

ITEM No ...6.....

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 23 JUNE 2025

REPORT ON: PENSION ADMINISTRATION PERFORMANCE – UPDATE TO 31 MARCH 2025

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 165-2025

1. PURPOSE OF REPORT

This report provides information on the recent quarter's operational performance in relation to Pension Administration and other general developments in this area over the above period.

2. RECOMMENDATIONS

The Sub-Committee is asked to note the contents of the report.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications.

4. BACKGROUND

This report focusses on statutory performance and is subject to ongoing review and development that will aim to provide enhanced reporting functionality that can be prepared efficiently and improve the quality of information on administration performance and compliance that is presented to members for scrutiny.

5. SERVICE SUMMARY

• Summary of Statutory Performance Requirements

The following table summarises the performance of the fund administration against statutory requirements:

	Received ⁽¹⁾			Completed ⁽²⁾					
	Q3	Q4	% Change	Q3	Q4	% Change	Statute Days ⁽³⁾	Days to Complete Q4 ⁽⁴⁾	Cases Out with Statute at end of Q4 ⁽⁵⁾
Starter	735	1530	108%	711	1558	119%	60	8	-
Estimate	144	195	35%	199	144	-28%	60	46	1
Options	449	506	13%	620	470	-24%	60	34	2
Actual	424	323	-24%	389	343	-12%	60	18	-
TV In	36	25	-31%	39	32	-18%	60	16	-
TV Out	139	120	-14%	200	132	-34%	90	56	-
Deferred	341	169	-50%	237	199	-16%	60	64	20
Death	159	224	41%	160	233	46%	60	11	-
Death Grant	44	34	-23%	41	46	12%	60	43	-
Dependant	72	66	-8%	70	62	-11%	60	23	-
Divorce	18	11	-39%	12	13	8%	90	40	-
Total	2,561	3,203	25%	2,678	3,232	21%			

Key:

Q3 denotes October to December 2024 period.

Q4 denotes January to March 2025 period.

- 1) Reflects total number of cases received in each period and movement %
- 2) Reflects total number of cases completed in each period and movement %
- 3) Reflects the statutory target timescale to deal with each case
- 4) Reflects the average number of days take to complete each case during the quarter
- 5) Reflects the number of individual cases that were not dealt with in the statutory time at the end of the quarter

The following provides further detail on statutory task data:

Overall Caseload:

Caseloads have increased this quarter in both the amount received and completed. In some areas the average days have increased due to key staff assisting with the McCloud rectification data with the updating of member records with the required information.

Prioritised Tasks:

- **Issue of Pension Options & Pensions Brought into Payment**
 - These areas continue to be a key focus for the team to ensure members benefits are paid as promptly as possible and the average days for these remain within statute.
- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**
 - Deaths received and completed in this quarter increased in both areas, however there was a small decrease in dependant benefits processed.

Other Statutory Tasks:

- **New Member Processing:** There was an increase of over 100% in the number of new starts processed on the system but the workflow system in operation continues to keep the average processing days low.
- **Estimates:** There was an increase in cases received this quarter along with a decrease in the average days from the last quarter to 46 days.
- **Deferred Member Processing:** There was a decrease in the percentage of cases received and completed this period. Some cases continue to be complex in this area as the team communicate with the employers for information to calculate the member benefits.
- **Outbound Benefit Transfers:** The number of cases completed in the quarter decreased by 34%, along with a decrease of 14% of cases received.
- **Inbound Benefit Transfers:** The number of cases completed and received in this quarter dropped.
- **Divorces:** There was a decrease of 39% in case received and cases completed increased by 8%

5.1 Other Pension Operations

The following table summarises the other operations undertaken in addition to statutory requirements:

	Received ⁽¹⁾			Completed ⁽²⁾			Days to complete ⁽³⁾		
	Q3	Q4	% Change	Q3	Q4	% Change	Q3	Q4	% Change
Amendment to Account	834	1731	108%	637	762	20%	69	9	-87%
Certificates	68	85	25%	101	83	-18%	42	20	-52%

Other Admin Tasks	911	1627	79%	1003	1702	70%	52	38	-27%
Other pensions processing	902	846	-6%	888	527	-41%	285	246	-14%

Q3 denotes October to December 2024 period.

Q4 denotes January to March 2025 period.

- 1) Reflects total number of cases received in each period and movement %
- 2) Reflects total number of cases completed in each period and movement %
- 3) Reflects the average number of days take to complete each case during the quarter and movement %

Staff training continues in the clerical team with the new team member. This along with the resignation in one post and the successful recruitment within the team to a new post for another Clerical Assistant this has an impact on this area of work, although we are seeing some improvement from the last quarter.

