



Appendix 2

Pension administration update

1 April 2024 – 30 September 2024

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Introduction

The pension administration team (the administration team / the team) carries out the ongoing operational tasks and functions on behalf of the members and employers of Derbyshire Pension Fund (the Fund) for Derbyshire County Council in its role as the administering authority of the Fund.

The administration team is comprised of four sections which operate collaboratively to ensure the Fund operates effectively in:

- maintaining accurate pension records for over 95,000 individual members to enable Local Government Pension Scheme (LGPS) benefits to be calculated correctly and paid at the appropriate time
- administering the creation of new member records and the change in status for members who leave their LGPS eligible employment and become deferred or retired members or transfer pension benefits into or out of the Fund
- ensuring the timely and accurate payment of pension contributions from over 350 separate employers who participate in the Fund
- managing the entry of new employers into the Fund, and the exit of those whose participation in the Fund ends
- developing improved procedures through the implementation of new technology, applying changes to LGPS and related legislation and ensuring up-to-date and accessible information is available to all members, employers and other stakeholders.

The information in this appendix provides data and summaries on the Fund's administration and performance during the period 1 April 2024 to 30 September 2024.

Membership totals at 30 September 2024

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

| Membership | 30 Sept 2022 | 31 March 2023 | 30 Sept 2023 | 31 March 2024 | 30 Sept 2024 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Actives | 37,053 | 37,871 | 37,180 | 37,338 | 36,530 |
| Deferred | 32,327 | 33,228 | 34,594 | 34,739 | 34,665 |
| Pensioners | 33,848 | 34,404 | 35,130 | 35,774 | 36,843 |
| Work in Progress | 5,759 | 4,833 | 3,516 | 3,789 | 4,542 |
| Totals | 108,987 | 110,336 | 110,420 | 111,640 | 112,580 |

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 2024 was 95,675 who between them had 112,580 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 'work in progress' cases include those where the member will not be reassigned to deferred or pensioner status (e.g. where a refund is payable to a member with insufficient membership to qualify for deferred or pensioner status)

As a result, the working totals shown in this report will be different to those reflected in other documents such as the Annual Report which exclude those where there is no ongoing liability on the Fund.

As at 30 September 2024, approximately **66% (24,179)** of the active membership were employed by the 10 employers with at least 1% of the overall active membership in the Fund.

| Employer | Active members at 30 Sept 2024 | % of overall active membership |
|--|---------------------------------------|---------------------------------------|
| Derbyshire County Council | 13,494 | 36.9% |
| Derby City Council | 4,049 | 11.1% |
| Derbyshire Constabulary | 1,820 | 5.0% |
| University of Derby | 1,529 | 4.2% |
| Chesterfield Borough Council | 912 | 2.5% |
| Derby Homes Ltd | 566 | 1.5% |
| Bolsover District Council | 506 | 1.4% |
| North-East Derbyshire District Council | 491 | 1.3% |
| Derby College | 430 | 1.2% |
| South Derbyshire District Council | 382 | 1.0% |

To demonstrate the wide landscape of different sized employers participating in the Fund, as at 30 September 2024 there were **104** employers with less than 10 active members.

Members electing for the LGPS 50/50 section

The LGPS offers its members the flexibility to pay 50% of their normal employee contribution rate and, consequently, build up 50% of pension. It is known as the 50/50 section of the scheme.

The option was introduced into the scheme from 1 April 2014 at the same time as the LGPS became a career-average based scheme.

Although designed as a short-term option for members experiencing financial hardship, it has also been utilised by high-earning scheme members to reduce their pension growth and avoid additional tax charges for breaching the Annual Allowance for tax-free pension growth.

Where members elect to move to the 50/50 section, they are subsequently automatically returned to the main section of the scheme at their employer's triennial auto-enrolment date.

Employers continue to pay full contributions during periods where an employee is in the 50/50 section.

Totals of Fund members who moved to the 50/50 section are shown in the following table with comparisons of totals from the previous two years.

Totals of members who moved into the 50/50 section during each period

| 2022-23 | 2023-24 | 2024-25 (to 30 Sept) |
|---------|---------|----------------------|
| 81 | 64 | 28 |

Member opt outs

Membership of the LGPS is optional, therefore, members are able to opt out if they choose not to contribute to either the main or 50/50 sections of the scheme.

