



**LOCAL PENSION BOARD – 3 SEPTEMBER 2025**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**PENSION FUND ADMINISTRATION REPORT**

**APRIL to JUNE 2025 - QUARTER ONE**

**Purpose of the Report**

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

**Background**

2. The Pensions Section is responsible for the administration of Local Government Pension Scheme benefits of the Leicestershire Pension Fund's 109,262 members.
3. Items that previously were in the Continuous Improvement report are incorporated into this report in respect of topics such as McCloud and Pension Dashboards.

**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 April to June 2025 are included in Appendix A.

6. It was reported in the last quarterly administration report that Officers are currently reviewing the way that performance is measured and reported on. This includes a question raised at the last Board meeting regarding the total time from retirement to payment. This review is currently on-going and has been expanded to include how other areas are currently reported on including communications for the annual report. The existing approach will continue until the review has been concluded.

### **Governance – Service Delivery**

#### **General Workloads**

7. The tables show the volumes in each work area during the months April to June 2025.
8. 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.
9. 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 to identify the work areas that require the greatest immediate attention.
10. Incoming transfers remain high. This has partly been an issue whilst inexperienced staff have been trained on transfers and partly due to a focus on year-end work. To assist, an experienced officer has been recruited to the team responsible for these cases, which going forward will allow other officers in the team to spend more time on incoming transfers, particularly after the year end exercise is completed at the end of August.

<b>Target</b>	<b>Rating</b>
Below target	▼
Close to target	▶
Good or better than target	▲

#### **April 2025**

<b>Area</b>	<b>Cases Completed</b>	<b>Cases Ready for Processing</b>	<b>All Cases Outstanding</b>	<b>Maximum target number of cases that can be processed at month end</b>	<b>Rating</b>
Preserved Benefits	148	987	1,481	1,000	▼

Aggregations	131	2,009	2,234	1,000	▼
Transfers in	75	212	361	200	▼
Retirement Options	238	159	384	350	▶
Retirements Paid	250	50	304	350	▶
Deaths	110	64	238	200	▶
Pension Estimates	86	130	143	250	▲
Transfers out (excluding interfunds out) *	26	20	45	100	▲
Refunds	90	30	201	400	▲
New starters set up**	419	N/A	N/A	N/A	N/A

### May 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	77	909	1,382	1,000	▼
Aggregations	187	1,810	2,028	1,000	▼
Transfers in	75	180	379	200	▼
Retirement Options	257	127	362	300	▶
Retirements Paid	182	55	280	300	▲
Deaths	66	63	247	200	▶
Pension Estimates	122	97	121	250	▲
Transfers out (excluding interfunds out) *	23	17	46	100	▲
Refunds	87	13	163	400	▲

New starters set up**	682	N/A	N/A	N/A	N/A
-----------------------	-----	-----	-----	-----	-----

## June 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	166	898	1,344	1,000	▼
Aggregations	89	1,820	2,044	1,000	▼
Transfers in	50	207	388	200	▼
Retirement Options	244	118	363	300	►
Retirements Paid	252	51	251	300	▲
Deaths	130	61	241	200	►
Pension Estimates	104	91	100	250	▲
Transfers out (excluding interfunds out) *	32	28	44	100	▲
Refunds	73	13	152	400	▲
New starters set up**	275	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

11. The Pension Section deals with complaints through the Local Government Pension Scheme's 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.
12. One new IDRP Stage 2 IDRP was received in the quarter. The case is being considered by Legal colleagues.

### **Breaches Log**

13. 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.
14. There were no material breaches reported in the quarter.

### **15. Governance – Audit**

16. During the quarter two new Internal Audit reports were received:

#### National Fraud Initiative (NFI) 2024-2025 Exercise

17. The objective of the audit was to provide assurance to officers that NFI results are correctly interpreted and investigated where they relate to scheme pensioners.
18. The NFI is a national data matching exercise undertaken on a biennial basis by the Cabinet Office. The Leicestershire Fund is required to participate.
19. Where the exercise identifies scheme pensioners that may have died, Officers check whether these have already been recorded on our records as deceased. Where this is not the case, they are investigated and the pension is suspended until the case is resolved. Where officers conclude that the member has died, the pension is cancelled.
20. Audit officers concluded that "a sound framework of controls is in place that adequately and effectively reduces risks to an acceptable level".
21. Two recommendations were made. The first was that "Management should assure themselves that they are satisfied that the individuals involved in undertaking the routine NFI checking are sufficiently independent of the processes that are being checked." The Pensions Manager was satisfied that this was the case.
22. The second recommendation was that "Where pensions have been suspended / cancelled as a result of NFI intelligence, steps should continue to recover any overpayments. If overpayments ultimately prove to be irrecoverable, these should be written off in accordance with standard write-off procedures". The Pensions Manager agreed with this.

