



LOCAL PENSION BOARD – 29 OCTOBER 2025

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT

JULY TO SEPTEMBER 2025 - QUARTER TWO

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board of the main administrative actions in the second quarter period from July to September 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.

Performance Indicators

3. 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

4. The results for the quarter July to September 2025 are appended to the report.
5. The review of how areas are reported is continuing but the existing approach will continue until the review has been concluded.

Governance – Service Delivery

General Workloads

6. The tables show the volumes in each work area during the months July to September 2025.
7. The layout has been simplified slightly from previous reports. The total cases outstanding has been removed to focus on the number of outstanding cases that officers are able to actually process.
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. The maximum target is the desired number of cases not to be exceeded. This is designed to assist Officers to identify the work areas that require the greatest immediate attention.

July 2025

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that can be processed at month end	Rating
Preserved Benefits	337	927	1,000	▲
Aggregations	113	1804	1,000	▼
Transfers in	91	186	200	▲
Retirement Options	273	97	300	▲
Retirements Paid	182	46	300	▲
Deaths	115	46	200	▲
Pension Estimates	68	107	250	▲
Transfers out (excluding interfunds out) *	35	27	100	▲
Refunds	71	25	400	▲
New starters set up**	310	N/A	N/A	N/A

August 2025

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that be processed at month end	Rating
Preserved Benefits	139	969	1,000	▲
Aggregations	35	1806	1,000	▼
Transfers in	96	175	200	▲
Retirement Options	174	241	350	▲
Retirements Paid	179	60	350	▲
Deaths	85	57	200	▲
Pension Estimates	59	105	250	▲
Transfers out (excluding interfunds out) *	20	30	100	▲
Refunds	58	22	400	▲
New starters set up**	377	N/A	N/A	N/A

September 2025

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that be processed at month end	Rating
Preserved Benefits	114	896	1,000	▲
Aggregations	191	1593	1,000	▼
Transfers in	82	132	200	▲
Retirement Options	396	150	300	▲
Retirements Paid	237	53	300	▲
Deaths	110	90	200	▲

Pension Estimates	136	60	250	▲
Transfers out (excluding interfunds out) *	34	36	100	▲
Refunds	49	17	400	▲
New starters set up**	1335	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.

10. With the exception of 'Aggregations', all areas of work are below the maximum levels of caseloads outstanding. The number of Aggregations remains higher than is ideal but is also falling.

Governance – General

Complaints – Internal Disputes Resolution

11. The Pensions 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 case has been received by The Pensions Ombudsman (TPO) in relation to a rejected application for the early release of pension on the grounds of permanent ill health. Legal colleagues have submitted a formal response to the complaint and a response from TPO is awaited.
13. One new Stage 2 IDRP was received in the quarter also in relation to a rejected application for the release of pension on the grounds of permanent ill health. Legal colleagues have considered the case and the complaint has not been upheld.

Breaches Log

14. 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.
15. The only area of concern relates to the 124 members who have not yet received Annual Benefit Statements due to issues with their employers not providing sufficient data. The latest position is covered elsewhere in the report.

16. Whilst this is a breach, the Pensions Manager has not deemed this to be material. This is because:

- The members received Annual Benefit Statements last year;
- They will receive a statement this year;
- The members were advised of the delay;
- The numbers affected are a very small percentage of the total membership

17. There were no material breaches reported in the quarter.

18. **Governance – Audit**

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

Pension Contribution Banding Changes 2025-2026 Exercise

20. The objective of the audit was to ensure that the annual contribution banding changes were accurately applied from 1 April 2025.

21. Audit officers concluded that contribution rates had been accurately applied and substantial assurance that internal controls were in place and the exercise had been managed effectively.

22. No recommendations were made.

Pensions Increase 2025-2026 Exercise

23. The objective of the audit was to ensure the validity and accuracy of the annual Pensions Increase exercise that concluded in April 2025.

