



**Pensions Board**  
**Date 24 January 2025**

Item

Public

# Pensions Administration and Regulatory Update Report

<b>Responsible Officer:</b>	Vicky Jenks		
email:	<a href="mailto:Vicky.jenks@shropshire.gov.uk">Vicky.jenks@shropshire.gov.uk</a>	Tel:	01743 252192
<b>Cabinet Member (Portfolio Holder):</b>			

## 1. Synopsis

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

## 2. Executive Summary

- 2.1. Details are provided on team workloads and performance and projects currently being undertaken.
- 2.2. Information regarding Regulatory changes effecting the Local Government Pension Scheme are also included.

## 3. Recommendations

- 3.1. Members are asked to note the content of this report with or without comment.

# 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 and collaborating with other administering authorities ensures we continue to deliver value for money.

## 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. Administration and regulatory update

- 7.1. Appendix A shows the 16 key performance indicators (KPIs) for cases processed by the Membership and Benefits team for the last year 1<sup>st</sup> April 2024 to 31 March 2025.

- 7.2. The chart shows that 12 of the 16 KPIs are achieving at least 95% of cases being completed by the legal timeframes.

- The 2 new Pensions Assistants who joined the Membership and Benefits team are receiving training, they will also have the opportunity to attend The LGA Insights residential course that introduces the Pensions industry and the LGPS. Following that we would hope that they will be able to progress and study for the Level 2 qualification in Pensions Administration.
- A third new Pensions Assistant joined the team in March and will work across all 3 teams supporting with project work and cover for absence. Training has been provided for assisting the help desk to answer email queries and phone calls and for processing deferred benefit cases for the membership and benefits team.
- We have just successfully recruited 2 communications and governance assistants. 1 for maternity cover and 1 for a replacement for a member of staff who has left the team.
- We have also covered another maternity internally and promoted a member of the team to backfill a post on the Helpdesk.
- In the summer we will have 3 members of the team enrolling on the Level 2 qualification. This will take 9 months to complete.

- We continue our work to develop more automated processes for aspects of work the team complete; to date we have been able to implement a bulk process for refund cases and we are now looking to do the same for simple deferred benefits cases, these will be for members who only have CARE membership.
- We are making progress to identify information that can be published to member online accounts, rather than being posted. We will send an email notification to the member to inform them to check their account and read the information we have sent out.

7.3. The work completed on the fund's business plan for 1<sup>st</sup> April 2024 to 31 March 2025 is available at **Appendix B**. Most items listed have been completed or on track if they are continuing.

7.4. The team have done a fantastic job over the last year, particularly with the additional work created by on-going projects and training of new staff.

## 8. Communications and Governance

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**.

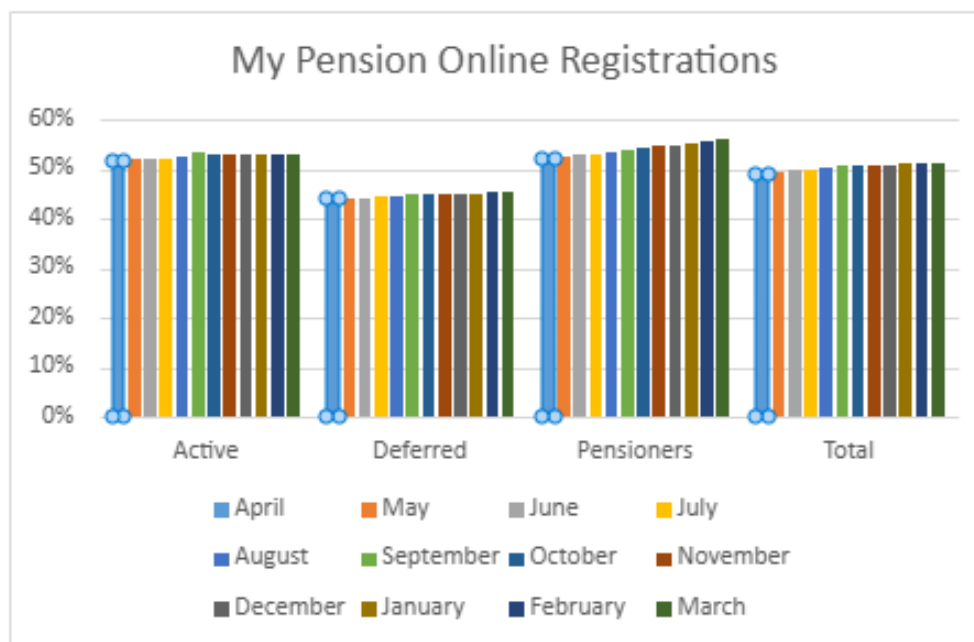
	January 2025	February 2025	March 2025
Telephone calls received to helpdesk team	773	616	622
% of calls answered	96%	96%	93%
Emails received to <a href="mailto:pensions@shropshire.gov.uk">pensions@shropshire.gov.uk</a>	971	771	891
% of emails responded to within 10 working days	100%	100%	100%
My Pension Online activation keys issued	105	78	104
Incoming post received and indexed to the pensions administration system	2,719	2,421	2,536
1-2-1 video appointments held with scheme members	9	7	7
Users visiting the website	3,800	2,120	**

\*\* March 2025 stats not available due to website migration

The team have been looking at developing a contact form for members to complete when they have a query for the team. Currently members can email the inbox, but very often they do not provide all the information required to answer their query. This creates unnecessary additional work for the team when they must reply and ask for further details.

