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LOCAL PENSION BOARD – 29 JULY 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT

APRIL to JUNE 2026 - 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 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 111,230 scheme members.

Performance Indicators

3. Attached to this report in the appendix are the performance indicators for the Pensions Section for the quarter April to June 2026, 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. Further to the 'Pension Fund Key Performance Indicators Report' presented to the Board on 4 February 2026, new KPIs have been added to align with the categories included in the Fund's annual report. They are:

- **Communication issued with acknowledgement of death of scheme member within 5 days.** These include verbal acknowledgements where a notification was received via a phone call.

- **Payment of lump sum (both actives and deferreds) within 15 working days.** This is measured to the end of the internal process within the Pensions section, not to the actual date that payment reaches a bank account. Payment usually reaches the scheme member's account on the Monday following the end of the process and the scheme member is informed of this in writing in advance.

- **Communication issued with deferred benefits within 30 working days.** The intention of this target is to measure the initial contact with the scheme member, from when officers were notified of a leaving date to issuing a notification to the scheme member they will have an entitlement to a deferred benefit. However, there is currently no contact with the scheme member until the actual calculation is processed and issued. Officers will develop an acknowledgement letter that will be automatically generated once it is established that a deferred benefit is due, which will reduce the time taken to establish initial contact and improve the number of cases that meet the 30 working days target.

- **Communication issued to scheme member with completion of transfer in within 15 working days.** There are issues with how the system measures 'out of office' periods for transfers and this negatively impacts on the measurement of the overall time taken. Officers are working to improve this so that the stated period is a fairer reflection of the actual time spent on cases and the number of cases meeting the target will increase. The number of these cases is very low (only one case completed in the quarter).

- **Communication issued to scheme member with completion of transfer out within 15 working days.** There are issues with how the system measures 'out of office' periods for transfers and this negatively impacts on the measurement of the overall time taken. Officers are working to improve this so that the stated period is a fairer reflection of the actual time spent on cases and the number of cases meeting the target will increase.

- **Payment of refund within 10 working days –** this is measured to the end of the internal process within the Pensions section, not to the actual date that payment reaches a bank account. Payment usually reaches the scheme member's account on the Monday following the end of the process and the scheme member is informed of this in writing in advance.

- **Divorce quotation within 45 working days.** Note that the statutory deadline for the production of this information is three months**.**

- **Communication issued within 15 working days following actual divorce proceedings.** The intention of this target is to measure the time taken from when notification that a pension sharing annexe will be required to when the initial documentation was issued to the scheme member and solicitor, usually in the form of a letter and an invoice for charges that apply. However, there is currently no method of reporting this. Officers are developing a workflow that will cater for this and once this is in place, more accurate data will be added to the report. This is an area of work with very few cases (only three cases completed in the quarter).

- **Communication issued to new starters within 40 working days.** This is based on our process, a regularly monthly exercise to produce a 'Welcome' letter to all new starters added to the database within the last month.

- **Scheme member estimates requested by scheme member and employer within 15 working days.** The Fund's approach for estimates is that members are encouraged to register for an online account and perform their own calculations, plus an annual pension statement is produced which acts as a guide for all scheme members. If a scheme member is within 12 months of retirement an estimate can be provided, and scheme members are advised that the production of an estimate will take 8 to 10 weeks.

5. Where a KPI requires some form of communication to be issued within a short space of time, officers are actively exploring using automation to issue acknowledgements that will enable targets to be met without impacting on resource.

6. There are also some minor changes to be made to workflow processes that will improve the number of cases that will meet the targets laid out that can be implemented over the next two months.

7. The requirements of the annual report do not include a specific percentage to attain for these areas at this stage, but proposed targets will be added to the next report.

8. The existing KPIs will continue to be reported and have not changed from what was published previously.

<u>Governance – Service Delivery</u>

<u>General Workloads</u>

9. The tables show the volumes in each work area during the months April to June 2026. Additional areas have been added to align with the requirements of the annual report. The format has also changed to match the annual report, with a column recording the percentage of outstanding cases completed each month.

