

From: Chairman – Kent Pension Fund Committee
Corporate Director of Finance

To: Kent Pension Fund Committee – 26 September 2023

Subject: Pensions Administration

Classification: Unrestricted

Summary:

This report brings members up to date with a range of issues concerning the administration of the Kent Local Government Pension Scheme (LGPS) for the period 1 May to 31 July 2023.

Recommendations:

The Committee is asked to note the report.

REPORT SUMMARY

1. Performance
 2. Recruitment
 3. Project Updates
 4. Overpayment Recovery and Write Off Limits
 5. Communications and Support Update
 6. Technical Updates
 7. Training and Development
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FOR INFORMATION

1. Performance

- 1.1 During the period 1 May to 31 July 2023 a total of 15,526 new cases were received by the Pensions Team. This is a slight decrease of 515 from the previous period. 11,423 cases were completed during the period May to July. A decrease of 2,369 compared to the previous period. This is mainly attributed to the changes to the Superannuation Contributions Adjusted for Past Experience (SCAPE) factors and cases needing to be put on hold awaiting the release of new factors from the Government Actuary Department (GAD).
- 1.2 Although the number of outstanding cases has increased, average performance across all casework has improved slightly from 79% to 82%.

	Aug to Oct 2022	Nov 2022 to Jan 2023	Feb to Apr 2023	May to July 2023
Cases Open	13,226	12,193	14,364	16,029
Cases	17,334	14,777	16,041	15,526

Received				
Cases Completed	16,385	11,878	13,792	11,423
Cases Outstanding	13,448	14,266	15,741	19,085
Overall SLA Performance	84%	86%	79%	82%

2. Recruitment

- 2.1 In May the team welcomed five new **Pensions Assistants** to the team who have settled in well and successfully completed their initial onboarding training. The introduction of a number of new colleagues in one cohort does have an impact on the remainder of the team as they support with training and onboarding, however once they have progressed with their training, they will start to make a positive contribution to the success of the team.
- 2.2 Two new **Team Manager** positions have also been filled. With one being an internal promotion from the role of Deputy Team Manager and one an external candidate with significant management experience and previous pension scheme administration experience. The number of Team Managers has now increased from four to five, with the purpose of creating a 5th administration team. This was required to relieve some of the line management pressures on the existing four Team Managers. As the size of the team increased the number of direct reports to each manager also increased. From 1 October a new work allocation structure is being implemented to allow for more focus on priority areas.
- 2.3 The role of **Pensions Project Officer – Continuous Improvement** was filled during the period with the role reporting into the Senior Pensions Programme Manager. This role will allow the team to really focus on service improvements and innovations, and implement the changes required at pace.
- 2.4 **Appendix 1** details the current team structure including information on current vacancies.

3. Project Updates

- 3.1 **Benchmarking** – data has been submitted to CEM for the administration benchmarking. It is anticipated that the report will be provided by CEM by the end of September with the results being presented to Board and Committee in December.
- 3.2 **Police Pension Scheme Administration Exit** – the administration of the Kent Police Pension Scheme is being transferred to XPS with effect from 1 October. Project Board, Communications and Administration workstream meetings have commenced between the Pensions Team, Kent Police and

XPS. Updates will be added to the Kent Pension Fund website to keep members informed throughout the process.

- 3.3 **Guaranteed Minimum Pension (GMP) Rectification** – at the last Pension Fund Committee (and subsequent to the meeting) recommendations were accepted by the Committee as detailed on page 14 of Appendix 1. ITM have now completed the live run and issued the outputs. The report at Appendix 1 summarises the impact of changing GMP values. In total the data for 23,439 pensioner records were analysed, with 296 members having benefits recalculated, 2,171 members have their GMP only corrected, 4 members requiring manual calculations by the Pensions Section and 20,968 members not requiring rectification. For those requiring full rectification, this will take effect from the October payroll. Letters are being sent to affected individuals to explain the changes.

4. **Overpayment Recovery and Write Off Limits**

- 4.1 The number of pension overpayment write offs for the period 1 May to 31 July are set out below:

	May 2023		June 2023		July 2023	
	Number	Total	Number	Total	Number	Total
£200- £5,000	-	-	-	-	£2,135.88	1 member (x2 pensions)
£5,000- £50,000	-	-	-	-	-	-
£50,000+	-	-	-	-	-	-

- 4.2 Ongoing discussions are being held with Pensioner Payroll to establish the current process for suspending pensions following a death, how and when overpayments occur, and the process for reclaiming monies.
- 4.3 An Overpayment Recovery and Write Off Limits Policy is still being drafted with the view to present to Board and Committee in December.

