From: Chairman – Kent Pension Board
                 Corporate Director of Finance

To: Kent Pension Board – 6 September 2023

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 May to 31 July 2023. The
report covers the following areas:

1. Performance
2. Recruitment
3. Breaches of Law
4. Complaints, Compliments and Comments
5. Project Updates
6. Overpayment Recovery and Write Off Limits
7. Communications and Support Update
8. Technical Updates
9. Training and Development

Recommendations:
The Board is asked to note the report.

FOR INFORMATION

1.   Performance

1.1   Details of the administration casework performance can be found at
        Appendix 1.

1.2   During the period 1 May to 31 July 2023 a total of 15,526 new cases were
        received by the Pensions Team. This is a slight decrease of 515 from the
        previous period. 11,423 cases were completed during the period May to July.
        A decrease of 2,369 compared to the previous period. This is mainly attributed
        to the changes to the Superannuation Contributions Adjusted for Past
        Experience (SCAPE) factors and cases needing to be put on hold awaiting the
        release of new factors from the Government Actuary Department (GAD).

1.3   Work has now started to catch up with stockpiled casework due to the SCAPE
        changes, especially around the Divorce and Transfer Out areas. However, a
        number of benefits have also required recalculation due to these changes

which has resulted in less new casework being completed increasing the number of outstanding cases from 15,741 at the end of April to 19,085 at the end of July.

1.4 Flexing resource to support on the statutory end of financial year work and to support the Police Pension Scheme administration exit has also impacted on the resource able to complete casework attributing to this increase.

1.5 Although the number of outstanding cases has increased, average performance across all casework has improved slightly from 79% to 82%. Progress has also been positive on the project to clear all outstanding Death Grant cases, with only 30 cases outstanding at the end of July (from 115 at the start of February).

2. Recruitment

2.1 In May the team welcomed five new Pensions Assistants to the team who have settled in well and successfully completed their initial onboarding training. The introduction of a number of new colleagues in one cohort does have an impact on the remainder of the team as they support with training and onboarding, however once they have progressed with their training they will start to make a positive contribution to the success of the team.

2.2 Two new Team Manager positions have also been filled. With one being an internal promotion from the role of Deputy Team Manager and one an external candidate with significant management experience and previous pension scheme administration experience. The number of Team Managers has now increased from four to five, with the purpose of creating a 5th administration team. This was required to relieve some of the line management pressures on the existing four Team Managers. As the size of the team increased the number of direct reports to each manager also increased. From 1 October a new work allocation structure is being implemented to allow for more focus on priority areas.

2.3 Recruitment to the Deputy Team Manager roles was not as successful as hoped, however one of the positions was filled via an internal promotion from the Communications & Support Team. A decision has been taken to offer the other two vacancies as secondment opportunities. This has proven to be very successful at other grades and it is hoped will encourage more internal applications as they get to experience what the role entails but with the reassurance of their substantive post being available should they wish to revert.

2.4 The role of Pensions Project Officer – Continuous Improvement was filled during the period with the role reporting into the Senior Pensions Programme Manager. This role will allow the team too really focus on service

improvements and innovations, and implement the changes required at pace.

3. Breaches of Law

3.1 Details of identified breaches of scheme Regulations can be found in **Appendix 2**.

3.2 There is one new breach to report as detailed at B3 relating to payment of retirement benefits after a member's 75th birthday. This occurred as the member did not keep the Pensions Team updated with their change of address. This has been assessed as not requiring reporting to the Pensions Regulator as it only affected one member.

4. Complaints, Compliments and Comments

4.1 For the period 1 May to 31 July 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
May	1 (Poor Communication)	3 (Good Communication)	4 (x1 Good Communication, x3 Poor Communication)
June	1 (Service Delivery)	7 (Good Communication)	7 (Poor Communication)
July	2 (x1 Poor Communication, x1 Disagreement with Decisions or Policies made	2 (Good Communication)	3 (Poor Communication)

5. Project Updates

5.1 **Benchmarking** – data has been submitted to CEM for the administration benchmarking. It is anticipated that the report will be provided by CEM by the end of September with the results being presented to Board and Committee in December.

5.2 **Police Pension Scheme Administration Exit** – the administration of the Kent Police Pension Scheme is being transferred to XPS with effect from 1 October. Project Board, Communications and Administration workstream meetings have commenced between the Pensions Team, Kent Police and XPS. Updates will be added to the Kent Pension Fund website to keep members informed throughout the process.

