

Agenda Item

Subject	Update on Pensions Administration Improvement Plan	Status	For Publication
Report to	Authority	Date	04 September 2025
Report of	Assistant Director - Pensions		
Equality Impact Assessment	Not Required	Attached	No
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1 Purpose of the Report

- 1.1 To update the Board on the Pensions Administration Improvement Plan.
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2 Recommendations

- 2.1 Members are recommended to:
- a. **Note and comment on the 2025/2026 plans for Administration improvement that are in place.**
 - b. **Agree the Data Quality Improvement Plan 2025/27 at Appendix A**
 - c. **Agree the Dashboard Matching Criteria Policy at Appendix B**
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3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Customer Focus

To design our services around the needs of our customers (whether scheme members or employers).

Listening to our stakeholders

To ensure that stakeholders' views are heard within our decision making processes. The report includes information about the engagement with the employers in the scheme and how SYPA can support them to complete their responsibilities.

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times. The report includes detail on the overall administration performance to ensure Members are able to scrutinise the service being provided to our customers.

Valuing and engaging our Employees

To ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report seek to address operational risks around data quality and backlogs in work (O2 and O6) and the people risks around vacancy levels and single points of failure (P1 and P2). The key mitigants of these risks identified are the plan to address backlogs on a systematic basis and the recruitment to roles as they become vacant.

5 Background and Options

- 5.1 Work was undertaken on improving the Authority's pension administration service in the last quarter. This was as well as complying with the statutory deadlines for benefit and transfer payments, onboarding new employers and ceasing those that no longer have active members in the Fund as well as collecting monthly membership data. Annual Benefit statements have been issued on time (excluding McCloud information) and all data was provided to the Actuary for the 2025 Valuation in line with agreed timescales.
- 5.2 A Data Quality Plan is attached to this report at Appendix A for approval.
- 5.3 A Dashboard Matching Policy is attached to this report at Appendix B for approval.
- 5.4 At time of writing 77% of the backlog has been cleared.
- 5.5 RAG status for Administration Improvement activities

Corporate Action 25/28	Update	On Target
PA1 – Clear the remaining Backlogs of casework and ensure arrangements in place to prevent further backlogs developing	1 st June introduced a different way to target the backlog by using individual benefit processing teams one month at a time. On 19 August 77% now complete. At current rates we may have cleared 90% by 31 December.	At risk
PA2 – Plan and deliver the Valuation 2025, including increased engagement with employers.	Project running to timetable. Full fund results report received.	Yes
PA 3 – Implement the McCloud Remedy successfully.	Software development delays hampering progress. McCloud underpin not included in benefit statements 2025. Determination made to delay rectification and Benefit statement inclusion to 2026.	No

	Civica representation to attend November training day.	
PA4 – Deliver the Data Quality Improvement	Data improvement prioritised for Valuation data submission to Actuary, annual Pensions Increase and Benefit Statement runs. Feedback from Actuary that data was vastly improved from 2022 submission. In house feedback from Benefit Statement runs data improved as far less records in error.	Yes
PA5 – Ensure Pensions Administration software system is developed, and its functionality used to optimal effect for achieving efficiencies, to the extent possible.	Awaiting McCloud deliveries at end of summer. Plans then in place to look at automation.	No
PA6 – Implement the Pensions Dashboards to required timescales	Project running to timetable. Matching criteria decided upon. Awaiting connection date from ISP.	Yes

6 **Background and Options**

6.1 The Corporate Plan includes an Administration Improvement Plan. The Plan is a series of interlinked activities, intended to address long standing issues, which have affected the underlying performance of the administration service, and to place the service on a stable and sustainable basis.

The plan was originally influenced by;

- Changes in the nature of the scheme caused by regulatory changes which will require the recalculation of benefits in payment and entitlements for a sizeable proportion of scheme members.
- The need to address the long-standing backlogs and process issues within the administration service.
- Developments within the Local Government Pension Scheme and the wider pensions industry such as the Pensions Dashboard.
- Technological developments.
- Feedback from stakeholder groups, including scheme members, employers and our staff.

