



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**PENSIONS AND INVESTMENTS COMMITTEE**

**WEDNESDAY, 26 APRIL 2023**

**Report of the Director - Finance and ICT**

**Half-Year Pension Administration Performance Report  
1 October 2022 to 31 March 2023**

**1. Purpose**

- 1.1 To notify the Pensions and Investments Committee (the Committee) of the administration activity undertaken by the Pension Administration Team (the Administration Team/the Team) of Derbyshire Pension Fund (the Fund), and the performance levels achieved, in the second half of 2022/2023.

**2. Information and Analysis**

**2.1 Half-year report**

This report relates to the second half of 2022/2023 covering the period 1 October 2022 to 31 March 2023 and provides a summary of the Fund's performance in key areas of pension administration activity.

Maintaining operational stability through efficient administration forms an important part of 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

As at 31 March 2023, the administration team incorporated 50 individuals covering 45.3 full-time equivalent positions with 9 positions (8.8 fte) remaining vacant.

During 2022/23 recruitment to the Team has proved challenging, particularly at the Pensions Assistant (Grade 6) level where 6 positions were vacant as at 31 March 2023.

Reasons identified for the difficulty in recruiting new staff included a smaller pool of potential applicants and levels of pay being uncompetitive compared to pay rates available for roles seen as less demanding outside the local government sector.

## 2.3 **Working arrangements**

The Administration Team's hybrid working model, established as part of the Modern Ways of Working project, is now established and provides for all members of the team to divide their working time between home and County Hall.

## 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 October 2022 to 31 March 2023, including where applicable performance against key performance targets.

## 2.5 Membership numbers

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

<b>Membership</b>	<b>31 March 2021</b>	<b>30 Sept 2021</b>	<b>31 March 2022</b>	<b>30 Sept 2022</b>	<b>31 March 2023</b>
<b>Actives</b>	37,996	37,390	38,067	37,053	37,871
<b>Deferred</b>	30,807	31,052	31,640	32,327	33,228
<b>Pensioners</b>	31,930	32,618	33,178	33,848	34,404
<b>Work in Progress</b>	5,992	6,248	5,984	5,759	4,833
<b>Totals</b>	<b>106,725</b>	<b>107,308</b>	<b>108,869</b>	<b>108,987</b>	<b>110,336</b>

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 2023 was 93,527 who between them had 110,336 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 341 participating employers.

As at 31 March 2023, approximately **68% (25,679)** of the active membership were employed by the 10 largest employers (by membership numbers) in the Fund.

• Derbyshire County Council	<b>14,602 (38.56%)</b>
• Derby City Council	<b>4,241 (11.20%)</b>
• Derbyshire Constabulary	<b>1,730 (4.57%)</b>
• University of Derby	<b>1,698 (4.48%)</b>
• Chesterfield Borough Council	<b>989 (2.61%)</b>
• Derby Homes Ltd	<b>549 (1.45%)</b>
• Derby College	<b>502 (1.33%)</b>
• Bolsover District Council	<b>474 (1.25%)</b>
• North-East Derbyshire District Council	<b>455 (1.20%)</b>
• Vertas Derbyshire Ltd	<b>439 (1.16%)</b>

To demonstrate the wide landscape of different sized employers participating in the Fund, as at 31 March 2023 there were 89 employers with less than 10 active members.

## 2.5 **Pensioner deaths**

During the second half of 2022/23, there were a total of **442** reported deaths of pensioner members, the total for the year being 780. The total includes deaths of members who were in receipt of a survivor's pension.

The number of pensioner deaths reported to the Fund in 2021/22 was 758 which was a return to a level consistent with pensioner deaths before the pandemic. The total reported in 2020/21 had been 920.