5.3 **Guaranteed Minimum Pension (GMP) Rectification** – at the last Pension Fund Committee (and subsequent to the meeting) recommendations were

accepted by the Committee as detailed on page 14 of **Appendix 3**. ITM have now completed the live run and issued the outputs. The report at Appendix 3 summarises the impact of changing GMP values. In total the data for 23,439 pensioner records were analysed, with 296 members having benefits recalculated, 2,171 members have their GMP only corrected, 4 members requiring manual calculations by the Pensions Section and 20,968 members not requiring rectification. For those requiring full rectification, this will take effect from the October payroll.

5.4 **Overseas Existence Checks** – early discussions have taken place with Crown Agents Bank regarding the management of overseas pensioners existence checks. This would significantly streamline a very convoluted and manual process, releasing capacity within the Pensions Team. It will also significantly reduce the risks associated with the current paper-based process and result in a simpler process for pensioners. A risk assessment is being carried out by KCC ICT Risk and Compliance and a Data Protection Impact Assessment (DPIA) has been completed. It is envisaged that this process will be live for the October 2023 existence checks.

5.5 **Enhanced Admin to Pay and Immediate Payments –** this functionality within the administration system will allow for more timely processing of benefits and automate the calculation of pension arrears, streamlining the process. It will also move a manual, paper based one off payment process to an automated, fully integrated process. Decreasing processing times and reducing risks of transposing data. This project is programmed to commence in mid-September 2023.

5.6 **Hybrid Mail (PrintMe)** – the process of printing and dispatching daily mailings has now gone live with the external supplier, Adare. User guides have been prepared to help implement the improved process. PrintMe provides an out-of-office secure printing solution, thereby releasing resource in-house.

5.7 **Inbound Post Solution –** discussions have commenced with Adare to investigate moving the in-house process of scanning, recording and archiving correspondence to an off-site, third party solution. This project is programmed to commence in mid-October 2023.

5.8 **Insights** – this project will allow the team to automate the generation of monitoring reporting from Altair. A list of reports regularly required by for operational purposes has been collated. Setting-up the reporting for these subjects will be established by the end of October 2023.

5.9 **Process Reviews (Deaths)** – these process reviews commenced in July. The reviews include investigations into the payment of Death Grants, liaison with KCC's payroll team, review of the the recording of deaths, mortality screening and governance.

6. Overpayment Recovery and Write Off Limits

6.1 The number of pension overpayment write offs for the period 1 May to 31 July are set out below:

	May 2023		June 2023		July 2023	
	Number	Total	Number	Total	Number	Total
£200-£5,000	-	-	-	-	£2,135.88	1 member (x2 pensions)
£5,000-£50,000	-	-	-	-	-	-
£50,000+	-	-	-	-	-	-

6.2 Ongoing discussions are being held with Pensioner Payroll to understand the current process for suspending pensions following a death, how and when overpayments occur, and the process for reclaiming monies.

6.3 An Overpayment Recovery and Write Off Limits Policy is still being drafted with the view to present to Board and Committee in December.

7. Communications and Support Update

7.1 The team are introducing **webinars** for members for the first time. The first two are about the Annual Benefit Illustration and Member Self Service and are due to take place later this year.

Members can now volunteer to be a part of a new Member's **feedback group** which will meet three times a year (information how to join is in the latest newsletter on the news webpage of the Kent Pension Fund website).

The team are also working on developing **member feedback forms** which are going to be included in the letters which are sent to members. The first one, regarding the retirement process, is now ready and in being incorporated in the processes.

7.2 **Year-end** posting for 584 employers was competed ahead of the year-end deadline, which was a great achievement considering there were major issues with a new third-party payroll company (as raised in previous meetings).

The team have run, analysed and worked on 534 reports where the member pay figures fall outside of certain tolerances to ensure Annual Benefit Illustrations are correct.

Annual Benefit Illustrations (ABI's) have been produced for 50,279 Active members and 48,976 Deferred members. These are sent to the home address held on member records. From 2024 Active ABI's will be published on Member Self Service, and the ABI's for Deferred members will be available online from 2025. This will remove the issue of members not receiving their ABI if they haven't kept their address details up to date (a particular issue for Deferred members) and will make access to ABI's quicker also encouraging

more members to use Member Self Service. For those that require a paper copy, these can still be posted upon request.

7.3 The **new Pension Assistants** who joined the team earlier this year are doing extremely well and are a real asset to the team. The benefit of these newly created roles on the team includes ongoing work being completed on outstanding TUPE transfers and Closures to ensure the process goes as smoothly as possible, regular and ad hoc reports for Barnet Waddingham always produced in a timely manner and queries dealt with as priority, the website being updated in a timely manner with any updates/changes needed.