This programme of work incorporates the need also to address things over which the Authority has no choice, such as the need to implement the changes in the pension regulations arising from various legal challenges related to discrimination based on either age or gender. The improvement plan represents a significant volume of work for the team over several years and must not be underestimated.

6.2 The Administration Improvement Plan 2025/20206 aims to deliver in six key areas:
PA1 – Clear backlogs

PA2 – Plan and deliver the 2025 Valuation.

PA3 – Implement the McCloud Remy.

PA4 – Improve Data Quality

PA5 – Ensure Pensions Administration software is developed and used to optimal effect.

PA6 – Successfully link SYPA to the Pensions Dashboards

6.3 PA1 – Clear Backlogs

Progress on addressing the backlog continues with 77% of cases complete at the time of writing. At the current rate the team are on track to clear 90% of the backlog by 31 December 2025. This project is therefore at risk of running over to 31 March 2026. A taskforce team, rotation of the Benefits team on a monthly basis, is in operation. Up to mid-July the team was having to target areas of outstanding tasks most helpful to employers for their valuation outcomes.

Back log cases remaining are getting more complex and some require more processes to be created and completed to bring the record up to date and ensure the data is clean. To demonstrate this the team looked at identifying the processes created from 189 backlog Aggregation settlement cases. In the chart below you will see the highlighted list of processes which were started from an aggregation settlement process. A total of 1,535 processes required completion on top of the 189 aggregation settlement processes (total in this report is 198 so 9 outside of the backlog will have been completed and contribute to these numbers). Administration of members history in the scheme is complex.

All these processes are created and completed outside of the backlog and therefore do not reduce backlog numbers:

Process Check

Report period

02 June 202517 July 2025

Date

01/06/202518/07/2025

Workforce currently filtered: 14

Priority

Multiple selections

Team Member

All

Team

Multiple selections

Process Name	Total Complete	In	Out	(%)	Total Authorised	Rejections (count)	Not Rejected	Re
CARE and PIP Update	634	619	15	98%	626	15	620	
LG Leaver	377	126	251	33%		0	377	
LG Deferment	351	85	266	24%	453	113	269	
Pre Aggregation Settlement Process	299	299		100%		0	299	
Aggregation Quote	290	114	176	39%	286	8	283	
LG Data Editing Tool	221	221		100%	246	7	215	
Check Payments	215	176	39	82%		0	215	
Aggregation Settlement (No Election)	198	74	124	37%	198	18	182	
Post Aggregation Settlement Process	192	56	136	29%		0	192	
Aggregation Settlement Calculation	189	189		100%	209	10	180	

6.4 PA2 – Plan and deliver 2025 Valuation.

All Data was sent to Actuary within the agreed timetable. Individual Fund Employers' results are expected in September. A consultation will then be undertaken with Employers on their results, the revised Funding Strategy Statement and the revised Pensions Administration Strategy. The Board will receive a training session on the whole fund Valuation results following this meeting.

The Scheme Advisory Board (SAB) has issued a statement, with the aim of helping the Authority manage the 2025 valuation process. This followed significant interest in this year's outcomes from external commentators, and the need to manage employer expectations given improvements in funding levels being reported and many funds now having material surpluses. The statement makes clear that there will be a range of funding level outcomes, not only across different LGPS funds, but also across individual employers within funds. It also explains the importance of clear and transparent documentation of approach (including the actuarial assumptions used), so that employers can understand how their funding outcome (contribution rates) has been determined. The SAB also reiterates its previous message that engagement with employers on the Funding Strategy Statement and the valuation process will be critical in this valuation process.

There is a comprehensive Employers communication plan in place. Updates on the progress of the 2025 Valuation are also covered in the monthly employer update. Dates for online meetings between the Employers and the Actuary are being arranged at present. As we have a diverse range of Employers we are having 4 separate meetings. These are on top of the early work undertaken with the Employers covered by stabilisation mechanism.