A decision to opt out of the LGPS must be made freely by an employee who is eligible for the scheme. If an employer is found to be actively encouraging their employees to opt out, it may be classed as inducement and would be reportable to The Pensions Regulator which has the power to issue penalty notices and fines, leading to potential prosecution.

Members who elect to opt out are subject to auto-enrolment rules and may be returned to the scheme by their employer if they meet criteria based on age and earnings.

The Fund's records reflect totals of members who have opted out of the scheme as follows.

Totals of members who opted out during each period

| 2022/2023 | 2023/2024 | 2024/25 (to 30 Sept) |
|-----------|-----------|----------------------|
| 697 | 334 | 58 |

Pensioner deaths

During the first half of 2024/25, there were a total of **369** reported deaths of pensioner members. The total includes deaths of members who were in receipt of a survivor's pension.

The number of pensioner deaths reported to the Fund over the full year for 2023/24 was 948.

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

Employers participating in the Fund

The active membership in the Fund, at 30 September 2024, was spread across **369** participating employers.

The numbers of employers at 30 September 2024 in each category where eligibility for the LGPS applies were 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 Multi-Academy Trusts (MATs) on a shared employer rate. Also includes 2 x Central MAT teams. | 232 |
| Maintained Schools using an external payroll provider | County & City Schools using external payroll providers (County x 4, City x 2) | 6 |
| Housing Associations | Scheduled (x 2) Admitted Bodies (x 2 <i>Community Admission Bodies</i>) | 4 |
| Other Scheduled Bodies | Peak District National Park Authority, Police, Fire, Chesterfield Crematorium | 4 |
| Admitted Bodies | TABs x 67 CABs x 4 (<i>not including Housing Assn's</i>) | 71 |
| Town & Parish Councils | Pre 2001 Pool x 15 Post 2001 Pool x 24 | 39 |
| Total | | 369 |

The total of participating employers at 31 March 2024 was 357.

New employers between 1 April 2024 and 30 September 2024

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.

At 30 September 2024 there were 286 schools, which may be subject to academy conversion, still maintained by Derbyshire County Council and Derby City Council.

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

A total of 7 new academies joined the Fund as individual LGPS employers in the period 1 April 2024 to 30 September 2024.

| Employer Ref | Employer Name | Ceding Council | Start Date | Academy Trust |
|---------------------|--|---------------------------|-------------------|-----------------------------|
| 784 | Hilltop Primary Academy | Derbyshire County Council | 01/04/2024 | Djanogly Learning Trust |
| 785 | Draycott Community Primary School | Derbyshire County Council | 01/06/2024 | Embark Multi-Academy Trust |
| 786 | Hady Primary School | Derbyshire County Council | 01/07/2024 | Chorus Education Trust |
| 787 | Newhall Junior School | Derbyshire County Council | 01/07/2024 | Lionheart Educational Trust |
| 788 | Brailsford CofE Primary School | Derbyshire County Council | 01/09/2024 | ACE Derbyshire Trust |
| 789 | Bradley CofE Primary School | Derbyshire County Council | 01/09/2024 | ACE Derbyshire Trust |
| 790 | Morley Primary School | Derbyshire County Council | 01/09/2024 | ACE Derbyshire Trust |

Since the Covid pandemic, the rate of schools converting to academies has been significantly lower compared to pre-pandemic rates.

| Full year | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 (to 30 Sept) |
|------------------------|---------|---------|---------|---------|---------|---------|-------------------------|
| Total of new academies | 51 | 37 | 18 | 8 | 7 | 13 | 7 |

For 2024/25, the Fund is currently aware of 10 planned conversions, although the Dept for Education's pipeline of converter and sponsor approvals reflects a further 3 cases in progress where conversion dates have yet to be determined.

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.

Admission Bodies are normally short-term employers in the Fund participating for the length of a commercial contract with the commissioning employer, or until the last LGPS eligible employee leaves, whichever is sooner.