10. As part of the changes, the RAG rating previously used has been removed from the grid.

11. The additional areas are:

    - **New dependant benefit scheme members.** These are based on death cases where an entitlement to a survivor's pension has been identified.

- **Divorce quotations.** Generated when a scheme member has requested information relating to the value of their pension benefits, which may be taken into account in possible divorce proceedings.

- **'Actual' divorce cases.** Generated when a pension sharing annexe has been included in divorce proceedings, requiring Officers to reallocate an element of a scheme member's pension following a court order**.**

- **Optants out received after three months of membership.** These are generated only when a scheme employer advises that a scheme member has not terminated employment, but instead has opted out of the LGPS, resulting in either an entitlement to a refund or preserved benefit. Typically, numbers reported are extremely low.

April 2026

Area	Cases open at start of month	Cases received in month	Cases completed in month	Cases open as at end of month	Total percentage of cases completed in month
Preserved Benefits	1,434	80	321	1,193	21%
Aggregations	1,268	23	141	1,150	11%
Concurrents	1,133	50	155	1,028	13%
Transfers in (incl interfunds in)	218	49	19	248	7%
Retirement Options	153	247	281	119	70%
Retirements Paid	63	158	168	53	76%
Deaths	58	151	144	65	71%
New Dependent Benefits	85	31	42	74	36%
Pension Estimates	86	70	55	101	35%
Transfers Out (excluding interfunds out)*	77	35	49	63	44%
Refunds	43	95	105	33	76%
New Starters set up**	N/A	N/A	972	N/A	100%
Divorce (Quotations)	12	16	14	14	50%

Divorce (Actuals)	3	4	0	7	0%
Optants out received after three months membership	1	0	0	1	0%

May 2026

Area	Cases open at start of month	Cases received in month	Cases completed in month	Cases open as at end of month	Total percentage of cases completed in month	Total percentage of cases completed in previous month
Preserved Benefits	1,193	66	183	1,076	15%	21%
Aggregations	1,150	28	86	1,092	7%	11%
Concurrents	1,028	10	49	989	5%	13%
Transfers In (including interfunds in)	248	15	40	223	15%	7%
Retirement Options	119	211	217	113	66%	70%
Retirements Paid	53	221	224	50	81%	76%
Deaths	65	71	102	34	75%	71%
New Dependent Benefits	74	29	34	69	33%	36%
Pension Estimates	101	78	103	76	58%	35%
Transfers Out (excluding interfunds out)*	63	28	19	72	21%	44%
Refunds	33	58	73	18	80%	76%
New Starters set up	N/A	N/A	734	N/A	100%	100%
Divorce (Quotations)	14	22	19	17	53%	50%
Divorce (Actuals)	7	0	1	6	14%	0%
Optants out received after three months membership	1	0	0	1	0%	0%

June 2026

Area	Case open at start of month	Cases received in month	Cases completed in month	Cases open as at end of month	Total percentage of cases completed in month	Total percentage of cases completed in previous month
Preserved Benefits	1,076	94	106	1,064	9%	15%
Aggregations	1,092	84	295	881	25%	7%
Concurrents	989	135	61	1063	5%	5%
Transfers In (including interfunds in)	223	78	5	296	2%	15%
Retirement Options	113	213	242	84	74%	66%
Retirements Paid	50	182	194	38	84%	81%
Deaths	34	133	126	41	75%	75%
New Dependent Benefits	69	45	33	81	29%	33%
Pension Estimates	76	57	32	101	24%	58%
Transfers Out (excluding transfers out)*	72	33	24	81	22%	21%
Refunds	18	88	84	22	79%	80%
New Starters set up	N/A	N/A	821	N/A		100%
Divorce (Quotations)	17	13	27	3	90%	53%
Divorce (Actuals)	6	0	2	4	33%	14%
Optants out received after three months membership	0	1	1	0	0%	0%

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

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

12. The percentages stated for ‘transfers in (including interfunds in)’ are low and do not accurately reflect the work that is processed before a case is fully completed. Officers are looking to refine how this area is reported in order that the percentage of cases completed in more accurate.

13. The Board are invited to comment on the new approach for the ‘Workloads’ and KPIs. These areas are a work in progress and officers are keen to continue to refine this area.

