

ITEM No ...5.....

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 8 DECEMBER 2025

REPORT ON: PENSION ADMINISTRATION PERFORMANCE – UPDATE TO 30 SEPTEMBER 2025

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 363-2025

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⁾			Statute Days ⁽³⁾	Average Days to Complete Q1 ⁽⁴⁾	Cases Completed Out with Statute ⁽⁵⁾
	Q1	Q2	% Change	Q1	Q2	% Change			
Starter	958	775	-19%	915	712	-22%	60	1	0
Estimate	145	185	28%	162	209	29%	60	50	73
Options	483	541	12%	389	623	60%	60	47	135
Actual	287	295	3%	334	280	-16%	60	16	0
TV In	28	28	0%	31	27	-13%	60	29	0
TV Out	138	215	56%	135	197	46%	90	37	8
Deferred	225	326	45%	310	335	8%	60	28	16
Death	153	161	5%	147	160	9%	60	12	3
Death Grant	26	23	-12%	44	21	-52%	60	38	0
Dependant	57	57	0%	64	52	19%	60	26	0
Divorce	15	13	-13%	13	18	38%	90	45	2
Total	2,515	2,619	4%	2,544	2,634	4%			237

Key:

Q1 denotes April to June 2025 period.

Q2 denotes July 2025 to September 2025.

- 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

The following provides further detail on statutory task data:

Overall Caseload:

This quarter saw an increase of 4% in both cases received and completed. There was a period of staff absences, along with the McCloud rectification project and the requirement for key staff involvement which is continuing to affect processing times.

Prioritised Tasks:

- **Issue of Pension Options & Pensions Brought into Payment**
 - The processing of members actual benefits remains consistent with the volume of cases received. Although there was a 16% drop in cases completed, all were processed within the statutory timeframe
 - The number of options received increase by 12%, while cases completed increased by 60% this quarter. However, 135 cases were completed out with statue, this was primarily due to staff absences and the increase in volumes during the period.
- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**
 - Death Grants and Dependants had all cases completed within the statutory time frame.
 - Deaths had 3 cases completed out with statue as these were notified as part of the NFI exercise and required additional resource to establish the required details to complete.

Other Statutory Tasks:

- **New Member Processing:** Case numbers dropped in both the received and completed this period. The workflow system in operation continues to keep the average processing days low.
- **Estimates:** There was an increase in both cases received and completed, however, there were 73 cases completed out with statue timeframe, this was primarily due to staff absences and the increase in volumes during the period.
- **Deferred Member Processing:** The number of cases received in the quarter increased by 45% and there was also an 8% increase in the number of cases completed. Some cases continue to be complex in this area as the team communicate with the employers for information to calculate the member benefits and this is a contributing factor to the 16 cases being completed out with statue
- **Outbound Benefit Transfers:** There was an increase in case volumes in this quarter by 56% received and 46% completed. There were 8 cases completed out with statue. Increase volumes and the complexity of some calculations have impacted on time frames in the area.
- **Inbound Benefit Transfers:** The number of cases received in this quarter stayed the same, but the number completed decreased by 13%
- **Divorces:** There was an increase of 38% in case completed, however, there were 2 cases completed out with statue.

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⁾		
	Q1	Q2	% Change	Q1	Q2	% Change	Q1	Q2	% Change
Amendment to Account	2,072	1,896	-8%	568	950	67%	12	12	0%
Certificates	239	650	172%	217	108	-50%	22	15	-34%
Other Admin Tasks	1,308	1,742	33%	1,286	1,427	11%	76	54	-29%
Other pensions processing	1,892	1,481	-22%	1,521	1,180	-22%	214	313	46%

Q1 denotes April to June 2025 period.

Q2 denotes July to September 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 and recruitment continues to have an impact on the case numbers, although we are continuing to see improvements.

5.2 Employer Contributions

For the period July-September covering the payroll periods of June-August we received 4 Late payments. The late payments were all received the next working day after the deadline.

Employers and Member Online Portals:

5.3 Member Self Service Update

At the 30th September 2025 we had 19,370 members registered for the Member Self Service Portal, this is an increase of 877 from the last period. This increase will mainly be due to members registering to view their Annual Benefit Statement.

As previously advised, we are progressing with the transition to the new Heywood Engage Pensions Portal, which is scheduled to go live in October 2025. The staff involved in the project are continuing to work closely with Heywood on the migration process, and an overview of the new system has been provided to the full team in preparation for the launch.

To ensure members are informed, details of the new system were published in the News section of Tayside Pension Fund website.

5.4 I-Connect Update

There were 32 Employers who have submitted monthly uploads through the I-Connect system during the period. We are still working with larger employers to iron out issues with the data being received.

All employers have been advised that this year we expect all uploads to be completed on I-Connect and will be reviewed in line with the administration strategy and escalated if required.

5.5 Call Centre

During the quarter, 3,051 calls were received, representing an increase of 163 calls compared to the previous period. Total time spent on calls was 574 hours, an increase of 19 hours.

