



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

PENSIONS AND INVESTMENTS COMMITTEE

WEDNESDAY, 4 MAY 2022

Report of the Interim Director of Finance & ICT

**Half-Year Pension Administration Performance Report
1 October 2021 to 31 March 2022**

1. Purpose of the Report

To notify the Pensions and Investments Committee (the Committee) of the administration activity undertaken by the Pension Administration Team (the Team) of Derbyshire Pension Fund (the Fund), and the performance levels achieved, in the second half of 2021/2022.

2. Half-year report

This report relates to the second half of 2021/2022 covering the period 1 October 2021 to 31 March 2022 and provides a summary of the Fund's performance in key areas of pension administration activity.

Maintaining efficient administration is important towards retaining the confidence and trust of scheme members and employers. The impact of poor administration can be reputational but may also include additional expenditure through the payment of inaccurate pension benefits, interest on late payments and delays in collecting contributions from employers. This report aims to provide the Committee with assurance that such risks are being managed adequately.

3. The Administration Team

The Administration Team's core role is to ensure that pension benefits are paid to members accurately and in a timely manner, and to provide clear

information on pension options to members to help their planning for retirement.

The pension administration function covers a range of activities including:

- calculation, processing and payment of members' and survivors' pension benefits
- employer services, including data and contribution collection functions
- maintenance and development of the pension administration system (Altair), the Fund's website and the online member self-service provision (My Pension Online)
- implementation and communication of regulatory and procedural changes
- engaging with members and employers to answer queries, provide relevant accessible information and develop understanding of the LGPS

4. Covid-19 impact

Working from home for most of the team has continued through the second half of 2021/22 and the Fund's robust procedures and business continuity plans have ensured that service provision has been maintained across the range of administration activities.

The Fund's detailed Covid-19 Business Continuity Plan was initially developed in April 2020 at the start of the pandemic and has since provided a base for the maintenance and continuation of services.

A small office-based team has continued throughout the pandemic working in compliance with the County Council's Covid-secure measures in order to maintain functions such as printing, packaging and posting letters and pension documents.

Issuing formal documentation to members by post has remained the core method of communication. The implementation of the member self-service provision, 'My Pension Online' which launched in June 2021 will enable development of electronic communications in more areas of the Fund's administration.

The majority of the Fund's administration team have spent at least some time working from the office as part of rotas that ensured that numbers remained within the Covid-secure room capacities up to the end of March 2022. From the beginning of April 2022, workspaces at County Hall opened up to their pre-Covid capacity levels. As part of the Modern Ways of Working initiative, the Fund has around 60% of its pre-Covid space; work is ongoing to gradually build up the proportion of the team working in the office on a daily basis to support the efficient delivery of the service and ongoing structured and unstructured learning.

5. Workload data

The Fund's management team reviews performance reports for key processes on a monthly basis.

The information in this report provides a summary of the Fund's administrative activity during the period 1 October 2021 to 31 March 2022, including where applicable key performance targets.

5.1 Membership numbers

The table shows the Fund's membership totals at half-yearly intervals during the last two years and illustrates that the overall membership continued to rise through the pandemic.

Membership	31 March 2020	30 Sept 2020	31 March 2021	30 Sept 2021	31 March 2022
Actives	38,061	37,274	37,996	37,390	38,067
Deferred	28,255	30,083	30,807	31,052	31,640
Pensioners	30,904	31,484	31,930	32,618	33,178
Work in Progress	8,408	6,426	5,992	6,248	5,984
Totals	105,628	105,267	106,725	107,308	108,869

The membership figures shown reflect the total number of separate pension records. This includes scheme members with more than one pension record. The actual number of individual members as at 31 March 2022 was 91,646 who between them have 108,869 membership records.