5.2 Employer Contributions

For the period January-March covering the payroll periods of December-February we received 4 Late payments and 8 late submissions of the monthly employer returns to the fund. Employers were contacted regarding the late payment of contributions, and these were received after prompting.

Communication is ongoing with Dovetail regarding outstanding contributions and as the employer was placed into administration at the end of March. Management are in discussions with the administrators regarding outstanding monies due. More details on the progress will follow in the next report.

Employers and Member Online Portals:

5.3 Member Self Service Update

On 31st March 2025 we had 18,032 members registered for the Member Self Service Portal, this is an increase of 327 users from the last period.

Discussions are still ongoing with Heywood regarding the migration over to the new Engage system later this year due to the removal of the Member Self System from January 2026. Updates will be provided as this progresses.

5.4 I-Connect Update

36 Employers submitted monthly uploads through the I-Connect system during the period. We are continuing to work with the larger employers on issues with the data being received and aim to have all employers using the system regularly from their submissions in April 2025.

5.5 Call Centre

The number of calls received to the call centre increase this quarter to 2,935, this was an increase of 454 call from the last quarter. The total hours spent on incoming calls was 532 hours and continues to be a major resource within the team. There was no apparent cause for this increase.

5.6 Compliance

National Fraud Initiative: Staff who were to be involved in the 2024/25 exercise received training by Dundee City Council fraud section prior to the release of the reports.

All reports have now been reviewed and 6 overpayments totalling £14,031.25 have been identified. Letters have been issued to the respective banks to try and recover the overpayments along with a request to the fraud section to establish if any information is available for next of kin details.

5.7 Recruitment

- Interviews for a Pension Assistant and Assistant IT/Systems Process Analysis took place in February and the successful candidates will take up these posts in the next quarter.
- Recruitment for a vacant clerical post was advertised with interviews scheduled to be held in May.
- The review into resources and structure is ongoing and further updates will be provided as this progresses.

5.8 Queries & Complaints

- 4,745 emails were received into the generic mailbox in the quarter up to 31st March 2025, this equated to approximately 74 emails per working day. Emails continue to be a significant work allocation and is an area which is being reviewed as part of the resourcing exercise.
- Complaints to Prudential: None
- GDPR: None
- Complaints: None

5.9 Staff Training

- In House Training

Inhouse training continues to be undertaken in the team, with peer-to-peer training being provided by experience staff. This will be reviewed in the wider resource review.

- External Training

Hymans Robertson provided 3 training sessions over a 3-day period on McCloud. Each session lasted approximately 1.5 hours each and covered the areas of qualifying criteria, calculations and complex cases.

5.10 Employers meetings

Employer meetings took place in the quarter on subjects covering ill health, IConnect, McCloud, Voluntary Early Retirement Scheme, end of year processes and payments changing to the Civica system.

5.11 Fire Scotland Transfer

The bulk transfer of Fire Scotland members to Strathclyde Pension Fund was completed with all data sent in January 2025.

5.12 September CPI Rate Announced

On 11 February 2025, HM Treasury (HMT) published a written statement confirming the rates of annual revaluation, earnings and pension increase due from April 2025.

- deferred pensions and pensions in payment will increase by 1.7 per cent from 7 April 2025
- the in-service revaluation for the CARE scheme for 2024/25 will be 1.7 per cent.

5.13 SPPA contributions guidance

The SPPA released version 19 of the Tiered Contribution Guidance on 5th March 2025, which includes the average contribution rates table for 2025/26. This has been issued to all scheme employer payroll departments to allow them to carry out their review and amendments for April 2025.

5.14 LGPS (Scotland) (Amendment) Regulations 2025

On 21 February 2025, Scottish Ministers laid the LGPS (Scotland) (Amendment) Regulations 2025. These regulations come into force on 2 April 2025, with most provisions being backdated with effect

from 1 June 2018. The changes are not material changes to basic scheme information, therefore, the disclosure requirement under regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulation 2013 does not apply.

The key points of the regulations:

- Discretion on exit credits: administering authorities will have discretion to determine the amount of exit credits payable to exiting employers. When exercising the discretion, authorities must consider the factors specified in new regulation 61(2F) of the LGPS (Scotland) Regulations 2018. This applies to all exit credits, except those paid before 2 April 2025.
- Time limit to pay exit credits: authorities will be required to pay exit credits within six months of the exit date or such longer period as the authority and exiting employer may agree. This also applies to all credits, except those paid before 2 April 2025. For exit dates before 2 April 2025 where the six-month deadline has expired or is about to expire, we assume that the authority and exiting employer will need to agree a new deadline.
- Minor technical amendments: minor technical amendments are made regarding indicative valuations, which were introduced on 28 March 2024 under the LGPS (Scotland) (Amendment) Regulations 2024. These amendments are backdated to 28 March 2024.