14. **Governance – General**

Complaints – Internal Disputes Resolution

15. 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.

16. There were three new Stage 2 IDRPs during the quarter.

17. Two cases are being considered by legal colleagues, both of which relate to ill health retirements where scheme members are challenging their employer’s decision.

18. The third case was where the level of financial redress awarded at stage one was disputed. However, this was not upheld, and the case may be taken to the Ombudsman if the scheme member remains dissatisfied with the decision.

Breaches Log

19. The Pension Manager retains the Fund’s breaches log. Each breach is reviewed to decide if the breach is material or not. Only material breaches are reported to the Pensions Regulator.

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

Governance – Audit

21. There was one new Internal Audit report received in the quarter.

Contribution Banding Changes

22. The objective of the audit was to ensure that pension contribution banding changes for Leicestershire County Council scheme members have been accurately applied with effect from 1 April 2026.

23. Audit officers gave substantial assurance, that the internal controls in place to reduce exposure to the agreed risks are adequate and being managed effectively.

24. There were no recommendations.

McCloud and Dashboards

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

McCloud

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

27. Other than ‘business as usual’ cases, the remaining areas to address regarding retrospective work are:

    - Death cases
    - Transfers
    - Trivial commutations
    - Interfund adjustments
    - Teachers (enhanced pensions)

28. There have been 317 death cases identified where a scheme member has died and a survivor pension is currently in payment. These cases can be further split between 87 cases where adjustments will need to be made to survivor pensions and 230 cases where adjustments will need to be made to death grants and survivor pensions.

29. There will also be additional cases where both the scheme member and survivor have died. These will be identified and investigated once work on the initial cases have been completed.

30. Separately, work has begun adjusting historic transfer payments affected by McCloud. 161 cases have been identified. Currently only 17 of these cases can be processed through the Altair system and work has begun on these. Officers are currently exploring creating spreadsheets to complete the other cases that cannot be amended through Altair.

31. There were 12 trivial commutation cases initially identified. There are two remaining and officers are working to establish contact details before any additional payment can be made.

32. Interfund adjustments are transfers between LGPS funds and there is no requirement under McCloud to make further payment to resolve these cases. Officers will need to check that the service used when the original transfer was made is correct. These will be treated as lower priority and will be addressed after the other McCloud cases are resolved.

33. Teachers (enhanced pensions). It has been established that there are just 300 nationally. If Leicestershire have any cases Teachers Pensions will make contact and provide the details.

34. The remaining McCloud work must be completed by 31 August 2026. Officers will not be able to meet this deadline and whilst this is not deemed a material breach of law, officers will provide a position statement in respect of the outstanding cases to The Pensions Regulator in mid-August for openness and transparency. Most funds will be in the same position and it is expected the Regulator will take a considered and reasonable approach.

35. A further update will be provided at the next meeting.

Pension Dashboards Programme (PDP)

36. Since the previous update, it has been reported that there has been some Dashboard user activity by Leicestershire Fund scheme members as part of the national consumer testing exercise that is ongoing.

37. Nine requests for information have been submitted with seven full matches and two possible matches so far. There were no follow up enquiries arising from the possible matches and it is unclear what prevented the user from achieving a full match.

38. There has not been any official update on the 'Dashboards Available Point', effectively the 'go-live date', though the expectation is now that the date will be in 2027/2028. At least six months' notice will be given prior to the launch.

PASA (Pensions Administration Standards Association) Reporting Guidance

39. On 18 June 2026 the PASA Dashboards Working Group released a new guidance document entitled 'Ongoing Monitoring of Compliance with Pension Dashboards Requirements'. The document sets out the requirements of schemes to ensure compliance with Dashboards legislation.
40. On the same day, officers attended a PASA webinar that highlighted some of the key areas included in the document.