- **Active** members are those who are in employment and continuing to contribute to the scheme
- **Deferred** members are those who have ended their active participation as contributing members, but have yet to access their pension benefits
- **Pensioner members** are those who are already in receipt of pension benefits

The '**Work in Progress**' total of memberships includes:

- cases where active memberships have ended, and work is currently being undertaken to reassign them to deferred or pensioner membership
- recent and frozen refunds where active memberships have ended after a short period which is insufficient to qualify for a pension, and work is ongoing to contact members and arrange payment of a refund of contributions
- aggregation cases where a member's pension records for different jobs may be combined, but the work to complete the aggregating of records has yet to be completed

The active membership in the Fund is currently spread amongst 332 participating employers.

As at 31 March 2022, approximately 62% (23,665) of the active membership were employed by the five largest employers (by membership numbers) in the Fund

- Derbyshire County Council 14,970 (39.32%)
- Derby City Council 4,122 (10.83%)
- University of Derby 1,859 (4.88%)
- Derbyshire Constabulary 1,727 (4.54%)
- Chesterfield Borough Council 987 (2.59%)

5.2 Pensioner deaths

During 2021/22 there were a total of 758 deaths of pensioner members in Derbyshire Pension Fund which returned the total to a level consistent with pensioner deaths before the pandemic.

In comparison, the total during 2020/21 was 920 which had represented a 22% increase on the 2019/20 total (753) and was broadly consistent with the experience across the country. However, the Fund does not record the reason for a member's death, therefore it is not possible to confirm whether the 2020/21 increase in deaths was Covid related.

Administration following a pensioner's death includes several processes including:

- reviewing eligibility for a death grant payment and survivor benefits
- gathering data of eligible beneficiaries for death grant and survivor benefits
- verifying beneficiaries' eligibility
- calculating ongoing benefits where a survivor pension is payable
- in those cases, preparing a separate pension record

5.3 Achievement against standards

The following table shows cases in selected key areas of work which were actioned in the period 1 October 2021 to 31 March 2022 and the amount completed within legislative timescales included in *The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013*.

Case type	Total number of cases	Target for completion (months)	Target achieved	Target missed	Target achieved %	Overall 2021/2022 Total Cases & Target achieved %	Overall 2020/2021 Total Cases & Target achieved %
Retirement Benefits paid	915	1	901	14	98.5%	1,963 (98.7%)	1,783 (97.1%)
Death cases	558	2	543	15	97.3%	1,063 (97.3%)	1,214 (93.7%)
Transfer Out quotes	334	3	330	4	98.8%	661 (96.8%)	462 (84.2%)
Transfer Out paid	38	3	36	2	94.7%	81 (96.3%)	78 (97.4%)
Transfer in	63	3	57	6	90.5%	128 (89.8%)	165 (79.4%)
Estimate requests	342	2	342	0	100%	895 (99.8%)	741 (99.1%)
Refunds paid	712	2	702	10	98.6%	1,601 (87.0%)	1,852 (95.5%)

The following provides a brief description of the cases included in the figures shown in the table. A completed case reflects the completion of data gathering, calculation, documentation, processing, and payment (where applicable).

Retirement Benefits Paid –member retirements (voluntary, redundancy or business efficiency, ill-health, flexible and deferred).

Death cases – deaths of all members (active, deferred, pensioner and survivor beneficiaries).

Transfer Out quotes – provision of transfer values to deferred members who have applied for the value of the benefits with a view to transferring to a different pension arrangement.

Transfer Out paid – completion of transfers where deferred members wish to proceed with their transfer to a different pension arrangement.

Transfer In – completion of transfers where new active members decided to transfer membership from other LGPS funds or a different pension scheme which is part of the Public Sector Transfer Club. The Fund currently only accepts transfers in from other 'Club' schemes.

Estimate requests – provision of:

- written estimates of pension benefits for members considering accessing their pension benefits at a future date and
- shortfall costs for employers considering redundancies or business efficiencies

Refunds paid – completion of refund payments to members whose active membership ended before they qualified for pension benefits.

5.4 Quantity of work – incoming and completed

The administration team has continued to experience consistently high workload levels but has been able to achieve casework turnaround times within the disclosure target timescales in the vast majority of cases, as reflected in the previous table.

During 2020/21 and the early months in 2021/22 the administrative priorities for the Fund were the key services which had been identified by The Pensions Regulator as those which should take precedence during the pandemic.

