

## **Kent Pension Fund**

### **Administration Strategy**

#### **Effective from April 2023**

1. Introduction
2. Purpose of the Pension Administration Strategy
3. Role of Scheme employers
4. Role of the Kent Pension Fund
5. Non-Compliance
6. Additional charges

#### **1. Introduction**

- 1.1 This is the Pension Administration Strategy of the Kent Pension Fund (The Fund) in relation to the Local Government Pension Scheme (LGPS) in Kent. The strategy is kept under review and revised to reflect changes to the LGPS Regulations and Fund policies. This document sets out a framework by way of outlining the policies and performance standards to be achieved to enable provision of a cost-effective and high-quality administrative service.
- 1.2 Regulation 59 of the LGPS Regulations enables Administering Authorities to prepare a written statement of the authority's policies in relation to matters such as communicating with scheme employers, establishing levels of performance which the administering authority and its scheme employers are expected to achieve, procedures which aim to secure compliance with statutory requirements, other matters as appear to the administering authority after consulting with scheme employers to be suitable for inclusion in the strategy.
- 1.3 The Pension Administration Strategy applies to all employers in the Kent Pension Fund. Employers must have regard to this strategy when carrying out their role.
- 1.4 Kent Pension Fund is responsible for the implementation of the Pension Administration Strategy including the collection of contributions and other fees as well as the management of admission matters.

#### **2. Purpose**

- 2.1 An effective Pension Administration Strategy supports the Kent Pension Fund (the Fund) and its employers to deliver on their responsibilities so that all members and stakeholders receive the highest possible level of service.
- 2.2 The aim of the Fund is to ensure we are paying the correct benefits to (and collecting the correct income from), the correct people at the correct time, and to continuously review current procedures so improvements can be made to ensure the Kent Pension Fund is as effective and efficient as possible. The Fund also wants to ensure that all stakeholders have easy access to relevant information to enable informed decision making.
- 2.3 The purpose of this strategy is to provide clarity on the roles and responsibilities of the Kent Pension Fund and its scheme employers, set and measure the targets that both the Fund and its scheme employers should be working to, ensure all statutory

requirements are being met, promote good working relationships between the Fund and its scheme employers, and ultimately ensure the Kent Pension Fund is delivering a high-quality service to its stakeholders whilst maintaining the accuracy, security and integrity of the data held.

2.4 The Kent Pension Fund continually strives to improve:

- The Kent Pension Fund website
- The procedure guidance for employers
- All publicity material, forms and letters
- Training for all employers
- Communications with employers and scheme members
- The collection of data in respect of starters, the amendment of a member's personal data and the posting of scheme member contributions by electronic means

### **3. Role of Scheme Employers**

3.1 Scheme employers have distinct decision making and administrative duties under the LGPS Regulations and other relevant legislation. Employer performance has a significant impact on the overall level and quality of service provided to scheme members.

3.2 It is the employer's responsibility to ensure that contact details held by the Kent Pension Fund are correct, and to notify the Fund of changes immediately.

3.3 The employer must ensure it is aware of its scheme employer duties and keeps up to date with guidance issued by the Fund.

3.4 The employer must ensure it retains a good level of LGPS knowledge and has a succession plan in place.

3.5 During the year the employer should provide the required correct data and notifications to the Fund as per the targets set out below. Persistent failure by an employer to meet the required performance standards could result in any additional costs to the Fund being recovered from the employer.

3.6 The employer must comply with its obligations under Data Protection Law including the secure transfer of members' personal data.

### **4. General Responsibilities**

This section sets out the key legislative and regulatory responsibilities of an employer. The Kent Pension Fund recommends that employers also refer to the LGPS Regulations directly when undertaking their role and assessing their LGPS responsibilities. Providing accurate data in a timely way is vital to ensure compliance with the law and statutory guidance. All employer forms can be found on the [Kent Pension Fund website](#).