During the first half of 2024/25 applications were received from 11 organisations for Admission Body status, based on commencing a contract between 1 April 2024 and 30 September 2024 with a scheme employer which included the transfer of active scheme members.

| Employer Ref | Employer Name | Commissioning Employer | Start Date | Function |
|---------------------|---|---------------------------------------|-------------------|--|
| 562 | Dolce Ltd (Silverhill Primary School) | Derby City Council | 15/04/2024 | Catering contract for Silverhill Primary School |
| 566 | Kindred (Two Counties Trust) | Two Counties Trust | 01/04/2024 | Cleaning for Two Counties Trust |
| 567 | Citizens Advice Mid Mercia (Derbyshire County Council) | Derbyshire County Council | 01/04/2024 | Low level support service for Derbyshire County Council |
| 568 | South Derbyshire CVS (Derbyshire County Council) | Derbyshire County Council | 01/04/2024 | Low level support service for Derbyshire County Council |
| 569 | Solutions 2 Ltd (Peak District National Park) | Peak District National Park Authority | 05/05/2024 | Contract cleaning at Peak District National Park Authority |
| 570 | Derbyshire Community Health Services NHS Foundation Trust* | Derby City Council | 01/05/2024 | NHS Trust |
| 571 | Everyone Active (South Derbyshire District Council) | South Derbyshire District Council | 01/04/2024 | Leisure Staff |
| 572 | Sinfin Golf CIC (Derby City Council) | Derby City Council | 01/08/2024 | Golf course operation |

| | | | | |
|-----|--|------------------------------|------------|------------------------------|
| 573 | Aspens Services Ltd (De Ferrers Academy Trust) | De Ferrers Trust | 01/09/2024 | Catering at De Ferrers Trust |
| 575 | ABM Catering (QEGSMAT) | QEGSMAT | 01/08/2024 | Catering |
| 576 | Tapton Park Golf CIC (Chesterfield Borough Council) | Chesterfield Borough Council | 01/07/2024 | Golf course operation |

*The admission of Derbyshire Community Health Services NHS Foundation Trust as a participating employer occurred as a result of a partnership arrangement under Section 75 of the National Health Service Act 2006 between the Trust and Derby City Council which involved the transfer of 176 employees.

The transferred employees retained their eligibility for the LGPS under the provisions of LGPS Regulation 4 which denies scheme eligibility to persons entitled to membership of another public service pension scheme in their employment except in certain specific arrangements which include a transfer under Section 75.

Numbers of Admission Bodies

Admission Body applications to the Fund fluctuate depending on outsourcing activity across participating employers and range from involving a small number of employees, for example where an employer's cleaning or catering provision is outsourced to an external provider, to an arrangement affecting a large number of staff.

The figures in the following table reflect Admission Body applications to the Fund in recent years.

| Full year | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 (to 30 Sept) |
|-------------------------------|---------|---------|---------|---------|---------|-------------------------|
| Total of new Admission Bodies | 7 | 10 | 12 | 13 | 8 | 11 |

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 2024/25 there were no new applications from employers wishing to designate employees for LGPS membership, however, Kilburn Parish Council returned as a participating employer from May 2024 having had no active eligible employees since July 2022.

Exits from the Fund

During the first half of 2024/25 the following employers' active participation as separate employers in the Fund ended.

| Empl Ref | Employer | Related employer | Date of active participation ending |
|-----------------|-----------------|-------------------------|--|
| 500 | Caterlink Ltd | De Ferrers Trust | 31/08/2024 |

In addition, the exit of the following employers in 2023/24 have been confirmed since the previous administration report was provided to the Committee.

| Empl Ref | Employer | Related employer | Date of active participation ending |
|-----------------|------------------------------------|--|--|
| 527 | Easy Clean Contractors Ltd | Woodlands School | 20/04/2023 |
| 451 | Compass Contract Services (UK) Ltd | Derby City Council | 31/07/2023 |
| 523 | Nexgen Facilities Services Ltd | Harmony Trust (Ash Croft Primary and Reigate Primary Schools, Derby) | 31/08/2023 |
| 546 | Sparkling Clean Solutions Ltd | Derbyshire Fire and Rescue Service | 04/09/2023 |
| 544 | Innovate Services Ltd | Derby City Council (Murray Park School) | 15/09/2023 |
| 550 | Spotlight Cleaning Services Ltd | Derbyshire County Council (Long Row Primary School) | 27/10/2023 |
| 446 | Active Nation UK Ltd | South Derbyshire District Council | 31/03/2024 |

Determination of exit credits

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 or body an exit credit should be paid, if a participating employer's pension liabilities have been overfunded when it leaves the Fund. Cases normally relate to Admission Bodies following a short period of participation in the Fund.