These were:

- paying members' benefits
- retirement processing
- bereavement services

However, the Fund's work in providing services to scheme members in other areas has continued throughout mostly at the levels experienced before the pandemic.

These services, including transfers into and out of the Fund, refund actions, retirement quotes and aggregations, are included in the figures below which

represent the total number of new work items received in the half year and overall actions completed in the same period.

For comparison purposes, the totals for the two 6 month periods in 2020/21 and the first half-year period in 2021/2022 are included.

Number of work items processed

	Apr- Sept 2020/2021	Oct- March 2020/2021	Apr- Sept 2021/2022	Oct- March 2021/2022
New work items becoming due in the period	19,063	26,823	27,363*	25,333
Work items completed during the period	20,438	24,672	23,510*	27,713
Open cases at end of period	10,511	11,144	13,313	12,680

(* restated figures from those provided in the previous half-year report)

At the end of March 2022, a total of 12,680 work items were identified as remaining open and in progress. The table below summarises the main areas of open work, included in the above total:

Work area	Open cases as at 31 March 2022
Undecided leavers	3,221
Aggregations	2,512
i-Connect enquiries with employers	1,294
Other enquiries with employers	439
Address traces	44
Notification of deferred benefits	1,173
Refund quotes	830
Refunds to payment	77
Retirement quotes	267
Death administration (in progress)	160
Retirements (in progress)	92
Transfer In	34
Transfer Out quotes	94
Transfers Out to payment	5
Others	2,438
Total	12,680

The following provides a brief description of some of the cases not included in the descriptions in 5.3

Undecided leavers – members who have left their employment but have yet to finalise what they want to do with regard to their pension benefits.

Aggregations – the combining of previously accrued benefits in the LGPS with a new or ongoing active pension record.

i-Connect enquiries – individual data enquiries with employers who have implemented the i-Connect secure data transmission service for the monthly submission of member data.

Other employer enquiries – ongoing queries with employers relating to:

- information on members whose active membership has ended and
- outstanding enquiries from year-end returns

Notification of deferred benefits – the calculation of a member's pension benefits at the point of ending active membership and becoming a deferred member.

Address traces – outstanding enquiries with tracing services for deferred members' home addresses.

5.5 Data quality

The Pension Regulator acknowledges that complete, accurate scheme records are a vital part of the administrative function. The Regulator defines two types of data held in scheme records:

Common Data used to identify scheme members and would include names, addresses, national insurance number and date of birth.

Conditional Data essential to calculate benefit entitlements such as, member contributions, pensionable pay, service history.

To measure the Fund's data quality, the latest available common and conditional data results prepared by the software provider, Aquila Heywood, for 2020/2021 are shown in the table below together with the results for the previous 3 years:

Year	Common data	Conditional data
2017/2018	95%	85%
2018/2019	97.6%	92.3%
2019/2020	98%	92.5%

2020/2021	98.2%	93.5%
2021/2022	Not yet determined	Not yet determined

The data quality scores for 2021/2022 have yet to be determined by Aquila Heywood and will be reported to the Committee in the next half-yearly report, and also in the Fund's Annual Report.

The scores are also reported annually to The Pensions Regulator.

5.6 Backlog Management Project

An ongoing project to reduce and ultimately eliminate the numbers of backlog cases in two key areas (aggregations and deferred membership) of pension administration has continued throughout the second half of 2021/22.

Numbers of new aggregation cases have continued at high levels. Differing levels of complexity in aggregation cases means that there is not a consistent timescale in the actioning of each case.

When office-based staff numbers increase following the Covid-secure measures introduced at County Hall, the rate of backlog cases is expected to further reduce as more direct team support available will assist the completion of more of the complex aggregations.

The reduction of the backlog is part of the Fund's ongoing data cleansing work which supports preparations for the following developments in LGPS administration which are expected to be introduced in the next two years:

- the LGPS remedy following the 'McCloud' judgement in relation to rectifying age discrimination from the protections originally applied only to members closer to retirement when public sector schemes changed from final-salary to career average arrangements in 2014 (for the LGPS) and 2015 (for other public sector schemes), and
- the planned introduction of a national pensions dashboard to enable individuals to identify all of their pension provision in one place

The current backlog situation for each area is set out below.

