

From:	Chairman Pension Fund Committee Corporate Director of Finance
To:	Pension Fund Committee – 22 June 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 February to 30 April 2023.

Recommendations:

The Committee is asked to note the report.

REPORT SUMMARY

1. Performance Update
2. Recruitment
3. Annual Benefit Illustrations/Member Newsletters
4. Benchmarking
5. End of Year
6. Breaches of Law
7. Complaints, Compliments and Comments
8. New Telephony Solution
9. Pensions Dashboard
10. Superannuation Contributions Adjusted for Past Experience (SCAPE) Rate

For Information

1. Performance

- 1.1 During the period 1 February to 30 April 2023 a total of 16,041 new cases were received by the Pensions team. This is an increase of 1,264 from the previous period. 13,792 cases were completed during the period February to April. An increase of 1,914 compared to the previous period.
- 1.2 The principal areas of increase relating to cases received can be seen across Deferred Benefits. With the main increase to cases completed being seen across New Starters and Deferred Benefits. This can be attributed to data cleansing by a large scheme employer in preparation for onboarding to

iConnect, and preparation by the pensions team for year-end (ensuring records are up to date for Annual Benefit Illustrations).

- 1.3 Performance on casework in lower priority areas is expected to be impacted whilst the team is carrying a number of vacancies, onboarding and training new team members and resource being dedicated to supporting on the end of year process.

2. Recruitment

- 2.1 As a result of some recent workforce planning, phase 2 of the recruitment campaign is in progress. This includes the backfilling of existing vacancies and some newly created roles to help support the Fund's vision and Business Plan.
- 2.2 Progress has been made with the new Continuous Improvement Officer role. A job description has been drafted and job evaluation has taken place in order to determine the appropriate grade for this new role.

3 Annual Benefit Illustrations/Member Newsletters

- 3.1 The Annual Benefit Illustrations (ABI) templates for active and deferred members, together with the member newsletters, have been drafted and reviewed internally. Feedback has been provided by Simon Sim (Active Scheme Member representative) and the documents have been issued for final review.
- 3.2 The documents include the changes to Annual Allowance and Lifetime Allowance as a result of the Budget, together with the change in the CARE revaluation date. The ABI documents also include the first written notification to members of our intention to provide future ABIs digitally.

4 Benchmarking

- 4.1 As part of the Fund's objective to be 'best in class' and to be able to track the service transformation journey, the Fund are partnering with CEM to undertake benchmarking against other LGPS and international pension funds.
- 4.2 CEM works with over 400 funds worldwide, and provide clients with objective, actionable benchmarking insight into how to maximise value for money in investments and pension administration. The Fund currently works with CEM to benchmark investment performance and costs.
- 4.3 The Fund anticipates using the service to demonstrate value for money, improve member and employer service, optimise costs and staffing levels, make better decisions and save time by learning from peers.

- 4.4 The report provided compares the Funds pension administration costs and member service with a peer group of other schemes.
- 4.5 It is anticipated that a final report will be available to share with the Pension Fund Committee in December.

5 End of Year

- 5.1 For the year ending 31 March 2023 the Fund is expecting 595 year-end returns from scheme employers. A deadline of 6 April 2023 was set, with many employers requesting an extension to 28 April 2023.
- 5.2 As at 30 May 2023, the Fund had received 563 of the 595 returns. Upon receipt of the data a number of formatting, accuracy and balancing validation checks are carried out to ensure the data is accurate to load to member records.
- 5.3 As at 30 May 2023, 239 of the received returns have been returned to employers due to queries on the data. Of these 43 are still with employers to correct.
- 5.4 Additional resource has been allocated to this project this year; this initially resulted in slightly slower progress whilst training took place. However, the team are now ahead of the position at the same time last year with 39.66% of the work completed (compared to 29.54% at the same time last year).

