



LOCAL PENSION BOARD – 25 JUNE 2025

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT

JANUARY to MARCH 2025 - QUARTER FOUR

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board (LPB) of the main administrative actions in the fourth quarter period from January to March 2025. The report covers governance areas, including administration of Fund benefits and the performance of the Pensions Section against its performance indicators. The LPB is recommended to raise any areas of concern to be reported to the Local Pension Committee.

Background

2. The Pensions Section is responsible for the administration of Local Government Pension Scheme benefits of the Leicestershire Pension Fund's 107,000 members.
3. Items that previously were in the Continuous Improvement report are incorporated into this report in respect of topics such as McCloud, Pension Dashboards and The Pension Regulator's Code of Practice.

Performance Indicators

4. Attached to this report are the performance indicators for the Pensions Section, which form part of the Section's Service Plan and have been agreed by the Director of Corporate Resources. These indicators are split into two broad categories, namely how quickly processes are carried out and how customers feel they have been kept informed and treated by staff.

Performance of Pensions Section

5. The results for the quarter January to March 2025 are included as Appendix A and the full year April 2024 to March 2025 as Appendix B.

6. The performance levels for the full year are all lower than the previous year, largely due to the impact of the McCloud remedy on casework. Retirements and death cases in particular were affected, whilst officers adapted to dealing with an extra layer of complexity caused by the remedy.
7. The McCloud remedy was introduced on 1 October 2023 following an age discrimination court case. It rectifies the discriminatory treatment that affected some scheme members when the Government introduced changes to public sector pensions in 2014 and 2015.
8. In addition, system changes were introduced, also in October 2023 to the pensioner payroll database that initially caused complications when transferring figures from the administration element of the system to the payroll system. The changes slowed the process for many calculations of retirements and deaths.
9. A further update to the system has largely fixed the issues caused by the initial changes, whilst the impact of the McCloud remedy has mainly been absorbed for 'Business as Usual' cases.
10. Going forward, KPI figures are returning to pre-McCloud levels and the figures for the final quarter of the year shown in Appendix A reflect this.
11. Officers are currently reviewing the way that performance is measured and reported on. This may result in some changes in future reports for the Board.

Governance – Service Delivery

General Workloads

12. The tables below show the volumes in each work area during the months January to March 2025.
13. The Pensions Manager has included a RAG rating to each work area to highlight which areas are below target, close to target, or good or better than target.
14. The rating compares the cases that can be processed to the maximum target number of cases at month end. This is designed to assist Officers identify the work areas that require the greatest immediate attention.
15. Good progress has been made with preserved benefits ahead of this year's valuation and the number of outstanding cases continues to fall. Incoming transfers are a little higher than we would like but plans are in place to target these over the next quarter.

Target	Rating
Below target	▼
Close to target	▶
Good or better than target	▲

January 2025

Area	Cases Completed	Cases Ready for Processing	All Cases Outstanding	Maximum target number of cases that can be processed at month end	Rating
Preserved Benefits	178	1749	2110	800	▼
Aggregations	383	2138	2369	600	▼
Transfers in	43	245	376	200	▼
Retirement Options	316	162	394	300	▶
Retirements Paid	271	97	360	300	▶
Deaths	124	108	284	200	▶
Pension Estimates	56	108	130	250	▲
Transfers out (excluding interfunds out) *	41	11	37	100	▲
Refunds	189	59	189	400	▲
New starters set up**	842	N/A	N/A	N/A	N/A

February 2025

Area	Cases Completed	Cases Ready for Processing	All Cases Outstanding	Maximum target number of cases that be processed at month end	Rating
Preserved Benefits	146	1500	1902	800	▼
Aggregations	184	2156	2380	600	▼

Transfers in	50	232	391	200	▼
Retirement Options	271	210	435	300	▼
Retirements Paid	196	81	313	300	▶
Deaths	115	94	298	200	▶
Pension Estimates	92	132	160	250	▲
Transfers out (excluding interfunds out) *	44	14	42	100	▲
Refunds	119	17	173	400	▲
New starters set up**	736	N/A	N/A	N/A	N/A

March 2025

Area	Cases Completed	Cases Ready for Processing	All Cases Outstanding	Maximum target number of cases that be processed at month end	Rating
Preserved Benefits	203	1092	1591	800	▼
Aggregations	175	2109	2328	600	▼
Transfers in	43	209	357	200	▼
Retirement Options	298	186	408	350	▶
Retirements Paid	241	76	309	350	▲
Deaths	151	76	272	200	▶
Pension Estimates	108	107	138	250	▲
Transfers out (excluding	29	10	40	100	▲

interfunds out) *					
Refunds	111	49	175	400	▲
New starters set up**	590	N/A	N/A	N/A	N/A

*Interfunds out are excluded from the figures as Regulations allow one year for members to decide whether to transfer.