41. The key actions highlighted for schemes included:

- Reporting on numerous elements of the process, including requests received relating to possible matches, complaints and post-dashboard activity (i.e. detailing additional work generated after a user has traced their pension)

- Ensuring that the 'value data' (i.e. pension values) provided through the dashboard remains up to date

- Taking prompt and effective action to resolve issues

42. Officers will use value data extracted from annual pension statements previously provided to the scheme member to ensure compliance. This data remains valid whilst it is less than 13 months old. The thirteen-month period commences from the date that the statements are provided to scheme members. The Fund's expected timelines for the provision of annual data will be typically:

Category	**Illustration date**	**Calculated on**	**Date provided to scheme member***	**Made available to Dashboards**	**Values valid until**
Active scheme members (paper statements)	31 March 2026	12 August 2026	26 August 2026	13 August 2026	25 September 2027
Active scheme members (online statements)	31 March 2026	26 August 2026	26 August 2026	27 August 2026	25 September 2027
Deferred scheme members (paper statements)	6 April 2026	1 August 2026	15 August 2026	1 August 2026	14 September 2027
Deferred scheme members (online statements)	6 April 2026	15 August 2026	15 August 2026	15 August 2026	14 September 2027

*Not strictly defined but officers propose that for paper statements it will be based on the date the data is sent for printing and for online statements it will be when the data is uploaded to the scheme member's account.

43. Officers will work through the guidance document and establish how the Fund will ensure compliance. A policy document will be created to detail how this will be achieved.

44. PASA intend to produce further guidance regarding Dashboards in the coming months.

45. The updated PDP timetable in respect of the remaining outstanding areas is below.

Action	**Deadline Date**
Draft Policy Document	31 October 2026
National Testing Exercise	31 October 2026
Connection Date (all schemes)	31 October 2026
Dashboards Available Point (DAP)	Now expected in 2027/28

Year End 2025-2026

46. The year end exercise continues and the position at 30 June 2026 was:

293	**Separate employers for processing**
284	All 2025-2026 Contributions data received
14	Employers now inactive and no further action required
5	Employers to be looked at (run reports and generate queries)
77	Queries raised with employers
4	Replies from employers received and ready to be worked on
184	Replies received from employers and provisional statements can be processed

9	**Employers data not received up to end of March 2026**
8	Annual year end return spreadsheet requested but not yet received
1	Awaiting i-Connect data for period ending 31 March 2026

47. The outstanding annual year end return spreadsheets have been re-requested as a matter of urgency.

48. The statutory deadline for the annual pension statements to be produced is 31 August 2026. Officers believe that the vast majority of employers will be completed in time to meet the deadline, but there may be a small number of employers where this is not possible. The Mead Educational Trust is the largest concern currently, and whilst all their 2025/26 data has been received, there is still work to be done relating to data inconsistencies that requires further clarification. A plan is in place to deal with this but time is limited.

49. There are also six employers working with officers to complete their ‘admission agreement’ process, which will need to be completed before the onboarding work can begin. All cases have been escalated. Progress on the six individual admission agreements are detailed within the ‘**Governance – Employer Risk**’ section of this report.

50. Where the outstanding issues are unable to be resolved in time to allow for the production of the annual statements, scheme members will be written to and advised of the position.

51. A verbal update will be provided at the Board meeting.

Employer Onboarding 2026-27

52. There are also 76 employers (to date) that need to be onboarded to i-Connect for year ending 31 March 2027. This includes 51 schools who have procured alternative catering arrangements following the decision that Leicestershire Traded

Services will cease the provision of school food services from 31 July 2026. Some work has begun on these cases, but the primary focus remains on 2025/26 work.

53. The Pensions Manager has reached out to the company that won the procurement for most of the catering contracts, to gain reassurance that pension administration arrangements will be actioned smoothly but has not received a reply. This is concerning and is being closely monitored. The number of employers that need to be onboarded for March 2027 represents a significant increase for pensions administration, compared to previous years.

54. Going forward, it is still the intention to offer regular training sessions to improve the flow of information when onboarding employers, however this will not be progressed until the year end work is completed.

Access and Fairness

55. Further to the scheme changes introduced effective from 1 April 2026 known as ‘Access and Fairness’, there are retrospective changes to be made to survivor pensions and death grants.

56. The changes mean that benefits due to the survivor of a marriage or civil partnership are calculated using the same criteria, regardless of the gender of the scheme member or survivor.

