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| **Committee** | Pension Committee |
| **Date and Time** | 18 September 2026<br>10am<br><br>Public |

## Administration and Regulatory update

## LGPS

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| **Lead Director:** | Justin Bridges – LGPS Senior Officer – Head of Pensions |
| **Service Area:** | Pension Fund – Finance |
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### 1. Purpose of Report

**1.1** This report provides the Pension Committee with an update on administration performance, team capacity, key project delivery, and recent regulatory changes. Most KPI measures met the 95% target during quarter 1, with targeted action underway where performance is below target. The report also summarises progress on Pension Dashboard, Annual Benefit Statements, McCloud remedy work, Access and Fairness changes, employer performance, and communications activity.

### 2. Recommendations

The Committee is asked to:

**2.1** Note and comment on the KPI chart and the information provided on KPIs that are not currently meeting the 95% target for completion within statutory timescales, including the actions being taken to address this. (Appendix A)

**2.2** Note the progress and completion of key activities from the Fund business plan for Q1 2026-27. (Appendix B)

**2.3** Note the progress of the Pension Dashboard implementation which is provided in the separate update report. (Appendix C)

## 3. Summary of Main Proposals

**3.1** The main proposals in the report relate to actions required to ensure the pensions administration team can continue to deliver the statutory requirements of the fund effectively. These include reviewing the resources and technology available to ensure the service can meet the needs of all stakeholders.

## 4. Key Risks and Opportunities

**4.1** Performance is considered and monitored to ensure regulatory timescales and key performance indicators are met. Strategic administration risks are identified, managed, and reported to committee on an annual basis. Key risks relating to project work are also reported through project plan updates.

## 6. Financial Implications

**6.1** The administration budget is set each year and monitored to ensure that the work of the team is achieved within this. Any additional costs are subject to approval by the Head of Pensions.
**6.2** Costs are met by the pension fund and have no direct impact on the revenue budget for the Council.

## 7. Legal and HR Implications

**7.1** The Pension Fund is legally obliged to follow the LGPS Pension Regulations and any other regulations relating to the administration of a pension scheme. Failure to do so could lead to regulatory fines and loss of confidence in the service.
**7.2** The Fund will need to report McCloud-related cases to The Pensions Regulator where they have not been completed by the expected deadline.

**7.3** The report identifies HR implications relating to resource management, workload planning, staff consultation, and changes to work allocation. The introduction of revised work allocation arrangements, based on skills and capacity, will need to be monitored to ensure work is distributed fairly and consistently, while supporting staff development, knowledge retention, and service resilience. Additional regulatory and project requirements may also create further staffing pressures, and the management team will continue to review whether additional posts, training, or changes to working practices are required. Staff will continue to be consulted on proposed changes and encouraged to contribute to process reviews.

## 8. Equality and Diversity Implications

**8.1** Access and Fairness changes for pension scheme members are expected to have positive equality implications. The changes include fairer survivor benefit rules for eligible spouses and civil partners, protections relating to unpaid child-related leave, and improved opportunities to buy back pension lost during unpaid absence. The fund will need to ensure communications are clear, accessible, and targeted so affected members understand the changes and any action they may need to take.

## 9. Climate Change, Biodiversity and Environmental Implications

**9.1** Climate Change, Biodiversity and Environmental implications are not detailed in this report.

## 10. Performance and Team Update

**10.1** The team's output and performance for the period 1 April 2026 to 30 June 2026 is available at Appendix A. The chart shows that 11 of the 14 KPIs achieved the target of at least 95% of cases completed within the legal timeframes.

**10.2** From February 2026, we introduced a new process for allocating work within the Membership and Benefits team. Cases are now distributed according to individual skill sets and capacity, rather than alphabetical split, where all Officers manage multiple types of casework such as retirements, deaths, and transfers. This new approach also considers staff absences and project commitments.

**10.3** We are monitoring the success of this change and have seen an improvement in the number of transfer tasks processed within the KPI timeframe. Officers have also confirmed that they prefer the new way of working. However, we need to establish a rotation routine, so Officers retain knowledge and skills in areas of work they have moved away from. Discussions with those affected are ongoing to determine how this can best be managed.

**10.4** For early leaver cases, we are also seeing an improvement in the number of cases being processed within the KPI timeframe. This is due to the recruitment of two new Pensions Assistants who are becoming fully trained in this area of work.

**10.5** A project plan has been set up to manage the retrospective cases relating to the equalisation of partner benefits and removal of the age 75 death grant cap. Guidance has been issued to instruct funds on the actions that need to be completed and the timescales for completion.

