



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

PENSIONS AND INVESTMENTS COMMITTEE

WEDNESDAY, 19 OCTOBER 2022

Report of the Director of Finance & ICT

**Half-Year Pension Administration Performance Report
1 April 2022 to 30 September 2022**

1. Purpose

- 1.1 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 first half of 2022/2023.

2. Information and Analysis

2.1 Half-year report

This report relates to the first half of 2022/2023 covering the period 1 April 2022 to 30 September 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.

2.2 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

2.3 Covid-19 impact

Following the relaxing of Covid-secure measures and the implementation of Derbyshire County Council's (the Council) Modern Ways of Working project, the Fund's administration team has established a hybrid working model which provide for all members of the team dividing their working time between home and the offices at County Hall.

The Fund's robust procedures and business continuity plans ensured that service provision was maintained across the range of administration activities during the Covid pandemic, however, the return to office working has particularly enabled the full resumption of in-person training and opportunities for unstructured learning.

2.4 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 April 2022 to 30 September 2022, including where applicable key performance targets.

2.5 Membership numbers

The table shows the Fund's membership totals at half-yearly intervals during the last two years.

Membership	30 Sept 2020	31 March 2021	30 Sept 2021	31 March 2022	30 Sept 2022
Actives	37,274	37,996	37,390	38,067	37,053
Deferred	30,083	30,807	31,052	31,640	32,327
Pensioners	31,484	31,930	32,618	33,178	33,848
Work in Progress	6,426	5,992	6,248	5,984	5,759
Totals	105,267	106,725	107,308	108,869	108,987

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 30 September 2022 was 92,390 who between them had 108,987 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 337 participating employers.

As at 30 September 2022, approximately **62% (23,055)** of the active membership were employed by the five largest employers (by membership numbers) in the Fund.

- Derbyshire County Council **14,429 (38.94%)**
- Derby City Council **4,135 (11.16%)**
- University of Derby **1,889 (5.10%)**
- Derbyshire Constabulary **1,617 (4.36%)**
- Chesterfield Borough Council **985 (2.66%)**

2.6 Pensioner deaths

During the first half of 2022/23 there were a total of **338** deaths reported of pensioner members. The number of pensioner deaths reported to the Fund in 2021/22 was 758 which returned the total to a level consistent with pensioner deaths before the pandemic. The total reported in 2020/21 had been 920.

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 had been 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

2.7 Achievement against standards

The following table shows cases in selected key areas of work which were actioned in the period 1 April 2022 to 30 September 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 %
Retirement Benefits paid	1,033	1	1,030	3	99.7%	1,963 (98.7%)
Death cases	519	2	506	13	97.5%	1,063 (97.3%)
Transfer Out quotes	314	3	311	3	99.0%	661 (96.8%)
Transfer Out paid	27	3	27	0	100%	81 (96.3%)
Transfer in	77	3	73	4	94.8%	128 (89.8%)
Estimate requests	435	2	435	0	100%	895 (99.8%)
Refunds paid	724	2	705	19	97.4%	1,601 (87.0%)

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 quotes are also provided on request to active members, however, are not guaranteed due to their employment continuing.

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.

2.8 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.

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 2021/22 are included.

Number of work items processed

	Apr- Sept 2021/2022	Oct- March 2021/2022	Apr- Sept 2022/2023
New work items becoming due in the period	27,363	25,333	33,534
Work items completed during the period	23,510	27,713	30,955
Open cases at end of period	13,313	12,680	13,088

At the end of September 2022, a total of **13,088** 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 30 September 2022
Undecided leavers	1,835
Aggregations	1,972
i-Connect enquiries with employers	1,628
Other enquiries with employers	820
Address traces	5
Notification of deferred benefits	1,715
Refund quotes	924
Refunds to payment	228
Retirement quotes	305
Death administration (in progress)	195
Retirements (in progress)	43
Transfer In	39
Transfer Out quotes	47
Transfers Out to payment	12
Others	3,320
Total	13,088

The following provides a brief description of some of these work areas.

Undecided leavers – members who have left their employment but have not been moved to deferred status as leavers. This normally

relates to cases where information from the employer remains outstanding.

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 members' home addresses, where the Fund has not been notified of a change of home address.

2.9 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, Heywood Pension Technologies, 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 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.

2.10 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 first half of 2022/23.

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.

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.

The latest total as at 30 September 2022 had further reduced to **102**.

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.

The latest total as at 30 September 2022 had increased to **987**.

The available resource for working on the backlog of deferred cases during the latest half year period has been limited due to a significant additional workload caused by the requirement to recalculate and revise pension benefits for members who retired during 2021/22 and subsequently received arrears of pay following the late agreement to the pay award backdated to 1 April 2021.

2.11 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 July 2022, however, the current averages for employer submissions received by the Fund by the monthly deadline reflect that during 2022/2023 to July 2022 **92.8%** of contribution payments, and **88.1%** of related contribution reports were received on time.

The Fund has continued 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 particularly relating to staff turnover following the pandemic.