Aggregations –the combining of previously accrued benefits in the LGPS with a new or ongoing active pension record. An aggregation process becomes a backlog case if it is not completed within 12 months.

At the end of March 2021, the total of backlogged aggregations was 1,797. The total had reduced to 963 by the end of March 2022.

Deferred membership – These relate to non-active memberships where the member, has qualified for pension benefits, but cannot access them yet due to age or has chosen not to access them. Details about a member’s deferred membership should be provided within 2 months of leaving active membership. Therefore, cases where the 2 months has been exceeded become backlog cases.

At the end of March 2020, the total of deferred backlog cases was 1,991. Significant progress was made during 2020/2021 and the outstanding total at the end of March 2021 had reduced significantly again to 168.

The total by the end of March 2022 had increased to 685. This has mainly been due to ongoing work with large Fund employers to identify and submit missing leaver details for members whose active membership had ended in previous years, and for which confirmation of leaver details had been outstanding.

5.7 Monthly contribution returns

The continuing payment of pension contributions remained a core priority for employers throughout the pandemic with payment and contribution reports having to be received by the Fund by the 19th of the month following payment.

The Fund has continued to work with employers who have experienced difficulties with completing payments and submitting contribution reports.

Full data relating to contribution payments and reports from employers is currently only available to February 2022, however, the current averages for employer submissions received by the Fund by the monthly deadline reflect that during 2021/2022 to February 2022 95% of contribution payments, and 91.1% of related contribution reports were received on time.

The Fund is continuing to work collaboratively with employers to help them avoid problems with late payments/submission of data and is continuing to engage with a small number of employers who have experienced ongoing difficulties.

5.8 New academies, admission bodies, designating employers and other employer details

Academies

When a Local Authority maintained school converts to an academy, it automatically becomes a scheduled body in the LGPS. Scheduled bodies are required to provide LGPS membership to their eligible employees.

The creation of academies has significantly increased the number of LGPS scheduled bodies in recent years which has generated additional administrative challenges for LGPS funds as scheme members have become spread across a much wider pool of employers.

Although the number of academisations slowed from previous levels during the pandemic, the Secretary of State for Education presented a Schools White Paper, 'Opportunity for All', to Parliament in March 2022 confirming that it aims for all schools to be part of, or in the process of joining or forming a 'strong trust' by 2030. The White Paper also included plans to allow councils to set up and run their own multi-academy trusts.

As there are currently over 300 schools still maintained by Derbyshire County Council and Derby City Council, the government's target of full academisation by 2030 would see the number of separate employers in the Fund almost double. The Fund maintains separate records for each academy within a multi-academy trust on the advice of the Fund's actuary.

Three new academies joined the Fund as an individual LGPS employer in the period 1 October 2021 to 31 March 2022, resulting in a total of 8 new academies having joined as individual Fund employers during 2021/22.

Previous full year totals had been 37 in 2019/20 and 18 in 2020/21.

Brief details of the recent 3 new academies are as follows:

Employer Ref	Employer Name	Start Date	Academy Trust
761	Highfields School	1 October 2021	East Midlands Education Trust*
762	Riddings Junior School	1 November 2021	Embark Federation
763	William Rhodes Primary and Nursery School	1 March 2022	Embark Federation

**see information about East Midlands Education Trust later in this section of the report*

Admission Bodies

An organisation normally becomes an admission body as a result of securing a contract to provide a service or function from an employer which participates in the Local Government Pension Scheme (LGPS) and involves the transfer via TUPE of LGPS eligible staff.

Applications from 3 organisations for Admission Body status, based on commencing a contract during the second half of 2021/22 with a scheme employer which includes the transfer of active scheme members, are currently being processed.

Each new application relates to the transfer of arrangements to a new provider for caretaking and cleaning at schools maintained by Derbyshire County Council.