**New starters are set up from I-Connect interfaces load files provided by the employers.

Governance – General

Complaints – Internal Disputes Resolution

16. The Pension Section deals with complaints through the Local Government Pension Scheme's (LGPS) formal Internal Dispute Resolution Procedure (IDRP). However, complaints are usually resolved informally, avoiding the need for the IDRP to commence. Initial complaints are often caused by misunderstandings or human error and can quickly be resolved.
17. In the fourth quarter period there were no new IDRP Stage 2 cases.
18. There were three historic transfer cases with the Ombudsman. One of the cases has now been concluded with the Ombudsman deciding to discontinue any further investigation, leaving two outstanding. The Ombudsman has contacted Officers for more information which has been provided. A decision is awaited.

Breaches Log

19. The Pension Manager retains the Fund's breaches log. Each breach is reviewed to decide if the breach is material or not. Only material breaches are reported to the Pensions Regulator.
20. There were no material breaches reported in the quarter.

21. Governance – Audit

22. During the quarter one new Internal Audit report was received. This related to the Pension Dashboard Programme (PDP), covered elsewhere in this report.
23. The objective of the audit was to establish whether the Fund was on track in preparation for the launch of the PDP.
24. Substantial assurance was given. Three recommendations were made:

- a) A suitable IT contact should be identified to respond to any technical issues that might arise during the programme
- b) Phase 2 deliverable dates should be agreed with Heywood as a matter of priority
- c) Heywood should be reminded of the agreement for their project manager to take minutes and circulate to all attendees

25. The recommendations were accepted and the following actions have been taken:

- a) Although an IT contact was originally in place at the start of the project, the officer has since retired. A replacement has now been appointed.
- b) Phase 2 dates have been agreed with Heywood and are detailed in a separate Dashboard report that will be presented to the Board today.
- c) Heywood have been reminded of their agreement for the project manager to take minutes for circulation to all attendees ahead of Phase 2. This has been acknowledged and will be actioned for future meetings.

TPR Code of Practice Update

26. Officers have now completed the work in respect of the final outstanding areas in respect of the TPR Code of Practice.

27. At the time of writing contact has been made with Audit regarding a final check to confirm that full compliance has been achieved.

28. It is expected that the Audit will be completed ahead of the next Board meeting and this will be included in next quarterly report.

Pension Website

29. Officers continue to work on the Fund's new websites. Two new sites will be created and linked: LCC will create a pensions website accessible to all and Heywood will create a self-service site to replace the Member Self Service (MSS) facility.

LCC Website

30. An initial review of the existing site content has been completed and Officers have established what needs to be removed, amended or transferred without changes.

31. Officers met with the LCC web team in May to discuss site design and requirements in respect of functionality.

32. An updated timeline for this exercise is below on 30 May 2025.

Action	Date Due	Responsibility	Completed (Y/N)
Initial internal prep, review of existing content	31 March 2025	Pensions	Yes
'Plan and deliver' meeting with LCC web team to gather information	20 May 2025	Pensions/Web Team	Yes
Web team to share website 'concept' / design with Pensions	18 June 2025	Web Team	No
Write content	8 September 2025	Pensions	No
Add content to website	15 October 2025	Web Team	No
Testing Period	29 August - 20 October 2025	Pensions/Web Team	No
Build website	24 October 2025	Web Team	No
Website complete	28 November 2025	Web Team	No

Heywood 'Engage' Website

33.A 'Kick-Off' meeting was held with Heywood in May for initial conversations regarding the new site.