6.5 PA3 – McCloud

MHCLG's expectations about timings for implementing the McCloud remedy are set out in; Statutory guidance on McCloud implementation (England and Wales). This guidance states that for most members, the McCloud implementation period ends on 31 August 2025. At the end of the implementation period:

- all retrospective amendments to members' pensions and other rights because of the regulation amendments in force from 1 October 2023 (LGPS (Amendment) (No. 3) Regulations 2023) should have been concluded, and
- records for members who qualify for the McCloud remedy but have not yet taken their pensions should be accurate (so that figures in 2025 ABSs reflect members' McCloud protection).

In August 2024, MHCLG laid the LGPS (Information) Regulations 2024 which covered ABSs for active, deferred, deferred pensioner and pension credit members and:

- removed the requirement to reflect McCloud protection in 2024 statements
- provided a discretion not to reflect McCloud protection in 2025 statements for individual members or groups of members.

A determination to exercise the discretion was made at the April Board Meeting. The discretion essentially extended the implementation period to 31 August 2026.

On 19 June the Pension Regulator issued a statement setting out their expectations in relation to;

- reflecting McCloud protection in LGPS ABSs this year and in the future
- exercising the discretion for 2025 statements
- decision-making and record-keeping
- plans to ensure McCloud information is included for all members in future years if the discretion is exercised in 2025.

As this Authority has determined that the discretion to delay rectification is needed for all retrospective cases and to delay the McCloud information in ABS's for all affected members a report will be made to the Pension Regulator.

The Authority needs to develop a detailed implementation and rectification plan to manage the work required under the McCloud legislation. The plan is in draft at present but until the remaining administration system functionality is in place dates for when the rectification work can be undertaken are unknown.

A representative from Civica, the Pension Administration software provider, will be attending the Training and Development Day on 20 November.

6.6 PA4 – Improve Data Quality.

The Data Quality Strategy including the cyclical activity is now embedded within the team and feedback from the Actuary on the improvement over the last year can already be seen. Since the last Board report data quality checks were run for end of year data cleansing, Annual Pensions Increase and the valuation. The inhouse data reporting tool DART is used to help monitor the presence, quality and format of data and this helps determine further steps needed as part of specific data improvement activities. Improvement to the quality of the data was monitored over this time but at present is not held in a reportable format. Improving this is being investigated.

A Data Improvement Plan has now been drawn up and is attached at **Appendix A**. This highlights the current 4 areas of focus.

To submit the Valuation member data to the Actuary it is mandatory to do so via their online tool. This identifies what the Actuary refer to as critical errors and until these are cleared the data cannot be uploaded. The team managed to clear most of these errors, with a small number to be cleared by Hymans and submitted the data on time by the middle of July. Feedback from the Actuary is that there has been a significant improvement in the data since the last valuation submission in 2022.

6.7 PA5 – Making Best Use of Technology.

A steering group meets quarterly to decide on the Pension Administration system developments and improvements to be taken forward for the following quarter. Release dates and guides are discussed within the group which is ensuring all teams are more aware of developments being introduced and able to update teams on the changes to the system that may affect their day-to-day work.

At the August meeting the group agreed to pass the Chair to the System Service Manager, from the Assistant Director Pensions, and hold the meeting 2 monthly.

A working group is looking at automation within the software at present. Costing for Software Add-ons to facilitate automation are being obtained as well as meeting with Peers who have successfully introduced this technology.

There are still concerns about the capacity within Civica, the administration software provider, to deliver developments required. As mentioned, a representative from Civica will attend the Training and development day in November.

6.8 PA6 - Successfully link SYPA to the Pensions Dashboards.

The first key deadline set out in the Department for Work and Pensions' (DWP) dashboards timeline guidance has now passed, with larger occupational pension schemes required to connect by 30 April.

Work continues setting up the Authority's connection to the Pensions Dashboards. The Pension Regulator has requested to meet us in September to assess our readiness.

- Over 20 million pension records are now connected
- The State Pension has completed technical connection
- The pensions minister confirmed there will be 6 months' notice to launch the Money Helper dashboard.