General responsibility	Action to take
<p>Confirm a nominated representative to receive information from the Pension Fund and to take responsibility for circulating it within the organisation. Ensure the Pension Fund is kept up to date with any change to the nominated representative</p>	<p>Completion and submission of the <a href="#">‘Employer changes form’</a> 7 days prior to change</p>
<p>Inform the Pension Fund of the personnel and payroll providers for the organisation and ensure that this information is kept up to date</p>	<p>Completion and submission of the <a href="#">‘Employer changes form’</a> 7 days prior to change</p>
<p>Create, publish and update (as necessary) an employer discretions policy in relation to all areas where the employer may exercise a discretion within the LGPS regulations. A copy of the employer discretion policy must be provided to the Pension Fund</p>	<p>Within thirty working days of the policy being agreed by the employer. Failure to provide the Pension Fund with a copy of your policies could impact on the release/payment of a Scheme member’s benefits</p>
<p>Appoint a person (the adjudicator) to consider disputes under Stage 1 of the pension Internal Dispute Resolution Procedure (IDRP)</p>	
<p>Provide each new employee with a <a href="#">‘joiner pack’</a> and a <a href="#">‘Brief guide to LGPS’</a></p>	<p>A hard copy or links to the documents on the website, should be provided with their contract or within 2 weeks of starting work</p>
<p>To ensure that all employees, subject to automatic enrolment to the Local Government Pension Scheme (LGPS), are brought into the Scheme from the date of appointment. Each contract to be allocated a unique pension reference</p>	<p>Provide the Pension Fund with details of all new entrants to the LGPS by completing the ‘New starters spreadsheet’ (<a href="#">single</a> or <a href="#">multiple</a>). Information to be supplied by the 10th of the month following entry via the online upload form on the website</p>
<p>To ensure that all employees not subject to automatic admission to the LGPS, but who are eligible to opt into the LGPS, are made aware and provided with information regarding how to opt into the Scheme</p>	<p>On appointment</p>
<p>Determine each Scheme member’s pensionable pay and arrange for the correct deduction of employee contributions in accordance with the LGPS contribution bandings</p>	<p>Immediately upon commencing Scheme membership, in line with employer’s policy and as a minimum in each April thereafter</p>
<p>Assist the Pension Fund in ensuring that all new starters complete a ‘Personal details declaration form’ (contained in the <a href="#">Joiner pack</a>) to ensure timely administration of transfer values</p>	
<p>Where there is more than one contract of employment with the same employer each membership shall be maintained separately and allocated a unique pension reference</p>	

Notify the Pension Fund when a member is due to retire including an accurate assessment of final pay details and notification of the reason for retirement	Notify the Pension Fund when a member is due to retire as soon as final earnings are known, typically 20 days prior to date of retirement and no later than 2 weeks after the date of leaving by the submission of a <a href="#">retirement package</a> via the online upload form
To determine based on medical opinion and advice of an approved Independent Registered Medical Practitioner (IRMP), whether an ill health award is to be made and determine the tier to be awarded	In addition to the retirement package supply a copy of IRMP's certificate together with the ' <a href="#">Retirement notification form</a> ' stating tier of ill health pension to be awarded. To be submitted via the online upload form either 20 days prior to date of retirement and no later than 2 weeks after the date of leaving
To keep a record of all tier three ill health retirements, particularly in relation to the 18-month review regarding gainful employment and any subsequent review by an IRMP	To inform the Pension Fund immediately if the pension should cease
To review all tier 3 ill health retirement cases prior to stopping at 3 years and notify the Scheme member if applicable	Notify the Pension Fund where pensions should cease
Refund employee contributions through your payroll for members who elect to leave the LGPS within 3 months of joining	You must tell the Pension Fund about opt outs. You must complete a ' <a href="#">Pension Leaver Details (PLD) leavers (including opt out)</a> ' and send a copy of the member's completed ' <a href="#">Opt out form</a> '. They must be submitted via the online upload form by the end of the calendar month following the last contribution deducted
Inform Pension Fund about changes during membership. They include: <ul style="list-style-type: none"> <li>• name</li> <li>• address</li> <li>• National Insurance number</li> <li>• hours (where applicable)</li> <li>• pension reference</li> <li>• change of academy within a multi academy trust</li> </ul>	Provide the Pension Fund with details of changes of: <ul style="list-style-type: none"> <li>• name, address, National Insurance number, hours (where applicable) using the '<a href="#">Changes spreadsheet</a>'</li> <li>• pension reference using '<a href="#">Change of pension reference spreadsheet</a>'</li> <li>• academy within multi academy trust using '<a href="#">Change of pension reference (Academy trust)</a>' form.</li> </ul> <p>All information must be submitted using the online upload form by the 10th of the month following the change</p>
Notify the Pension Fund when a member leaves employment including an accurate assessment of final pay details	' <a href="#">Pension leavers details</a> ' (PLDs) to be completed and submitted via the online upload form no later than 1 calendar month after the date of leaving
Obtain an estimate of pension benefits and find out from the member whether they wish to receive immediately	Inform the Pension Fund either by completing the:

