



LOCAL PENSION BOARD – 29 APRIL 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT

JANUARY to MARCH 2026 - QUARTER FOUR

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board of the main administrative actions in the fourth quarter period from January to March 2026. 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 January to March 2026 are attached at Appendix A. This shows that all of the business process KPI's achieved the target for the quarter.
5. The results for the full 2025-2026 year are attached at Appendix B. Whilst some of the KPI's have not met the target, some significant improvement can be seen compared to the 2024/25 performance.

6. 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

7. The tables show the volumes in each work area during the months January to March 2026.
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.

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

January 2026

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that can be processed at month end	Rating
Preserved Benefits	19	1325	1,000	▼
Aggregations	211	1343	1,000	▼
Transfers in	61	160	200	▲
Retirement Options	206	97	300	▲
Retirements Paid	205	46	300	▲
Deaths	112	62	200	▲
Pension Estimates	62	84	250	▲
Transfers out (excluding	12	156	100	▼

interfunds out) *				
Refunds	91	18	400	▲
New starters set up**	286	N/A	N/A	

February 2026

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that be processed at month end	Rating
Preserved Benefits	52	1347	1,000	▼
Aggregations	132	1274	1,000	▼
Transfers in	69	169	200	▲
Retirement Options	197	111	300	▲
Retirements Paid	181	48	300	▲
Deaths	136	55	200	▲
Pension Estimates	75	75	250	▲
Transfers out (excluding interfunds out) *	21	87	100	▲
Refunds	64	25	400	▲
New starters set up**	807	N/A	N/A	N/A

March 2026

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that be processed at month end	Rating
Preserved Benefits	135	1434	1,000	▼

Aggregations	130	1268	1,000	▼
Transfers in	63	158	200	▲
Retirement Options	237	153	300	▲
Retirements Paid	195	63	300	▲
Deaths	168	58	200	▲
Pension Estimates	61	86	250	▲
Transfers out (excluding interfunds out) *	39	77	100	▲
Refunds	154	43	400	▲
New starters set up**	886	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. The launch of the new website caused a spike in transfer requests in January as an option for members to request transfer calculations was available. This was subsequently removed and replaced with an option for members to perform their own transfer calculations (for members who were interested in knowing the value without necessarily being interested in transferring out). The number of cases fell significantly in February.
11. In order to reduce workload pressures, a process to bring in additional temporary resource is underway and a verbal update will be given at the meeting.

12. **Governance – General**

Complaints – Internal Disputes Resolution

13. 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.
14. There was one new Stage 2 IDRP during the quarter. The complaint relates to a transfer out case that has since been resolved to the member's satisfaction. However, there remains an outstanding request for compensation that was considered at stage two. A reply from the member is awaited.

Breaches Log

15. 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.
16. There were no material breaches reported in the quarter.
17. The 2025/26 annual breaches log is attached in Appendix C.

Governance – Audit

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

Pension Dashboards Programme (Phase 2)

19. The objective of the audit was to provide assurances to management that the programme is on track, in accordance with any prescribed timescales.
20. Audit officers gave substantial assurance, that the fund's progress with the national Pensions Dashboards Programme is currently on track.
21. There were no recommendations.
22. The latest position on Pension Dashboards has been detailed later in this report.

Checking and Authorisation of Payments and Transfers 2025/26

23. The objective of the audit was to provide assurances to management that payments and transfers out of the Fund are appropriately checked and suitably authorised, in accordance with the established levels of financial delegation.
24. 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.
25. There was one recommendation, that staff should be reminded to complete the checklists.
26. The Pension Manager accepted the recommendation but proposed a pragmatic solution on how this is achieved to balance administration with governance. Instead of completing a checklist for every case, the wording on the relevant workflow tasks will be amended to remind colleagues to use the relevant checklist. Completion of the workflow task per case provides assurance that the member of staff has used the relevant checklist.