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

## 2.6 Achievement against standards

The following table shows cases in selected key areas of work which were actioned in the period 1 October 2022 to 31 March 2023 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 2022/2023 Total Cases & Target achieved %
Retirement Benefits Paid	1,028	1	1,025	3	99.7%	1,963 (98.7%)	2,061 (99.7%)
Death Cases	601	2	596	5	99.2%	1,063 (97.3%)	1,120 (98.4%)
Transfer Out Quotes	235	3	235	0	100.0%	661 (96.8%)	549 (100%)*
Transfer Out Paid	59	3	59	0	100%	81 (96.3%)	86 (100%)
Transfer In	56	3	55	1	98.2%	128 (89.8%)	133 (98.5%)
Estimate Requests	537	2	537	0	100%	895 (99.8%)	972 (100%)

<b>Refunds Paid</b>	<b>478</b>	<b>2</b>	<b>471</b>	<b>7</b>	<b>98.5%</b>	1,601 (87.0%)	1,202 (99.2%)
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(\* restated figures from those provided in the previous half-year report)

A brief description of the cases included in the figures shown in the table is set out below. 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 active, deferred, pensioner and survivor beneficiary members.

**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.

## 2.7 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

	<b>Apr- Sept 2021/2022</b>	<b>Oct- March 2021/2022</b>	<b>Apr- Sept 2022/2023</b>	<b>Oct- March 2022/2023</b>
New work items becoming due in the period	27,363	25,333	33,534	28,832
Work items completed during the period	23,510	27,713	30,955	26,398
Open cases at end of period	13,313	12,680	13,088	13,536

At the end of March 2023, a total of **13,536** 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:

<b>Work area</b>	<b>Open cases as at 31 March 2023</b>
Undecided leavers	896
Aggregations	2,107
i-Connect enquiries with employers	2,900
Other enquiries with employers	390
Address traces	1,543
Notification of deferred benefits	1,248
Refund quotes	683
Refunds to payment	602
Retirement quotes	234

Death administration (in progress)	254
Retirements (in progress)	95
Transfer In	38
Transfer Out quotes	64
Transfers Out to payment	19
Others	2,463
<b>Total</b>	<b>13,536</b>

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.

## 2.8 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 including name, address, national insurance number and date of birth.



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

The latest available common and conditional data results for 2021/2022 prepared by the Fund's software provider, Heywood Pension Technologies, which measure the quality of the Fund's data, are shown in the table below, together with the results for the previous 4 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	97.7%	94.82%

The scores are reported annually to The Pensions Regulator and included in the Fund's Annual Report.

The data results for 2022/23 will be prepared by Heywood Pension Technologies in the autumn.

## 2.9 **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 2022/23.

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.

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.

At the end of March 2022, the total of backlogged aggregations was 963. The total had reduced to 102 by the end of September 2022.

The latest backlog total as at 31 March 2023 had further reduced to **56**.

**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 2022 , the total of backlogged cases of members moving to deferred membership was 685. The total increased further by 30 September 2022 to 987.

As at 31 March 2023 the total was **951**.

Totals of backlogged deferred membership cases fluctuates when employers submit late notifications of members leaving active membership.

Recent work over the past two years to identify missing leaver notifications from the Fund's larger employers has resulted in backlog cases numbers increasing when late notifications are received by the Fund.

Available resource for working on the backlog of deferred cases is reviewed continually by the Fund's management team against workload pressures in other areas.

During the second half of 2022/23 additional pressures on resource which restricted time available for work on backlogged deferred membership cases included:

- additional workload caused by the requirement to recalculate and revise pension benefits for members who retired during since 1 April 2022 and subsequently received arrears of pay following the late agreement to the pay award backdated to 1 April 2022
- increases in enquiries to the Fund relating to members registering for the “My Pension Online” service
- the number of vacant posts in the administration team which required ongoing prioritisation of work within the resources available

## **2.10 Monthly contribution returns**

Employers are required to submit monthly payments and contribution reports to the Fund by the 19th of the month following payment.

The Fund has continued to work with employers who experience difficulties with completing payments and submitting contribution reports by the monthly deadline.

Full data relating to contribution payments and reports from employers is currently only available to January 2023, however, the current averages for employer submissions received by the Fund by the monthly deadline reflect that during 2022/2023 to January 2023 92.8% of contribution payments, and 88.7% 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.

