

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

To: Kent Pension Fund Committee – 27 June 2024

Subject: Pensions Administration

Classification: Unrestricted

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### **Summary:**

This report brings Members up to date with a range of matters concerning the administration of the Kent Local Government Pension Scheme (LGPS) for the period 1 February to 30 April 2024.

### **Recommendations:**

The Committee is recommended to:

- i) note the contents of the report;
- ii) approve the new Pension Overpayment and Write Off policy.

### **Report Summary**

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

### **FOR INFORMATION**

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#### **1. Casework Performance**

- 1.1 During the period 1 February to 30 April 2024 a total 12,944 cases were completed. With the average performance across all casework increasing from 79% to 85%.
- 1.2 Performance on the priority cases (Deaths, Retirements and Refunds) remains at a high standard, however performance on lower priority areas such as Deferred Benefits and Transfers/Interfunds requires improvement. Officers are confident that performance will improve as bulk processing increases, member self-service processes are embedded, and outstanding vacancies are filled.

- 1.3 The changes to the Lifetime Allowance have impacted on performance due to the manual checks and calculations that are now required whilst legislation is clarified, and the administration system is updated to automate these additional checks.

## 2. Recruitment

- 2.1 A summary of the recruitment activity over the period (including those due to start in new roles after 30 April) is show below:

Position	Team	Start Date	Number	External/ Internal
Pensions Administrator	Administration Team	01/04/2024	3	Internal promotion following successful secondment
Deputy Team Manager	Administration Team	01/05/2024	1	Internal promotion following successful secondment
Technical and Compliance Lead Manager	Technical and Training Team	01/06/2024	1	Internal promotion to newly created role

- 2.2 In addition to the above, there are current recruitment campaigns to strengthen the Communications and Support Team in order to support the ongoing requirement for cleansing data. Plus, two Senior Pensions Administrators and two Pensions Officers within the Administration Team to backfill vacancies and help cope with the additional demands as a result of the McCloud Remedy and other legislative changes. There will be further campaigns at the end of the Summer to recruit a Deputy Team Manager and Pensions Assistants on the Administration Team, plus a Technical Officer on the Technical and Training Team. All of these roles will help to improve the service offering to scheme members and employers, increase resilience and future proof the team.

## 3. Project Updates

- 3.1 **MyPension Online** – this project relates to an upgrade to the Member Self Service offering to provide a number of new features for scheme members. After an extended period of testing and refinement with the service providers at Heywood, Member Self Service has been re-branded as MyPension Online and upgraded to the new platform effective from 13 May 2024.
- 3.2 **Telephony** – the Fund’s work as early adopters of this new system for Kent County Council has continued. Despite delays arising from work required between the system designers at Resonate and ICT administrators at

Cantium Business Solutions, the project is progressing rapidly. Training has been delivered to a cohort of champions who will aid colleagues in the transition, and User Acceptance Testing has been completed. The anticipated go live date is week commencing 15 July.

- 3.3 **Overseas Proof of Life Verification** - approximately 80% have been completed via digital authentication and 20% via paper 'wet signature' format. Around 90 pensioners that have not responded to letters and emails have been suspended, as they have not completed the verification process.

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

- 4.1 The number of pension overpayment write offs for the period 1 February to 30 April 2024 are set out below:

	February 2024		March 2024		April 2024	
	Number	Total	Number	Total	Number	Total
<b>£200- £5,000</b>	-	-	5	£1,244.85	21	£6,118.93
<b>£5,000- £50,000</b>	-	-	-	-	-	-
<b>£50,000+</b>	-	-	-	-	-	-

- 4.2 As detailed in previous Committee reports, Officers have now drafted a Pension Overpayment and Write Off Policy (see **Appendix 1**).

