



## LOCAL PENSION BOARD – 4 FEBRUARY 2026

### REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

#### PENSION FUND ADMINISTRATION REPORT

#### OCTOBER to DECEMBER 2025 - QUARTER THREE

##### **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 second quarter period from October to December 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 October to December 2025 are reported in Appendix A.
5. The existing reporting approach will continue for 2025-2026 and the plan is to implement the new reporting changes from 1 April 2026.

## Governance – Service Delivery

### General Workloads

6. The tables show the volumes in each work area during the months October to December 2025.
7. 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.
8. 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.

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

### **October 2025**

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that can be processed at month end	Rating
Preserved Benefits	51	1341	1,000	▼
Aggregations	177	1580	1,000	▼
Transfers in	102	118	200	▲
Retirement Options	279	136	300	▲
Retirements Paid	252	62	300	▲
Deaths	124	69	200	▲
Pension Estimates	74	60	250	▲
Transfers out (excluding interfunds out) *	13	65	75	▲
Refunds	59	31	204	▲

New starters set up**	632	N/A	N/A	
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### November 2025

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that be processed at month end	Rating
Preserved Benefits	145	1235	1,000	▼
Aggregations	78	1553	1,000	▼
Transfers in	42	130	200	▲
Retirement Options	203	174	350	▲
Retirements Paid	203	51	350	▲
Deaths	106	58	200	▲
Pension Estimates	128	48	250	▲
Transfers out (excluding interfunds out) *	33	62	100	▲
Refunds	60	31	400	▲
New starters set up**	768	N/A	N/A	N/A

### December 2025

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that be processed at month end	Rating
Preserved Benefits	47	1345	1,000	▼
Aggregations	132	1494	1,000	▼
Transfers in	22	164	200	▲

Retirement Options	195	109	300	▲
Retirements Paid	200	28	300	▲
Deaths	117	56	200	▲
Pension Estimates	68	54	250	▲
Transfers out (excluding interfunds out) *	23	64	100	▲
Refunds	68	42	400	▲
New starters set up**	947	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.

9. The two areas with a red rating (preserved benefits and aggregations) continue to be closely monitored. Processing these cases continues to be impacted by McCloud remedy complexity and recently, resource has been moved away from these areas to address other issues such as contribution balancing and employer onboarding (see 'Year End 2025-26' in this report). In addition, since January increased resource has been added to the helpdesk following the launch of the new website.
10. Two new apprentices will be recruited shortly and whilst they will primarily be used to assist with the year-end issues described above this should allow some resource to be allocated to the red-rated areas. In addition, recently appointed Pensions Assistants are currently being trained to assist with some of the cases. However, numbers are expected to remain high in the short term.

### **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. There were no new Stage 2 IDRPs raised during the quarter.

### **Breaches Log**

13. The one area of concern relates to an on-going failure to pay pension contributions by South Leicester College. The College has experienced some unprecedented issues that caused the payment delays. Until now, the College has always paid correctly and on time. The Pension Manager has reviewed the case using The Pension Regulators Code and deemed this a material breach. This has been reported to The Pension Regulator.
14. The Pensions Manager is in regular contact with the College and The Pensions Regulator, and a payment plan has been agreed and put in place. The first two payments on the plan have been made in full and on time. The Pensions Manager is confident the situation will be resolved fully, and there is no impact on scheme members' pension benefits.
15. The Pension Regulator is unlikely to escalate this case provided that the College adhere to the plan.
16. This case will be captured on the annual breaches log for year ending 31 March 2026.

### **Governance – Audit**

17. There were two new Internal Audit reports received in the quarter.

#### **Contribution Collection 2025-2026 Exercise**

18. The objective of the audit was to ensure that contribution rates have been correctly applied from 1 April 2025, for both Leicestershire County Council and other employing bodies.
19. Audit officers gave substantial assurance, that based on the answers provided during the audit and the testing undertaken that the controls in place to reduce exposure to those agreed risks currently material are being managed effectively.
20. Two recommendations were made. Firstly, that any differences between the bank statement and the accounting system should be identified and rectified promptly. Secondly, that those organisations who fail to submit payments as per The Pension Regulator requirements should be reminded to comply with the regulations.
21. These were both accepted by the Pensions Manager.

