

ITEM No ...6.....

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 23 MARCH 2026

REPORT ON: PENSION ADMINISTRATION PERFORMANCE – UPDATE TO 31st DECEMBER 2025

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 77-2026

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 arising from the agreement of this report.

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 ⁽⁴⁾	Cases Completed Out with Statute ⁽⁵⁾
	Q2	Q3	% Change	Q2	Q3	% Change			
Starter	775	405	-48%	712	492	-31%	60	6	13
Estimate	185	167	-10%	209	151	-28%	60	51	46
Options	541	517	-4%	623	440	-29%	60	36	25
Actual	295	317	7%	280	324	16%	60	16	0
TV In	28	34	21%	27	27	0%	60	37	4
TV Out	215	134	-38%	197	211	7%	90	28	1
Deferred	326	280	-14%	335	327	-2%	60	27	20
Death	161	155	-4%	160	155	-3%	60	11	0
Death Grant	23	20	-13%	21	27	29%	60	35	0
Dependant	57	55	-4%	52	60	15%	60	22	0
Divorce	13	8	-38%	18	14	-22%	90	50	1
Total	2,619	2,092	-20%	2,634	2,228	-15%			110

Key:

Q1 denotes July to September 2025 period.

Q2 denotes October 2025 to December 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:

There was a decrease for both cases received and cases completed during the quarter. Staff absence, along with the continued requirement for key team members to focus on the McCloud rectification work, has impacted overall workflow and capacity.

However, despite these pressures, there has been a notable improvement in the number of cases completed within the statutory timescales from the previous quarter by 46%.

Prioritised Tasks:

- **Issue of Pension Options & Pensions Brought into Payment**
 - The number of Pension Option cases received remained consistent between quarters, with only a small decrease of 4%. The number of cases completed dropped by 29% but case completed out with statute also dropped this quarter by 19%.
 - Although the number of cases received for processing members actual benefits increased by 7%, the team completed 16% more cases compared to the previous quarter.
- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**
 - Death Benefits, Death Grants and Dependents had all cases completed within the statutory time frame.

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. There was an error in the workflow process in the quarter which resulted in 13 cases going over statute, additional checks have been added to reduce this risk going forward.
- **Estimates:** There was a decrease in both cases received and completed. Processing times remain high in this area due to the prioritisation of other tasks, but the cases completed out with statute dropped to 46 this quarter.
- **Deferred Member Processing:** Case numbers also seen a decrease in both received and completed. Some cases continue to be complex in this area and require the team to communicate with the employers for information to calculate the member benefits.
- **Outbound Benefit Transfers:** There was a decrease by 38% of case numbers received and cases completed increased by 7%.
- **Inbound Benefit Transfers:** The number of cases completed in this quarter stayed the same, but the number of cases received increased by 21%.
- **Divorces:** There was a decrease by 38% of case numbers received and cases completed decreased by 22%.

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⁾		
	Q2	Q3	% Change	Q2	Q3	% Change	Q2	Q3	% Change
Amendment to Account	1,896	3,386	79%	950	1,758	85%	12	164	1223%
Certificates	650	235	-64%	108	97	-10%	15	25	67%
Other Admin Tasks	1,742	2,331	34%	1,427	1,920	35%	54	37	-32%
Other pensions processing	1,481	851	-43%	1,180	891	-24%	313	166	-47%

Q2 denotes July to September 2025 period.

Q3 denotes October to December 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 in this area.

5.2 Employer Contributions

For the period October-December covering the payroll periods of September-November we received 4 late payments to the fund. The late payments were all received the next working day after the deadline.

Employers and Member Online Portals:

5.3 Member Self Service Update/Pension Portal

At the point the previous Member Self Service Portal ceased operation, 38% of our scheme membership which totals 19,446 members were registered users.

As highlighted in the last report, the new Pensions Portal was successfully launched in October. This system provides enhanced security for members through the introduction of SMS Multi Factor Authentication. In addition, the redesigned layout and extended functionality offer members a more user-friendly experience.

