

**Pensions Committee**

Item

6

21 March 2025

Public

Pensions Administration Monitoring Report

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Cabinet Member (Portfolio Holder):			

1. Synopsis

The report provides members with monitoring information on the performance of and issues affecting the pensions administration team.

2. Executive Summary

- 2.1. Detail is provided on team workloads and performance, and projects currently being undertaken, including McCloud and Pension Dashboards.
- 2.2. Information is also included regarding regulatory changes and the work undertaken by the Scheme Advisory Board.

3. Recommendations

- 3.1. Members are asked to accept the position as set out in the report.
- 3.2. Members are asked to note the progress for key activities from the business plan (Appendix B) and note the Pension Dashboard update (Appendix C).
- 3.3. The Committee is asked to approve the updates made to the Communications Policy (Appendix D) following the review that has been conducted.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. Risk Management

Performance is considered and monitored to ensure regulatory timescales and key performance indicators are adhered to. Administration risks are identified and managed and are reported to committee on an annual basis.

4.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

4.3. Environmental Appraisal

There is no direct environmental, equalities or climate change consequences of this report.

5. Financial Implications

- 5.1. Managing team performance, collaborating with other administering authorities, and making best use of the technology that is available to use ensures costs to scheme employers for scheme administration are kept to a minimum.

6. Climate Change Appraisal

- 6.1. Energy and fuel consumption: No effect
Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

7. Performance and Team Update

- 7.1. The team's output and performance level to 31 December 2024 (Q3) is attached at **Appendix A**. The chart shows that 10 of the 16 KPIs are achieving at least 95% of cases being completed by the legal timeframes. To address those that are not being achieved we are undertaking the following actions:

- At the beginning of February, 2 new Pensions Assistants have joined the Membership and Benefits team, they have begun training and will help tackle the early leaver cases, these are the deferred benefit, refund, and aggregation cases. At the beginning of March, a 3rd new Pensions Assistant

- joined the team and will be working with the Systems and Employer Relations team. This post will assist with projects across all 3 workstreams.
- We have had a resignation for 1 of our communications and governance assistant's, who will leave in April, recruitment for this post will be done alongside the recruitment for maternity cover for the other communications and governance assistant.
 - The management team are also establishing a comprehensive training plan which feeds into the career path for each role. This will include an expectation to study the new qualifications that have been created by the Local Government Association:

Level 2 (GCSE) Award in Pension Essentials

Level 3 (A Level) Certificate in Pension Administration

- Information about the courses has been shared with the team and we have received a lot of interest. We will now look to assess who can be put forward and enrol them on the next available intake.
- The team held a training day on 19th December, training was held on neurodiversity and a presentation from each team leader which covered the responsibilities for each team was provided. Feedback was requested from team members on a number of questions. The management team has reviewed these to assess how best we can deliver further training for the team and update processes suggested from the feedback.
- A working group has been established to look at the system tools we are not yet utilising, that can help deliver efficiencies in the processing of cases and help with the management of workloads. The group will prioritise developments and ensure that those who will be using the new tools and processes can feed into the development, so they are fit for purpose. We have so far delivered one development, bulk process for refunds, this now allows us to process several cases at the same time rather than having to do them on an individual basis.

7.2. Benchmarking – we took part in the 2023-24 CIPFA benchmarking exercise and have received the results back for this. The survey indicates that we are just below the average for the cost of administering the scheme:

Pension Fund	Admin Cost per Member	Net Admin Cost per FTE	LGPS Members per FTE	% of Pensioner Members	% of Active Members	Pensioner Payroll Cost per Pensioner
Shropshire	£30.45	£68,980	1,768	27.2%	30.7%	£6.02
Average	£36.69	£199,848	3,190	28.7%	30.8%	£8.10

7.3 The results help to show that we are providing value for money to our stakeholders.

We are constantly looking at how we can introduce and adapt our processes to ensure we deliver the best service possible, keeping costs to a minimum where possible.

- 7.4 With changes to legislation including the McCloud remedy and Pension Dashboards we are seeing an increase in costs to software and the work of the team.

8. Communications

- 8.1. The following chart shows statistics on the work undertaken by the helpdesk team not covered by the workflow system and reported with the wider team statistics in Appendix A.

	November 2024	December 2024	January 2025
Telephone calls received to helpdesk team	747	426	773
% of calls answered	96%	97%	96%
Emails received to pensions@shropshire.gov.uk	832	691	971
% of emails responded to within 10 working days	100%	100%	100%
My Pension Online activation keys issued	75	42	105
Incoming post received and indexed to the pensions administration system	290	281	366
1-2-1 video appointments held with scheme members	17	9	9
Users visiting the website	4,202	3,952	3,800

- 8.2. Call numbers remain high to the helpdesk, the team have achieved at least a 96% answer rate which is above the KPI of 95%. Common queries include members investigating bringing their deferred benefits into payment early; queries relating to 'My Pension Online,' pensioners wanting their P60s for a last-minute tax return and Cash Equivalent Transfer Value (CETV) requests, for divorce proceedings. Emails and post have also been busy, and we have seen a marked increase in requests for activation keys so members can access the new 'My Pension Online' portal.
- 8.3. More of our members are starting to use the Pension Bot, Penny, which is available via our website. The knowledge base (questions) is constantly being updated/added to, based on feedback from previous month's questions and helpdesk queries.