#### **Pension Creations 2025-2026 Exercise**

22. The objective of the audit was to review payments for new pensioners, including lump sum payments and death grants.
23. Audit officers gave substantial assurance, that based on the answers provided during the audit and the testing undertaken that the internal controls in place to

reduce exposure to the agreed risks currently material are being managed effectively.

24. There were no recommendations.

### **Pension Websites**

25. The new pension websites were launched on 6 January 2026. There had been a slight delay from the original intended date of 9 December 2025 following a decision to add 'EIDV' (Electronic Identification Verification), a new secure method of verifying a member's identity as part of the registration process by comparing a passport or driving licence with a 'selfie' taken on the member's smartphone, and 'SMS Multi Factor Authentication' which adds an extra layer of security for the user when logging in. These facilities required additional testing, which caused the delay.
26. There are also alternative ways that members can register, including an option to speak to the Pensions Help Desk.
27. Prior to going live, a message was added to the old site advising users of the change and a bulletin was also circulated to employers.
28. On 7 January, emails began to be issued to scheme members who had previously registered for a Member Self Service online account, advising that they will need to register for a 'My Pension' account (previously referred to as Engage) on the new site, starting with pensioners, before active and deferred members were contacted.
29. The launch resulted in a significantly higher number of calls to the Help Desk. During the first week, around 200 calls were received each day (usually around 50). Additional staff were added to take calls and missed calls were limited to around 8 per day on average.
30. The total number of scheme members that had registered a My Pension account on 14 January 2026 was approximately 10,000.
31. The websites were launched ahead of the 'end of life' deadline for the previous website, which was 31 January 2026.

### **Next Steps**

32. Officers will monitor the website closely over the few months and seek to make changes if any are required, following feedback.
33. A final update on the website including the latest registration numbers will be provided at the next Board meeting.

### **McCloud and Dashboards**

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

### **McCloud**

35. Officers continue to work on the implementation of the McCloud remedy. The current focus is on the adjustment of pensions for pensioners who are eligible for an increase under the remedy. These cases are complex but work is underway. There are 216 cases outstanding currently.

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

37. The current position as at 14 January 2026 is below.

<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> <p><b>This was completed by 31 August 2025.</b></p>
<b>Pensioners 'in-scope'</b>	'Bulk' facilities available in Altair will be used to identify pensioners (including dependant pensioners) who are entitled to

	<p>an underpin (additional pension) by <b>30 September 2025</b>.</p> <p><b>560 cases</b> were originally identified</p> <p><b>216 cases</b> remain outstanding</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 recalculations can be processed.</p> <p>To date <b>395 cases</b> have been identified in these categories and these will need to be worked through. This figure is based on current information and may be subject to change.</p>

### Pension Dashboards Programme (PDP)

38. Following the conclusion of the exercise to connect to the dashboard eco-system, a national consumer testing exercise is underway, as previously reported. However, officers have yet to be contacted about any cases. Testing is expected to increase in the new year and findings will be reported at a future meeting.
39. Two issues relating to AVCs have been identified.

#### AVC Values

40. Prudential have advised that some of their AVC members' fund values may not be automatically available for viewing on the dashboard. They have provided a workaround process to ensure that if this data is requested, they will be able to respond quickly and provide this information manually. The situation regarding this issue will be monitored.

### Aligning of Main Scheme and AVC Dates

41. Nationally, an issue has been raised where 'single source' schemes, such as Leicestershire, will have some members where the retirement dates for their main benefits and their AVC benefits differ. The Pension Dashboard Regulations 2022 state that all pension benefits data provided by a scheme must share the same retirement date. It has been noted that some members of this Fund who have an AVC have a different retirement date for their AVC when compared to their main LGPS pension. This is because normal retirement dates have changed over the years and also AVC payers can state their intended retirement date when setting up their AVC account.
42. The Department for Work and Pensions have acknowledged that is an issue and are considering the wording of the regulations currently and will advise further once a final view is reached.
43. These are both technical issues and are included here simply for awareness. Scheme members benefits will not be affected.