Designating employers

Designating bodies are employers who can nominate employees for access to the LGPS, including Town and Parish Councils.

During the second half of 2021/22, two Parish Councils commenced their active participation in the Fund.

Employer Ref	Employer Name	Start Date
253	Somercotes Parish Council	1 December 2021
254	Chapel-en-le-Frith Parish Council	1 February 2022

Employer summary

The number of employers actively participating and paying contributions to the Fund as at 28 February 2022 (i.e. the latest date at which a full summary is available) was 332, broken down as follows:

Type of Employer	Notes	Total
Main Councils	County, City, District & Boroughs	10
University & FE Colleges	University x 1, FE Colleges x 2	3
Academies	Individual academies, including those in MATs on a shared employer rate. Also includes 2 x Central MAT teams.	204
Maintained Schools using an external payroll provider	County & City Schools using external payroll providers (County x 4, City x 3)	7
Housing Associations	Scheduled x2 Admitted Bodies x 3 (2 x TAB, 1 x CAB)	5
Other Scheduled Bodies	Peak District National Park Authority, Police, Fire, Chesterfield Crematorium	4

Admitted Bodies	TABs x 57, CABs x 4 (<i>not including Housing Assn's</i>)	61
Town & Parish Councils	Pre 2001 Pool x 15 Post 2001 Pool x 23	38
Total		332

Please note that the total of Admitted Bodies includes employers whose participation in the Fund commenced in an earlier period, but payments of contributions had been delayed until the Admission Agreement was finalised.

Exits from the Fund

During the second half of 2021/22 the following employers' active participation in the Fund ended. The list includes three employers whose active participation ended during August and September 2021 when their last contributing member left their employment, and one employer whose contract ended in March 2022.

As this information was not available at the time of the previous half-yearly report, these employers are included in this report.

Employer	Reason	Date of active participation ending
Caterlink (catering provision at Lea Primary School)	Last active member left	August 2021
Darley Dale Town Council	Last active member left	August 2021
Taylor Shaw (catering provision at Derby Moor Academy)	Last active member left, and catering returned in-house	September 2021
Connex Community Support (Handy Van service for Derbyshire County Council)	Last active member made redundant, and contract ended	March 2022

A change to scheme regulations, which were subject to a judicial review in 2021, introduced an additional role for administering authorities of determining whether an exit credit is payable, and to which organisation/body any exit credit should be paid, if a participating employer's pension liabilities have been overfunded when it leaves the Fund.

The Fund is currently gathering information from a number of exited employers and the relevant letting authority to determine eligibility for an exit credit and has so far been able to finalise the first completed cases which has resulted in payments of exit credits to two former Fund employers, including in one case, a shared exit credit with the associated letting authority.

East Midlands Education Trust

The previous half-yearly report included information about the academies in Derbyshire operated by East Midlands Education Trust. The Trust operated academies located across Nottinghamshire, Derbyshire, and Leicestershire and had successfully applied to the Secretary of State at the former Ministry of Housing, Communities and Local Government (now Department of Levelling Up, Housing and Communities) to consolidate all of its academies into a single LGPS Fund.

The Nottinghamshire Pension Fund (administered by Nottinghamshire County Council) was chosen because the majority of the Trust's academies are located in the county.

The Trust's objectives included paying a single contribution rate in order to simplify financial planning, reducing the administrative costs of dealing with separate funds and simplifying and reducing the cost of other processes such as financial reporting.

As a result, the administering authority for 6 academies in Derbyshire had changed to Nottinghamshire County Council from 1 September 2021.

The Trust also operated Highfields School in Matlock from the date of its academisation on 1 October 2021, and separately applied to the Secretary of State for Highfields School to join its other academies in the Nottinghamshire LGPS Fund. The Secretary of State approved the application to take effect from 1 November 2021.

5.9 Complaints, compliments and appeals

Complaints and compliments

Complaints and expressions of dissatisfaction about the provision of, or failure to provide an administration service, whether written or received verbally are monitored and recorded by the Fund.