5.15 Normal Minimum Pension Age 2028 increase

The UK Government has announced the Normal Minimum Pension Age, outlined in the Finance Act 2004, will increase from age 55 to 57 on 6 April 2028. This does not apply if a member retires early due to ill health.

Transitional Protection may be offered to certain members from this increase if they joined the Local Government Pension Scheme (LGPS) in Scotland before 4 November 2021. Members may also be protected if they transferred a previous pension into the LGPS if certain conditions are met.

The Scottish Government have not yet confirmed if it will allow members who qualify for protection to take their pension before age 57, from 6 April 2028. Updates will be provided when the Scottish Government change the scheme rules to take account the increase to the normal minimum pension age.

5.16 McCloud

2024/25 Annual Benefit Statements

Under the amended McCloud regulations, administering authorities may determine on the requirement to extend 'the McCloud implementation phase', which includes providing the statutory underpin on the 2024/25 Annual Benefit Statements. The flexibility to extend the McCloud implementation phase can be applied to individual members or to a class of member where it is believed it is reasonable, in the circumstances.

The flexibility granted will give administering authorities more time to work with employers to obtain relevant data, check qualifying criteria and update records which will then allow the adjustment of any qualifying underpins to be calculated and applied to member benefits.

While it was not intended that the flexibility should apply across all members, due to the practicalities of ensuring statutory underpins are correctly displayed on Annual Benefits Statements, the decision has been made to apply the discretion to extend the McCloud implementation phase to all classes of members, as permitted by the Scheme Regulations. This means the McCloud remedy data will not appear in the 2024/25 Annual Benefit Statements.

In June 2024 the Scottish Government issued statutory guidance on the implementation of the McCloud Remedy that gave a hierarchy to the roll out of the remedy, specifying the highest to lowest priority groups of members. The guidance can be found at: <https://lgpslibrary.org/assets/gas/scot/McCloudSG.pdf>

The decision to extend the McCloud implementation phase for all classes of members was not taken lightly and was based after careful consideration of the following issues:

- When the pension scheme transitioned to a CARE (Career Average Revalued Earnings) scheme in 2015, management decided to stop updating member records with changes in working hours and breaks in service. As a result, the team now need to contact every employer's payroll department to collect this historical information. This data must be recorded in the pension system in order to carry out the McCloud rectification process.
- Initial contact with employers began in 2022. However, progress has been slow due to the significant resources required from employers. Additionally, once data is received, it must be verified and entered into our system. In many cases, the complexity of the information means that updates must be made manually. This process is still ongoing, with some employers yet to provide the necessary data, and others having numerous outstanding queries that are awaiting resolution.
- Once the data is entered, the fund must prioritise certain groups of members, following SPPA guidance. For example, deceased and pensioner members are prioritised over those who only receive an Annual Benefit Statement.
- Further complicating matters, GAD guidance for specific cases such as divorces was only issued in April 2025. There are also no automated calculations available for Councillors who may be eligible for the McCloud Remedy. As a result, manual calculations would be required in order to include McCloud-related data in the 2024/25 Annual Benefit Statements.

5.17 Pension Dashboard

The kick off call took place in March with Heywood who are providing the ISP (Integrated Service Provider) for Tayside Pension Fund to connect to the Pension Dashboard. At the call Heywood advised the timeline for testing and connection, with testing confirmed to start in April. There is staged connection dates set by the DWP and for Local Government Pension Scheme's the deadline is October 2025.

6. REGULATIONS

Details of regulatory matters are contained in Appendix 1.

7. POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

8. CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

9. BACKGROUND PAPERS

None

PAUL THOMSON

EXECUTIVE DIRECTOR OF CORPORATE SERVICES

17 June 2025

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REGULATORY COMMUNICATIONS

Website Updates

LGPS website for funds in Scotland

[LGPS Regulations and Guidance](#)

HMRC

- [Pensions schemes newsletter 166 — January 2025 - GOV.UK](#)
- [Pensions schemes newsletter 167 — March 2025 - GOV.UK](#)
- [Pensions schemes newsletter 168 — March 2025 - GOV.UK](#)

Pension Dashboards

- TPR publishes updated dashboards guidance
[Preparing to connect: checklist | The Pensions Regulator](#)
- [LGPC Bulletin 262 March 2025](#)

The Pension Regulator (TPR)

[Working together to strengthen our defences against scams | The Pensions Regulator Blog](#)

[Implementing our vision – what you can expect from us this year | The Pensions Regulator Blog](#)

Scheme Advisory Board

Scotland Updates

[SAB Bulletin – January 2025 | LGPSAB](#)

[SAB Bulletin – March 2025 | LGPSAB](#)

England & Wales updates

[LGPS Scheme Advisory Board - Home](#)

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