

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

To: Kent Pension Fund Committee – 3 December 2024

Subject: Pensions Administration

Classification: Unrestricted

Summary:

This report brings Members up to date with a range of matters concerning the administration of the Kent Pension Fund for the period 1 August to 31 October 2024. The report covers the following areas:

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

Recommendations:

The Board is recommended to:

- i. Note and comment on the report; and
- ii. Review and approve the revised Overpayment and Write-off Policy

Executive Summary:

| | <i>Key Highlights</i> | <i>Matters to be closely monitored</i> |
|--|---|---|
| <i>Casework Performance</i> | <p><i>Increase in number of cases completed</i></p> <p><i>Increase in overall SLA performance</i></p> | <p><i>Performance on Survivor Benefits and Death Grant Payments</i></p> <p><i>Lack of progress on Deferred Benefits and Transfers/Interfunds Out could be affecting number of Undecided Leaver (status 2) records</i></p> |
| <i>Recruitment</i> | <i>13 roles filled – combination of external candidates and internal secondments</i> | <i>Follow up recruitment campaign for 2025 dependant on success of secondments</i> |
| <i>Overpayment Recovery and Write Off Limits</i> | <i>Total value of overpayments written off = £6,250.05</i> | <i>Overpayments Write Off Policy updated – to be approved by Pension Fund Committee</i> |
| <i>Communications and Support Update</i> | <p><i>Annual Benefit Statements published/issued by statutory deadline</i></p> <p><i>9 new employers onboarded to</i></p> | <p><i>Triennial Valuation preparations – data cleansing and backlog clearance vital</i></p> <p><i>Preparations for Employer Forum in</i></p> |

| | <i>iConnect</i> | <i>December</i> |
|---------------------------------------|--|--|
| <i>Technical and Training Updates</i> | <p><i>Additional guidance on McCloud implementation received</i></p> <p><i>Further legislation expected regarding the abolition of the Lifetime Allowance</i></p> <p><i>All Annual Allowance statements issued by statutory deadline</i></p> | <p><i>Additional complexity and demand on the team as a result of legislative changes</i></p> <p><i>Ensuring processes are updated and training provided</i></p> |

FOR INFORMATION

1. **Casework Performance**

- 1.1 Details of the administration casework performance can be found at **Appendix 1**.
- 1.2 During the period 1 August to 31 October 2024 a total of 11,378 cases were completed. This is an increase of 349 cases completed from the previous period. The average performance across all casework has increased from 78% to 79%. Performance has been categorised into red (below 80% SLA), amber (80-90% SLA) and green (above 90% SLA) in order to help Members and Officers identify where performance improvements are required.

2. **Recruitment**

- 2.1 A summary of the recruitment activity over the period is shown below:

| Position | Team | Start Date | Number | External/Internal |
|----------------------------|---------------------------|-------------------|---------------|-------------------------------------|
| KR5 Pension Assistant | Pension Administration | 07/10/24 | 3 | All external to KCC |
| KR5 Pension Assistant | Communication & Support | 01/10/24 | 2 | Commencement of internal secondment |
| KR6 Pension Administrator | Pension Administration | 01/09/24 | 2 | Commencement of internal secondment |
| KR6 Pension Administration | Pension Administration | TBC – 2025 | 3 | Commencement of internal secondment |
| KR9 Training Officer | Technical & Training Team | 01/01/2025 | 1 | Commencement of internal secondment |
| KR9 Deputy Team Manager | Pension Administration | 01/10/2024 | 1 | Commencement of internal secondment |
| KR9 Deputy Team Manager | Communication & Support | 01/10/2024 | 1 | Commencement of internal secondment |

- 2.2 The Summer recruitment campaign was highly successful in that all vacancies advertised were filled. The calibre of candidates at each level was high. Except for three of the entry-level vacancies, all posts were filled by internal promotions via secondment. The Fund is delighted to be able to offer these career opportunities to existing members of the team.
- 2.3 Also during this period, one colleague from Pensions Administration commenced a six-month secondment within Treasury & Investments Team to cover long-term sickness. Another colleague from Pension Administration is due to retire at the end of November 2024.
- 2.4 A follow-up recruitment campaign in 2025 for backfilling is likely to be required, subject to the above secondments being successful and offered as permanent positions. In addition to these potential backfills, all three departments continue to carry vacancies (Pension Administration, Technical & Training and Communication & Support). A decision was made not to advertise all vacancies in the Summer 2024 campaign due to business continuity and having limited training resource available to support promotions. The vacancies that were advertised in Summer 2024 were considered to be a priority to fill. No further recruitment has been scheduled in 2024 to allow a period of consolidation.