#### Code of Practice

23. The objective of the audit was to provide assurance that the requirements of the new Code of Practice had been adequately addressed.

24. Substantial assurance was given. There was one recommendation, that officers should report to both the Board and Local Pension Committee at an early opportunity. The recommendation was accepted.

### **TPR Code of Practice Update**

25. As reported above, Audit have given substantial assurance that the requirements of the new Code of Practice have been adequately addressed.

26. Officers will continue to review compliance with the Code of Practice going forward and this will be reported to the Board and Committee as part of the Pension Fund Policy Report annually.

### **Pension Website**

27. 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**

28. Officers have met with LCC web team colleagues to progress this exercise. An initial design of the home page has been produced and work continues on the structure of the site.

29. Training for officers to post content to the website was scheduled for 21 August 2025.

30. An updated timeline for this exercise is below on 31 July 2025.

<b>Action</b>	<b>Date Due</b>	<b>Responsibility</b>	<b>Completed (Y/N)</b>
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	Yes
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

31. A 'Kick-Off' meeting was held with Heywood in May for initial conversations regarding the new site.
32. The initial project documentation has been signed off by officers and Heywood are currently building the site. Once this is completed, Heywood will arrange training for Pension Officers to enable them to manage the site. This is expected to begin in October.
33. An updated timeline for this exercise is below on 31 July 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	June/July	Heywood/Pensions	Yes
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

34. The existing website will reach end of life on 31 January 2026.
35. An update on progress on this project will be provided at the next Board meeting.

#### **McCloud and Dashboards**

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

#### **McCloud**

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

38. The initial priority was to ensure that Annual Benefit Statements included details of any additional pension that was due in respect of the McCloud remedy. The statutory deadline for production of Annual Benefit Statements for active and deferred members was 31 August and at the time of writing officers were on track to meet this deadline.

39. The next step was to assess pensions already in payment to establish if any increase is due under the same legislation. These cases will be identified by 30 September 2025. An initial report has identified 380 cases where additional pension benefits will be due as a result of the remedy, but further work will need to be carried out to clear initial errors before the final figure will be known.

40. It is expected that the number of members who will benefit from the McCloud remedy will be low.

41. A further update on progress will be provided at the next Board meeting.

<b>'Business as Usual' Casework</b>	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.
<b>Changes to contractual hours between April 2014 and March 2022</b>	<p>Data has been received from all employers and manual updates have now been <b>completed</b>.</p> <p>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.</p>
<b>Active and Deferred Members 'in-scope'</b>	<p>Records of active and deferred members must be updated with underpin data (used to establish additional pension due to the McCloud remedy) for inclusion in Annual Benefit Statements by <b>31 August 2025</b>.</p> <p>Records will be updated using 'bulk' facilities available in Altair and any errors will be addressed manually.</p>



	<b>This was expected to have been completed by 31 August 2025.</b>
<b>Pensioners 'in-scope'</b>	<p>'Bulk' facilities available in Altair will be used to identify pensioners (including dependant pensioners) who are entitled to an underpin (additional pension) by <b>30 September 2025</b>.</p> <p>The work required to increase their pension value will be completed by <b>31 August 2026</b>.</p>
<b>Other members 'in-scope'</b>	<p>Remaining categories of McCloud related work will also be processed by <b>31 August 2026</b>.</p> <p>This will include:</p> <p>Death Cases Transfers Interfund Adjustments Trivial Commutations Teachers (Enhanced Pensions)</p> <p>Some aspects of transfers will require system upgrades to be applied before re-calculations can be processed.</p>

### **Pension Dashboards Programme**

42. As part of preparations for the Pension Dashboards Programme, Officers have begun work on identifying deferred members who no longer reside at the address recorded on their pension record. Where deferred members have registered for Member Self Service (MSS), officers have emailed these members encouraging them to log into their account, check their home address and update this, where it is out of date.
43. Using the fund's current address tracing provider, officers have assessed the addresses recorded for deferred members who do not have an online account. 5,624 members were traced to a new address. Following consultation with officers in Audit, an initial 300 members were written to at the traced address on 18 June 2025 and they were requested to complete and return a form by 31 July 2025 to confirm that the new address was correct.
44. If sufficient forms were returned confirming that the latest address was correct, then officers would want to update member records without further verification. However, to date, 34 forms have been returned. This is not enough to conclusively prove that

the data is accurate and a further 100 members have been written to with an option for the member to simply call an officer to confirm that the traced address is correct.