<p>payable reduced pension benefits or deferred benefits</p>	<ul style="list-style-type: none"> <li>• relevant '<a href="#">Leaver PLD</a>' if the member is not taking immediate payment of benefits, or</li> <li>• '<a href="#">Retirement notification form</a>' along with the rest of the retirement package if the member is taking immediate payment of benefits.</li> </ul> <p>Submit via the online upload form no later than 1 calendar month after the date of leaving</p>
<p>Obtain an estimate of pension benefits for those members considering retiring in the next 6 months</p>	<p>Between 3-6 months before proposed date of retirement upload an '<a href="#">Estimate request form</a>' via the online upload form</p>
<p>Notify the Pension Fund immediately of the death of a scheme member. Liaise with your <a href="#">Communication and Support Officer (CSO)</a> about what actions are needed to be taken by the employer</p>	<p>Provide regular updates regarding progress of liaising with next of kin and possible beneficiaries to the fund. Submit '<a href="#">Pension Leaver Details (PLD) Death in service</a>' via the online upload form.</p> <p>All documents should be submitted via the online upload form no later than 1 calendar month after the date of death</p>
<p>On application from the former employee to have their deferred benefits paid early on ill health grounds, seek a medical opinion from an approved Independent Registered Medical Practitioner (IRMP) and make a determination regarding payment. Determine whether benefits should be released early on compassionate grounds and whether any early retirement reductions should be waived</p>	<p>Notify the Pension Fund of the decision regarding the early payment of deferred benefits and where necessary request an estimate of the pension benefits payable. Notify the Scheme member of the outcome of their application and if this is rejected, explain the outcome and provide details of the right of appeal process</p>
<p>Change employer contribution rates as instructed by the Pension Fund</p>	<p>At the date specified on the actuarial advice received by the Pension Fund</p>
<p>Arrange for the correct deduction of employee contributions from a Scheme member's actual pensionable pay (including overtime) and apply the correct employee contribution rate according to the section of the Scheme the member is in – either Main or 50/50. Reassess employee contribution rate in line with employer's policy on adjusting employee contribution rates and notify the member of the change in rate</p>	<p>Immediately on joining the Scheme, opting in or change in circumstances</p>
<p>After receipt of instructions start deduction of Additional Pension Contributions (APC) or amend such deductions, as appropriate</p>	<p>The month following election to pay contributions or notification received from the Pension Fund</p>
<p>To pay the Fund all contributions deducted from payroll (not including</p>	<p>Pay over contributions to the Fund by the 19th of the month following the deduction.</p>

AVCs) of its employees, and employers' contributions	Complete and submit the Employer Monthly Return (EMR) and upload it to the EMR upload form
Arrange for the deduction of Additional Voluntary Contributions (AVCs) via your payroll and the payment over of contributions to the approved AVC provider(s). Start deduction of AVCs in the month following the month of election. Pay over contributions to the AVC provider(s) by the 19th of the month following the month of election	Start deduction of AVCs in the month following the month of election. Pay over contributions to the AVC provider(s) by the 19th of the month following the month of election
After receipt of instructions, stop deductions of Additional Regular Contributions (ARCs) or Additional Pension Contributions (APCs) or AVCs	Immediately following receipt of instructions
Refund via your own payroll provider any employee contributions that have been deducted in error	Contributions to be refunded in the month following the incorrect deduction
To pay all fees including rechargeable costs to the Pension Fund	The Pension Fund will inform employers of any fees as they become due. Invoices must be paid within 30 working days of the invoice date, or in accordance with the payment terms on the invoice
Provide year end information required by the Pension Fund	Information to be supplied in the format as detailed in the instructions published on the website in February/March each year. Information to be submitted via the Year end upload form by the date included in the instructions
To provide any additional information that may be requested by the Pension Fund	To be provided in the format required by the Pension Fund e.g., completion of form, email etc. within 1 calendar month of receipt unless a statutory requirement requires the information to be supplied before this date which will be detailed in the request
If you are considering a TUPE transfer of staff, you should contact the Pension Fund at least 6 months before the transfer is due to take place	At the very beginning of the tender process so that important pension information can be provided for inclusion in the tender documentation
Work with the Pension Fund to arrange for an admission agreement to be put in place when contracting out a service and assist in ensuring it is complied with	Agreement to be in place by the time the service is contracted out
Provide the Pension Fund with information regarding members transferring to an admitted body or schools converting to academies	Liaise with the Pension Fund regarding the format in which this information needs to be supplied. Information to be supplied 1 calendar month from date of change. Any queries relating to this information to be responded to within 10 working days

## iConnect

If you are an employer using i-Connect, your responsibilities may differ.

i-Connect is an internet application. It facilitates the transfer of data from your payroll to the pensions system.