The Fund is continuing 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.

Each case involves an in-depth investigation into the employer's arrangements on entering the Fund, particularly matters relating to its covenant and how that was applied through the employer's period of participation.(e.g. risk sharing, guarantee, bonds etc).

Since the scheme regulations changed in 2020, backdated to May 2018, which introduced exit credits, the Fund has identified 22 exit credit cases with a surplus total of £2,819,000. To date exit credits totalling £1,690,000 have been either paid to the exited employer or allocated to the original employer's assets in the Fund.

Pension administration – Key performance indicators

The following table shows cases in selected key areas of work which were actioned in the period 1 April 2024 to 30 September 2024 and the amount completed within legislative timescales included in *The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013*.

The total cases in each category for the first half of 2024/25 are included alongside the full year total for 2023/24 for comparison purposes.

| Case type | Total number of cases | Target for completion (months) | Target achieved | Target missed* | Target achieved % | 2023/2024 Total Cases & Target achieved % |
|---------------------------------|-----------------------|--------------------------------|-----------------|----------------|-------------------|---|
| Retirement Benefits Paid | 1,496 | 1 | 1,496 | 0 | 100% | 2,310 (99.7%) |
| Death Cases | 595 | 2 | 580 | 15 | 97.5% | 1,276 (98.3%) |
| Transfer Out Quotes | 288 | 3 | 285 | 3 | 99% | 470 (99.1%) |
| Transfer Out Paid | 54 | 3 | 54 | 0 | 100% | 104 (100%) |
| Transfer In | 43 | 3 | 43 | 0 | 100% | 83 (98.8%) |
| Estimate Requests | 673 | 2 | 672 | 1 | 99.9% | 1,298 (99.9%) |
| Refunds Paid | 331 | 2 | 313 | 18 | 94.6% | 1,024 (99.3%) |

*The Fund reviews all cases where target timescales are missed to identify procedural and training issues.

Note – Totals reported in the table are based on different measurements to those for inclusion in the Fund’s Annual Report from 2023/24. Figures within this report reflect corrective adjustments for matters such as errors in the recording of details in workflows, therefore, some case types will have different (unadjusted) totals reflected in the Annual 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, including cases identified through National Fraud Initiative (NFI) data checks.

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.

Overall quantities of work

The administration team experiences consistently high workload levels but has been able to achieve casework turnaround times within the disclosure target timescales in most 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 previous 6-month periods are included.

Number of work items processed

| | Oct- March 2022/2023 | Apr- Sept 2023/2024 | Oct- March 2023/2024 | Apr- Sept 2024/2025 |
|---|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| New work items becoming due in the period | 28,832 | 34,346 | 29,801 | 31,629 |
| Work items completed during the period | 26,398 | 34,133 | 30,159 | 29,319 |
| Open cases at end of period | 13,536 | 12,612 | 10,740 | 11,523 |

At the end of September 2024, a total of **11,523** 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 2024 |
|------------------------------------|---|
| Address traces | 56 |
| Aggregations | 1,908 |
| Death administration (in progress) | 170 |
| Deferred retirement quotes | 236 |
| GMPs | 255 |
| i-Connect enquiries with employers | 1,595 |
| Other enquiries with employers | 1,488 |
| Notification of deferred benefits | 1,419 |
| Refund quotes | 1,163 |
| Refunds to payment | 632 |
| Retirements (in progress) | 63 |
| Retirement quotes | 226 |
| Transfer In | 145 |
| Transfer In quotes | 273 |

| | |
|--------------------------|---------------|
| Transfer Out quotes | 40 |
| Transfers Out to payment | 394 |
| TUPEs | 403 |
| Undecided leavers | 283 |
| Others | 774 |
| Total | 11,523 |

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

Address traces – outstanding enquiries with tracing services for members’ home addresses, where the Fund has not been notified of a change of home address.

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.

TUPE’s – the identification of members subject to TUPE transfer to a new employer which, in most cases, requires the new employer to become an Admission Body in order to validate each affected member’s continuing LGPS participation.

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.

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 continued during the first 6 months of 2024/25.