Since the launch, 11% of our scheme membership which totals 5,885 members have completed registration for the new system. The new system was promoted via the News section on our website, and all members previously registered on the former portal received an email notification informing them of the transition and inviting them to register.

5.4 I-Connect Update

There were 32 Employers who have submitted monthly uploads through the i-Connect system during the period. The team continue to work with some of the larger employers regarding the issues with the data being received. All employers have been advised that we expect all uploads to be completed on I-Connect and this will be reviewed in accordance with the administration strategy and escalated if required.

5.5 Call Centre

During the quarter, 2,358 calls were received, this represents a reduction of 693 calls compared with the previous period. The total time spent on calls was 536 hours, which is 38 hours fewer than the previous period.

Whilst the decrease in call volumes was a welcome respite for the team, the level of time required to manage calls continues to place a significant demand on resources.

5.6 Compliance

National Fraud Initiative: 5 overpayments remain outstanding which amount to £13,918.37.

No cases have been identified as fraud to date. The team continue to liaise with the Dundee City Council Fraud and Legal teams to try and recover the overpayments.

5.7 Recruitment

- The Scheme Manager retired on the 30th November 2025. An interim manager has been appointed; this will be reviewed as part of the ongoing resource and structure review.
- The successful candidate for the Clerical Assistant post started on the 3rd November 2025.
- Due to a Clerical Assistant leaving on the 17th November 2025, recruitment will be undertaken for this vacant post

5.8 Queries & Complaints

- 4,541 emails were received into the generic mailbox in the quarter up to the 31st December 2025, this equates to approximately 72 emails per working day. This area continues to be a significant resource requirement for the team.
- Complaints to Prudential: 1 upheld
- Complaints to Standard Life: None
- GDPR: 1
- Complaints: 3 received which were upheld

5.9 Staff Training

- In House Training

In house training continues to be utilised for the newer members of staff along with the staff who are undertaking extra responsibilities within the team. Peer to peer training is delivered by experienced staff and whilst this training is invaluable to the team, it is recognised the impact this has on caseloads. This will be reviewed in the wider resource review.

5.10 Resource and Structure Review

A review of the Fund's staffing structure and resources is being taken forward following a review by Hymans Robertson; to ensure Tayside Pension Fund operating model is aligned with current and emerging operational, governance, and regulatory demands.

The aim is to ensure the Fund is sustainably resourced and positioned for long-term service resilience. Hymans completed their assessment and shared initial high-level findings across three key areas:

- (1) resourcing and recruitment, where capacity gaps and key-person risks have been highlighted.
- (2) operational structure, where opportunities have been identified to improve team organisation, role clarity and performance management; and
- (3) governance and oversight, where enhancements to risk management, policy documentation and internal controls have been recommended.

Planning for phased implementation is now underway.

5.11 Annual Allowance Update

The statutory Annual Allowance Annual exercise for 2024/25 was carried at the start of October to issue Pension Input letters to those who had exceed the Annual Allowance threshold of £60,000. Below shows a breakdown of the number of members affected and how they were contacted to advise of a breach:

	Email	Letter	Total
Members Affected	10	1	11

5.12 September CPI Rate Announced

On 22nd October 2025, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2025 as 3.8%

Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year, and official confirmation is awaited.

5.13 McCloud

Key staff continue to reconcile employer data to ensure member records are fully updated, enabling retrospective underpin checks to be completed. One employer had not submitted its data by the end of December; however, the outstanding return is expected early in 2026.

Several employers also have outstanding queries, which are being actively worked through to resolve any issues.

Business-as-usual casework commenced on the 1st November 2025, allowing all current calculations to incorporate the McCloud underpin check as part of day-to-day processing. Members are advised of the underpin check in the correspondence they receive.

Retrospective calculations began in December 2025, with McCloud underpin assessments on eight transfer-out cases involving Club transfers. Where employer data has been successfully reconciled, work to recalculate member benefits if an underpin has been identified will commence at the start of 2026.

