



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**PENSIONS AND INVESTMENTS COMMITTEE**

**WEDNESDAY, 5 JUNE 2024**

**Report of the Director of Finance**

**Half-Year Pension Administration Performance Report  
1 October 2023 to 31 March 2024**

**1. Purpose**

- 1.1 To notify the Pensions and Investments Committee (the Committee) of the pension 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 2023/2024.
- 1.2 Pension administration is the practice of undertaking a number of essential processes and actions towards the core objective of paying pension benefits to scheme members in a timely and accurate manner.

**2. Information and Analysis**

**2.1 Half-year report**

This report relates to the second half of 2023/2024 covering the period 1 October 2023 to 31 March 2024 and provides, in Appendix 2, a summary of the Fund's performance in key areas of pension administration activity during the latest 6-month period, including membership totals and numbers of participating employers which both reflect increases compared to the figures at the end of the first half of 2023/24 (i.e. 30 September 2023).

Appendix 2 also includes an update on a number of matters affecting the Fund's administration of the LGPS.

Maintaining operational stability through efficient pension administration forms an important part of retaining the confidence and trust of scheme members and employers.

The impact of poor pension 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 2024, the administration team included 51 individuals covering 47.9 full-time equivalent positions with 8 positions remaining vacant.

Recruitment to two of these vacant positions is in progress and a review of the Fund's structure is currently being undertaken.

## 2.3 **Working arrangements**

The administration team's hybrid working model, established as part of the Council's Modern Ways of Working project, 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 Appendix 2 provides a summary of the Fund's pension administration activity during the period 1 October 2023 to 31 March 2024, including where applicable, work completed against key performance targets.

## 2.5 **Administration performance**

The administration team has continued through the second half of 2023/24 to maintain strong results against key performance indicators which are based on regulatory timescales for providing scheme members with information at certain points of their participation in the Local Government Pension Scheme (LGPS). These are set out in the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

Over the six-month period, the team achieved 100% compliance in four of the seven key performance indicators reflected in the table shown in Appendix 2.

Additionally, monitoring of cases in two high volume areas of pension administration, aggregations and deferred membership, show that numbers of cases which become identified as being in backlog have remained stable during 2023/24.

The Fund reviews all cases where compliance with target completion times are exceeded in order to identify procedural and training issues.

The introduction of amended scheme regulations from 1 October 2023 which incorporate the McCloud remedy into the LGPS, provided additional complexity for most pension calculations where the scheme member is in scope for an assessment of pension entitlement in line with the McCloud remedy.

The implementation of new procedures to account for the McCloud remedy have extended the time required for a number of pension administration activities which may affect future compliance with disclosure standards as more cases are checked for a McCloud underpin.

Guidance from the Government Actuary's Department (GAD) relating to how the McCloud remedy affects certain pension related calculations, including pension transfers, was published by the Department for Levelling up, Housing and Communities (DLUHC) on 24 January 2024.

Prior to GAD's guidance, certain transfer-related cases which may be affected by McCloud, were put 'on hold' based on guidance issued by the Local Government Association.

Members where their case was 'on hold' were notified accordingly, and the period during which a case could not be progressed was removed from timescales.

As pension administration software providers require further time to apply changes to systems which incorporate the McCloud remedy into transfer calculations, workaround procedures are operating to enable certain cases to be progressed.

The Fund's management team is continuing to monitor the impact and resource implications of the implementation of the McCloud remedy on the wider activities relating to individuals' scheme membership to ensure that overall performance levels are not significantly affected.

A further reflection of the team's strong performance levels can be identified from data relating to the numbers of;

- complaints received by the Fund during 2023/24 which show a 54% reduction in cases compared to the total received in 2022/23 (11 cases in 2023/24 compared to 24 in 2022/23), and
- compliments received during 2023/24 being 42% higher than those received during 2022/23 (44 in 2023/24 compared to 31 in 2022/23)

In respect of the Fund's electronic developments,

- the i-Connect platform which enables employers to submit their employee's data by secure transmission had been implemented by 313 employers as at 31 March 2024. This covered, at that date, 97.92% of the Fund's total active membership. The process for new employers joining the Fund, is being incorporated into business-as-usual procedures.
- Member engagement with the Fund's My Pension Online system has continued to increase with over 26,500 members now fully registered. The total includes over 36% of the Fund's active and deferred members.

Further details are included in Appendix 2

## 2.6 Collaborations

The Fund takes part in several regional and national groups with the aim of learning, sharing, influencing, and networking with colleagues from other LGPS funds and the wider pensions industry at meetings.

### **East Midlands Pension Officers' Group (Quarterly)**

Officers from five East Midlands LGPS 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 eight 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. Background Papers

3.1 Background papers are available from the Head of Pension Fund

## 4. Appendices

4.1 Appendix 1 – Implications

4.2 Appendix 2 – Pension administration update – 1 October 2023 to 31 March 2024

## 5. Recommendation

5.1 That Committee:

a) notes the workloads and performance levels outlined in this report.

## **6. Reason for Recommendation**

6.1 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.