You action this by:

- uploading files extracted from the payroll, or
- completing an online form.

You submit data on a monthly basis and include:

- Pensionable pay and pension contribution information. This will end the need for a year end return.
- New starts, opt outs, and leavers. This will either reduce or end the need for separate paperwork.
- Personal information, for example name and address.

Eventually all employers will use i-connect. This is a large project that will take some time to complete. We will contact you when we are in a position to onboard. In the meantime, if you would like to know more, contact [iconnect@kent.gov.uk](mailto:iconnect@kent.gov.uk)

## 5. Role of the Kent Pension Fund

This section outlines the key responsibilities of the Fund, what the Fund will do and by when. It is focussed on the key activities which scheme employers and scheme members are involved in and should not be viewed as an exhaustive list.

### Commitment to new scheme members

The table details what we commit to new scheme members and when.

What	When
Statement of pensionable service	We will issue a statement of pensionable service to members within 20 working days of receiving the required data from an employer.
Transfers in	<p>We will calculate the estimated benefits that a <u>transfer value</u> will buy in the Local Government Pension Scheme. We will issue a quotation within 20 working days of receiving details from the previous pension provider and any additional information required from the Department for Work and Pensions.</p> <p>We will request payment of the transfer value within 10 working days of receiving confirmation from members that the transfer is to be made.</p> <p>We will confirm the actual benefits purchased by the transfer value</p>

What	When
	to members within 20 working days of receiving payment from the previous pension provider.

### Commitment to existing scheme members

The table details what we commit to existing scheme members and when.

What	When
Annual Benefit illustrations	Each year members will be sent an <u>Annual Benefit Illustration (ABI)</u> to their home address which will provide a personalised illustration of their benefits in the Local Government Pension Scheme (LGPS).
Benefit estimates	Provided there are no outstanding queries to be resolved, we will provide members with their estimate within 20 working days of receiving the estimate request from their employer. Where there are outstanding queries, we will provide the estimate within 20 working days of the date the queries are resolved.
Paying Additional Pension Contributions (APCs)	We will provide information within 20 working days of receiving a request from members if they wish to pay <u>APCs</u> to buy additional LGPS pension.
Retirements	<p>Provided that there are no outstanding queries to be resolved, we will send details of the benefits payable and pay members tax free cash lump sum within 20 working days of receiving all the information required from their employer and/or them, or the date the benefits become due if later.</p> <p>Where there are outstanding queries, we will send details of the benefits payable and pay members tax free cash lump sum within 20 working days of the date the queries are resolved.</p>
Deaths	We will send details of the benefits payable within 15 working days of receiving all information required from the late scheme members employer. We will pay the lump sum

	death grant as soon as possible after determining all relevant beneficiaries.
Deferred benefits	We will send details of the deferred benefits within 40 working days of receiving all information required from a member's employer.
Refunds	We will pay a refund within 20 working days of receiving a member's formal request for payment.
Transfers out	<p>We will issue a quotation, guaranteed for 3 months, within 20 working days of receiving all information required.</p> <p>We will pay a <u>transfer value</u> within 20 working days of receiving confirmation from members that the transfer is to be made, and if we have received all of the information required to make payment.</p>

### Commitment to deferred scheme members

The table details what we commit to deferred scheme members and when.

What	When
Deferred benefit statements	We will provide a <u>deferred benefit statement</u> providing details of the current value of members deferred benefits (as increased in line with the Consumer Prices Index (CPI)).
Deferred benefits into payment	We will send details of the benefits payable and pay the tax free cash lump sum within 20 working days of receiving all information required from a member, or the date the benefits become due if later.
Death of a deferred scheme member	<p>We will acknowledge a notification of the death of a deferred scheme member and start action to put into payment any dependants' benefits within 5 working days of receiving the notification.</p> <p>We will send details of any benefits payable within 15 working days of receiving all required information from the dependants and will pay any lump sum death grant due as soon as possible after determining all relevant beneficiaries.</p>

## Commitment to pensioner scheme members

The table details what we commit to pensioner scheme members and when.

