To:	Kent Pension Board – 3 September 2026
From:	Chair – Kent Pension Board Corporate Director of Finance
Subject:	Pensions Service Delivery
Classification:	Unrestricted

Executive Summary:

	Key Highlights	***Risks & Areas to Monitor***
Operations Team	• *Excellent customer service performance* • *Strong KPI performance on Estimates, Divorces, New Starters and General Correspondence* • *Retirement and Transfers improvement* • *Backlog reduction progress*	• *Aggregation blackout* • *SCAPE factor changes* • *Resource and skills capacity*
Engagement and Systems Team	• *Growing digital engagement* • *Strong engagement programme* • *Year-end success* • *Data quality focus*	• *Data quality and pensions dashboard readiness*
Technical and Training Team	• *Successful upload and processing of McCloud data* • *Major McCloud training programme delivered* • *Access and Fairness regulatory changes successfully implemented within required legal deadlines*	• *Changes to SCAPE factors have disrupted processing across several areas* • *Access and Fairness recalculation projects have fixed statutory deadlines*
IDRP's, Complaints, Compliments and Comments	• *Positive feedback exceeds complaints*	• *Communication related complaints* • *Third party supplier performance*

Recommendation:

The Board is recommended to:

i. Note and comment on the report

FOR INFORMATION

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1 Operations Team

1.1 Purpose

This update provides Members with an overview of operational performance during the period. It highlights achievements against Key Performance Indicators (KPIs), service delivery outcomes, member communication activity, customer feedback and the operational challenges that impacted performance during the quarter.

1.2 Summary

The Operations Team delivered a strong level of service throughout Quarter 1 despite experiencing a number of significant external pressures, including the ongoing system blackout linked to the necessary McCloud data load, implementation of Access and Fairness regulations, SCAPE* (Superannuation Contributions Adjusted for Past Experience) factor changes, manual calculation requirements and resource constraints arising from annual leave, sickness and training commitments.

1.3 Key achievements during the quarter included:

- Voice of the Customer – consistently high customer satisfaction, with positive member feedback increasing from 98% in April and May to 99% in June. Between 95% and 98% of member queries being resolved at the first point of contact.
- Significant volumes of member communications processed, including over 14,400 emails triaged and more than 6,000 email responses issued during the quarter.
- Strong and sustained KPI performance within the Estimates and Divorce Team, with most activities delivered at or above target throughout the quarter.
- Improvement in several Retirement Team activities during June following targeted resource deployment and backlog reduction activity.
- Continued achievement of 100% KPI performance for New Starters processing throughout May and June. Reflecting the impact and success of a recent project focusing automation of this high volume, low complexity task.
- Maintenance of excellent performance in General Correspondence, consistently exceeding 97% completion within target.

Whilst performance remained strong overall, several KPIs were adversely affected by external factors beyond the team's control, most notably the Aggregation blackout and SCAPE-related restrictions which delayed processing of certain case types and contributed to increasing work in progress across affected areas.

1.4 Member Communications and Customer Service (Appendix 1)

The Operations Team maintained a high level of contact and engagement with members throughout the quarter.

a) **Communication Volumes**

During the quarter the team:

- Triaged 14,474 emails.
- Issued 6,091 email responses.
- Handled approximately 4,000 telephone calls.
- Continued monitoring returned post, which reduced significantly from April levels by June.

This demonstrates the significant volume of member interactions managed alongside pension administration workloads.

b) **Voice of the Customer**

Customer experience continued to be exceptionally positive:

Measure	Apr	May	Jun
Positive feedback	98%	98%	99%
Queries resolved at first contact	98.0%	95.1%	98.2%
Call backs received	93%	87%	99%

Member feedback consistently praised the team's professionalism, knowledge, empathy, friendliness and willingness to resolve queries quickly and effectively. Members frequently highlighted courteous service, clear expectations and team members going beyond expectations to provide support. These results demonstrate a continued commitment to providing a high-quality customer experience despite operational pressures.

1.5 **Operational KPI Performance (Appendix 2)**

a) **Retirement Team:**

The Retirement Team maintained strong performance in retirement processing throughout much of the quarter.

Notable achievements included:

- Active retirement cases achieving 96.8% KPI performance in April.
- Deferred retirement cases maintaining performance above 91% throughout the quarter.
- Significant improvements in Refund processing during June, with Refund Payment performance increasing to 95.6%.
- Completion of extensive backlog reduction activity, bringing many pending and reply-due cases fully up to date.

Challenges included:

- SCAPE factor changes preventing normal forward allocation of work.
- Resource pressures impacting checking capacity.

- Historic opt-out backlog clearance activity reducing KPI achievement despite increased productivity.