The Pensions Dashboards Programme (PDP) confirmed recently that the standards for pension providers and schemes in scope for pensions dashboards had been approved by the Secretary of State for Work and Pensions. This marked the last step in making these standards a legally binding set of requirements, so the project team are currently ensuring that our preparations are aligned with the latest approved standards. The PDP also confirmed that 16 of the 20 pensions dashboards volunteer participants have yet to complete their connection journey, with several currently waiting for a slot to become available so they can proceed with their testing. PDP also confirmed consumer testing will be carried out this summer using live, real data. This testing will be carried out in three steps: the first step is industry testing to build confidence in data flow, the second step is moderated testing looking at members, and the third step is unmoderated testing looking at testing at scale and recruiting participants.

Civica have been contracted as the Authority's ISP. We are awaiting our connection date from them.

Governance	<ul style="list-style-type: none"> • Dashboards a standing item on Board Agenda • Board adequately trained on Dashboards requirements • DPIA updated to take account of matching criteria 	√ √
Policy	<ul style="list-style-type: none"> • Matching criteria agreed • Data Improvement in place • Backlog clearance plan in place for unprocessed benefits 	√ √ √
Connection	<ul style="list-style-type: none"> • ISP selected and formally appointed • Connection timeline agreed with ISP • AVC – all decision agreed with providers 	√ √
Record-Keeping Decisions	<ul style="list-style-type: none"> • ISP selection process and rationale documented, and parties communicated with • The main scheme and AVC matching criteria Policies in place • All data cleansed 	√ √

Communications	<ul style="list-style-type: none"> • <i>Early communication to members to raise awareness of Dashboards</i> • <i>Update communication strategy to reflect Dashboards</i> • <i>All relevant stakeholders aware of their responsibilities</i> 	√ √ √
Data	<ul style="list-style-type: none"> • <i>Assessment of quality and digital accessibility of the data undertaken</i> • <i>Regular data cleansing scheduled; prioritising data most likely to be used for matching criteria</i> • <i>Main scheme view data requirements that must be returned understood together with timescales</i> 	√ √

Matching criteria has been agreed with our ISP provider, Civica. The Matching Policy is attached at **Appendix B**.

Full Match Policy

- Matches must include **surname**, **date of birth**, and **NINO**, aligning with Pensions Administration Standards Association (PASA) and industry standard.
- On a match made, our ISP provider (Civica) will create and register a Pension Identifier (Pel) with MaPS, without sharing pension data until the user request's view access.
- If there is no match, no data is returned

Possible Match Policy

- A "possible match" triggers when two core elements match (NINO+DOB or NINO+surname), or when four items match (first name, surname, DOB, postcode).
- In such cases:
 - Civica register a Pel.
 - We notify the member that they may have a pension, offering a secure method (e.g. via a link to a form) to provide additional identifiers: previous names, email, mobile, employer, payroll number, etc.
 - If no clarification is received within **30 days**, personal data is deleted and the Pel deregistered. If later confirmed, we update MaPS accordingly.

A record will be retained of the matching policy and any subsequent updates for at least six years. The criteria may evolve over time (e.g. adding email, mobile, address verification), depending on data quality and the Pensions Administration Standards Association (PASA) guidance. Any change will be documented with rationale and dated.

The Authority has three AVC providers, Utmost, Prudential and Scottish Widows. Work has been undertaken to ensure we hold the same matching criteria data for these members. Registration numbers have been shared with the providers and Civica.

7 Implications

6.1 The proposals outlined in this report have the following implications:

Financial	The costs from the improvements being implement have been included in the Authority's approved budget. The cost of any overtime utilised is monitored on a monthly basis within an agreed budget. Procuring an ISP to connect SYPA to Pensions Dashboards will increase annual costs and will be reflected in future year's budgets.
Human Resources	Extra resource may be required to clear backlogs.
ICT	IT resource is required to implement several of these improvements.
Legal	None
Procurement	An ISP provider has been procured to connect to the Pensions Dashboards programme.

Debbie Sharp

Assistant Director Pensions

Background Papers	
Document	Place of Inspection
None	