34. An updated timeline for this exercise is below on 30 May 2025.

Action	Date Due	Responsibility	Completed (Y/N)
Project Kick Off Call	8 May 2025	Heywood/Pensions	Yes
Project Documentation Issued	30 May 2025	Heywood	Yes
Site Designs	TBD	Heywood/Pensions	No
Site Build	June/July	Heywood	No
Training of Pensions Officers	w/c 6 October 2025	Heywood	No
Delivery acceptance	w/c 6 October 2025	Heywood/Pensions	No
Testing Period	w/c 6 October 2025 – 14 November 2025	Heywood/Pensions	No
Website complete	30 November 2025	Heywood/Pensions	No

35. The existing website will reach end of life on 31 January 2026.

36. An update on progress on this project will be provided at the next Board meeting.

MSS Registration Figures

37. The latest statistics in respect of scheme members who have registered for Member Self Service can be found in Appendix C. The figures show a steady increase in the year. The next figures will be produced at the start of 2026/2027.

McCloud and Dashboards

38. The Board has requested McCloud and Dashboards are standing items at each quarterly report.

McCloud

39. Officers continue to work on the implementation of the McCloud remedy.

40. The Department for Levelling Up, Housing and Communities (DLUHC), now known as the Ministry of Housing, Communities and Local Government (MHCLG) issued statutory guidance in June 2024 which stated that all work related to the 'McCloud Implementation phase' of the remedy must be completed by 31 August 2025. However, there is scope within the guidance for this deadline to be extended to 31 August 2026, subject to approval by the Local Pension Committee.

41. The 'McCloud implementation phase' covers all work in respect of the McCloud remedy with the exception of on-going 'Business as Usual' casework.

42. Work began on the implementation of the ruling in September 2020 prior to the McCloud remedy coming into force on 1 October 2023.

43. Additional temporary resource was added to the Pensions Section, to assist with the initial preparatory work that was required. Officers were required to review and amend contractual hours data for members deemed 'in-scope' for the ruling. This would allow the records to be accurately assessed to establish if there any entitlement to additional pension under the remedy would be due. This has been a major exercise, mainly manual and was finally completed on 31 March 2025.

44. The inclusion of the McCloud remedy into 'Business as Usual' casework has impacted significantly on office resource and this has been reflected in Key Performance Indicators since October 2023. Whilst approval for additional permanent resource was recently approved and a recruitment exercise is nearing completion it is likely that any new Officers will require extensive training and it will take some time before any impact will be felt.

45. Consequently, Officers will not be able to complete the remaining areas of work by 31 August 2025 and are seeking approval from the Committee to extend this deadline. It is proposed that the deadline is extended to 31 August 2026, this being the maximum extension possible.

46. In addition to the McCloud remedy deadline there is also an existing statutory deadline for production of Annual Benefit Statements for active and deferred members by 31 August each year. These are produced following the completion of the annual year end exercise. This year's exercise is underway and the latest position is detailed elsewhere in this report. With effect from 2025, details of any additional pension that members are entitled to following the McCloud ruling must be included within these statements.
47. Officers are prioritising this requirement and expect to meet the deadline.
48. Pensions already in payment will also need to be assessed to establish if any increase is due under the same legislation. These cases will be identified by 30 September 2025.
49. The remaining areas of work that will need to be completed are detailed in the grid below which gives the position as of 30 May 2025.
50. It is expected that the number of members who will benefit from the McCloud remedy will be low.
51. A further update on progress will be provided at the next Board meeting.

'Business as Usual' Casework	Following the implementation of the McCloud remedy on 1 October 2023, all 'Business as Usual' cases have included an assessment to establish any entitlement to additional benefit arising from the remedy, and where this was established, was included in calculations.
Changes to contractual hours between April 2014 and March 2022	Data has been received from all employers and manual updates have now been completed . Whilst other cases are likely to emerge, for example where scheme members previously not in-scope declare membership of other public sector pension schemes that could mean they become in-scope for this exercise, this phase of the project has now finished. Any remaining cases will be addressed as part of 'Business as Usual' casework following their date of leaving.
Active and Deferred Members 'in-scope'	Records of active and deferred members must be updated with underpin data (used to establish additional pension due to the