5. **Communications and Support Update**

- 5.1 **Annual Benefit Illustrations (ABI's)** have been produced for 50,279 Active members and 48,976 Deferred members. These are sent to the home address held on member records. From 2024 Active ABI's will be published on Member Self Service, and the ABI's for Deferred members will be available online from 2025. This will remove the issue of members not receiving their ABI if they have not kept their address details up to date (a particular issue for Deferred members) and will make access to ABI's quicker also encouraging more members to use Member Self Service. For those that require a paper copy, these can still be posted upon request.
- 5.2 The team have planned an **iConnect** rollout programme to employers, with an aim to get all employers using iConnect to submit their data by the end of

2025. In April, the team successfully onboarded Capita which is a large payroll provider used by many of the scheme employers.

- 5.3 The move to **digital by default** is progressing, with members being informed of the intention to use digital methods of communication in the future. There is a legal obligation to notify members three times before using digital methods, and the first notification is included within the ABI for 2023. Members can, of course, choose to continue to receive correspondence by paper.
- 5.4 The team are planning to upgrade the **Member Self Service (MSS)** portal to the latest version offered by Heywood's in the first quarter of 2024. The updated version of MSS has a completely fresh look and has been designed to make this service easier for members to use. Member Self Service registration is growing steadily with activation letters done within a day or two of receipt, and majority of queries dealt with within two days.

	Active	Deferred	Pensioner
No. of registered users	4,384	2,687	2,984

6. Technical Updates

- 6.1 **SCAPE changes – updated actuarial factors** - since the last Pension Board meeting on 8 June, a further three batches of actuarial factors from the Government Actuary Department (GAD) have been issued. All of these are now live within the administration software.
- 6.2 **Annual Allowance** - work has been ongoing since May on preparing for the annual statutory exercise of notifying scheme members of their Pension Input Amount, where they have exceeded the Standard Annual Allowance in the Local Government Pension Scheme.

Since the end of the Year End Contribution Posting project, the team are now in a position to start undertaking the calculations for the scheme members identified as exceeding the Annual Allowance for 2022/23.

The deadline for sending statements to scheme members is 5 October 2023. It is anticipated that statements will start to be issued from 29 September 2023.

- 6.3 **McCloud ruling and the remedy in the LGPS** - On 8 September 2023, DLUHC laid [The Local Government Pension Scheme \(Amendment\) \(No. 3\) Regulations 2023](#) and published its response to the most recent McCloud consultation. It also published updated versions of the member factsheet (English and Welsh versions).
- 6.4 The regulations implement the McCloud remedy and change the existing underpin to ensure it works effectively and consistently for qualifying members. The regulations take effect from 1 October 2023.

6.5 The Local Government Association (LGA) are currently:

- reviewing the regulations and plan to issue guidance in the coming weeks.
- working on member communications

In addition, they plan to run McCloud pension surgeries at the end of October.

6.6 The LGA understand that:

- DLUHC will publish guidance on prioritisation and set up an implementation group to identify what other statutory guidance is needed.
- GAD is currently reviewing the actuarial guidance notes that will need to be updated.

7. Training and Development

7.1 The Training Officers are dedicating a proportion of their time establishing a Pensions Knowledge Hub on SharePoint. The Hub will eventually have every subject of pensions administration covered by the LGPS Regulations. It will be easily accessible for team members to view procedure notes, process videos and knowledge quizzes to enhance their learning and adapt formats to their individual needs. The Hub will be easy to update on Regulation changes and to review in line with Audit requirements. The content will be reviewed by the Technical Consultants on the team.

7.2 The Training Officers have also been working on producing 'learning pathways' for the Pensions Assistants and Pensions Administrators. The two pathways are an excellent overview of the subjects to be learned by team members and the route to obtain that knowledge. The pathways not only cover the learning of an administration subject but also when the checking of previously learned subjects should commence. The pathways will help the management team identify immediately gaps in knowledge and to actively manage this. The pathways are an excellent tool for management to map progress and development. It enables team members to feel ownership of their learning journey and career pathway. The Training Officers will be heavily relying on the pathways to assist in the planning and delivery of training for team members when the schedule is set.

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September 2023

Appendix 1 – Team Structure Chart

Appendix 2 – Kent GMP Rectification – Final Results v1.0
