

By: Chairman Superannuation Fund Committee  
Corporate Director of Finance and Procurement

To: Superannuation Fund Committee – 22 June 2018

Subject: **PENSIONS ADMINISTRATION**

Classification: Unrestricted

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Summary: To provide members with a comprehensive update of administration issues including:-

- Workload position
- Achievements against Key Performance Indicators (KPIs)
- Pension Overpayment for write off
- Monthly submission of employer data
- Staff resource
- General Data Protection Regulations
- The Pensions Regulator – Data Quality

## **FOR DECISION**

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### **INTRODUCTION**

1. This report brings members fully up to date with a range of issues concerning the administration of the Kent Pension Scheme.

### **WORKLOAD POSITION**

2. Appendix 1 shows the year on year comparison of work levels being received in the section.
3. The majority of work categories remain at similar levels when compared to 2016/17.
4. As reported previously the category where there is the most marked increase, when compared to 2013/14, is with regard to communications to the section. Emails and written correspondence seem to be levelling now at around 5300 a year. We encourage members of the scheme to visit our website [www.kentpensionfund.co.uk](http://www.kentpensionfund.co.uk), with 106,328 visits in 2017, to answer as many of their questions as possible however many still require a personal response. These figures do not include telephone calls received in the section, which averages at approximately 1550 each month.

5. The decrease in the number of deferred benefits shown in Appendix I for the years from 2015/16 is partially due to members now requiring 2 years' membership of the scheme before being entitled to a deferred benefit, an increase in the previous requirement of 3 months membership, however the main reason for the difference in the number of deferred benefits when compared to previous years is that due to increased workloads in other areas we have deferred benefit calculations that have not yet been processed.
6. The increase in the number of transfers in of pension rights from previous pension schemes rose in 2017/18, partially due the clearance of a backlog of this category of work following the changes to the scheme in 2014 and the delay in the clarification as to how these cases should be dealt with in the Career Average Earnings Scheme.
7. The increase in the number of transfers out of pension benefits continues to rise as it does throughout the pensions industry mainly due to the ' Freedom and Choice' options announced by the Government, which came into force from April 2015, which allows members with pension rights in a defined contribution scheme options to access their pension rights earlier and in some cases to draw down their pension rights in full.

#### **ACHIEVEMENTS AGAINST KEY PERFORMANCE INDICATORS (KPIs)**

8. Appendix 2 shows the achievements of the section in meeting its KPIs for the year 2017/18 compared to the previous 4 years.
9. We are required to complete 95% of the recorded KPI tasks, within the agreed target turnaround times.
10. All 4 categories of work show a continuation or improvement in the KPI percentage when compared to those achieved in 2016/17 however as a result of concentrating efforts on these areas of work and due to the changes to the scheme still impacting, especially with regard to data received from employers, and the requirement in the scheme regulations that annual benefit illustrations and deferred benefit updates have to be issued by 31 August, other areas of work have suffered.

#### **OVERPAYMENT OF PENSION FOR WRITE OFF**

11. The case of Mr R was previously reported to the Committee in June 2012.
12. Mr R had been receiving a pension since 1982 and in February 2012 was in receipt of a monthly pension of £622.53.
13. In 2012 the National Fraud Initiative, which matches KCC's pension data against the Disclosure of Death Registration Information (DDRI) identified that Mr R had died on the 21 January 2009.
14. After receipt of a copy of the death certificate from the registration service, confirming the date of death, Mr R's pension was suspended. The pension had

continued to be paid from January 2009 to February 2012 resulting in an overpayment of pension of £22,060.69 (gross).

15. In March 2012 KCC contacted Lloyds TSB bank who held the account into which the pension payments were made. They confirmed that they were unaware of the death, that the account was still open and that monies were being withdrawn.
16. As a result of this information KCC's Counter Fraud Manager was informed who in turn made Kent Police aware of the circumstances.
17. A relative of Mr R was interviewed regarding the withdrawals and admitted to using the bank account after Mr R's death. There was no money left in the account and it is believed that the money had been used for typical living expenses. The relative was unemployed and on benefits and did not own any substantial assets.
18. The Police, in conjunction with the Crown Prosecution Service were minded to administer a caution for the offence which we understand was administered in August 2012.
19. Although there was not a prosecution for the offence the Counter Fraud Manager, at that time, was of the view that recovery could be sought from the relative however due to the financial position of the relative this was not pursued.
20. Due to the amount of the overpayment permission is sought from the Committee to write off this overpayment of pension.
21. Subsequent to this, and other cases where pensions were overpaid for some considerable time, the Fund now utilises a mortality screening service which matches Kent's pension data against the information held on the DDRI which highlights deaths of members of the scheme on a monthly basis.