	<p>McCloud remedy) for inclusion in Annual Benefit Statements by 31 August 2025.</p> <p>Records will be updated using 'bulk' facilities available in Altair and any errors will be addressed manually.</p>
Pensioners 'in-scope'	<p>'Bulk' facilities available in Altair will be used to identify pensioners (including dependant pensioners) who are entitled to an underpin (additional pension) by 30 September 2025.</p> <p>The work required to increase their pension value will be completed by 31 August 2026.</p>
Other members 'in-scope'	<p>Remaining categories of McCloud related work will also be processed by 31 August 2026.</p> <p>This will include:</p> <ul style="list-style-type: none"> Death Cases Transfers Interfund Adjustments Trivial Commutations Teachers (Enhanced Pensions) <p>Some aspects of transfers will require system upgrades to be applied before re-calculations can be processed.</p>

Pension Dashboards Programme

52. A separate report on the Pension Dashboards Programme will be presented to the Board on this occasion.

53. A further update on this project will be provided in this report at the next Board meeting.

2024/25 Year End Preparation

In February 2025 Officers wrote to all Fund employers detailing the requirements for the 2024/25 year-end. The deadline for employers to provide year-end data was 30 April 2025.

54. All year-end data has now been received from fund employers. Officers are working through the data and identifying queries to return to employers for

clarification. Larger employers have been prioritised along with any schools that are expected to close over summer.

55. This is a summary of the position on 12 June 2025:

Number of Employers/Payroll Providers	281
With Pensions: Work in Progress	207
With Employers: Queries Raised, Awaiting Replies	51
With Pensions: Queries Returned	20
Employers without active members – no further action required	3

56. There are also three pre-April 2025 outstanding admission agreements detailed later in the report. Officers continue to try and resolve these with the relevant parties.

57. Officers are satisfied that the year-end exercise is currently on track to meet the statutory deadlines to provide annual benefit statements by 31 August 2025 and pension taxation saving statements by 6 October 2025.

58. An update will be provided at the next Board meeting.

Access and Fairness Consultation

59. MHCLG has launched a consultation on changes to the Local Government Pension Scheme (LGPS) in England and Wales. The proposed changes are intended to improve fairness in and access to the LGPS. The proposals include:

- addressing survivor pensions and death grants
- addressing the Gender Pension Gap in the LGPS
- collecting data on how many members opt out of the scheme and why
- changes to forfeiture, aiming to tackle long-standing issues with forfeiture in the LGPS
- several technical changes to how the McCloud remedy operates
- a number of other miscellaneous changes, including changes to five-year refunds, pre 2014 AVCs and small pot payments.

60. The consultation also includes questions on the potential administrator burden and the Government's duty under Public Sector Equality Duty.

61. MHCLG has published a draft statutory instrument, the Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2025.

62. The consultation closes on 7 August 2025.

63. The Pensions Manager will consider the consultation and prepare a reply on behalf of the Leicestershire Fund.

Fit for the Future Consultation

64. On 29 May 2025, the Government published its response to the 'Local Government Pension Scheme (England and Wales): Fit for the future' consultation. The response confirms that the core proposals included in the consultation will be taken forward. Whilst the majority of the proposals relate to investment, the following areas relate to governance and administration.

65. The following proposals will be implemented as consulted upon:

- Requirement to appoint a senior LGPS officer with overall delegated responsibility for the management and administration of the Scheme
- Requirement to prepare and publish an administration strategy
- Changes to the way in which strategies on governance and training, funding, administration and investments are published
- Requirement for pension committee members, the senior officer, and officers to have the appropriate level of knowledge and understanding for their roles, with requirements for pension committee members and local pension board members aligned.
- Requirement for Administering Authorities to set out within their government and training strategy how they will ensure that any committee, sub-committee, or officer will meet the new knowledge requirements within a reasonable period from appointment.
- Requirement for Administering Authorities to participate in an independent governance review and, if applicable, produce an improvement plan to address any issues identified.

66. After consideration of consultation responses, the government has decided to:

- Require an independent governance review to take place once in every three-year period rather than every two years. This will align the reviews with the valuation cycle;
- Require Administering Authorities to have an independent advisor without voting rights, rather than an independent member of the committee;
- Require Administering Authorities to prepare strategies on governance, knowledge and training (replacing the governance compliance statement), and administration, and publish these either as separate strategies or as a single document. The knowledge and training strategy will be required to include a conflicts of interest policy.

67. The Pension Schemes Bill will include provision for the independent governance review. The other governance policy measures will be dealt with under existing powers. Subsequent regulations and statutory guidance will provide further detail on implementation of all the new requirements. The deadline for the Fit for the Future changes is 31 March 2026.