**10.6** We are considering the resources needed for additional work created due to the changes required for Access and Fairness, Access and Protections, and Fit for the Future new governance requirements.

**10.7** A number of the team are studying for Level 2 and Level 3 qualifications, which supports their continued professional development.

## 11. Communications

**11.1** The following chart shows statistics on work undertaken by the helpdesk team that is not covered by the workflow system or reported within the wider team statistics in Appendix A.

| | April 26 | May 26 | June 26 |
|---|---|---|---|
| Telephone calls received to helpdesk | 613 | 682 | 647 |
| % of calls answered | 96% | 95% | 98% |
| Contact us forms and Emails received to pensions inbox | 848 | 1108 | 972 |
| % responded to within 10 working days | 100% | 100% | 100% |
| My Pension Online activation keys issued | 97 | 128 | 70 |
| Incoming post received (items per day) | 112 | 68 | 101 |
| 1-2-1 video meetings | 7 | 10 | 12 |
| Users visiting the website* | 741 | 1036 | 659 |

*** Where cookie has been accepted to track access**

**11.2** Penny the Pensions Bot, available through our website, continues to support members by answering their questions. The chart below shows the accuracy of responses provided. Use of the Bot and its accuracy levels have not improved. Each month, the team reviews the questions asked and the responses given. In most cases where accuracy is below 100%, the question asked is not specific enough. For example, the Bot can answer the question "Can I stop paying into the pension scheme?" with 100% accuracy, but may be unable to respond correctly if the member simply asks, "Can I stop paying in?"

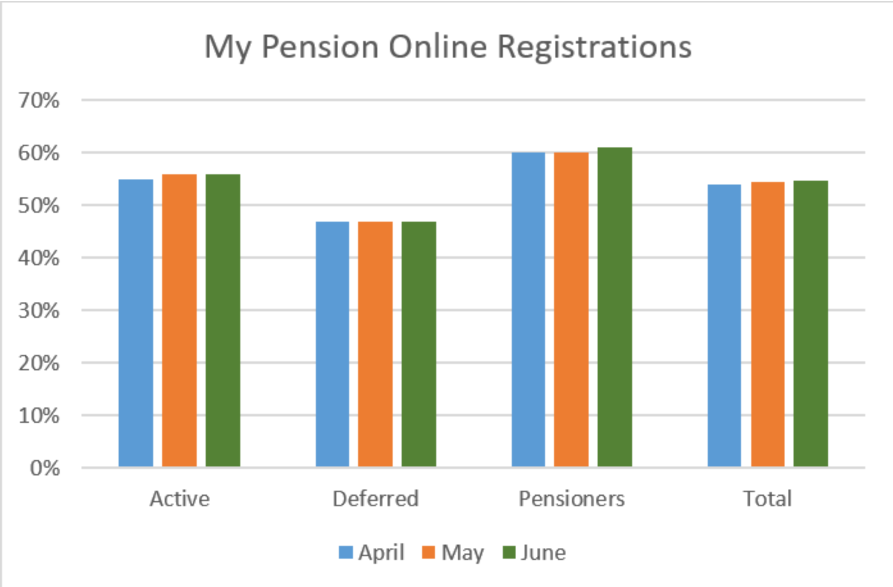
**11.3** A more sophisticated bot would be able to interpret the member's intent rather than relying mainly on exact wording. This would allow it to respond more effectively to vague or incomplete questions, ask follow-up questions where clarification is needed, and guide members to the most appropriate information or next step. By contrast, a more basic bot is more dependent on users asking questions in a specific format, which can limit accuracy where the wording is unclear. The team will be implementing a new bot as part of the work we are completing to update the fund's website; this is scheduled to go live at the beginning of 2027.

| **026/2027** | **Apr** | **May** | **Jun** |
|---|---|---|---|
| **Questions submitted** | 118 | 201 | 78 |
| **Asked an expert** | 7 | 22 | 8 |
| **Accuracy %** | 77 | 76 | 66 |

**11.4** The table below shows the percentage of members who have registered for 'My Pension Online' by the different member types in the Fund.

**11.5** In preparation for Pension Dashboard, and to encourage more deferred members to actively engage with their pension held by Shropshire, we are planning a communication exercise targeting individuals who are not registered.

**11.6** Members for whom we hold an email address have recently been contacted to let them know that their Annual Benefit Statement is available online. Each year, this communication usually leads to an increase in members registering for and using the platform to view their statements.