The reduction of the backlog has been part of the Fund's data cleansing work in support of preparations for the following significant developments in LGPS administration:

- the LGPS remedy to the McCloud judgement, introduced into legislation from 1 October 2023, and
- the planned introduction of a national pensions dashboard to enable individuals to identify all of their pension provision in one place.

The latest backlog position 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.

The total of backlogged aggregation cases, which was 963 at the end of March 2022, had reduced considerably to 66 on 31 March 2024.

The latest position shows a slight further decrease in the backlogged aggregation cases to **47** at end of September 2024.

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 2023, the total of backlogged cases of members moving to deferred membership was 951. The total reduced to 619 at the end of March 2024.

The total of backlogged deferment cases at the end of September 2024 has since increased to **822**.

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

A programme undertaken in recent years to identify missing leaver notifications from the Fund's larger employers has continued to result in backlog cases numbers increasing through late notifications being 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.

Following the implementation of the McCloud remedy into LGPS regulations from 1 October 2023, the requirement to add extra checks to ensure the identification of members whose pension benefits are affected by McCloud has increased the amount of time taken for business-as-usual processing.

As a result, the availability of resource for aggregation and deferment cases has reduced.

Guaranteed Minimum Pension Reconciliation

'Contracting out' ended on 5 April 2016 when the single tier State Pension system was introduced. From that point, HM Revenue & Customs (HMRC) stopped tracking contracted out rights and issued data to pension schemes so they could compare its records against data held on scheme records.

The comparison of data between HMRC and pension schemes, known as the Guaranteed Minimum Pension (GMP) Reconciliation, encompassed the entire contracting out period, 6 April 1978 to 5 April 2016. For this period, the pension scheme has to guarantee that their pension will be at least the same as it would have been, had the member not been 'contracted-out'.

The GMP Reconciliation allows schemes to confirm that data held on their scheme records (including GMP values and scheme member start and end dates) agrees with the data held by HMRC.

In some cases, the comparison with scheme records has highlighted under or overpayments in individual member's pensions.

An initial scoping exercise undertaken by an external contractor, ITM, identified that there were 16,164 discrepancies, relating to pensioners and beneficiary members, to investigate. The Fund has worked through the majority of those discrepancies, although approximately 290 cases remained outstanding at the end of 2023/24 where the outcome may result in a change to the pension amount in payment.

During the first half of 2024/25, 84 of the outstanding cases have been investigated and in a small number of cases resulting in a minor adjustment to the pension amount payable.

Where changes have been applied to pensions as a result of GMP reconciliation, they have largely been minor adjustments.

Work on the remaining 206 cases is continuing dependent on the availability of resource.

In respect of active and deferred members, the Department for Work and Pensions (DWP) has provided the Fund with GMP information for 26,738 members. These cases will be loaded into the Fund's pension administration system in batches. An initial load of 2,143 cases has been completed with related queries being worked through. Due to other work priorities, progress on further loading has so far been delayed during 2024/25.

The GMP reconciliation task is a long-term undertaking for the Fund to ensure that on retirement, the GMP element of pension paid to members is consistent with the value held by the DWP.

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 common and conditional data results, reflecting 2023/2024, 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 |
|-----------|-------------|------------------|
| 2019/2020 | 98% | 92.5% |
| 2020/2021 | 98.2% | 93.5% |
| 2021/2022 | 97.7% | 94.82% |
| 2022/2023 | 98% | 94.98% |
| 2023/2024 | 98.1% | 95.41% |

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

Pension contributions

Employee contribution rates

The following table below sets out the employee contribution bands effective from 1 April 2024. These have been calculated by increasing the 2023/24 employee contribution bands by the September 2023 CPI figures of 6.7% and, where necessary, rounding down the result to the nearest £100.

| Pay bands (Actual pensionable pay for an employment) | Main Section Contribution rate | 50/50 Section Contribution rate |
|---|---------------------------------------|--|
| Up to £17,600 | 5.50% | 2.75% |
| £17,601 to £27,600 | 5.80% | 2.90% |
| £27,601 to £44,900 | 6.50% | 3.25% |
| £44,901 to £56,800 | 6.80% | 3.40% |
| £56,801 to £79,700 | 8.50% | 4.25% |
| £79,701 to £112,900 | 9.90% | 4.95% |
| £112,901 to £133,100 | 10.50% | 5.25% |
| £133,101 to £199,700 | 11.40% | 5.70% |
| £199,701 or more | 12.50% | 6.25% |

Employer contribution rates

Employers' contribution rates which are currently in payment were determined from the 2022 Actuarial Valuation exercise and applied from 1 April 2023.