57. It also means that the age 75 cap, that limited or excluded beneficiaries of scheme members who died after age 75 from being eligible to receive a death grant, has been removed.

58. Officers now need to retrospectively amend benefits, dating back to as far as 5 December 2005 in some cases.

59. The Ministry of Housing Communities and Local Government (MHCLG) produced guidance that includes a timeline of when the changes will need to be made by. It states that the recalculation of survivor benefits and death grants will need to be completed by 1 January 2028.

60. Officers have identified that 1,522 deceased scheme members are in-scope for an assessment to decide if survivor benefits need to be re-calculated, or if no survivor benefits were originally paid, whether they are now due. There are 734 scheme members where a survivor’s pension is or was in payment. A further 788 scheme members have been identified where a survivor’s pension was not in payment but are in-scope for further investigation to establish if there is a survivor and an entitlement for a survivor’s pension.

61. Work will initially focus on the cases where a survivor has been identified, and further consideration will be given to the remaining cases and a suitable approach. It is expected that the initial numbers will fall once individual cases are assessed.

62. Officers have also identified 90 cases where, following the removal of the age 75 cap, a payment or additional payment may now be due.

63. Officers will continue to prioritise McCloud work before turning to Access and Fairness.

64. An update on this will be provided at the next meeting.

Governance – Employer Risk

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

66. 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.

67. 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.

68. When scheme members reach age 55 the risk increases because if those scheme 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.

69. The position on 30 June 2026 is as follows. In addition, there are three new 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
Coombs (City, Herrick PS)	Admission Agreement and Bond (2 scheme 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	Pass-through 1 September 2025	n/a	The Fund has an existing admission agreement relating to the catering contract between The Mead	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
	to existing AA (10 scheme members)			Educational 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. Draft deed of variation circulated for approval so addendum can be added to the existing admission agreement. Officers continue to chase this case.	
ABM (City, Spinney Hill)	Admission Agreement (5 scheme members)	Pass-through 1 January 2026	n/a	Awaiting signed TUPE enquiry form. Officers continue to chase Leicester City Council.	High
Relish (SLT, Ashby Hilltop)	Admission Agreement / Addendum to existing AA (1 scheme member)	Pass-through 1 December 2025	n/a	The Fund has an existing admission agreement relating to the catering contract between Symphony Learning Trust and Relish. Ashby Hilltop joined the Trust on 1 September 2022. The Trust and Relish have added an addendum to the commercial contract to include Ashby Hilltop to their existing contract. Draft deed of variation circulated for approval so addendum can be added to the existing admission 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 this case.	
Caterlink (BEP, Outwoods Edge)	Admission Agreement / Addendum to existing AA (4 scheme 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. Draft deed of variation circulated for approval so addendum can be added to the existing admission agreement. Officers continue to chase this case.	High
Stir Food (City, Folville JS)	Bond (3 scheme 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

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

- MCS Cleaning (Leics CC, St John) – Admission Agreement and Bond Agreement

- Coombs (Raleigh Ed Trust) – Admission Agreement
- Dolce (Leics CC, Martinshaw PS) – Admission Agreement
- MCS Cleaning (SLT, Glen Hills) – Admission Agreement
- Relish (Leics CC, Sir John Moore) – Admission Agreement
- Innovate (Asfordby Hill) – Admission Agreement
- MCS Cleaning (City, Hazel PS) – Admission Agreement
- Relish (Leics CC, Newbold CofE PS) – Admission Agreement
- MCS Cleaning (Leics CC, All Saints) – Admission Agreement
- Dolce (Leics CC, Elizabeth W PS) – Admission Agreement
- Dolce (Leics CC, Kegworth PS) – Admission Agreement
- Rushcliffe Care Ltd – Bond extension

71. The Pensions Manager has reviewed the outstanding cases and escalated where appropriate. External legal advice has been sought to help resolve issues where necessary.

Recommendation

72. It is recommended the Board considers the report and raises any areas of concern with Local Pension Committee. The Board are also invited to feedback on the new approach for 'Workloads' and 'KPIs'.

Equality Implications

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

Appendix

Key Performance Indicators Quarter One 2026-2027

Officers to Contact

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