The Fund also monitors underperformance relating to consistently late payment of contributions/submission of data and has issued a charge for additional administration caused by non-compliance to one employer during the latest half-year period.

Regulation 70 of The Local Government Pension Scheme Regulations 2013 enables the administering authority to recover costs for additional administration caused by an employer's non-compliance. The Fund's application of this regulation is included in the Pension Administration Strategy which is available on the Fund's website and regularly signposted to employers.

2.12 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 at 30 September 2022 there were 310 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.

Although it is not possible at this stage to estimate a timetable, it is anticipated that the numbers of schools converting to academy status during the next few years will accelerate annually.

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 April 2022 to 30 September 2022.

Following a total of 37 academy conversions in 2019/20, numbers during the pandemic had significantly reduced to 18 in 2020/21 and 8 in 2021/22.

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

Employer Ref	Employer Name	Start Date	Academy Trust
764	St George's CE Primary School (Church Gresley)	1 April 2022	Embark Multi-Academy Trust
765	Sale and Davys CE Primary School (Barrow-on-Trent)	1 May 2022	Derby Diocesan Academy Trust
767	William Allitt School (Swadlincote)	1 September 2022	Falcon Education Academies Trust

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 7 organisations for Admission Body status, based on commencing a contract during the first half of 2022/23 with a scheme employer which includes the transfer of active scheme members, are currently being processed.

Six of the new applications relate to the transfer of arrangements to a new provider for caretaking and cleaning at schools maintained by Derbyshire County Council and Derby City Council.

The other application relates to Derby City Council's outsourcing of the running of leisure facilities at Moorways Sports Village

Designating employers

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

During the first half of 2022/23, one further Town Council commenced their active participation in the Fund.

Employer Ref	Employer Name	Start Date
255	Ripley Town Council	9 May 2022

Employer summary

The number of employers actively participating and paying contributions to the Fund as at 31 July 2022 (i.e. the latest date at which a full summary is available) was **337**, 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.	207
Maintained Schools using an external payroll provider	County & City Schools using external payroll providers (County x 4, City x 2)	6
Housing Associations	Scheduled x2 Admitted Bodies x 3 (2 x CAB, 1 x TAB)	5

Other Scheduled Bodies	Peak District National Park Authority, Police, Fire, Chesterfield Crematorium	4
Admitted Bodies	TABs x 60, CABs x 4 (<i>not including Housing Assn's</i>)	64
Town & Parish Councils	Pre 2001 Pool x 15 Post 2001 Pool x 23	38
Total		337

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 first half of 2022/23 the following employers' active participation in the Fund ended.

Employer	Reason	Date of active participation ending
Caterlink (catering provision at St Mary's Catholic Primary School, Chesterfield)	Employees transferred back to Derbyshire County Council	31 August 2022
Derby County Community Trust	Last active member left	31 August 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 gathering information from a number of exited employers and the relevant letting authorities to determine eligibility for an exit credit.

2.13 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 first half of 2022/2023 a total of 10 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, none of the members who had submitted a complaint had escalated their complaint to a formal appeal against the Fund via the Application for the Adjudication of Disagreements Procedure (AADP).

Compliments received from members and employers are also recorded by the Fund and shared with the team member who provided the service. During the first half of 2022/2023 a total of 16 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. Arrangements were subsequently agreed 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 April 2022 to 30 September 2022 the totals of appeals determined at each stage are as follows:

- Stage 1 appeals submitted against the Fund – 0
- Stage 2 appeals submitted to the administering authority – 1

In addition to the case for which a determination was reached during the first half of 2022/23, a further 2 appeals at Stage 2 are currently awaiting consideration.

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.

Cases are initially considered at a Formal Opinion stage by the Ombudsman and may be escalated to the Formal Determination stage if either party involved in the complaint remains dissatisfied with the Formal Opinion.

During the first half of 2022/2023, one scheme member escalated their complaint to The Pensions Ombudsman. The case related to a complaint against the relevant employer and the member's dissatisfaction with the outcome of the reconsideration of their eligibility for ill-health retirement following the determination at AADP Stage 2 referring the case back to the employer to review their original decision.

In the same period The Pensions Ombudsman has provided a formal Opinion in two cases. Each case, neither of which was not upheld, involved a complaint against the administering authority's application of scheme regulations. In one of the cases, the member has contested the

Ombudsman's Opinion and requested that it is escalated to Formal Determination stage.

In addition, there are a further three cases awaiting the Ombudsman's determination, one of which was submitted to the Ombudsman in 2019/20, one in 2020/21 and one in 2021/22. In each case, a determination has been delayed by a backlog of cases caused by the impact of the pandemic.

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

2.14 Communications and Training

The Fund has maintained regular engagement with employers and scheme members during the first half of 2022/23.

Communications to employers

During the first half of 2022/2023, the Fund issued the following newsletters to employers to highlight news items, information of important topics and reminders about upcoming deadlines.