45. Officers are considering whether to rely on the data and update records without further verification. A view from the Board on a reasonable approach would be welcome. Note that this approach would only apply to deferred members and when their pension benefits become due, a final verification process would be actioned, which would include a requirement for two forms of identification to be produced.
46. The updated timeline is below. The deadline for the AVC Data Matching exercise has been extended, following the appointment of a casual officer to update records with AVC policy numbers in August and September. The policy number will form part of the matching criteria when data is provided by the AVC provider, Prudential.
47. A further update on this project will be provided in this report at the next Board meeting.

Action	Deadline Date
Confirmation of Matching Criteria	Included in this report
AVC Data Matching exercise completed	30 September 2025
Complete Initial Address Tracing Exercise	30 September 2025
Connect to Dashboards eco-system:	3 October 2025
<i>Phase 2 'kick-off' call</i>	<i>1 September 2025</i>
<i>ISP set-up configured</i>	<i>w/c 15 September 2025</i>
<i>UAT acceptance signed</i>	<i>w/c 15 September 2025</i>
<i>Connection information provided</i>	<i>w/c 22 September 2025</i>
<i>PDP connection process completed</i>	<i>w/c 29 September 2025</i>
<i>Onboarding completed</i>	<i>3 October 2025</i>
Procure Member Data Services	31 December 2025
National Testing Exercise	31 October 2026
Connection Date (all schemes)	31 October 2026
Dashboards Available Point (DAP)	TBC

### **Climate Strategy Engagement Exercise**

48. On 27 June 2025 the Local Pension Committee received an update on the upcoming review for the Fund's Net Zero Climate Strategy and a proposed timeline for consideration. The Committee will receive proposals for engagement with scheme members and employers on key themes of the strategy review and wider responsible investment beliefs in September. A timeline is set out below.

Date	Comment
July/August 2025	As part of the triennial valuation Hymans have been working on climate scenario analysis for the Fund which will set out plausible scenarios and the potential impact that has on the Fund's current assets as required by the GAD Section 13 report.
26 September 2025	Proposals for Committee to agree regarding engagement with scheme members and employers of the Fund on key themes for the strategy.
5 December 2025	Committee to review Climate Risk Report for data as at 31 March 2025.
February 2026	Local Pension Board oversight of Climate Risk Report and Strategy considerations.
March/ June 2026	Engagement outcome and redrafted strategy.

49. Subject to Committee approval it is intended that an online survey will be issued to scheme members signed up using the Fund's Member Self Service website and shared through an employer bulletin and through asking employers to share via their own staff networks.

### **2024/25 Year End Preparation**

50. At the time of writing, the year-end exercise was nearing completion and Annual Benefit Statements (ABS) were expected to be issued by 31 August 2025, complying with the statutory deadline.

51. However, there are some issues that are now expected to result in statements being delayed for a small number of members, 124 in total.

52. There are 4 new employers who have only recently joined the Fund where admission agreements have only recently been completed but the commencement date was prior to April. The employers are:

- Kindred (The Futures Trust)
- Miquill Catering (Learn AT 1)
- ABM (City, Taylor Road Primary School)
- MCS Cleaning (LCC, Hugglescote)

53. The Year end data has been requested but has not been received. This affects 39 members.

54. There are two TUPE arrangements outstanding where the commencement date was prior to 1 April 2025. These relate to Aspens and Stir Food and cover 55 members. Whilst officers continue to chase all parties to resolve these cases,

these were not resolved in time for Annual Benefit Statements to be issued by the deadline.