Overall, team performance remained resilient and showed recovery and improvement by the end of the quarter.

b) **Estimates and Divorce Team:**

This area delivered the strongest and most consistent KPI performance throughout the quarter.

Key highlights included:

- Active estimate KPIs consistently between 97% and 99%.
- Deferred estimate KPIs consistently between 98% and 99%.
- Divorce quotation and Divorce actual processing delivered at or near 100%.
- Improvements in Lost Pension performance, increasing from 76.3% in April to 96.4% by June.

The team benefited from targeted training and effective internal resource management, enabling rapid turnaround of member requests and strong service standards.

Challenges primarily related to Deferred Benefit estimate backlogs and SCAPE-related restrictions affecting divorce calculations.

c) **Death Team**

The Death Team continued to deliver a sensitive and critical service while adapting to regulatory and procedural changes.

Achievements included:

- Initial Death processing consistently around 90% KPI achievement.
- Improvements in Survivor Estimates and Death Grant processing during the quarter.
- Delivery of specialist training and expansion of capability within the team.
- Successful implementation of revised Death in Service processes.

Performance was impacted by:

- Annual leave and sickness levels.
- Ongoing manual calculations required under Access and Fairness regulations.
- Limited numbers of suitably trained staff in specialist areas.

Despite these pressures, service delivery remained stable and key activities continued to be completed within acceptable timescales.

d) **Transfer and Interfund team**

Performance in this area was mixed during the quarter.

Strong outcomes included:

- New Starters maintained at 100% KPI performance throughout May and June.
- Significant improvement in Transfer Out quotations, increasing to 85.4% in June.

- Transfer Out actuals and Transfer In actuals both reaching 100% in June.

Performance challenges were associated with:

- Historical shortages of trained resource in specialist Interfund activities.
- SCAPE-related calculation restrictions.
- Training requirements to increase resilience in niche processing areas.

Training programmes delivered throughout the quarter improved skill levels and contributed directly to improved June performance in several workstreams.

e) **Aggregation Team**

The most significant operational challenge during the quarter was the continuing Aggregation blackout, which commenced on 9 February 2026.

The blackout prevented normal processing of Aggregation actuals and significantly restricted workflow across several pension administration functions.

As reported in June:

- A/B Aggregation cases increased to 1,263 outstanding.
- Employer change cases increased to 733 outstanding.
- Post-2014 Concurrent cases increased to 582 outstanding.
- Deferred Aggregation cases increased to 37 outstanding.

Despite these challenges:

- Urgent cases continued to be prioritised.
- Aggregation estimates generally remained within target.
- Teams continued to support other operational areas while awaiting system resolution.

The blackout remains the single largest factor affecting operational KPIs and backlog growth.

f) **General Correspondence and Member Amendments**

Performance remained consistently strong throughout the quarter:

General Correspondence:

- April: 98.2%
- May: 97.7%
- June: 97.4%

Member Detail Amendments:

- April: 95.1%
- May: 95.9%
- June: 95.7%

These results demonstrate continued delivery of high-volume administration work within target timescales while balancing competing operational priorities.

1.6 **Conclusion**

The Operations Team delivered a strong quarter of performance despite considerable operational and external challenges. Customer satisfaction remained exceptionally high, core member services continued to perform strongly, and several teams achieved sustained KPI performance above target throughout the period.

Whilst the Aggregation blackout, SCAPE factor changes, regulatory developments and resource pressures impacted some specialist administration functions, the team demonstrated flexibility, effective cross-team support, targeted training and strong operational leadership. Significant progress was made in backlog reduction, service resilience and customer experience, providing a positive foundation for the remainder of 2026/27.

1.7 **Backlog Progress Update (Appendix 3)**

a) External support has continued with assisting the Fund with the clearance of historic, overdue cases. As a reminder to Members, there were 23,013 cases in scope.

b) To date, 5,274 (22.92%) cases have been completed.

c) There was a notable increase in completed cases for Aggregations, Deferred Benefits and Refunds.

d) The introduction of McCloud eligibility checks and a new Concurrent process require a settling period.

e) The introduction of new SCAPE factors has prevented the processing of Interfunds and some Aggregation cases.

2 Engagement and Systems Team

2.1 **Member Engagement (Appendix 4)**

Customer contact volumes remained broadly stable across the quarter, with email demand increasing while telephone enquiries remained consistent. Digital engagement was strong, with over 41,000 website visits, although traffic fluctuated month to month. MyPension Oline registration queries showed a continued decline, suggesting fewer customers required support with online registration.