5.14 Pension Dashboard

On 31st October 2025 we completed connection to the Pensions Dashboard architecture after a period of UAT Testing. This means that upon launch of the Pensions Dashboards which is expected in October 2026, our members will be able to register to search for their pensions rights they currently hold within the fund.

DWP are currently undertaking low volume testing with the focus to ensure the service is broadly working as expected and identifying any critical or severe pain points that need to be resolved.

5.15 Budget 2025

On 26 November 2025, the Chancellor of the Exchequer, delivered the Budget 2025. Points of interest for LGPS administering authorities include:

- **Salary sacrifice changes:** From 6 April 2029, the Government will limit the value of pension contributions made through salary sacrifice that can receive employee and employer national insurance contributions relief to £2,000 per year. The change will be implemented through primary and secondary legislation, which will be introduced in due course. Guidance on this proposal has been published by the Government.

- **Stamp duty land tax (SDLT) relief:** The Government will amend Stamp Duty Land Tax rules to provide for a time-limited SDLT exemption for transfers of real estate assets from LGPS member funds into qualifying pools. The aim is to facilitate compliance with the Government's pooling requirements in England and Wales. This will be legislated for in the Finance Bill 2026-27. It is understood the relief will be available for 5 years from the date of implementation.

- **Inheritance tax:** The Budget document reaffirms the Government's intention to proceed with previously announced proposals to include certain unused pension funds and death benefits within the estate for inheritance tax (IHT) purposes for deaths after 5 April 2027. On the same day as the Budget, the Government also published a policy paper on the proposals. This sets out that the Government will introduce a mechanism for personal representatives (PRs) to direct pension scheme administrators to withhold 50 per cent of taxable benefits for up to 15 months from the date of death, where the PRs expect IHT to be due.

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

Date 13 March 2026

REGULATORY COMMUNICATIONS

Website Updates

LGPS website for funds in Scotland

[LGPS Regulations and Guidance](#)

HMRC

- [Pensions schemes newsletter 174 — October 2025 - GOV.UK](#)
- [Newsletter 175 — November 2025 - GOV.UK](#)
- [Salary sacrifice reform for pension contributions effective from 6 April 2029 - GOV.UK](#)
- [Pensions schemes newsletter 176 — December 2025 - GOV.UK](#)

Pension Dashboards

- [PRESS RELEASE – PASA publishes new Data Quality Guidance and Data Improvement Plan Template following updated TPR Guidance – The Pensions Administration Standards Association](#)
- [PRESS RELEASE- Guidance on Delivering Effective Digital Transformation – The Pensions Administration Standards Association](#)
- [Getting data-ready for dashboards: benefits for savers and schemes | Blogs | UK Pensions Dashboards Programme](#)
- [Progress update report | UK Pensions Dashboards Programme](#)

The Pension Regulator (TPR)

- [Scheme member data quality](#)
- [As BBC Scam Safe week shines a spotlight on fraud, trustees are urged to step up and make the Pledge | The Pensions Regulator Blog](#)
- [Administration of a pension scheme](#)

Scheme Advisory Board

Scotland Updates

- [Annual Report 2023/2024 | LGPSAB](#)
- [Item-07Appendix-Summary-Table.pdf](#)
- [December-2025-SAB-Bulletin-v2-1.docx](#)

England & Wales updates

[LGPS Scheme Advisory Board - Home](#)

Uk Parliament

- [Finance \(No. 2\) Bill - Parliamentary Bills - UK Parliament](#)
- [National Insurance Contributions \(Employer Pensions Contributions\) Bill - Parliamentary Bills - UK Parliament](#)

The Pension Administration Standards Association (PASA)

- [PRESS RELEASE – PASA publishes new paper: The Data \(Use and Access\) Act 2025 Unpacked – Six Key Areas for Pension Schemes – The Pensions Administration Standards Association](#)