## 12. Employer Performance

**12.1** In line with the Shropshire County Pension Fund administration strategy, employers must pay their contributions and lump sum deficit payment by the 19th of the month. Accompanying data must also be submitted via i-Connect by this date. The table below shows the percentage of employers who have made payments by the deadline for the year 1 April 2026 to 30 June 2026.

**12.2** This table also includes information about employers who make monthly deficit lump sum payments, which form part of employer contributions. Information about employers who did not meet these deadlines is covered in the governance report via the reported breaches chart.

| | **i-Connect Submissions on time** | **Contributions paid on time** | **Lump sum deficit payments paid on time** |
|---|---|---|---|
| **Average for the Quarter** | **87%** | **98%** | **89%** |

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| April 2026 | 87% | 97% | 89% |
| May 2026 | 86% | 100% | 100% |
| June 2026 | 88% | 97% | 77% |

**12.3** During the last quarter, an average of 98% of monthly payroll contributions were received by the due date. Delays were minimal and occurred where payment was received one or two days late, often because the due date fell at a weekend and payment was not made on the preceding Friday.

**12.4** Lump sum deficit payments were lower on average, at 89%. This was mainly due to separate payments being required for schools within a Multi Academy Trust, where all related payments were made late. The June figure was lower for this reason, as the due date fell at a weekend and payment was not made by the deadline.

**12.5** Although monthly payments were generally received on time, i-Connect data submissions were lower, averaging 87% for the quarter. This was due to three Multi Academy Trusts changing payroll providers. Two moved to the same provider, leading to ongoing data submission and reconciliation issues. Further details are set out below:

- One Trust has 12 schools; each treated separately for pension purposes with individual employer contribution rates. The Trust changed payroll provider in September 2025. Since then, there have been monthly issues with late data submissions and reconciling data to payments. Although payments have been made on time, the team has been unable to allocate them to accounts until the data discrepancies are resolved, creating additional work. Despite ongoing engagement with the Trust and payroll provider, the issues remain unresolved and the Trust has been reported to The Pensions Regulator.
- One Trust has 4 schools, each treated separately for pension purposes, and changed payroll provider in April 2026. Submissions were late during the first quarter but have since been received on time.
- One Trust has 2 schools and changed payroll provider in April 2026. Similar issues have arisen to those experienced by the Trust with 12 schools, as both use the same payroll provider. These issues are being monitored.

## 13. Projects

**13.1** The Fund's business plan for 2026/27, with comments on activities undertaken during Q1, is available at Appendix B. The plan is being reviewed to incorporate the additional work the team will need to complete in relation to regulatory changes.

**13.2 Pension Dashboard** – See Appendix C for the latest project report. The team is now reviewing how queries from the dashboard should be answered and the timescales within which responses must be provided. New functionality will be purchased within the pension software system to assist with member queries where personal data does not match, such as surname or address. We are also reviewing additional staffing requirements for the ongoing work that will be created across the Systems and Communications teams.

**Year End** – The team has completed the year-end reconciliation of data and contributions received for all employers in the Fund.

**13.3 Annual Benefit Statements –** Annual Benefit Statements were sent out ahead of the 31 August deadline.

- **Deferred Members (no longer contributing):**
  A total of 18,273 statements were produced:
  356 were sent out as paper statements
  17,919 were issued to members' individual accounts on My Pension Online.
- **Active members (contributing):**
  A total of 16,069 statements were produced
  238 were sent out as paper statements
  15,832 were issued to members' individual accounts on My Pension Online.

New functionality available on 'My Pension Online' provides a personalised video that explains the figures on a member's statement. A newsletter providing a recap of the regulation changes that came into force from 1 April 2026 has also been issued.
We have also introduced Electronic Identification Verification for members when they create their 'my pension online' accounts. This is an additional security feature which provides the highest level of protection to our members.
We also have Multi Factor Authentication (MFA) for members when they log in so that a message is sent to either their email or mobile number to confirm it is them logging into their accounts.

**13.4 McCloud -** The team have worked well to complete as much of the additional work created by the Age Discrimination remedy by the 31 August deadline. However, we do have some outstanding cases that we are still working through. These are:

- Trivial commutations where a member retired and took a one-off lump sum and may now be due an extra payment as they have a McCloud guaranteed addition
- *Revisiting pension sharing on divorce cases with a transfer date before 1 October 2023.
- *Transfers in over age 65 where the member is transferring in remediable service.
- *Calculating non-club transfers to a club scheme.