68. Regulations and statutory guidance will follow in due course.

69. Officers will work through each of the points and present an update at a future Board meeting.

Governance – Employer Risk

70. Fund Officers continue to regularly review employer risk. Where there are outstanding admission agreements or bonds, these are reported to the Board each quarter.

71. In the table below, the outstanding cases are listed in risk order, highest to lowest. The highest risk cases tend to be the longest unsigned admission agreements. Unsigned admission agreements mean, the staff that have transferred to the new employer are currently not active LGPS members. Once the admission agreement is legally signed, the pension start date for the staff will be backdated to the date of transfer, so the staff do not lose any scheme membership.

72. Medium or lower risk cases tend to be where bonds are outstanding. The risk level is assessed by either bond value or the type of employer that provided the outsourcing and their ability to act as guarantor to the Fund.

73. When scheme members reach age 55 the risk increases because if those members are made redundant or retire on interests of efficiency, they qualify for unreduced pension benefits. A strain cost is generated in these cases that must be paid in full by the employer.

74. The position on 30 May 2025 is as follows:

Letting employer and Contractor	Outstanding Issue	Type of admission agreement and start date if outstanding	Full or Capital Cost Bond / Value and End Date	Comments	Fund Risk Level
MCS Cleaning (LCC, Hugglescote)	Admission Agreement and Bond (3 members)	Pass-through 1 November 2024	£10,500	Final admission agreement and bond agreement circulated for signatures. Executed counterparts received from LCC. Awaiting MCS and guarantor's signed counterpart. Officers continue to chase MCS and their guarantor.	High
Miquill Catering (Holywell PS)	Admission Agreement (2 members)	Pass-through 1 January 2025	n/a	Final admission agreement circulated for signatures Executed counterparts received from LCC and Miquill Catering. Awaiting Holywell PS's signed counterpart.	High

Letting employer and Contractor	Outstanding Issue	Type of admission agreement and start date if outstanding	Full or Capital Cost Bond / Value and End Date	Comments	Fund Risk Level
				Officers continue to chase Holywell PS.	
Kindred (The Futures Trust)	Admission Agreement (5 members)	Pass-through 1 February 2025	n/a	Draft admission agreement circulated for approval. Approval received from The Futures Trust. Awaiting approval from Kindred. Officers and The Futures Trust continue to chase Kindred.	High
Taylor Shaw (Elior) - MET	Bond (6 members)	n/a	£12,000	Taylor Shaw are still chasing their bond provider. Taylor Shaw have approved the bond agreement and are sourcing a bond. The guarantor made some amendments. These have been reviewed and counter amendments have been sent for approval. Whilst this issue remains outstanding, MET are aware of the risks as the outsourcing employer. Officers continue to chase Taylor Shaw and their guarantor.	Low

75. The cases completed in the quarter are listed below.

- Relish (RISE) – Admission Agreement
- CleanTEC (LWLAT) – Admission Agreement
- ABM Catering (City, Crown Hills) – Bond Agreement
- Dolce (LCC, Little Bowden Sch) – Admission Agreement
- Coombs (Odyssey Trust) – Admission Agreement
- Aspens (ALT, Uplands Inf) – Admission Agreement
- Dolce (Discovery, Ashfield) – Admission Agreement
- Aspens (LEAD AT, Uplands Jr) – Admission Agreement

- Aspens (Attenborough Trust) – Admission Agreement
- Relish (City, Rolleston PS) – Admission Agreement
- Miquill Catering (Learn AT 1) - Admission Agreement
- CleanTEC (Lionheart AT) – Cash Deposit Agreement
- Taylor Shaw (Inspiring PAT) – Admission Agreement

76. Officers are chasing to resolve the three outstanding admission agreements which commenced pre-April 2025 as a priority in order to complete year-end and meet the statutory deadlines.

Recommendation

77. It is recommended the Board considers the report and raises any areas of concern with the Local Pension Committee.

78. The Board is also invited to consider and comment regarding the proposed extension of the McCloud deadline ahead of the Local Pensions Committee on 27 June 2025.

Equality Implications

79. There are no equality implications arising from the recommendations in this report.

Appendices

Appendix A: Key Performance Indicators Quarter Four

Appendix B: Key Performance Indicators 2024/2025

Appendix C: Member Self Service Registration Figures

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