During the second half of 2021/2022 a total of 16 cases identified as complaints were submitted to the Fund by members.

To date, following the Fund providing responses to the scheme member in each case, one member has escalated their complaint to a formal appeal against the Fund via the Application for the Adjudication of Disagreements Procedure (AADP).

Investigations are continuing relating to one other case which has yet to reach a satisfactory conclusion for the scheme member.

Compliments received from members and employers are also recorded by the Fund and shared with the team member who provided the service. During the second half of 2021/2022 a total of 12 compliments had been recorded as submitted by members and employers praising the level of service they had received.

Appeals

Appeals via AADP can be made by scheme members when they are dissatisfied with a decision made regarding their LGPS benefits. The most common decision for which appeals are submitted relates to dissatisfaction with an employer's decision regarding eligibility for ill-health retirement.

There are two possible AADP stages:

Stage 1

AADPs submitted against an employer's decision are considered at the first stage by the adjudicator appointed by that employer.

AADPs submitted against a decision made by the Fund are considered at the first stage by the Fund's adjudicator.

Stage 2

Where a member remains dissatisfied following the determination of their Stage 1 appeal, they may submit a Stage 2 appeal which is considered by the administering authority.

The Committee delegated the determination of arrangements for the adjudication of Stage 2 appeals to the Director of Finance and ICT at the meeting held on 21 July 2021. The Interim Director of Finance and ICT has subsequently agreed the arrangements for appointing an appropriate Stage 2 adjudicator.

An annual report is provided to the Committee which summarises:

- appeals made against the Fund at Stage 1
- all appeals submitted to the administering authority at Stage 2
- cases which are subsequently escalated to The Pensions Ombudsman

AADP totals

A brief summary of the numbers of appeal cases which have been determined during the latest six month period are included in each half-yearly report.

During the period 1 October 2021 to 31 March 2022 the totals of appeals determined at each stage are as follows:

- Stage 1 appeals submitted against the Fund – 1

- Stage 2 appeals submitted to the administering authority – 1

The Pensions Ombudsman (TPO)

Where scheme members remain dissatisfied with the outcome of appeals submitted at AADP Stages 1 and 2, they have the right to refer their complaint to The Pensions Ombudsman to investigate by considering information from all the parties involved in a complaint before making a determination.

The Ombudsman's determinations are final, subject to a successful appeal to the courts on a point of law. They are binding on all the parties and enforceable in court.

During the second half of 2021/2022, two scheme members escalated their complaints to The Pensions Ombudsman. Both cases related to complaints against the administering authority and the member's dissatisfaction with the outcome of their appeals at AADP Stages 1 and 2.

In the same period The Pensions Ombudsman has provided a determination in one case. The case, which was upheld, involved a complaint against both the administering authority and the employer.

In addition, there are a further two cases awaiting the Ombudsman's determination, one of which was submitted to the Ombudsman in 2019/20 and one in 2020/21. In each case, a determination has been delayed by a backlog of cases caused by the impact of the pandemic.

Both outstanding cases with the Ombudsman relate to decisions made by employers in respect of eligibility for ill-health retirement.

More information about each appeal and cases escalated to the Ombudsman are included in the annual report which is provided to the Committee.

6. Communications and Training

Communications Policy

The latest version of the Fund's Communications Policy which was approved by the Committee at its meeting on 28 April 2021 set the key priorities for the development of communications over the next three years as:

- The member self-service portal 'My Pension Online' becoming operational
- Improved member feedback, including a Member Forum
- Continued development of the Fund's website
- Development of a Fund Style Guide
- Consistency of communications
- Further development of employer engagement

Since the policy was approved, a brief summary of communications developments are as follows:

- Launch of the 'My Pension Online' service
- Continued development of the Fund's website including improved accessibility features, an improved navigation structure and new pages dedicated to i-Connect and employer training information
- Highlighting the member feedback form on the Fund's website to retiring members and those accessing their deferred benefits
- Commencement of the development of fillable PDF forms to enable members to complete forms electronically

i-Connect training

During the second half of 2021/2022 the Fund has continued to progress with boarding employers onto the i-Connect system (see 6.1) and has undertaken virtual training sessions for those in the early phases of implementation. The sessions have also provided employers with an understanding of the benefits of submitting member data via i-Connect for themselves, scheme members and the Fund.