*For the remaining cases listed above guidance is still outstanding and so we are unable to provide a timescale for completion

The legislation states that these cases must be done without 'undue delay.' The expectation, set out in the statutory guidance, is that this work will be completed by the end of the implementation period – 31 August 2025. But flexibility to extend the implementation period to 31 August 2026 for certain members or groups of members is set out in the statutory guidance. The committee approved the extension to this time limit for fund officers to complete the work.

However, due to workloads and capacity on the team, there are some cases we will not be able to complete by the deadline, we are working through a list of 171 trivial commutations, (where a member has retired and received a one-off lump sum rather than an ongoing pension) to identify if any of these cases will need to be recalculated, we hope to get this work completed by 31 October 2026.

We will need to report the cases that have not been completed to the Pensions Regulator, as they have directed Admin Authorities to do so in this statement Reminder: McCloud remediable service information. We understand that the majority of funds will be reporting to turn for not meeting the deadline, due to outstanding guidance, software not being updated and capacity issues.

## 14. Staffing

**14.1** Recent staffing changes are becoming embedded; however, new, and anticipated requirements over the next year mean the management team is considering whether additional posts are needed to ensure the service can deliver all required work. Additional posts have already been created within the Membership and Benefits team, and we will now review the need for further posts within the Communications and Governance, and Systems and Employer Relations teams.

## 15. Regulatory Updates

**15.1** The Access and Fairness scheme changes for the LGPS Pension Scheme that were detailed in the May report have now come into force:

**Key Changes**

- **Fairer Survivor Benefits:** Survivor pension rules are being updated so eligible spouses and civil partners are treated equally. The team have identified and will need to review cases retrospectively and pay any arrears due and ensure all future cases are calculated correctly. The administration software will need to be updated to reflect the changes to the requirements.
- **Death Grants:** The age limit for death grant eligibility has been removed for deaths after 1 April 2014, including for those who died over age 75. The team have identified cases that will need to be reviewed and recalculated. Work to trace personal representatives will need to be completed
- **Faster Payments:** The previous two-year limit before a tax charge on Death Grants is removed.

**Gender Pension Gap Remedies:**

- Unpaid breaks under 15 days count towards your pension.
- You can buy back pension lost during unpaid breaks over 14 days, with employers able to contribute for absences over three years.
- The deadline to decide on buying back lost pension is extended from 30 days to one year if you are still employed.
- Child-related leave now includes unpaid maternity, adoption, and shared parental leave.

**15.2** The Fund has communicated the changes with employers in the Fund to ensure they have updated their processes to take account of this.

**15.3** All affected pension scheme members have also received a communication from the Fund to notify them of the changes.

**15.4** Details regarding the additional governance requirements from the Fit for the Future legislation are detailed in the Governance report.

## 16. LGPS England & Wales Scheme Advisory Committee (SAB) Review

**16.1 Fit for the Future – Guidance –** the Committee published a statement following the release of statutory guidance supporting the 'Fit for the Future' reforms. The statement is from the Committee Chair, Cllr Roger Phillips OBE, and the LGA Head of Pensions and Committee Secretary, Clair Alcock.

Committee statement following release of statutory guidance supporting 'Fit for the Future' | LGPS Committee

**16.2** The guidance explains how the new Independent Person and Senior LGPS Officer roles should operate, both independently and together. The Board recognises these roles as a significant governance development and acknowledges funds' work to implement them.

**16.3** Funds must also review and update policies and processes to meet the new requirements. The governance guidance sets out the Independent Governance Review requirements.

**16.4 2025 Actuarial Valuations -** The Board has published a report summarising the recently completed 2025 local fund valuation exercise, comparing the results with 2022 and covering the assumptions used, investment strategies and the gender pensions gap.

**16.5** The Board also published a news article highlighting the strong interest in the 2025 results, partly due to improved funding positions and wider discussions about public sector finances. Average funding levels increased from 107% in 2022 to 122% in 2025, based on local funding bases, while average employer contribution rates fell from 21.1% of payroll to 16.5%.

**16.6** The Board welcomed funds sharing the benefits of stronger funding positions with participating employers, while stressing the need to balance current affordability with the Scheme's long-term sustainability.

## Background Papers

1. Administration and Regulatory update June 2026

## Appendices

Appendix A - KPI chart April to June 2026
Appendix B - Fund business plan 2026-27
Appendix C – Dashboard Project plan update