## Online portal

- 8.2. The Chart below shows the % of members who are registered for MSS, it is encouraging that we have approximately 50% of our total membership registered and this is increasing steadily, month on month.



- 8.3. We have started to send targeted emails to members who are not yet registered, to encourage them to use the online platform. We have also started to send reminder messages to members who are registered but have not logged on in the last 6 months.
- 8.4. **Penny (Pension Bot)** - 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 months' questions and helpdesk queries.

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
<b>Questions submitted</b>	130	31	53	44	55	57	115	144	67	86	66	83
<b>Asked an expert</b>	9	3	3	4	4	7	4	9	4	9	2	10
<b>Accuracy %</b>	75%	85%	81%	82%	88%	80%	77%	81%	83%	91%	90%	90%

## 9. Employer Performance

- 9.1. 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 for the year 1 April 2024 to 31 March 2025.
- 9.2. This table also includes information about employers who make monthly deficit lump sum payments, these 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.

	IConnect Submissions on time	Contributions paid on time	Lump sum deficit payments paid on time
April 2024	97%	97%	71%
May 2024	98%	95%	95%
June 2024	98%	97%	98%
July 2024	97%	98%	96%
August 2024	100%	98%	91%
September 2024	99%	99%	82%
October 2024	95%	99%	96%
November 2024	99%	99%	98%
December 2024	99%	99%	79%
January 2025	99%	99%	98%
February 2025	99%	99%	96%
March 2025	92%	96%	84%
<b>Average for the year</b>	<b>98%</b>	<b>98%</b>	<b>90%</b>

The main reason for the lump sum deficit payments being low in some months, is where a payment date falls at a weekend, and payment is not made the Friday before. In most cases these are for Multi Academy Trusts making payments for more than one school. A reminder is sent to those that pay late, to inform them that this is recorded on the Breaches log.

## 10. Projects

- 10.1. **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 updated pension in payment records so that pensioners received the increase from 7<sup>th</sup> April. A pensioner newsletter (Intouch) plus P60 information has been sent out to members in April.

- 10.2. **Year End** – Employers have been returning their signed off reconciliation forms 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.

10.3. **Valuation** - 2025 is a valuation year and the team have begun work on the project. Information on this process was provided in a presentation by Mercer in the March committee meeting. We have scheduled the employer meeting in November, where Mercer will present their findings and new employer rate schedules will be sent out to employers before this, so that they have them in preparation for this meeting.

10.4. **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 have begun 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**.

## 11. Regulatory updates

11.1. HMRC released a consultation on 30<sup>th</sup> 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.

11.2. 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.

11.3. This would be a change for the LPGS as death benefits are currently exempt from Inheritance tax.

11.4. 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.

11.5. 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.

**11.6. 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.

**11.7 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 and expect a consultation to be released in the summer on this.

**11.8 Consultation mid- valuation employer contribution rates -** MHCLG intends to consult on changes to the regulations that cover mid-valuation cycle changes to employer contribution rates. This was set out in an MHCLG letter to all administering authorities in England and Wales dated 10 March 2025. In the letter, Michelle Warbis, Deputy Director for the LGPS at MHCLG, confirms the Government's view of when the provisions of regulation 64A of the LGPS Regulations 2013 should be exercised.

Their view is that a review is appropriate in response to changes in an employer's liabilities, or its ability to meet its obligations.

Amending the employer contribution rate mid-valuation cycle is not intended as a way of managing surpluses or deficits.

The Government will consult on tightening up the rules covering when the provisions of regulation 64A can be exercised and the fund actuary's role in that process. We expect the consultation to be launched after the local government elections on 1 May 2025.

We also expect to see consultations through the summer on New Fair Deal, Pensions Gender gap, equalisation of partner benefits in connection with the Goodwin case.

## 12. Scheme Advisory Board (SAB)

- 12.1. 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](#).
- 12.2. 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.
- 12.3. 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.
- 12.4. Cllr Roger Phillips has also written to the new Pensions Minister Torsten Bell to welcome him to his role. The letter makes three recommendations to the Minister:
- to provide clarity for the LGPS on the impact of the judgment made in the dismissed appeal of the Virgin Media Ltd v NTL Ltd case in July 2024
  - to increase the limit in the Administration of Estates (Small Payments) Act 1965 to allow for more small payments to be made without the need for grant of probate or letters of administration
  - to set the timetable for Phase 2 of the Pensions Review.

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

Pensions Committee Papers 21 March 2025 – Administration update

<b>Cabinet Member (portfolio Holder)</b>	N/A
<b>Local Member:</b>	N/A
<b>Appendices</b>	
Appendix A – KPI Chart (April 2024 to March 2025)	
Appendix B – Business Plan update (April 2024 – March 2025)	
Appendix C – Pensions Dashboard update report (April)	