



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

PENSIONS AND INVESTMENTS COMMITTEE

WEDNESDAY, 23 OCTOBER 2024

Report of the Director of Finance

**Half-Year Pension Administration Performance Report
1 April 2024 to 30 September 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 first half of 2024/2025.
- 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 first half of 2024/2025 covering the period 1 April 2024 to 30 September 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 overall membership totals and numbers of participating employers which both reflect increases compared to the figures at the end of the second half of 2023/24 (i.e. 31 March 2024).

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 30 September 2024, the administration team included 51 individuals covering 46.67 full-time equivalent (fte) positions with 9.42fte vacant administration positions.

The review of the Pension Fund's structure is near to completion following approval of a proposed new structure, which has been shared with the Chair and Vice-Chair of Committee, by the Executive Director for Corporate Services and Transformation and following engagement with the Pension Fund team. Further details of the new structure, which aims to strengthen the leadership of the Pension Fund, increase resilience and provide opportunities for staff development, will be shared with Committee in due course.

2.3 **Working arrangements**

The administration team's hybrid working model, continues to work well providing 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 April 2024 to 30 September 2024, including where applicable, work completed against key performance targets.

2.5 **Administration performance**

The Fund's key performance indicators have continued to evidence the administration team's good performance in maintaining an effective operation.

Key performance indicators included in Appendix 2 show achievements in meeting 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, results highlight that the team achieved 99% + compliance in five 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 continued to remain stable during the first half of 2024-25.

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

The implementation of the McCloud remedy in the LGPS from 1 October 2023 has introduced an increased level of complexity to the task of calculating pension benefits for qualifying members to determine whether they are affected by the underpin.

The implementation of new procedures to account for the McCloud remedy have extended the time required for a number of pension administration activities. It is expected that this may affect future compliance with disclosure standards and targets as McCloud checks extend to retrospective cases of member retirements and deaths since 2014.

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.

Continuing low levels of member complaints provide further evidence of the Fund's effective operation.

In respect of the Fund's continued development and uptake for digital and electronic solutions in the areas of pension administration and member engagement:

- The i-Connect platform which enables employers to submit their employees' data by secure transmission had been implemented by 320 employers as at 30 September 2024, accounting for, 95.04% of the Fund's total active membership. This represents a slight fall in the proportion of members' data being submitted through i-Connect, due to the continual flow of employers entering and exiting the Fund.

Implementing i-Connect for new employers has now been incorporated into business-as-usual procedures.

- Member engagement with the Fund's My Pension Online system has continued to increase with 29,275 members now fully registered. The total includes over 39% of the Fund's active and deferred membership.

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 April 2024 to 30 September 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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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.