

Premier Pensions

COVID-19 Administration update

17th April 2020

Premier employees have now been working from home for almost a month and we are happy to inform you that we are continuing to run as near as normal as possible. There is very little to report on an overall strategic or operational level and your Premier Client Relationship Manager is no doubt interacting with you on scheme-specific requirements.

Inbound / Outbound post

Our post continues to be received via our scanning bureau. They are classed as an essential service as they have a large client base around patient files for NHS Trusts. They have made home working available where they could. However, due to the nature of what they do most of their work needs access to their secure facilities.

The bureau is following all government regulations and recommendations with reference to COVID-19. They have conducted comprehensive training around infection control and making sure they have good workplace spacing for all staff. They have installed hand sanitiser units at all their access points to their facilities as well as at each department area. They also have a full clean down of all touchpoints on an hourly rota that is all push plates, handles, switches, handrails and any area that may be touched by more than one person. Each operator point is cleaned by the operative before work and after each phase of the day, this includes all equipment including phones and any hardware that may be touched by other operatives. If an operative is uncertain on equipment cleanliness they are allowed to clean down when appropriate.

They have not missed any SLA's during this period of lockdown and see little reason for this to change in the future. They will escalate any concerns they have and we have the ability to switch Royal Mail delivery to alternative providers or to our own offices.

We continue to encourage members to email us or send requests via the web and in turn we are attempting to communicate with members via email, wherever possible, rather than sending items by post. Naturally, we continue to call or write to members who do not have ready access to email or the internet.

We have a couple of employees who come into office to deal with the minimal volumes of inbound and outbound post from the office and have appropriate social distancing measures in place for them.

Telephone calls

We continue to capture inbound calls via voicemail, given our concerns around the alternatives of requiring employees to come into office, or risking privacy when taking calls at home. Call volumes have dropped and only 10% of these leave voicemail messages, while the rest send in their requests via email.

We will continue to review the situation and can change our strategy depending on circumstances. However, current analysis of the voicemails and member feedback is not indicating that is necessary.

Pensioner payroll

We are happy to say that we have completed all year-end payrolls and relevant pension increases. P60s will be in the post shortly. Naturally, continuing to pay your pensioners on time is a critical function.

Team productivity

We continue to monitor team productivity and there has been no drop across the board. We note that a number of In-house and Third Party Administrators have struggled, where they depend on paper member files, wet signatures and lack workflow. It is times like these that we and our clients can feel the satisfaction of investing in digitisation and technology, to ensure that work can go on seamlessly from home. Our Stewardship Reports have run automatically, as normal, and we do not expect any material COVID-related hiccups. Your Client Relationship Manager will be in touch to present these on schedule.

We know that a number of our Clients are putting staff on furlough. Do let us know if you expect any spikes in work due to activity on the part of the Trustees or Sponsor. We can then ensure that the teams are geared up accordingly.

Cash flow

Many of our clients are concerned about cash flow and rightly so. We are happy to reassure you that our Treasury processes are robust. Cash flow projections are reviewed at least daily and the investment / disinvestment processes are working well within a remote environment. However, the area of concern is more likely to be in the area of Trustee authorisations, where required. We are also noticing an unfortunate spike in Deaths, which could have an impact where there are Death In Service payments due. Transfer requests have fallen. However, the percentage of cases that are moving to Settlement appears to be increasing.

Projects

Our Projects team is working as normal. We have sent out a number of mailings reassuring members about the impact of COVID-19 on the Client Sponsor, stability of the scheme and their ability to retire. We are also discussing potential messaging for DC members and high earners. Other projects on the go are data cleanse exercises, GMP Equalisation audits and preparation for buy-outs.

Sickness and absence

Given the lockdown, unsurprisingly, we have not had any sickness on the team, including suspected COVID-19 cases. Administrators are taking annual vacation as normal, presumably to spend time with the family and sunning themselves in the garden.

Premier impact

Premier has taken the decision not to make any redundancies or put employees on furlough. We do not believe that this would be right, given that the impact on us as a firm has been minimal. First quarter revenue and profitability has broadly been on target, though we are still firming up the numbers. Naturally, we would appreciate all our clients approving and paying their bills promptly, to ensure that our cash flow stays strong, given that our single largest outgoing is employee's salaries.

Key risks

We note, that there are always risks and the Premier Board and our Administration Leadership team are actively reviewing these and ensuring that we have adequate contingencies in place.

- **Mental health concerns:** We are continuing our focus on our employee's mental health, with consistent messaging and educational modules from a team of psychologists at The Positive Group who have given us access to an online course "Managing Your Mind". We have now

started daily all-employee social events via Zoom, such as yoga, cardio workouts, cooking sessions, bingo and pub quizzes.

- **Total lockdown:** This is becoming increasingly unlikely and the more likely scenario is a continuation of the current lockdown for four to six weeks. We have agreed arrangements for a total lockdown, but are now scenario planning for a staggered back-to-work programme.
- **Extension of the current level of lockdown for three months:** We are proceeding with planning for this eventuality and have identified a small number of employees who are 'at risk' and will definitely need to work from home for an extended period of time. We are surveying our employees regularly and are comfortable that they are all feeling engaged, technology is working and productivity is high. On a Premier Administration Leadership video conference this morning, all teams stated that they would be comfortable working from home for a further six weeks. Our back to work programme is likely to leverage the arrangements currently being implemented by our scanning bureau.
- **Financial Education:** Trustees are concerned about members being made redundant, put on furlough and members reaching retirement. We are discussing options of sending out targeted communication or even offering IFA support to these members. Do speak to your Client Relationship Manager if this is of interest.
- **Transfers & Scams:** The Pension Regulator and the FCA are concerned about a spike in Transfer and Transfer-related scams. We are not seeing any increased activity as yet in this area. We already have stringent processes in relation to Transfers & Scams and we will continue to keep this under review.
- **AVC providers:** We understand that some Third Party Administrators are having issues getting information from AVC providers at the current time. We have not experienced this as yet. However, we do not have any reason to believe that our experience will be any different. We will need to manage member expectations accordingly and will raise any issues with you as Trustees, when appropriate.
- **Changes in Schemes:** We believe that the economic fallout will cause some Sponsors and Trustees to make changes in their benefit structures. We do not believe that this is likely to be immediate. Do keep us informed if this becomes a possibility as we will need to plan our resources accordingly and feed into your timelines.

Do speak to your Client Relationship Manager if you would like to discuss any of this, if you have any concerns about our strategy or believe that we have missed opportunities or risks. Stay safe and we do hope that you and your families are doing well.

Kind regards,

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Further guidance:

The Pension Regulator: <https://bit.ly/3dRuZJP>

The Pensions Ombudsman: <https://bit.ly/2UCxKqJ>

The Pensions Administration Standards Association: <https://bit.ly/2waXp0p>

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See change.