24. Audit officers concluded that the percentage increase had been applied accurately to pensions. No recommendations were made.

Pension Websites

25. 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

26. Officers continue to work with LCC web team colleagues on the new website.

27. An updated timeline for this exercise is below:

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	Yes
Write content	8 September 2025	Pensions	On-going
Add content to website	15 October 2025	Web Team	On-going
Testing Period	29 August - 20 October 2025	Pensions/Web Team	On-going
Build website	24 October 2025	Web Team	On-going
Website complete	28 November 2025	Web Team	No

Heywood 'Engage' Website

28. Officers are currently working with our systems supplier, Heywood on a new 'self service' website as the existing site is due to reach 'end of life' on 31 January 2026.
29. Heywood hosted a training session via a Teams meeting on 8 October 2025. A link to the "pre-production" version of the site was supplied and officers were shown the site and key processes including registration and the production of online forms were demonstrated.
30. A testing matrix was supplied and officers will work through the suggested areas and familiarise themselves with the website. Internal demonstrations will also be provided for officers who didn't attend the meeting prior to the launch of the site.
31. Weekly 'check-in' meetings with Heywood have been scheduled between 14 October and 2 December 2025 to help keep the project on track and raise any areas of concern.
32. An updated timeline for this exercise is below:

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	Yes
Training of Pensions Officers	w/c 6 October 2025	Heywood	Ongoing
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

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

Plans for Launch

34. Initial plans are being drafted regarding the launch of the sites.

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. Officers have been finalising a process to deal with the adjustment of pensions for pensioners who are eligible for an increase under the remedy. It is expected that work will begin by the end of October.

39. Affected pensioners will be contacted initially with details of their additional entitlement, plus an option to commute an element of that amount into a lump sum. They will have a maximum period of three weeks to reply before payment is made, including arrears and interest. A final letter will then be issued confirming those amounts.

40. 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	<p>Data has been received from all employers and manual updates have now been completed.</p> <p>Whilst other cases are likely to emerge, for example where scheme members</p>

	<p>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>
Active and Deferred Members 'in-scope'	<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 31 August 2025.</p> <p>Records will be updated using 'bulk' facilities available in Altair and any errors will be addressed manually.</p> <p>This was completed by 31 August 2025.</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 (PDP)

41. Phase two of the exercise to connect to the Dashboard eco-system concluded on 1 October 2025 when Heywood were able to confirm that Leicestershire's ISP live connection was successfully submitted through the PDP connections portal and has been approved by the PDP. The connection will go live on 31 October 2025. This will enable members to view all pension information in one secure online location.
42. Heywood have also now provided the ISP portal that officers will use when dealing with any incoming requests from Dashboard users. The portal is where the Fund's matching criteria is set and also is used to identify details of any possible match requests from Dashboard users.
43. Officers have also updated records with AVC policy reference numbers. These will be used to match incoming data from Prudential, who will be providing regular updates of AVC fund values and this information will be uploaded to the relevant member record and included in the data that is made available to members following a Dashboard enquiry. Heywood have provided a guide that explains how this element can be done and this facility has been initially uploaded to the Altair test service as officers work through this process.
44. Meanwhile, a consumer testing exercise has begun and once the connection is live, this could include users with a pension in the Leicestershire Fund. The exercise will allow consumers to provide feedback on their experience which will help improve the experience. The number of tests conducted will be low initially but the volume will increase over the coming months.

Next Steps

45. Preparations for the launch will continue:
 - Officers are familiarising themselves with using the connections portal;
 - Heywood have provided an interface to upload AVC data to Altair;
 - Internal processes for dealing with possible matches need to be established.

Address Updates

46. Further to the point raised at the Board's meeting on 3 September 2025 regarding updating addresses for deferred members and the subsequent recommendation from the Board, 5,193 addresses deemed out of date have been updated with new addresses following information received from the Fund's tracing provider. This links to the preparations for the launch of the Dashboards exercise and also the Fund's own data improvement plans to keep records updated.