The rates, which are specific to each individual employer based on their funding position and profile of membership, range between 0% and 44.6% for the present valuation period which applies to 31 March 2026. The average primary rate payable by the Fund's employers in respect of future service is 21.1%.

A detailed report following the 2022 Valuation exercise being completed was received and noted by Committee at its meeting on 26 April 2023.

Each employer's contribution rate will be reviewed during the 2025 actuarial valuation with any changes being applied from 1 April 2026.

Monthly payments of pension contributions - Employer performance

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

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 sets out the deadlines for payment as the 19th of the month, or, where paid electronically, the 22nd of the month unless scheme rules dictate an earlier date. The Fund's approach of requiring payment by 19th is consistent with the majority of LGPS funds.

The Fund works with employers who experience difficulties with completing payments and submitting contribution reports by the monthly deadline.

Payment and reporting of contributions numbers are affected where new Admission Bodies begin participation in the Fund but only commence the submission of data and contribution payments when the Admission Agreement, which validates their entry to the Fund, has been fully executed.

Full data relating to contribution payments and reports from employers is currently only available to July 2024, however, the current averages for employer submissions received by the Fund by the monthly deadline reflect that during 2024/25 to July 2024 the following were received on time:

- 92.9% of contribution payments, and
- 89.3% of related contribution reports were received on time.

Comparative figures for 2023/24 (full year) for payments and reports received on time were as follows:

- 93.7% of contribution payments, and
- 85.9% of related contribution reports

The Fund continues to work collaboratively with employers to help them avoid problems with late payments/submission of data and engages with employers who experience difficulties particularly relating to staff turnover and changes to payroll provider.

The Fund also monitors underperformance relating to consistently late payment of contributions/submission of data and will apply charges to employers for additional administration costs caused by regular late payments and submissions.

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.

No charges have been issued so far in 2024/25.

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 the first half of 2024/25 a total of 8 cases identified as formal complaints were submitted to the Fund by scheme members. The total included complaints submitted to the Fund in writing (either letter or email), through the “My Pension Online” service and by telephone.

For comparison purposes, 11 cases were identified as formal complaints in 2023/24.

The complaints in the first half of 2024/25 included:

- Delays with providing retirement figures (due to employer delays)
- Delay with receiving AVC monies from provider

Each member has received a full response to their complaint submission.

To date, following receipt of the Fund’s response to their complaint, 2 members who submitted a complaint in 2024/25 escalated their complaint to a formal appeal against the Fund via the Application for the Adjudication of Disagreements Procedure (AADP).

The Fund’s Complaints Policy which the Committee approved at the meeting on 6 September 2023 is published in an accessible format on the Fund’s website.

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 2024/25 a total of 28 compliments, had been recorded as submitted by members and employers praising the level of service they had received.

For comparison, 44 compliments were received during the full year 2023/24.

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.

There have been two appeals at Stage 1 against the Fund in the first half of 2024/25.

One appeal was upheld by the Adjudicator and a payment of £500 awarded in recognition of the distress and inconvenience caused to the member.

The other case was not upheld by the Adjudicator.

During the period April to September 2024 there have been 3 appeals which have been escalated to AADP Stage 2 for consideration by the administering authority. All three cases related to complaints against the members' employer.

To date, adjudications have been completed in two of the cases, both relating to complaints against their decision relating to eligibility for ill health retirement. One of the cases has been upheld and referred back to the employer for reconsideration. The other case was not upheld by the Adjudicator.

The fund is not aware of any cases that have been escalated to the Pensions Ombudsman during this period.

Communications and Training

The Fund has maintained regular engagement with employers and scheme members during the first half of 2024/25.