Questions asked	October	November	December
0% score	13	10	4
0.2-100% score	102	134	63
Total asked	115	144	67

Accuracy %	89	94	83
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- 8.4. From October to December 2024, the pensions bot answered 326 questions with an accuracy rate rising to 83%. 0 = has no reply to offer to a question. 0.2-100 is what percentage the answer is correct against a question asked based on the Q&A pairs that the team has uploaded into the answer bank.
- 8.5. Moving to the latest version of 'My Pension Online' portal has led to more engagement from members and has meant an increase in work to update the bot's answer bank. Interestingly a lot of the questions the Bot has been asked are how to get onto the online portal which shows members are seeking to self-serve which is the aim of having this facility.
- 8.6. In February 2025, the fund's website moved to a new more secure platform. Work will now be taking place to improve the site content and navigation with separate sections for members and employers.

9. Communications and Governance

- 9.1. The fund monitors member take-up of its online portal, known as 'My Pension Online.' The annual benefit statements for both active and deferred members are available to view on 'My Pension Online' unless a member has requested a paper copy.
- 9.2. As of January 31, 2025, a total of 53% active members, 45% of deferred members and 55% of pensioner members were registered to view their records on 'My Pension Online', targeted communications have been sent to our pensioner members with the aim to get more using the online service.
- 9.3. Work is now starting on our promotion campaign for active members not yet registered to access to 'My Pension Online.' The communications & governance team will be creating an engagement plan which will be looking at individual employers and their employees' take up of the portal. An employer tool kit will be produced and shared with employers to help promote My Pensions Online using their internal employer intranets.
- A survey about the InTouch publication was recently sent out to scheme pensioners. The aim of the survey was to find out what members think of the new-look magazine. 537 members took the questionnaire (compared to the last survey where 385 took the survey - 44% prefer the newsletter format, 47% do not mind either way, 19% prefer the magazine layout. Most comments were about it being difficult to read on a smart phone or tablet therefore a redesign is planned for the next edition to address this as we know many of our pensioner members do access our communications on a phone or tablet and this will make it easier for them.

10. Employer Performance

- 10.1. 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 below table shows the percentage of employers who have made payments by the deadline over this quarter. This table also includes information about employers who make monthly deficit lump sum payments. Information about employers who did not meet these deadlines is covered in the governance report.

	November 2024	December 2024	January 2025
i-Connect data received on time	95%	99%	99%
Monthly contributions received on time	99%	99%	99%
Monthly deficit lump sum payments received on time	96%	98%	79%

You will see that in January 2025, the payments for the deficit lump sum paid on time was quite low in comparison to previous months. This was due to several schools at the same Multi Academy Trust paying after the deadline. That month, the payment due date fell on a Sunday and the payments failed to be made on time, we expect payment on the Friday before, but payments were made on the Monday. Employers are reminded of the importance of paying on time, no interest accrues for these cases.

11. Projects

- 11.1. The fund's business plan which shows progress for key activities through the year up to the end of December 2024 is shown in **Appendix B**. There is currently only 1 item on hold, which relates to Biodiversity risk, the Government are currently consulting on Taskforce for Nature related Financial Disclosures (TNFD) in connection with this.

- 11.2. **Pensions Increase** – Active pension accounts, deferred pensions and pensions in payment are adjusted each April in line with the cost of living. The increase is based on the September-to-September change in the Consumer Prices Index (CPI). The CPI increase for the year up to September 2024 was 1.7%.

The team have been updating pension in payment records so that pensioners will receive the increase from 8th April. A pensioner newsletter (Intouch) plus P60 information is due to be sent out to members in April.

- 11.3. **Year End** - Communication is going out to employers shortly reminding them of their data requirements and reconciliations needed for the year end 31 March 2025. Revised deficit schedules have also been issued for the uprated lump sum amounts due from some employers in 2025/2026.

- 11.4. **Valuation** - 2025 is a valuation year and the team have mapped out the project plan with the Fund Actuary, Mercer, for delivering the work required for this. More

information on this process will be provided in a presentation by Mercer in the committee meeting.

- 11.5. **Pension Dashboards** – The team have been working together with our Software provider, Heywood Pension Technologies, to implement the Integrated Service Provider (ISP). This will allow the Pension Dashboards ecosystem to send member find requests to us and show information to members about their pension held with Shropshire.

The team are also working on a data matching exercise for members who hold added voluntary contribution (AVC) accounts with our 2 AVC providers, Prudential, and Utmost. This is so that when members find their pension information on the Dashboards this will also include information for their connected AVC account.