Member Data Services Framework

47. Officers continue to work with procurement colleagues on an exercise to appoint mortality screening and address tracing providers. The deadline for this exercise is 31 March 2026.
48. In addition, Heywood have been contacted about supplying a 'Data Readiness' reporting facility, after approval was received to direct award.
49. A more detailed update on these exercises will be included in the next report.

Dashboards Available Point

50. The launch date for the exercise, known as the 'Dashboards Available Point' is not known, but six months' notice will be given when it is announced. Whilst there is a staged connection timetable that ends on 31 October 2026, the launch date may be prior to that date if enough schemes have connected and the system is deemed safe and reliable.
51. A further update on this project will be provided in this report at the next Board meeting. A refreshed timeline is below.

Action	Deadline Date
Confirmation of Matching Criteria	Received 1 October 2025
AVC Data Matching exercise completed	Completed by 30 September 2025
Complete Initial Address Tracing Exercise	Completed by 30 September 2025
Connect to Dashboards eco-system:	Completed by 1 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>
Establish Internal Processes	31 March 2026
Procure Member Data Services	31 March 2026
National Testing Exercise	31 October 2026
Connection Date (all schemes)	31 October 2026
Dashboards Available Point (DAP)	TBC

2024/25 Year End

52. Annual Benefit Statements were issued by 31 August for active and deferred scheme members meeting the statutory deadline.
53. There was a small number of exceptions to this and statements were delayed for 124 members. Officers expect that 94 members will receive their statements by

mid-November. These relate to all but one of the employers where issues were encountered.

54. The remaining employer is Relish, with their scheme members based at Rise Multi Academy Trust. The issues have not yet been resolved and an email was issued on 2 October stating a deadline of 17 October 2025 to respond. Failure to do so would result in a formal final notice being issued and they were advised that a charge of £100 per hour will be applied for each hour officers spend resolving the matter from then.
55. In addition, the calculation of scheme member annual allowances and pension taxation saving statements for members who have exceeded that allowance, has been completed by the statutory deadline of 6 October 2025.

Governance – Employer Risk

56. Fund Officers continue to regularly review employer risk. Where there are outstanding admission agreements or bonds, these are reported to the Board each quarter.
57. 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.
58. 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.
59. 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.
60. The position on 8 October 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, St John)	Admission Agreement and Bond (2 members)	Pass-through 1 May 2025	£23,000	List of members transferring received. Awaiting a signed TUPE form from St John the Baptist CofE Primary School in order to draft and circulate the admission agreement and bond agreement.	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 both parties.	
Aspens (City, Slater PS)	Admission Agreement (1 member)	Pass-through 11 April 2025	n/a	Final admission agreement circulated for signatures. Awaiting signed counterpart from all parties. Officers continue to chase all parties.	High
Aspens (City, 15 schools)	Bond (52 members)	Pass-through 29 March 2025	£22,000	Admission agreement completed. Leicester City Council and Aspens have agreed a cash deposit of £22,000 instead of a bond of £346,000. City are the ultimate guarantor so the pension risk sits with City. As they agreed the £22,000 cash deposit value, the Pension Manager approved this amount. Final cash deposit agreement circulated for signatures. Received Aspens signed counterpart. Awaiting Leicester City Council's signed counterpart.	Low
Stir Food (City, Folville JS)	Bond (3 members)	Pass-through 29 March 2025	£26,000	Admission agreement completed. Draft bond agreement approved by Leicester City Council. Awaiting approval from Stir Food before circulating the final agreement for signatures. Officers continue to chase Stir Food.	Low

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

- Aspens (City, 15 schools) – Admission Agreement
- Stir Food (City, Folville JS) – Admission Agreement
- Inspiring Leaders (Disc Trust) – Admission Agreement
- Aspens (OAK Multi Academy Trust) – Admission Agreement

Recommendation

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

Equality Implications

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

Appendix

Key Performance Indicators Quarter Two

Officers to Contact

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