#### **MONTHLY SUBMISSION OF EMPLOYER DATA**

22. At the November 2017 Committee agreement was given to additional funding for the purchase of i-Connect, a product that would allow us to receive electronic submission of data from employers on a monthly rather than annual basis.
23. A project team has been set up within the section with regard to the implementation of the new system and the roll out to employers
24. The current position is that a considerable amount of testing has been taking place internally with regard to the capabilities of the product and the impact on internal procedures.
25. As a result, we are hoping to contact some employers shortly to check that they are still happy to pilot i-Connect with us.
26. Target dates will be dependent on how quickly the pilot employers can produce the file extract but we would hope to have gone live with at least one employer by the end of September.

## **STAFF RESOURCE**

27. At the November 2017 Committee agreement was given to extra staff resource of 4 Pension Support Assistants bringing the Pension Section complement to 61 FTE staff.
28. Subsequently we have run 2 recruitment campaigns with regard to the recruitment of Pension Support Assistants with 4 being appointed in November 2017 and a further 6 in March 2018 ( equivalent to 8.4FTE). Unfortunately in the same timespan we have lost some of our existing staff which means that we currently have 9 FTE vacancies within the section. These vacancies range from Pension Support Assistants through to more senior roles.
29. We are carrying out recruitment campaigns with regard to the senior roles. With regard to the less senior roles we are looking to fill some of these throughout the summer with temporary workers in order to tackle some of the backlogs of our work and will look to recruit permanent staff in the autumn.

## **GENERAL DATA PROTECTION REGULATIONS (GDPR)**

30. The General Data Protection Regulations are a new set of European Union regulations which came into force on 25 May 2018.
31. The regulations introduce new and extended rights for individuals in relation to the personal data an organisation holds about them. In addition an organisation will have an obligation for better data management and a new regime of fines will be introduced for use when an organisation is found to be in breach of the GDPR.
32. The GDPR states that personal data must be:
  - processed lawfully, fairly and in a transparent manner
  - collected only for specified, explicit and legitimate purposes
  - adequate, relevant and limited to what is necessary
  - accurate and kept up to date
  - held only for the absolute time necessary and no longer
  - processed in a manner that ensures appropriate security of the personal data
33. The pension section requires various pieces of personal data with regard to members of the scheme and these are provided by both the individual and their employer in order to administer the pension scheme. This data includes, but is not limited to names, addresses, National Insurance numbers, dates of birth and salary details which are required to maintain scheme records and calculate member benefits.
34. Every Local Government Pension Scheme (LGPS) fund is required to have an up to date privacy notice in line with the new requirements setting out amongst other things, why data is held, the reason for processing the data, who they share the data

with and the period for which the data will be retained. The notice must also provide members with additional information about their rights under the legislation.

35. Appendix 3 details the Privacy Notice for the Kent Pension Fund which is available on our website at [www.kentpensionfund.co.uk/privacy](http://www.kentpensionfund.co.uk/privacy).

### **THE PENSIONS REGULATOR – DATA QUALITY**

36. The Pensions Regulator (TPR) requires each administering authority to complete an annual scheme return. Our understanding is that unlike previous returns which required the administering authority to only measure common data the 2018 return will require the additional reporting of scheme-specific data.
37. To ensure consistency across all administering authorities, the Scheme Advisory Board for LGPS in England and Wales are working closely with Ministry for Housing, Communities and Local Government and Government Actuary Department to develop a standard set of scheme-specific data for administering authorities to use when completing this year's scheme return.
38. When details of the scheme-specific data are known measurements of our current data will be undertaken and a data improvement plan introduced.
39. We understand that TPR will be issuing the scheme return in July and the deadline for submission will be in September.

### **RECOMMENDATION**

40. Members are asked to note this report.

(1) Agree to the write off of the overpayment of pension of £22,060.29

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**Tasks completed in key administration areas  
Workload summary**

<b>Case Type</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Benefit calculation	1978	1928	1766	2238	2008
Correspondence	1467	3450	4719	5370	5339
Divorce case	312	293	385	381	329
Estimate calculation	2861	2541	2810	3145	3025
Deferred benefit	5244	2475	993*	1357*	1720*
Transfer/Interfunds in	374	189	204	286	422
Transfer/Interfunds out	478	558	651	644	859
Dependants	364	323	377	410	377
<b>Total</b>	<b>13,078</b>	<b>11,757</b>	<b>11,905</b>	<b>13,831</b>	<b>14,079</b>

\*These represent the number of leavers that have been identified as deferred benefits and have been processed. It does not include members who have left the scheme where we have still to process the leaver

## Achievements against Key Performance Indicators

Case Type	Target Time	13/14		14/15		15/16		16/17		17/18	
		No	% in target	No	% in target	No	% in target	No	% in target	No	% in target
Calculation and payment of retirement benefit	20 days	1978	99%	1928	99%	1766	96%	2238	95%	2008	98%
Calculation and payment of dependant benefit	15 days	364	99%	323	87%	377	86%	410	95%	578	99%
Calculation and provision of benefit estimate	20 days	2861	98%	2541	63%	2810	62%	3145	67%	3025	72%
Reply to correspondence	15 days	1467	99%	3450	98%	4719	98%	5370	99%	5339	99%

NB. All target turnaround times commence when we have all the necessary documentation to complete the particular task.