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 2022/23 to date.

The charge related to regular late payment of contributions to the Fund during 2021/22.

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.

## **2.11 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.

Although the Schools Bill which included plans to accelerate the academisation programme did not progress to a third reading in Parliament, the Secretary of State announced on 7 December 2022 that the Government "remain committed to the very many important objectives that underpinned the Bill".

As at 31 March 2023 there were 306 schools still maintained by Derbyshire County Council and Derby City Council.

If the government's target of full academisation by 2030 remains, the number of separate employers in the Fund would almost double.

Although it is not possible at this stage to estimate a timetable and whether numbers will accelerate annually, it is anticipated that local authority-maintained schools will continue to convert to academy status for the foreseeable future.

The Fund maintains separate records for each academy within a multi-academy trust on the advice of the Fund's actuary.

2 new academies and 2 new Multi-Academy Trusts joined the Fund as individual LGPS employers in the period 1 October 2022 to 31 March 2023.

Following a total of 37 academy conversions in 2019/20, numbers of conversions during the pandemic significantly reduced to 18 in 2020/21, 8 in 2021/22 and 7 in 2022/23.

Brief details of the recent 4 new joiners in the second half of 2022/23 are as follows:

<b>Employer Ref</b>	<b>Employer Name</b>	<b>Start Date</b>	<b>Academy Trust</b>
769	Aldercar High School	1 October 2022	Embark Multi-Academy Trust
768	Derby Diocesan Academy Trust	1 October 2022	Derby Diocesan Academy Trust
766	T.E.A.M. Education Trust	1 November 2022	T.E.A.M. Education Trust
770	Morton Primary Academy	1 March 2023	Djanogly Learning 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.

Due to some applications being made retrospectively and not included in the previous half-year report, the totals for the whole of 2022/23 are noted.

During 2022/23 applications were received from 12 organisations for Admission Body status, based on commencing a contract during 2022/23 with a scheme employer which included the transfer of active scheme members.

Most of the new applications relate to the transfer of arrangements to a new provider for caretaking and cleaning at local authority-maintained schools or academies operated by Multi-Academy Trusts.

In addition, applications were also received in respect of Derby City Council's outsourcing of the management and operation of leisure facilities at Moorways Sports Village and High Peak Borough Council's outsourcing of repairs and maintenance services and also cleaning and caretaking services across its properties.

### Designating employers

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

During 2022/23, one Town Council commenced their active participation in the Fund: Ripley Town Council with effect from (wef) 9 May 2022.

### Employer summary

The number of employers actively participating in the Fund as at 31 January 2023 (i.e. the latest date at which a full summary is available) was **341**, 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.	211
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 (3 x CAB, 0 x TAB)	5
Other Scheduled Bodies	Peak District National Park Authority, Police, Fire, Chesterfield Crematorium	4
Admitted Bodies	TABs x 60, CABs x 4 (not including Housing Assn's)	66
Town & Parish Councils	Pre 2001 Pool x 15 Post 2001 Pool x 21	36
<b>Total</b>		<b>341</b>

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 2022/23 the following employers' active participation as separate employers in the Fund ended.

Employer Ref	Employer	Reason	Date of active participation ending
355	Harrington Nursery School	Returned to Derby City Council's payroll, therefore, period reporting separately to the Fund ended.	31 May 2022
235	Kilburn Parish Council	Last active member left	31 July 2022
481	Mellors Catering (catering provision at Murray Park School, Derby)	Contract ended	31 July 2022
495	Caterlink (catering provision at St Mary's Catholic High School, Chesterfield)	Employees transferred back to Derbyshire County Council	31 July 2022
491	Caterlink (catering provision at St Mary's Catholic Primary School, Chesterfield)	Employees transferred back to Derbyshire County Council	31 August 2022
467	Derby County Community Trust	Last active member left	31 August 2022
497	Churchill Contract Services Ltd (provision of cleaning services at St Mary's Catholic Primary School, Chesterfield)	Employees transferred back to Derbyshire County Council	5 September 2022
419	Mitie Catering Services Limited	Last active member left	22 October 2022
545	NIC Services Group Ltd (provision of cleaning services at Hady Primary School)	Employees transferred back to Derbyshire County Council	28 February 2023

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 in the process of gathering information from employers who exited the Fund since the change in regulations, and from the relevant letting authorities, to determine eligibility for an exit credit payment where applicable.