All employers are expected to have commenced their implementation of i-Connect by the end of 2022/23.

Other employer training

Additionally, virtual training sessions, and bespoke meetings on specific topics to support employers have continued on a range of issues.

Communications to employers

During the second half of 2021/2022, the Fund issued the following newsletters to employers:

Date issued	Bulletin	Topics included
5 October 2021	Special	<ul style="list-style-type: none"> • Derbyshire Pension Board vacancy
28 October 2021	177	<ul style="list-style-type: none"> • Website refresh • McCloud information request • Changes to ill-health certificates • Change of payroll provider • Derbyshire Pension Board
26 November 2021	178	<ul style="list-style-type: none"> • My Pension Online • McCloud judgement – employee data declaration • Estimate retirement requests
21 December 2021	179	<ul style="list-style-type: none"> • Message from the Pension Fund team • Christmas and New Year opening hours
1 February 2022	180	<ul style="list-style-type: none"> • Clean data for the 2022 valuation • i-Connect • Employer discretions template updated • Employer outsourcing

24 February 2022	181	<ul style="list-style-type: none"> • New Pension Board employer representative • Employee contributions band changes
31 March 2022	182	<ul style="list-style-type: none"> • Employee contribution bands • Employer contribution returns • Year-End Return training session • I-Connect FAQs • LGA training • Employee details changes

All Employer Newsletters are available on the Fund's website.

7. Changes to scheme regulations

The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 came into force on 30 November 2021. The regulations which introduced further legal restrictions on a member's statutory right to transfer, give LGPS funds tools to act if they have suspicions about the circumstances that have led the member to request a transfer. Scheme members are no longer able to insist on a statutory transfer taking place in these circumstances.

In order to comply with the new regulations, the Fund has reviewed and updated its procedures and communications relating to requests from members to transfer out.

While transfers to other UK public service schemes are able to proceed without further checks, before transferring to other arrangements, the Fund is required to decide if there are any red or amber flags present.

Briefly, a red flag results in the transfer not proceeding, and amber flags see the transfer paused until the member can provide evidence that they have received appropriate pension scams guidance from the MoneyHelper service.

8. Projects

8.1 i-Connect

The project for employers to implement the i-Connect system, part of the functionality linked to the Altair pension administration system, has continued to develop throughout the second half of 2021/2022.

Implementation commenced at the start of 2020, and 223 employers are currently securely transmitting member data to the Fund via i-Connect.

When employers commence implementation, training is provided on using the i-Connect service. To replace site visits to employers, which had to be paused due to the Covid-19 pandemic, virtual training methods have been utilised.

The Fund engages with, and provides support for, each employer to ensure the accuracy and timeliness of their data transmissions. All participating employers are required to be working towards implementation by the end of 2022/23.

8.2 Member Self-Service (My Pension Online)

The implementation of the member self-service website, 'My Pension Online', a further functionality linked to Altair was launched in June 2021.

My Pension Online is available to all scheme members, with the main functionality being the member's ability to view certain parts of their pension information, to undertake changes to some of their personal data and to carry out benefit projections online. Active members are able to undertake certain types of retirement estimates and adjust these instantly in line with varying estimated future retirement dates.

By the end of March 2022 a total of 12,501 members had completed their registration for My Pension Online. The experience of LGPS and other public sector pension funds has been that it takes time to build up registration rates on member self-service systems. The Fund is continuing to engage with employers to seek their assistance with encouraging scheme members to register.

8.3 McCloud Project

A McCloud Project Group was set up in July 2020 to prepare for the implementation of the remedy in respect of the McCloud and Sargeant judgements. The McCloud judgement refers to the Court of Appeal's ruling that the government's public sector pension reforms unlawfully treated existing public sector scheme members differently based upon members' age on 1 April 2012. The judgement came after two Employment Tribunals concerning the pensions of judges' (McCloud) and firefighters' (Sargeant).