Pension Websites

27. Following the launch of the new websites, members were required to re-register to gain access to the new online self-service portal.
28. Feedback has been positive and whilst a very small number of members reported difficulties with the registration process, the vast majority managed to complete the process successfully.
29. To encourage more registrations further recruitment campaigns are planned, including an exercise to coincide with the production of the annual pension statements at the end of August.
30. Looking ahead, officers will explore the functionality available in the self-service portal that is not currently being utilised to maximise benefits to members. Any major developments will be highlighted in a future report.
31. The number of registrations on 9 April 2026 was 25,684, approximately 23% of the current membership.

McCloud and Dashboards

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

McCloud

33. Officers continue to work on the implementation of the McCloud remedy.
34. Work on the adjustment of pensions for pensioners who are eligible for an increase has now been completed and the remaining categories of McCloud related work is due to begin. This will include:
 - Death cases
 - Transfers
 - Interfund adjustments
 - Trivial commutations
 - Teachers (enhanced pensions)
35. Initially 395 cases have been identified, but this may be subject to change. An update on progress will be included in the next report.

Pension Dashboards Programme (PDP)

36. 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 over the spring and findings will be reported at a future meeting.

37. There has not been any update on the 'Dashboards Available Point', effectively the 'go-live date'. Officers had previously been advised that at least six months' notice will be given.

Member Data Services Procurement

38. Contracts have now been agreed with providers for the provision of address tracing and mortality screening services.

Address Tracing

39. Officers will provide a report of deferred pensioners which will be assessed to establish whether the home address is up to date. This will be an annual exercise.

40. Results will be provided and fall into four categories:

- Living as stated
- Corrected address identified
- New verified address
- No trace

41. Following an initial assessment, records will be updated accordingly.

42. In addition, officers will also be able to check addresses in respect of ad-hoc cases using an online portal.

Mortality Screening

43. Officers will provide a report of scheme pensioners and each month members who are believed to have died will be identified. Cases are ranked as 'High', 'Medium' or 'Low' based on the amount of matching data:

- 'High' cases match on name, address and date of birth
- 'Medium' cases match on two of the above
- 'Low' cases match on one of the above

44. In addition, officers will be able to submit individual cases who they believe to have died for ad-hoc checks.

45. The new contracts replace the existing arrangements and a month's notice has been given to the supplier that the arrangement will end.

46. The updated PDP timetable in respect of the remaining outstanding areas is below. Note that the internal processes have not yet been established and this will be discussed internally over the summer.

Action	Deadline Date
Establish Internal Processes	31 August 2026
National Testing Exercise	31 October 2026

Connection Date (all schemes)	31 October 2026
Dashboards Available Point (DAP)	TBC

Year End 2025-2026

47. An employer bulletin was issued on 30 January 2026, detailing the requirements for year-end pension information for 2025-2026.
48. The requirements have changed slightly from previous years as the year-end balancing sheet will no longer be required and instead officers will use the Investment Section's monthly schedules that are completed by employers throughout the year.
49. The deadline for the submission of this information is 30 April 2026.

Employer Onboarding

50. As of 6 April 2026, there are 41 employers that need to be onboarded to i-Connect for year ending 31 March 2026.
51. This includes 11 employers who are currently working with officers to complete their 'admission agreement' process, which will need to be completed before the onboarding work can begin.
52. Progress on individual admission agreements are detailed within the '**Governance – Employer Risk**' section of this report.
53. There are 30 employers where the onboarding process is underway. These include schools that have moved to a multi academy trust. This is shown below and the cases have been split into four stages. The number of scheme members impacted in each category has been added, for an idea of the scale of data outstanding.

Stage	Totals	Affected Members
1.Data not yet received	8	1598
2.Data received: with Pensions to check	2	607
3.Data received: returned to employer to resolve discrepancies	18	4722
4.Data checks concluded: monthly submissions can be uploaded	2	4
Total outstanding	30	6931

54. The bulk of outstanding cases are at the third stage (data received and returned to employer to resolve discrepancies). Officers are required to send regular reminders to move the cases on and it is common for multiple reminders to be issued, initially via email but where required, phone calls. These are sent to both employers and payroll providers. Until responses are received, the cases cannot be moved on.

