

ID	Decision Description	Proposal	Commentary and ITM experience	Decision required by	Decision	Decision Made By	Decision Date
D1	Is it acceptable that members who are "No liability" are entirely excluded (and hence treated as if they are also in Band 1)?	It is proposed that members will be included in Band 1 (no rectification required) when: <ul style="list-style-type: none"> <li>identified during Stage 2 as having suspect HMRC data that cannot be successfully challenged and hence will not be rectified, or</li> <li>the member has a "no liability" status</li> </ul>	In addition to the challenge of confirming the existence and address for no liability members, it is not appropriate for the Pension Fund to contact no liability members who no longer have an on-going relationship with the Fund.	After review of approach document	Yes - exclude from rectification	Clare Chambers / Nick Buckland	10/02/23
D2	Is it acceptable to apply the easement and remove these members from the population that are submitted for rectification processing?	It is proposed to accept the HM Treasury easement to accept Fund records where GMP differences are within £2 pw at the point of comparison, for pensioners and dependant members. This point of comparison will be GMP age or Date of Death for pensioners and dependants respectively.	This is consistent with the approach being taken in reconciliation to not investigate differences below the £2 pw tolerance.	After review of approach document	Yes - accept HM Treasury easement to accept Scheme record where GMP differences are within the £2 pw tolerance	Clare Chambers / Nick Buckland	10/02/23
D3	Is it acceptable to operate a trivial threshold at all? If so then at what level should the trivial threshold be set?	ITM propose that a "trivial threshold" is set based on a review of the full set of draft rectification results. If the size of the correction to a member's current pension is below the trivial threshold then the member would then be treated as a Band 3 – Trivial Adjustment member. Typically public sector clients have chosen trivial thresholds of £12 pa, applying to both under and overpayments. There have been a couple of clients who have chosen no threshold or a higher threshold of £60 pa.	<p>The use of a trivial threshold hugely reduces the number of members that need rectification adjustments communicating and applying to the administration system.</p> <p>This applies even when the HM Treasury easement is applied, for example changes in respect of Post 88 GMP that are greater than £2 per week at the point of comparison can still result in trivial under/overpayment results, due to similarity of Post 88 GMP increases and the increases applied to the excess pension.</p> <p>Members impacted by the triviality threshold would have their GMP/excess split corrected so that future increases are corrected. The success of the triviality threshold relies on there being no need to communicate with members where their pension splits are adjusted but no change is made to their total pension.</p>	Late in Phase 1 of the project after full draft results are produced			
D4	Is it acceptable to operate a trivial threshold in respect of underpaid members?	Kent County Council could choose to apply a smaller trivial threshold to underpayments than that applied to overpayments.	Where ITM's clients have applied a triviality limit then this has usually been done equally for members that would have their pension marginally increased as for members that would have their pension marginally decreased. The justification is that any change to the pension in payment is trivially small and can be disregarded whether or not it would be to the member's benefit – the benefits to the Fund of disregarding the change outweigh any benefits to the member of applying the change.	Late in Phase 1 of the project after full draft results are produced			
D5	Is it acceptable to not attempt to take account of the impact of incorrect GMP on a deceased member's pension, and hence on the dependant's initial pension level, for the reasons set out in column D?	Where the deceased member died in retirement after GMP date then it is possible to either rectify the dependant's benefits only or to rectify both the deceased member's benefits and the dependant's benefits. ITM's preference is to correct pension increases from date of death for all dependant pensioners. However, ITM's preferred method is that only the dependant's GMP will be corrected, that is no attempt will be made to assess if the deceased member's	To date all ITM's clients have corrected dependant pensions from the deceased member's date of death and have not sought to correct benefits payable to the deceased member. This is because: <ul style="list-style-type: none"> <li>A dependant's GMP being incorrect does not necessarily mean the member's GMP was incorrect</li> <li>Data availability is usually too poor to enable the deceased member's pension to be reliably corrected</li> </ul>	After review of approach document	Yes - agree no attempt should be made to rectify the deceased member's pension	Clare Chambers / Nick Buckland	10/02/23
D6	Whether and how underpaid pensions in payment will be corrected?	Once Kent County Council are aware that incorrect benefits are being paid then legal advice is usually that they have a duty to correct them. Therefore pensions that are currently being underpaid (and the change is non-trivial) should be increased to the correct level as soon as is practical.	All of ITM's clients have made good any non-trivial underpayments. Kent County Council have a duty to pay members the correct benefits which they cannot disregard. Of course the Pensions Committee should consider the impact on Fund liabilities.	Before the initial processing starts			
D7	Whether historic underpayments will be paid to the member?	Historic underpayment of benefits should be made good through a single payment.	Existing administration practice for making good past underpayments is often followed. Substantial one-off payments may impact a member's tax and state benefits. Members may request a tax year breakdown of any past underpayment and interest so that this can be provided to HMRC to help with adjustment of any tax liability arising. This breakdown can also be provided for all members with a past underpayment.	Before the initial processing starts			