This rise was primarily due to members receiving their Annual Benefit Statements during this period. This area continues to be a significant resource requirement for the team.

5.6 Compliance

National Fraud Initiative: 6 overpayments totalling £14,031.25 were identified from the 2024/25 exercise.

An overpayment amounting to £112.88 has been recovered from the letters that were issued to family members. Five overpayments remain outstanding which amount to £13,918.37.

5.7 Recruitment

- The successful candidate for the Clerical Assistant post started on the 21st July 2025.
- Due to an internal staff progression to a Pension Assistant role in the last quarter a further Clerical Assistant post was advertised, and interviews took place in August. The successful candidate will start in the next quarter.
- The Scheme Manager advised she will be retiring at the 30th November 2025.
- The review into resources and structure is ongoing and Hymans Robertson have been instructed to support on this. Further updates will be provided as this progresses.

5.8 Queries & Complaints

- 6,820 emails were received into the generic mailbox in the quarter up to 30th September 2025, this equated to approximately 103 emails per working day. This rise was primarily due to members receiving their Annual Benefit Statements during this period. This area continues to be a significant resource requirement for the team.
- Complaints to Prudential: None
- Complaints to Standard Life: None
- GDPR: 151
- Complaints: 8 received which were upheld

5.9 Data Breach

The breach involved paper copies of Annual Benefit Statement that were posted to members which contained general personal data. There is no ongoing risk of further data loss. Remedial actions were taken promptly which consisted of:

- Reporting the incident to our Data Protection Officer and the Information Commissioner's Office (ICO).
- Identified affected members and notified them that their Annual Benefit Statement had been issued in error to an unintended recipient.
- Contacted members who received incorrect statements to advise them of the error and instructed them to securely destroy the document without retaining or sharing.
- Implemented changes to internal processes and controls for data handling and communications to minimise the risk of similar human error in future.

The team are committed to learning from this incident and strengthening safeguards to prevent recurrence.

PwC are currently undertaking an audit of GDPR, and any recommendations made in relation to data security will be actioned.

Complaints

As consequence of the GDPR breach previously noted, there were 7 complaints received in relation. All complaints were upheld.

5.10 Staff Training

- In House Training

In house 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

In July 2025, two members of the senior team attended the Heywood AGM. This two-day event provided workshops on Pensions Dashboards, along with details on future developments and enhancements.

5.11 End of Year Update

All end of year reports from employers were submitted by the end of the quarter to allow the Annual Benefit Statement process to be completed.

5.12 Annual Benefits Statements

The Annual Benefit Statement exercise was carried out in August and the below is a breakdown of the communication sent as well as the method these were issued. As required by The Pension Regulator, all members effected by McCloud were advised that the figures on their Annual Benefit Statement did not reflect any protection they may have under McCloud.

Annual Benefit Statements must be issued by the 31st August annually and this statutory deadline was met.

	<u>Emails</u>	<u>Letters</u>	<u>Activation Keys</u>	<u>Totals</u>
<u>Active</u>	<u>9,835</u>	<u>1,496</u>	<u>6,237</u>	<u>17,568</u>
McCloud Protected	3,729	510	1,052	5,291
McCloud Possibly Protected	5,462	923	4,022	10,407
McCloud Not Protected	644	63	1,163	1,870
<u>Active Councillors</u>	<u>60</u>	<u>7</u>	<u>39</u>	<u>106</u>
McCloud Protected	42	1	4	47
McCloud Possibly Protected	5	6	32	43
McCloud Not Protected	13	0	3	16
<u>Deferred</u>	<u>4,475</u>	<u>885</u>	<u>4,021</u>	<u>9,381</u>
McCloud Protected	1,002	168	610	1,780
McCloud Possibly Protected	1,427	240	1,553	3,220
McCloud Not Protected	2,046	477	1,858	4,381

<u>Deferred Councillors</u>	<u>14</u>	<u>2</u>	<u>7</u>	<u>23</u>
McCloud Protected	0	0	4	4
McCloud Possibly Protected	13	2	3	18
McCloud Not Protected	1	0	0	1
	<u>14,384</u>	<u>2,390</u>	<u>10,304</u>	<u>27,078</u>

5.13 McCloud

Tayside Pension Fund continue to work with employers to obtain relevant data, check qualifying criteria and update member records which will then allow the adjustment of any qualifying underpins to be calculated and applied to member benefits. This exercise is still ongoing as some employers have not provided the data and others have outstanding queries which are being worked through.

A report to The Pension Regulator was made on the 25th August 2025 to advise that members would not have McCloud data included in the Annual Benefits Statement for 2025 and to advise them of the implementation plan in place for 2025/26, which is detailed below:

- Business as usual cases will commence from the 1st November 2025.
- Prepare and validate remedial service data for inclusion early in 2026.
- Issue 2025/26 Annual Benefit Statements with McCloud remedy by 31st August 2026.