3. ***Pension Overpayment Write Offs***

- 3.1 The number of pension overpayment write offs for the period 1 August to 31 October 2024 are set out below:

| | Aug 2024 | | Sep 2024 | | Oct 2024 | |
|--------------------|----------|-------|----------|-----------|----------|-----------|
| | Number | Total | Number | Total | Number | Total |
| £200- £5,000 | - | - | 11 | £2,326.87 | 4 | £3,923.18 |
| £5,000- £50,000 | - | - | - | - | - | - |
| £50,000+ | - | - | - | - | - | - |

- 3.2 The Pension Overpayment and Write Off Policy (**Appendix 2**) has been updated to set out the process which is followed when an overseas pensioner fails to complete the existence check, and delegation for approving overpayment write offs has been expanded to include the Operations and Performance Lead Manager, Technical and Compliance Lead Manager, and Communications and Support Lead Manager, in the absence of the Pensions Administration Manager. **The Committee is asked to review and approve the updated policy.**

4. Communications and Support (C&S) Update

- 4.1 The team has organised an extensive promotion of the **Annual Benefit Statement** being published on MyPension Online (MPO) including information on the website, emails to scheme employers (with the MPO promotional poster to include in their internal communication), information in the employers newsletter, information on Viva engage, KNet and KMail, MPO promotional posters displayed in Invicta House and information about MPO on October and November KCC payslips.
- 4.2 Six **webinars** have been delivered on 'Annual Benefit Statements', 'Understanding your LGPS Pension' and 'MyPension Online' in September and October. The first webinar for employers was delivered on 25 October and more are planned later in the year.
- 4.3 As part of the **Pension Awareness Week** the team has delivered additional webinars for employees of Kent Police and visited in person the Marlow Trust to present to the members of the LGPS. The first 'Lunch Time with Pensions' has been hosted for KCC employees – an in-person event in Invicta House, where members of the scheme could ask about pensions. Following this event, the team has been invited to join two of KCC teams' meetings to help share the knowledge about the LGPS and MyPension Online. Three further visits to employers are planned for November.
- 4.4 Preparations are underway for the next **Employer Forum** on 4 December.
- 4.5 In preparation for next year's **triennial valuation**, a 'test' valuation is being run for this year. This will allow the team to investigate and clear any discrepancies based on member data up to 31 March 2024. The purpose of this is to reduce the time to complete the actual valuation next year. The team are also running a project to clear outstanding status 2 (leaver no liability) cases for employers. Dealing with the employers who have the highest percentage of status 2 cases when compared to their total member numbers first. This will assist the valuation process for next year. The longevity report has also been run for the Actuary and the team are working through the discrepancies that have been highlighted.
- 4.6 Onboarding employers to **iConnect** has continued. Since the last Pension Board meeting, the team have onboarded the following employers:
- Sandling Primary School – KCC
 - Kemsing School – KCC
 - Thurnham Infant School – KCC
 - Riverhead Infants School – KCC
 - Simon Langton Girls School – KCC
 - Mitie PFI Limited

- Ton & Mall Leisure Trust (LIMBC)
- Kyndi Limited
- Sodexo Catering

The next large onboarding exercise will be at the start of the next scheme year - 1 April 2025.