Date issued	Bulletin	Topics included
27 April 2022	183	<ul style="list-style-type: none"> • 2022 Valuation • My Pension Online • New LGPS member website and logo resources • Useful guide for i-Connect users
25 May 2022	184	<ul style="list-style-type: none"> • Year-End Return 2021/22 • Employer responsibilities • Public Sector Exit Payments
24 June 2022	185	<ul style="list-style-type: none"> • Employer consultation: Pension Administration Strategy • 2022 Actuarial Valuation • Derbyshire Pension Board recruitment • Updated HR and Payroll Guides
22 July 2022	186	<ul style="list-style-type: none"> • Ill health retirement and employees with limited life expectancy • Do your employees know about the 50/50 Section? • My Pension Online
26 August 2022	187	<ul style="list-style-type: none"> • Cost of living crisis • Pension Administration Strategy • Actuarial Valuation 2022
29 September 2022	188	<ul style="list-style-type: none"> • Final pay - payment days reminder • Outsourcing

		<ul style="list-style-type: none">• i-Connect
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All Employer Newsletters are available on the Fund's website.

Pension Administration Strategy

A revised and updated version of the Fund's Pension Administration Strategy was approved following a consultation exercise with all participating employers.

The main purpose of the revised Strategy was to confirm the Fund's secure monthly data submission service, i-Connect, as the required method for employers submitting data to the Fund.

The period of consultation with employers ran from 10th June 2022 to 10th July 2022. All employers were invited to respond to the consultation. Three responses from employers were received, each commending the Fund's i-Connect service which was the main purpose of the changes to the Strategy.

Having been delegated by the Committee to formally determine whether any changes needed to be applied following the consultation, the Chair of the Committee and Director of Finance & ICT approved the revised Strategy, and it was formally applied from 1 August 2022.

Communications with members

Annual Benefit Statements

The issuance of an annual benefit statement to active and deferred scheme members is a regulatory requirement. Following the Fund's launch of the "My Pension Online" service in June 2021, annual benefit statements are issued to each member electronically via the My Pension Online.

Active and deferred members who have not yet registered to access the online service have been issued with a letter to their home address with information about the registration process and the opportunity to request a paper copy of their annual statement.

The Fund is unable to issue an annual benefit statement if the relevant employer has not submitted the member's individual data or if outstanding queries relating to a member's data have not been resolved.

As at 31 August 2022 the Fund had generated 62,159 annual benefit statements to members' My Pension Online records. This total reflects statements generated for both active and deferred members.

Within that total, the Fund was unable to notify 2,685 members that their statement was available to view. This was because either:

- the member had not registered for My Pension Online yet
- the Fund does not have confirmed home address details, or
- letters to an address held have been returned.

This is an issue specifically affecting deferred members who have not informed the Fund of a change to their home address.

Excluding those cases where the Fund has been unable to notify members that their statement is available, statements were issued and members notified of their availability to **94.3%** of all active and deferred members by 31 August 2022.

Paper copies of annual statements have been issued to 1,532 scheme members.

Active and Deferred Member Newsletters

The Fund has continued its collaboration with other LGPS Funds who participate in a Joint Communications Group. The collaboration includes the preparation of annual newsletters to active and deferred members.

The newsletters provide updates on topical pension related matters and include space for each to include its own bespoke content.

Members receive their newsletter electronically to their My Pension Online account. They are also available on the Fund's website.

Topics included in the 2022 newsletters included;

- An update on McCloud
- Changes from April 2028 to the minimum age for LGPS members to access their pension benefits from 55 to 57
- Details on the updated national LGPS website for members
- Changes to transfer rules

i-Connect training

During the first half of 2022/2023 the Fund has continued to progress with boarding employers onto the i-Connect system (**see 7.1**) 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.

As at 30 September 2022, 217 employers were live on i-Connect, accounting for approximately 80% of the Fund's active membership.

Other employer training

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

2.15 Projects

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 first half of 2022/2023.

Following the implementation of the revised Pension Administration Strategy which confirms i-Connect as the required method of data submission by employers to the Fund, all employers are expected to have commenced their implementation of i-Connect by the end of 2022/23.

Implementation commenced at the start of 2020, and 217 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.

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 September 2022, a total of 18,028 members had completed their registration for My Pension Online. This represents 27.2 % of the overall total of active and deferred members. Of the overall totals 11,503 (30.7%) of the active membership are fully registered.

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.

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 Fund is continuing to liaise with Heywood's, the software supplier, to ensure solutions are as effective as possible. The final regulations are expected to come into force on 1 October 2023.

The Fund is actively working with participating employers to ensure all of the necessary data is collected to be able to properly implement the anticipated remedy.

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.

The Department of Work and Pensions has announced that public sector pension schemes, including the LGPS, are now expected to be required to connect to the national pensions dashboard by 30 September 2024. Schemes will be required to meet connectivity, security and technical standards by the new deadline, and also be in a position to respond to data requests from members by the same date.

2.16 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.

3. Appendices

3.1 Appendix 1 – Implications

Appendix 1 sets out the relevant implications considered in the preparation of the report.

4. Recommendation

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

5. Reasons 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