We have now also completed the procurement of the tracing, mortality screening and bank account verification tools and will shortly commence the implementation of these tools. The tracing tool will help to keep member addresses as up to date as possible, which will improve our data quality scores and assist members to locate their pension records through the Dashboard as well as helping to make sure we write out to members at their current address when sending information about their pension benefits.

The latest project report is available at **Appendix C**.

12. Policies to be approved by Committee

- 12.1. A review of the fund's Communications Policy has been undertaken. This has considered any recommendations from the Pensions Regulator General Code which was introduced in March 2024. (**Appendix D**)

- 12.2. Changes made to the document include:

- Revising certain information so that it is written in 'Plain English'
- Looking at our offer for provision of in person training and amending this to virtual, unless requested to attend in person
- Looking at our offer for paper communications and reducing this as we look to make more of our communications environmentally friendly and sustainable.
- Updating the information on how we deal with complaints

13. Regulatory updates

- 13.1. HMRC released a consultation on 30th October 2024, regarding Inheritance tax on pensions. The consultation closed on 22 January 2025, an officer response has been sent, this response is in line with the response issued by the LGA/LGPC.
- 13.2. The consultation asked for views on how the taxation on death benefits could be implemented and the timescales for making payment of any tax charge that may become due. The changes are due to take effect from 6 April 2027.
- 13.3. This would be a change for the LPGA as death benefits are currently exempt from Inheritance tax.
- 13.4. Torsten Bell MP was appointed Parliamentary Under Secretary of State (Minister for Pensions) in the Department for Work and Pensions on 14 January 2025. Emma Reynolds, who previously held this role, was appointed Economic Secretary to the Treasury.
- 13.5. On 14 January 2025, the Government Actuary's Department (GAD) published a [blog on the future of pensions administration](#). The blog focuses on three key areas:

- increasing complexity in pensions administration
- technical debt due to underinvestment in technology
- talent shortages, including the challenge of recruitment.

It also looks at the challenges ahead in 2025, covering Pensions Dashboards, data management and the role of artificial intelligence in enhancing efficiency and member experience.

- 13.6. **The Neonatal Care Leave and Pay (Consequential Amendments to Subordinate Legislation) Regulations 2025.** On 24 February 2025, the Department for Business and Trade laid the Neonatal Care Leave and Pay (Consequential Amendments to Subordinate Legislation) Regulations 2025. The regulations come into force on 6 April 2025. Members on unpaid neonatal care leave can choose to buy back the lost pension through a shared-cost additional pension contract.
- 13.7 **Normal Minimum Pension Age (NMPA) 2028 increase-** Registered pension schemes, such as the LGPS, must not normally pay any benefits to members until they reach the NMPA, except on ill health grounds. The NMPA, outlined in the Finance Act 2004, will increase from age 55 to 57 on 6 April 2028

The Finance Act 2004 provides transitional protection to certain members through a protected pension age (PPA), allowing them to receive benefits after 5 April 2028 before age 57 without incurring unauthorised tax charges.

LGPS members - A member's eligibility for a PPA is relevant only if they reach age 57 after 5 April 2028. LGPS members who, immediately before 4 November 2021, were active, deferred, deferred pensioner or pension credit members qualify for a PPA of 55.

We have been communicating this change with members so they can consider this when planning their retirement, however further information is required from government on some aspects of how this will apply in certain cases. As part of the National Pension Officers Group (formerly LGPS Technical working Group) we have asked for this clarification to be treated as a priority by MHCLG.

14. Scheme Advisory Board (SAB)

- 14.1. Following the publication of the Government's [English Devolution White Paper](#) on 16 December 2024, an open consultation was launched setting out proposals for overhauling the local audit system in England. The consultation is called '[Local audit reform: a strategy for overhauling the local audit system in England](#)' and closed on 29 January 2025. The consultation set out a strategy which commits to a series of measures to improve the local audit system. Notably, paragraph 77 contained a proposal to decouple the pension fund accounts from the main accounts of administering authorities, which has been recommended by the Board for some time. The Board welcomes the Government's commitment set out in this proposal and has responded to the consultation. The response is limited to the decoupling proposal and is available on [the Board's website](#).
- 14.2. The Board has received Nigel Giffin KC's updated opinion on the fiduciary duty in LGPS. This is intended as a review of, and update to, Nigel's 2014 opinion and is entitled "Local Government Pension Scheme: Investments and Non-Financial Considerations." The updated opinion can be found on the Board's website on the [Legal Opinions and Summaries page](#). The Board's Secretariat will consider whether further advice on specific points would be helpful and will work with funds to ensure instructions cover the pertinent questions and elements of most interest.
- 14.3. The Board Chair, Cllr Roger Phillips, has written a letter addressed to chief financial officers and pension committee chairs at administering authorities. The purpose of the letter is to ensure that administering authorities provide appropriate resources for effective pension service delivery. The letter can be found on the [Board's website](#).

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee: Administration and Regulatory Update December 2024

Local Member:

Appendices [Please list the titles of Appendices]

Appendix A – KPI tables April 2024 to December 2024

Appendix B – Business Plan Q3 update

Appendix C – Dashboard Project update

Appendix D – Communication Policy