What	When
Newsletter	We will send the <u>Open Lines newsletter</u> to pensioners at least twice a year.
Death of a pensioner	<p>We will acknowledge a notification of the death of a pensioner and start action to put into payment any dependants' benefits within 5 working days of receiving the notification.</p> <p>We will send details of any benefits payable within 15 working days of receiving all required information from the dependants and will pay any lump sum death grant due as soon as possible after determining all relevant beneficiaries.</p>

## Commitment to employers who participate in the Local Government Pension Scheme (LGPS)

The table details what we commit to employers that participate in the LGPS and when.

What	When
Procedures, letters and forms	<u>Guidance (including letters and forms)</u> will be made available to employers to help you carry out their responsibilities.
Changes in regulations	We will make employers aware of any changes to the LGPS regulations, and any other relevant legislation, within 15 working days of receiving details of the changes.
Other pension information	We will make employers aware of any relevant pension information within 15 working days of receiving details.
Benefit estimates	Provided there are no outstanding queries to be resolved, we

	will provide the estimate within 20 working days of receiving the estimate request from an employer. Where there are outstanding queries, we will provide the estimate within twenty working days of the date the queries are resolved.
Confidentiality	We will respect the confidentiality of information exchanged under this agreement and use it only in accordance with the current Data Protection legislation.
Training	We will provide <u>training</u> free of charge for employers' personnel and payroll staff either when there are relevant changes to the LGPS or at their request.

## 6. Non-Compliance

6.1 KPF will apply the following charges in circumstances where scheme employers do not adhere to their responsibilities under the LGPS. Where KPF has incurred additional costs due to an employer's poor performance, it will recover these costs by charging employers.

Activity	Charges
Monthly data return submitted late	A fixed penalty of £500.00 if received after the first working day of the following month, plus a further fixed penalty of £50.00 for every further day late after that deadline. Note that both the file and the remittance advice must be received for no penalty to apply
Late payment of contributions and other payments due	A fixed penalty of £500.00 if received after the nineteenth of the following month or after seven days of the payment due date in the case of an invoice, plus interest on the total payment due charged at one per cent above base rate calculated from the due date
Resubmission of incorrect data	A fixed penalty of £500.00 plus charges to account for the officer resource used to rectify any issues charged at a minimum hourly rate of £100.00
Failure to respond within the timeframe	A charge of £25.00 per case for each case chased after the original deadline has passed
Failure to provide a copy of discretions policy or latest version	A fixed penalty of £500.00 for failing to supply a copy plus a further £100.00 charged on each occasion that a policy is requested or is chased by an officer and is not supplied
Failure to notify KPF of key changes or events, including a change of payroll provider	A fixed penalty of £1,000.00 where the change has a significant impact on administration or £500.00 plus a further £100.00 charged on each occasion that further information is requested or chased

6.2 If an employer's poor performance leads to a third-party agency issuing KPF with financial penalties, then KPF will recover these costs from the employer concerned. This includes:

- Those imposed by agencies such as the Pensions Regulator for a breach of statutory duties, where the breach occurred due to the poor performance of an employer. An example would be where KPF has not issued annual benefit illustrations because the employer has failed to provide member data.
- Those imposed by HMRC, such as scheme sanction charges that arise as a result of the decision of an employer. An example would be if the employer allowed a member to claim benefits that would cause KPF to make an unauthorised payment.
- Those imposed by the Office of the Information Commissioner following a data breach where the breach was caused by the actions of an employer.

6.3 KPF will pay the penalty but will recover it from the employer concerned. The list is not exhaustive and KPF reserves the right to use the same principles and policy for other penalties imposed on it by outside agencies not detailed here.

6.4 In general, KPF will apply a financial penalty where an employer fails to:

- meet the requirements of this Pensions Administration Strategy
- meet the requirements of the LGPS Regulations
- meet the requirements of other legislation.

Where this results in:

- additional work or costs for KPF or its agents
- failure of KPF to meet its obligations under the LGPS regulations, other legislation or guidance
- complaints by organisations or members
- appeals by members or their representatives.

6.5 In all cases, KPF would look to consider any mitigating circumstances, such as system failure, business continuity events and so on, and take a pragmatic approach when making decisions.

6.6 As an alternative, in some circumstances, the Fund may offer employers/payroll providers the opportunity to attend specific training courses to avoid the issues arising in the future, and thus improving the overall provision of service to all scheme members.