Risk

55. Whilst officers are confident that some of the outstanding cases will be onboarded in time to allow all the required outstanding monthly data to be submitted, it is likely that some will not.
56. For those cases, as a short-term fix, employers will be required to provide one annual report on a spreadsheet which will need to be uploaded to pension records outside of i-Connect. This solution will involve some manual work and will mean that the onboarding process will be on hold until officers begin to load data for 2026/2027.
57. If the data is not provided in time for the completion of year end, members will be written to and advised that their pension statement will not be issued by the statutory deadline. The Pension Regulator will also be notified.
58. Where data is provided, larger employers will be prioritised when their data becomes available, to increase the number of members that receive statements in time.
59. The Pensions Manager has also emailed employers directly to remind them of their responsibilities and the possible consequences if data is not provided. This has had a positive response and responses to the original enquiries were received from some. Where replies have not been received, a further email has been issued.

Options for Improvement

60. This area continues to grow, with an increased number of employers and more payroll changes. In addition, there are regular personnel changes at employers that result in new staff that require training.
61. To help manage this, officers are also considering offering regular training sessions, held in person at County Hall. Employers or payroll providers would be invited and could include information on admission agreements, the completion of payment schedules as well as the i-Connect onboarding process. This could be initially trialled with small employers before being offered to all interested parties.
62. It is envisaged that there would be benefits for both officers and employers, with reductions in delays for the provision of data throughout the year and at year end around the production of Annual Benefit Statements.
63. Neither of these options would be chargeable, but if successful it could reduce the number of hours being spent on the process by both the employer and the Fund.
64. A further update on progress in this area will be provided at the next meeting.

Scheme Changes

65. Following the recent 'Access and Fairness' and 'Access and Protections' consultations, the Government has confirmed that it will introduce changes to the scheme during 2026.

Changes effective 1 April 2026

66. The first phase of changes will come into force on 1 April 2026. These relate to how unpaid leave is treated, specifically:

67. Assumed Pensionable Pay (APP) to apply during unpaid additional adoption leave, unpaid additional maternity leave and unpaid shared parental leave. APP will apply during these types of absences only if the unpaid period starts after 31 March 2026. Under the previous rules, which continue to apply to any unpaid additional maternity or adoption leave, or unpaid shared parental leave that started before 1 April 2026, the scheme member had the option to buy back lost pension via an Additional Pension Contribution (APC).

68. Compulsory pension contributions during the first 14 days of authorised unpaid absence, with contributions based on 'lost' pay and the member and employer's normal contribution rates. This applies to authorised absences that start after 31 March 2026. The previous rules will continue to apply to an unpaid break that started before 1 April 2026.

69. Qualifying additional pension arrangements (QAPAs). The cost of buying back pension 'lost' during a period of authorised unpaid absence of more than 14 days will now be based on the member and employer's normal contribution rates and will be known as QAPAs. This only applies to a continuous period of authorised unpaid absence that started after 31 March 2026. The previous rules will continue to apply to an unpaid break that started before 1 April 2026.

Change effective 11 May 2026

70. The Government has confirmed that it will proceed with plans to extend the LGPS to elected councillors and mayors in England with effect from 11 May 2026. This change will give access to the LGPS to all mayors and deputy mayors and all elected councillors at principal authorities in England. In addition, all London Assembly members will also be given access to the LGPS.

71. Elected members who wish to join will be required to opt in to the scheme from 11 May onwards. This means that they would be entered into the scheme from the day of the following pay period and they would join the scheme from 1 June 2026.

72. At the time of writing, guidance on how to apply the new rules is still awaited.

73. More changes to the scheme were included in the consultations and these are still expected to be implemented later in the year.

Governance – Employer Risk

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

75. 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.

76. 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.

77. 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.

78. The position on 30 March 2026 is as follows. In addition, there are three cases not shown here where the transfer takes effect from 1 April 2026.