Communications to employers

During the first half of 2024/2025, the Fund issued the following newsletters to employers to highlight news items, information of important topics and reminders about upcoming deadlines:

| Date issued | Newsletter | Topics included |
|-------------------|------------|---|
| 29 April 2024 | 207 | <ul style="list-style-type: none"> • Local Government Association (LGA) employer training • Change to shortfall factors • 2024 / 2025 contribution returns • i-Connect reason for leaving • My Pension Online • Payroll guide for Prudential AVCs |
| 23 May 2024 | 208 | <ul style="list-style-type: none"> • Updated L1 leaver form • When an employer needs to submit an L1 or L3 • Updated L1 guidance notes • Common leaver notification forms problem areas • Training |
| 27 June 2024 | 209 | <ul style="list-style-type: none"> • Teachers' excess service • Annual benefit statements • Outsourcing and risk sharing |
| 25 July 2024 | 210 | <ul style="list-style-type: none"> • How your employees can contact the Fund • Academies and outsourcing • Contribution returns deadline • Audit informer document |
| 21 August 2024 | 211 | <ul style="list-style-type: none"> • Pension Awareness Week 2024 • Additional contributions reminders • LGPS and salary sacrifice arrangements |
| 30 September 2024 | 212 | <ul style="list-style-type: none"> • Annual benefit statements • Queries from the Pension Fund • Employees with short contracts / Casual staff reminder |

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

Pensioner members

Pensioner members receive a paper payslip by post to their home address as follows:

- for their first pension payment
- in March, April and May each year and
- at other times when their pension changes by at least 1%

The Fund takes the opportunity to provide relevant information to pensioner members with their payslips each March, April and May.

The **April 2024** payslip issued to all pensioner members included information on

- the 6.7% pensions increase applying from 8 April 2024
- how the payslip breaks down the pension payment
- a brief explanation about Guaranteed Minimum Pension (GMP)
- the issue of the pensioner member's P60

The **May 2024** payslip issued to all pensioner members included information on:

- contact details for pension enquiries
- income tax codes
- the Pension Fund website
- when the next paper payslip would be issued

i-Connect training

During the first half of 2024/2025 the Fund continued to progress the onboarding of employers onto the i-Connect system and has undertaken virtual training sessions for those in the early phases of implementation.

The sessions have 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 2024, 320 actively participating employers were live on i-Connect, accounting for 95.04% of the Fund's active membership.

The Fund is working with the remaining participating employers towards all employers submitting data to the Fund via i-Connect.

Other employer training

Additionally, virtual training sessions, and bespoke in-person training and 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.

Derbyshire Pension Fund website

The Fund's website has been in operation since October 2018 and provides information and guidance about the Fund and the LGPS for scheme members, employers and other stakeholders.

The website has continued to be improved and recent developments have included new functionality such as online enquiry forms, fillable documents and video-based content.

The number of separate visits to the website have increased year-on-year with a particular spike in engagement occurring following the 'My Pension Online' platform becoming operational in June 2021.

The total number of separate visits to the website reflecting the increase in engagement are shown in the following data:

| Total website visits | |
|-------------------------|---------|
| 2018/19 (from Oct 2018) | 18,150 |
| 2019/20 | 60,627 |
| 2020/21 | 71,497 |
| 2021/22 | 130,380 |
| 2022/23 | 142,322 |
| 2023/24 | 149,630 |
| 2024/25 (to 30 Sept) | 75,315 |

Administration updates

The following provides a brief update on matters which impact the Fund's administration of the LGPS:

McCloud

The final regulations to implement the McCloud remedy in the LGPS came into force on 1 October 2023. The Department for Levelling Up, Housing and Communities (DLUHC – now MHCLG) issued initial draft guidance shortly afterwards on how authorities should prioritise work on cases to encourage a broadly consistent approach across the LGPS.

Subsequently, in June 2024 it issued 'McCloud implementation statutory guidance'. The guidance, intended to support administering authorities' implementation of the McCloud remedy, provides:

- the Government's view on the approach that should be taken in certain types of cases to achieve consistent application of the remedy across the LGPS
- additional guidance on how certain technical issues that may arise should be approached.

The Fund has estimated that to conduct its McCloud implementation, approximately 28,000 members' pension records will require investigation with, where applicable, an adjustment to pension benefits where the McCloud remedy provides a greater benefit.

Ultimately, all 28,000 records will require investigation and check, however, it is expected that in only a small number of cases, changes to benefits will be required.

The LGPS is also affected by the McCloud remedy's impact on the Teachers' Pension Scheme (TPS) where teachers with 'excess teaching service' in the TPS become retrospectively eligible for LGPS membership in respect of the excess service. 'Excess teaching service' is where a teacher concurrently undertook part-time teaching service at the same time as having a full-time teaching contract at any time between 1 April 2015 and 31 March 2022.