- 4.7 The digital publication of the Annual Benefit Statements caused an expected rise in **MyPension Online** queries, which the team dealt with quickly. For September alone, the team dealt with over 2,200 contacts made by members regarding registration. The number of queries have since reduced to normal levels by mid-October. There are currently over 21,500 members registered to MyPension Online since its launch in May 2024, with registration numbers continuing to be around 500 per week. The team are actively promoting MyPension Online in all webinars, newsletters etc. to continue this member engagement. Heywood's release updates for MyPension Online on a fortnightly basis, which requires a regular testing process by the team. These releases contain fixes to any problems highlighted by Funds and new or improved features for the portal.

5. **Technical and Training Updates**

- 5.1 **McCloud Remedy** - The Local Government Association (LGA) released updated guidance on the implementation of the McCloud remedy in the LGPS in October. The Technical Team have been working through the updates to this guidance to ensure processes align with the latest interpretation of the legislation.

The team is also working on the aspects of the final implementation including software testing and additional staff training.

- 5.2 **Abolition of the Lifetime Allowance (LTA)** - Further legislation regarding the abolition of the LTA is due to come into effect on 18 November 2024. This update has been written in advance of this however, based on the draft version of the legislation, this legislation is unlikely to require significant work to implement and has been issued to tidy up issues with the earlier legislation.

In addition, a representative of the technical team attended an HMRC workshop on the subject of reporting taxable lump sums through the payroll. This has highlighted future changes needed to how such payments are processed. The team will need to liaise with the pension payroll team regarding this.

In the first six months since April, the team have had to deal with 6 cases where a scheme member exceeded the new Lump Sum Allowance (or had to be given options for a taxable lump sum). While a small number, this still represents an increase in workload as in the same period during 2023 there was only 1 member who exceeded the Lifetime Allowance.

In addition, there have been a number of requests for transitional protection certificates from scheme members. This has required the set-up of a new process to supply these.

- 5.4 **Annual Allowance exercise** - The bulk annual allowance exercise was completed by the 6 October deadline. This required the assessment of pensions growth for all scheme members during the preceding tax year.

In total, 44 members required information to be sent to them as they had either exceeded the Annual Allowance or made a request for the information. While this number is much lower than the 108 cases in 2022/23, and the 208 from 2021/22, the exercise still took a significant amount of time as the bulk calculation had to be run across all of the active scheme members, and there were a number of data issues that had to be rectified to enable correct information to be written back to member records.

- 5.5 **Business As Usual** - The Technical team have experienced a high level of technical referrals this year.

In reviewing the total email referrals and queries made to the Technical Team for the period 1 January to 21 October 2024, these total 2,117. For the previous calendar year, the total referrals made totalled 1,481. This shows a 43% increase on last year's total, with still over two months of 2024 to go.

This increase is likely due to the changes that have occurred around pensions tax and the McCloud remedy. There has also been an increase level of support required for staff, in particular new staff who require further advice and assistance with casework.

- 5.6 **Training and Development** – Training figures for the period 01/07/2024 – 31/10/2024:

| | |
|--|----|
| In house training sessions | 23 |
| Sessions led by Training Officers | 17 |
| External LGA training courses attended | 12 |

- 5.7 **Training material updates** - The Training Officers have made good progress on creating content for the new SharePoint website, which provides resources for staff training and on-going reference material.

In addition to written material, there has been a number of online videos recorded, which staff can watch to refresh their knowledge, for example around how to run certain calculations on the software.

- 5.8 **Training Officer secondment** - Following a recruitment exercise that concluded in September, an appointment has been made for a 6-month secondment to run from 1 January 2025. This role will focus on training our newly recruited staff during the first half of 2025.

5.9 **Qualifications** - Two members of staff continue to work through the PMI Award in Pensions Essentials (level 2), as part of a pilot run by the LGA. To date, both colleagues have passed the first three modules (out of six).

The LGA have set up a second intake of students following the success of this trial, and the team have one colleague who is joining that intake which is due to begin shortly.

Three colleagues have signed up to begin studying for the Certificate in Pensions Administration, run by the Chartered Institute of Payroll Professionals

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December 2024

Appendix 1 – August to October 2024 Performance Report

Appendix 2 – Pension Overpayment and Write Off Policy – 2024 – v5 DRAFT