D8	Whether interest will be applied to historic underpayments?	Interest may be applied to these underpayments in line with LGPS regulations (e.g. Bank of England base rates or the rate interest applied when past underpayments are corrected as part of business as usual processing).	Pension Fund rules or administration practice may dictate that interest needs to be applied and may also dictate the rate of interest to be applied. Also any benefit to the Fund from late payment of benefits (that is interest accrued) should be made good to the member.	Before the initial processing starts			
D9	Whether and how overpaid pensions in payment will be corrected?	Once Kent County Council are aware that incorrect benefits are being paid then they have a duty to correct them. Therefore pensions that are currently being overpaid (and the change is non-trivial) should be decreased to the correct level as soon as is practical, but allowing the member enough time to adjust their financial arrangements or query the change with the Pension Fund. Alternatively Kent could augment benefits to maintain benefits at their current, overstated level. A third option is to freeze benefits at their current level until pension increases/bonuses cause the rectified pension amount to catch-up with the frozen benefit. This option also involves carrying out an augmentation, possibly on an annual basis for each member whose pension has not "caught up" with the frozen level. Any augmentation may or may not be passed onto dependants in the event of an overpaid member's death.	Kent County Council may also wish to consider: <ol style="list-style-type: none"> <li>The reduction to Fund liabilities arising from reducing future pension payments.</li> <li>The likely impact on Fund operations due to member queries and potential IDRPs cases arising.</li> <li>The impact on Fund reputation of reducing benefits, especially where hardship may arise.</li> </ol> ITM's Local Authority clients have tended to decrease the pension to the correct level. Freezing pension benefits is only viable where administration and payroll functions permit the recording of both the frozen benefits in payment and the lower rectified benefit level.	Before the initial processing starts			

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D10	Whether historic overpayments will be clawed back and whether interest will be applied?	<p>Historic overpayments can be recouped and Kent County Council may feel that they have a duty to the Pension Fund to do so. However, in ITM's experience it is more common for Trustees / Pensions Committees to waive historic overpayments.</p> <p>ITM understand that some of our clients have received advice that waiving the recoupment of an overpayment does not result in that overpayment being treated by HMRC as an unauthorised payment, as long as the overpayment was made "by mistake".</p> <p>Kent County Council may decide to look at extreme cases and take the to the Pensions Committee for advice on how to proceed.</p>	<p>The majority of ITM's clients waive historic overpayments, particularly public sector clients.</p> <p>Where ITM's clients have initially considered recouping historic overpayments, only one private sector client has so far followed through.</p>	Before the initial processing starts			
D11	What is the pension correction date for underpaid members?		This is the date from which the corrected pension will be paid and the date to which past underpayments (and interest if applicable) will be calculated.	Late in Phase 1 of the project after full draft results are produced			
D12	What is the pension correction date for overpaid members?		This is the date from which the corrected pension will be paid. This may be the same date as for underpaid members but a later date may be preferred, allowing members time to adjust their financial arrangements or query the change before their pension is reduced - see D9.	Late in Phase 1 of the project after full draft results are produced			
D13	What data fields are needed for member communications?		The ITM standard output with merge fields for communications will be provided with the initial results. If any additional data fields are required then these can be added to the output as necessary.	Late in Phase 1 of the project after full draft results are produced			
D14	How should members who reach SPA during live processing be treated?	ITM would process these members as being under SPA. Checks that the correct GMP was brought into payment at SPA would need to be done under business as usual by the administration team.	This applies for members who were under SPA when the data cut used for live processing was taken but who reach SPA before the pension correction date.	Late in Phase 1 of the project after full draft results are produced			
D15	How should members whose death is notified to Kent County Council during live processing be treated?	ITM would process these members as being alive. It is proposed that the BAU team would then need to calculate any historic underpayment due to the deceased member's estate (if applicable) and update any dependant's pension.	This applies for members who were alive when the data cut used for live processing was taken but whose death was notified to the Fund before the pension correction date.	Late in Phase 1 of the project after full draft results are produced			
D16	Cut off date for interest rate changes	Start of live processing.	There have been several changes to the Bank of England base rate in the last year. For the purposes of the calculations we will need to agree a cut off point for incorporating any future increases into the calculations, to prevent having to re-run if a new rate is announced.	Late in Phase 1 of the project after full draft results are produced			