.org/index.php/structure-reform/covid19>
- 17.3 Government guidance “Working safely during Covid-19”
<https://assets.publishing.service.gov.uk/media/5eb97e7686650c278d4496ea/working-safely-during-covid-19-offices-contact-centres-110520.pdf>
- 17.4 The Pensions Regulator guidance for scheme Trustees and Administrators
<https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/scheme-administration-covid-19-guidance-for-trustees-and-public-service>