The Teachers' Pension Scheme has completed an initial identification of teachers with excess service and is in the process of contacting 44 employers within Derbyshire to validate information before further action is taken. The final numbers will be confirmed when the validation exercise has been completed.

As noted earlier in this appendix, McCloud cases have resulted in a requirement to carry out additional checks which have resulted in timescales increasing for the processing of a pension benefit calculation.

The Fund's management team is managing the impact and risk of the additional time required for cases to avoid delays in payments of benefits, however, timeframes for completion of work across other areas of the Fund's administration is being affected in the short to medium term and will reflect in future key performance results.

My Pension Online

The Fund's member self-service system 'My Pension Online' (MPO) went live on 22 June 2021.

On 30 September 2024, invitations to register had been sent to the 35,441 members who have provided the Fund with their email address on the My Pension Online access form.

29,275 members had subsequently registered. Of this total 24,140 registrations represent current active and deferred members covering 39.03% of scheme members in those categories.

Annual Benefit Statements to active and deferred scheme members are issued to the member's MPO account, issue by hard copy remains available to members on request.

In order to promote registration to MPO, reminder emails have been sent to members who have filled in an access form but not proceeded to register. Fund employers have been asked to encourage their employees in the LGPS to register for MPO and have been provided with a link to resources for promoting the service.

Some Fund correspondence is now published to MPO, and members of the team remind members contacting the Fund with enquiries, of the benefits of registration.

Pensions Dashboards

Following the Pensions Dashboards (Amendment) Regulations 2023 introducing a single connection deadline of 31 October 2026, the supporting connection guidance details when pension providers and schemes are expected to connect to dashboards, which will start from April 2025. The new guidance advises that the proposed staging date for public sector pension schemes will be **31 October 2025**.

Whilst the timetable is not mandatory, it is a legal requirement that trustees or managers of occupational pension schemes and providers of personal and stakeholder pensions have regard to this guidance.

The Fund is continuing to cleanse its data and is investigating the options for procuring an Integrated Services Provider to connect to the Pensions Dashboards infrastructure.

The Pensions Regulator published its pensions dashboards compliance and enforcement policy on 5 September 2024 which sets out the Regulator's approach to ensuring that occupational pension schemes comply with their dashboard legal duties.

The Pensions Regulator – new General Code of Practice

The Pensions Regulator issued its General Code of Practice on 28 March 2024.

The 'General Code' contains 51 modules covering five areas:

- the governing body
- funding and investment

- administration
- communications and disclosure
- reporting to TPR

Not all of the modules are legal requirements for the LGPS but TPR's directive is that they should be viewed as best practice to strengthen future governance and internal controls of the scheme.

To ensure compliance, and to identify any actions required, the Fund is undertaking a detailed self-assessment against all areas of the Code which affect LGPS administration and management and aims to have completed the assessment by the end of the year.

LGPS Cost Management Process

The Scheme Advisory Board (SAB) published the final report in June 2024 following its Cost Management Process following the 2020 scheme valuation which sets out the overall cost of the LGPS.

The cost management process reviews actuarial valuations from all LGPS funds to determine whether the costs of providing benefits are in line with or have fallen outside of a target cost.

The cost assessment, undertaken by the Government Actuary's Department (GAD) concluded that scheme costs were 20.5% of pensionable pay. As the overall target cost of the scheme is 19.5% of pensionable pay, SAB were required to consider whether to recommend to the Secretary of State that changes to the scheme should be made in order to bring the overall cost of the scheme back towards the target cost. Following consideration, SAB did not make any recommendations for changes to the scheme.

Section 13 review

A further mandatory scheme review which has recently been completed is the Section 13 review, also completed by GAD.

The Section 13 review is a requirement for the Ministry of Housing, Communities and Local Government (as 'scheme manager' of the LGPS) to consider the health of the scheme in terms of compliance, consistency, solvency and long-term cost efficiency.

The latest review, published by GAD in August, relates to fund's 2022 valuations.

As part of the exercise, GAD share with each fund, a summary of its findings in respect of that fund's position. The summary in respect of Derbyshire Pension Fund shows that GAD did not identify any concerns about the solvency of the fund.