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	Final admission agreement and final bond agreement circulated for signatures. Officers continue to chase MCS Cleaning. Whilst this case is very close to conclusion, legal advice will be sought on the further action that can be taken if no response received before the next deadline.	High
Coombs (Raleigh Ed Trust)	Admission Agreement (2 members)	Pass-through 22 August 2025	n/a	Final admission agreement circulated for signatures. 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 and Bond (2 members)	Pass-through 26 August 2025	£33,000	Final admission agreement circulated for signatures. Awaiting approval for the draft bond agreement. Officers continue to chase Leicester City Council and Coombs Catering.	High
Compass (MET, Brookvale Groby)	Admission Agreement / Addendum to existing AA (10 members)	Pass-through 1 September 2025	n/a	The Fund has an existing admission agreement relating to the catering contract between Mead Education Trust and Compass. Brookvale Groby Learning Campus joined the Trust on 1 September 2025. The Trust and Compass have added an addendum to the commercial contract to include Brookvale Groby to their existing contract. Officers are investigating whether an addendum can be added to the existing admission agreement.	High
Relish (Leics CC, Sir John Moore)	Admission Agreement (1 member)	Pass-through 1 December 2025	n/a	Draft admission agreement circulated for approval. Officers continue to chase Relish.	High
ABM (City, Spinney Hill)	Admission Agreement (5 members)	Pass-through 1 January 2026	n/a	Awaiting signed TUPE enquiry form. Officers continue to chase Leicester City Council.	High
Innovate (Asfordby Hill)	Admission Agreement (2 members)	Pass-through 1 January 2026	n/a	Draft admission agreement circulated for approval. Officers continue to chase Asfordby Hill PS and Innovate Services.	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
MCS Cleaning (City, Hazel PS)	Admission Agreement (3 members)	Pass-through 26 January 2026	n/a	Draft admission agreement circulated for approval. Officers continue to chase Leicester City Council and MCS Cleaning.	High
Relish (LCC, Newbold CofE PS)	Admission Agreement (1 member)	Pass-through 16 February 2026	n/a	Draft admission agreement circulated for approval. Officers continue to chase Relish.	High
MCS Cleaning (SLT, Glen Hills)	Admission Agreement (2 members)	Pass-through 28 February 2026	n/a	Final admission agreement circulated for signatures. Officers continue to chase Symphony Learning Trust and MCS Cleaning.	High
Caterlink (BEP, Outwoods Edge)	Admission Agreement / Addendum to existing AA (4 members)	Pass-through 3 March 2026	n/a	The Fund has an existing admission agreement relating to the catering contract between Bradgate Education Partnership and Caterlink. Outwoods Edge Primary School joined the Trust on 1 April 2026. The Trust and Caterlink have added an addendum to the commercial contract to include Outwoods Edge to their existing contract. Officers are investigating whether an addendum can be added to the existing admission agreement.	High
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	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
				<p>circulating the final agreement for signatures.</p> <p>Officers continue to chase Stir Food.</p>	

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

- Innovate Services (Mowbray ET) – Admission Agreement
- The Old Pots (Leics CC, Beacon Hill) - Admission Agreement
- Freshstart (City, Hazel PS) - Admission Agreement
- Churchill Contract (Learn AT) - Admission Agreement
- Aspens (City, 15 schools) – Cash Deposit Agreement

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.

LTS Ceasing

81. Following a decision made by Leicestershire County Council's Cabinet, Leicestershire Traded Services (LTS) will cease the provision of school food services with effect from 31 July 2026.

82. The school food service currently supports approximately 386 staff across 121 schools.

83. As part of this, individual schools are now responsible for procuring their own alternative catering arrangements. Several schools have already completed tendering processes and awarded new contracts, with the earliest of these new catering contracts scheduled to commence on 1 April 2026.

84. This exercise is not expected to have any adverse impact on the year-end pensions exercise. All affected staff will continue to accrue pensionable service up to 31 March 2026, ensuring that year-end submissions remain accurate and complete.

Recommendation

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

Equality Implications

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

Human Rights Implications

87. There are no human rights implications arising from this report.

Appendices

Appendix A: Key Performance Indicators Quarter Four 2025-2026

Appendix B: Key Performance Indicators 2025-2026

Appendix C: Leicestershire Pension Fund 2025/26 Breaches Log

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