55. An issue with Relish also remains outstanding in respect of their scheme members at Rise Multi Academy Trust. There are concerns with the accuracy of some of the data that has been provided and payment of the contributions paid is still outstanding. Officers have been working with Relish to resolve these issues but this will not be in time to issue Annual Benefit Statements. There are 30 members affected by this.
56. All affected scheme members have been written to and advised of the delay in issuing their statements, explaining the reason why.
57. Whilst failure to provide a member with their annual benefit statement by the 31 August is a breach, the Pensions Manager has reviewed the small number of cases and decided these are not deemed a material breach. This is based on the following considerations: Pension Officers have informed the members their statements will be delayed after the 31 August, the members will receive a statement once the final data is received from their employer and because the members received statements in previous years.
58. Work has also commenced on the calculation of scheme member annual allowances and the subsequent production of pension taxation saving statements for members who have exceeded that allowance as required. It is expected that the statutory deadline of 6 October 2025 for the statements to be issued will be met.
59. A final update will be provided at the next Board meeting.

### **Access and Fairness Consultation**

60. The Pensions Manager shared the Fund's draft consultation reply with senior officers and the chair of the Leicestershire Local Pension Board prior to submission. Comments received have been incorporated. The final reply was provided to MHCLG on 5 August 2025. A copy of the Fund's reply is included as Appendix B.
61. If the proposed changes from the Access and Fairness consultation are implemented, it will mean changes for Fund Employers, Payrolls, and the Pension Section to implement. Once the ongoing changes are made, these will become business as usual. However, the backdating arrangements will create significant additional work for the Pension Section to complete. This will be a one-off area exercise, but it will require system changes, tracing of family members, and extra resource at senior level.

### **Governance – Employer Risk**

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

63. 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.

64. 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.

65. 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.

66. The position on 8 August 2025 is as follows.

<b>Letting employer and Contractor</b>	<b>Outstanding Issue</b>	<b>Type of admission agreement and start date if outstanding</b>	<b>Full or Capital Cost Bond / Value and End Date</b>	<b>Comments</b>	<b>Fund Risk Level</b>
Aspens (City, 15 schools)	Admission Agreement and Bond  (52 members)	Pass-through 29 March 2025	£346,000	Final admission agreement circulated for signatures.  Officers continue to chase all parties regarding the bond agreement.	High
Stir Food (City, Folville JS)	Admission Agreement and Bond  (3 members)	Pass-through 29 March 2025	£26,000	Final admission agreement circulated for signatures.  Officers continue to chase all parties regarding the bond agreement.	High
Aspens (City, Slater PS)	Admission Agreement  (1 member)	Pass-through 11 April 2025	n/a	Draft admission agreement circulated for approval.  Approval received from Aspens. Awaiting approval from Leicester City Council.  Officers continue to chase Leicester City Council.	High

67. Rushcliffe Care is an employer that has been in the Fund since 2004. Until recently they have always met their employer requirements, but due to the age of their remaining active scheme members the Fund has asked for security in the form of

a bond. Unfortunately, there has been a lack of response, and this has been escalated internally. Officers continue to try and resolve this amicably with Rushcliffe Care.

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

- MCS Cleaning (LCC, Hugglescote) – Admission Agreement and Bond Agreement
- ABM (City, Taylor Road PS) – Admission Agreement
- ABM (LCC, Burbage Inf&Jr Sch) – Admission Agreement
- Miquill Catering (Holywell PS) – Admission Agreement
- Kindred (The Futures Trust) – Admission Agreement
- Taylor Shaw (Elior) – MET – Bond Agreement
- Miquill Catering (Learn AT 2) – Admission Agreement
- Aspens (Attenborough Trust 2) – Admission Agreement

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

### **Recommendation**

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

71. The Board is also invited to consider and comment regarding how to approach the updating of records where deferred members have been traced to a new address (point 45 in the report).

### **Equality Implications**

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

### **Appendices**

Appendix A: Key Performance Indicators Quarter One

Appendix B: Access and Fairness Consultation: Fund Response

### **Officers to Contact**

Ian Howe  
Pensions Manager  
Telephone: (0116) 305 6945  
Email: [Ian.Howe@leics.gov.uk](mailto:Ian.Howe@leics.gov.uk)

Stuart Wells  
Pensions Project Manager  
Telephone: (0116) 305 6944  
Email: [Stuart.Wells@leics.gov.uk](mailto:Stuart.Wells@leics.gov.uk)

Simone Hines

Assistant Director Finance, Strategic Property and Commissioning  
Telephone: (0116) 305 7066  
Email: [Simone.Hines@leics.gov.uk](mailto:Simone.Hines@leics.gov.uk)

This page is intentionally left blank