2.2 **MyPension Online Registrations (Appendix 5)**

- Overall membership continued to grow steadily, with total unique member records increasing by 4.1%.
- Active members remain the largest group accounting for around 48% of unique member records.
- Pensioners showed the highest proportional growth among unique member records, increasing by 5.2% over the quarter.
- Deferred members also grew strongly, rising by 4.8% in unique records.
- Month-on-month increases were consistent across all categories suggesting a sustained upward trend rather than a one-off increase.

2.3 **Data Quality (Appendix 6)**

Work has continued on the suite of data quality reports that are run regularly to improve the overall quality of the Fund's data, reduce valuation queries, and support preparations for Pensions Dashboard. The team is currently focussing on analysing the errors with the greatest volume and/or overall impact on the report results. Many of these issues are historical in nature and require detailed investigations to identify the root causes and implement appropriate corrections, making the process both complex and time-consuming.

2.4 **Webinars and Training Sessions**:

a) Delivery of 6 webinars for scheme members.

b) Delivery of 2 webinars/workshops for scheme employers. The team are now sending reminders to employers regarding these events and have seen a considerable increase in uptake.

c) Delivery of a workshop at the HR Connect Breakfast Briefing from which they received excellent feedback. The team have already been invited to the next briefing on 9 November 2026.

d) A very successful virtual Employer Forum was held in July with over 100 attendees. Clair Alcock (Secretary to the Scheme Advisory Board and Head of Pensions at the LGA) joined the forum to deliver a presentation regarding the recent regulatory changes.

e) In co-operation with Barnett Waddingham, the team organised a webinar for new Councillors who are now eligible to join the scheme.

2.5 **Year End** – this project for 2026 was particularly demanding due to the short completion deadline and McCloud implications. 99% of the project was completed before the 31 May deadline (usually 30 June).

2.6 **iConnect** (**Appendix 7)** – On 1 April 2026, the team onboarded another 131 employers, including Medway Council.

2.7 **Newsletters** – Spring/Summer editions of the following newsletters have been published:

a) Pension Pulse (for Active members).

b) Pension Connection (for Deferred members).

c) Open Lines (for Pensioner members).

They will also be sent by post to members who opted out of digital communication.

2.8 **Website Updates**:

a) **McCloud information** has been updated on the website to include information on how the remedy will affect members; the information provided in Annual Benefit Statements and what members should do if they don't agree with the pensionable data provided by their employer to calculate McCloud entitlement.

b) **Revaluation and Pensions Increase** – any pages that mention these key words were updated to reflect the 2026 3.8% increase.

c) **Councillors and Mayors joining the LGPS** – a news article was added to the website to inform Councillors they can opt in to the scheme and the process to follow.

d) **Additional Pension Contributions (APCs)** – information regarding the increase from £8,903 to £9,054 was published.

e) **Funding Strategy Statement (FSS), Valuation Report, updated Data Quality policy and updated Communications Policy** – were all published at the end of March.

f) **Regulation Updates** – information regarding the Access and Fairness, and Access and Protections regulatory changes was added to the website in April.

g) **Local Government Reorganisation (LGR)** – scheme member and scheme employer FAQs were published on the website.

3 Technical and Training Team

3.1 Training and Development

3.2 **McCloud** – The team have successfully uploaded scheme member data received from scheme employers for the period 1 April 2014 to 30 September 2022. This has resulted in a number of data rejections and errors that are now being cleansed.

3.3 The upload of this data enabled the team to run eligibility reports to identify those members eligible for a McCloud Underpin. Following this the team successfully ran calculations to apply any Guarantee Amounts (uplifts to benefits where Final Salary benefits would have been greater than CARE benefits for the Remedy period).

3.4 These tasks identified circa 42,000 members eligible for McCloud and the task of notifying these members via Annual Benefit Statements and recalculations to benefits has now commenced.

3.5 Following implementation, a rapid training programme was delivered to all colleagues to ensure they understood how the McCloud Remedy impacts the calculations they administer.

3.6 Due to the implementation, the team were temporarily unable to process certain calculations for 4 days. However, this period was used to focus on training and strengthening member communications to support a successful transition.

3.7 **Training** – The Training Team has been extremely busy supporting the implementation of McCloud. Following its introduction, every subject delivered within the Pension Assistant and Pension Administrator pathways had to be reviewed and updated to reflect the changes.

3.8 To support colleagues throughout this period of significant change, the standard training schedule was temporarily paused and replaced with a bespoke programme tailored to the implementation of the McCloud Regulations.

3.9 From September, the team aim to refocus on a training schedule that balances development with business requirements. Recruitment for a Training Officer has been successful and will further support the delivery of the training objectives.

3.10 **Access and Fairness** - implementation of the changes arising from the Access and Fairness Regulations has continued which have resulted in a number of historical benefit recalculations being required, in addition to a change in the processing of new calculations.