In May 2021, the government confirmed the key elements of the changes to scheme regulations which will be made in due course as a result of the McCloud judgement. The main points confirmed are that:

- underpin protection will apply to all who meet the revised qualifying criteria
- the maximum period of protection will apply from 1 April 2014 to 31 March 2022
- where a member stays in active membership beyond 31 March 2022, the comparison of their benefits will be based on their final salary when they leave the LGPS, or when they reach their final salary scheme normal retirement age, if earlier

The Public Service Pensions and Judicial Offices Bill (the Bill) which became law in March 2022 is the enabling legislation which will allow LGPS regulations to implement the McCloud remedy by extension of the underpin protection.

The draft LGPS regulations are expected to be published later in 2022 and should enable progress to be made on upgrading pension administration systems to allow for the changes.

The McCloud Project Group has been liaising with employers to identify where data required for the McCloud implementation may need to be collected. Following receipt of information from employers, preparations are now being made for the collection of data where potential gaps have been identified.

8.4 Pensions Dashboard

The Pension Schemes Act 2021 provided the legal framework for the development of a national pensions dashboard including the power to direct pension schemes to provide member information for the dashboard.

The government's aim is that a national pensions dashboard will revolutionise the way that pension scheme members interact with their retirement savings enabling them to view a comprehensive summary of all of their pension entitlements, including the State Pension, merged into one place and easily accessible online.

Public sector pension schemes, including the LGPS, are expected to be required to connect to the national pensions dashboard by April 2024, however, the Local Government Association, on behalf of all LGPS Funds responded to a recent government consultation expressing its concerns about whether the April 2024 deadline would be achievable due to other pressures on funds, particularly the requirement to administer the LGPS remedy for the McCloud judgement when the revised scheme regulations come into force.

Currently, the dashboard will require LGPS funds to be in a position to provide clean and reliable data in accordance with the standards set by the Pensions Dashboards Programme in order to supply accurate member information to the dashboard by April 2024. Preparations for the dashboard, including a review of members in scope for a possible review of pension entitlement as a result of McCloud, will become a significant challenge for the Fund's administration over the next two years.

9. Collaborations

The Fund takes part in several regional and national groups with the aim of learning, sharing, influencing and networking with colleagues from other Funds and the wider pensions industry at meetings. Since March 2020, all of the following collaborative groups' meetings have been organised virtually.

East Midlands Pension Officers' Group (Quarterly)

Officers from 5 East Midlands funds share and review current LGPS related issues including the interpretation of scheme regulations, the implementation of new and revised legislation, non-standard cases, and future developments. A representative from the Local Government Association also attends each meeting.

LGPS Joint Communications Group (Quarterly)

Membership of this group enables the Fund to work with other LGPS Funds, and provides the opportunity chance to share best practice, communication resources and develop joint projects, such as newsletters for scheme members.

LGPS Central - Strategic Administration Group (biannually)

Officers from the LGPS Central Pool's 8 Partner Funds discuss strategic matters impacting on the scheme administration role.

CLASS Local Authority Pensions Group

Officers from funds using the Altair pension administration system discuss software and technical issues, including priority developments.

National LGPS Technical Group (Quarterly)

The Fund currently has one of two seats on the National LGPS Technical Group to represent the LGPS funds in the East Midlands. The Group's functions include advising administering authorities on the interpretation of legislation and representing the views of administering authorities in recommending changes to Scheme regulations.

10. Appendices

10.1 Appendix 1 – Implications

11. Recommendation

That the Committee notes the workloads and performance levels outlined in this report.

12. Reason for recommendation

The Committee reviews the Pension Fund's workloads and performance levels in respect of its administration activity on a half-yearly basis.

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Appendix 1

Implications

Financial

1.1 None

Legal

2.1 None

Human Resources

3.1 None

Information Technology

4.1 None

Equalities Impact

5.1 None

Corporate objectives and priorities for change

6.1 None

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None