Action and Plans

To meet the timeline for Tayside Pension Fund's plan to factor in the remedial service information for the 2025/26 Annual Benefit Statements, the following actions have been implemented:

1. Working closely with software provider to ensure administration system is ready to support McCloud remedy calculations
2. Staff training has been provided and completed to ensure confidence in applying the remedy and when communicating with our members.
3. Email communication and scheduled meetings are in place with some employers to facilitate the requirement of outstanding or inconsistent data.

5.14 Pension Dashboard

Testing has continued with the ISP (Integrated Service Provider) for Tayside Pension Fund to connect to the Pension Dashboard. This allows the fund to fine tune the matching criteria and get ready for the staged connection date set by DWP in October 2025.

Member AVC data will also be available on the Dashboard, and the necessary data has been reconciled for both Prudential and Standard Life.

5.15 Exiting Employers

When employers exit an LGPS fund, a cessation valuation is undertaken in accordance with the Funding Strategy Statement. Cessation valuations are undertaken by the Actuary on a prudent basis using a stochastic approach with the aim to limit the probability of a deficit arising in the future to 15% to provide more affordable cessation liabilities whilst still providing sufficient protection for the other employers in the Fund.

Dovetail Ltd went into administration on 31 March 2025, although the last employee left the fund in May 2025. This triggered a cessation valuation undertaken by Barnett Waddingham (Fund Actuary) which resulted in an exit credit. Administrators have been informed that settlement will be made net of outstanding contributions and strain costs associated with the staff redundancies.

The contract between IDVerde Ltd and LACD to provide greenkeeping services terminated at end of April 2025, and as a result of this, the membership of TPF ended at same date which affected 3 members. The resultant cessation valuation, net of strain costs has been requested from Barnett Waddingham (Fund Actuary).

5.16 Consultation on changes to the LGPS Regulations

On 2 September 2025, the Policy Officer at the Scottish Public Pensions Agency (SPPA), emailed administering authorities to announce the launch of a consultation on proposed changes to the LGPS regulations.

The consultation includes proposals in relation to:

- death grants
- the gender pensions gap
- opt-outs
- forfeiture
- McCloud
- small pot payments
- lifetime allowance abolition
- refunds
- retained EU Law 4
- Neonatal Care Leave
- concurrent membership aggregation
- the right to use AVCs to buy added pension.

The consultation documents are available on the Scheme consultations page of www.scotlgpsregs.org.

Funds in Scotland are collectively putting together a response to the consultation and details of this will follow.

5.17 Amendments to the Pensions Schemes Bill in response to the Virgin Media judgment

The Government has introduced new amendments to the Pensions Schemes Bill which aim to fix problems highlighted by the recent Virgin Media v NTL Pension Trustees judgment. The judgment questioned whether some past changes to workplace pension schemes that were previously contracted-out were legally valid.

To resolve this, the new amendments will provide for retrospective actuarial validation of past changes where certain conditions are met. You can view the most recent draft of the Pension Schemes Bill on Parliament's website

[Pension Schemes Bill - Parliamentary Bills - UK Parliament](https://www.parliament.uk/bills/2024/pension-schemes-bill)

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

27 November 2025

REGULATORY COMMUNICATIONS

Website Updates

LGPS website for funds in Scotland

[LGPS Regulations and Guidance](#)

HMRC

- Inheritance tax consultation response - [Inheritance Tax on pensions: liability, reporting and payment — Summary of responses - GOV.UK](#)
- Review of State Pension Age - [Written statements - Written questions, answers and statements - UK Parliament](#)
- Pensions Bill - [Pension Schemes Bill - Parliamentary Bills - UK Parliament](#)
- [Newsletter 171 — July 2025 - GOV.UK](#)
- [Newsletter 172 — August 2025 - GOV.UK](#)
- [Pensions schemes newsletter 173 — September 2025 - GOV.UK](#)

Pension Dashboards

- [Consumer testing approach: MoneyHelper Pensions Dashboard | Reports and analysis | UK Pensions Dashboards Programme](#)
- [Hundreds of pension providers and schemes and millions of records connected to pensions dashboards ecosystem | News | UK Pensions Dashboards Programme](#)
- [PRESS RELEASE – PASA publishes updated Data Matching Convention \(DMC\) Guidance to support pensions dashboards rollout – The Pensions Administration Standards Association](#)
- [Don't miss your dashboards deadline over a 'data debt'](#)
- [Our approach to testing the MoneyHelper Pensions Dashboard | Blogs | UK Pensions Dashboards Programme](#)
- [Chris Curry: My experience testing the MoneyHelper Pensions Dashboard | Blogs | UK Pensions Dashboards Programme](#)

The Pension Regulator (TPR)

[Enforcement strategy consultation](#)

The Pensions Ombudsman

[Corporate Strategy 2025-28 | The Pensions Ombudsman](#)

Scheme Advisory Board

Scotland Updates

[August-2025-SAB-Bulletin.pdf](#)

England & Wales updates

[LGPS Scheme Advisory Board - Home](#)

SPPA

Circular is to clarify employer duties when making discretionary decisions flexible retirement - [202503.pdf](#)

Circular is to notify employers and members of impending changes to the normal minimum pension age from 6 April 2028 - [202504.pdf](#)