### Member Data Services Framework

44. Officers launched the procurement exercise on 18 December 2025 to appoint mortality screening and address tracing providers who have signed up to the National LGPS Framework. The closing date for this exercise is 23 January 2026.
45. After the closing date, officers will assess the submissions and seek to appoint providers.
46. A verbal update on progress will be provided at today's meeting, and a further update on this exercise will be included in the next report.
47. A further update on this project will be provided in this report at the next Board meeting. The 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>	3 October 2025
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

### **Year End 2025-2026**

48. Ahead of the 2025-26 year-end exercise officers are focussing on reducing backlogs in two areas, 'employer onboarding' and 'contributions balancing'.

#### Employer Onboarding

49. When a new employer joins the Fund, one of their responsibilities is for ensuring that payrolls submit monthly pension contributions data through the i-Connect system. The onboarding exercise can be a lengthy process, dependant on such factors as size, payroll reporting capabilities and employer resource. A significant part of the process is checking that the initial submissions are correct, both in terms of format and content.

50. The onboarding process will also apply where an employer changes payroll provider.

51. There is a backlog of cases outstanding. This is an exercise that is usually put on hold when the year-end exercise was in progress due to the resource being prioritised to ensure Annual Benefit Statements are produced by their statutory deadline.

52. Last year's year-end was challenging because of the number of payroll changes plus internal staffing changes, resulting in time spent training inexperienced staff whilst managing the wider year-end project.

53. The 'Governance - Employer Risk' section of this report details the current level of on-going admission agreements. Local Government Reorganisation may also mean another increase in outsourcing creating new employers.

54. The Pensions Manager is looking at resource in this area to assist with the backlog and to future proof this growing area of work and complexity.

55. Currently there are 47 employers that will need to be onboarded. For new employers, some will need to complete the admission agreement process before the work can begin. The current position is:

<b>Category</b>	<b>Totals</b>
Outstanding moves	47
Admission agreements in progress	9
Data checks in progress	38

56. The onboarding exercises will need to be completed to enable Annual Benefit Statements to be produced by 31 August, the statutory deadline.

#### Contributions Balancing

57. Pension contributions are paid monthly by employers to the Fund. These amounts are recorded on the 'EPIC' database administered by the Investment Section and officers in Pensions compare these amounts to the figures that have been uploaded to Altair via i-Connect. Where they do not match, a query is raised with the employer. For resourcing reasons this exercise is often put on hold whilst year end is underway to allow focus to switch to the production of Annual Benefit Statements.

58. Since a large number of schools moved away from EMSS to other payroll providers in 2023, this exercise has required more resource. This is because when the schools were paid by EMSS they were included in the balancing of one employer, i.e. Leicestershire County Council, which was simpler to manage. The schools are now treated separately, as is the balancing, which now takes significantly longer than before.

59. The number of employers moving to different payroll providers and the admission of new employers following TUPE transfers has also risen.

60. Currently there are 273 submissions to balance each month (up until July there were 274, but one employer became inactive). Current figures show that there were 2,192 submissions to balance covering April – November.

<b>Category</b>	<b>Totals</b>
Balancing completed	1521
Figures queried (with employer)	89
Outstanding (with Pensions)	206
Data missing (e.g. iConnect or EPIC)	376
<b>Total</b>	<b>2192</b>

61. If balancing has not been completed by the end of April, this will cause delays in balancing contributions for the submission of the year end accounts.

62. The Pensions Manager is reviewing this alongside the increasing employer onboarding work, to provide increased resource and resilience in this growing area of work.

63. An update on progress in these two areas will be provided at the next meeting.

#### 'Access and Fairness'

64. The Local Government Association (LGA) have emailed administering authorities to advise that the Government will be implementing some changes to the scheme following the ['Access and Fairness' consultation](#) which closed on 7 August 2025.

Leicestershire's response to the consultation was reported to the Board on 3 September 2025.

65. It is understood that the Government plans to phase in the changes to ease the administrative impact. Phase one changes will be introduced in April 2026 and phase two will follow 'later in the year'.