3.11 There was a legal requirement to communicate these fundamental changes to members, employers and trade unions by 30 June 2026. Letters were sent to all members, employers were notified via email, the pension fund website was updated, and updates were shared via newsletters.

3.12 There are 3 aspects to these changes that all have deadlines to adhere to: 1.) survivor benefit equalisation, 2.) age 75 death grant cap and 3.) payment of deaths grants to personal representatives.

3.13 ***Survivor benefit equalisation***:

a) From 1 April 2026, all new survivor benefits must be calculated on the equalised basis.

b) By 1 July 2026, all cases in scope of a historical recalculation needed to be identified. This equated to 3,217 cases. Some of these cases are survivor benefits already in payment that may require a recalculation, and some relate to survivor benefits that were never paid as there was no entitlement under previous regulations. A tracing exercise will need to be carried out to ascertain whether there was a surviving spouse and if so, locate their current contact details. The team are seeking support from an external tracing company and are currently awaiting a detailed proposal.

c) This work must be concluded by 1 January 2028.

3.14 ***Age 75 Death Grant cap*** – previous regulations did not allow a Death Grant to be paid where the deceased member was over the age of 75 at the time of death. This cap has now been removed.

a) From 1 April 2026, all new Death Grant payments must be paid regardless of the deceased member’s age at the date of death.

b) By 1 January 2028, all deaths that occurred between 1 April 2014 and 31 March 2026 must be reviewed and if the member was over the age of 75 at the date of death (and therefore a Death Grant wasn’t paid previously) must have a Death Grant calculated and paid at the discretion of the administering authority. There are 134 of these types of cases. The difficulty with this project will be identifying recipients of the Death Grant given that some time has elapsed since the date of death for some cases.

3.15 ***Payment of deaths grants to personal representatives*** – the changes removed the requirement that unpaid death grants not paid within 2 years must be paid to the legal personal representative and not at the discretion of the administering authority. This resulted in a 45% tax charge if the payment was made after 2 years. The administering authority now has full discretion to whom payment can be made, but tax is still deductible if paid after 2 years at the recipient’s marginal rate. These changes do not apply to death grants already paid and only apply to deaths that occur from 1 April 2026.

3.16 **SCAPE Discount Rate and impact on actuarial factors** – on 19 May the Local Government Association (LGA) emailed administering authorities in England and Wales to confirm that the SCAPE discount rate increased in line with the Consumer Price Index (CPI) plus 2%.

3.17 The SCAPE discount rate is used in the calculation of actuarial factors within the LGPS. As a result of the change, the Government Actuary Department (GAD) has been required to review and revise a range of actuarial factors. This has been a lengthy process, with updated factors being issued as they are completed.

3.18 The factors include:

a) Early retirement

b) Late retirement

c) Transfer in

d) Transfer out

e) Cash equivalent transfers for divorce

f) Trivial commutation

g) Additional Pension Contributions (APCs)

h) Additional Voluntary Contributions (AVCs)

i) Interfunds

3.19 Significant work has been undertaken to review, test and implement the revised factors within the pensions administration system to ensure calculations remain accurate and compliant with the updated guidance.

4 IDRP's, Complaints, Compliments and Comments (Appendix 8)

4.1 Overall, positive feedback outweighed complaints, with 12 compliments compared to 7 complaints.

4.2 Communication remains the dominant issue, accounting for most complaints and comments, particularly in April and June.

4.3 There were no complaints in May.

4.4 Positive feedback was driven by good communication and helpful staff, with helpfulness becoming more prominent from May onwards.

4.5 Feedback relating to third-party/contracted service suppliers appeared in both complaints and comments, indicating an area that may require further monitoring.

4.6 June saw the highest volume of feedback overall, with both positive feedback and communication-related concerns increasing.

4.7 1 new Stage 1 IDRP application was received against the Administering Authority, appealing that Kent Pension Fund had advised the wrong retirement date to enable the member to use the best of the previous year's pensionable pay. The adjudicator did not uphold the appeal.

5 Overpayment Recovery and Write Off Limits

5.1 There were no pension overpayment write offs for the period.

**The SCAPE rate is the discount rate used for the valuation of the unfunded public sector pension schemes in the UK. The factors that are used daily to administer the LGPS e.g. cash-equivalent transfer values (CETVs), early and late retirements and additional pension purchases, are based on the SCAPE rate.*

Appendices:

Appendix 1	**Member Communications and Customer Service**
Appendix 2	**Casework Volumes and KPI Performance**
Appendix 3	**Backlog Progress Update**
Appendix 4	**Member Engagement**
Appendix 5	**MyPension Online Registrations**
Appendix 6	**Data Quality**
Appendix 7	**iConnect Onboarding**
Appendix 8	**Complaints, Compliment and Comments**

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