7.4 The team have planned an **iConnect** rollout programme to employers, with an aim to get all employers using iConnect to submit their data by the end of 2025. In April, the team successfully onboarded Capita which is a large payroll provider used by many of the scheme employers.

7.5 The move to **digital be default** is progressing, with members being informed of the intention to use digital methods of communication in the future. There is a legal obligation to notify members three times before using digital methods, and the first notification is included within the ABI for 2023. Members can, of course, choose to continue to receive correspondence by paper.

7.6 The team are planning to upgrade the **Member Self Service (MSS)** portal to the latest version offered by Heywood's in the first quarter of 2024. The new version of MSS has a completely different look and has been designed to make this service easier for members to use. Member Self Service registration is growing steadily with activation letters done within a day or two of receipt, and majority of queries dealt with within two days.

8. Technical Updates

8.1 **SCAPE changes – updated actuarial factors** - since the last Pension Board meeting on 8 June, a further two batches of actuarial factors from the Government Actuary Department (GAD) have been issued.

Most of these are now live within the administration software, although software updates are awaited for the most recent batch of factors that were issued on 28 July. The work impacted by these however is low volume, and so the manual amendments being undertaken are not too onerous.

8.2 **Consultation on the abolition of the Lifetime Allowance from 6 April 2024** - a consultation has recently been launched by the Government around the abolition of the Lifetime Allowance.

The Technical Team are currently reviewing the policy documentation, which include draft legislation, with a view to responding to the consultation before the September deadline.

8.3 **Annual Allowance** - work has been ongoing since May on preparing for the annual statutory exercise of notifying scheme members of their Pension Input

Amount, where they have exceeded the Standard Annual Allowance in the Local Government Pension Scheme.

Since the end of the Year End Contribution Posting project, the team are now in a position to start undertaking the calculations for the scheme members identified as exceeding the Annual Allowance for 2022/23.

The deadline for sending statements to scheme members is 5 October 2023.

8.4 **McCloud ruling and the remedy in the LGPS -** final regulations regarding the McCloud remedy in the LGPS are due to be implemented from 1 October 2023. The Government's consultation on further matters closed on 30 June and legislation is due to be issued in September.

The further consultation was required as there was a number of issues that required more work, to closer align the LGPS policies to those of the other public service pension schemes. This included proposals for how to deal with multiple records of employment, issues around previous membership of a public sector scheme and how to deal with the remedy for members who flexibly retire.

It is intended that the McCloud remedy will start to be administered from 1 October 2023. This is a challenging timescale, as currently there is no final legislation required to administer this.

9. **Training and Development**

9.1 From 1 February 2023 the Pensions Section established a Technical and Training Team with two Training Officers being recruited.

9.2 The team have been working extremely hard on many different projects to enhance the learning experience for all team members within the section.

9.3 The Training Officers are dedicating a proportion of their time establishing a Pensions Knowledge Hub on SharePoint. The Hub will eventually have every subject of pensions administration covered by the LGPS Regulations. It will be easily accessible for team members to view procedure notes, process videos and knowledge quizzes to enhance their learning and adapt formats to their individual needs. The Hub will be easy to update on Regulation changes and to review in line with Audit requirements. The content will be reviewed by the Technical Consultants on the team.

9.4 The Training Officers have also been working on producing 'learning pathways' for the Pensions Assistants and Pensions Administrators. The two pathways are an excellent overview of the subjects to be learned by team members and the route to obtain that knowledge. The pathways not only cover the learning of an administration subject but also when the checking of previously learned subjects should commence. The pathways will help the management team identify immediately gaps in knowledge and to actively manage this. The pathways are an excellent tool for management to map

progress and development. It enables team members to feel ownership of their learning journey and career pathway. The Training Officers will be heavily relying on the pathways to assist in the planning and delivery of training for team members when the schedule is set.

9.5   The Technical and Training Team has applied to the Local Government Association (LGA) to participate in a working group to develop a specific qualification for LGPS administration in conjunction with the Pensions Management Institute (PMI) and also the development of an apprenticeship in LGPS administration. Both topics are extremely important in developing team members and the team are hopeful they will be accepted onto the working group and be able to actively shape and develop both very important tools.

9.6   The Pensions Team has also been actively participating in external training courses provided by the LGA. These courses compliment the training provided by the Training Officers consolidating knowledge.

In house training sessions to date	66
Sessions led by Training Officers	42
External LGA training	13

Clare Chambers – Pensions Administration Manager – Kent Pension Fund

T: 03000 414773
E: clare.chambers@kent.gov.uk

Appendix 1 – May to July 2023 Performance Report
Appendix 2 – Breach of Law Register
Appendix 3 – Kent GMP Rectification – Final Results v1.0