66. Legislation will be laid at the start of March and take effect from 1 April 2026.

67. The phase one changes cover:

- Survivor benefits and death grants
- Gender pensions gap benefits
- Gender pensions gap reporting
- McCloud remedy
- Abolition of lifetime allowance changes
- Five-year refunds
- Changes to de-minimis small pot payments

68. The notification from LGA was received on 12 January 2026 just prior to the submission of this report. Officers will digest the content and present an update on implementation plans at the next Board meeting.

#### **'Access and Protections' Consultation**

69. On 13 October 2025, the Government launched the 'Access and Protections' consultation. It covers some proposals relating to pension benefits in the scheme and access to the scheme.

70. The consultation four areas and follows on from the Access and Fairness consultation. The areas are:

- Normal Minimum Pension Age;
- Mayors and Councillors;
- Academies and applications directions (removing Secretary of State approval);
- New Fair Deal

71. Some of the proposals are in response to a range of long-standing concerns, particularly in relation to Fair Deal.

72. Leicestershire's response to the consultation was issued in December and a copy attached to the report at Appendix B.

#### **Governance – Employer Risk**

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

74. 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.

75. 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.

76. 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.

77. The position on 13 January 2026 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 (Leics CC, St John)	Admission Agreement and Bond (2 members)	Pass-through 1 May 2025	£23,000	Draft admission agreement and draft bond agreement circulated for approval.  Officers continue to chase MCS Cleaning.	High
Innovate Services (Mowbray ET)	Admission Agreement (11 members)	Pass-through 1 August 2025	n/a	Final admission agreement circulated for signatures.  Awaiting signed counterpart from Mowbray Education Trust.  Officers continue to chase the Trust.	High
The Old Pots (Leics CC, Beacon Hill)	Admission Agreement (1 member)	Pass-through 11 August 2025	n/a	Draft admission agreement circulated for approval.  Officers continue to chase The Old Pots.	High
Coombs (Raleigh Ed Trust)	Admission Agreement (2 members)	Pass-through 22 August 2025	n/a	Draft admission agreement circulated for approval.  Officers continue to chase Raleigh Education Trust and Coombs Catering.	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
Coombs (City, Herrick PS)	Admission Agreement (2 members)	Pass-through 26 August 2025	£33,000	Draft admission agreement and draft bond agreement circulated for approval.  Officers continue to chase Leicester City Council and Coombs Catering.	High
Freshstart (City, Hazel PS)	Admission Agreement (3 members)	Pass-through 26 August 2025	n/a	Final admission agreement circulated for signatures.  Awaiting signed counterpart from Leicester City Council and Freshstart Cleaning.  Officers continue to chase both parties.	High
Churchill Contract (Learn AT)	Admission Agreement (21 members)	Pass-through 20 October 2025	n/a	Final admission agreement circulated for signatures.  Awaiting signed counterpart from Learn AT and Churchill Contract  Officers continue to chase both 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

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 Leicester City Council.	
Stir Food (City, Folville JS)	Bond (3 members)	Pass-through 29 March 2025	£26,000	<p>Admission agreement completed.</p> <p>Draft bond agreement approved by Leicester City Council. Awaiting approval from Stir Food before circulating the final agreement for signatures.</p> <p>Officers continue to chase Stir Food.</p>	Low

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

- Aspens (City, Slater PS) – Admission Agreement
- Dolce (Church Hill C of E Jr) – Admission Agreement

79. In addition to the cases in the grid, Rushcliffe Care's bond agreement expired on 31 March 2024 and needs to be extended. Officers have chased without success. This has been escalated to Leics CC Legal Services who have written to Rushcliffe Care, and if this does not resolve the issue, it will be escalated further.

80. The Pensions Manager is reviewing the outstanding cases regularly and the cases that are not concluded by the end of the financial year will be escalated. Consideration will be given to imposing fines based on the circumstances of the case.

### **Recommendation**

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

### **Equality Implications**

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

## **Appendices**

Appendix A: Key Performance Indicators Quarter Three

Appendix B: Access and Protections Consultation Response

## **Officers to Contact**

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