## 2.12 **Complaints, compliments and appeals**

**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 2022/2023 a total of 34 cases identified as complaints were submitted to the Fund by scheme members. The total includes complaints submitted to the Fund in writing, through the "My Pension Online" service and by telephone.

The following table reflects the totals submitted by each method.

<b>Method</b>	<b>Half-Year Period 1 Apr 2022– Sept 2022</b>	<b>Half-Year Period 2 Oct 2022 – March 2023</b>
Written	12	8
Via My Pension Online	8	4
Telephone	0	2

These complaints includes cases of members requesting updates or requiring clarification of scheme regulations.

Each member received a full response to their complaint submission.

Members' complaints covered:

- Delays with payments of Additional Voluntary Contributions (AVCs) paid to the Fund's in-house AVC provider, Prudential
- Delays with completion of transfer out of the Fund to alternative schemes
- Problems experienced by members following the transfer of their employment to an external contractor
- Requirement for evidence of interdependence with deceased scheme member to determine eligibility for co-habiting partner pension.
- Incorrect estimated figures provided to member



To date, following receipt of the Fund's response to their complaint, 2 members have 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 2022/2023 a total of 31 compliments, (including 15 in the period October 2022 to March 2023) 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.

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.

Further details about the appeals which were adjudicated by the authority at Stages 1 and 2 of the Application for the Adjudication of Appeals Procedure, and about appeals that were submitted to and/or

determined by The Pensions Ombudsman, during 2022-23 are included in a separate report that is being presented to Committee today.

## 2.13 Communications and Training

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

### Communications to employers

During the second 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
28 October 2022	189	<ul style="list-style-type: none"> <li>• 2022 Actuarial valuation update</li> <li>• Impact of market volatility on LGPS Pensions</li> <li>• Bite-size training - Final Pay and Assumed Pensionable Pay</li> <li>• Queries from the Pension Fund</li> <li>• Employer training page</li> <li>• Annual Allowance</li> </ul>
24 November 2022	190	<ul style="list-style-type: none"> <li>• 2022 actuarial valuation update</li> <li>• Academy LGPS liabilities</li> <li>• Employer training</li> <li>• Ill health retirement</li> </ul>
23 December 2022	191	<ul style="list-style-type: none"> <li>• Christmas and New Year opening hours</li> <li>• Cost of living crisis</li> <li>• Message from the Pension Fund Team</li> </ul>
30 January 2023	192	<ul style="list-style-type: none"> <li>• Changes to contacts and signatories</li> <li>• i-Connect update</li> <li>• Data quality and accuracy</li> <li>• Funding Strategy Statement: Consultation</li> <li>• My Pension Online</li> </ul>
24 February 2023	193	<ul style="list-style-type: none"> <li>• APP for long term sick leave</li> <li>• Contribution bandings for 2023/2024</li> <li>• Preparing your March i-Connect file</li> <li>• Outsourcing</li> </ul>
29 March 2023	194	<ul style="list-style-type: none"> <li>• Contribution bandings for 2023/2024</li> <li>• 2022/2023 year-end return deadline</li> <li>• CR1 templates and guidance</li> <li>• What is pensionable pay?</li> <li>• Funding Strategy Statement</li> <li>• Derbyshire Pension Board vacancy</li> </ul>

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

## **Communications with 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:

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

The Fund is currently collaborating with the other Funds involved in the Joint Communications Group on the 2023 newsletters

### **i-Connect training**

During the second half of 2022/2023 the Fund continued to progress the onboarding of employers onto the i-Connect system (**see 2.15**) 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 31 March 2023, 254 actively participating employers were live on i-Connect, accounting for 88.26% of the Fund's active membership.