6 Breaches of Law

- 6.1 Under the new [Policy for Recording and Reporting Breaches of Law](#) details of identified breaches of scheme Regulations can be found in **Appendix 1**.
- 6.2 The register currently includes cases where the Fund holds unclaimed refunds for members who joined the scheme after 1 April 2014, left with an entitlement to a refund of contributions and have not claimed the refund within 5 years of leaving.
- 6.3 [Regulation 18\(5\)](#) states that an Administering Authority shall refund contributions to a person entitled when the person requests payment, **or on the expiry of a period of five years beginning with the date the person's active membership ceased** if no request made by then, or if the person attains age 75 before then, on the day before attaining age 75. These are considered as a breach as the five-year period will have expired if and when payment is made by the Fund.
- 6.4 Upon leaving the scheme, the Fund will write to members with details of the refund payable and a claim form. If member's do not return the completed claim form, it is difficult for the Fund to make payment within the prescribed five-year deadline. Tracing of the unclaimed refunds will be covered by the Fund's Data Improvement Plan going forward.

6.5 The first line on the Breaches register includes data on all unclaimed refunds up to 31 March 2023. The second line of the report shows the data for April 2023. Going forward, data will be provided at each meeting on a monthly basis.

7 Complaints, Compliments and Comments

7.1 For the period 1 February to 30 April 2023 a total of 0 complaints, 33 compliments and 13 comments were received into the corporate system called iCasework. These have been summarised below:

	Complaints	Compliments	Comments
February	0	7 (good communications)	1 (disagreement with decision/policy)
March	0	8 (x7 good communications x1 helpful staff)	8 (x5 poor communications x3 disagreement with decision/policy)
April	0	18 (x17 good communication) x1 helpful staff	4 (x2 good communication x1 disagreement with decisions or policies made x1 poor communication)

8 New Telephony Solution

8.1 The administration team have been working with colleagues in ICT to develop a new options-based telephony solution which allows customers to connect with a member of the team who specialises in the area relating to their enquiry. It also means the members of the administration team are only taking calls relating to subjects on which they are experienced and knowledgeable.

8.2 It is anticipated this will significantly improve customer satisfaction levels and first point fix contact.

8.3 The team have been testing the new telephony system, and some minor adjustments have been made to the solution.

8.4 The solution also provides robust management information to allow the management team to assign an appropriate number of team members to each call queue.

8.5 Since going live in April 2023, the following statistics have been recorded:

	No. of calls received	No. of calls missed	% of calls taken
April	1,318	444	66.31

8.6 It is anticipated that the number of calls missed will reduce as more robust data allows the management team to determine the correct number of team members required on the call queues.

9 Pensions Dashboard

9.1 In March, the Pensions Minister announced delays to the delivery of Pensions Dashboards. On 8 June, the Minister issued an updated [statement](#) setting out further details of the delay.

9.2 Details are set out below:

- Legislation will be updated to set an overall connection deadline for all schemes, which will be 31 October 2026.
- The individual connection deadlines for schemes will be set out in guidance and will be before the final deadline of 31 October 2026. The Department of Work and Pensions (DWP) is planning to collaborate with the industry this year before publishing this guidance.
- The date that Dashboards will go live to the public (Dashboards Available Point) has not been announced yet, but the Minister said that this could be earlier than 31 October 2026. This indicates that Public Sector Schemes will have an earlier staging date than 31 October 2026.

9.3 The announcement of a final connection deadline is helpful, and although later than originally expected, the Fund will continue with its preparations for Dashboards with a focus on data cleansing/improvement and backlog clearance.

10 Superannuation Contributions Adjusted for Past Experience (SCAPE) Rate

10.1 The SCAPE rate is the discount rate used for the valuation of the unfunded public sector pension schemes in the UK. In the LGPS, contribution rates are not linked to the SCAPE rate. As the LGPS is funded, the discount rate is based on future expected returns from each fund's assets.

10.2 However, there are secondary impacts from this news which do affect the LGPS. 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.

10.3 The new SCAPE rate was effective from 30 March 2023 and was confirmed in a ministerial statement as CPI plus 1.7%, a reduction from the previous rate of CPI plus 2.4%.

10.4 In the LGPS the change in the SCAPE rate will result in changes to Government Actuary Department (GAD) factors so a pause is needed for some calculations until new factors are available. Some of the factors have now been published and the Fund await the uploading of these by the administration system provider before resuming some calculations.

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June 2023