- 4.3 The policy objectives aim to ensure the Fund:

- has robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- manages the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- ensures benefits are paid to, and income collected from, the right people at the right time with the right amount.
- identifies errors as soon as possible.
- rectifies overpayments with the co-operation of the individual.
- encourages individuals to take an active role in checking payslips/payments for obvious errors.
- avoids the Internal Dispute Resolution Procedure (IDRP), where possible, by managing the process effectively.

- 4.4 The policy is designed to provide assurance to the Fund's stakeholders that:

- all overpayments are treated in a fair and equitable manner.
- the Fund seeks to recover overpayments that have occurred but acknowledges that there may be legal reasons and/or other circumstances

which mean that an overpayment may not, in practice, be able to be recovered (in whole or in part).

- has steps in place to prevent and also investigate potentially fraudulent activity.

4.5 The draft policy is being shared with the Pension Fund Committee for approval.

## 5. Communications and Support (C&S) Update

5.1 The switch to **MyPension Online** ([MyPension Online - Kent Pension Fund](#)) has now been completed and the team are dealing with a large number of enquiries resulting from this transition.

5.2 The **End of Year** process is now well underway. 562 End of Year returns are expected, the majority of which have now been received and are being processed. Those that are still outstanding are being chased on a regular basis and escalated where necessary.

5.3 Capita have now been fully onboarded to **iConnect**. As one of the largest payroll providers, this will have a significantly positive impact on the collection of accurate data. Leigh Academy Trust (one of the largest Trusts) and Kent Fire and Rescue are in the pipeline to onboard in the next few months.

5.4 Preparations have commenced for the next scheme member **newsletter**, which is published to coincide with the Annual Benefit Statements. All newsletters are published on the Kent Pension Fund website ([News - Kent Pension Fund](#)).

5.6 The digital **pensioner payslips and P60s** have now been amended to incorporate the new Kent Pension Fund branding. Payslips are currently published online and P60s will go live next year.

## 6. Technical and Training Updates

6.1 **Abolition of the Lifetime Allowance (LTA)** - the Government issued legislation in late February 2024 to fully abolish the LTA from 6th April 2024. The LTA has been replaced by a new pension tax regime from this date.

The Technical Team have reviewed the new legislation along with supporting information issued by HM Revenue and Customs and the Local Government Association. Due to the complexity and late roll out, implementation of these changes has taken a considerable of time.

To implement the change, staff training has recently been carried out. It has also been necessary to review all processes and literature that have any relation to a relevant tax-free payment to ensure the correct application of the new tax rules.

There are several issues that require further correcting legislation to be issued, and the team are continuing to review information issued by HMRC, as further clarification is still being given in some areas.

- 6.2 **McCloud ruling and remedy in the LGPS** – following the team training day that took place on 8 February, the Technical Team have continued to work on the implementation of the McCloud Remedy.

The specification of the remediation exercise has been reviewed and fed back to ITM.

In addition, the team are continuing to deal with one-off cases that require review against the new McCloud methodology until the permanent remediation exercise is completed.

- 6.3 **Annual Allowance exercise** - work has started on the yearly Annual Allowance exercise, in which pension accrual is measured against the limits in place for the tax year.

The Technical Team will be reviewing accrual for all scheme members for the 2023/24 tax year.

There have been changes to the limits for this tax year, which will require some changes to processes. Account has also had to be made for the fact more employers are submitting data for their annual returns through iConnect, and new processes are being developed to validate this data.

- 6.4 **Training and Development** – Training figures for the period 01/02/2024 – 30/04/2024:

In house training sessions	50
Sessions led by Training Officers	32
External LGA training courses attended	3 members of staff

- 6.5 12 training sessions were postponed due to sickness or staff availability. From April 2024 the team have now built in three protected weeks into the schedule therefore any training postponed can now be rescheduled within the protected weeks within the current schedule and staff will not have to wait (potentially up to three months) for training to be rescheduled onto the next schedule.

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**June 2024**

**Appendix 1 - Pension Overpayment and Write Off Policy (Draft)**

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