The Fund is working with the remaining participating employers towards all employers submitting data to the Fund wef 1 April 2023.

### **Other employer training**

Additionally, virtual training sessions, and bespoke meetings on specific topics to support employers have continued on a range of issues including ill-health retirements and appeals, completion of leaver notifications and general employer responsibilities.

## 2.14 **Pension Administration Strategy**

Regulation 59 of The Local Government Pension Scheme Regulations 2013 allows administering authorities the opportunity to prepare a Pension Administration Strategy (PAS).

The PAS sets out the responsibilities for the Fund and participating employers in respect of administering the LGPS.

The latest version of the Fund's PAS was approved by the Committee on 8 June 2022 and applied without adjustment from 1 August 2022 following a period of consultation with 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 PAS is subject to review annually.

An interim review of the PAS has not highlighted any required amendments, and therefore, it is proposed that the current version continues to apply until it is subject to a further review to be undertaken in 2024, unless any changes in regulations or procedures require amendments to be applied without delay.

## 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 2022/2023.

Following the implementation of the revised Pension Administration Strategy which confirmed that i-Connect is the required method of data submission by employers to the Fund, all employers are expected to have commenced their implementation of i-Connect in order to submit data to the Fund through the system effective from 1 April 2023. .

Implementation of i-Connect commenced at the start of 2020, and 254 employers have securely transmitted member data to the Fund via i-Connect during 2022/23.

When employers commence implementation, virtual training is provided on using the i-Connect service.

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 (MPO) 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 2023, a total of 19,031 active and deferred members had completed their registration for MPO. This represents 30.91% of the overall total of active and deferred members in the Fund.

Access has subsequently been disabled for 597 members due to forgotten logon details and the Fund will work with those members to re-establish access.

In addition, 2,375 members in receipt of pension benefits have registered for MPO. Therefore, the total number of members as at 31 March 2023 who had registered for MPO, including disabled accounts, was 21,406.

The Fund is continuing to engage with employers to seek their assistance with encouraging scheme members to register and issued a notification to each participating employer during March 2023 to highlight the proportion of their LGPS eligible employees who had registered.

### **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. In the case known collectively as McCloud, the Court of Appeal ruled that the government's transitional protections in the reform of the firefighters and judicial pension schemes unlawfully treated existing scheme members differently based upon members' age on 1 April 2012; younger members were not offered the same statutory underpin as older members closest to retirement. The government subsequently accepted that the Court's judgement had implications for

all public service pension schemes which included similar transitional protections, including the LGPS.

In May 2021, the government confirmed the key elements of the changes to LGPS 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.

On 6 April 2023, the government published its response to the 2020 consultation on its proposed changes to the LGPS to address the discrimination found in the McCloud judgement. The response highlighted that the government intends to consult further on issues where it has not yet made final decisions on how the underpin will work and on a number of issues that have arisen in the course of developing the government's response to the McCloud case.

The draft LGPS regulations are expected to be published with the next consultation which is expected to be undertaken 'in the coming months'. The government intends that the financial regulations will come into force on 1 October 2023.

The Fund is continuing to liaise with Heywood's, the software supplier, to ensure that solutions for implementing the McCloud remedy are as effective as possible.

The Fund has been actively working with participating employers and employers who exited the Fund after 1 April 2014 to ensure that all of the necessary data is collected to be able to properly implement the anticipated remedy.

## **Pensions Dashboards**

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

The government's aim is that pensions dashboards 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 pensions dashboards 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.

The Fund is keeping up to date with developments in respect of Pensions Dashboard and with the connectivity options available whilst continuing to focus on improving the quality of the Fund's data.

### **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.

#### **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:

- a) notes the workloads and performance levels outlined in this report.
- b) notes the interim review of the Pension Administration Strategy.

## **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.

## **6. Implications**

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

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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